

STATE OF ILLINOIS

**ILLINOIS MATHEMATICS AND SCIENCE ACADEMY**

FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

For the Year Ended June 30, 2006

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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For the Year Ended June 30, 2006

**AGENCY OFFICIALS**

President	Dr. Stephanie Marshall
Vice President for Business and Finance	Mr. Patrick Furlong
Controller	Ms. Kimberly Corrao

**BOARD OF TRUSTEES**

Chairman	Dr. Luis Nuñez
Vice Chairman	Mr. Steven Isoye
Ex-Officio Member	Dr. Christopher Koch
Ex-Officio Member	Ms. Judy Erwin
Ex-Officio Member	Mr. Geoffrey S. Obrzut
Ex-Officio Member	Dr. James Rydland
Trustee	Ms. Carol Bernstein
Trustee	Dr. Victoria Chou
Trustee	Mr. Samuel E. Dyson
Trustee	Ms. Shelia MB Griffin
Trustee	Mr. John H. McEachern, Jr.
Trustee	Ms. Jacklyn Naughton
Trustee	Dr. Paula Olszewski-Kubilius
Trustee	Dr. Chris Quigg
Trustee	Mr. Erin Roche
Trustee	Dr. Marsha Rosner

The Academy is located at:

1500 W. Sullivan Rd.  
Aurora, IL 60506-1000



ILLINOIS MATHEMATICS AND SCIENCE ACADEMY®

A Pioneering  
Educational Community

January 8, 2007

Honorable William G. Holland  
Auditor General  
Iles Park Plaza  
740 East Ash Street  
Springfield, Illinois 62703-3154

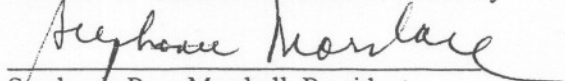
Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Mathematics and Science Academy (Academy). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Academy's compliance with the following assertions during the year ended June 30, 2006. Based on this evaluation, we assert that during the year ended June 30, 2006, the Academy has materially complied with the assertions below.

- A. The Academy has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Academy has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Academy has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Academy are in accordance with applicable laws and regulations and the accounting and record keeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by the Academy on behalf of the State or held in trust by the Academy have been properly and legally administered, and the accounting and record keeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Mathematics and Science Academy

  
Stephanie Pace Marshall, President

  
Patrick Furlong, Chief Financial Officer

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	5	7
Repeated findings	1	0
Prior recommendations implemented or not repeated	6	0

Details of findings are presented in a separately tabbed report section.

**SCHEDULE OF FINDINGS**

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-1	10	Inadequate controls over procurement and contract documentation
06-2	12	Bank balances exceed collateral
06-3	14	Untimely transfers into the IMSA Income Fund
06-4	15	Property control weaknesses
06-5	17	Lack of control over local fund investing

.STATE OF ILLINOIS  
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For the Year Ended June 30, 2006

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
06-6	20	Efficiency initiative payments
06-7	20	Improper vacation payouts
06-8	20	Lack of performance evaluations
06-9	20	Inadequate timekeeping policies
06-10	21	Inadequate contracting procedures
06-11	21	Lack of ethics training

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Academy personnel at an exit conference on April 24, 2007.

Attending were:

Illinois Mathematics and Science Academy

Dr. Stephanie Marshall, President  
Mr. Patrick Furlong, Vice President for Business and Finance  
Ms. Kimberly Corrao, Controller

Office of the Auditor General

Ms. Candice Long, Audit Manager  
Ms. Jessica West, Audit Supervisor

Responses to the recommendations were provided by Kimberly Corrao, Controller, in a letter dated May 10, 2007.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

And

Board of Trustees  
Illinois Mathematics and Science Academy  
Aurora, Illinois

**Compliance**

We have examined the State of Illinois, Illinois Mathematics and Science Academy's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2006. The management of the State of Illinois, Illinois Mathematics and Science Academy is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Illinois Mathematics and Science Academy's compliance based on our examination.

- A. The State of Illinois, Illinois Mathematics and Science Academy has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Illinois Mathematics and Science Academy has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Illinois Mathematics and Science Academy has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois, Illinois Mathematics and Science Academy are in accordance with applicable laws and regulations and the



accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the State of Illinois, Illinois Mathematics and Science Academy on behalf of the State or held in trust by the State of Illinois, Illinois Mathematics and Science Academy have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Illinois Mathematics and Science Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Illinois Mathematics and Science Academy's compliance with specified requirements.

In our opinion, the State of Illinois, Illinois Mathematics and Science Academy complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2006. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 06-1, 06-2, 06-3, 06-4, and 06-5. As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

### **Internal Control**

The management of the State of Illinois, Illinois Mathematics and Science Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the State of Illinois, Illinois Mathematics and Science Academy's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

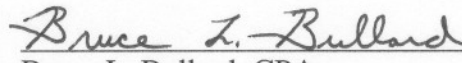
Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed other matters involving internal control which are required to be reported in accordance with criteria established by the Audit

Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 06-4 and 06-5. As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

### **Supplementary Information for State Compliance Purposes**

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Mathematics and Science Academy as of and for the year ended June 30, 2006, which collectively comprise the State of Illinois, Illinois Mathematics and Science Academy's basic financial statements, and have issued our report thereon dated January 8, 2007. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Illinois Mathematics and Science Academy. The 2006 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

  
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Bruce L. Bullard, CPA  
Director of Financial and Compliance Audits

January 8, 2007

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland  
Auditor General  
State of Illinois

And

Board of Trustees  
Illinois Mathematics and Science Academy  
Aurora, Illinois

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2006, which collectively comprise the State of Illinois, Illinois Mathematics and Science Academy's basic financial statements and have issued our report thereon dated January 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting


In planning and performing our audit, we considered the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of

performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain deficiencies in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as State compliance findings in the schedule of findings. We also noted certain immaterial instances of internal control deficiencies, which we have reported to management of the State of Illinois, Illinois Mathematics and Science Academy in a separate letter dated January 8, 2007.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Illinois Mathematics and Science Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of the State of Illinois, Illinois Mathematics and Science Academy in a separate letter dated January 8, 2007.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

  
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Bruce L. Bullard, CPA  
Director of Financial and Compliance Audits

January 8, 2007



STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings

06-1. **FINDING** (Inadequate controls over procurement and contract documentation)

The Illinois Mathematics and Science Academy (Academy) did not competitively procure professional services over \$20,000 and did not accurately complete contractual obligation documents. We noted the following:

- The Academy awarded two contracts totaling \$28,000 and \$23,000, respectively. One contract was for consulting services for application enhancements for its Presentation Day and TALENT self service access. The other contract was for the development and analysis of a culture survey. The Academy identified both contracts as professional and artistic services – small purchase and did not solicit bids for the services. The Illinois Procurement Code (Code) (30 ILCS 500/35-30) requires all professional and artistic contracts of \$20,000 or more be subject to a competitive request for proposal process prior to the contract being awarded. Academy personnel stated that although they used SAMS codes for professional and artistic services for both contracts, based on their interpretation of the Illinois Procurement Code they did not consider them to be professional and artistic services.
- Three of 19 (16%) contracts tested did not have properly completed Contract Obligation Documents (CODs). The contracts were multiple-year contracts, and the Academy did not enter the multiple-year information or the maximum contract amount on the CODs. The Statewide Accounting Management System (SAMS) Procedure 15.20.10 requires agencies to enter beginning and ending dates for those contracts entered into for more than one year. In addition, SAMS further requires agencies to enter the stated or estimated maximum amount payable for the duration of the contract. Academy personnel stated the omission of multiple year and maximum contract amount information was due to oversight.

Failure to competitively procure services is noncompliance with the Code and could result in the Academy not obtaining services at the best rate. Failure to properly complete contractual documents results in inaccurate reporting to the State Comptroller. (Finding Code No. 06-1)

**RECOMMENDATION**

We recommend the Academy ensure it competitively procures contracts when required by the Code and ensure its contractual documents are accurately completed.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

**ACADEMY RESPONSE**

Based on the interpretation of Section 526.2035 of the Illinois Higher Education Procurement Code, the Academy did not believe these two contracts met the criteria for professional and artistic services. Therefore the Academy believed the bid threshold for each contract was \$29,500. While competitive bids were not secured, negotiations did take place with each vendor and attempts were made to secure reasonable value for the charges incurred.

Nevertheless, the Academy will review its understanding of what the Illinois Higher Education Procurement Code defines as professional and artistic services and revise its procedures for identifying professional and artistic services to help ensure contracts are bid as appropriate.

With respect to part two of finding 06-1, failure to properly complete Contract Obligation Documents (CODs) on multi-year contracts, the Academy agrees with the finding noted and will comply with the Statewide Accounting Management System procedures for completing COD documents for multi-year contracts.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

06-2. **FINDING** (Bank balances exceed collateral)

The Illinois Mathematics and Science Academy (Academy) maintained local fund deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage and pledged collateral.

We noted sufficient collateral was not obtained for the Academy's local fund for 5 of 12 (42%) months during the examination period. Bank balances exceeded collateral coverage in amounts ranging from \$6,777 to \$259,586.

The State Finance Act (30 ILCS 105/6a-6) states whenever such funds retained by the Academy in its own treasury or held in a local clearing account are deposited with a bank or savings and loan association and the amount of the deposit exceeds the amount of federal deposit insurance coverage, a bond or pledged securities should be obtained. The market value of the bond or pledged securities should at all times be equal to or greater than the uninsured portion of the deposit.

Academy management stated the pledge agreement with the bank indicates that the bank will take such actions as shall be necessary to insure that the market value of the pledged securities equals or exceeds the secured balance and in the event that for any reason there is a deficiency the bank should, as promptly as is practical, deposit additional permitted securities with the custodian in the amount necessary to secure such deficiency. The accounts are reviewed monthly. It is not possible for adjustments to be made daily in response to balance fluctuations.

Failure to obtain collateral for deposits in excess of the FDIC limit and pledged collateral puts Academy funds at risk in the event that the financial institution should incur financial difficulties. (Finding Code No. 06-2)

**RECOMMENDATION**

We recommend the Academy comply with the State Finance Act and obtain sufficient collateral to secure its account balances.

**ACADEMY RESPONSE**

The Academy has a pledge agreement with its financial institution, which states that "the bank will take such actions as shall be necessary to insure that the market value of the pledged securities equals or exceeds the secured balance and in the event that for any reason there is a deficiency the bank should, as promptly as is practical, deposit additional permitted securities with the custodian in the amount necessary to secure such

STATE OF ILLINOIS  
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FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

**ACADEMY RESPONSE (continued)**

deficiency”. The bank failed to meet the terms of its Pledge Agreement with the Academy.

The Academy has discussed the problem of collateral deficiencies with its bank and the bank’s responsibility to comply with the existing pledge agreement. Academy personnel are now monitoring the month-end balance in the Academy’s collateral account to ensure that the bank is meeting the terms of the pledge agreement.



STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

06-3. **FINDING** (Untimely transfers into the IMSA Income Fund)

The Illinois Mathematics and Science Academy (Academy) did not transfer funds into the IMSA Income Fund in a timely manner.

The Academy is required to deposit all items received into a special fund in the State Treasury known as the “IMSA Income Fund”. However, the law allows certain items of income to be retained in its own treasury. Therefore, the Academy deposits money received for fees, food services and student activities into the locally held IMSA Operating Fund and then transfers the excess monies into the IMSA Income Fund. We noted 4 of 20 (20%) transfers tested, totaling \$14,408, were deposited into the IMSA Income Fund 1 to 15 days late.

The State Finance Act (30 ILCS 105/6a-6(1)) requires all items received by the Academy be deposited into a special fund in the State Treasury known as the “IMSA Income Fund” without delay and no later than 10 days after receipt of such items of income.

