

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY**

**COMPLIANCE REPORT  
(In Accordance With the Single Audit Act  
and OMB Circular A-133)  
For the Year Ended June 30, 2006**

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

**STATE OF ILLINOIS  
 NORTHERN ILLINOIS UNIVERSITY  
 COMPLIANCE REPORT  
 (In Accordance With the Single Audit Act and OMB Circular A-133)  
 For the Year Ended June 30, 2006**

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Northern Illinois University Alumni Association - Compliance  
Examination for the Two Years Ended June 30, 2006

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY**

**AGENCY OFFICIALS**

President	John G. Peters
Executive Vice President and Provost	J. Ivan Legg (retired 7/1/06) Raymond W. Alden III (effective 7/1/06)
Executive Vice President, Finance Facilities and Chief of Operations	Eddie R. Williams
Vice President, Administration and University Outreach	Anne C. Kaplan
Vice President, Development and University Advancement	Mike Malone
Executive Director of State and Federal Relations	Kathryn Buettner
General Counsel	Kenneth Davidson
Director of Internal Audit	Sharon Downen
 <b><u>Financial Staff</u></b>	
Associate Vice President, Finance and Facilities	Robert Albanese
Controller	Keith Jackson
Assistant Controller	Linda Timm
Director of Grants, Fiscal Administration	Larry Sallberg (retired 8/1/06) Julie Weber (effective 8/1/06)
Director of Treasury Operations	Tamara Farley
Bursar	Kinga Mauger

Agency offices are located at:

300 Altgeld Hall  
DeKalb, Illinois 60115



November 1, 2006

Clifton Gunderson LLP  
301 SW Adams, Suite 900  
P.O. Box 1835  
Peoria, IL 61656-1835

DIVISION OF FINANCE AND FACILITIES  
DEKALB, ILLINOIS 60115-2854  
(815) 753-1508

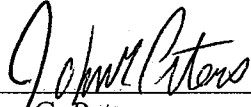
Ladies and Gentlemen:

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 the 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 one-year period ended June 30, 2006. Based on this evaluation, we assert that during the year ended June 30, 2006, 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. The State revenues and receipts collected by the 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. The money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,


Northern Illinois University



John G. Peters  
President



Eddie R. Williams  
Executive Vice President, Business and Finance, Chief of Operations, and Treasurer, Board of Trustees



Kenneth L Davidson  
Associate Vice President and General Counsel



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPLIANCE REPORT SUMMARY  
For the Year Ended June 30, 2006**

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

**AUDITOR'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 nonstandard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	4	8
Repeated findings	2	0
Prior recommendations implemented or not repeated	6	0

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

**SUMMARY OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
<b>Current Findings - Government Auditing Standards</b>		
06-1	11	Financial Statement Preparation
06-2	12	Capital Asset Reporting
<b>Current Findings - Federal Compliance</b>		
06-3	13	Unofficial Withdrawal Policy
<b>Current Findings - State Compliance</b>		
06-4	14	Time Sheets Not Required
<b>Prior Findings Not Repeated - Government Auditing Standards</b>		
06-5	15	Weakness in Controls Over Theater Department Ticket Sales

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPLIANCE REPORT SUMMARY  
For the Year Ended June 30, 2006**

**SUMMARY OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Description</u></b>
<b>Prior Findings Not Repeated - Federal Compliance</b>		
06-6	15	Federal Student Financial Aid Loan Limits Exceeded
06-7	15	Noncompliance With Davis-Bacon Act
06-8	15	Noncompliance With Government-Wide Nonprocurement Debarment and Suspension Common Rule
<b>Prior Findings Not Repeated - State Compliance</b>		
06-9	16	Contracts Not Filed/Approved Timely
06-10	16	Failure to Complete Ethics Training Within Six Months of Employment

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on January 22, 2007. Those participating were:

**Northern Illinois University:**

Eddie R. Williams	Executive Vice President, Finance Facilities and Chief of Operations
Robert C. Albanese	Associate Vice President, Finance and Facilities Operations
Keith R. Jackson	Controller
Linda Timm	Assistant Controller
Sharon Downen	Director of Internal Audit

**Clifton Gunderson LLP:**

Jeffrey R. Bonick, CPA	Partner
Paulette M. Hurd, CPA	Senior Manager

**Office of the Auditor General:**

Thomas L. Kizziah, CPA	Audit Manager
------------------------	---------------

The University responses to the recommendations were provided by Keith R. Jackson in correspondence dated January 22, 2007.

**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

**Compliance**

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

- 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. The State revenues and receipts collected by the 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 the University on behalf of the State or held in trust by the University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

In our opinion, Northern Illinois University complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2006. However, the results of our procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of State findings and questioned costs as item 06-4. 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 Northern Illinois University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the University's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. However, the results of our procedures disclosed another matter involving internal control which is required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of State findings and questioned costs as item 06-4. 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.

## Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities and aggregate discretely presented component units of Northern Illinois University as of and for the year ended June 30, 2006, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 1, 2006. 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 Northern Illinois University. The 2006 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, Northern Illinois University's basic financial statements for the year ended June 30, 2005. In our report dated October 13, 2005, we expressed unqualified opinions on the respective financial statements of the business-type activities and the aggregate discretely presented component units. In our opinion, the 2005 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited," is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2005 taken as a whole. The University's basic financial statements for the year ended June 30, 2004 were audited by other auditors whose report thereon dated October 8, 2004 expressed an unqualified opinion. Their report on the 2004 Supplementary Information for State Compliance Purposes stated that, in their opinion, except for the information marked "unaudited," such information was fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004 taken as a whole.

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

*Clifton Gunderson LLP*

Peoria, Illinois  
November 1, 2006

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Northern Illinois University (University) as of and for the year ended June 30, 2006, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1 and 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. However, we noted certain deficiencies in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as State compliance findings in the schedule of findings. We also noted certain immaterial instances of internal control deficiencies, which we have reported to management of Northern Illinois University in a separate letter dated November 1, 2006.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Illinois University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of Northern Illinois University in a separate letter dated November 1, 2006.

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, 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*

Peoria, Illinois  
November 1, 2006

**Independent Auditor's Report on Compliance With Requirements  
Applicable to Each Major Program and on Internal Control Over  
Compliance and Schedule of Expenditures of Federal Awards  
in Accordance With OMB Circular A-133**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have audited the compliance of Northern Illinois University (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, 2006. The 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 the University's management. Our responsibility is to express an opinion on the 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 the 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 the University's compliance with those requirements.

In our opinion, the 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, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 06-3.

**Internal Control Over Compliance**

The management of Northern Illinois 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 the 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the University's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 06-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that could be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above as item 06-3 to be a material weakness.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Northern Illinois University as of and for the year ended June 30, 2006, and have issued our report thereon dated November 1, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Northern Illinois 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, 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*

Peoria, Illinois  
November 1, 2006

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
SUMMARY OF AUDITOR'S RESULTS  
For the Year Ended June 30, 2006**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  No
- Reportable condition(s) identified that are not considered to be material weakness(es)?  Yes \_\_\_\_\_ None reported

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

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes \_\_\_\_\_ No
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes  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 \_\_\_\_\_ No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grants	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program - Federal Capital Contributions	84.038
Federal Pell Grant Program	84.063
Federal Family Education Loans	84.032
Teacher Quality Enhancement Grants	84.336

Dollar threshold used to distinguish between Type A and Type B programs: \$1,084,700

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  No

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS  
For the Year Ended June 30, 2006**

**06-1. Finding: Financial Statement Preparation**

The University's procedures for financial statement preparation and review did not identify errors in the following areas: cash, accounts payable, accrued payroll, accrued interest payable and expenses.

During our testing of bank reconciliations, we noted several incorrect reconciling items with some of the amounts in excess of \$2 million. The net effect to cash of these items was approximately \$204,000 with the offset to accounts payable and accrued payroll liabilities. During our testing of accrued interest payable and interest expense, we also noted errors which resulted in an entry to increase accrued interest payable and interest expense by \$991,000.

Accounting principles generally accepted in the United States of America require amounts presented in the financial statements to be materially accurate and supported by underlying detail and reconciliations. Amounts reported in the financial statements should reflect a proper cut-off as of the fiscal year end date. Management should have adequate internal controls in place to provide reasonable assurance that the financial information reported is reliable.

According to University personnel, transactions affecting June and July cash were inadvertently posted into the incorrect accounting period. Review of the bank reconciliations at year-end did not disclose the problem. Because the official deadline for submission of final financial statements to the State Comptroller's Office had not past, the University's review of the financial statements was not complete at the time the error in the accrued interest payable and interest expense was discovered.

The amounts described above were ultimately corrected and reflected appropriately in the University's financial statements. However, the University should have a process in place to ensure that such errors are not made or that they are detected during the financial statement preparation process in order to provide accurate financial information to the users of the financial statements. (Finding Code No. 06-1)

**Recommendation:**

We recommend that the University implement procedures to ensure that the financial statements and underlying reconciliations are reviewed to verify all items are accurately reported.

**University Response:**

The University agrees with the finding and has made changes in the bank reconciliation process to eliminate the potential for misstatement. The University financial statements that were reviewed for this finding were "Draft Financials", and all impact to the Statement of Revenues, Expenses, and Changes in Net Assets were corrected before the University submitted its financial statements to the State, before the designated due date. The correction to current assets and current liabilities was made subsequent to the original filing.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS  
For the Year Ended June 30, 2006**

**06-2. Finding: Capital Asset Reporting**

The University does not have an adequate system in place to ensure capital asset purchases are recorded in the proper accounting period for financial statement purposes.

During our testing of capital asset additions for financial statement reporting purposes, we noted that \$1,280,244 of the 2006 additions were actually purchased and expensed in fiscal year 2005. This situation caused the capital assets to be understated as of June 30, 2005 and expenses for fiscal year 2005 would have been overstated by this amount. Capitalizing these items in fiscal year 2006 caused the fiscal year 2006 expenses to be understated by this amount due to the journal entry made to capitalize these items. Upon further investigation, we also noted that approximately \$664,023 of 2006 additions were expensed rather than capitalized causing the capital assets as of June 30, 2006 to be understated and the fiscal year 2006 expenses to be overstated by this amount.

Accounting principles generally accepted in the United States of America require capital assets to be recorded in the period in which they are purchased and received.

University officials stated that this situation occurs annually due to a timing difference resulting from the process used to tag and input assets into the property ledgers and the accounting for capital items for financial statement reporting purposes. The University believes that the impact of these timing differences to the financial statements is not material and that no accounting system will fully eliminate the timing differences.

As of June 30, 2006, the capital assets as reported in the statement of net assets were understated by \$664,023, and the fiscal year 2006 expenses were understated by \$616,221. These amounts were included on the summary of uncorrected misstatements provided to University management. These amounts were determined to be immaterial to the financial statements as a whole and were not corrected; however, the University does not have an adequate system in place to track these items and report them in the proper period. If the amounts were to become material, adjustments to the financial statements would be necessary. (Finding Code No. 06-2)

**Recommendation:**

We recommend the University record capital assets in the period in which they are purchased and received in accordance with accounting principles generally accepted in the United States of America.

**University Response:**

The University agrees with the finding and is in the process of modifying its fixed asset system to comply. As noted, the University does not believe there has been a material impact on the financial presentation.

**NORTHERN ILLINOIS UNIVERSITY  
CURRENT FINDINGS - FEDERAL COMPLIANCE  
For the Year Ended June 30, 2006**

**06-3. Finding: Unofficial Withdrawal Policy**

**Federal Agency:** United States Department of Education

**Program Name:** Student Financial Assistance Programs - Cluster

**CFDA#:** 84.007, 84.032, 84.038, 84.063

**Questioned Costs:** Unknown

The University does not have adequate procedures for determining whether a Federal Student Aid recipient has unofficially withdrawn from all courses during a semester.

