

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPLIANCE EXAMINATION**

**(In Accordance with the Single Audit Act  
and OMB Circular A-133)**

**FOR THE YEAR ENDED JUNE 30, 2007**

**Performed as Special Assistant Auditors  
for the Auditor General, State of Illinois**

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPLIANCE EXAMINATION**

(In Accordance With the Single Audit Act and OMB Circular A-133)

**For the Year Ended June 30, 2007**

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**STATE OF ILLINOIS  
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**For the Year Ended June 30, 2007**

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**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CROSS-REFERENCE TABLE OF SPECIAL REPORTING  
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,  
AND THE OFFICE OF THE AUDITOR GENERAL  
Year Ended June 30, 2007**

**Source of Requirement**

<b>Revised Memo from Office of the Auditor General, <u>Dated July 25, 2000</u></b>	<b>Page Number and Report Where Information <u>is Contained</u></b>
Item 12, Entities Financial Statements	See Note 22 of financial statements
Item 13, Report Contents:	
a. Compliance Findings pertaining to the 1982 University Guidelines, as amended	See Note 1 below
b. Statement of Sources and Applications of Indirect Cost Recoveries	Page 53 in the Report
c. Calculation for Indirect Cost Carryforward	Page 59 in the Report
d. Tuition Diverted to Auxiliary Enterprise Operations	None
e. Identification of Each Specific Accounting Entity and Description of the Sources of Revenue and Purpose of Each	Pages 68 - 69 in the Report
f. Financial Statements by Entity Including Plant Fund Data	Pages 51 - 58 in the Report
g. Calculation Sheets for Current Excess Funds	Pages 60 - 67 in the Report
h. Disclosure of Support Which Auxiliary Enterprise and Activities Have Received During the Year from State Appropriated Funds	Page 72 in the Report
i. Statement of Revenue and Expenditures for Various Bond Indenture Required Accounts	See Note 22 of financial statements
j. Statement of Whether Bond Accounting Conforms to the Terms of the Bond Indenture	See Note 2 below
k. List and Description of Noninstructional Facilities Reserves	Page 71 in the Report
l. List of All University-Related Organizations (UROs) List of Independent Organizations	Page 70 in the Report None
m. Disclosure of Payments by UROs to the University for Services Provided	Page 70 in the Report

**STATE OF ILLINOIS  
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CROSS-REFERENCE TABLE OF SPECIAL REPORTING  
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,  
AND THE OFFICE OF THE AUDITOR GENERAL  
Year Ended June 30, 2007**

**Source of Requirement**

<b>Revised Memo from Office of the Auditor General, <u>Dated July 25, 2000</u></b>	<b>Page Number and Report Where Information <u>is Contained</u></b>
Item 13, Report Contents (Continued):	
n. Disclosure of Payment by the University to UROs for Services Provided	Page 70 in the Report
o. Disclosure of Cumulative Amount of Unreimbursed Subsidies	Page 70 in the Report
p. Description of Any Debt Financing by a URO	Page 49 in the Report
q. Schedule of Cash and Investments	Pages 29 - 30 in the Report
r. Statement Regarding Income from Investments of Pooled Funds	See Note 3 below
s. Costs per Full-Time Equivalent Student	Page 38 in the Report
t. Disclosure of Acquisition of Real Estate by the University or URO not Funded by Separate Specific Appropriation	Page 50 in the Report
u. Disclosure of Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements involving COPs	None
Other Financial Related Schedules for Universities:	
1. Schedule of Appropriations, Expenditures, and Lapsed Balances by Major Line Item	Page 25 in the Report
2. Schedule of Income Fund Revenues and Expenses	Page 27 in the Report
3. Schedule of Tuition and Fee Waivers	Pages 47 - 48 in the Report
Note 1 - There were no violations of the compliance requirements of the University Guidelines 1982 identified during the audit of Illinois State University for the year ended June 30, 2007.	

**STATE OF ILLINOIS  
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CROSS-REFERENCE TABLE OF SPECIAL REPORTING  
REQUIRED BY 1982 UNIVERSITY GUIDELINES, AS AMENDED,  
AND THE OFFICE OF THE AUDITOR GENERAL  
Year Ended June 30, 2007**

- Note 2 - There were no violations of revenue bond covenants noted during the audit of Illinois State University for the year ended June 30, 2007.
- Note 3 - Investment income of pooled funds has been allocated and credited to the original sources of the funds to the extent practical. There was no unallocated investment income that was required to be paid into the Income Fund.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPLIANCE EXAMINATION**

**AGENCY OFFICIALS**

President	Dr. C. Alvin Bowman
Vice President – Finance and Planning	Dr. Stephen M. Bragg
Comptroller	Mr. Greg Alt
Legal Counsel	Ms. Lisa Huson
Director – Internal Audit	Mr. Rick Papuga

Agency offices are located at:

Illinois State University  
Hovey Hall  
Campus Box 1100  
Normal, IL 61790-1100



ILLINOIS STATE  
UNIVERSITY

Office of the President



421 Hovey Hall  
Campus Box 1000  
Normal, IL 61790-1000  
Telephone: (309) 438-5677

Clifton Gunderson LLP  
P.O. Box 429  
Kankakee, IL 60901

March 7, 2008

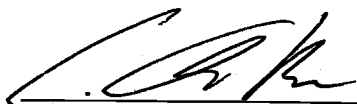
Ladies and Gentlemen:

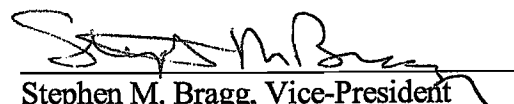
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Illinois State University. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the year ended June 30, 2007. Based on this evaluation, we assert that during the year ended June 30, 2007, the University has materially complied with the assertions below.

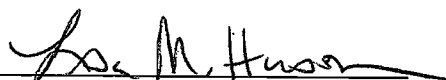
- A. The University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received and used public funds of the State in accordance with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

Yours very truly,

Illinois State University

  
C. Al Bowman, President

  
Stephen M. Bragg, Vice-President  
Finance and Planning

  
Lisa M. Huson, General Counsel

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY**

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT'S 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>Compliance</u>	<u>Financial</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>	<u>Compliance</u>
Findings	3	0	3
Repeated findings	2	0	1
Prior recommendations implemented or not repeated	1	0	3

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

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		<u>FINDINGS (STATE COMPLIANCE)</u>
07-1	12	Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act
07-2	13	Purchases not Supported by Contracts Signed by Both Parties
07-3	15	Inadequate Disaster Contingency Planning
		<u>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</u>
07-4	17	Error in Preparing Fiscal Operations Report and Application to Participate (FISAP)

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY

COMPLIANCE REPORT

SUMMARY

EXIT CONFERENCE

Findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 6, 2008. Attending were:

Representing Illinois State University

Comptroller  
Assistant Comptroller  
Director – Internal Audit

Mr. Greg Alt  
Ms. JoEllen Bahnsen  
Mr. Rick Papuga

Representing Clifton Gunderson LLP

Senior Manager  
Manager

Mr. Paul A. Pelletier, CPA  
Mr. Brian L. Creek, CPA

Representing the Office of the Auditor General

Audit Manager

Ms. Candice M. Long, CPA

Responses to the recommendations were provided by Mr. Greg Alt in an e-mail dated March 6, 2008.

INDEPENDENT ACCOUNTANT'S 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

Board of Trustees  
Illinois State University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Illinois State University'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, 2007. The management of Illinois State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Illinois State University's compliance based on our examination.

- A. Illinois State University 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. Illinois State University 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. Illinois State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by Illinois State University 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 Illinois State University on behalf of the State or held in trust by Illinois State University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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 Illinois State University's compliance with those requirements listed in the first paragraph of this report 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 Illinois State University's compliance with specified requirements.

In our opinion, Illinois State University complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2007. 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 findings as findings 07-1 thru 07-3. As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

#### Internal Control

The management of Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered Illinois State University's internal control over compliance with the requirements listed in the first paragraph of this report 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, but not for the purpose of expressing an opinion on the effectiveness of Illinois State University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Illinois State University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-1 through 07-3 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings to be material weaknesses.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

Illinois State University's response to the findings identified in our examination is described in the accompanying schedule of findings. We did not examine Illinois State University's response and, accordingly, we express no opinion on it.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2007, and have issued our report thereon dated January 24, 2008. 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 Illinois State University. The 2007 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, 2007 taken as a whole. The fiscal years 2006 and 2005 comparative information has been derived from Illinois State University's basic financial statements as of and for the years ended June 30, 2006 and June 30, 2005, which were audited by other auditors who expressed unqualified opinions on the basic financial statements in their reports dated February 16, 2007 and December 8, 2005.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, University management, the Board of Trustees of Illinois State University and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Kankakee, Illinois  
March 7, 2008



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable William G. Holland  
Auditor General  
State of Illinois

Board of Trustees  
Illinois State University

Compliance

We have audited the compliance of Illinois State University with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Illinois State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Illinois State University's management. Our responsibility is to express an opinion on Illinois State University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Illinois State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Illinois State University's compliance with those requirements.

In our opinion, Illinois State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Illinois State University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Illinois State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Illinois State University's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Illinois State University and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2007, and have issued our report thereon dated January 24, 2008. Our audit was performed for the purpose of forming opinions on Illinois State University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information 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 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, University management, the Board of Trustees of Illinois State University, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Kankakee, Illinois

March 7, 2008, except for the Schedule of Expenditures of Federal Awards and the related notes, as to which the date is January 24, 2008.



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**I. SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes  X  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ Yes  X  No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loan Program	84.268
Academic Competitiveness Grants	84.375
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376
Nursing Student Loans	93.364
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925
Highway Safety Cluster	
State and Community Highway Safety	20.600
Incentive Grant Program to Increase Motorcyclist Safety	20.612
Vocational Education – Basic Grants to States	84.048
Teacher Quality Enhancement Grants	84.336

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**I. SUMMARY OF AUDITOR'S RESULTS (continued)**

Identification of major programs (continued):

<u>Name of Federal Program or Cluster</u>	<u>CFDA No.</u>
Research and Development Cluster (see awards marked with "***" on the Schedule of Expenditures of Federal Awards on pages 20-23 for a list of programs included in this cluster)	Various

Dollar threshold used to distinguish between type A  
and type B programs: \$602,275

Auditee qualified as low-risk auditee?  Yes  No

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2007**

**CURRENT FINDINGS - STATE**

**07-1 Finding: Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act**

Illinois State University's (University) policies did not require positive time reporting for all of its employees in compliance with the State Officials and Employees Ethics Act (Act).

We noted that University policy 1.1.12 only requires positive time reporting for hourly civil service employees, student workers, and Board of Trustee Members. Faculty, exempt civil service and academic employees were only required to submit benefit usage cards that identified leave time (vacation, sick, etc.) used to the nearest tenth hour, and did not report actual hours worked.

The Act requires the University (through policies adopted by the Illinois Board of Higher Education IBHE)) to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) states, "the policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour." The IBHE adopted personnel policies for public universities on February 3,2004 in accordance with the Act.

University officials stated that they are concerned as to whether the positive time reporting of salaried personnel potentially conflicts with prevailing labor law.

By not requiring positive time reporting sheets from all its employees, the University is not in compliance with the Act. (Finding Code Nos. 07-1, 06-2, 05-04)

**Recommendation**

We recommend the University revise its policy and require all employees to submit time sheets in compliance with the Act.

**University Response**

The University acknowledges the State Officials and Employees Ethics Act requires the adoption of personnel policies consistent with the Act. The University is reviewing the compliance of personnel policies for each employee group and the feasibility and advisability of expanding the time reporting system. This review will consider compliance issues related to the Fair Labor Standards Act, other relevant state and federal legislation, and any prevailing labor agreements. In addition, the University is in the process of replacing its current Human Resource Information System and that effort will include any significant change to the time reporting system.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2007**

**CURRENT FINDINGS - STATE**

**07-2 Finding: Purchases not Supported by Contracts Signed by Both Parties**

Certain purchases made by the University were not supported by a contract signed by both parties as required by Statewide Accounting Management System (SAMS) procedures.

We examined various purchases entered into by the University and noted 22 which required contractual agreements. Of those 22, we noted that 14 (64%) contracts totaling \$566,173 were not supported by a contractual agreement that was signed by both parties. These were primarily purchase orders for commodities, equipment, food services and utilities.