Academy personnel stated untimely deposits occurred due to the heavy work volume of the Business Office.

Failure to deposit monies timely into the State Treasury is noncompliance with a statutory directive. (Finding Code No. 06-3, 05-5)

**RECOMMENDATION**

We recommend the Academy implement policies and procedures to ensure timely deposits into the IMSA Income Fund in compliance with statutory requirements.

**ACADEMY RESPONSE**

The Academy has modified its procedures to ensure more timely transfers into the IMSA Income Fund.

STATE OF ILLINOIS  
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FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

06-4. **FINDING** (Property control weaknesses)

The Illinois Mathematics and Science Academy (Academy) did not maintain adequate controls over the recording and reporting of fixed assets. We noted the following:

- Five of 50 (10%) equipment items tested, totaling \$1,885, did not contain proper State identification tags.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.210) states that agencies are responsible for marking each piece of State-owned equipment in their possession with a unique identification number. All equipment regardless of value shall be clearly marked to indicate that it is the property of the State of Illinois.

Academy personnel stated that missing identification tags may have fallen off the equipment. Additionally, the Academy only tagged equipment items with a value of \$100 or greater.

- Three of 50 (6%) equipment items tested, totaling \$1,097, could not be located. The three missing items included a desk, file cabinet, and VCR.
- A lawn mower listed at \$12,756 was appropriately removed from the Academy's inventory, however, it was not deleted from the Academy's inventory list.

Academy personnel stated the inability to locate property items was due to Academy staff moving property without properly notifying the receiving clerk and the failure to properly remove the item from property records was due to employee error.

- Two of 50 (4%) equipment items tested, totaling \$1,418, had erroneous descriptions on the property listing. Academy personnel stated they are unaware as to why descriptions were incorrect.
- Two of 50 (4%) equipment items noted during observation were tagged but not included on the property listing. Academy personnel stated items were omitted from the property listing due to oversight.
- Three of 50 (6%) equipment items tested, totaling \$1,229, were located at a different location than was recorded on the property records. Academy personnel stated items may have been moved without notifying the receiving clerk.

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**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

The Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires an agency to maintain current property information at a summary level, which includes the location of the asset, identifying tag number, and cost or other value of the asset. The State Property Control Act (30 ILCS 605/4) requires the Academy be accountable for the supervision, control and inventory of all property under its jurisdiction.

Failure to exercise adequate control over property, maintain accurate property control records, and properly identify equipment items with State identification tags increases the potential for fraud and possible loss or theft of State property. Property control objectives include preservation of assets to minimize the burden placed on State government to replace lost, stolen, or damaged property. (Finding Code No. 06-4)

**RECOMMENDATION**

We recommend the Academy properly tag all property items with easily identifiable State identification tags. Furthermore, the Academy should exercise adequate control over property and maintain accurate property control records.

**ACADEMY RESPONSE**

Safeguarding Academy property and maintaining accurate property records is critically important to the Academy, and it will review, revise, as necessary, and reinforce its procedures with Academy personnel in an effort to eliminate any lapses in conforming to its written policies.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

06-5. **FINDING** (Lack of control over local fund investing)

The Illinois Mathematics and Science Academy (Academy) did not adequately monitor or invest its local funds to receive the highest possible secured rate of return.

During our testing, we noted the following:

- The Academy did not adequately monitor and review bank transactions to detect an error in the interest rates in a timely manner. The locally held savings account went from receiving daily interest rates ranging from 2.709% to 3.677% down to a daily rate ranging between 0.295% to 0.494% from April 26, 2006 to June 30, 2006. Upon auditor inquiry, the Academy intended to transfer the funds to a higher rate checking account, but there was a bank error and it was not discovered by the Academy until seven months later. The Academy’s account was credited eight months later as a result of the error. During the period under audit, the interest related to the error was estimated to be \$8,317. Good internal control would require adequate monitoring and review of monthly bank statements for errors or irregularities involving bank transactions and interest rates.
- The Academy was not investing funds held in their savings account at prevailing rates or better. The Academy’s checking account (balances ranging from **\$124,714** to **\$384,307**) was earning a higher interest rate than the savings account (balances ranging from **\$990,372** to **\$1,205,859**). A comparison of the rates maintained at the same financial institution follows:

<u>Month</u>	<u>Checking Interest rate</u>	<u>Savings Interest rate</u>
July-05	2.921 - 2.982%	2.709 - 2.952%
August-05	2.982 - 3.198%	2.952 - 3.049%
September-05	3.198 - 3.426%	3.049 - 3.097%
October-05	3.426 - 3.615%	3.097 - 3.194%
November-05	3.615 - 3.697%	3.194 - 3.339%
December-05	3.697 - 3.962%	3.339 - 3.388%
January-06	3.962 - 4.116%	3.388 - 3.533%
February-06	4.116 - 4.214%	<i>no rate given</i>
March-06	4.214 - 4.461%	3.533 - 3.677%
April-06	4.461 - 4.554%	3.677 - 0.494%
May-06	4.544 - 4.733%	0.295 - 0.494%
June-06	4.544 - 4.733%	0.494%

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

The Public Funds Deposit Act (30 ILCS 225) states that any custodian of public funds may deposit such funds in a savings and loan association or State or national bank in this State. When such deposits become collected funds and are not needed for immediate disbursement, they shall be invested within 2 working days at prevailing rates or better. Furthermore, good business practices state cash and other investable State assets should be invested and maximized whenever possible to achieve the greatest return consistent with prudent management.

Academy management stated that due to the Academy's reliance on State funds it chooses very conservative and liquid investment options in the event it needs to use its reserve funds for an Academy emergency or to help with operations if the Academy's State funding is reduced.

Failure to invest public funds at the highest possible secured rate of return resulted in a loss of interest income to the Academy. Failure to adequately monitor and review bank transactions resulted in interest payments totaling \$8,317 not being received and recorded timely. (Finding Code No. 06-5)

**RECOMMENDATION**

We recommend the Academy evaluate its investment policies and procedures to ensure local funds are invested at the highest rate of return. The Academy should implement procedures to review all changes to bank account information for accuracy and to monitor interest rates received.

**ACADEMY RESPONSE**

On April 26, 2006, the Academy transferred funds held in the Academy's locally-held reserve account to a higher interest bearing account-type. Due to banking error the account was setup to receive the wrong interest rate. The Academy agrees it should have caught this error sooner and has instituted monthly procedures to monitor the accuracy of the interest received by its locally-held accounts. The interest calculation error has been corrected, and the Academy has received all interest income earned during that time period, in full.

With respect to the Academy's investment policy, its stated primary objectives are liquidity and safety of principal. These objectives typically are maximized only by reducing the rate of return. The Academy has instituted procedures to monitor the investment of its locally-held funds to ensure that the Academy's prioritized investment

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Current Findings – continued

**ACADEMY RESPONSE (continued)**

objectives are met while still earning a competitive rate of return. The current interest rate on all of the Academy's locally held accounts is 15 basis points above the Illinois Funds Money Market Fund rate.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Prior Year Findings Not Repeated – State Compliance

06-6. **FINDING** (Efficiency initiative payments)

During the prior period, the Academy made payments for efficiency initiative billings from improper line item appropriations.

During the current period, the Academy made no efficiency initiative payments. (Finding Code No. 05-1)

06-7. **FINDING** (Improper vacation payouts)

During the prior period, the Academy did not comply with administrative rules concerning conditions of employment and repayment of benefit time.

During the current period, our sample test results indicated the Academy complied with administrative rules concerning conditions of employment and repayment of benefit time. (Finding Code No. 05-2).

06-8. **FINDING** (Lack of performance evaluations)

During the prior period, the Academy did not conduct employee performance evaluations in accordance with Academy policies.

During the current period, the Academy improved their procedures to ensure employee performance evaluations were conducted in accordance with Academy policies. However, during our testing we noted instances where the performance evaluations were either not conducted or not conducted timely. This finding has been reported in the immaterial letter. (Finding Code No. 05-3)

06-9. **FINDING** (Inadequate timekeeping policies)

During the prior period, the Academy failed to implement the provisions of the State Officials and Employees Ethics Act (Act) which requires employees to submit daily timesheets documenting time worked on official State business.

During the current period, our sample test results indicated the Academy implemented the provisions of the Act by requiring employees to submit timesheets documenting time worked on official State business to the nearest quarter hour. (Finding Code No. 05-4).

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2006

Prior Year Findings Not Repeated – State Compliance

06-10. **FINDING** (Inadequate contracting procedures)

During the prior period, the Academy did not process contractual agreements in accordance with established procedures. Contractual agreements did not contain required clauses and certifications, and payments were made before contracts were signed by the contractor and the Academy.

During the current period, our sample test results indicated the Academy processed its contractual agreements with the required clauses and certifications. Additionally, contracts were signed by all parties before services were rendered. (Finding Code No. 05-6).

06-11. **FINDING** (Lack of ethics training)

During the prior period, the Academy failed to implement the provisions of the State Officials and Employees Ethics Act (Act), Ethical Conduct Article. Employees of the Academy did not receive ethics training within 6 months of employment nor on an annual basis.

During the current period, our sample test results indicated the Academy required all new employees to participate in ethics training within their first 6 months of employment as well as all current employees received ethics training on an annual basis. (Finding Code No. 05-7)



STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2006

**FINANCIAL STATEMENT REPORT**

**SUMMARY**

The audit of the accompanying financial statements of the Illinois Mathematics and Science Academy as of and for the year ended June 30, 2006 was performed by the staff of the Office of the Auditor General.

Based on their audit, the auditors expressed an unqualified opinion on the agency's basic financial statements as of and for the year ended June 30, 2006.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland  
Auditor General  
State of Illinois

And

Board of Trustees  
Illinois Mathematics and Science Academy  
Aurora, Illinois

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2006, which collectively comprise the State of Illinois, Illinois Mathematics and Science Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois, Illinois Mathematics and Science Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the State of Illinois, Illinois Mathematics and Science Academy are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Illinois Mathematics and Science Academy. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2006, and its changes in financial position

for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2(e) to the financial statements, the Academy began eliminating activity between funds of the primary government during the period.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Illinois Mathematics and Science Academy, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 8, 2007 on our consideration of the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 25 through 28 and 51 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Illinois Mathematics and Science Academy's basic financial statements. The accompanying supplementary combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

  
Bruce L. Bullard, CPA  
Director of Financial and Compliance Audits

January 8, 2007

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2006

**INTRODUCTION**

The following is a discussion and analysis of the Illinois Mathematics and Science Academy's (Academy) financial performance, providing an overview of the activities of the fiscal year ended June 30, 2006. Please read it in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of Academy management and all portions are part of the complete financial report.

**USING THE ANNUAL FINANCIAL REPORT**

This annual report consists of financial statements prepared under generally accepted accounting principles. The statements have been modified in order to present the Academy as a discrete unit of the primary government of the State of Illinois. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Academy as a whole (government – wide). Fund financial statements report the Academy's operations in more detail than the government-wide statements by providing information about the Academy's most significant funds. The remaining statements provide financial information about activities for which the Academy acts in a custodial capacity for student organizations.

The Statement of Net Assets and the Statement of Activities include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The fund financial statements provide detailed information about the most significant funds – not the Academy as a whole. All of the funds of the Academy are governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Government – wide and fund financial statements are prepared based on different objectives. The government – wide financial statements are presented based on economic resources measurements and fund financial statements are presented based on current financial resources measurements, therefore, a reconciliation of the differences is presented behind the statements.