The University's current procedures for determining when a Federal Student Aid recipient has withdrawn from school only considers those recipients who have notified or whose representatives have notified the University of their withdrawals.

Section 34 CFR 668.22(j)(2) requires the University to determine the withdrawal date for a student who withdraws without providing notification of their withdrawal no later than 30 days after the end of the earlier of the payment period or period of enrollment, the academic year in which the student withdrew, or the educational program from which the student withdrew.

According to University personnel, attendance is not taken during the year. Students that do not officially withdraw by informing the University of their intention are not identified within the system.

The University's current procedures are not in compliance with federal guidelines. Current procedures would not necessarily identify all students who did not provide official notification of their withdrawal that are required to have student financial aid refund calculations made. (Finding Code Nos. 06-3, 05-5)

**Recommendation:**

We recommend that the University establish and implement procedures to identify students who may not have officially notified the University of their withdrawal. Once identified, these accounts should be reviewed to determine if any student financial aid refund calculations are necessary.

**University Response:**

The University agrees with the finding and has implemented a procedure to identify and report on those students in accordance with federal guidelines.

**NORTHERN ILLINOIS UNIVERSITY  
CURRENT FINDINGS - STATE COMPLIANCE  
For the Year Ended June 30, 2006**

**06-4. Finding: Time Sheets Not Required**

The University did not require all employees to submit time sheets as required by the State Officials and Employees Ethics Act.

The State Officials and Employees Ethics Act (5 ILCS 430) requires the University to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) further 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."

We noted certain categories of the University's employees did not submit time sheets in compliance with the Act. We tested a sample of 25 University employees for compliance with the State Officials and Employee Ethics Act. Our sample included 14 hourly employees and 11 salaried employees which included faculty and administrative staff. Except for hourly employees who do use timecards, employees' time is tracked using Northern Illinois University's payroll system, which is a "negative" timekeeping system whereby the employee is assumed to be working unless noted otherwise. No time sheets documenting the time spent each day on official State business to the nearest quarter hour are maintained for these University employees.

The University's State Officials and Employee Ethics Act compliance policy and Salaried Benefit Usage Form and instructions, take account of the necessity of recording all time accountable for state service to at least the nearest quarter hour. This requirement is fulfilled by virtue of the continuing on-duty status requirement of all salaried faculty and staff members who are exempt from hourly compensation pursuant to the Fair Labor Standards Act. Accordingly, all salaried employees are documented as being on-duty for their required work responsibilities unless leave time is recorded on the Benefit Usage Form. Supervisors are responsible for verifying that salaried employees are on-duty and that off-duty time is accurately accounted for on the monthly form. In order to provide a method of assuring the accuracy of off-duty time documentation, employees must specify the date(s) and time periods of their off-duty time declaration.

By not requiring appropriate time sheets from all of its employees, the University is not in compliance with the Act. (Finding Code Nos. 06-4, 05-6)

**Recommendation:**

We recommend that the University amend its policies to require all employees to submit time sheets in compliance with the Act.

**University Response:**

In response to the Auditor's continuing concerns, and the university's responsibility to comply with the applicable statute, the issue of supplemental time sheet formats/procedures is under review by university staff. Several work activity record requirements already exist and these are under review to determine the feasibility of utilizing these same or modified procedures to address the Auditor's concerns and to assure compliance with the work time reporting requirements of the SOEEA. To the greatest extent possible, existing documentation procedures will be utilized to avoid unnecessary multiple reporting obligations for salaried employees, including the utilization of electronic record keeping procedures.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
PRIOR FINDINGS NOT REPEATED  
For the Year Ended June 30, 2006**

**GOVERNMENT AUDITING STANDARDS**

**06-5 - Weakness in Controls Over Theater Department Ticket Sales**

During the prior examination, a weakness was noted in the internal control system over ticket sales at the theater department. (Finding Code No. 05-1)

Disposition:

During our current examination, we noted that the University implemented a procedure to track and reconcile ticket sales to cash receipts.

**FEDERAL COMPLIANCE**

**06-6 - Federal Student Financial Aid Loan Limits Exceeded**

During the prior examination, we noted that Federal Family Education Loans were awarded in excess of the federal loan limits. (Finding Code No. 05-2)

Disposition:

During the current examination, we tested 23 loan awards and did not note any similar instances of Federal Family Education Loans awarded in excess of the federal limits.

**06-7 - Noncompliance With Davis-Bacon Act**

During the prior examination, we noted that the University did not comply with the requirements outlined in the Davis-Bacon Act requiring reports from construction contractors of their payroll meeting the Act's requirements. (Finding Code No. 05-3)

Disposition:

During the current examination, the University was notified by the granting agency that the University is not required to comply with the Davis-Bacon Act in relation to the grant funds tested in the prior year.

**06-8 - Noncompliance With Government-wide Nonprocurement Debarment and Suspension Common Rule**

During the prior examination, we noted that the University did not verify that a contracted party is not suspended or disqualified before entering into covered transactions. (Finding Code No. 05-4)

Disposition:

During the current examination, we noted that the University established procedures to perform an inquiry of the excluded parties listing for transactions over \$5,000 and is now including a clause in its contracts that states the vendor is not excluded from doing business with the federal government.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
PRIOR FINDINGS NOT REPEATED  
For the Year Ended June 30, 2006**

**STATE COMPLIANCE**

**06-9 - Contracts Not Filed/Approved Timely**

During the prior examination, we noted that the University had entered into contractual agreements which were not filed with the State Comptroller within 15 days of execution, and one contract was not signed prior to the beginning of the contract period. (Finding Code No. 05-7)

Disposition:

During the current examination, we tested five contracts and did not note any similar instances of delayed filing with the State Comptroller or delays in signatures on contractual agreements.

**06-10 - Failure to Complete Ethics Training Within Six Months of Employment**

During the prior examination, we noted the University had not provided ethics training to new employees within six months of their initial employment. (Finding Code No. 05-8)

Disposition:

During the current examination, our sample testing of 25 new employees did not disclose any instances of failure to provide ethics training to new employees within six months of their initial employment.



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
For the Year Ended June 30, 2006**

**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
- Cross-Reference Table of Reporting Requirements
- Schedule of Net Appropriations, Expenditures, Lapsed Balances,  
and Balances Reappropriated
- Comparative Schedule of Net Appropriations, Expenditures,  
Lapsed Balances, and Balances Reappropriated
- Comparative Schedule of Income Fund Revenues and Expenses
- Schedule of Changes in Capital Assets
- Comparative Schedule of Cash and Temporary Cash Equivalents,  
at Cost
- Comparative Schedule of Investments, at Cost
- Analysis of Receivables and Inventories
- Analysis of Significant Variations in Expenses
- Analysis of Significant Variations in Revenues
- Analysis of Significant Variations in Account Balances
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- University Functions and Planning Program
- Comparative Employment Statistics (Unaudited)
- Emergency Purchases
- Illinois First Projects (Unaudited)
- Comparative Schedule of Unrestricted Current Fund General  
Expenditures Per Full-Time Equivalent Student as Reported  
to the Board of Higher Education (Unaudited)
- Ratio of Federal Expenditures to Total Expenditures
- Comparative Enrollment Statistics (Unaudited)
- Schedule of Tuition and Fee Waivers (Unaudited)
- Debt Financed by University-Related Organization
- Acquisition of Real Estate Costing in Excess of \$250,000 and  
Not Funded by a Separate Appropriation
- Bookstore Operations

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
For the Year Ended June 30, 2006**

**SUPPLEMENTARY INFORMATION FOR  
STATE COMPLIANCE PURPOSES  
SUMMARY**

- University Guidelines 1982 as Amended 1997 and Other University Matters:

Entity Financial Statements:

Other Entities:

Condensed Financial Information:

Balance Sheet

Statement of Revenues, Expenditures, and Changes in  
Fund Balances

Auxiliary Enterprises - Revenue Bond Funds:

Condensed Financial Information:

Balance Sheet

Statement of Revenues, Expenditures, and Changes in  
Fund Balances

Schedule of Indentured Capital Reserves

Indirect Cost Support - Sources and Application of Indirect  
Cost Recoveries

Calculation Sheet for Indirect Cost Support Carryforward

Calculation Sheet for Current Excess Funds:

Other Entities

Service Departments

Auxiliary Enterprises - Revenue Bond Funds

Description of Accounting Entities

Comments on Certain Matters Regarding Auxiliary Enterprises, Activities,  
and Accounting Entities, and Tuition, Charges, and Fees

Comments on Certain Matters Regarding University-Related  
Organizations and Other Matters

Summary of Foundation Payments to the University

Summary of Alumni Association Payments to the University

Auxiliary Enterprises - Revenue Bond Funds - Statement of Revenues,  
Expenses, and Changes in Net Assets

Auxiliary Enterprises - Revenue Bond Funds - Occupancy Report  
of Residence Halls

Auxiliary Enterprises - Revenue Bond Funds - Insured Value  
Summary

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

STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2006 Expenditures	To Subrecipients
<b>MAJOR PROGRAM - STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				
<u>DEPARTMENT OF EDUCATION</u>				
Federal Supplemental Educational Opportunity Grants G7B69954	84.007		\$ 907,490	\$ -
Federal Work-Study Program G7B69966	84.033		798,147	-
Federal Perkins Loan Program - Federal Capital Contributions 45DC60100	84.038		1,272	-
Federal Pell Grant Program G7B69949	84.063		12,340	-
Federal Pell Grant Program G7B69958	84.063		13,059,402	-
Administrative Cost Allowance G7B69959/G7B69966/45DC60100	84.038		191,468	-
<b>Total Student Financial Assistance Cluster</b>			<u>14,970,119</u>	<u>-</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
<u>NATIONAL SCIENCE FOUNDATION</u>				
Engineering Grants:				
Nonlinear Dynamics of Triggering Controllers G1A62146	47.041		18,278	-
Advanced Computing and Programming in the Mech. Engineering Curriculum. G1A62163	47.041		56,898	17,477
Mathematical Modeling of the Constitutive Response of Carbon Nanotubes G1A62177/62178	47.041		6,835	-
			<u>82,011</u>	<u>17,477</u>
Mathematical and Physical Sciences:				
Metallacarboranes of Main Group G1A62127	47.049		48,421	-
Research in High Energy Physics: Theory and Phenomenology G1A62121	47.049		5,247	-
Research in Model Theory: Generic Structures G1A62101	47.049		14,396	-
Searches for New Phenomena with High Energy Particle Colliders G1A62129	47.049		162,178	14,896
Simultaneous Statistical Modeling of Several Large Covariance Matrices G1A62132	47.049		8,992	-
Consortium of the Acquisition of Equipment to Complete a Proton Detector G1A62138	47.049		8,762	8,762
Combinatorics and Analysis of Special Functions G1A62142	47.049		27,553	-
Bayesian Analysis of Competing Risks G1A62144	47.049		15,016	-
NSF-Europe: Correlated Phenomena G1A62150	47.049		220,358	-
Search for Second Generation Leptoquarks Using Advanced Data Analysis G1A62151	47.049		12,825	-
Metallacarboranes: Syntheses, Structures & Reactivities G1A62232	47.049		39,612	-
Research in High Energy Physics: Supersymmetry G1A62207	47.049		10,992	-
Model-Based Classification of Longitudinal and Functional Data G1A62215	47.049		38,877	-
Collaborative Proposal: Quadratic Inverse Eigenvalue Problems for Model Updating in Science and Engineering: Theory and Computation G1A62217	47.049		41,163	-
Passed-Through the Illinois Institute of Technology: R&D on Cooling of Intense Muon Beams G5A63687	47.049	SA230-1001	2,010	-
Passed-Through the University of California - San Diego: X-Ray Scattering...Polymer Interfaces G5A63752	47.049	PO10215529-002	9,952	-
Passed-Through the University of Illinois - Chicago: X-Ray Scattering Interfaces G5A63745	47.049	E0002245	11,559	-
Passed-Through Cornell University: Lc Detector G5A63762	47.049	43422-7332	76	-
			<u>677,989</u>	<u>23,658</u>
Geosciences:				
Collaborative Research: Establishing a High-Resolution Temporal Record G1A62176	47.050		25,058	-
MARGINS: Collaborative Research: Temporal and Spatial Variations G1A62179	47.050		25,308	-
Collaborative Research: The Development and Implementation of a Field Based, Inquiry Focused Geoscience Course for Pre-service Teachers G1A62222	47.050		4,325	-
			<u>54,691</u>	<u>-</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