University policy requires a purchase order for purchases over \$2,500. The purchase order is signed by the University and forwarded to the vendor. Each vendor is required to sign a "Legal Status Form" and return it to the University prior to the University processing the first purchase of the fiscal year for that vendor. However, this form is not specific to any one purchase and the University only obtains one legal status form per year for any vendor. These forms together include the proper contract content as required by SAMS, but are not incorporated by reference to each other and therefore do not constitute a contract signed by both parties.

In addition, we noted one employee who was hired by the University during fiscal year 2007 who had not signed his employment contract with the University. This employee began working and receiving compensation as of March 27, 2007. The employee did not sign the contract until January, 2008.

SAMS Procedures 15.20.20, 15.10.40 and 15.20.35 state a contract (including purchase orders) must be reduced to writing if a single purchase is over \$10,000 (\$5,000 for professional and artistic contracts.) In addition, SAMS Procedure 15.20.20 states that a purchase order is not exempt from meeting the criteria set forth for contracts and leases, including numerous certifications, clauses and signatures by both parties. Good business practices would require employment contracts to be approved by both parties prior to commencement of employment.

University officials stated that requiring vendors to sign and return a purchase order for every purchase over the dollar limits noted above would create a significant increase in the time and effort the University spends on procurement transactions and it is unlikely that vendors would return the purchase order in a timely manner. In addition, University officials believe that a purchase order becomes a legally binding contract at the time the vendor delivers the items ordered. University officials also stated that they tried to get the employee to sign the employment contract, but was unable to get the employee's signature until several months later.

Failure to provide a direct link between the "Legal Status Forms" obtained by the University with purchase orders issued to vendors, results in a violation of the SAMS Procedures noted above. Allowing employees to work without a contract may result in future disagreements related to employment, compensation, or performance issues. (Finding Code No. 07-2).

**Recommendation**

We recommend the University implement procedures or modify its forms to ensure all purchases are made in accordance with SAMS procedures. We further recommend the University require all employment contracts to be approved prior to commencing employment.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2007**

**CURRENT FINDINGS - STATE**

**07-2 Finding: Purchases not Supported by Contracts Signed by Both Parties (continued)**

**University Response**

The University agrees with the recommendation to modify its procedures in accordance with SAMS Procedures and to require approval of employment contracts prior to commencing employment.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2007**

**CURRENT FINDINGS - STATE**

**07-3 Finding: Inadequate Disaster Contingency Planning**

The University did not have an adequately developed and tested disaster contingency plan to ensure timely recovery of some critical computer systems. Specifically, the University had not fully developed and tested the disaster contingency plans for its network infrastructure, network authentication, e-mail and Web services.

The University had over \$26 million in computing equipment that is utilized to perform mission critical functions. Therefore, a comprehensive and thoroughly tested disaster contingency plan is essential for the University to ensure it meets its mission and objectives.

The University had updated its contingency plan, "Emergency Action Plan for Recovery of Critical CTSG Services", in December 2007; however the plan is in draft form and has not been approved by University management. Although the University agreed with the prior review finding, we found little progress had been made to address the prior finding recommendations and the updated plan continued to have the following deficiencies:

- The Plan did not contain updated recovery procedures. For instance, it does not contain the steps necessary to restore data backups in the event of a disaster.
- The Plan did not contain recovery timeframes for critical applications. An analysis of the maximum allowable downtime for critical applications had not been performed.
- The Plan did not provide clear identification of key individuals responsible for recovery roles. In addition, no formal training had been done to familiarize vital staff with recovery procedures.
- The Plan did not arrange for alternate facilities in the event that the University campus facilities are unusable. Although many elements of the University's network infrastructure and e-mail services are redundant and housed in separate buildings on campus, these buildings are less than one mile apart, therefore, the possibility of losing both facilities in a disaster situation should be contemplated.

University personnel stated the plan had not been formally tested. In addition, we noted that although backups were performed, they were not maintained at an off-site location or within a fireproof vault.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster contingency plans. Tests of disaster contingency plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

University personnel stated that it is currently reliant on the redundancy of its LAN resources located in separate buildings on campus to provide uninterrupted access to critical computer operations.

A comprehensively developed and tested contingency plan, thereby reducing the overall risk and potential damaging impact resulting from a disaster, is crucial for ensuring the University's

**STATE OF ILLINOIS  
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FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2007**

**CURRENT FINDINGS - STATE**

**07-3 Finding: Inadequate Disaster Contingency Planning (continued)**

computer operations can be recovered within a reasonable timeframe. Without an adequately developed and tested disaster contingency plan, there is a risk that critical functions may be delayed for an extended period of time or may be unavailable to meet the needs of the University. (Finding Code No. 07-3, 06-3)

**Recommendation**

We recommend the University continue assessing its disaster contingency plan to ensure it is comprehensive and adequately addresses all platforms, including network configuration, and critical systems. A formal assessment of available resources for recovery purposes in relation to the critical systems should be performed, documented and tested to ensure adequate resources are available. Once completed, the University should update its contingency plan to address:

- Identification of key recovery personnel and assignment of specific tasks to individuals and key personnel that clearly outline their responsibilities;
- Predetermined acceptable recovery timeframes for prioritized critical applications;
- Alternate computing facilities should the University's primary computing facilities become inoperable; and,
- Adequate storage of data backups at a secure off-site location.

The University should ensure the disaster contingency plan is updated and tested at least annually in an effort to ensure key recovery personnel are adequately trained and to ensure the plan remains adequate for meeting the University's recovery needs.

In addition, we recommend the University perform routine recovery tests to ensure the University's contingency plan and resources available for recovery are adequate. Recovery tests should be performed at least annually. Testing results should be documented and the plan updated to address potential weaknesses noted during recovery testing.

**University Response**

The University agrees with the recommendation to continue assessment of its disaster contingency plan to ensure it is comprehensive and adequately addresses all platforms, including network configuration, and critical systems. The University has made significant progress in the development of its plan now referred to as the *Emergency Action Plan for Recovery of Critical CTSG Services* which is in final draft form pending a few remaining edits. The revised plan:

- Identifies key recover personnel and their specific assigned tasks;
- Lists specific timeframes for recovery of prioritized critical applications;
- Lists options for setting up an alternate computing facility located in one of the Illinois Century Networks switching centers (negotiations for space in such a facility are still under way);
- Has a contractual relationship with a secure offsite facility for storage of data backups and a CTSG Emergency Notification Web Server for special, short-term, emergency notification.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
FINDINGS AND RECOMMENDATIONS  
For the Year Ended June 30, 2007**

**PRIOR FINDINGS NOT REPEATED – FEDERAL**

**07-4 Finding: Error in Preparing the Fiscal Operations Report and Application to Participate (FISAP)**

During the prior examination period, the University had an error on its FISAP that resulted in loss of Federal funds to the University. (Finding Code No. 06-1)

**Status:** Not repeated.

During the current fiscal year examination testing, we noted no errors in preparing the FISAP that resulted in a loss of Federal funds to the University.



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY**

**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
- Comparative Schedule of Revenues and Expenses – University Income Fund
- Schedule of Changes in State Property
- Comparative Schedule of Cash and Cash Equivalents
- Comparative Schedule of Investments
- Analysis of Significant Variations in Certain Revenue and Expense Accounts
- Analysis of Significant Variations in Certain Asset and Liability Accounts
- Comparative Schedule of Receivables and Aged Analysis of Receivables

**Analysis of Operations**

- Agency Functions and Planning Program
- Employment Statistics (Unaudited)
- Annual Cost Statistics (Unaudited)
- Emergency Purchases
- Bookstore information (Unaudited)
- Service Efforts and Accomplishments (Unaudited)
- Schedule of Federal and Nonfederal Expenditures
- Summary of Agency Operations by Function of Program Activity –
  - Student Enrollment Statistics (Unaudited)
- Tuition and Fee Waivers (Unaudited)
- Debt Financed by University Related Organization
- Acquisition of Real Estate by University Not Funded by Separate Specific Appropriation

**Special Data Requirements for Audits of Universities**

**Entity Financial Statements**

- Local Funds:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
- Service Departments:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
- Auxiliary Facilities:
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
- Calculation Sheet for Indirect Cost Carryforward

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY (continued)**

Special Data Requirements for Audits of Universities (continued)

Calculation Sheet for Current Excess Funds:

Current Unrestricted Local Funds:

Continuing Education and Public Services

Sales and Services of Educational Activities

Student Programs and Services

Field Trips and Foreign Study

Service Departments

Auxiliary Facilities – Revenue Bonds:

Student Housing

Student Activities

Parking Services

Auxiliary Facilities, Activities, and Accounting Entities

Summary of Foundation Payments to the University

Noninstructional Facilities Reserve

Disclosure of Support Which Auxiliary Facilities and Activities Have Received

During the Year from State Appropriated Funds

Illinois Institute for Entrepreneurship Education Financial Information

The accountant's 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 accountants' opinion, except for the 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.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>STUDENT FINANCIAL AID CLUSTER</b>				
<b>U.S. Department of Education</b>				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 534,444	\$ -
Federal Work-Study Program	84.033		797,798	-
Federal Perkins Loan Program	84.038		10,691,995	-
Federal Pell Grant Program	84.063		8,283,809	-
Federal Direct Student Loans	84.268		63,962,079	-
Academic Competitiveness Grants	84.375		329,502	-
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376		213,307	-
<b>U.S. Department of Health and Human Services</b>				
Nursing Student Loans	93.364		236,146	-
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		14,902	-
Total Student Financial Aid			85,063,982	-
<b>OTHER PROGRAMS</b>				
<b>U.S. Department of Agriculture</b>				
** Grants for Agricultural Research - Competitive Research Grants	10.206		241,532	-
Food Donation				
(Passed through Illinois State Board of Education)	10.550	4400	59	-
National School Lunch Program				
(Passed through Illinois State Board of Education)	10.555	4400	20,385	-
Child and Adult Care Food Program				
(Passed through Illinois State Board of Education)	10.558	4400	4,025	-
Environmental Quality Incentives Program	10.912		147,197	-
** Environmental Quality Incentives Program				
(Passed through The Nature Conservancy)	10.912	C05-46	6,257	-
Total U.S. Department of Agriculture	Total 10.912		153,454	-
			419,455	-
<b>U.S. Department of Commerce</b>				
Manufacturing Extension Partnership				
(Passed through Illinois Manufacturing Extension Center)	11.611	IMEC	33,011	-
Total U.S. Department of Commerce			33,011	-
<b>U.S. Department of Defense</b>				
** Military Medical Research and Development	12.420		121,547	27,849
Total U.S. Department of Defense			121,547	27,849
<b>U.S. Department of the Interior</b>				
** National Cooperative Geologic Mapping Program	15.810		13,072	-
Total for U.S. Department of the Interior			13,072	-
<b>U.S. Department of Labor</b>				
WIA Adult Program	17.258	IMEC	323	-
(Passed through Illinois Manufacturing Extension Center)				
WIA Youth Activities	17.259	IMEC	359	-
(Passed through Illinois Manufacturing Extension Center)				
WIA Dislocated Workers	17.260	IMEC	515	-
(Passed through Illinois Manufacturing Extension Center)				
WIA Dislocated Workers	17.260		439,223	82,982
WIA Dislocated Workers (Passed through Chicago Women in Trades)	17.260	CWT/ISU	8,525	-
Total 17.260			448,263	82,982
WIA Pilots, Demonstrations, and Research Projects	17.261		291,162	-
Total for U.S. Department of Labor			740,107	82,982