**DESCRIPTION OF PRIMARY FUNCTION**

The Academy conducts its operations utilizing resources appropriated by the State of Illinois, fees charged, and other income for program services received in the form of grants, contracts, gifts, and other donations. All forms of operations are part of the primary government function. There are no activities associated with Proprietary funds and the Academy has no Component Units and does not conduct special – purpose business type activities. Detailed information concerning the Academy's legislative mandate and organization structure is presented in the Notes to the Financial Statements portion of this report.

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2006

**CONDENSED FINANCIAL INFORMATION**

**Statement of Net Assets**

	2006	2005
<b>Assets</b>		
Unexpended appropriations	\$ 1,636,312	\$ 1,570,134
Cash and cash equivalents	3,016,817	2,770,919
Receivables	122,348	159,807
Capital assets, net	<u>23,780,098</u>	<u>25,573,246</u>
<b>Total assets</b>	<u><b>\$28,555,575</b></u>	<u><b>\$30,074,106</b></u>
<b>Liabilities</b>		
Accounts payable	\$ 1,660,574	\$ 1,707,240
Deferred revenues	552,159	394,625
Compensated absence, short	294,000	78,275
Compensated absence, long	<u>481,000</u>	<u>782,000</u>
<b>Total liabilities</b>	<u><b>\$ 2,987,733</b></u>	<u><b>\$ 2,962,140</b></u>
<b>Net assets</b>		
Invested in capital assets	\$23,780,098	\$25,573,246
Restricted	75,158	0
Unrestricted	<u>1,712,586</u>	<u>1,538,720</u>
<b>Total net assets</b>	<u><b>\$25,567,842</b></u>	<u><b>\$27,111,966</b></u>

Capital assets are presented net of accumulated depreciation.

Long-term liabilities represent unfunded and unreserved obligations to current employees for accrued unpaid accumulated vacation and sick leave balances. These obligations are satisfied as they mature through charges to current operations. The Notes to the Financial Statements contain additional information concerning these liabilities. No other long-term liabilities are reported, however outstanding general obligation bonds issued by the State of Illinois financed portions of the capital assets. The bonded debt is retired by appropriations to the Illinois Capital Development Board. The total bond liabilities are presented in the State of Illinois' Comprehensive Annual Financial Report.

All accounts payable were satisfied on or before August 31, 2006 and 2005, respectively. Deferred revenues represent receipt of grant proceeds for which the Academy had not yet fulfilled the grantor terms and conditions of eligibility. Fiscal year 2006 ended with an increase in deferred revenue, as a result of an increase in the amount of student fees collected for the upcoming school year. The short-term compensated absence liabilities represent the obligations to matured accumulated vacation and sick leave balances estimated to be paid from current operations in the succeeding 12 months of the respective fiscal years.

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2006

**Statement of Activities**

	2006	2005
Revenues		
Charges for services	\$ 1,797,060	\$ 1,793,995
Payments made on behalf of the Academy	0	996,842
Federal grants	825,208	1,479,085
Other grants	670,347	3,729,012
Interest income	39,250	20,434
Appropriations from State Resources	16,322,900	15,832,900
Other income	0	0
Capital transfers from other agencies	0	159,683
Total revenues	<u>\$19,654,765</u>	<u>\$24,011,951</u>
Expenses		
Education	\$21,047,417	\$23,562,506
Interest	0	0
Other expense	0	0
Lapsed appropriations	151,472	113,034
Total expenses	<u>\$21,198,889</u>	<u>\$23,675,540</u>
Increase (Decrease) in net assets	<u>(\$1,544,124)</u>	<u>\$ 336,411</u>

Charges for Services

Charges for services received by the Academy increased by \$3,065 from fiscal year 2005 to fiscal year 2006. The slight increase is attributed to additional student fees being collected.

Payments made on behalf of the Academy

Payments made on behalf of the Academy are made by the State of Illinois as contributions for the Academy for retirement and healthcare costs. The State of Illinois paid \$602,861 on behalf of the Academy in fiscal year 2006, but the Academy did not report this amount as part of the financial statements to be consistent with other entities within the State of Illinois reporting entity.

Federal grants

Federal grants decreased from fiscal year 2005 to fiscal year 2006 due to eliminating entries discussed in Note 2(e) of the financial statements between funds of the primary government and due to a decrease in federal funding from the U.S. Department of Education and the Smithsonian Institute.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2006

**CONDENSED FINANCIAL INFORMATION (Continued)**

Other grants

Other grants received by the Academy decreased from fiscal year 2005 to fiscal year 2006 due, in part, to eliminating entries discussed in Note 2(e) of the financial statements between funds of the primary government. Another significant change was due to the end of two Illinois First Projects programs in fiscal year 2005.

Appropriations from State resources

Appropriations from State resources increased by 3.1% from fiscal year 2005 to fiscal year 2006. The increase was due to additional legislative appropriations to the Academy for personal services, electronic data processing and the Excellence 2000 program.

Capital transfers from other agencies

The Academy received no capital transfers from other agencies in fiscal year 2006.

During fiscal year 2005 the Academy received capital transfers from the Capital Development Board related to building improvements and from the IMSA Fund for the Advancement of Education related to equipment.

**Economic Outlook**

The Academy continues fulfillment of its legislative mandate and demand for its services remains high. Service to the residential population of students has remained essentially at full capacity throughout the entire life of the Academy with qualified applicants exceeding available registration capacity each year. Services to other Illinois students and teachers continued to grow for another year, indicating strong public demand for the outreach programs. The Academy expects to maintain its current level of services.

The overall financial position of the Academy is primarily related to the overall condition of the State of Illinois' General Funds and the legislative appropriation process due to reliance on resources from State appropriations. In fiscal year 2003 the Academy's appropriation decreased 18.6% or \$3.1 million. Between fiscal year 2004 and fiscal year 2007 the Academy has received a restoration of these cut State appropriations totaling \$4.1 million.

- Fiscal year 2005 to fiscal year 2006 State appropriation increased by 3.0% or \$.5 million
- Fiscal year 2006 to fiscal year 2007 State appropriation increased by 8% or \$1.3 million

The Academy believes this additional funding will allow its services to continue at the current level of high standards in fiscal years 2007 and beyond.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET**

For the Year Ended June 30, 2006

	Major Fund General Revenue Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Unexpended appropriations	\$ 1,636,312	\$ 0	\$ 1,636,312	\$ 0	\$ 1,636,312
Cash and cash equivalents	0	3,016,817	3,016,817	0	3,016,817
Other receivables, net	292	55,587	55,879	0	55,879
Due from other funds	0	24,238	24,238	0	24,238
Due from Federal funds	0	42,231	42,231	0	42,231
Capital Assets, net	0	0	0	23,780,098	23,780,098
Total assets	<u>1,636,604</u>	<u>3,138,873</u>	<u>4,775,477</u>	<u>23,780,098</u>	<u>28,555,575</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	1,007,051	427,053	1,434,104	0	1,434,104
Due to other governments - local	15,721	0	15,721	0	15,721
Due to other funds	24,062	105,625	129,687	0	129,687
Due to component units of the State of Illinois	68,362	0	68,362	0	68,362
Due to other Government - Federal	10,050	2,650	12,700	0	12,700
Deferred revenue - unearned	0	552,159	552,159	0	552,159
Deferred revenue - unavailable	0	0	0	0	0
Compensated absences, short term	0	0	0	294,000	294,000
Compensated absences, long term	0	0	0	481,000	481,000
Total liabilities	<u>1,125,246</u>	<u>1,087,487</u>	<u>2,212,733</u>	<u>775,000</u>	<u>2,987,733</u>
<b>FUND BALANCES/NET ASSETS</b>					
Reserved for encumbrances	511,358	26,949	538,307	(538,307)	0
Reserved for Others	0	0	0	0	0
Invested in capital assets, net of related debt	0	0	0	23,780,098	23,780,098
Restricted net assets	0	75,158	75,158	0	75,158
Unreserved, unrestricted	0	1,949,279	1,949,279	(236,693)	1,712,586
Total fund balances/net assets	<u>511,358</u>	<u>2,051,386</u>	<u>2,562,744</u>	<u>\$ 23,005,098</u>	<u>\$ 25,567,842</u>
Total liabilities and fund balances	<u>\$ 1,636,604</u>	<u>\$ 3,138,873</u>	<u>\$ 4,775,477</u>		

The accompanying notes to the financial statements are an integral part of this statement.



STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO  
STATEMENT OF NET ASSETS**  
For the Year Ended June 30, 2006

**Total fund balances-governmental funds** \$ 2,562,744

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities are  
not financial resources and therefore are not  
reported in the funds. 23,780,098

Some liabilities reported in the Statement of Net Assets  
do not require the use of current financial resources  
and therefore are not reported as liabilities in  
governmental funds. These activities consists of:

Compensated absences (775,000)

**Net assets of governmental activities** \$25,567,842

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**  
For the Year Ended June 30, 2006

	Major Fund General Revenue Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Education	\$ 15,905,839	\$ 3,263,385	\$ 19,169,224	\$ 1,869,793	\$ 21,039,017
Employment and Economic Development	0	8,400	8,400	0	8,400
Capital outlays	152,165	7,480	159,645	(159,645)	0
Total expenditures/expenses	<u>16,058,004</u>	<u>3,279,265</u>	<u>19,337,269</u>	<u>1,710,148</u>	<u>21,047,417</u>
Program Revenues:					
Charges for services:					
Licenses and fees	0	1,711,316	1,711,316	0	1,711,316
Payments made on behalf of the Academy	0	0	0	0	0
Refunds and Credit Memoranda	0	(2,000)	(2,000)	0	(2,000)
Other	0	87,744	87,744	0	87,744
Total charges for services	<u>0</u>	<u>1,797,060</u>	<u>1,797,060</u>	<u>0</u>	<u>1,797,060</u>
Operating grant revenue:					
Federal	0	854,193	854,193	0	854,193
Refunds and Credit Memoranda	0	(28,985)	(28,985)	0	(28,985)
Other	0	670,347	670,347	0	670,347
Total operating grant revenue	<u>0</u>	<u>1,495,555</u>	<u>1,495,555</u>	<u>0</u>	<u>1,495,555</u>
Net program revenues	<u>(16,058,004)</u>	<u>13,350</u>	<u>(16,044,654)</u>	<u>(1,710,148)</u>	<u>(17,754,802)</u>
General revenues:					
Interest and Investment Income	0	39,250	39,250	0	39,250
Total general revenues	<u>0</u>	<u>39,250</u>	<u>39,250</u>	<u>0</u>	<u>39,250</u>
Other sources (uses):					
Appropriations from State resources	16,322,900	0	16,322,900	0	16,322,900
Capital transfers from other State agencies	0	0	0	0	0
Capital transfers from IMSA Fund	0	0	0	0	0
Total other sources (uses)	<u>16,322,900</u>	<u>0</u>	<u>16,322,900</u>	<u>0</u>	<u>16,322,900</u>
Changes in fund balance/net assets	264,896	52,600	317,496	<u>\$ (1,710,148)</u>	(1,392,652)
Lapsed appropriations	(151,472)	0	(151,472)		(151,472)
Fund Balance/net assets - beginning of the year	397,934	1,998,786	2,396,720		27,111,966
Fund Balance/net assets - end of the year	<u>\$ 511,358</u>	<u>\$ 2,051,386</u>	<u>\$ 2,562,744</u>		<u>\$ 25,567,842</u>

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2006

**Net change in fund balances** \$ 317,496

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures  
while governmental activities report depreciation expense  
to allocate those expenditures over the life of the assets.  
This is the amount by which depreciation exceeded capital  
outlays in the current period. (1,793,148)

Some assets were transferred in from IMSA Fund and  
therefore, were received by the agency at no cost. 0

Some assets were transferred in from State agencies and  
therefore, were received by the agency at no cost. 0

Some liabilities reported in Statement of Net Assets  
do not require the use of current financial resources  
and therefore are not reported as liabilities in  
governmental funds. These activities consist of:

Decrease in compensated absences 83,000

**Change in net assets of governmental activities** \$(1,392,652)

The accompanying notes to the financial statements are an integral part of this statement.