<b>Federal Grantor/Pass-Through Grantor Program/Grant Title</b>	<b>CFDA Number</b>	<b>Federal Project or Pass-Through Number</b>	<b>FY 2006 Expenditures</b>	<b>To Subrecipients</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)</b>				
<u>NATIONAL SCIENCE FOUNDATION (CONTINUED)</u>				
Computer and Information Science and Engineering:				
MPICH-G2: MPI Middleware for a Networked Environment G1A62108	47.070		\$ 9,567	\$ -
Critical Globus-enabled Implementation of the MPI-2 Standard G1A62154	47.070		176,136	-
			<u>185,703</u>	<u>-</u>
Biological Sciences:				
Aspects of the Functional Morphology of Sauropoda G1A62082	47.074		29,136	19,367
LTREB: A Long-Term Investigation of the Interplay of Biotic vs. Abiotic Factors G1A62137	47.074		58,387	-
Peronosporonyctes (Oomycota or Heterokonta) G1A62112	47.074		33,006	-
Redox Control in the Development and Evolution G1A62063	47.074		7,177	-
RNA Recombination at the Subgenomic Promoter G1A62143	47.074		100,336	-
Collaborative Research: Assembling the Tree of Life--An Integrative Approach to Investigating Cnidarian Phylogeny G1A62223	47.074		16,692	-
Passed-Through Institute for Genomic Research: Microbial Genome Sequencing of Bacillus Megaterium QM B1551 G6A63844	47.074		12,209	-
			<u>256,943</u>	<u>19,367</u>
Social, Behavioral, and Economic Sciences:				
Collaborative Research: Preceramic Chronologies in the Norte Chico Region of Peru G1A62102	47.075		3,572	-
Parental Management of Adolescent Peers in Three Ethnic Contexts G1A62114	47.075		18,287	-
U.S.-Egypt Cooperative Research: On-Line Tonal G1A62080	47.075		4,616	-
Collaborative Research: Complex Controls on the Distribution of Lightning G1A62149	47.075		42,833	-
Changes in the Frequency of Extreme Warm Season Surface Dewpoints G1A62165	47.075		20,363	10,484
A Cultural Model in Tongan Socio-Political and Linguistic Representations G1A62168	47.075		7,392	-
			<u>97,063</u>	<u>10,484</u>
Education and Human Resources:				
Design and Development of an Internet Based Physical Laboratory Course G1A62209	47.076		24,631	-
Passed-Through University of Memphis: Promoting Reading Understanding of Science G5A63748	47.076	REC-024144	38,445	-
Passed-Through American Educational Research Association: Minority & Gender Gaps in Math & Science Ed G5A63734	47.076	None	183	-
Passed-Through Cambridge Studios, Inc.: Education Technology Assistance G6A63845	47.076	DUE-0501915	10,241	-
			<u>73,500</u>	<u>-</u>
Polar Programs:				
Collaborative Research: Acquisition of a Drilling Rig G1A62117	47.078		12,696	-
Development of a Standard Antarctic Nearshore Diatom Biozonation G1A62126	47.078		719	-
Collaborative Research: Establishing Marine Varve Thickness G1A62147	47.078		824	-
Quaternary Diatom Paleoenvironmental Records from Three Lakes G1A62205	47.078		111,897	-
Passed-Through Mount Holyoke College: Holocene and Modern Climate Change: A Research Experience for Undergraduates G5A63784	47.078	C755-B	3,697	-
Passed-Through University Of Nebraska at Lincoln: ANDRILL-Investigating Antarctica's Role in Cenozoic Global Environmental Change G6A63809	47.078	25-0550-0001-005	43,607	-
			<u>173,440</u>	<u>-</u>
Total National Science Foundation			<u>1,601,340</u>	<u>70,986</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

<b>Federal Grantor/Pass-Through Grantor Program/Grant Title</b>	<b>CFDA Number</b>	<b>Federal Project or Pass-Through Number</b>	<b>FY 2006 Expenditures</b>	<b>To Subrecipients</b>
<b>RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)</b>				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Injury Prevention and Control Research State and Community Based Programs:				
The Role of Hostility-Related Schema in Physical Abuse Risk G1A62218	93.136		\$ 57,478	\$ -
Research Related to Deafness and Communication Disorders:				
Sentence Production and Developmental Error G1A62093	93.173		1,138	-
Passed-Through the University of Illinois:				
Risk Factors in Stuttering G3A63036	93.173	2003-03433.03	98,777	-
			<u>99,915</u>	<u>-</u>
Policy Research and Evaluation Grants:				
RCR for the Rest of Us G1B66608	93.239		24	-
Active Learning On-Line on Responsible Mentoring and Collaboration G1A62195	93.239		18,984	-
			<u>19,008</u>	<u>-</u>
Mental Health Research Grants:				
Induced Plasticity and Recovery from Neglect in Rats G1A62200/ G1A62233	93.242		315,499	158,069
Time and Autobiographical Memory G1A62167	93.242		46,331	-
Passed-Through Psytec Corporation:				
High-Risk Parents G5A63756	93.242	R42MH6420	103,222	-
			<u>465,052</u>	<u>158,069</u>
Drug Abuse and Addiction Research Programs:				
Impact of Stress on Cocaine Withdrawal Behaviors G1A62182	93.279		34,667	-
Academic Research Enhancement Award:				
Construction of Alpha-Siloxy and Alpha-Amino Amides G1A62107	93.390		6,552	-
Direct Enantiomer Separation in Immunoaffinity Systems G1A62125	93.390		12,857	-
Immobilized and Fluorous Ru-Based Metathesis Catalysts G1A62077	93.390		175	-
Sequencing of the Largest Plasmids of B. megaterium. G1A62110	93.390		(345)	-
Studies on Vitamin K Synthesis G1A62092	93.390		25,504	-
			<u>44,743</u>	<u>-</u>
Cancer Cause and Prevention Research:				
Late-Stage Cancer Clusters And Healthcare Access G1A62204/62237	93.393		90,613	28,821
Cancer Treatment Research:				
Antizyme-Mediated Inhibition of Polyamine Transport G1A62198/62220	93.395		80,827	-
Child Abuse and Neglect Discretionary Activities:				
Child Physical Abuse Research Fellowships G1A62192	93.670		26,706	-
Heart and Vascular Diseases Research:				
Passed-Through the University of Montana:				
NO-Mediated Signaling in Endothelial Cells G6A63803/G6A63861	93.837	PG-4247-03	58,383	-
Extramural Research Programs in the Neurosciences and Neurological Disorders:				
Long-Term Outcomes of Childhood-Onset Epilepsy G1A62159/ G1A62199/G1A62228	93.853		828,619	620,420
Role of the Cholinergic System in Spatial Orientation G1A62229	93.853		28,844	-
Passed-Through Yale University:				
Multicenter Study of Epilepsy Surgery G5A63750	93.853	A05674	35,302	-
			<u>892,765</u>	<u>620,420</u>
Microbiology and Infectious Diseases Research:				
Genetic Link Between RNAi/PTGS and Viral RNA Recombination G1A62203	93.856		75,109	-

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2006 Expenditures	To Subrecipients
<b>RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)</b>				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
Biomedical Research and Research Training:				
Semi-Automated Method for Annotating Repeated Sequences. G1A62164	93.859		\$ 20,369	\$ -
Activation of Electrophilic Reagents and Intermediates G1A62186	93.859		95,746	-
Electron Transfer in Dynamic Protein Complexes G1A62191	93.859		105,184	-
Study of Velvet Gene, veA, in Fusarium Verticillioides G1A62202	93.859		100,279	-
Investigating the Structural Basis of Antibody Stereoselectivity G1A62231	93.859		12,546	-
			<u>334,124</u>	<u>-</u>
Child Health and Human Development Extramural Research:				
Parenting & School Readiness Among Low-Income Children G1A62201	93.865		88,536	-
Sexual Revictimization: Affect Regulation as a Mediator G1A62235	93.865		13,510	-
Infants' and Mothers' responses to being Imitated G1A62236	93.865		25,419	-
			<u>127,465</u>	<u>-</u>
Vision Research:				
Passed-Through OcuMetrics, Inc.: Time Resolved Ocular Fluorometer G6A63842	93.867	None	2,515	-
Specially Selected Health Projects:				
Neutron Radiation for Cancer Treatment: Public Awareness and New Development G1A62184	93.888		190,307	57,079
			<u>190,307</u>	<u>57,079</u>
Total Department of Health and Human Services			<u>2,599,677</u>	<u>864,389</u>
<u>DEPARTMENT OF EDUCATION</u>				
International Research and Studies:				
A Web-Based Advanced Translation Course for Thai, Indonesian, and Tagalog G1A62180	84.017		41,196	-
International Research and Studies G1A62210	84.017		35,303	-
			<u>76,499</u>	<u>-</u>
Fund for the Improvement of Postsecondary Education:				
The Northern Illinois Center for Accelerator and Detector Development G1A62148	84.116		685,752	15,259
Interdisciplinary Laboratory for Nanoscale Science, Engineering and Technology G1A62105/62171	84.116		165,629	-
Acquisition of Equipment and Program Support G1A62181	84.116		15,198	-
Vibration and Acoustics Center at NIU-CEET G1A62213	84.116		93,883	-
Development of Acceleration and Detector Technologies G1A62214	84.116		575,128	910
Interdisciplinary Nanoscience, Engineering and Technology G1A62216	84.116		274,974	-
Passed-Through the Fermi National Accelerator Laboratory:				
Linear Collider Tech Feasibility G5A63772	84.116	PO 555050	8,188	-
Galena-Platteville Dolomite Northern Illinois G5A63773	84.116	PO 555050	2,875	-
			<u>1,821,627</u>	<u>16,169</u>
Fund for the Improvement of Education:				
Paleontology Research G1A62175	84.215		30,060	-
Education Research, Development and Dissemination:				
Constructing and Representing Argument Information G1A62158	84.305		81,822	46,744
Assessing Reading Comprehension with Verbal Protocols G1A62185	84.305		265,103	99,400
Creating a Usable Environment for Teaching Argument Comprehension and Production Skills G1A62211	84.305		53,750	15,994
			<u>400,675</u>	<u>162,138</u>
Total Department of Education			<u>2,328,861</u>	<u>178,307</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2006**