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED)</b>				
<b>HIGHWAY SAFETY CLUSTER</b>				
<b>Department of Transportation</b>				
State and Community Highway Safety (Passed through Illinois Dept of Transportation)	20.600	MP7-4160-409	161,215	-
Incentive Grant Program to Increase Motorcyclist Safety (Passed through Illinois Dept of Transportation)	20.612	MP7-4160-409	75,000	-
Total Highway Safety Cluster			236,215	-
<b>National Foundation of the Arts and Humanities</b>				
Promotion of the Humanities - Public Programs	45.164		152	-
Grants to States (Passed through Illinois State Library)	45.310	LSTA 07-7053	52,101	-
Total National Foundation of the Arts and Humanities			52,253	-
<b>National Science Foundation</b>				
** Mathematical and Physical Sciences	47.049		466,217	-
Mathematical and Physical Sciences	47.049		41,858	-
** Mathematical and Physical Sciences (Passed through Harold Washington College)	47.049	CHE-0629174	52,183	-
Total 47.049			560,258	-
Computer and Information Science and Engineering	47.070		16,839	-
** Biological Sciences	47.074		756,876	(5,044)
Education and Human Resources	47.076		665,816	4,310
** Education and Human Resources	47.076		111,886	-
** Education and Human Resources (Passed through Chicago State University)	47.076	HRD-0413000,53327	28,955	-
Education and Human Resources (Passed through University of Missouri)	47.076	CG004954	12,487	-
** Education and Human Resources (Passed through Utah State University)	47.076	041447001	149,735	-
Total 47.076			968,879	4,310
Total National Science Foundation			2,302,852	(734)
<b>U.S. Small Business Administration</b>				
Small Business Development Center (passed through Illinois Department of Commerce and Economic Opportunity)	59.037	06-561106,07-181106	77,319	-
Total U.S. Small Business Administration			77,319	-
<b>Environmental Protection Agency</b>				
State Indoor Radon Grants (Passed through Illinois Emergency Management Agency)	66.032	1289ISURAD	51,488	-
Total for Environmental Protection Agency			51,488	-
<b>U.S. Department of Energy</b>				
** Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		174,579	-
Total U.S. Department of Energy			174,579	-
<b>U.S. Department of Education</b>				
Adult Education - State Grant Program (Passed through Illinois Community College Board)	84.002	AEL06004	339,961	19,457
Overseas - Group Projects Abroad	84.021		52,678	-
TRIO - Student Support Services	84.042		221,630	-
Vocational Education - Basic Grants to States (Passed through Illinois Community College Board)	84.048	CTEL06008, 07001	266,872	-
Vocational Education - Basic Grants to States (Passed through Illinois State Board of Education)	84.048	4720	230,380	-
Total 84.048			497,252	-

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED)</b>				
<b>U.S. Department of Education (Continued)</b>				
** Safe and Drug-Free Schools and Communities_State Grants (Passed through Illinois State Board of Education)	84.186	4400	1,863	-
Bilingual Education Professional Development Even Start - State Educational Agencies (Passed through Streator Elementary School)	84.195		172,165	-
	84.213	Streator/ISU	431	-
Even Start - State Educational Agencies (Passed through OER Associates)	84.213	OER	8,500	-
Even Start - State Educational Agencies (Passed through Whiteside Regional Office of Education)	84.213	ROE/ISU	963	-
	Total 84.213		9,894	-
Fund for the Improvement of Education	84.215		103	-
Fund for the Improvement of Education (Passed through DuPage ROE)	84.215	ISU	15,028	-
	Total 84.215		15,131	-
** State Grants for Innovative Programs (Passed through Illinois State Board of Education)	84.298	4100	1,280	-
State Grants for Innovative Programs (Passed through Illinois State Board of Education)	84.298	4100	8,995	-
			10,275	-
Special Education-State Personnel Development (Passed through International Center on Deafness and the Arts)	84.323	ICODA	10,871	-
Research in Special Education	84.324		48,809	-
Research in Special Education (Passed through Peoria Public Schools)	84.324	H324MO3020158	82,901	-
	Total 84.324		131,710	-
Special Education-Personnel Development To Improve Services and Results for Children with Disabilities	84.325		39,306	-
** Special Education - Technology and Media Services for Individuals with Disabilities (Passed through American Institute for Research)	84.327	00024-1737	743	-
Teacher Quality Enhancement Grants	84.336		664,480	43,374
Transition to Teaching	84.350		315,002	-
Improving Teacher Quality State Grants (Passed through Illinois Board of Higher Education)	84.367	06NCLB04, 011	513,369	110,810
Improving Teacher Quality State Grants (Passed through Illinois State Board of Education)	84.367	4935-00	5,154	-
Improving Teacher Quality State Grants (Passed through Peoria Public Schools District 150)	84.367	PPS-ISU	155,269	-
** Improving Teacher Quality State Grants (Passed through Illinois State Board of Education)	84.367	4932	11,727	-
	Total 84.367		685,519	110,810
National Writing Project (Passed through the National Writing Project)	84.928	92-IL03	57,071	-
			3,225,551	173,641
<b>U.S. Department of Health and Human Services</b>				
** Applied Toxicological Research and Testing	93.114		58,401	-
** Mental Health Research Grants	93.242		56,258	-
Advanced Education Nursing Grant Program	93.247		355,095	27,336
** Drug Abuse and Addiction Research Programs	93.279		71,816	-
Centers for Disease Control & Prevention - Investigations & Technical Assistance	93.283		51,690	34,840
Centers for Disease Control & Prevention - Investigations & Technical Assistance (Passed through Illinois Department of Public Health)	93.283	73286003	7,700	-
	Total 93.283		59,390	34,840

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2007**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed- Through to Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED)</b>				
<b>U.S. Department of Health and Human Services (Continued)</b>				
Minority Health and Health Disparities Research (Passed through University of Illinois)	93.307	1P20MD00524-01	59,070	-
Advanced Education Nursing Traineeships	93.358		19,603	-
National Center for Research Resources	93.389		133,554	24,449
Developmental Disabilities Basic Support and Advocacy Grants	93.630		5,910	-
Child Welfare Services Training Grants	93.648		86,892	-
** Adoption Opportunities (Passed through Children's Home & Aid Society of Illinois)	93.652	ISU	5,430	-
** Adoption Opportunities (Passed through Adoptions Unlimited)	93.652	06, 07	52,857	-
	Total 93.652		58,287	-
** Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		86,448	-
** Allergy, Immunology, and Transplantation Research	93.855		279,311	4,218
** Microbiology and Infectious Diseases Research	93.856		133,295	-
** Microbiology and Infectious Diseases Research (Passed through University of Florida)	93.856	UF-IFAS-04022551	170,324	-
	Total 93.856		303,619	-
** Biomedical Research and Research Training	93.859		222,972	-
Biomedical Research and Research Training	93.859		220,418	9,591
** Biomedical Research and Research Training (Passed through New Mexico State University)	93.859	R0026266	21,501	-
	Total 93.859		464,891	9,591
** Child Health and Human Development Extramural Research	93.865		68,959	-
** Child Health and Human Development Extramural Research (Passed through University of California - San Francisco)	93.865	4438SC	9,269	-
	Total 93.865		78,228	-
** Aging Research	93.866		120,347	-
** Medical Library Assistance (Passed through National Library of Medicine)	93.879	1G13LM008353-01	323	-
** Maternal and Child Health Services Block Grant to the States (Passed through Illinois Department of Human Services)	93.994	11G5571000	7,378	-
** Bioterrorism Training and Curriculum Development Program (Passed through HRSA)	93.996	TO1HP06424	36,966	-
Total U.S. Department of Health and Human Services			2,341,787	100,434
<b>Corporation for National and Community Service</b>				
Americorps (Passed through Jumpstart)	94.006	750100	81,030	-
Americorps (Passed through Western Illinois University)	94.006	5-16692	24,231	-
Total Corporation for National and Community Service			105,261	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 94,958,479</b>	<b>\$ 384,172</b>

\*\* - Research and Development Cluster

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2007**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity for the year ended June 30, 2007, and is presented on the 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 Non-Profit 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.

**NOTE 2 - LOANS OUTSTANDING**

The University had the following loan balances outstanding at June 30, 2007. These loan balances outstanding are also included in the federal expenditures presented in this schedule.

	<b>Outstanding Balance at <u>June 30, 2007</u></b>
Nursing Student Loans	\$ 236,146
Perkins Loan Program	<u>10,691,995</u>
<b>Total loans outstanding</b>	<b><u>\$ 10,928,141</u></b>

There were no administrative costs charged to the Perkins Loan Program.

**NOTE 3 - GUARANTEED STUDENT LOANS - NONCASH EXPENDITURES OF FEDERAL AWARDS**

During the audit period, the University processed the following amounts of new loans under the Federal Direct Student Loans Program:

Direct Student Loans Program	\$ 49,207,487
Direct Parent Loan for Undergraduate Students Program (PLUS)	<u>14,754,592</u>
<b>Total</b>	<b><u>\$ 63,962,079</u></b>

There were no administrative costs charged to the loan program.

**NOTE 4 - FOOD DISTRIBUTION PROGRAM - NONCASH EXPENDITURES OF FEDERAL AWARDS**

During the audit period, the University received \$7,587 of food commodities provided by the United States Department of Agriculture, and distributed through the Food Distribution Program that is administered by the Illinois State Board of Education.

**NOTE 5 - INSURANCE - NONCASH EXPENDITURES OF FEDERAL AWARDS**

During the audit period, there was no Federally-funded insurance in effect.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
For the Fourteen Months Ended August 31, 2007**

	Appropriations (net after transfers)	Voucher expenditures, twelve months ended June 30, 2007	Lapse period expenditures, two months ended August 31, 2007	Total expenditures, fourteen months ended August 31, 2007	Balances lapsed, August 31, 2007
<b>General Revenue Fund-001 (P.A. 94-0798):</b>					
Personal services	\$ 72,657,500	\$ 71,783,381	\$ 874,119	\$ 72,657,500	\$ -
Group Insurance	3,078,300	3,078,300	-	3,078,300	-
Contractual Services	2,721,700	2,721,700	-	2,721,700	-
Commodities	300,000	300,000	-	300,000	-
Equipment	2,000,000	2,000,000	-	2,000,000	-
Telecommunications	200,000	200,000	-	200,000	-
Permanent improvements	500,000	500,000	-	500,000	-
Total	<u>\$ 81,457,500</u>	<u>\$ 80,583,381</u>	<u>\$ 874,119</u>	<u>\$ 81,457,500</u>	<u>\$ -</u>
<b>State College and University Trust Fund - 417 (P.A. 94-0798)</b>					
Awards and grants	\$ 70,000	\$ 70,000	\$ -	\$ 70,000	\$ -
Total	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ -</u>
<b>Grand Total - All Funds</b>	<u><u>\$ 81,527,500</u></u>	<u><u>\$ 80,653,381</u></u>	<u><u>\$ 874,119</u></u>	<u><u>\$ 81,527,500</u></u>	<u><u>\$ -</u></u>

Note 1: Data is taken from University records and has been reconciled to the records of the State Comptroller.



STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,  
AND LAPSED BALANCES  
For the Years Ended June 30, 2007 and 2006

	Fiscal year	
	2007	2006
<b>General Revenue Fund - 001:</b>	<b>94-0798</b>	<b>94-0015</b>
Appropriations (net of transfers):	\$ 81,457,500	\$ 80,452,000
Expenditures:		
Personal Services	72,657,500	71,652,000
Group Insurance	3,078,300	3,078,300
Contractual Services	2,721,700	2,721,700
Commodities	300,000	300,000
Equipment	2,000,000	2,000,000
Telecommunications	200,000	200,000
Permanent Improvements	500,000	500,000
Total Expenditures	81,457,500	80,452,000
Lapsed balances	\$ -	\$ -
<b>State College and University Trust Fund - 417</b>		
Appropriations (net of transfers):	\$ 70,000	\$ -
Expenditures:		
Awards and Grants	70,000	-
Total Expenditures	70,000	-
Lapsed balances	\$ -	\$ -
<b>GRAND TOTAL, ALL FUNDS</b>		
Appropriations (net of transfers)	\$ 81,527,500	\$ 80,452,000
Expenditures	81,527,500	80,452,000
Lapsed balances	\$ -	\$ -

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES  
UNIVERSITY INCOME FUND  
Years Ended June 30, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>REVENUES</b>		
Registration fees	\$ 84,320,191	\$ 73,655,996
Registration - extension	545,505	392,775
Enrollment deposit fee forfeitures	16,655	16,145
Tuition and fees waived	3,559,200	3,317,800
Library fines	35,156	23,981
Investment income	1,162,864	629,360
Net increase (decrease) in fair market value of investments	60,646	(177,533)
Payments on behalf of University	1,012,012	837,013
Gifts and donations	356,542	386,291
Other	120,789	229,866
	<b>\$ 91,189,560</b>	<b>\$ 79,311,694</b>
<b>EXPENSES</b>		
Personal services	\$ 50,577,186	\$ 40,176,574
Medicare	1,565,540	1,362,329
Contractual services	14,054,436	17,524,310
Travel	1,238,333	1,207,311
Commodities	2,370,043	2,289,476
Equipment and library books	6,130,655	6,125,158
Telecommunications services	1,254,960	1,082,675
Operation of automotive equipment	397,315	398,013
Tuition and fees waived	3,559,200	3,317,800
Awards, grants, and matching funds	3,530,302	2,958,942
Permanent improvements	2,732,921	1,101,355
	87,410,891	77,543,943
Subtotal		
<b>GASB #35 adjustments:</b>		
Depreciation	9,934,391	9,688,349
Equipment additions/disposals	(7,810,552)	(5,563,409)
Capital lease interest	16,769	24,086
	<b>\$ 89,551,499</b>	<b>\$ 81,692,969</b>