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<u>IMSA Student Activity Fund – 1366</u>	<u><b>2006</b></u>
 <b>ASSETS</b>	
Cash and cash equivalents	\$ 76,810
Investments	<u>0</u>
Total Assets	<u><u>\$ 76,810</u></u>
 <b>LIABILITIES</b>	
Amounts Held for Student Activities	<u>76,810</u>
Total Liabilities	<u><u>\$ 76,810</u></u>

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**(1) Organization**

The Illinois Mathematics and Science Academy (Academy) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois Board of Higher Education and the Illinois General Assembly. The Academy operates under a budget appropriated from the State's General Revenue Fund by the General Assembly and a budget approved by the Academy's Board of Trustees for locally generated resources in the IMSA Local Fund and restricted funds received from third party grantors which are held in the IMSA Special Purposes Trust Fund.

The Academy was established by the General Assembly to pursue the policy to provide excellence in mathematics and science education in order to nourish an informed citizenry, assure technological skills for the work force, and assist in the preparation of professionals to serve the interests of Illinois in such fields as engineering, research, teaching and computer technology and to enlist the support of the educational, industrial and scientific communities in a cooperative effort to provide excellence in science and mathematics education. This residential program serves the primary role for tenth, eleventh and twelfth grade students that in addition to mathematics and science includes strong general education elements required of creative scientists. In addition, the Academy conducts an aggressive array of programs for elementary, middle school and high school students and teachers of the State that includes, curriculum development, training and classroom and research activities.

The Academy is governed by a Board of Directors that consists of:

Four ex officio nonvoting members; the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the State Board of Higher Education, and the Superintendent of the Schools in the school district in which the Academy is located.

- (a) Three voting representatives of Secondary Education, one of whom must be a math or science teacher, appointed by the State Superintendent of Education.
- (b) Two voting representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- (c) Three voting representatives of the science community in Illinois, appointed by the Governor.
- (d) Three voting representatives of the Illinois private industrial sector, appointed by the Governor.
- (e) Two voting representatives of the public at large, appointed by the Governor.

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**(1) Organization (Continued)**

The Board of Trustees is empowered to establish employment regulations, budgets, and contractual relationships and conduct all aspects of the Academy's business operations. The Board of Trustees are also responsible for establishing criteria for eligibility of enrollment, curriculum and other educational and co-curriculum activities offered, and criteria for the award of certificates of completion and diplomas.

**(2) Summary of Significant Accounting Policies**

The financial statements of the Academy have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Significant accounting policies are presented below to facilitate the understanding of the data included in the financial statements.

**(a) Financial Reporting Entity**

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Academy has no component units and is not a component unit of any other entity. However, because the Academy is not legally separate from the State of Illinois, the financial statements of the Academy are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, at 325 West Adams Street, Springfield, Illinois, 62704-1871.

**(b) Basis of Presentation**

The financial activities of the Academy, which consist only of governmental activities, are reported under the general government function in the State of Illinois' Comprehensive Annual Report. For its reporting purposes, the Academy has combined the fund and government-wide financial statements using a columnar format that

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**(b) Basis of Presentation (Continued)**

reconciles individual line items of fund financial data to government-wide data in a separate column. A brief description of the Academy's government-wide and fund financial statements is as follows:

1) Government-wide Statements.

The government-wide statement of net assets and statement of activities report the overall financial activity of the Academy, excluding fiduciary activities. The financial activities of the Academy consist only of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function (i.e. general government) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2) Fund Financial Statements.

The fund financial statements provide information about the Academy's funds, including fiduciary funds. Separate statements for each fund category – governmental and fiduciary are presented. The emphasis on fund statements is on a major governmental fund. All remaining governmental funds are aggregated and reported as non-major funds.

The Academy administers the following governmental funds (or portions thereof in the case of shared funds – see Note 2d) of the State:

Major Funds:

General Revenue Fund – This is the State's primary operating fund. The services administered by the Academy and accounted for in this fund include all activities of the Academy's educational enhancement program. Program revenues result from nonexchange transactions in accordance with GASB 24, *Accounting for Financial Reporting for Certain Grants and Other Financial Assistance*, payments made on behalf of the Academy by the State of Illinois for healthcare and retirement costs. This fund is a shared fund (see Note 2d). This fund is appropriated and held in the State Treasury.

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**(2) Summary of Significant Accounting Policies (Continued)**

**(b) Basis of Presentation (Continued)**

Non-Major Funds:

IMSA Special Purposes Trust Fund – Revenues are obtained from private and governmental grants and are restricted for application according to terms and conditions set by the grantors. The services administered by the Academy and accounted for in this fund include all activities of the Academy’s educational enhancement program. This fund is non-appropriated and held in the State Treasury.

IMSA Income Fund – This fund is subject to expenditure limitations established by the General Assembly. Resources for the fund are generated by charges paid by recipients of the services offered as part of the Academy’s educational enhancement program. The services administered by the Academy and accounted for in this fund include all activities of the Academy’s educational enhancement program. This fund is appropriated and held in the State Treasury.

IMSA Local Fund – This fund is authorized by the General Assembly to function as the Academy’s local treasury. Resources are generated by charges paid by recipients of the services offered as part of the Academy’s educational enhancement program and limited short-term investment income of working capital balances. The services administered by the Academy and accounted for in this fund include all activities, except the financing of personal service (employment) activities, of the Academy’s educational enhancement program. This fund is non-appropriated and locally held.

Additionally, the Academy administers the following fund type:

IMSA Student Activity Fund – This fund accounts for deposits collected by the Academy, acting in the capacity of an agent, for the various clubs and activities of the students. This fund is non-appropriated and locally held.

**(c) Basis of Accounting**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Academy gives (or receives) value without directly receiving (or giving) equal



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**(2) Summary of Significant Accounting Policies (Continued)**

**(c) Basis of Accounting (Continued)**

value in exchange, include grants and donations. Revenue from grants and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include student fees and workshop fees. All other revenue sources including library fines, transcript fees and other miscellaneous revenues are considered measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**(d) Shared Fund Presentations**

The financial statement presentation for the General Fund represents only the portion of shared funds that can be directly attributed to the operations of the Academy. Financial Statements included on the Academy's activities in these shared funds only present the financial position of the Academy in its entirety. Financial statements for total fund operations of the shared State funds are presented in the Illinois Annual Report published by the State Comptroller.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Academy's portion of shared funds:

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**(2) Summary of Significant Accounting Policies (Continued)**

**(d) Shared Fund Presentations (Continued)**

**Unexpended Appropriation**

This “asset” account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

**Appropriations from State Resources**

This “other financing source” account represents the final legally adopted appropriation according to SAMS records. The amounts reported are net of any re-appropriations to subsequent years and the difference between current and prior year liabilities for re-appropriated accounts. Re-appropriations reflect the State’s realignment of the budgetary needs to the subsequent year and avoid double counting a portion of the appropriation in more than one fiscal year.

**Lapsed Appropriations**

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

**Transfers to State Treasury**

This “other financing use” accounts represents all cash receipts received during the fiscal year from SAMS records.

**(e) Eliminations**

Eliminations have been made in the statement of activities to remove the “doubling-up” effect of interdepartmental interfund activity between funds of the primary government.

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**(2) Summary of Significant Accounting Policies (Continued)**

**(f) Cash and Cash Equivalents**

Cash and cash equivalents consist principally of deposits held in the State Treasury for the Income Fund and Special Purposes Trust Fund. Cash and cash equivalents also include cash in banks for locally held funds. The State Treasurer is an ex officio custodian for the Special Purposes Trust Fund.

**(g) Budgetary Process**

The State Constitution requires the Governor to prepare and submit to the General Assembly an executive budget for the ensuing fiscal year. This budget covers the General Revenue Fund. The General Assembly enacts the budget through the passage of specific line-item and lump sum appropriations, the sum of which must not exceed estimated revenues pursuant to the State Constitution. The General Assembly also establishes a line-item spending authority by passage of a budget for locally generated revenues deposited in the IMSA Income Fund. The line-item budget must not exceed estimated revenues available locally. The Academy's Board of Trustees further restricts the IMSA Income Fund budget to actual resources available.

The IMSA Special Purposes Trust Fund and the IMSA Local and Student Activity Funds are subject to budgets established by the grantors and the Academy's Board of Trustees, respectively. Unexpended State Appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 60-day "lapse period" (by August 31). Lapse period expenditures not accrued at June 30 are reflected in the Governmental Funds equity portion of the Academy's financial statements as reserved for encumbrances. All budgets are essentially on the cash basis of accounting, modified for expenditures during the lapse period (beginning and end of the year) as described above.

**(h) Interfund Transactions**

The Academy has the following types of interfund transactions between Academy funds and funds of other State agencies:

**Services provided and used** – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

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**(2) Summary of Significant Accounting Policies (Continued)**

**(h) Interfund Transactions (Continued)**

**Reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**(i) Capital Assets**

Capital Assets, which include property, plant, and equipment, are reported at cost or estimated fair value at time of receipt for donated property. Capital assets are depreciated using the straight – line method.

Capitalization thresholds and the estimated useful lives by category are as follows:

<u>Capital Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$100,000	N/A
Land Improvements	\$ 25,000	N/A
Buildings	\$100,000	60 Yrs.
Building Improvements	\$ 25,000	20 Yrs.
Equipment	\$ 5,000	15 Yrs.

**(j) Compensated Absences – Long Term Debt**

The only long-term debt as of June 30, 2006 consisted of the liability for compensated absences accrued for employees who had not become eligible for payment. The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated vacation and sick leave balances for Academy employees. A liability for these amounts is reported in the governmental funds as short - term if they have matured, as a result of employee resignations, terminations and retirements. As of June 30, 2006, \$19,626 had matured but had not been paid. During the fiscal year ended June 30, 2006, the Academy paid \$43,421 for compensated absences. Long-term compensated absences liabilities represent those amounts calculated as accrued which have not matured. No known terminations are planned within the subsequent 12-month period. The long-term liability for compensated absences as of June 30, 2006 was calculated to be \$481,000. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related

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**(2) Summary of Significant Accounting Policies (Continued)**

**(j) Compensated Absences – Long Term Debt (Continued)**

costs (e.g. social security and Medicare tax). Matured liabilities are paid from current appropriations to the Academy. Legislation that became effective January 1, 1998 capped the paid sick leave, earned between January 1, 1984 and December 31, 1997, for all State employees employed as of December 31, 1997. Employees continue to accrue and accumulate sick days but will not receive monetary compensation for any additional time earned after December 31, 1997. Employees entering employment after December 31, 1997 accumulate sick days but will not receive monetary compensation at retirement. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) are only used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

**(k) Fund Balances**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative State plans that are subject to change.

**(l) Net Assets**

In the government-wide financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State’s policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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**(3) Deposits**

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. The Academy independently manages cash and cash equivalents maintained outside the State Treasury.

Cash on deposit for the local fund had a carrying amount of \$1,236,905 and a bank balance of \$1,396,659 at June 30, 2006. Of the total bank balance, \$200,000 was insured through the Federal Depository Insurance Corporation (FDIC). Of the remaining \$1,196,659 balance only \$1,079,923 was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the State.

Custodial credit risk for deposits exist when, in the event of the failure of a depository financial institution, the Academy's deposits may not be recovered. The FDIC insured bank balances totaled \$200,000 at June 30, 2006. The Academy's agreement with its financial institution indicates that it will take such actions as shall be necessary to ensure that the market value of the pledged securities equals or exceeds the secured balance and in the event that for any reason there is a deficiency the bank shall, as promptly as is practical, deposit additional Permitted Securities with the Custodian in the amount necessary to secure such deficiency.