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<b>RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)</b>				
<u>DEPARTMENT OF AGRICULTURE</u>				
Agricultural Research-Basic and Applied Research:				
Assessing the Manufacturing Potential for Ethanol Processing Residue Streams G2A62219	10.001		\$ 11,390	\$ -
Cooperative Extension Service:				
Passed-Through the Virginia Polytechnic Institute and State University: Family Advocacy System of Records Data Base G6A63793/G6A63806	10.500	CR-19355-545810	113,798	-
Total Department of Agriculture			<u>125,188</u>	<u>-</u>
<u>NATIONAL OCEANIC &amp; ATMOSPHERIC ADMINISTRATION</u>				
Climate and Atmospheric Research:				
Development of an Analytical Center for Climate & Environmental Change G2A62226	11.431	NA05OAR4311117	57,692	-
Special Oceanic and Atmospheric Projects:				
ACCEC G2A62197	11.460	NA04OAR4600167	352,889	-
Total National Oceanic & Atmospheric Administration			<u>410,581</u>	<u>-</u>
<u>DEPARTMENT OF DEFENSE</u>				
Basic and Applied Scientific Research:				
Mitigating the Influence of Space Charge in High-Average-Power-Free Electron Lasers: Phase I G2A62238	12.300	N00014-06-1-0587	26,927	-
Passed-Through Science Applications International Corporation: Survey of Recruits G5A63835	12.300	4400127568.000	7,409	-
Military Medical Research and Development:				
NIU Institute for Neutron Therapy G2A62227	12.420		396,253	174,422
Basic, Applied, and Advanced Research in Science and Engineering:				
ROCK - Rapid Optimization of Commercial Knowledge for Army Vehicles G2A62196	12.630		2,904,266	979,834
Total Department of Defense			<u>3,334,855</u>	<u>1,154,256</u>
<u>DEPARTMENT OF THE AIR FORCE</u>				
Air Force Defense Research Sciences Program:				
Improved Simulations of Photoinjectors G2A62174	12.800		237,368	-
Total Department of the Air Force			<u>237,368</u>	<u>-</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
General Research And Technology Activity:				
Job Access in Cleveland G2A62172	14.506		559	-
Total Department of Housing and Urban Development			<u>559</u>	<u>-</u>
<u>DEPARTMENT OF INTERIOR</u>				
Fish and Wildlife Management Assistance:				
Lake Erie Watersnake Recovery Plan Implementation: Demographic Responses to Invasive Round Gobies G2A62225	15.608	301815G123	4,494	-
Passed-Through the Ohio Department of Natural Resources:				
Lake Erie Watersnake Recovery Plan Implementation G6A63805/63810	15.608	None	42,956	-
Continued Education and Outreach Toward the Recovery of the Lake Erie Water Snake G6A63807				
Lake Erie Water Snake Monitoring: Use of Artificial Hibernacula G6A63843	15.608	NGSCW-05-40	20,573	-
	15.608	NGSCW-06-40	6,202	-
			<u>74,225</u>	<u>-</u>

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<b>RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)</b>				
<u>DEPARTMENT OF INTERIOR (CONTINUED)</u>				
National Cooperative Geologic Mapping Program:				
Quaternary Geologic Mapping of the Waterman Quadrangle, NE Illinois G2A62169	15.810		\$ 2,704	\$ -
Quaternary Geologic Mapping of the Marengo South Quadrangle NE Illinois G2A62170	15.810		3,116	-
Quaternary Geologic Mapping of the Marengo North Quadrangle NE Illinois G2A62208	15.810		5,801	-
Quaternary Geologic Mapping of the Hinckley Quadrangle, Northern Illinois G2A62206	15.810		13,110	-
			<u>24,731</u>	<u>-</u>
Total Department of Interior			<u>98,956</u>	<u>-</u>
<u>DEPARTMENT OF TRANSPORTATION</u>				
Federal Transit Technical Assistance:				
Fuel Cells in Transportation G2A62194	20.512		482,166	118,221
Total Department of Transportation			<u>482,166</u>	<u>118,221</u>
<u>DEPARTMENT OF NATIONAL AERONAUTICS AND SPACE</u>				
<u>ADMINISTRATION</u>				
Aerospace Education Services Program:				
Passed-Through George Mason University:				
Earth Science REASoN: Research, Education and Applications Solutions Network G6A63802	43.001	600168	21,882	-
Technology Transfer:				
Analysis of Martian Basins G2A62183	43.002		91,848	-
MARS Valley Network Project: Martian Valley Networks Analysis-- Run-off or Sapping? G2B66654	43.002		16,051	-
Passed-Through Photon Systems, Inc.: Microscope UV Raman and Fluorescence Explorer G6A63801	43.002		43,730	-
Total Department of National Aeronautics and Space Administration			<u>173,511</u>	<u>-</u>
<u>INSTITUTE MUSEUM &amp; LIBRARY SERVICE</u>				
Laura Bush 21st Century Librarian Program:				
Mark Twain's Mississippi Project G2A62157	45.313		27,446	-
Total Institute Museum & Library Service			<u>27,446</u>	<u>-</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
P3 Award: National Student Design Competition for Sustainability Use Corn Processing Co-Prdct as Bio-Filler Material in Plastic Resin G2A62221				
	66.516		9,343	-
Total Environmental Protection Agency			<u>9,343</u>	<u>-</u>
<u>DEPARTMENT OF ENERGY</u>				
Regional Biomass Energy Programs:				
Development of New Hadronic Calorimeter Technology G2A62118	81.079		44,966	-
Office of Science Financial Assistance Program:				
Polarized X-Rays as a Probe of Spin Polarization G2A62156	81.049		108,909	-
Soil and Vegation in Future Climate G2A62193	81.049		47,745	-
Passed-Through Kansas State University:				
Neutron & X-ray Reflectometry Study of Surface Critical Phenomena G5A63721	81.049	SO3026	20,031	-
Passed-Through University of Oregon:				
Development of Particle-Flow Algorithms & Simulation Software for ILC Detector(s) G6A63841	81.049	234151K	35,280	-
			<u>211,965</u>	<u>-</u>



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<b>RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)</b>				
<u>DEPARTMENT OF ENERGY (CONTINUED)</u>				
Nuclear Energy Research, Development and Demonstration: Nonlinear Dynamics G2A62187	81.121		\$ 29,155	\$ -
Total Department of Energy			<u>286,086</u>	<u>-</u>
<u>UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT</u>				
USAID Foreign Assistance for Programs Overseas: Passed-Through the Association Liaison Office for International Cooperation in Development: Improved Simulations of Photoinjectors G6A63787	98.001	None	14,848	-
Total United States Agency for International Development			<u>14,848</u>	<u>-</u>
<b>Total Research and Development Cluster</b>			<u>11,730,785</u>	<u>2,386,159</u>
<b>TRIO CLUSTER</b>				
<u>DEPARTMENT OF EDUCATION</u>				
TRIO - Student Support Services G1B66631/G1B66644	84.042		351,318	-
TRIO - Upward Bound G1B66621/G1B66643/G1B66666	84.047		444,356	-
<b>Total Trio Cluster</b>			<u>795,674</u>	<u>-</u>
<b>EMPLOYMENT SERVICE CLUSTER</b>				
<u>DEPARTMENT OF LABOR</u>				
Employment Service Wagner-Peyser Funded Activities: Passed-Through the Illinois Department of Employment Security: Subgrant A G3B67237	17.207	PQ050500164	(13,061)	-
Survey of Job Seekers with the Labor Exchange System G3B67274	17.207	06-IGA-14A	112,452	-
<b>Total Employment Service Cluster</b>			<u>99,391</u>	<u>-</u>
<b>WIA CLUSTER</b>				
<u>DEPARTMENT OF LABOR</u>				
WIA Adult Program: Passed-Through the Illinois Department of Commerce and Economic Opportunity:				
Technical Assistance WIA-A G3B67251	17.258	05-189	25,500	-
Economic And Workforce Development G3B67187	17.258	04-201	291,283	-
One Stop Portal Design-A G3B67246	17.258	04-67303	1,133	-
WIA Performance Management 2006 G3B67293	17.258	06-0211	28,104	-
IMEC G5B69490/G5B69570	17.258	None	767	-
			<u>346,787</u>	<u>-</u>
WIA Youth Activities: Passed-Through the Illinois Department of Commerce and Economic Opportunity:				
Technical Assistance WIA-A G3B67251	17.259	05-189	25,500	-
Economic And Workforce Development G3B67187	17.259	04-201	291,283	-
One Stop Portal Design-B G3B67246	17.259	04-67303	1,133	-
WIA Performance Management 2006 G3B67293	17.259	06-0211	28,104	-
IMEC G5B69490/G5B69570	17.259	None	852	-
			<u>346,872</u>	<u>-</u>

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<b>WIA CLUSTER (CONTINUED)</b>				
<u>DEPARTMENT OF LABOR (CONTINUED)</u>				
WIA Dislocated Workers:				
Passed-Through the Illinois Department of Commerce and Economic Opportunity:				
Technical Assistance WIA-A G3B67251	17.260	05-189	\$ 25,500	\$ -
Economic And Workforce Development G3B67187	17.260	04-201	291,283	-
One Stop Portal Design-C G3B67246	17.260	04-67303	1,133	-
WIA Performance Management 2006 G3B67293	17.260	06-0211	28,104	-
IMEC G5B69490/G5B69570	17.260	None	1,221	-
			<u>347,241</u>	<u>-</u>
<b>Total WIA Cluster</b>			<u>1,040,900</u>	<u>-</u>
 <b>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</b>				
<u>DEPARTMENT OF TRANSPORTATION</u>				
Highway Planning and Construction:				
Passed-Through the Illinois Department of Transportation:				
Revise and Reprint IDOT District Bicycle Maps G3B67228	20.205	None	87,308	-
Preliminary Engineering - Consulting G3B67292	20.205	None	278,259	-
			<u>365,567</u>	<u>-</u>
<b>Total Highway Planning and Construction Cluster</b>			<u>365,567</u>	<u>-</u>
 <b>OTHER PROGRAMS</b>				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Mental Health National Research Service Awards for Research Training:				
Family Violence and Sexual Assault Research Training G1B66620/ G1B66646	93.282		<u>162,742</u>	<u>-</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance:				
Passed-Through the Illinois Department of Public Health:				
Behavioral Risk Factor Surveillance System Data Collection G3B67236	93.283	None	<u>55,795</u>	<u>-</u>
Advanced Education Nurse Traineeships:				
Advanced Education Nursing Traineeships G1B66630/G1B66655	93.358		<u>33,342</u>	<u>-</u>
Developmental Disabilities Basic Support and Advocacy Grants:				
Passed-Through the Illinois Planning Council on Developmental Disabilities:				
Collaborative Education Preparation G3B67112	93.630	2105	<u>78,362</u>	<u>-</u>
Chafee Foster Care Independence Program:				
Passed-Through the University of Illinois at Urbana-Champaign:				
Enhanced Training Project G3B67211	93.674	201 091 9023	<u>27,434</u>	<u>-</u>
Healthcare and Other Facilities:				
Family Health, Wellness and Literacy Center G1B66635/G1B66662	93.887		79,675	-
Center for the Study of Family Violence and Sexual Assault Supplemental G1B66640	93.887		<u>355,054</u>	<u>-</u>
			<u>434,729</u>	<u>-</u>
Assistance Programs for Chronic Disease Prevention and Control:				
Passed-Through the Illinois Department of Public Health:				
Behavioral Risk Factor (Part A) G3B67242	93.945	62400005	<u>228,822</u>	<u>-</u>