Note 1: Pursuant to Public Act No. 90-10, responsibility and control of the Illinois State University Income Fund was transferred directly to the University. It is now a non-appropriated, local fund maintained by the University.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF CHANGES IN STATE PROPERTY  
For the Year Ended June 30, 2007**

Data for this schedule included all accounting entities and was obtained from University records which have been reconciled to the basic financial statements and to the property records submitted to the Office of the Comptroller.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Land	\$ 14,158,006	\$ -	\$ -	\$ 14,158,006
Land improvements	17,358,785	2,125,381	-	19,484,166
Infrastructure	12,682,559	-	-	12,682,559
Buildings	351,264,579	825,051	-	352,089,630
Equipment	61,178,619	4,122,896	1,702,997	63,598,518
Library materials	60,868,711	3,157,460	-	64,026,171
Construction in progress	8,871,713	18,470,883	782,875	26,559,721
<b>Subtotal</b>	<b>526,382,972</b>	<b>\$ 28,701,671</b>	<b>\$ 2,485,872</b>	<b>552,598,771</b>
Less accumulated depreciation for:				
Land improvements	7,205,571	\$ 412,463	\$ -	7,618,034
Infrastructure	4,824,212	311,921	-	5,136,133
Buildings	159,729,527	7,015,357	-	166,744,884
Equipment	46,128,913	4,591,419	1,596,732	49,123,600
Library materials	46,008,425	2,538,458	-	48,546,883
<b>Total accumulated depreciation</b>	<b>263,896,648</b>	<b>\$ 14,869,618</b>	<b>\$ 1,596,732</b>	<b>277,169,534</b>
<b>Capital assets, net</b>	<b>\$ 262,486,324</b>			<b>\$ 275,429,237</b>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF CASH AND  
CASH EQUIVALENTS  
June 30, 2007 and 2006**

Significant details of cash and cash equivalents as of June 30, 2007 and 2006 are presented below for all funds of the University:

	<u>2007</u>		<u>2006</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
<b>CASH ON HAND - VAULT AND CHANGE FUNDS</b>	<u>\$ 197,997</u>	Non-interest bearing	<u>\$ 225,509</u>	Non-interest bearing
<b>BANK MONEY MARKET FUNDS</b>				
National City Bank	27,211,842	5.215%	4,844,841	4.743%
Illinois Funds @ U.S. Bank	2,230,315	5.010%	22,344,134	4.834%
JPMorgan	<u>12,042,077</u>	5.150%	<u>6,334,768</u>	4.870%
Total bank money market funds	<u>41,484,234</u>		<u>33,523,743</u>	
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$41,682,231</u>		<u>\$33,749,252</u>	
 Cash and cash equivalent balances are presented in the balance sheets at June 30, 2007 and 2006 as follows:				
Current	\$41,682,231		\$33,749,252	
Noncurrent	<u>-</u>		<u>-</u>	
<b>TOTAL CASH AND CASH EQUIVALENT BALANCES</b>	<u>\$41,682,231</u>		<u>\$33,749,252</u>	

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF INVESTMENTS  
June 30, 2007 and 2006**

	<u>2007</u>		<u>2006</u>	
	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Ending Balance</u>	<u>Interest Rate</u>
U.S. Treasury and agency obligations:				
Agency notes	<u>\$104,526,282</u>	1.891 – 5.700%	<u>\$102,969,362</u>	1.594 - 5.595%
<b>TOTAL INVESTMENTS</b>	<u><b>\$104,526,282</b></u>		<u><b>\$102,969,362</b></u>	

Investments are presented in the balance sheets at June 30, 2007 and 2006 as follows:

Current:		
Investments	\$ 24,105,891	\$ 26,268,451
Restricted investments	19,174,582	19,283,840
Noncurrent:		
Investments	61,245,809	44,390,121
Restricted investments	<u>-</u>	<u>13,026,950</u>
<b>TOTAL INVESTMENTS</b>	<u><b>\$104,526,282</b></u>	<u><b>\$102,969,362</b></u>

**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN REVENUE AND EXPENSE ACCOUNTS**  
**For the Year Ended June 30, 2007**

Amounts shown below are for general analytical purposes. Significant items impacting the University's financial position and operations are also discussed in the Management's Discussion and Analysis section of the financial statements.

	<u>Fiscal Year</u>		<u>Increase (Decrease)</u>	<u>% of Change</u>	<u>Notes</u>
	<u>2007</u>	<u>2006</u>			
<b>Operating revenues:</b>					
Student tuition and fees, net	\$ 108,622,959	\$ 95,396,990	\$ 13,225,969	13.86%	1
Federal grants and contracts	18,554,147	21,707,447	(3,153,300)	-14.53%	2
<b>Operating expenses:</b>					
Public service	\$ 12,062,844	\$ 15,367,448	\$ (3,304,604)	-21.50%	3
Academic support	12,628,600	11,213,328	1,415,272	12.62%	4
Operation and maintenance of plant	23,771,074	21,603,708	2,167,366	10.03%	5
Staff benefits	2,273,063	974,807	1,298,256	133.18%	6
Payments on behalf of the university	46,692,888	41,325,783	5,367,105	12.99%	7
<b>Nonoperating revenues (expenses):</b>					
Payments on behalf of the university	\$ 46,692,888	\$ 41,325,783	\$ 5,367,105	12.99%	7
Investment income	6,237,173	3,317,748	2,919,425	87.99%	8
Capital appropriations	2,829,843	4,707,663	(1,877,820)	-39.89%	9

**Notes**

- 1 Student tuition and fees increased by \$13,225,969. This increase was a result of the University's 13.9% increase in tuition rates from fiscal year 2006 to fiscal year 2007.
- 2 Federal grants and contract income decreased by \$3,153,300. This is primarily due to the America's Workforce Development Grant that had a decrease in revenue of \$2,736,584.
- 3 Public service expenses decreased by \$3,304,604. The decrease resulted from the Retraining America's Workplace grant funding decreasing in fiscal year 2007.
- 4 Expenditures for academic support increased by \$1,415,272. The majority of this increase is due to an increase in salaries of \$1,275,900.
- 5 Operation and maintenance of plant expenditures increased by \$2,167,366 due to an increase in salaries paid during fiscal year 2007.
- 6 Staff benefits increased by \$1,298,256 due to an increase in compensated absence expense.
- 7 Payments on behalf of the University increased by \$ 5,367,105. The State's payments for SURS benefits and insurance benefits increased by \$3,635,088 and \$1,732,017 respectively.
- 8 Investment income increased by \$2,919,425. The increase can be attributed to an interest rate increase. Average investment yield for fiscal year 2007 was 4.79% compared to an average investment yield of 4.00% for fiscal year 2006. Additionally, more funds were available for investment in fiscal year 2007.
- 9 Capital appropriations decreased by \$1,877,820. Payments for the Schroeder Hall rehabilitation, the College of Business Construction, Felmley Mechanical Improvements, and Life Safety Improvements decreased by \$3,813,322. Offsetting these decreases in expenditures was an increase of \$2,202,636 for Construction of the SE Chilled Water Zone.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN CERTAIN ASSET AND LIABILITY ACCOUNTS  
June 30, 2007**

Amounts shown below are for general analytical purposes. Significant items impacting the University's financial position and operations are also discussed in the Management's Discussion and Analysis section of the financial statements.

	<u>Fiscal Year</u>		<u>Increase (Decrease)</u>	<u>% of Change</u>	<u>Notes</u>
	2007	2006			
<b>Assets:</b>					
Current assets:					
Restricted Cash and Cash Equivalents	\$ 12,032,929	\$ 6,210,736	\$ 5,822,193	93.74%	1
Investments	24,105,891	26,268,451	(2,162,560)	-8.23%	2
Accounts Receivable	8,427,522	7,010,560	1,416,962	20.21%	3
Noncurrent assets:					
Investments	61,245,809	44,390,121	16,855,688	37.97%	4
<b>Liabilities:</b>					
Current liabilities:					
Accounts Payable and Accrued Liabilities	\$ 14,929,562	\$ 11,354,778	\$ 3,574,784	31.48%	5

**Notes**

- 1 Restricted cash and cash equivalents increased by \$5,822,193. This was a result of a change in the mix of investments and cash held by the University during fiscal year 2007.
- 2 Investments decreased by \$2,162,560 as a result of the change in the mix of investments held by the University during fiscal year 2007.
- 3 Accounts receivable increased by \$1,416,962 as a result of the 13.9 % rate increase in the tuition and fee rates.
- 4 Long-term investments increased by \$16,855,688. This increase is due to the additional dollars available for investment from auxiliary funds for the rehabilitation of the residence halls.
- 5 Accounts payable and accrued liabilities increased by \$3,574,784. This is a result of the construction and rehabilitation projects on campus including the Northwest Zone Chiller Plant, the rehabilitation of West Campus Residence Halls and Linkins Dining Center, and the Hancock Stadium Turf project.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
COMPARATIVE SCHEDULE OF RECEIVABLES AND  
AGED ANALYSIS OF RECEIVABLES  
June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>
<b>ACCOUNTS RECEIVABLE</b>			
Current funds:			
Local funds (less allowance for doubtful accounts of \$1,192,497 and \$1,134,625 at June 30, 2007 and 2006, respectively)	\$ 3,815,964	\$ 3,399,367	\$ 416,597
Auxiliary facilities system (less allowance for doubtful accounts of \$807,422 and \$771,215 at June 30, 2007 and 2006, respectively)	1,973,787	1,517,622	456,165
Restricted funds	2,181,794	1,659,164	522,630
Payroll and clearing accounts	<u>98,241</u>	<u>48,877</u>	<u>49,364</u>
Total current funds	8,069,786	6,625,030	1,444,756
Agency funds	307,613	381,591	(73,978)
Loan funds	<u>50,123</u>	<u>3,939</u>	<u>46,184</u>
<b>TOTAL ACCOUNTS RECEIVABLE</b>	<u>\$ 8,427,522</u>	<u>\$ 7,010,560</u>	<u>\$ 1,416,962</u>
<b>NOTES RECEIVABLE</b>			
Loan funds:			
Student loans receivable (less allowance for doubtful loans of \$894,784 and \$879,784 at June 30, 2007 and 2006, respectively)	<u>\$10,089,921</u>	<u>\$ 9,929,025</u>	<u>\$ 160,896</u>

**AGED ANALYSIS OF ACCOUNTS RECEIVABLE  
AND UNCOLLECTIBLE ACCOUNTS**

The University did not have an aged analysis of accounts receivable; however, accounts receivable other than tuition, room and board, and fees receivable are generally less than 180 days old and considered to be collectible. An allowance for doubtful accounts of \$1,017,943 and \$945,204 at June 30, 2007 and 2006, respectively, has been established for tuition receivable deemed uncollectible. An allowance for doubtful accounts of \$558,062 and \$546,916 at June 30, 2007 and 2006, respectively, has been established for room and board receivable deemed uncollectible. An additional allowance for doubtful accounts of \$423,914 and \$413,720 at June 30, 2007 and 2006, respectively, has been established for fees receivable deemed uncollectible.

Notes receivable are presented in the balance sheets at June 30, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Current	\$ 1,541,289	\$ 1,970,528
Noncurrent	<u>8,548,632</u>	<u>7,958,497</u>
	<u>\$10,089,921</u>	<u>\$ 9,929,025</u>



STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
AGENCY FUNCTIONS AND PLANNING PROGRAM  
June 30, 2007

Illinois State University was founded in 1857 as the first public institution of higher education in the State. The documents establishing Illinois State as a teacher education institution were drafted by Abraham Lincoln. Illinois State is a multi-purpose institution with degree programs at the bachelor's, master's, and doctoral levels.

The basic purpose and function of academic programming at Illinois State University is stated in the *Mission Statements* portion of the University's *Academic Plan*, which is updated and submitted annually to the Illinois Board of Higher Education. The *Mission Statements* include: (1) the *Illinois State University Board of Trustees Vision Statement for the Year 2014*, (2) *University Mission Statement*, and (3) *College Mission Statements*.

The *Academic Plan* submitted during our audit period is for fiscal years 2007-2012 and can be found at <http://www.provost.ilstu.edu/downloads/academicplans/AcademicPlan2007-2012.pdf>. It includes: (1) an identification of institutional priorities; (2) the University's strategic plan, *Educating Illinois: An Action Plan for Distinctiveness and Excellence at Illinois State University 2003-2010*; and (3) specific curricular initiatives set forth by those responsible for academic planning within the University.