Deposits in the custody of the State Treasurer, or in transit, at June 30, 2006 totaled \$1,740,353. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Academy does not own individual securities. Detail on the nature of these deposits and investments is available within the State of Illinois' Comprehensive Annual Financial Report.

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**(4) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2006 was as follows:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Capital assets not being depreciated:</u>					
Land and land improvements	\$ 201	\$ 0	\$ 0	\$ 0	\$ 201
Total capital assets not being depreciated	\$ 201	\$ 0	\$ 0	\$ 0	\$ 201
<u>Capital assets being depreciated:</u>					
Buildings and building improvements	47,859	0	0	0	47,859
Equipment	<u>1,559</u>	<u>160</u>	<u>100</u>	<u>0</u>	<u>1,619</u>
Total capital assets being depreciated	\$ 49,418	\$ 160	\$ 100	\$ 0	\$ 49,478
	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Less: Accumulated depreciation:</u>					
Buildings and building improvements	\$ 23,066	\$ 1,836	\$ 0	\$ 0	\$ 24,902
Equipment	<u>980</u>	<u>110</u>	<u>93</u>	<u>0</u>	<u>997</u>
Total accumulated depreciation	\$ 24,046	\$ 1,946	\$ 93	\$ 0	\$ 25,899
Total capital assets being depreciated, net	\$ 25,372	\$ (1,786)	\$ 7	\$ 0	\$ 23,579
Total capital assets, net	<u>\$ 25,573</u>	<u>\$ (1,786)</u>	<u>\$ 7</u>	<u>\$ 0</u>	<u>\$ 23,780</u>

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**(5) Interfund Balances and Activity**

The following balances at June 30, 2006 represent amounts due from other State of Illinois funds.

<u>Fund</u>	<u>Due from other funds</u>	<u>Description/Purpose</u>
Nonmajor governmental funds	\$ <u>24,238</u>	Due from nonmajor governmental funds for reimbursement of expenses.

The following balances at June 30, 2006 represent amounts due to other State of Illinois funds.

<u>Fund</u>	<u>Due to other funds</u>	<u>Description/Purpose</u>
General	\$ 24,062	Due to nonmajor governmental funds for reimbursement of expenses.
Nonmajor Governmental funds	<u>105,625</u>	Due to nonmajor governmental funds for reimbursement of expenses.
	<u>\$ 129,687</u>	



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**(6) Long-Term Obligations**

**(a) Changes in Long-Term Obligations**

Changes in long-term obligations for the year ended June 30, 2006 were as follows:

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amounts</u> <u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences	\$ 860,275	\$ 359,000	\$ 444,275	\$ 775,000	\$ 294,000

Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees. Claims and judgments typically have been liquidated from the General Revenue Fund.

**(7) Pension Plan**

*Plan Description:* The Illinois Mathematics and Science Academy contributes to the State Universities' Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund.

SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

*Funding Policy:* Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 10.18% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the year ending June 30, 2006 was \$751,351, equal to the required contributions for the year.

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**(8) Post-employment Benefits**

The State provides health, dental and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older.

Costs incurred for health, dental, and life insurance for annuitants and their dependents were not separated from benefits provided to active employees and their dependents for the year ended June 30, 2006. However, post-retirement costs for the State as a whole for all State agencies/departments for dependent health, dental and life insurance for annuitants and their dependents are disclosed in the State of Illinois' Comprehensive Annual Financial Report. Cost information for retirees by individual State agency is not available. Payments are made on a "pay-as-you-go" basis.

**(9) Risk Management**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self-insured) for these risks except for insurance purchased by the Academy for long-term disability workers compensation, flood insurance, vehicle collision/physical damage, employee theft/fraud, and payment of a portion of unemployment compensation claims.

The Academy's risk management activities for torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters are accounted for in the general fund of the State. The claims are not considered to be a liability of the Academy; and accordingly, have not been reported in the Academy's financial statements for the year ended June 30, 2006.

The Academy's risk management activities for long-term disability workers compensation, flood insurance, employee theft/fraud, and vehicle collision/physical damage, are financed through appropriations to the Academy and are reported in the General Revenue Fund. Workers unemployment compensations are financed by automatic withdraws from the Academy Income Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no such liabilities at the beginning and ending of the fiscal year.

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**(10) Commitments and Contingencies**

**(a) Federal Funding**

The Academy receives federal and private grants that are subject to review and audit by federal grantor agencies and private grantors. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. There were no unresolved questioned costs, at June 30, 2006. However, questioned costs could still be identified during audits and reviews to be conducted in the future. Management of the Academy believes there will be no material adjustments to the grants and, accordingly, has not recorded a provision for possible repayment.

**(b) Litigation**

The Academy is routinely involved in legal proceedings and/or claims that cover a wide range of matters. In the opinion of management, there are no outstanding issues for which the outcomes of these matters are expected to result in a material adverse effect on the financial position or results of operations of the Academy.

**(11) Related Party Transactions**

The IMSA Fund for the Advancement of Education (the IMSA Fund) was established and is maintained as a separate corporate entity for the purpose of benefiting, performing the functions of and carrying out certain charitable, educational, literary and scientific purposes of the Academy. A Board of Trustees separate from that of the Academy governs the IMSA Fund. Effective July 1, 1995, the Academy entered into an agreement with the IMSA Fund that specifies the relationship between the two organizations. This agreement states that the IMSA Fund is a separate corporate entity established for the purpose stated above and is to assist the Academy in achieving and furthering its educational, research and service goals. The IMSA Fund has agreed to provide financial support to the Academy (both directly and indirectly). In exchange, the Academy has agreed to provide office space, equipment, and personnel to enable the IMSA Fund to accomplish its purpose.

Both organizations acknowledge that State resources should not be used to provide for fundraising activities that do not result in a value to the Academy that is the same or greater than the value of what the Academy receives directly or indirectly from the IMSA Fund. As long as the Academy receives direct or indirect program support from the IMSA Fund that is greater than the fundraising costs the Academy incurs on behalf of the IMSA Fund, no reimbursement shall occur. If in any fiscal year those fundraising costs are greater than the program support provided to the Academy, the IMSA Fund will reimburse the Academy for the excess of fundraising costs over program support provided. For the fiscal year 2006, total program support provided to the Academy by the IMSA Fund was

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**(11) Related Party Transactions (Continued)**

\$698,897, which exceeds the total fundraising costs incurred by the Academy for the IMSA Fund of approximately \$61,091. Accordingly, no reimbursement from the IMSA Fund to the Academy was required. The decrease in fundraising costs incurred by the Academy for the IMSA Fund from 2005 to 2006 is due to reorganization in the IMSA Fund office of fundraising responsibilities. Some responsibilities were shifted to lower salaried staff. Also there was an overall decrease in the amount of time spent on fundraising activities in fiscal year 2006 due to staff turnover resulting in a staffing gap.

The Academy received \$698,897 (including \$3,784 in tangible asset donations) in total program support from the IMSA Fund for the year ended June 30, 2006.

The Academy's financial statements exclude the financial activity reported in the IMSA Fund's financial statements except for amounts given to the Academy to support personnel costs which are processed through the State's payroll system, amounts given to the Academy for Academy-administered programs, and tangible asset donations which are reflected as capital assets in the Academy's Government - wide financial statements.

At June 30, 2006, other receivables include \$17,254 due from the IMSA Fund and accounts payable include \$35,496 due to the IMSA Fund.

**(12) Sick Leave Bank**

A sick leave bank plan was established during the fiscal year 1989 to provide extended sick leave coverage to the professional staff and administrators. The eligible staff members contribute a determined number of their own sick days to the bank each year until a determined maximum number of days have been contributed. Each eligible member, upon meeting the certain requirements, may withdraw up to 60 working days from the bank each school year and be paid for these days at his/her normal salary. Any used days from the bank must be repaid in subsequent years at a determined rate. However, if a member uses some of the working days from the bank and subsequently leaves before the bank is repaid, the member is not required to pay back the amount in dollars. At June 30, 2006, there were 1,631 days in the sick leave bank. A liability for these days has not been recorded as the amount of the benefits paid or the number of days that will be used is not readily determinable. The Academy amended the terms of the bank, effective July 1, 2002. Under the amended terms, employees starting on or after July 1, 2002 are not eligible and eligible employees were given the option to remain in the bank until June 30, 2006 or terminate membership.

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**(12) Sick Leave Bank (Continued)**

Employees terminating membership had the number of days they contributed returned to credit available personal accumulated sick days (these days can be used for current sick leave and/or for retirement service credit but not for cash payout), employees remaining in the bank will not receive credit at June 30, 2006.

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**BUDGETARY COMPARISON SCHEDULE**  
**MAJOR GOVERNMENTAL FUND**

For the Year Ended June 30, 2006

	Total Original Budget	Final Budget	Actual Plus Encumbrances	Variance with Final Budget Positive/(Negative)
<u>General Revenue Fund - 001</u>	\$ 10,604,200	\$ 10,604,200	\$ 10,592,755	\$ 11,445
Personal services				
Contribution for social security and medicare	179,800	179,800	155,935	23,865
Contractual services	3,607,000	3,729,800	3,659,856	69,944
Travel	126,400	92,600	75,064	17,536
Commodities	381,100	323,200	310,876	12,324
Equipment	462,900	497,100	494,201	2,899
Electronic data processing	191,900	125,600	125,082	518
Telecommunications	289,000	290,000	286,888	3,112
Operations of automotive equipment	30,600	30,600	30,071	529
Excellence 2000	450,000	450,000	440,700	9,300
Total appropriation for the Academy	\$ 16,322,900	\$ 16,322,900	\$ 16,171,428	\$ 151,472

GAAP is the budgetary basis used in the preparation of these schedules.

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**COMBINING SCHEDULE OF ACCOUNTS**  
**GENERAL FUND**  
 For the Year Ended June 30, 2006

	<u>General Revenue Account</u>
<b>ASSETS</b>	
Unexpended appropriations	\$ 1,636,312
Other receivables, net	292
Total Assets	<u>1,636,604</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	1,007,051
Due to other governments - local	15,721
Due to other funds	24,062
Due to component units of the State of Illinois	68,362
Due to other Government - Federal	10,050
Total liabilities	<u>1,125,246</u>
<b>FUND BALANCE</b>	
Reserved for encumbrances	511,358
Reserved for Others	0
Unreserved, unrestricted	0
Total fund balances	<u>511,358</u>
Total liabilities and fund balances	<u>\$ 1,636,604</u>

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**COMBINING BALANCE SHEET OF  
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2006

	Special Purposes Trust Fund	Income Fund	Local Fund	Total Special Revenue Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 506,337	\$ 1,273,575	\$ 1,236,905	\$ 3,016,817
Other receivables, net	0	43,719	11,868	55,587
Due from other funds	17,168	2,902	4,168	24,238
Due from Federal funds	42,231	0	0	42,231
Total assets	<u>\$ 565,736</u>	<u>\$ 1,320,196</u>	<u>\$ 1,252,941</u>	<u>\$ 3,138,873</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 306,868	\$ 55,044	\$ 65,141	\$ 427,053
Due to other governments - local	0	0	0	0
Due to other Governments - Federal	2,035	615	0	2,650
Due to other funds	102,723	0	2,902	105,625
Deferred revenue - unearned	63,191	289,386	199,582	552,159
Deferred revenue - unavailable	0	0	0	0
Total liabilities	<u>474,817</u>	<u>345,045</u>	<u>267,625</u>	<u>1,087,487</u>
<b>FUND BALANCE</b>				
Reserved for Encumbrances	15,761	11,188	0	26,949
Restricted	75,158	0	0	75,158
Unreserved, unrestricted	0	963,963	985,316	1,949,279
Total fund balances	<u>90,919</u>	<u>975,151</u>	<u>985,316</u>	<u>2,051,386</u>
Total liabilities and fund balances	<u>\$ 565,736</u>	<u>\$ 1,320,196</u>	<u>\$ 1,252,941</u>	<u>\$ 3,138,873</u>