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<b>OTHER PROGRAMS (CONTINUED)</b>				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
Preventive Health and Health Services Block Grant:				
Passed-Through the Illinois Department of Public Health:				
Behavioral Risk Factor Surveillance System Data Collection G3B67236/G3B67266				
	93.991	52400016/6240006	\$ 529,550	\$ -
Total Department of Health and Human Services			<u>1,550,776</u>	<u>-</u>
<u>DEPARTMENT OF EDUCATION</u>				
Adult Education State Grant Program:				
Passed-Through the Illinois Community College Board:				
Technical Assistance for the Adult Education & Family Literacy Initiative G3B67294				
	84.002	AEL06010	<u>20,000</u>	<u>-</u>
Title I Grants to Local Educational Agencies:				
Passed-Through the Illinois State Board of Education:				
Interactive Illinois Report Card G3B67206				
	84.010	000MY04601	<u>278,766</u>	<u>-</u>
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies:				
National Resource Center at Northern Illinois University G1B66627/ G1B66628/66642/66650/66651				
	84.015		441,700	-
Foreign Language and Area Fellowships G1B66618				
	84.015		2,338	-
			<u>444,038</u>	<u>-</u>
Special Education-Grants to States:				
Passed-Through School Assoc for Special Ed in DuPage County: Project CHOICES G5B69552				
	84.027	None	<u>222,094</u>	<u>-</u>
Special Education Cluster:				
Passed-Through the Illinois State Board of Education:				
Vocational Education - Basic Grants to States: Career & Technical State Leadership 41-KF26615				
	84.048		<u>3,000</u>	<u>-</u>
Passed-Through the Illinois Community College Board:				
ICCS Postsecondary Internet Site G3B67241				
	84.048	CEL05007	(233)	-
Career and Technical Education G3B67295				
	84.048	CTEL06007	35,028	-
			<u>37,795</u>	<u>-</u>
Fund for the Improvement of Postsecondary Education:				
Recruitment and Retention of Minority Role Models in Science and Engineering Through Improving Critical Thinking Skills G1B66647				
	84.116		<u>207,557</u>	<u>69,916</u>
Rehabilitation Long-Term Training:				
Certificate Program in Deafness Rehabilitation Services G1B66613				
	84.129		2,301	-
Continuing Education Certificate Program in Deaf-Blind Rehabilitation Service G1B66626				
	84.129		37,670	-
Preparation of Rehabilitation Teachers with a Distance Learning Component G1B66623/66645				
	84.129		67,191	-
Rehabilitation of Individuals Who are Deaf or Hard of Hearing G1B66629				
	84.129		18,695	-
Rehabilitation Long-Term Rehabilitation of the Deaf G1B66648				
	84.129	H129Q030002-05	102,981	-
Rehabilitation of Individuals who are Deaf or Hard of Hearing G1B66661				
	84.129	H129Q050005	83,477	-
			<u>312,315</u>	<u>-</u>
Safe and Drug-Free Schools and Communities National Programs:				
Passed-Through the Community Schools in Aurora:				
Mentoring Grant Evaluation for East/West Aurora School Districts G6B69502				
	84.184	None	<u>360</u>	<u>-</u>
Bilingual Education - Professional Development:				
Project HQ G1B66638/G1B666656				
	84.195	T195N020139-04	<u>296,570</u>	<u>40,201</u>

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<b>OTHER PROGRAMS (CONTINUED)</b>				
<u>DEPARTMENT OF EDUCATION (CONTINUED)</u>				
State Grants for Innovative Programs:				
Passed-Through the Illinois State Board of Education:				
High Performance-High Poverty Schools Recognition Project G3B67199	84.298	FY04-TITLE V	\$ 5,118	\$ -
Special Education Personnel Development to Improve Services and Results for Children With Disabilities:				
Orientation & Mobility Training G1B66663	84.325		78,289	-
Passed-Through Pennsylvania College of Optometry:				
National Center for Leadership in Visual Impairment G6B69542	84.325	H325U040001	29,307	-
			<u>107,596</u>	<u>-</u>
Comprehensive School Reform Demonstration:				
Passed-Through the Illinois State Board of Education:				
Comprehensive School Reform Evaluation G3B67250/G3B67273	84.332	FY05-TITLE I	43,081	-
Child Care Access Means Parents in School:				
NIU Campus Child Care Tuition Assistance Program G1B66611/ G1B66637	84.335		43,528	-
<b>Major Program - Teacher Quality Enhancement Grants:</b>				
Rockford Education Alliance: Project REAL G1B66634/66657	84.336		1,113,600	424,173
International Education-Technological Innovation for Foreign Information Access:				
The Southeast Asia Digital Library G1B66658	84.337		117,368	48,259
Preparing Tomorrow's Teachers to Use Technology:				
Partnership to Infuse Technology into the Teacher Preparation Curriculum G1B66598				
	84.342		(4,695)	-
Preservice Teachers Integrating Technology, Assessment, and Action Research G1B66615/66636	84.342		371,943	-
			<u>367,248</u>	<u>-</u>
Mathematics and Science Partnerships:				
Passed-Through the Illinois State Board of Education:				
Mathematics/Science Partnership G3B67245/G3B67252/G3B67253 G3B67256	84.366	None	288,629	-
Thurgood Marshall Legal Educational Opportunity Program:				
Passed-Through the Council on Legal Education Opportunity:				
CLEO Summer Institute 2004 G5B69620	84.936	None	3,448	-
Total Department of Education			<u>3,909,111</u>	<u>582,549</u>
<u>DEPARTMENT OF AGRICULTURE</u>				
Child and Adult Care Food Program:				
Passed-Through the Illinois State Board of Education:				
School Lunch Program 41-30140	10.558	None	35,000	-
Total Department of Agriculture			<u>35,000</u>	<u>-</u>
<u>DEPARTMENT OF COMMERCE</u>				
Manufacturing Extension Partnership:				
Passed-Through the Illinois Manufacturing Extension Center @ Bradley University:				
Regional Host Organization for IMEC G5B69490/G5B69570	11.611	None	266,407	-
Total Department of Commerce			<u>266,407</u>	<u>-</u>

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<u>DEPARTMENT OF DEFENSE</u>				
Manufacturing and Engineering Advisory Services G2B66665	None		\$ 18,366	\$ -
Total Department of Defense			<u>18,366</u>	<u>-</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Community Development Block Grants/Small Cities Program: Passed-Through the City of DeKalb: FY06 Community Development Block Grant G5B69571	14.219	None	2,000	-
Community Outreach Partnership Center Program: COPC G2B66588	14.511		<u>98,184</u>	<u>25,835</u>
Total Department of Housing and Urban Development			<u>100,184</u>	<u>25,835</u>
<u>DEPARTMENT OF JUSTICE</u>				
Edward Byrne Memorial Formula Grant Program: Passed-Through the University of Illinois at Chicago: Community Policing Survey G3B67248	16.579	2004-IJ-CX0021	24,283	-
Bulletproof Vest Partnership Program: Passed-Through Illinois State Police: Bulletproof Vest Partnership G3B67290	16.607	None	2,497	-
Public Safety Partnership and Community Policing Grants: Community-Oriented Policing (COPS) Project G2B66612	16.710		<u>32,520</u>	<u>-</u>
Total Department of Justice			<u>59,300</u>	<u>-</u>
<u>DEPARTMENT OF LABOR</u>				
Employment and Training Evaluation Projects: Passed-Through University of Baltimore: Welfare to Work Dynamics Study G6A63578	17.248	00-126	70,000	-
WIA Pilots, Demonstrations, and Research Projects: Passed-Through the State of Colorado Department of Labor and Employment: Creation of an e-Learning Knowledge Center for the State of Colorado G5B69378/G6B69505	17.261	03KAA0031	98,719	-
Passed-Through Coffey Communications LLC: Pennsylvania Pilot Demo Reporting System G6B69584	17.261	AF-12985-000-03-30	<u>51,349</u>	<u>-</u>
Total Department of Labor			<u>220,068</u>	<u>-</u>
<u>DEPARTMENT OF STATE</u>				
Professional Exchanges - Annual Open Grant: Advocacy Partnerships in Sri Lanka (Program) G2B66632	19.415		32,404	-
Advocacy Partnerships in Sri Lanka (Administration) G2B66633	19.415		52,440	-
Autonomous Region of Muslim Mindanao and Majority-Minority Relations in the Philippines G2B66659	19.415		67,360	-
Autonomous Region of Muslim Mindanao and Majority-Minority Relations in the Philippines (Administration) G2B66660	19.415		<u>15,950</u>	<u>-</u>
			<u>168,154</u>	<u>-</u>

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<u>DEPARTMENT OF STATE (CONTINUED)</u>				
Educational Exchange - American Studies Institutes: Intergovernmental Assignment G2B66603	19.418		\$ 3,661	\$ -
Bridging the Gap 2004 Program G2B66624	None		20,031	4,632
Bridging the Gap 2004 Administration G2B66625	None		6,547	-
Bridging the Gap 2005 Program G2B66652	None		155,905	99,900
Bridging the Gap 2005 Administration G2B66653	None		14,242	-
			<u>196,725</u>	<u>104,532</u>
Total Department of State			<u>368,540</u>	<u>104,532</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Promotion of the Humanities - Federal/State Partnership: Passed-Through the Illinois Humanities Council:				
Linking Ethnic Lao G6B69501	45.129	3435	600	-
The Mine Wars of 1898-1900 Documentary G6B69540	45.129		1,315	-
Islam in Southeast Asia G6B69581	45.129		5,964	-
			<u>7,879</u>	<u>-</u>
Promotion of the Humanities - Professional Development: Landmarks of American History G2B66641	45.163		116,138	-
Promotion of the Humanities - Extending the Reach Grants to Presidentially-Designated Minority Institutions: The Abraham Lincoln Curriculum Project G2B66619	45.167		38,809	-
Total National Endowment for the Humanities			<u>162,826</u>	<u>-</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>				
Grant to States: Passed-Through Illinois State Library:				
LSTA Government Documents Grant G3B67267/G3B67268	45.310	06-0614	1,000	-
Cultural Encounters in the Illinois Country and Old Northwest G3B67278	45.310	LSTA 06-3043	20,250	-
Total Institute of Museum and Library Services			<u>21,250</u>	<u>-</u>
<u>NATIONAL SCIENCE FOUNDATION</u>				
Geosciences: Enhancing Diversity Track 1: Intensive Field Experience for Teachers Serving Large Hispanic Populations G1B66649	47.050		44,022	-
Computer and Information Science and Engineering: Passed-Through Rock Valley College: Training Aviation Technicians G6B69481	47.070	None	38,924	-
Passed-Through University of Chicago: Providing System Management and Integration for the Teragrid G6B69582	47.070	30085-N	65,295	-
Total National Science Foundation			<u>148,241</u>	<u>-</u>
<u>SMALL BUSINESS ADMINISTRATION</u>				
Small Business Development Center Passed-Through City of Belvidere: New Uses Info & Entrepreneur Development Ctr Program G5B69406	59.037	SBAHQ-03-1-0036	141,322	-
Total Small Business Administration			<u>141,322</u>	<u>-</u>

STATE OF ILLINOIS  
 NORTHERN ILLINOIS UNIVERSITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2006

<u>Federal Grantor/Pass-Through Grantor Program/Grant Title</u>	<u>CFDA Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY 2006 Expenditures</u>	<u>To Subrecipients</u>
<b>OTHER PROGRAMS (CONTINUED)</b>				
<u>OFFICE OF ENVIRONMENTAL EDUCATION</u>				
Environmental Education and Training Program:				
Passed-Through the University of Wisconsin - Stevens Point:				
Environmental Education and Training Partnership G6B69436	66.950	NT82865901-2	\$ 143,500	\$ 6,574
EETAP Planning Project G6B69543	66.950	2003-04A	2,857	-
The Third Environmental Education and Training Partnership G6B69583	66.950	NIU 2005-6 #1	<u>7,756</u>	<u>-</u>
Total Office of Environmental Education			<u>154,113</u>	<u>6,574</u>
<b>Total Other Programs</b>			<u>7,155,504</u>	<u>719,490</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 36,157,940</u>	<u>\$ 3,105,649</u>

NONCASH FEDERAL FINANCIAL ASSISTANCE

<u>Federal Loans</u>		<u>2006</u>
Federal Perkins Loan Program - Federal Capital Contributions (1)	84.038	\$ 1,758,225
Federal Family Education Loans (FFEL) (2)	84.032	\$ 86,096,881

(1) Amount represents loans advanced during the year ended June 30, 2006. Loans outstanding as of June 30, 2006 total \$10,154,516.