The *Academic Plan* also includes academic unit (college) objectives for fiscal year 2008 and program reviews for the departments in the University being reviewed in the most recent review cycle. Program reviews contain recommendations for enhancing the programs being examined as well as plans for monitoring progress toward the fulfillment of these recommendations. During fiscal year 2007, program reviews were completed on the following programs: B.A., B.S. in Criminal Justice Sciences, M.A., M.S. in Criminal Justice Sciences, B.A., B.S. in Anthropology, B.A., B.S. in Economics, M.A., M.S. in Applied Economics, B.A., B.S. in Geography, B.A., B.S. in History, B.A., B.S. in Political Science, M.A., M.S. in Political Science, Bachelor of Social Work, Master of Social Work, B.A., B.S. in Sociology, and M.A., M.S. in Sociology.

Compilation of the University's *Academic Plan* is coordinated through the Office of the Associate Provost, whose functions also ensure cohesion between the *Academic Plan* and the University's strategic plan: *Educating Illinois: An Action Plan for Distinctiveness and Excellence at Illinois State University 2003-2010*.

- *Educating Illinois* is the University's multi-year strategic plan. It has articulated five core values (individualized attention, public opportunity, active pursuit of learning and scholarship, diversity, and innovation) that support 7 goals and 16 corresponding action items addressed by the campus community. University progress is summarized on the accomplishments section of the *Educating Illinois* Website, [www.illinoisstate.edu/educatingillinois](http://www.illinoisstate.edu/educatingillinois).

Other university-wide planning documents and processes include the following:

- *Resource Allocation and Management Program (RAMP) for Operations and Grants Resource Requirements* is a five-year plan that includes a comparison to the preceding two fiscal years. Among the data included are a summary of operations costs by function and source of funds, summary of staff requirements and earnings, projected enrollments, and tuition and fees. Detailed information by various departments and programs is included.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANALYSIS OF OPERATIONS  
AGENCY FUNCTIONS AND PLANNING PROGRAM  
June 30, 2007**

- *Resource Allocation and Management Program (RAMP) Capital Requirements Plan* is also a five-year planning program that includes a summary of capital requirements by budget category. These requirements are detailed as to building or components of buildings as well as other capital projects planned for the University.
- *The Master Plan: Achieving Distinctiveness and Excellence in Form, Function and Design at Illinois State University 2000-2020* defines the future physical development of facilities, grounds, technology, and infrastructure. This plan is the basis for those recommendations in *Resource Allocation and Management Program (RAMP) Capital Requirements Plan*.
- Additionally, the Facilities Condition Assessment provides quantitative information on the condition of physical structures and current and projected maintenance needs. Results from this are used to inform the Master Plan and Capital RAMP.

Location of Agency: Normal, Illinois  
Agency Head: Dr. C. Alvin Bowman, President

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMPLOYMENT STATISTICS (FULL-TIME EQUIVALENT)  
Years Ended June 30, 2007 and 2006**

(Unaudited)\*

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>
<b>YEAR ENDED JUNE 30, 2007</b>			
Appropriated funds:			
Faculty/administrative	1,129.50	30.90	37.60
Civil service	203.60	3.00	8.10
Student employees	85.00	1.40	.20
Miscellaneous contracts	11.50	23.00	.20
	<u>1,429.60</u>	<u>58.30</u>	<u>46.10</u>
Nonappropriated funds:			
Faculty/administrative	78.10	141.50	51.60
Civil service	23.70	34.80	14.70
Student employees	21.90	20.00	8.60
	<u>123.70</u>	<u>196.30</u>	<u>74.90</u>
<b>TOTAL ALL FUNDS</b>	<u><b>1,553.30</b></u>	<u><b>254.60</b></u>	<u><b>121.00</b></u>
 <b>YEAR ENDED JUNE 30, 2006</b>			
Appropriated funds:			
Faculty/administrative	1,111.80	31.30	38.80
Civil service	204.90	3.10	8.50
Student employees	85.00	1.20	.20
Miscellaneous contracts	8.00	17.10	.10
	<u>1,409.70</u>	<u>52.70</u>	<u>47.60</u>
Nonappropriated funds:			
Faculty/administrative	70.50	130.40	62.50
Civil service	20.50	34.70	19.40
Student employees	23.60	18.00	10.30
	<u>114.60</u>	<u>183.10</u>	<u>92.20</u>
<b>TOTAL ALL FUNDS</b>	<u><b>1,524.30</b></u>	<u><b>235.80</b></u>	<u><b>139.80</b></u>

\* Provided by the Office of Budget and Planning.

This is the employment information reported to the State of Illinois Board of Higher Education. Staff years are computed by dividing an employee's number of months of employment during the fiscal year by 12 and multiplying that number by a factor of one for full-time and multiplying by the percentage of appointment for part-time. One example of staff year computation is as follows:

One full-time employee employed 12 months of the fiscal year counts as one staff year.

<u>Academic Support</u>	<u>Student Services</u>	<u>Institutional Support</u>	<u>Operation and Maintenance Physical Plant</u>	<u>Independent Operations</u>	<u>Total All Functions</u>
44.50	56.80	63.00	7.30	-	1,369.60
85.50	26.10	160.70	177.80	-	664.80
16.20	8.70	23.90	5.50	-	140.90
1.30	2.10	5.70	25.50	-	69.30
<u>147.50</u>	<u>93.70</u>	<u>253.30</u>	<u>216.10</u>	<u>-</u>	<u>2,244.60</u>
2.50	122.90	7.90	2.20	41.50	448.20
.20	64.70	27.00	189.10	196.80	551.00
3.00	54.40	1.30	15.00	245.60	369.80
<u>5.70</u>	<u>242.00</u>	<u>36.20</u>	<u>206.30</u>	<u>483.90</u>	<u>1,369.00</u>
<u>153.20</u>	<u>335.70</u>	<u>289.50</u>	<u>422.40</u>	<u>483.90</u>	<u>3,613.60</u>
37.80	56.50	63.70	5.40	-	1,345.30
85.00	28.90	122.90	170.70	-	624.00
14.90	8.50	20.00	7.90	-	137.70
0.80	1.10	3.40	18.30	-	48.80
<u>138.50</u>	<u>95.00</u>	<u>210.00</u>	<u>202.30</u>	<u>-</u>	<u>2,155.80</u>
2.60	111.70	6.40	1.50	37.70	423.30
-	67.70	27.30	186.50	186.20	542.30
4.70	53.80	1.20	17.60	251.60	380.80
<u>7.30</u>	<u>233.20</u>	<u>34.90</u>	<u>205.60</u>	<u>475.50</u>	<u>1,346.40</u>
<u>145.80</u>	<u>328.20</u>	<u>244.90</u>	<u>407.90</u>	<u>475.50</u>	<u>3,502.20</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ANNUAL COST STATISTICS  
June 30, 2007 and 2006**

(Unaudited)

Following is a computation of cost per full-time equivalent student:

	<u>2007</u>	<u>2006</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 81,731,655*	\$ 80,683,356*
Expenses/expenditures from locally held University Income Fund	<u>87,410,891</u>	<u>77,543,943</u>
	169,142,546	158,227,299
Full-time equivalent students	÷ <u>18,469</u>	÷ <u>18,388</u>
 <b>COST PER FULL-TIME EQUIVALENT STUDENT</b>	 <b><u>\$ 9,158</u></b>	 <b><u>\$ 8,605</u></b>

\* Amount represents total General Fund expenses less the amount for payments on behalf of the University.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
EMERGENCY PURCHASES  
For the Years Ended June 30, 2007 and 2006**

In Fiscal Year 2007, the University did not have any emergency purchases. In Fiscal Year 2006, the University had an emergency purchase to repair ceiling collapses at McCormick Hall in the amount of \$74,274.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
BOOKSTORE INFORMATION  
For the Year Ended June 30, 2007**

(Unaudited)

The University has a contractual arrangement for bookstore operations on campus. The University's contract was for the period May 15, 2001 through June 30, 2006 and has been extended for the period July 1, 2006 through June 30, 2011. The contract with the bookstore requires commissions to be paid to the University based on the following terms:

1. 9.0% of gross sales up to \$3,000,000; plus
2. 10.0% of gross sales from \$3,000,000 to \$3,500,000; plus
3. 12.0% of gross sales over \$3,500,000

Bookstore gross sales and University commissions were as follows:

<u>Fiscal Year</u>	<u>Bookstore sales</u>	<u>Commission</u>
2007	\$ 3,324,936	\$ 302,493
2006	\$ 3,319,392	\$ 301,939
2005	\$ 2,932,156	\$ 263,894

The contract with the bookstore gives the contractor exclusive rights to sell books on campus, however there is a competing bookstore near campus.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2007**

(Unaudited)

**Agency:** Illinois State University (636)                      **Major Function:** Higher Education  
**Fund(s):** General Revenue (001)

**Input Indicators:**

Total Appropriation and Income Fund Budget as Approved by IBHE	<u>\$164,738,200</u>
Faculty FTE - Fall 2006	<u>939.5</u>
Lab School FTE - Fall 2006	<u>97.6</u>
Admin/Professional FTE - Fall 2006	<u>628.9</u>
Civil Service FTE - Fall 2006	<u>1,396.9</u>
Fall 2006 Enrollment	<u>20,104</u>
Undergraduate Direct Instruction Costs	<u>\$ 33,292,734*</u>
Graduate Direct Instruction Costs	<u>\$ 5,332,626*</u>

\*FY06 Data

**Output Indicators:**

(Major goals and objectives)

1. Higher education will help Illinois business and industry sustain strong economic growth through its teaching, service and research activities.
2. Higher education will join elementary and secondary education to improve teaching and learning at all levels.
3. No Illinois resident will be denied an opportunity for a college education because of financial need.
4. Illinois will increase the number and diversity of residents completing training and education programs.
5. Illinois colleges and universities will be accountable for providing high quality academic programs and the systematic assessment of student learning outcomes while holding students to even higher expectations for learning and growth.
6. Illinois colleges and universities will continually improve productivity, cost-effectiveness, and accountability.
7. Fiscal Year 2007 degrees awarded 5,047
8. Fiscal Year 2006 Undergraduate credit hours 495,946
9. Fiscal Year 2006 Graduate credit hours 40,085



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2007**

(Unaudited)

**Outcome Indicators:**

Illinois State University's *Fiscal Year 2007 Performance Indicators* report and the *Educating Illinois Status Report* (July 2007) summarize institutional contributions to the six statewide policy priorities outlined in the Illinois Board of Higher Education's *Illinois Commitment*. All of the University's actions are derived from the Illinois State University *Mission Statement* and priorities identified in the University's strategic plan, *Educating Illinois: An Action Plan for Distinctiveness and Excellence 2003-2010*. The following actions are among Illinois State University's contributions to successful implementation of *Illinois Commitment* policy priorities during Fiscal Year 2007.

**Policy Area 1: Higher education will help Illinois sustain strong economic growth through its teaching, service, and research activities.**

- Illinois State University ranked 74<sup>th</sup> in spring 2007 among the 100 best public colleges for value and quality in the country by *Kiplinger's Personal Finance*.
- In January 2007, Mennonite College of Nursing began an accelerated degree sequence allowing students to complete a traditional two-year degree in one year.
- Illinois State University ranked 14<sup>th</sup> among the small research universities on the Faculty Scholarly Productivity Index released in January 2007.
- Illinois State University students' pass rates on professional/occupational license examinations exceed national averages in nursing, dietetics, child development, speech pathology and audiology, and accounting.
- The University planned and sought approval to offer a new bachelors degree in renewable energy and a doctorate in nursing.

**Policy Area 2: Higher education will join elementary and secondary education to improve teaching and learning at all levels.**

- 3,281 students were enrolled in undergraduate teacher education programs at Illinois State University in fall 2006 – the largest enrollment of any of the Illinois public universities.
- The College of Education influenced state and national policy and practices related to school administrator identification, selection, evaluation, and working conditions.