STATE OF ILLINOIS  
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**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE OF  
 GENERAL FUND**

For the Year Ended June 30, 2006

	<u>General Revenue Account</u>
<b>REVENUES</b>	
Appropriations from State resources	\$ 16,322,900
Payments made on behalf of the Academy	0
Total Revenues	<u>16,322,900</u>
<b>EXPENDITURES</b>	
Education	15,905,839
Capital outlays	<u>152,165</u>
Total expenditures	<u>16,058,004</u>
Changes in fund balance	264,896
Lapsed appropriations	(151,472)
Fund Balance - beginning of the year	<u>397,934</u>
Fund Balance - end of the year	<u><u>\$ 511,358</u></u>

STATE OF ILLINOIS  
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**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2006

	Special Purposes Trust Fund	Income Fund	Local Fund	Total Nonmajor Funds
Revenues:				
Federal grant revenue	\$ 813,613	\$ 0	\$ 40,580	\$ 854,193
Other grants	670,347	0	0	670,347
Licenses and fees	0	1,042,944	668,372	1,711,316
Other	0	81,852	5,892	87,744
Interest and Investment Income	0	0	39,250	39,250
Refunds and Credit Memoranda	(28,985)	(2,000)	0	(30,985)
Total Revenues	<u>1,454,975</u>	<u>1,122,796</u>	<u>754,094</u>	<u>3,331,865</u>
Expenditures:				
Education	1,675,788	1,119,551	468,046	3,263,385
Employment and Economic Development	0	8,400	0	8,400
Capital outlays	0	0	7,480	7,480
Total expenditures/expenses	<u>1,675,788</u>	<u>1,127,951</u>	<u>475,526</u>	<u>3,279,265</u>
Changes in fund balance	(220,813)	(5,155)	278,568	52,600
Fund Balance - beginning of the year	<u>311,733</u>	<u>980,304</u>	<u>706,749</u>	<u>1,998,786</u>
Fund Balance - end of the year	<u>\$ 90,920</u>	<u>\$ 975,149</u>	<u>\$ 985,317</u>	<u>\$ 2,051,386</u>

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

For the Year Ended June 30, 2006

IMSA Student Activity Fund - 1366

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
A.A.S.A.	\$ 9	\$ 0	\$ 0	\$ 9
Acronym Newspaper	531	4,385	4,912	4
Alumni Account	4,649	0	0	4,649
Asian Culture Club	105	0	0	105
Athletics/Activities	1,383	13,825	14,576	632
Bowling	110	1,545	250	1,405
Caps & Gowns	2,861	8,036	7,200	3,697
Cheerleading	61	0	0	61
China	0	7,380	7,380	0
Class of 05	3,218	1,331	3,745	804
Class of 06	6,309	49,204	43,727	11,786
Class of 07	1,925	6,636	4,853	3,708
Class of 08	0	2,620	400	2,220
Cozumel Intersession	0	450	450	0
Dance Squad	911	1,816	1,820	907
Disney Intersession	0	7,415	7,415	0
Drama Club	1,897	2,821	1,594	3,124
Fine Arts Club	1,529	10,017	6,749	4,797
Fiscal Office	81	1,210	1,419	(128)
Free the Children	200	0	0	200
German	4,972	31,020	35,944	48
Habitat for Humanity	190	2,822	1,822	1,190
Hadron	0	800	218	582
Harvard Model Congress	15	0	0	15
Heliotrope	292	151	397	46
Homes for Hope Intersession	0	2,543	2,543	0
Human Resources	959	1,660	1,523	1,096
I.C.F.	737	0	0	737
IRC Copier	302	0	33	269
Key Club	1,307	2,061	1,775	1,593
Lighthouse Intersession	0	1,200	1,200	0
MUN Support	7	0	0	7
Model UN of Univ. Chicago	206	9,130	8,416	920
Mu Alpha Theta	14,436	21,709	24,102	12,043
Music	93	1,738	1,802	29
Natl. High School Model	(485)	485	0	0
New York Times	15	0	0	15
Paris Intersession	0	27,500	27,500	0
SADD	1,607	1,554	1,329	1,832
Scholastic Bowl	2,001	0	0	2,001
School Tip Line	2,102	1,500	3,336	266
Science Lab Books	1,738	0	0	1,738
Scuba Intersession	0	3,295	3,295	0
Spain Intersession	0	22,380	22,380	0
Student Aide	0	1,976	1,973	3
Student Council	3,908	5,205	6,177	2,936
Student Support	6,339	13,964	15,052	5,251
Student Union	72	0	71	1
Tournaments	2,467	9,566	10,327	1,706
Wolf/Ecology Trip	0	5,020	5,020	0
Yearbook	358	35,803	31,655	4,506
Total	<u>\$ 69,417</u>	<u>\$ 321,773</u>	<u>\$ 314,380</u>	<u>\$ 76,810</u>

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**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards
  - Schedule of Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Efficiency Initiative Payments
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  - Analysis of Accounts Receivable
  
- Analysis of Operations:
  - Agency Functions and Planning Program
  - Average Number of Employees
  - Service Efforts and Accomplishments (Unaudited)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U. S. Department of Education		
Fund for the Improvement of Education		
21st Century Information Fluency Program - 2003	84.215	\$ 48,000
21st Century Information Fluency Program - 2005	84.215	303,000
21st Century Information Fluency Program - 2006	84.215	184,000
Pass Through Program From:		
Illinois State Board of Education		
U. S. Department of Education / Advanced Placement Program		
Advanced Placement Fee Incentive Program	84.330	15,000
U. S. Department of Education / Office of Elementary and Secondary Education		
Mathematics and Science Partnerships - 2005	84.366	45,000
Mathematics and Science Partnerships - 2006	84.366	61,000
U. S. Department of Education / Fund for the Improvement of Education		
Earmark IL Virtual High School - 2004	84.215	11,000
Earmark IL Virtual High School - 2005	84.215	85,000
Earmark IL Virtual High School - 2006	84.215	76,000
<i>Total U.S. Department of Education</i>		<u>\$ 828,000</u>
U. S. Department of Agriculture		
Pass Through Program From:		
Illinois State Board of Education		
School Breakfast Program	10.553	11,000
National School Lunch Program	10.555	29,000
<i>Total U.S. Department of Agriculture</i>		<u>\$ 40,000</u>
Smithsonian Institution		
To support and expand the research and diffusion network of schools in Illinois		
Contract # F0036CC10422	N/A	3,000
Contract # F00436CC10289	N/A	118,000
Contract # F0536CC10188	N/A	66,000
<i>Total Smithsonian Institution</i>		<u>\$ 187,000</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 1,055,000</u></u>

The accompanying notes are an integral part of this statement.

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FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2006

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Illinois Mathematics and Science Academy and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements due to specific reporting requirements prescribed by OMB Circular A-133.

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**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

For The Fiscal Year Ended June 30, 2006

P.A. 94-0015 FISCAL YEAR 06	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
<u>General Revenue Fund - 001</u>					
Personal Services	\$ 10,604,200	\$ 9,959,474	\$ 633,281	\$ 10,592,755	\$ 11,445
State Contributions to Social Security, for Medicare	179,800	145,000	10,935	155,935	23,865
Contractual Services	3,729,800	2,930,858	728,998	3,659,856	69,944
Travel	92,600	64,634	10,430	75,064	17,536
Commodities	323,200	264,132	46,744	310,876	12,324
Equipment	497,100	335,508	158,693	494,201	2,899
Electronic Data Processing	125,600	121,494	3,588	125,082	518
Telecommunications	290,000	261,101	25,787	286,888	3,112
Operation of Automotive Equipment	30,600	29,160	911	30,071	529
Awards and Grants	450,000	424,622	16,078	440,700	9,300
Total Fund 001	<u>\$ 16,322,900</u>	<u>\$ 14,535,983</u>	<u>\$ 1,635,445</u>	<u>\$ 16,171,428</u>	<u>\$ 151,472</u>
<u>Income Fund - 768</u>					
Personal Services	\$ 1,598,000	\$ 881,457	\$ 23,432	\$ 904,889	\$ 693,111
State Contributions to Social Security, for Medicare	27,400	16,393	638	17,031	10,369
Contractual Services	981,100	139,091	13,495	152,586	828,514
Travel	126,700	10,857	4,407	15,264	111,436
Commodities	143,200	14,224	16,517	30,741	112,459
Equipment	65,000	699	8,159	8,858	56,142
Telecommunications	80,000	0	0	0	80,000
Operation of Automotive Equipment	1,000	0	0	0	1,000
Refunds	27,600	664	200	864	26,736
Total Fund 768	<u>\$ 3,050,000</u>	<u>\$ 1,063,385</u>	<u>\$ 66,848</u>	<u>\$ 1,130,233</u>	<u>\$ 1,919,767</u>
TOTAL - APPROPRIATED FUNDS	<u>\$ 19,372,900</u>	<u>\$ 15,599,368</u>	<u>\$ 1,702,293</u>	<u>\$ 17,301,661</u>	<u>\$ 2,071,239</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.



STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

For The Fiscal Year Ended June 30, 2006

	Appropriations (Net of Transfers)	Lapse Period		Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31	
			Total Expenditures 14 Months Ended August 31	
<b>NON-APPROPRIATED FUNDS</b>				
<u>Special Purposes Trust Fund - 359</u>				
Personal Services	\$ 1,390,830	\$ 101,836	\$ 1,492,666	
State Contributions to State University Retirement System	116,459	28,224	144,683	
State Contributions to Social Security, for Medicare	21,042	2,044	23,086	
Employer Contributions for Group Insurance	161,284	0	161,284	
Contractual Services	817,432	179,121	996,553	
Travel	50,715	12,263	62,978	
Commodities	51,188	19,089	70,277	
Printing	7,395	0	7,395	
Equipment	12,324	9,254	21,578	
Electronic Data Processing	0	0	0	
Telecommunications	1,826	0	1,826	
Awards and Grants	0	0	0	
Permanent Improvements	20,420	0	20,420	
Refunds	77,300	0	77,300	
Total Fiscal Year 2006	\$ 2,728,215	\$ 351,831	\$ 3,080,046	
<b>GRAND TOTAL - ALL FUNDS</b>	<b>\$ 18,327,583</b>	<b>\$ 2,054,124</b>	<b>\$ 20,381,707</b>	

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.



STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES**

For the Fiscal Years Ended June 30,

	2006	2005	2004
<b>General Revenue Fund - 001</b>	P.A. 94-0015	P.A. 93-0842	P.A. 93-0090
Appropriations (Net of Transfers)	\$16,322,900	\$ 15,832,900	\$ 14,359,200
<u>Expenditures</u>			
Personal Services	\$10,592,755	\$ 10,258,877	\$ 9,037,548
State Contributions to Social Security, for Medicare	155,935	151,990	141,612
Contractual Services	3,659,856	3,625,817	3,359,197
Travel	75,064	75,795	61,884
Commodities	310,876	338,546	365,717
Equipment	494,201	508,876	425,862
Electronic Data Processing	125,082	121,810	121,678
Telecommunications	286,888	264,975	247,483
Operation of Automotive Equipment	30,071	30,204	23,625
Awards and Grants	440,700	342,976	299,970
Total Expenditures	<u>16,171,428</u>	<u>15,719,866</u>	<u>14,084,576</u>
Lapsed Balances	<u>\$ 151,472</u>	<u>\$ 113,034</u>	<u>\$ 274,624</u>
<b>Income Fund - 768</b>	P.A. 94-0015	P.A. 93-0842	P.A. 93-0090
Appropriations (Net of Transfers)	\$ 3,050,000	\$ 2,050,000	\$ 2,050,000
<u>Expenditures</u>			
Personal Services	\$ 904,889	\$ 478,245	\$ 799,670
State Contributions to Social Security, for Medicare	17,031	11,307	19,445
Contractual Services	152,586	397,630	95,352
Travel	15,264	18,656	9,568
Commodities	30,741	42,007	17,103
Equipment	8,858	2,872	1,443
Telecommunications	0	0	24,548
Operation of Automotive Equipment	0	622	0
Refunds	864	3,528	4,639
Total Expenditures	<u>1,130,233</u>	<u>954,867</u>	<u>971,768</u>
Lapsed Balances	<u>\$ 1,919,767</u>	<u>\$ 1,095,133</u>	<u>\$ 1,078,232</u>
<u>GRAND TOTAL, ALL APPROPRIATED FUNDS</u>			
Appropriations, net of transfers	\$19,372,900	\$ 17,882,900	\$ 16,409,200
Total Expenditures	17,301,661	16,674,733	15,056,344
Lapsed Balances	<u>\$ 2,071,239</u>	<u>\$ 1,208,167</u>	<u>\$ 1,352,856</u>

STATE OF ILLINOIS  
 ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 For the Fiscal Years Ended June 30,

NON-APPROPRIATED FUNDS

<u>Special Purposes Trust Fund - 359</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Expenditures</u>			
Personal Services	\$ 1,492,666	\$ 2,115,686	\$ 2,260,336
State Contributions to State			
University Retirement System	144,683	208,591	218,795
State Contributions to Social Security, for Medicare	23,086	32,467	39,436
Employer Contributions for Group Insurance	161,284	200,353	205,587
Contractual Services	996,553	938,462	1,634,919
Travel	62,978	62,315	99,457
Commodities	70,277	76,760	69,830
Printing	7,395	0	0
Equipment	21,578	67,930	81,068
Electronic Data Processing	0	1,416	11,076
Telecommunications	1,826	3,229	7,689
Awards and Grants	0	0	18,285
Permanent Improvements	20,420	1,035,787	945,546
Refunds	77,300	178,796	321,892
Total Expenditures	<u>3,080,046</u>	<u>4,921,792</u>	<u>5,913,916</u>
 <u>GRAND TOTAL, ALL FUNDS</u>			
Total Expenditures	<u>\$ 20,381,707</u>	<u>\$ 21,596,525</u>	<u>\$ 20,970,260</u>

STATE OF ILLINOIS  
 ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
 FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS**  
 For the Fiscal Years Ended June 30,

<u>Procurement Efficiency Initiative</u>	<u>2006</u>	<u>2005</u>
General Revenue Fund-001		
Travel	\$ 0	\$ 767
Total	<u>\$ 0</u>	<u>\$ 767</u>

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Academy and reconciled to information from the Office of the Comptroller.

STATE OF ILLINOIS  
 ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**SCHEDULE OF CHANGES IN STATE PROPERTY**

For the Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Net Transfers	Balance June 30, 2006
Land and Land improvements	\$ 200,646	\$ 0	\$ 0	\$ 0	\$ 200,646
Building and Building improvements	48,424,392	58,213	0	0	48,482,605
Equipment	<u>10,043,647</u>	<u>573,041</u>	<u>(289,173)</u>	<u>0</u>	<u>10,327,515</u>
Totals	<u>\$ 58,668,685</u>	<u>\$ 631,254</u>	<u>\$ (289,173)</u>	<u>\$ 0</u>	<u>\$ 59,010,766</u>

The property and equipment information was obtained from Academy records and has been reconciled to the "Agency Report of Fixed Assets" (Form C-15) submitted to the State Comptroller.

This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Years Ended June 30,

	<u>2006</u>	<u>2005</u>
<b>GENERAL REVENUE FUND - 001</b>		
Receipt of third party reimbursements	\$ 6,683	\$ 2,080
Indirect cost reimbursement	47,717	0
Prior year expenditure transfers	0	0
Prior year refunds	1,381	1,882
Total Receipts	<u>55,781</u>	<u>3,962</u>
<b>IMSA SPECIAL PURPOSES TRUST FUND - 359</b>		
Receipt of private grants	25,000	30,300
Receipt of other Illinois State agency grant funds	1,450,457	1,760,868
Receipt of Federal grant funds	715,425	1,594,557
Receipt of private donations	675,864	692,600
Prior year expenditure transfers	0	0
Prior year refunds	552	0
Total Receipts	<u>2,867,298</u>	<u>4,078,325</u>
<b>IMSA INCOME FUND - 768</b>		
Receipt of miscellaneous fees	74,778	52,760
Receipt of student activity fees	1,162,992	1,098,165
Receipt of building rental income	6,991	7,778
Receipt of conference fees	100,743	114,532
Prior year expenditure transfers	0	0
Prior year refunds	0	0
Total Receipts	<u>1,345,504</u>	<u>1,273,235</u>
<b>TOTAL RECEIPTS</b>	<u><u>\$ 4,268,583</u></u>	<u><u>\$ 5,355,522</u></u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER**

	<u>2006</u>	<u>2005</u>
Receipts per Academy Records	\$ 4,268,583	\$ 5,355,522
Add: Deposits in Transit, Beginning of Year	415,767	104,485
Less: Deposits in Transit, End of Year	<u>(176,785)</u>	<u>(415,767)</u>
Receipts per Comptroller Records	<u><u>\$ 4,507,565</u></u>	<u><u>\$ 5,044,240</u></u>

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2006

Fiscal Year 2006

A comparative schedule of significant variations in expenditures of 20% and \$10,000 for the fiscal years ended June 30, 2006 and June 30, 2005 are shown below:

	<u>FISCAL YEAR</u> <u>ENDED JUNE 30</u>		<u>INCREASE</u> <u>(DECREASE)</u>	
	<u>2006</u>	<u>2005</u>	<u>AMOUNT</u>	<u>%</u>
<u>General Revenue Fund – 001</u>				
Awards & Grants – Lump Sum E2K	\$440,700	\$342,976	\$97,724	28%
 <u>IMSA Income Fund - 768</u>				
Personal Services	\$904,889	\$478,245	\$426,644	89%
Contractual Services	\$152,586	\$397,630	(\$245,044)	(62%)
Commodities	\$30,741	\$42,007	(\$11,266)	(27%)
 <u>Special Purposes Trust Fund - 359</u>				
Personal Services	\$1,492,666	\$2,115,686	(\$623,020)	(29%)
State Contributions to State				
University Retirement System	\$144,683	\$208,591	(\$63,908)	(31%)
Employer Contributions for Group				
Insurance	\$161,284	\$200,353	(\$39,069)	(20%)
Equipment	\$21,578	\$67,930	(\$46,352)	(68%)
Permanent Improvements	\$20,420	\$1,035,787	(\$1,015,367)	(98%)
Refunds	\$77,300	\$178,796	(\$101,496)	(57%)

Academy management provided the following explanations for the significant variations identified above.

**General Revenue Fund – 001**

Awards & Grants – Lump Sum E2K

The increase in awards and grants was due to the appropriation for the Excellence 2000 program being increased by \$100,000 in FY06 to fund program expansion for the new 4<sup>th</sup> and 5<sup>th</sup> grade programs.

**IMSA Income Fund – 768**

Personal Services

The increase in personal services was due to the Academy paying salaries for Illinois Virtual High School personnel from the IMSA Income Fund in FY06 while in FY05 salaries were paid from the Special Purposes Trust Fund.

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ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2006

Contractual Services

The decrease in contractual services was due to the Academy paying for services to provide an instruction delivery platform and learning system in FY05.

Commodities

The decrease in commodities was due to the Academy paying for new textbooks from this fund in FY05. In FY06 textbooks were paid for from grant funds.

**Special Purposes Trust Fund – 359**

Personal Services, State Contributions to State University Retirement System, and Employer Contributions for Group Insurance

The decrease in personal services was due to the Academy paying salaries for Illinois Virtual High School personnel from the IMSA Income Fund in FY06 while in FY05 salaries were paid from the Special Purposes Trust Fund.

Equipment

The decrease in expenditures was due to the Academy's Illinois First Technology Grant ending in FY05. This grant replaced non-integrated Academy systems with an integrated enterprise suite and provided opportunities for students to learn new technology that was integrated into curricular and co-curricular programs.

Permanent Improvements

The decrease in expenditures was due to the Academy's Illinois First Improvement Grant ending in FY05. This grant covered the costs of the construction and renovation of the academic B-Wing science laboratories.

Refunds

The decrease in refunds was due to fewer grant funds refunded in FY06.

STATE OF ILLINOIS  
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
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**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Year Ended June 30, 2006

The Comparative Schedule of Cash Receipts documents the revenue generating activities for fiscal years 2005 and 2006.

Significant variations in receipts are considered to be those varying between years by more than 20% and amounting to \$1,000 or more.

**General Revenue Fund – 001**

Third Party Reimbursements: Increase of \$4,603 (221%)

The increase is due to the Academy receiving a large refund of \$3,962 from a previous telephone carrier after switching services.

Indirect Cost Reimbursements: Increase of \$47,717 (100%)

The increase is due to the Academy receiving both FY05 and FY06 reimbursements from the Federal government for expenditures relating to the Doe Grant for the 21<sup>st</sup> Century Information Fluency Program.

**Special Purposes Trust Fund – 359**

Federal Grant Funds: Decrease of \$879,132 (55%)

The decrease is due to a decline in Federal grant funding for the Illinois Virtual High School and the 21<sup>st</sup> Century Information Fluency programs.

**IMSA Income Fund – 768**

Miscellaneous Fees: Increase of \$22,018 (42%)

The increase is due to the receipt of student obligations for dorm damages and lost or damaged books which increased \$13,191 in FY06. Additionally, the increase also accounted for the sale of books, t-shirts, and curriculum materials.



STATE OF ILLINOIS  
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FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2006

Our testing of lapse period expenditures for the fiscal year ended June 30, 2006 disclosed six appropriation line items with significant (20% or more) lapse period expenditures, as scheduled below:

	Fiscal Year Ended June 30, 2006		
	<u>TOTAL</u> <u>EXPENDITURES</u>	<u>LAPSE PERIOD</u> <u>EXPENDITURES</u>	<u>PERCENTAGE</u>
<u>General Revenue Fund – 001</u>			
Contractual services	\$3,659,856	\$728,998	20%
Equipment	\$494,201	\$158,693	32%
<u>IMSA Income Fund - 768</u>			
Travel	\$15,264	\$4,407	29%
Commodities	\$30,741	\$16,517	54%
Equipment	\$8,858	\$8,159	92%
Refunds	\$864	\$200	23%

Academy management provided the following explanations for the significant lapse period expenditures identified above.

**General Revenue Fund – 001**

Contractual services

The lapse period expenditures for contractual services included dorm and main building maintenance repairs, undertaken between the end of the school year and the beginning of summer programs.

Equipment

The lapse period expenditures for equipment included two new activity buses ordered prior to June 30, 2006 but not received and paid for until the lapse period, as well as purchases of instructional equipment and dorm furniture.

**Income Fund – 768**

Travel

The lapse period expenditures for travel included expenditures for the Excellence 2000 team's June training event.

Commodities

The lapse period expenditures for commodities included expenditures for instructional materials ordered prior to June 30, 2006.

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**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2006

Equipment

The lapse period expenditures included purchases of science kits for the Excellence 2000 training event that took place in June.

Refunds

The lapse period expenditures include a \$200 registration refund for the Kid's Institute program.