(2) The University acts merely as an agent in administering the Family Federal Education Loan Program by determining student eligibility, conducting entrance and exit counseling procedures, processing and applying loan proceeds to a student's account, and reporting changes in the status of loan recipients. The loans are actually made through lending institutions which are responsible for the ultimate collection of the loans. This amount represents total new loans guaranteed under the program for the year ended June 30, 2006.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2006**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICY**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of Northern Illinois University (University) has been prepared on the accrual basis. The Schedule is a statement of financial activities of funds related to the respective reporting period. It does not purport to present the results of operations or the net income or loss for the respective period as would a statement of income or a statement of revenues and expenses.

**NOTE 2 - NATURE OF PROGRAMS**

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government and all sub-awards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The awards are classified into major program and other program categories in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

**NOTE 3 - RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

The following is a reconciliation of total expenditures as reported on the accompanying Schedule of Expenditures of Federal Awards to the revenue items as federal and state grants and other contracts on the Statement of Revenues, Expenses, and Changes in Net Assets included in the University's financial statements:

	<u>(In Thousands)</u>
Total expenditures as shown on the Schedule of Expenditures of Federal Awards	\$ 36,158
Add the following:	
Direct state grants/contracts	<u>16,050</u>
<b>Total federal and state grants and other contracts revenues shown on the Statement of Revenues, Expenses, and Changes in Net Assets</b>	<b><u>\$ 52,208</u></b>



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
CROSS-REFERENCE TABLE OF REPORTING REQUIREMENTS  
June 30, 2006**

<b>Reference Number from T. Loobey's Memorandum Dated July 25, 2000, on <u>University Guidelines</u></b>	<b>Report and Page Number Where Information is Disclosed Supplementary Information for State Compliance Purposes</b>
13a. Violation of <i>University Guidelines, 1982 as Amended</i>	N/A
13b. Sources and Application of Indirect Cost Recoveries	63
13c. Calculation Sheet for Indirect Cost Support Carryforward	64
13d. Amount of Tuition Diverted to Auxiliary Enterprise Operations	70
13e. List of Accounting Entity and Description of Sources and Purpose of Revenues	68-69
13f. Financial Statements for Each Accounting Entity	60-61
13g. Calculations of Current Excess Funds for Each Accounting Entity	65-67
13h. Support to Auxiliary Enterprise from State Appropriated Funds	70
13i. Statement of Receipts and Disbursements for Bond Indentures	74
13j. Conformity of Bond Fund Accounting to Terms of Bond Issues	62, 70
13k. List of Noninstructional Facilities Reserves	70
13l. List of Organizations Recognized as University Related Organizations (UROs)	71
13m. Amounts Paid by UROs to the University for Services Provided by the University	72-73
13n. Amounts Paid by the University to UROs for Services Provided by the URO	72-73
13o. Amount of Unreimbursed Subsidies to UROs	N/A
13p. Debt Financing of UROs	57
13q. Schedule of Cash and Investments Held by the University	39-40
13r. Allocation Method on Interest from Pooled Investments	71
13s. Costs Per Full-Time Equivalent Student	53
13t. Acquisition of Real Estate by University or URO Greater Than \$250,000 and Not Specifically Funded	58
13u. Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements Involving COPs	N/A

**Other Financial Related Schedules for Universities**

1. Schedule of Appropriations, Expenditures, and Lapsed Balances by Major Line Item	34
2. Schedule of Income Fund Revenues and Expenses	37
3. Schedule of Tuition and Fee Waivers	56

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,  
LAPSED BALANCES, AND BALANCES REAPPROPRIATED\*  
APPROPRIATIONS FOR FISCAL YEAR 2006  
Fourteen Months Ended August 31, 2006**

	<b>Appropriations (Net After Transfers)</b>	<b>Expenditures Through June 30, 2006</b>	<b>Lapse Period Expenditures July 1 to August 31, 2006</b>	<b>Total Expenditures</b>	<b>Balances Lapsed</b>	<b>Balances Reappropriated July 1</b>
<b>GENERAL REVENUE FUND (PUBLIC ACT 94-0015)</b>						
Personal services	\$ 87,085,200	\$ 87,085,200	\$ -	\$ 87,085,200	\$ -	\$ -
Contributions to Medicare	883,500	883,500	-	883,500	-	-
Contractual services	6,536,800	6,536,800	-	6,536,800	-	-
Travel	163,500	163,500	-	163,500	-	-
Commodities	1,485,300	1,485,300	-	1,485,300	-	-
Awards and grants and matching funds	185,700	185,700	-	185,700	-	-
Equipment and library books	1,316,500	1,182,594	133,906	1,316,500	-	-
Telecommunication services	798,900	798,900	-	798,900	-	-
Automotive	138,500	138,500	-	138,500	-	-
Capital repairs and improvements	1,343,700	1,343,700	-	1,343,700	-	-
CMS health insurance	2,337,300	2,337,300	-	2,337,300	-	-
C.H.A.N.C.E.	<u>700,000</u>	<u>685,980</u>	<u>14,020</u>	<u>700,000</u>	<u>-</u>	<u>-</u>
Total General Revenue Fund	<u>102,974,900</u>	<u>102,826,974</u>	<u>147,926</u>	<u>102,974,900</u>	<u>-</u>	<u>-</u>
<b>STATE COLLEGE AND UNIVERSITY TRUST FUND (PUBLIC ACT 94-0015)</b>						
Scholarship Grant Awards	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
<b>CAPITAL DEVELOPMENT FUND (PUBLIC ACT 94-0015)</b>						
Purchase engineering building equipment	<u>41,550</u>	<u>41,550</u>	<u>-</u>	<u>41,550</u>	<u>-</u>	<u>-</u>
<b>TOTAL APPROPRIATED FUNDS</b>	<u>\$ 103,026,450</u>	<u>\$ 102,878,524</u>	<u>\$ 147,926</u>	<u>\$ 103,026,450</u>	<u>\$ -</u>	<u>\$ -</u>

\* The information contained in this schedule was taken from the University records which have been reconciled to those of the State Comptroller.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,  
LAPSED BALANCES, AND BALANCES REAPPROPRIATED\*  
For the Years Ended June 30, 2006, 2005, and 2004**

	<b>Fiscal Years</b>		
	<u>2006</u> <u>PA94-0015</u>	<u>2005</u> <u>PA 93-0842</u>	<u>2004</u> <u>PA 93-0090</u>
<b>GENERAL REVENUE FUND - 001</b>			
Appropriations (net after transfers)	\$ 102,974,900	\$ 102,274,900	\$ 101,798,900
Expenditures:			
Personal services	87,085,200	87,068,700	89,702,400
Contributions to Medicare	883,500	408,900	408,900
Contractual services	6,536,800	6,536,800	2,592,423
Travel	163,500	163,500	253,540
Commodities	1,485,300	1,976,400	1,394,607
Awards and grants and matching funds	185,700	185,700	165,191
Equipment and library books	1,316,500	1,316,500	925,177
Telecommunications services	798,900	798,900	796,900
Automotive	138,500	138,500	138,500
Capital repairs and improvements	1,343,700	1,343,700	1,118,810
CMS health insurance	2,337,300	2,337,300	2,337,300
C.H.A.N.C.E.	700,000	-	-
Total expenditures	<u>102,974,900</u>	<u>102,274,900</u>	<u>99,833,748</u>
<b>Lapsed balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,152</u>
	<b><u>PA94-0015</u></b>	<b><u>PA 93-0842</u></b>	<b><u>PA 93-0090</u></b>
<b>STATE COLLEGE AND UNIVERSITY TRUST FUND - 417</b>			
Appropriations (net after transfers)	\$ 10,000	\$ 10,100	\$ 10,075
Expenditures - scholarship grant awards	<u>10,000</u>	<u>10,100</u>	<u>10,075</u>
<b>Lapsed balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<b><u>PA94-0015</u></b>	<b><u>PA 93-0842</u></b>	<b><u>PA 93-0587</u></b>
<b>CAPITAL DEVELOPMENT FUND - 141</b>			
Appropriations (net after transfers)	\$ 41,550	\$ 576,114	\$ 586,217
Expenditures:			
Technology infrastructure improvements	-	532,748	10,103
Purchase engineering building equipment	<u>41,550</u>	<u>1,817</u>	<u>-</u>
Total expenditures	<u>41,550</u>	<u>534,565</u>	<u>10,103</u>
<b>Reappropriated July 1</b>	<u>\$ -</u>	<u>\$ 41,549</u>	<u>\$ 576,114</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,  
LAPSED BALANCES, AND BALANCES REAPPROPRIATED\*  
For the Years Ended June 30, 2006, 2005, and 2004**

	<b>Fiscal Years</b>		
	<u>2006</u> <u>PA94-0015</u>	<u>2005</u> <u>PA 93-0842</u>	<u>2004</u> <u>PA 93-0090</u>
<b>GRAND TOTAL - ALL FUNDS</b>			
Appropriations (net after transfers)	\$ 103,026,450	\$ 102,861,114	\$ 102,395,192
Total expenditures	103,026,450	102,819,565	99,853,926
Lapsed balances	-	-	1,965,152
<b>Balances reappropriated July 1</b>	<u>\$ -</u>	<u>\$ 41,549</u>	<u>\$ 576,114</u>

\* The information contained in this schedule was taken from the University records which have been reconciled to those of the State Comptroller.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPARATIVE SCHEDULE OF INCOME FUND  
REVENUES AND EXPENSES  
For the Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>INCOME FUND REVENUES</b>		
Tuition, net of waivers	\$ 90,350,856	\$ 82,937,826
Material fees	5,290,947	5,267,623
Extension	5,025,919	5,136,773
Interest income	1,718,248	808,444
Other	<u>1,053,854</u>	<u>986,354</u>
<b>TOTAL INCOME FUND REVENUES</b>	<u>\$103,439,824</u>	<u>\$ 95,137,020</u>
<b>INCOME FUND EXPENSES</b>		
Personal services	\$ 58,246,785	\$ 52,282,362
FICA/Medicare	1,452,603	1,726,596
Contractual services	20,548,519	15,115,961
Travel	1,084,272	989,173
Commodities	1,971,448	1,250,964
Award/grants and matching funds	2,533,050	2,736,431
Equipment and library books	2,013,070	5,093,530
Telecommunications	1,269,631	479,236
Automotive	185,173	133,417
Capital repairs and permanent improvements	13,088,449	2,445,977
CMS health insurance	1,204,000	1,204,000
Unemployment compensation benefits	<u>28,839</u>	<u>38,344</u>
<b>TOTAL INCOME FUND EXPENSES</b>	<u>\$103,625,839</u>	<u>\$ 83,495,991</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF CHANGES IN CAPITAL ASSETS\*  
For the Years Ended June 30, 2006 and 2005**

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
Land	\$ 18,272,709	\$ 655,156	\$ -	\$ -	\$ 18,927,865	\$ -	\$ -	\$ -	\$ 18,927,865
Land improvements	42,225,611	-	8,755,643	-	50,981,254	-	2,740,123	-	53,721,377
Buildings	365,503,237	3,695,813	27,433,658	178,102	396,454,606	8,094,024	4,818,316	-	409,366,946
Equipment	203,347,646	11,033,917	-	6,347,910	208,033,653	11,764,101	-	6,007,557	213,790,197
Intangible assets	4,266,267	-	-	-	4,266,267	-	-	445,720	3,820,547
Construction in progress	<u>39,933,537</u>	<u>4,801,152</u>	<u>(36,189,301)</u>	<u>355,665</u>	<u>8,189,723</u>	<u>9,889,699</u>	<u>(7,558,439)</u>	<u>340,854</u>	<u>10,180,129</u>
<b>TOTALS</b>	<u>\$ 673,549,007</u>	<u>\$ 20,186,038</u>	<u>\$ -</u>	<u>\$ 6,881,677</u>	<u>\$ 686,853,368</u>	<u>\$ 29,747,824</u>	<u>\$ -</u>	<u>\$ 6,794,131</u>	<u>\$ 709,807,061</u>

\* Information contained in this schedule was taken from University records which have been reconciled to the quarterly reports of fixed assets submitted to the State Comptroller.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPARATIVE SCHEDULE OF CASH AND TEMPORARY  
CASH EQUIVALENTS, AT COST  
(EXCLUDING FOUNDATION AND ALUMNI ASSOCIATION)  
For the Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
<b>CASH ON HAND</b>	\$ 70,000	\$ 90,000
<b>CHECKING ACCOUNTS (1)</b>		
Resource Bank, DeKalb, Illinois	2,427	715
Rock River Bank, Oregon, Illinois	1,000	3,719
National Bank and Trust Co. of Sycamore, Sycamore, Illinois	9,349,721	6,110,206
Northern Trust Company, Chicago, Illinois	72,753	32,351
Castle Bank, DeKalb, Illinois	5,053,478	5,066,694
Compass Bank, Austin, Texas	389	-
US Bank, Springfield, Illinois	200,795	200,474
<b>TEMPORARY CASH INVESTMENTS (1)</b>		
Illinois Funds - U.S. Bank	15,072,230	15,267,541
Repurchase agreements:		
Bank One, Chicago, Illinois:		
Hoffman Estates Debt Reserves Fund and Communications Ducts Reserve Fund	650,170	650,170
Bank One, Chicago, Illinois:		
Hoffman Estates Construction Fund and Communications Ducts Construction Fund	<u>22,000</u>	<u>136,698</u>
	<u>\$ 30,494,963</u>	<u>\$ 27,558,568</u>

(1) These amounts represent the bank balances.