**Policy Area 3: No Illinois resident will be denied an opportunity for a college education because of financial need.**

- Illinois State University remained in *U.S. News and World Report's* top 25 percent of colleges and universities nationally with regards to undergraduate students graduating with the least amount of debt. The average student loan debt of Fiscal Year 2005 graduates was \$15,616.
- The University allocated \$3.25 million in Fiscal Year 2007 – up from \$2.25 million in Fiscal Year 2006 – to supplement Monetary Award Program (MAP) grants for financially needy students.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2007**

(Unaudited)

**Policy Area 4: Illinois will increase the number and diversity of residents completing training and educational programs.**

- Minority students represent an increasing portion of the students enrolled at Illinois State; minority students comprised 11.5 percent of total undergraduate enrollment in fall 2006 – up from 10.5 percent in fall 2003.
- Demand for an Illinois State University education continues to increase. The number of completed applications for undergraduate study increased from 13,548 in fall 2003 to 16,134 in fall 2006 – an increase of 19 percent. The diversity of those completing an application has increased as well – from 15 percent in fall 2003 to 17.5 percent in fall 2006 of undergraduates completing applications.

**Policy Area 5: Illinois colleges and universities will be accountable for providing high quality academic programs and systematic assessment of student learning outcomes while holding students to even higher expectations for learning and growth.**

- The student – to – faculty ratio at Illinois State University is 19 to 1.
- The University developed a model for evaluating general education courses that will be piloted in fall 2007.

**Policy Area 6: Illinois colleges and universities will continually improve productivity, cost-effectiveness, and accountability.**

- Implementation of the *Long Range Plan for Housing and Dining* proceeded as planned: renovation of Haynie Hall was completed and remodeling of Linkins Hall is underway.
- Administrative and support costs at Illinois State University totaled \$68.52 per credit hour, ranking seventh among the Illinois public universities.
- The University successfully implemented the second year of an initiative to enhance the competitiveness of faculty salaries. During the second year of the salary enhancement initiative, mid-year salary adjustments were awarded to professors and associate professors. The average salary for professors lagged the peer group median by a projected 10.5 percent in spring 2007, compared to 13 percent in fall 2005. Average salaries for associate professors are projected to lag the peer group median by 7.5 percent, compared to 10.5 percent in fall 2005.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE EFFORTS AND ACCOMPLISHMENTS  
For the Year Ended June 30, 2007**

(Unaudited)

**Efficiency Cost Effective Indicators:**

Undergraduate Direct Instruction Cost/Credit Hour	\$67.15
Graduate Direct Instruction Cost/Credit Hour	\$133.04
	Fiscal Year 06 Data

- Eighty-three percent of the fall 2006 new freshmen return to Illinois State University for a second year of enrollment in fall 2007.
- Sixty-five percent of the new freshmen graduate from the University within six years. Of these fall 2001 new freshman who entered ISU and graduated, 60.6 percent graduate in four years, 33.2 percent graduate in five years and 6.3 percent graduate in six years.

**Explanatory Information:**

In Fall 2006, the University enrolled students from each of the 50 states and from 67 other countries. Fifty-four percent of University students are from the Chicago area and 23 percent are from central Illinois. Among the entering students, the mean ACT score was 23.9. Thirty-seven percent of the new students graduated in the top quartile of their high school graduating class.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SCHEDULE OF FEDERAL AND NONFEDERAL EXPENDITURES  
For the Two Years Ended June 30, 2007**

	<u>Fiscal Year 2007</u>		<u>Fiscal Year 2006</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Federal expenditures	\$ 20,068,259	5.7%	\$ 23,356,222	7.0%
Nonfederal expenditures	<u>330,131,778</u>	<u>94.3</u>	<u>309,229,397</u>	<u>93.0</u>
<b>TOTAL</b>	<u>\$350,200,037</u>	<u>100.0%</u>	<u>\$332,585,619</u>	<u>100.0%</u>

Sources: Schedule of Expenditures of Federal Awards and Statement of Revenues, Expenses, and Changes in Net Assets.

Note: Federal expenditures are shown here net of the following noncash expenditures:

	<u>2007</u>	<u>2006</u>
Nursing Student Loans	\$ 236,146	\$ 266,693
Perkins Loan Program	10,691,995	10,482,412
Direct Loan Program	<u>63,962,079</u>	<u>61,793,795</u>
	<u>\$74,890,220</u>	<u>\$72,542,900</u>

**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**SUMMARY OF AGENCY OPERATIONS BY FUNCTION**  
**OF PROGRAM ACTIVITY**  
**STUDENT ENROLLMENT STATISTICS**  
**Years Ended June 30, 2007 and 2006**

(Unaudited)

Enrollment statistics for the past two academic years are as follows:

	<b>Number of Enrolled Students at Beginning of School Year</b>	
	<u>2006-2007</u>	<u>2005-2006</u>
All students, including extension	<u>20,521</u>	<u>20,653</u>
	<b>Full-time Students Equivalent</b>	
	<u>2006-2007</u>	<u>2005-2006</u>
All students, including extension	<u>18,469</u>	<u>18,388</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
UNDERGRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2007**

(Unaudited)

	<b>Total Number of Recipients*</b>	<b>Tuition Waived</b>		<b>Fees Waived</b>	
		<b>Number of Recipients*</b>	<b>Value of Waivers</b>	<b>Number of Recipients*</b>	<b>Value of Waivers</b>
<b>(In Thousands of Dollars)</b>					
<b>Mandatory Waivers</b>					
Teacher Special Education	289	289	\$ 1,618.2	289	\$ 524.70
General Assembly	132	132	743.8	-	-
Reserve Officer's Training Corps	54	54	233.7	-	-
Wards of Illinois Department of Children and Family Services	19	19	40.3	19	8.8
Veterans Grants	508	508	1,011.6	-	-
Children of Employees	<u>283</u>	<u>283</u>	<u>677.2</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>1,285</u>	<u>1,285</u>	<u>4,324.8</u>	<u>308</u>	<u>533.5</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	6	6	5.1	4	1.4
Civil Service	65	65	81.2	61	23.8
Children of Deceased Employees	-	-	-	-	-
Athletic	295	295	1,222.6	-	-
Academic/Other Talent	445	445	1,223.1	9	1.8
Foreign Exchange Students	27	27	95.0	-	-
Out-of-State Students	5	5	35.7	4	9.1
Teaching Assistance	-	-	-	-	-
Retired University Employees	1	1	4.6	1	1.5
Cooperating Professionals	<u>1</u>	<u>1</u>	<u>0.6</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>845</u>	<u>845</u>	<u>2,667.9</u>	<u>79</u>	<u>37.6</u>
<b>Total</b>	<u>2,130</u>	<u>2,130</u>	<u>\$ 6,992.7</u>	<u>387</u>	<u>\$ 571.1</u>

\* Unduplicated. Totals may be less than the sum of the detail.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
GRADUATE TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2007**

(Unaudited)

	<u>Total Number of Recipients*</u>	<u>Tuition Waived</u>		<u>Fees Waived</u>	
		<u>Number of Recipients*</u>	<u>Value of Waivers</u>	<u>Number of Recipients*</u>	<u>Value of Waivers</u>
<b>(In Thousands of Dollars)</b>					
<b>Mandatory Waivers</b>					
Teacher Special Education	9	9	\$ 38.3	9	\$ 13.4
General Assembly	2	2	3.3	-	-
Children of Employers	1	1	0.4	1	0.1
Veterans Grants	<u>52</u>	<u>52</u>	<u>27.9</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>64</u>	<u>64</u>	<u>69.9</u>	<u>10</u>	<u>13.5</u>
<b>Discretionary Waivers</b>					
Faculty/Administrators (Non-Civil Service)	158	158	229.7	144	63.2
Civil Service	55	55	64.9	51	18.6
Cooperating Professionals	494	494	632.0	-	-
Athletic	4	4	11.8	-	-
Academic/Other Talent	484	484	619.2	108	26.6
Foreign Exchange Students	30	30	139.9	-	-
Graduate Assistants - Research	219	219	747.9	-	-
Graduate Assistants - Teaching	489	489	1757.1	-	-
Graduate Assistants - Other	304	304	1054.2	-	-
Retired University Employees	<u>2</u>	<u>2</u>	<u>0.6</u>	<u>-</u>	<u>-</u>
(subtotal)	<u>2,239</u>	<u>2,239</u>	<u>5257.3</u>	<u>303</u>	<u>108.4</u>
<b>Total</b>	<u>2,303</u>	<u>2,303</u>	<u>\$ 5327.2</u>	<u>313</u>	<u>\$ 121.9</u>

\* Unduplicated. Totals may be less than the sum of the detail.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
DEBT FINANCED BY UNIVERSITY RELATED ORGANIZATION  
For the Year Ended June 30, 2007**

Long-term debt at the Illinois State University Foundation at June 30 consists of the following:

Notes Payable as of June 30, 2007 consists of a \$100,000 promissory note secured by all inventory, chattel paper, accounts and general intangibles; requiring monthly interest payments at a fixed rate interest rate of 6.95% and having a principal maturity date of April 10, 2008. \$ 100,000

Less current installments 100,000

**Long-term debt, less current installments** \$ -

Future maturities of long-term debt are as follows:

2008 \$ 100,000



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ACQUISITION OF REAL ESTATE BY UNIVERSITY NOT  
FUNDED BY SEPARATE SPECIFIC APPROPRIATION  
Year Ended June 30, 2007 and 2006**

In Fiscal Years 2007 and 2006, the University did not acquire real estate which was funded outside of a separate specific appropriation.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - LOCAL FUNDS  
AS OF JUNE 30, 2007**

	<b>Indirect Cost Support</b>	<b>Continuing Education &amp; Public Service</b>	<b>Sales &amp; Service Of Educational Activities</b>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,683,847	\$ 2,937,252	\$ 1,329,264
Investments			
Accrued interest receivable			
Accounts receivable, net		126,614	10,370
Appropriations receivable from State			
Inventories		35,907	36,649
Prepaid expenses and deposits	11,689	36,829	1,255
Deferred charges and obligations			
<b>Total current assets</b>	<b>1,695,536</b>	<b>3,136,602</b>	<b>1,377,538</b>
Noncurrent Assets:			
Investments			
Capital assets, net			
<b>Total noncurrent assets</b>			
<b>Total assets</b>	<b>1,695,536</b>	<b>3,136,602</b>	<b>1,377,538</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	36,170	297,340	150,265
Obligations payable			
Obligations under capital leases			
Assets held in custody for others and deposits		10,135	
Deferred revenue		690,482	3,267
Accrued compensated absences	4,774	12,188	1,473
<b>Total current liabilities</b>	<b>40,944</b>	<b>1,010,145</b>	<b>155,005</b>
Noncurrent Liabilities:			
Accrued compensated absences	57,448	146,661	17,720
Obligations under capital leases			
<b>Total noncurrent liabilities</b>	<b>57,448</b>	<b>146,661</b>	<b>17,720</b>
<b>Total liabilities</b>	<b>98,392</b>	<b>1,156,806</b>	<b>172,725</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt			
Unrestricted	1,597,144	1,979,796	1,204,813
<b>Total net assets</b>	<b>\$ 1,597,144</b>	<b>\$ 1,979,796</b>	<b>\$ 1,204,813</b>

<b>Student Programs &amp; Services - University</b>	<b>Student Programs &amp; Services - High School</b>	<b>Field Trip &amp; Foreign Study Activities</b>	<b>Income Fund</b>	<b>Payroll Fund</b>	<b>Local Funds Total</b>
\$ 2,011,474	\$ 68,236	\$ 864,024	\$ 987,006	\$ (98,241)	\$ 9,782,862
			2,979,390		2,979,390
1,149,805		41,149	214,212	98,241	214,212
71,636			4,030,862		5,457,041
194,715	15,233	1,153	201,732		144,192
			247,582		462,606
<u>3,427,630</u>	<u>83,469</u>	<u>906,326</u>	<u>8,660,784</u>		<u>19,287,885</u>
986,560			16,789,150		17,775,710
			168,049,531		168,049,531
<u>986,560</u>			<u>184,838,681</u>		<u>185,825,241</u>
<u>4,414,190</u>	<u>83,469</u>	<u>906,326</u>	<u>193,499,465</u>		<u>205,113,126</u>
462,467	15,983	38,619	2,911,566		3,912,410
			255,786		255,786
			202,457		202,457
135,481					145,616
460,064		819,532	2,214,837		4,188,182
75,781	86	426	1,197,737		1,292,465
<u>1,133,793</u>	<u>16,069</u>	<u>858,577</u>	<u>6,782,383</u>		<u>9,996,916</u>
911,911	1,040	5,132	12,651,484		13,791,396
			128,226		128,226
<u>911,911</u>	<u>1,040</u>	<u>5,132</u>	<u>12,779,710</u>		<u>13,919,622</u>
<u>2,045,704</u>	<u>17,109</u>	<u>863,709</u>	<u>19,562,093</u>		<u>23,916,538</u>
2,368,486	66,360	42,617	167,718,848		167,718,848
			6,218,524		13,477,740
<u>\$ 2,368,486</u>	<u>\$ 66,360</u>	<u>\$ 42,617</u>	<u>\$ 173,937,372</u>	<u>\$</u>	<u>\$ 181,196,588</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - LOCAL FUNDS  
YEAR ENDED JUNE 30, 2007**