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**ANALYSIS OF ACCOUNTS RECEIVABLE**  
 For the Years Ended June 30,

	2006
Student Fees – late processing fee	\$ 560
Commissions due from laundry services	1,223
Student damage charges	5,830
Student fees	9,517
SAT fees	2,025
SAT proctors	106
IRC fees	135
Paypal (student application fees)	2,948
Student textbook obligations	180
Student card/key obligations	98
Refunds due from vendors to be submitted to the State	292
Building rental	2,501
Personal phone calls	42
Reimbursement for VISA/Master Card	326
Student athletic obligations	125
Equipment obligations	1,968
Student fees for IVHS	28,003
 Total Accounts Receivable	 \$ 55,879

The Academy turns delinquent accounts over to a collection agency. Therefore, the entire receivable balance is considered collectible and no allowance for doubtful accounts was reported.

STATE OF ILLINOIS  
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**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2006

**Agency Functions**

The Illinois Mathematics and Science Academy (Academy) was established in 1985 by the General Assembly for two purposes; to provide a uniquely challenging education for Illinois students talented in mathematics and science, and to serve the school system of the State as a catalyst for the advancement of mathematics and science education. The Academy is a State agency, funded by State appropriations, private contributions, and endowments. Minimal fees for residential students may be charged.

The Academy is governed by a 17 member Board of Trustees (Board) consisting of 13 appointed voting members and 4 positional non-voting members. The members, specified in the Illinois Mathematics and Science Academy Law (105 ILCS 305/3), include:

- Three representatives of the scientific community in Illinois, appointed by the Governor.
- Three representatives of the Illinois private industrial sector, appointed by the Governor.
- Two representatives of the general public at large, appointed by the Governor.
- Two representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- Three representatives of Secondary Education, one of whom must be a mathematics or science teacher, appointed by the State Superintendent of Education.
- Four ex-officio nonvoting members, the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the Board of Higher Education, and the Superintendent of Schools in the school district in which the Academy is located.

Academy Trustees focus on strategic direction and policy. The Board selects and evaluates the Academy President who is the chief executive officer of the Academy and the chief administrative officer of the Board. The chief administrative officer is responsible for all administrative functions, duties, and needs of the Board.

The purpose of the mathematics program at the Academy is to help students develop and use mathematical tools for their own thinking, problem solving and development as informed citizens and leaders, and to help students appreciate the power, economy, elegance, and beauty of mathematical thought. The Academy provides experiences, in which students investigate and explore, think critically, solve problems and apply mathematical tools of thought in a variety of situations using multiple strategies, approaches and techniques.

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**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2006

The purpose of the science program is to provide a learning environment which addresses both breadth and depth of study. Breadth of study is necessary for students to make informed decisions about continued education in science. The depth of study will lead to a deep understanding of the nature and processes of science, its fundamental concepts and principles, and the contexts of science that inform ethical leadership.

Students of the Academy are widely recognized for their achievements in research, presentations and academic testing. High-level student research is a cornerstone of the Academy's unique educational experience. Students conduct research with master scholars at more than 100 institutions, including Argonne National Laboratory, the Field Museum, and Loyola Medical Center. Students present their findings at professional conferences nationwide and abroad.

### **Agency Planning Program**

During fiscal year 2006, the Office of Strategy and Results began preparations for a new strategic planning cycle. A top educational planning consultant was selected to guide planning for the Academy's next generation. A 30-member planning team was selected, with two-thirds of members being faculty and staff and the other third coming from the extended Academy community and beyond. In preparation for planning, internal team members and strategy action team leaders participated in a workshop on strategic thinking led by the planning consultant.

The Academy has established the following objectives:

- All learners achieve their personal aspirations and stretch the human imagination.
- The life work of each Academy graduate is recognized for significantly improving the way people live.
- The universal paradigm for teaching and learning is grounded in imagination and inquiry.

### **Agency Strategies**

The Academy has further established strategies to meet its objectives:

- Develop the whole person.
- Require students to pursue personalized plans of study, based on integrated learning experiences and assessed on the basis of individual mastery.
- Transform the Academy into a laboratory.
- Generate scholarship that discovers, integrates, applies and transfers knowledge produced by the Academy.
- Identify teaching and learning needs, develop research-based products to meet those needs, and market them to establish the Academy brand.

STATE OF ILLINOIS  
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**ANALYSIS OF OPERATIONS**  
For the Year Ended June 30, 2006

- Diversify funding to provide reliable and flexible financing.
- Fully engage Academy constituents in lifelong mutually beneficial relationships.

Auditor Assessment

The Academy appears to be effectively using their planning program and established adequate operating procedures to meet their defined goals and objectives.

STATE OF ILLINOIS  
 ILLINOIS MATHEMATICS AND SCIENCE ACADEMY  
 FINANCIAL AUDIT AND COMPLIANCE EXAMINATION  
**AVERAGE NUMBER OF EMPLOYEES**  
 For the Years Ended June 30,

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Academy records, presents the average number of employees, by function.

Full-Time Equivalent Number of Employees

<u>Funded by State appropriated funds:</u>	<u>2006</u>	<u>2005</u>
Administration	10	11
Faculty	56	52
Support Leadership	66	53
Instructional program assistants	3	3
Residential life	32	29
Security	9	9
Maintenance/custodians	18	19
Secretaries	33	26
	<u>227</u>	<u>202</u>
<u>Funded by non-appropriated funds:</u>	<u>2006</u>	<u>2005</u>
Administration	0	1
Faculty	0	0
Support Leadership	9	12
Secretaries	2	3
	<u>11</u>	<u>16</u>
Grand Total	<u>238</u>	<u>218</u>

A staff-year employee represents one person working full-time for a year.

Total number of part-time employees providing instruction to non-IMSA students:

<u>Program</u>	<u>2006</u>	<u>2005</u>
Illinois Virtual High School	79	80
Excellence 2000+	<u>37</u>	<u>66</u>
Grand Total	<u>116</u>	<u>146</u>

Note: The decrease in the number of Excellence 2000+ instructors in fiscal year 2006 is due to an increase in school districts paying teachers that participate in the program from their own district funds.

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**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**  
For the Year Ended June 30, 2006

SERVICE EFFORTS AND ACCOMPLISHMENTS (unaudited)

The Illinois Mathematics and Science Academy (Academy) was founded by the State of Illinois to “offer a uniquely challenging education for students talented in mathematics and science” and “stimulate further excellence for all Illinois schools in mathematics and science.” The Academy’s advanced residential college preparatory program enrolls up to 650 academically talented Illinois students in grades 10-12. Through its Statewide initiatives, The Academy also delivers professional development to educators and enrichment programs to students throughout Illinois and beyond.

- Student Inquiry and Research (SIR) is an integral part of the academic program that enables students to work independently with peers, prominent scholars and world-renowned scientists to pursue their own compelling questions of interest, conduct research or invent products. In the academic year 2006, 247 students were involved in the program. Student Inquiry at the Academy is one of only 15 science education models in the nation to be featured in the National Science Teachers Association book, *Exemplary Science in Grades 9-12*.
- Standardized test scores of Academy students are among the highest in the nation. The ACT mean composite score for the Academy’s Class of 2006 was 30.7, while the national ACT mean for college bound seniors was 21.1. SAT mean results for college bound seniors were mathematics 717, critical reading 670, and writing 667. The national SAT mean results for college bound seniors were mathematics 518, critical reading 503, and writing 497. *Newsweek* named the Academy among the “Public Elites” in its list of 21 public high schools with the highest average ACT and SAT scores in the nation. In 2006, the College Board Advanced Placement program recognized the Academy as having the strongest AP results in the world among like-size schools for AP Physics C: Mechanics and AP Physics C: Electricity and Magnetism.
- Academy graduates are highly recruited by the nation’s top colleges and universities. Both the *Wall Street Journal* and *Worth* magazine rank the Academy among the top college prep programs in the nation to place its graduates in Ivy League and highly selective colleges and universities. The Illinois universities with the largest Academy graduate enrollment for the class of 2006 include: Illinois Wesleyan University, Knox College, Northwestern University, the University of Chicago, University of Illinois at Chicago and University of Illinois at Urbana-Champaign. Out-of-state universities with the largest Academy graduate enrollment for the class of 2006 include: Case Western Reserve University, Cornell University, Duke University, the Massachusetts Institute of Technology and Washington University.
- Members of the Academy’s faculty and staff are models of professional growth and achievement. All faculty members have advanced degrees, with 47% holding doctorate degrees and 29% are certified by the National Board for Professional Teaching Standards (NBPTS), the highest standard for excellence in the teaching profession. In 2006, the Academy’s president published the book, *The Power to Transform: Leadership That Brings*



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**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**  
For the Year Ended June 30, 2006

- *Learning and Schooling to Life*, now in its second printing. An Academy staff member is president of the Illinois Science Teachers Association (ISTA), an organization of more than 2,000 Illinois science teachers, administrators, scientists, business representatives and others involved in science education.
- The Academy delivers statewide professional development programs to teachers and enrichment programs to students in Illinois and beyond. For academic year 2006, highlights of five major outreach programs include:
  - Illinois Virtual High School – Through its full administration of the Illinois Virtual High School (IVHS) on behalf of the Illinois State Board of Education, the Academy delivers a wide range of quality online instruction to Illinois students. By using technology to expand the boundaries of space and time, IVHS provides Illinois students and their teachers with increased equity and access to quality educational opportunities. In the 2006 academic year, a total of 1,654 Illinois students completed IVHS courses. Viewed as a national model among online learning experts, IVHS has been featured in national publications including *U.S. News & World Report*, *eSchool News* and *Education Week*.
  - IMSA Excellence 2000+ (E2K+) – An after-school enrichment program for Illinois middle school students who are talented and interested in mathematics and science. Special emphasis is given to serving students who are historically underrepresented and underserved in mathematics and science. The program includes a teacher professional development component for participating middle schools. Modeled after the Mitchell Excellence 2000 enrichment program in Israel for junior high school students, E2K+ served 931 students and 64 teachers throughout Illinois in academic year 2006.
  - IMSA Kids Institute – Kids Institute hands-on enrichment programs are designed and delivered by Academy students to Illinois youth in grades 2-8. Weekend workshops, summer science camps and a traveling science show for targeted Illinois schools are among the programs that get young students excited about learning math and science. A total of 534 students participated in a registered Kids Institute event. The Kids Institute also distributed 1,250 DVDs of *IMSA on Wheels*, a traveling program that introduces hands-on science to elementary schools. The DVDs were sent free of charge to Illinois schools, libraries and educators.
  - IMSA Problem-Based Learning Network (PBLN) – The IMSA Problem-Based Learning Network serves teachers as they learn to use Problem-Based Learning (PBL), a powerful educational model that organizes curriculum and instruction around carefully crafted situations adapted from real-world issues. Learners gather and apply knowledge from multiple disciplines in their quest for solutions. A total of 187 educators from Illinois and beyond were served.

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**SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)**  
For the Year Ended June 30, 2006

- IMSA 21<sup>st</sup> Century Information Fluency Program – In academic year 2006, the IMSA 21<sup>st</sup> Century Information Fluency program (21CIF) served 678 educators from 294 schools through online programs and workshops to learn the art of locating, evaluating and using Internet resources in the classroom. In addition, the program’s Website (<http://21cif.imsa.edu>) features self-paced online tutorials on a wide range of Internet topics, and extensive collection of lesson plans and news and information about educational online resources. The Website was visited almost 178,000 times. This group sponsored the IMSA Webcast, “IMSA Learners Roundtable Featuring High School Students From Across the U.S.,” which received the prestigious “Live Online Learning Award,” given to only eight programs from across the globe for outstanding achievement in the design, delivery and production of live online learning events.