**STATE OF ILLINOIS  
 NORTHERN ILLINOIS UNIVERSITY  
 COMPARATIVE SCHEDULE OF INVESTMENTS, AT COST  
 (EXCLUDING FOUNDATION AND ALUMNI ASSOCIATION)  
 For the Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
U.S. Treasury obligations, U.S. agency obligations, treasury notes and strips, 2.75 to 5.75 percent	\$ 53,360,992	\$ 45,227,682
Commercial paper	<u>6,607,596</u>	<u>6,554,072</u>
	<u>\$ 59,968,588</u>	<u>\$ 51,781,754</u>

Note: Interest rates for June 30, 2006.



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ANALYSIS OF RECEIVABLES AND INVENTORIES  
June 30, 2006 and 2005**

**Receivables**

Reported receivables as of June 30, 2006 and 2005 are summarized below (\$000s):

	<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>
Accounts receivable	\$ 19,846	\$ 17,921
Less allowance for doubtful accounts	<u>(4,223)</u>	<u>(3,872)</u>
<b>Net accounts receivable</b>	<u>\$ 15,623</u>	<u>\$ 14,049</u>
Student loans receivable	\$ 10,157	\$ 10,262
Less allowance for doubtful accounts	<u>(484)</u>	<u>(538)</u>
<b>Net student loans receivable</b>	<u>\$ 9,673</u>	<u>\$ 9,724</u>

Accounts receivable consists primarily of amounts due from students (\$11.0 million and \$9.5 million in 2006 and 2005, respectively) and other agencies (\$8.8 million and \$8.4 million in 2006 and 2005, respectively).

Student loans receivable consists primarily of student loans issued under the federal government's Perkins Loan Program.

The allowance for doubtful accounts results from nonpayment of student tuition and reversals of students' financial aid waivers. Occasionally, a student will complete a semester and subsequently be declared ineligible for financial aid already credited to that student's account. These students frequently will not remain enrolled due to a lack of funds and, thus, a substantial allowance for doubtful accounts is necessary.

The allowance for doubtful accounts relating to student notes is the result of the difficulty of collecting Perkins Loan receivables.

**Inventories**

Reported inventories as of June 30, 2006 and 2005 are summarized below (\$000s):

	<u>June 30,</u>	
	<u>2006</u>	<u>2005</u>
Food	\$ 381	\$ 385
Books	1,707	1,531
Inventories for resale	1,243	1,155
Commodities and supplies	271	250
Other miscellaneous items	<u>27</u>	<u>22</u>
<b>Total</b>	<u>\$ 3,629</u>	<u>\$ 3,343</u>

Inventories are valued at cost (first-in and first-out method) or market, whichever is lower.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES  
For the Years Ended June 30, 2006 and 2005 (In Thousands)**

Following are explanations for significant variances between expenses accounts exceeding \$866,250 and 10%:

	<u>2006</u>	<u>Increase (Decrease)</u>	<u>2005</u>	<u>Percent Change</u>	<u>Comments</u>
Research	\$ 15,941	\$ 1,539	\$ 14,402	10.7%	The increase in research is the impact of the increase in grant funding.
Institutional support	30,718	3,703	27,015	13.7%	The largest component of the increase in institutional support is the impact from service departments.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES  
For the Years Ended June 30, 2006 and 2005 (In Thousands)**

Following are explanations for significant variances between revenue accounts exceeding \$866,250 and 10%:

	<u>2006</u>	<u>Increase (Decrease)</u>	<u>2005</u>	<u>Percent Change</u>	<u>Comments</u>
Sales and service of educational activities	\$ 22,344	\$ 3,417	\$ 18,927	18.1%	The increase in sales and service reflects an increase in activity.
Investment income	3,014	1,282	1,732	74.0%	The increase in investment income reflects the increase in cash and investment balances and an increase in market return.
Capital gifts	5,549	5,199	350	1485.4%	The increase in gifts reflects the Foundation gift of the Barsema Alumni & Visitor Center.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES  
For the Years Ended June 30, 2006 and 2005 (In Thousands)**

Following are explanations for significant variances between account balances exceeding \$866,250 and 10%:

	<u>2006</u>	<u>Increase (Decrease)</u>	<u>2005</u>	<u>Percent Change</u>	<u>Comments</u>
Cash and cash equivalents	\$ 12,073	\$ 4,973	\$ 7,100	70.0%	The overall net increase in cash and investments is impacted by the increase in tuition rates.
Investments and marketable securities	74,010	7,527	66,483	11.3%	The overall net increase in cash and investments is impacted by the increase in tuition rates.
Accounts receivable - net	15,623	1,574	14,049	11.2%	The increase in accounts receivable reflects the impact of increased tuition rates.
Appropriations receivable from state	696	(1,568)	2,264	-69.3%	The decrease in appropriations receivable from the state reflects the timing of payments from the state.
Deferred tuition and fees	8,218	1,279	6,939	18.4%	The increase in deferred tuition reflects the impact of increased tuition rates.
Performance contracts payable	9,392	1,389	8,003	17.4%	The increase in performance contracts payable reflects the issuance of a new performance contract in 2006.
Deferred revenue and grants	8,909	3,713	5,196	71.5%	The increase in deferred revenue reflects the increase in the advanced cash received related to grants.
Notes payable	5,370	(2,931)	8,301	-35.3%	The decrease in notes payable reflects the retirement of notes.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
Year Ended June 30, 2006**

No significant lapse period spending was noted for the General Revenue Fund, the State College and University Trust Fund, or the Capital Development Fund.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM**

**Description of Planning System**

The current activities and future plans of Northern Illinois University are stated in the “2006 Performance Report” document, which is submitted annually to the Illinois Board of Higher Education. The annual “Performance Report” provides each college, university, and higher education agency an opportunity to identify (1) the contributions it is now making and intends to make in the near future toward achieving the goals set forth in *The Illinois Commitment*, (2) the specific results it has already achieved or expects to achieve in the short term, and (3) the specific performance measures for which it will be held accountable in future years.

The report’s main components include current contributions to *The Illinois Commitment* based upon the common-institutional indicators and mission-specific indicators for each of the six goals for higher education, effective practices, and status reports on mission specific indicators.

The central mission of the University is the transmission, expansion, and application of knowledge through teaching, research and artistry, and public service. In fulfilling that mission, Northern Illinois University meets the needs of students for liberal, professional, technical, and lifelong education. Mindful of the changing needs of the society it serves, the University reviews its programs at regular intervals, assesses their quality and their capacity to fulfill their objectives, and expressly commits itself to their continuing development or redirection when appropriate.

The data for the common-institutional indicators show that the University’s alumni are successful in securing employment and pursuing graduate study. Enrollments in teacher preparation programs remain high, and alumni have high pass rates on teacher certification examinations for their respective majors. Financial aid is distributed based on need; students in the lowest quintiles of economic need receive the highest proportion of gift awards. Women and minorities are well represented in the student body at both the undergraduate and graduate levels. Alumni in law and nursing achieve pass rates on their respective licensure examinations at rates higher than national averages. The University’s costs for instruction and operations are within statewide averages. The trend in the six-year graduation rate is positive, with 52 percent of students completing degree requirements within this timeframe. Performance targets for the common-institutional indicators are noted for each of the *Illinois Commitment* goals, and the University is at or making progress toward meeting the targets. The data for the mission-specific indicators show that the trend in alumni employment in Illinois remains high. Alumni are satisfied with time-to-degree and feel well prepared for their present jobs. The University is successful in securing external funding for contracts and grants, with more than 75 percent of applications funded at a current level of \$60.7 million. The University remains an affordable choice for students and continues to attract transfer students from Illinois community colleges and meets the needs of students by offering degree programs at regional sites.

The University’s additional contributions to the goals of *The Illinois Commitment* are extensive services provided to Illinois citizens through the University’s centers and clinics, the preparation of health professionals and health educators, strategies to promote full-time enrollment for undergraduate students, deferred maintenance projects, and the internal reallocation of resources.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM**

**Description of Planning System (Continued)**

Effective practices that address goals of *The Illinois Commitment* exemplify several of the significant initiatives in which the University is engaged to advance its mission of engagement in the northern Illinois region and to address its diversity goals. The creation of the Certificate of Graduate Study in Museum Studies contributes to the region's economic development. Establishment of P-20 Partnerships, such as the REAL (Rockford Educational Alliance) Experience, enhance student achievement and encourage high school students to begin thinking about attending college. The Access to Courses and Careers through Educational Support Services (ACCESS)/Peer Assisted Learning (PAL) Tutoring Center increases student retention and academic success through a coordinated University-wide set of support and tutoring services. The Public Library Works Progress Administration Mural Restoration Grant project assisted graduate students with the development of grant writing skills and contributed to the preservation of an important work of public art. The introduction of gas/electric hybrid vehicles into the University's fleet supports the goals of lowering costs, becoming more environmentally friendly, and reducing fuel consumption.

For each of the goals of *The Illinois Commitment*, the University's plans for fiscal year 2007 include:

*Goal 1:* Higher education will help Illinois business and industry sustain strong economic growth.

- Develop initiatives to improve instructional capacity.
- Recruit and retain a highly qualified, diverse faculty.
- Address regional needs for economic development through research, technology, commercialization, and outreach initiatives.

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

- Maintain enrollments in its teacher preparation programs.
- Maintain strong pass rates in all areas of teacher certification.

*Goal 3:* No Illinois citizen will be denied an opportunity for a college education because of financial need.

- Revise goals related to affordability to adjust for the Truth-in-Tuition program and changes in indicators by the Illinois Board of Higher Education.
- Continue to serve transfer students and maintain the levels of transfer students admitted.

*Goal 4:* Illinois will increase the number and diversity of citizens completing training and education programs.

- Sustain degree-completion levels of undergraduate students from underrepresented groups.
- Maintain the proportion of women and men at baccalaureate and post-baccalaureate levels.
- Maintain off-campus credit hours at approximately 6 percent of the University's total credit hour production.
- Maintain the level of dually admitted students at 2 percent of all undergraduates.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM**

**Description of Planning System (Continued)**

*Goal 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 ever higher expectations for learning and growth.