	<b>Indirect Cost Support</b>	<b>Continuing Education &amp; Public Service</b>	<b>Sales &amp; Service Of Educational Activities</b>
<b>OPERATING REVENUES</b>			
Student tuition and fees, net	\$	\$ 31,444	\$
Sales and services of educational activities			2,451,370
Other operating revenues	<u>1,933,499</u>	<u>8,516,005</u>	
Total operating revenues	<u>1,933,499</u>	<u>8,547,449</u>	<u>2,451,370</u>
<b>OPERATING EXPENSES</b>			
Educational and General			
Instruction		616,827	1,651,557
Research	703,519	49,955	129,031
Public service		4,868,931	357,678
Academic support	80,668	46,206	148,518
Student services		253,072	38,561
Institutional support	120,099	262,400	
Operation and maintenance of plant	1,206,545	139,539	5,423
Depreciation			
Staff benefits	64,905	80,994	14,810
Student aid	100	3,885	4,825
Other operating expenditures		<u>1,955,823</u>	
Total operating expenses	<u>2,175,836</u>	<u>8,277,632</u>	<u>2,350,403</u>
Operating income (loss)	<u>(242,337)</u>	<u>269,817</u>	<u>100,967</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Payments on behalf of the University - Foundation			
Laboratory Schools			
Gifts and donations		2,266	
Investment income, net of investment expenses	142,459	42,145	4,040
Interest expense			
Other nonoperating revenues		<u>132,722</u>	<u>2,170</u>
Net nonoperating revenues	<u>142,459</u>	<u>177,133</u>	<u>6,210</u>
Income (Loss) before capital items	<u>(99,878)</u>	<u>446,950</u>	<u>107,177</u>
Capital appropriations			
Capital grants and gifts			
Total capital items			
Increase (decrease) in net assets	(99,878)	446,950	107,177
<b>NET ASSETS</b>			
Net assets - beginning of year	<u>1,697,022</u>	<u>1,532,846</u>	<u>1,097,636</u>
Net assets - end of year	<u>\$ 1,597,144</u>	<u>\$ 1,979,796</u>	<u>\$ 1,204,813</u>

<b>Student Programs &amp; Services - University</b>	<b>Student Programs &amp; Services - High School</b>	<b>Field Trip &amp; Foreign Study Activities</b>	<b>Income Fund</b>	<b>Local Funds Total</b>
\$ 19,181,927	\$ 8,424	\$ 968,037	\$ 88,441,551	\$ 108,622,959
8,078,149	196,082	323,765	18,426	2,459,794
<u>27,260,076</u>	<u>204,506</u>	<u>1,291,802</u>	<u>88,459,977</u>	<u>130,148,679</u>
417,697		1,285,023	51,690,505	55,661,609
5,139	644,258		575,271	2,102,034
			(1,582)	5,230,166
25,684,689			568,332	843,724
244,438			138,813	26,115,135
			7,835,240	8,217,739
			11,432,162	13,028,107
			9,934,391	9,934,391
228,080	3,061	4,366	279,617	675,833
2,096,050			7,081,981	9,186,841
				1,955,823
<u>28,676,093</u>	<u>647,319</u>	<u>1,289,389</u>	<u>89,534,730</u>	<u>132,951,402</u>
<u>(1,416,017)</u>	<u>(442,813)</u>	<u>2,413</u>	<u>(1,074,753)</u>	<u>(2,802,723)</u>
			1,012,012	1,012,012
	490,837			490,837
4,006			356,542	362,814
216,104	4,104		1,223,511	1,632,363
			(16,769)	(16,769)
430,774			137,518	703,184
<u>650,884</u>	<u>494,941</u>		<u>2,712,814</u>	<u>4,184,441</u>
<u>(765,133)</u>	<u>52,128</u>	<u>2,413</u>	<u>1,638,061</u>	<u>1,381,718</u>
			2,829,843	2,829,843
			199,309	199,309
			<u>3,029,152</u>	<u>3,029,152</u>
(765,133)	52,128	2,413	4,667,213	4,410,870
<u>3,133,619</u>	<u>14,232</u>	<u>40,204</u>	<u>169,270,159</u>	<u>176,785,718</u>
<u>\$ 2,368,486</u>	<u>\$ 66,360</u>	<u>\$ 42,617</u>	<u>\$ 173,937,372</u>	<u>\$ 181,196,588</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - SERVICE DEPARTMENTS  
JUNE 30, 2007**

	<b><u>Service Departments</u></b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 4,787,261
Accounts receivable, net	214,037
Inventories	1,706,390
Prepaid expenses and deposits	<u>87,214</u>
Total current assets	<u>6,794,902</u>
Noncurrent Assets:	
Capital assets, net	<u>2,928,294</u>
Total noncurrent assets	<u>2,928,294</u>
Total assets	<u>9,723,196</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	1,076,843
Deferred revenue	123,442
Accrued compensated absences	<u>116,884</u>
Total current liabilities	<u>1,317,169</u>
Noncurrent Liabilities:	
Accrued compensated absences	<u>861,452</u>
Total noncurrent liabilities	<u>861,452</u>
Total liabilities	<u>2,178,621</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,928,294
Unrestricted	<u>4,616,281</u>
Total net assets	<u>\$ 7,544,575</u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
SERVICE DEPARTMENTS  
YEAR ENDED JUNE 30, 2007**

	<b><u>Service Departments</u></b>
<b>OPERATING REVENUES</b>	
Other operating revenues	\$ <u>14,572,244</u>
Total operating revenues	<u>14,572,244</u>
<b>OPERATING EXPENSES</b>	
Educational and General	
Instruction	458,400
Institutional support	8,075,752
Operation and maintenance of plant	5,595,236
Depreciation	1,236,531
Staff benefits	<u>(309,460)</u>
Total operating expenses	<u>15,056,459</u>
Operating (loss)	<u>(484,215)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income, net of investment expenses	962,141
Interest expense	
Other nonoperating revenues	<u>1,166</u>
Net nonoperating revenues	<u>963,307</u>
Increase in net assets	479,092
<b>NET ASSETS</b>	
Net assets - beginning of year	<u>7,065,483</u>
Net assets - end of year	<u>\$ <u>7,544,575</u></u>

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF NET ASSETS - AUXILIARY FACILITIES  
AS OF JUNE 30, 2007**

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 283,190	\$ 3,827,327	\$ 535,541	\$ 4,646,058
Restricted cash and cash equivalents	7,626,119	1,329,252	3,077,558	12,032,929
Investments	11,786,046	6,498,782	2,841,673	21,126,501
Restricted investments	19,174,582			19,174,582
Accrued interest receivable	788,468	22,239	38,146	848,853
Accounts receivable, net	1,062,962	796,897	113,928	1,973,787
Inventories	879,786	235,442		1,115,228
Prepaid expenses and deposits	6,762	7,113	1,212,714	1,226,589
Deferred charges and obligations	23,647	37,669	19,064	80,380
<b>Total current assets</b>	<b>41,631,562</b>	<b>12,754,721</b>	<b>7,838,624</b>	<b>62,224,907</b>
<b>Noncurrent Assets:</b>				
Investments	40,481,649	2,988,450		43,470,099
Bond issuance costs	301,812	209,252	123,927	634,991
Capital assets, net	39,913,596	46,001,577	17,578,389	103,493,562
<b>Total noncurrent assets</b>	<b>80,697,057</b>	<b>49,199,279</b>	<b>17,702,316</b>	<b>147,598,652</b>
<b>Total assets</b>	<b>122,328,619</b>	<b>61,954,000</b>	<b>25,540,940</b>	<b>209,823,559</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	6,211,347	3,417,453	378,054	10,006,854
Assets held in custody for others and deposits	1,920,018	26,361		1,946,379
Deferred revenue	178,186	281,399	203,764	663,349
Revenue bonds payable	1,846,721	2,009,100	536,005	4,391,826
Accrued compensated absences	136,882	30,027	12,308	179,217
<b>Total current liabilities</b>	<b>10,293,154</b>	<b>5,764,340</b>	<b>1,130,131</b>	<b>17,187,625</b>
<b>Noncurrent Liabilities:</b>				
Assets held in custody for others and deposits	222,189			222,189
Revenue bonds payable	37,259,733	25,377,638	17,862,501	80,499,872
Accrued compensated absences	1,285,832	282,059	115,619	1,683,510
<b>Total noncurrent liabilities</b>	<b>38,767,754</b>	<b>25,659,697</b>	<b>17,978,120</b>	<b>82,405,571</b>
<b>Total liabilities</b>	<b>49,060,908</b>	<b>31,424,037</b>	<b>19,108,251</b>	<b>99,593,196</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	27,607,843	19,944,091	2,257,441	49,809,375
Unrestricted	45,659,868	10,585,872	4,175,248	60,420,988
<b>Total net assets</b>	<b>\$ 73,267,711</b>	<b>\$ 30,529,963</b>	<b>\$ 6,432,689</b>	<b>\$ 110,230,363</b>



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - AUXILIARY FACILITIES  
YEAR ENDED JUNE 30, 2007**

	<u>Housing</u>	<u>Student Activities</u>	<u>Parking</u>	<u>Auxiliary Facilities Total</u>
<b>OPERATING REVENUES</b>				
Auxiliary enterprises:				
Auxiliary facilities	\$ 49,865,508	\$ 13,369,882	\$ 3,940,457	\$ 67,175,847
Total operating revenues	<u>49,865,508</u>	<u>13,369,882</u>	<u>3,940,457</u>	<u>67,175,847</u>
<b>OPERATING EXPENSES</b>				
Educational and General				
Depreciation	1,120,831	1,888,587	402,623	3,412,041
Auxiliary facilities:				
Student housing, activity facilities, and parking	<u>36,288,288</u>	<u>8,084,783</u>	<u>3,291,737</u>	<u>47,664,808</u>
Total operating expenses	<u>37,409,119</u>	<u>9,973,370</u>	<u>3,694,360</u>	<u>51,076,849</u>
Operating income	<u>12,456,389</u>	<u>3,396,512</u>	<u>246,097</u>	<u>16,098,998</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income, net of investment expenses	2,907,750	650,982	26,686	3,585,418
Interest revenue (expense)	(560,479)	(1,404,314)	(716,010)	(2,680,803)
Other nonoperating revenues	<u>185,309</u>	<u>2,992</u>	<u>167</u>	<u>188,468</u>
Net nonoperating revenues (expenses)	<u>2,532,580</u>	<u>(750,340)</u>	<u>(689,157)</u>	<u>1,093,083</u>
Income (loss) before capital items	<u>14,988,969</u>	<u>2,646,172</u>	<u>(443,060)</u>	<u>17,192,081</u>
Capital grants and gifts		<u>770,000</u>		<u>770,000</u>
Total capital items		<u>770,000</u>		<u>770,000</u>
Increase (decrease) in net assets	14,988,969	3,416,172	(443,060)	17,962,081
<b>NET ASSETS</b>				
Net assets - beginning of year	<u>58,278,742</u>	<u>27,113,791</u>	<u>6,875,749</u>	<u>92,268,282</u>
Net assets - end of year	<u>\$ 73,267,711</u>	<u>\$ 30,529,963</u>	<u>\$ 6,432,689</u>	<u>\$ 110,230,363</u>

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD  
June 30, 2007

**1. Cash and Equivalents Balance**

Add:

Cash .....	1,683,847	
Cash Equivalents .....		
Bank Deposits .....		
Marketable Securities .....		
Certificates of Deposit .....		
Repurchase Agreements .....		
Other cash equivalent items .....		
Interfund receivables .....		1,683,847

**2. Allocated Reimbursements**

Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$5,090,963; enter 30% of this amount .....	1,527,289
--	-----------

**3. Unallocated Reimbursements**

Enter the lesser of the actual unallocated indirect cost reimbursements for the year completed OR 10% of total indirect cost allocations for the year completed .....	193,350
---	---------

**4. Encumbrances and Current Liabilities Paid in the Lapse Period**

Enter the amount of:

Current Liabilities .....	40,944
Encumbrances .....	-
Total .....	40,944

**5. Indirect Cost Carry-forward**

a. Enter the total of items 2, 3 and 4 .....	1,761,583
b. Subtract from item 1 .....	(77,736)
If a positive number results, enter here and remit for deposit in the Income Fund.	

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
CONTINUING EDUCATION AND PUBLIC SERVICES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2007

**1. Current Available Funds**

Add:

Cash .....	2,937,252
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 2,937,252

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,295,532
Encumbrances and current liabilities paid in lapse period .....	504,156
Deferred income .....	690,482
Refundable deposits .....	10,135
Allowance for Restoring Inventory to Normal Level .....	35,907
Allowance for Sick Leave/Vacation Payouts .....	158,849
Working Capital Allowance .....	B. 2,695,061

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. 242,191
--------------------------------------	------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (100,905)
--	--------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	141,286
--	---------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
CURRENT UNRESTRICTED LOCAL FUNDS  
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2007

**1. Current Available Funds**

Add:

Cash .....	1,329,265
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 1,329,265

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	342,408
Encumbrances and current liabilities paid in lapse period .....	189,876
Deferred income .....	3,267
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	40,701
Allowance for Sick Leave/Vacation Payouts .....	19,192
Working Capital Allowance .....	B. 595,444

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. 733,821
--------------------------------------	------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (686,280)
--	--------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	47,541
--	--------

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CURRENT UNRESTRICTED LOCAL FUNDS  
 STUDENT PROGRAMS AND SERVICES  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2007

**1. Current Available Funds**

Add:

Cash .....	2,079,710
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	1,000,000
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. 3,079,710

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	5,413,583
Encumbrances and current liabilities paid in lapse period .....	478,451
Deferred income .....	460,064
Refundable deposits .....	135,480
Allowance for Restoring Inventory to Normal Level .....	133,636
Allowance for Sick Leave/Vacation Payouts .....	983,296
Working Capital Allowance .....	B. 7,604,510

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. (4,524,800)
--------------------------------------	----------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (262,778)
--	--------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(4,787,578)
--	-------------

STATE OF ILLINOIS  
 ILLINOIS STATE UNIVERSITY  
 CURRENT UNRESTRICTED LOCAL FUNDS  
 FIELD TRIPS AND FOREIGN STUDY  
 CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
 June 30, 2007

**1. Current Available Funds**

Add:

Cash .....	864,024
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 864,024</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	210,532
Encumbrances and current liabilities paid in lapse period .....	38,620
Deferred income .....	819,532
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	5,559
Working Capital Allowance .....	<b>B. 1,074,243</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. (210,219)</b>
--------------------------------------	---------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. -</b>
--	-------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(210,219)</b>
--	------------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SERVICE DEPARTMENTS  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2007

**1. Current Available Funds**

Add:

Cash .....	
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	4,787,261
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	214,037
Total Current Available Funds .....	<b>A. 5,001,298</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,282,286
Encumbrances and current liabilities paid in lapse period .....	1,076,843
Deferred income .....	123,442
Refundable deposits .....	
Allowance for Restoring Inventory to Normal Level .....	
Allowance for Sick Leave/Vacation Payouts .....	978,336
Working Capital Allowance .....	<b>B. 3,460,907</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. 1,540,391</b>
--------------------------------------	---------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (3,987,643)</b>
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(2,447,252)</b>
--	--------------------

STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
STUDENT HOUSING  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2007

**1. Current Available Funds**

Add:

Cash .....	179,597
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	12,151,883
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
<b>Total Current Available Funds .....</b>	<b>A. 12,331,480</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	5,147,751
Encumbrances and current liabilities paid in lapse period .....	2,657,051
Deferred income .....	178,186
Refundable deposits .....	2,142,208
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	1,422,714
<b>Working Capital Allowance .....</b>	<b>B. 11,547,910</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. 783,570</b>
--------------------------------------	-------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (6,237,274)</b>
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(5,453,704)</b>
--	--------------------



**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES - REVENUE BONDS  
STUDENT ACTIVITIES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2007**

**1. Current Available Funds**

Add:

Cash .....	161,912
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	1,988,760
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	<b>A. 2,150,672</b>

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	1,257,310
Encumbrances and current liabilities paid in lapse period .....	1,044,868
Deferred income .....	281,399
Refundable deposits .....	26,361
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	312,086
Working Capital Allowance .....	<b>B. 2,922,024</b>

**3. Current Excess Funds**

Deduct B from A and enter here .....	<b>C. (771,352)</b>
--------------------------------------	---------------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	<b>D. (6,619,695)</b>
--	-----------------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<b>(7,391,047)</b>
--	--------------------

**STATE OF ILLINOIS**  
**ILLINOIS STATE UNIVERSITY**  
**AUXILIARY FACILITIES - REVENUE BONDS**  
**PARKING SERVICES**  
**CALCULATION SHEET FOR CURRENT EXCESS FUNDS**  
**June 30, 2007**

**1. Current Available Funds**

Add:

Cash .....	(506,921)
Cash Equivalents .....	
Bank Deposits .....	
Marketable Securities .....	
Certificates of Deposit .....	
Repurchase Agreements .....	
Other cash equivalent items .....	
Interfund receivables .....	
Total Current Available Funds .....	A. (506,921)

**2. Working Capital Allowance**

Add:

Highest month's expenditures .....	384,664
Encumbrances and current liabilities paid in lapse period .....	59,340
Deferred income .....	203,764
Refundable deposits .....	-
Allowance for Restoring Inventory to Normal Level .....	-
Allowance for Sick Leave/Vacation Payouts .....	127,927
Working Capital Allowance .....	B. 775,695

**3. Current Excess Funds**

Deduct B from A and enter here .....	C. (1,282,616)
--------------------------------------	----------------

**4. Calculation of Income Fund Remittance**

An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any here .....	D. (1,106,178)
--	----------------

Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	(2,388,794)
--	-------------

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2007**

A listing of the University's Auxiliary Facilities, Activities, Accounting Entities, their purposes, and their sources of revenue for the year ended June 30, 2007 are provided below.

**Indirect Cost Support**

These accounts are supported by indirect cost reimbursements or accounts that receive funding as a by-product of federal, state, and private grants. The funds pay for administrative costs, physical plant cost including utilities, and grant proposals.

**Current Unrestricted Local Funds**

Continuing Education and Public Services

These activities are established primarily to provide noncredit services to individuals and groups external to the institution. These activities include community services programs and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, alumni activities, and similar non-instructional services to particular sectors of the community.

Sales and Services of Educational Activities

Sales and services of educational activities support instruction and help demonstrate classroom or related educational techniques to students. Revenue is from services and materials furnished which are incidental to the department. Receipts are from testing, cartographic services, book sales, sales of instructional materials, and public opinion services.

Student Programs and Services

These programs are supported by student activity fees, gate receipts from athletic events, and income from concerts and performances sponsored by the students.

In addition to the intercollegiate athletics programs, the funds sponsor a variety of student functions including speakers, acquisition of art objects, legal assistance, and grants-in-aid.

Field Trips and Foreign Study

These activities are supporting program costs for primarily credit courses at an off-campus site or at a foreign educational institution. The supporting costs include housing, transportation, printing, advertising, admissions, and other related program costs.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES  
Year Ended June 30, 2007**

**Service Departments**

These departments provide services to various University departments on a charge-back basis. Rates are established and reviewed periodically to operate each service department on a break-even basis.

**Auxiliary Facilities**

Student Housing

Accounts for the University's student residence halls and dining facilities whose construction was financed through the issuance of revenue bonds. The primary sources of revenue are room and board income, interest, food stores' sales, bakery sales, and laundry and vending machine commissions.

Student Activities

Accounts for the University's student union, athletic facilities, golf course, center for performing arts, and related facilities whose construction was financed through the issuance of revenue bonds. The primary sources of revenue are student fees and merchandise and service sales.

Parking Services

This account supports the development and maintenance of campus parking lots and decks. The source of funds is from parking permits, meters, fines, and rental.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
SUMMARY OF FOUNDATION PAYMENTS TO UNIVERSITY  
Years Ended June 30, 2007 and 2006**

The University recognizes Illinois State University Foundation as a University-Related Organization as defined in the University Guidelines 1982 as Amended 1997.

During fiscal years 2007 and 2006, Illinois State University engaged the Foundation, under contract, to provide fund raising services. As provided in the contract agreement, the University advanced funds to the Foundation of \$260,000 in fiscal years 2007 and 2006. In addition, the University contributed services and expenditures in the amount of \$1,311,536 and \$1,223,750 during fiscal years 2007 and 2006, respectively. As required by contract, the Foundation fully repaid the University, using funds considered unrestricted for purposes of the computations per University Guidelines 1982 as Amended 1997. In addition, the Foundation gave the University non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University during fiscal years 2007 and 2006. There was no cumulative unreimbursed subsidy for fiscal years 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Totally unrestricted funds	\$ 101,984	\$ 59,237
Funds restricted only as to campus, college, or department, and generally available for ongoing University operations:		
Given to a particular college	698,932	473,553
Given to a particular department	2,119,608	3,702,389
Funds restricted:		
Given for scholarships	1,799,531	1,563,220
Given for certain programs	2,307,159	2,968,571
Other restricted funds	<u>94,362</u>	<u>69,078</u>
Total funds considered restricted	<u>7,019,592</u>	<u>8,776,811</u>
<b>Total funds provided to the University by the Foundation</b>	<b><u>\$ 7,121,576</u></b>	<b><u>\$ 8,836,048</u></b>

During the performance of our procedures, we noted no other independent organizations related to the University.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
NONINSTRUCTIONAL FACILITIES RESERVE  
For the Years Ended June 30, 2007 and 2006**

**Noninstructional Facilities Reserve Account (Development Reserve)**

The Board of Regents, on behalf of Illinois State University, established a Noninstructional Facility Reserve on January 22, 1987, by transferring \$1,250,000 of available revenue from the 1985B Bond Series to be held for use to acquire additional student recreational space. The Board also approved the use of interest derived from the investment of the reserve for the lease of additional student recreational space until such time as the purchase of additional space is approved by the Board. The balance of the Development Reserve at June 30, 2007, is \$1,306,632.

On May 12, 2006, the Board of Trustees authorized the planning and design of a new student recreation center with construction anticipated to begin in 2008.

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
DISCLOSURE OF SUPPORT WHICH AUXILIARY FACILITIES  
AND ACTIVITIES HAVE RECEIVED DURING THE YEAR  
FROM STATE APPROPRIATED FUNDS  
June 30, 2007**

Certain student employees are paid from funds of the Federal College Work-Study Program. In accordance with long standing public policy in Illinois, approximately \$3,740,975 of group insurance expense and \$1,039,538 of retirement plan contributions were also paid from State appropriated funds during the year ended June 30, 2007. These amounts are shown in the University's financial statements as "Payments on behalf of the University."

**STATE OF ILLINOIS  
ILLINOIS STATE UNIVERSITY  
ILLINOIS INSTITUTE FOR ENTREPRENEURSHIP EDUCATION  
FINANCIAL INFORMATION  
For the Year Ended June 30, 2007**

**REVENUES AND EXPENDITURES**

**REVENUES**

Allocated portion of Illinois State University appropriations from the State of Illinois and tuition and fees	<u>\$ 184,058</u>
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**EXPENDITURES**

Personal services and benefits	144,383
Contractual services	29,081
Travel	3,718
Commodities	2,570
Telecommunications	<u>4,306</u>

Total expenditures	<u>184,058</u>
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<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>
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The Illinois Institute for Entrepreneurship Education (IIEE) was created by an act of the Illinois General Assembly in 1988. The purpose of the IIEE is to foster growth and development of entrepreneurship by educating Illinois citizens to the viability of entrepreneurship as a career option and to the role and contributions of entrepreneurs in economic development and job creation. The IIEE is mandated to reach all areas of the State, all ages, all ethnic groups, and income levels.

The IIEE's goals are to help remedy the deficiencies in the preparation of entrepreneurship education teachers, increase the quality and quantity of entrepreneurship education programs, improve instructional materials, and prepare personnel to serve as leaders and consultants in the field of entrepreneurship education and economic development.

The IIEE was created under the oversight of Illinois State University and, by working cooperatively with the University, the IIEE offers Illinois teachers two university accredited graduate courses in entrepreneurship.

The IIEE has a fifteen-member board of directors representing education, commerce and industry, government, and labor.

To more effectively reach its markets, the Institute has established three distinct operational divisions: Community Economic Development, Youth Enterprise Development, and Teacher Education and Training.

The current Director of the IIEE is Ida Manning, located at 200 South Michigan, Suite 700, Chicago, Illinois 60610, telephone (312) 587-9296.