- Monitor data from alumni regarding preparation for employment and ability to think critically.
- Expand the use of *Train and Assess IT* within the College of Business.
- Enhance senior design projects within the College of Engineering and Engineering Technology.
- Implement plans to address areas identified as in greatest need of improvement in the Teacher Certification programs.
- Continue to consistently achieve pass rates at or above national averages for licensure examinations for law and nursing.

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

- Continue to increase the use of gas/electric hybrid vehicles in the University's automotive fleet.
- Complete searches for two tenure-track positions in the Colleges of Business and Liberal Arts and Sciences.
- Conduct searches for eight additional tenure-track positions.
- Maintain costs of instruction near the statewide average.
- Achieve administrative and support costs near the statewide average.
- Meet or exceed graduation rates predicted by *U.S. News and World Reports*.
- Maintain undergraduate tuition rates consistent with other Illinois doctoral institutions' average.

**Auditor's Assessment of the Planning System**

A planning process exists at Northern Illinois University both at the department and the University-wide level. The University has established written long-term and short-term goals in its planning process. Each fiscal year, new goals and objectives are developed and the University is held accountable on its progress in the next fiscal year. Implementation of the University goals and objectives is dependent upon the level of funding received from the State. The University's planning process has been designed and implemented to meet the needs of the University and the requirements of the State.

**Location, Address, and Head of the University**

John G. Peters, President  
Northern Illinois University  
DeKalb, Illinois 60115



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPARATIVE EMPLOYMENT STATISTICS\*  
Years Ended June 30, 2006 and 2005**

(Unaudited)

	<u>Instructional Activities</u>	<u>Organized Research</u>	<u>Public Service</u>	<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>
Year ended June 30, 2006:									
Appropriated funds:									
Facility/administrative	1,270.2	43.4	28.0	136.0	87.8	74.6	6.2	-	1,646.2
Civil service	287.9	2.7	24.9	146.8	52.8	173.6	214.6	-	903.3
Student employees	43.6	0.5	0.3	31.2	17.6	5.0	8.7	-	106.9
Miscellaneous contracts	13.1	-	0.7	6.3	5.1	5.7	10.1	-	41.0
	<u>1,614.8</u>	<u>46.6</u>	<u>53.9</u>	<u>320.3</u>	<u>163.3</u>	<u>258.9</u>	<u>239.6</u>	<u>-</u>	<u>2,697.4</u>
Nonappropriated funds:									
Facility/administrative	58.9	127.4	168.6	28.4	100.1	7.0	0.9	49.9	541.2
Civil service	10.4	13.9	27.1	19.4	71.3	44.7	25.3	338.0	550.1
Student employees	38.9	21.5	18.3	14.6	137.4	0.9	1.7	193.0	426.3
Miscellaneous contracts	5.2	15.9	19.7	5.6	7.0	1.3	1.1	50.6	106.4
	<u>113.4</u>	<u>178.7</u>	<u>233.7</u>	<u>68.0</u>	<u>315.8</u>	<u>53.9</u>	<u>29.0</u>	<u>631.5</u>	<u>1,624.0</u>
<b>TOTAL ALL FUNDS</b>	<u>1,728.2</u>	<u>225.3</u>	<u>287.6</u>	<u>388.3</u>	<u>479.1</u>	<u>312.8</u>	<u>268.6</u>	<u>631.5</u>	<u>4,321.4</u>
Year ended June 30, 2005:									
Appropriated funds:									
Facility/administrative	1,265.4	43.3	33.0	122.4	96.7	75.2	5.5	-	1,641.5
Civil service	287.0	2.7	29.4	156.7	50.8	168.8	211.9	-	907.3
Student employees	37.3	0.6	3.4	28.4	19.1	4.0	7.0	-	99.8
Miscellaneous contracts	9.9	-	0.6	3.9	4.4	3.2	14.2	-	36.2
	<u>1,599.6</u>	<u>46.6</u>	<u>66.4</u>	<u>311.4</u>	<u>171.0</u>	<u>251.2</u>	<u>238.6</u>	<u>-</u>	<u>2,684.8</u>
Nonappropriated funds:									
Facility/administrative	65.8	140.2	133.2	28.3	92.9	7.9	1.4	50.2	519.9
Civil service	9.9	12.3	24.7	21.4	68.3	40.8	37.3	332.9	547.6
Student employees	48.7	19.7	25.5	6.8	119.5	1.5	2.1	191.3	415.1
Miscellaneous contracts	4.9	16.9	15.6	6.2	7.2	0.3	1.1	43.7	95.9
	<u>129.3</u>	<u>189.1</u>	<u>199.0</u>	<u>62.7</u>	<u>287.9</u>	<u>50.5</u>	<u>41.9</u>	<u>618.1</u>	<u>1,578.5</u>
<b>TOTAL ALL FUNDS</b>	<u>1,728.9</u>	<u>235.7</u>	<u>265.4</u>	<u>374.1</u>	<u>458.9</u>	<u>301.7</u>	<u>280.5</u>	<u>618.1</u>	<u>4,263.3</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:

1 full-time employee employed 12 months of fiscal year counts 1 staff year.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
EMERGENCY PURCHASES  
June 30, 2006**

Following is a list of emergency purchase affidavits filed by the University with the Office of the Auditor General during the year:

- Network Hardware Resale - Actual Cost: \$37,500
- Molecular Devices - Actual Cost: \$41,820

Emergency/quick purchases were required due to situations in which items available on the spot market or at discounted prices were available for a limited time such that sound business judgment mandated a purchase immediately to take advantage of the availability and price.

- Curran Construction Company - Actual Cost: \$65,000

NIU purchased labor and materials to repair the bus turnaround as deterioration of the pavement was putting stress on utility lines, including natural gas lines, under it. The emergency/quick purchase was required because of a life/safety issue and to prevent disruption of University services.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ILLINOIS FIRST PROJECTS  
June 30, 2006**

(Unaudited)

Following is a list of Illinois FIRST grants received by the University outstanding as of June 30, 2006:

Grant Award No.:	01-128106
Grant Amount:	\$7,800,000
Grant Period:	January 1, 2002 through December 31, 2007
Grant Purpose:	All costs associated with the Chiller Project.
Grant Description:	Grant funds will be used for the construction of a chilled water plant including chillers, cooling towers, chilled water piping to campus buildings, pumps for water distribution, and controls necessary to run all equipment.
Amount Expended:	\$1,271,872 (as of June 30, 2006)
Grant Award No.:	01-128119
Grant Amount:	\$500,000
Grant Period:	January 1, 2003 through December 31, 2006
Grant Purpose:	Zeke Giorgi New Scholar Initiatives
Grant Description:	Grant funds will be used to develop new law scholar related initiatives designed to expand the opportunity for diverse and qualified students committed to public interest, service, and providing quality representation to attend and excel at the College of Law.
Amount Expended:	\$500,000 (as of June 30, 2006)
Grant Award No.:	02-120242
Grant Amount:	\$4,800,000
Grant Period:	November 1, 2001 through October 31, 2007
Grant Purpose:	Costs associated with the renovation, rehabilitation, and reconstruction of Altgeld Hall.
Grant Description:	Grant funds will be used for the renovation of Altgeld Hall which is the original campus building and serves as the major campus landmark. Renovations will include replacement of all mechanical systems, structural reinforcement and replacement, and life safety code compliance.
Amount Expended:	\$3,538,858 (as of June 30, 2006)

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ILLINOIS FIRST PROJECTS  
June 30, 2006**

(Unaudited)

Grant Award No.: 03-121453  
Grant Amount: \$1,000,000  
Grant Period: January 1, 2003 through June 30, 2008, check from IDCEO received October 7, 2005  
Grant Purpose: Illinois Research Park Authority  
Grant Description: Funding will be used to create, expand, and improve a state-wide network of research parks, mostly located in collaboration with Illinois universities and federal research facilities. This will advance necessary research and commercializing of the technologies, while creating new businesses to market these new products. The result will be the creation of new jobs and the creation of capital investment in the state.  
Amount Expended: \$-0- (as of June 30, 2006)

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPARATIVE SCHEDULE OF UNRESTRICTED CURRENT FUND  
GENERAL EXPENDITURES PER FULL-TIME EQUIVALENT STUDENT  
AS REPORTED TO THE BOARD OF HIGHER EDUCATION\*  
(Key Service Efforts and Accomplishments)**

(Unaudited)

	<b>For the Year Ended June 30,</b>			
	<b>2005</b>		<b>2004</b>	
	<b>Total Costs</b>	<b>Total Costs Per Full-Time Equivalent</b>	<b>Total Costs</b>	<b>Total Costs Per Full-time Equivalent</b>
Direct salary	\$ 47,114,313	\$ 1,043	\$ 45,431,087	\$ 1,008
Indirect instruction	4,761,871	105	4,837,054	107
Departmental research	7,494,483	166	8,019,363	178
Departmental overheads	23,916,134	529	21,777,959	483
College or school overheads	<u>12,797,163</u>	<u>283</u>	<u>12,693,882</u>	<u>282</u>
Subtotal of department and college costs	96,083,964	2,126	92,759,345	2,058
Overhead support unique to a function	12,394,915	274	11,733,449	260
All other academic support	15,023,668	333	13,812,878	307
Student services	5,813,332	129	6,028,352	134
Institutional support	<u>28,441,919</u>	<u>630</u>	<u>27,329,686</u>	<u>607</u>
Subtotal of department and college costs with University overheads	157,757,798	3,492	151,663,710	3,366
Operation and maintenance of physical plant	<u>19,440,111</u>	<u>430</u>	<u>18,296,402</u>	<u>406</u>
<b>TOTAL OF ALL COSTS</b>	<u>\$ 177,197,909</u>	<u>\$ 3,922</u>	<u>\$ 169,960,112</u>	<u>\$ 3,772</u>

\* Cost information for the year ended June 30, 2006 not yet available.

**STATE OF ILLINOIS**  
**NORTHERN ILLINOIS UNIVERSITY**  
**RATIO OF FEDERAL EXPENDITURES TO TOTAL EXPENDITURES**  
**For the Year Ended June 30, 2006**  
**(Accrual Basis)**  
**(Expressed in Thousands)**

	<u>Amount</u>	<u>Percent</u>
Federal funds expended	\$ 36,158	8.6%
Nonfederal funds expended	<u>384,642</u>	<u>91.4</u>
<b>TOTAL EXPENSES (1)</b>	<b><u>\$ 420,800</u></b>	<b><u>100.0%</u></b>

(1) Amount represents total expenses per the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2006.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMPARATIVE ENROLLMENT STATISTICS\*  
June 30, 2006**

(Unaudited)

	<b>Semesters</b>					
	<b><u>Summer 2005</u></b>	<b><u>Fall 2005</u></b>	<b><u>Spring 2006</u></b>	<b><u>Summer 2004</u></b>	<b><u>Fall 2004</u></b>	<b><u>Spring 2005</u></b>
On-Campus:						
Undergraduate	2,516	16,606	15,278	2,746	16,177	14,848
Graduate	1,946	2,319	2,304	2,002	2,361	2,316
Professional	<u>26</u>	<u>415</u>	<u>396</u>	<u>41</u>	<u>400</u>	<u>385</u>
Subtotal	<u>4,488</u>	<u>19,340</u>	<u>17,978</u>	<u>4,789</u>	<u>18,938</u>	<u>17,549</u>
Off-Campus:						
Undergraduate	219	162	179	130	161	203
Graduate	<u>1,351</u>	<u>758</u>	<u>698</u>	<u>1,769</u>	<u>758</u>	<u>752</u>
Subtotal	<u>1,570</u>	<u>920</u>	<u>877</u>	<u>1,899</u>	<u>919</u>	<u>955</u>
<b>TOTAL</b>	<u><u>6,058</u></u>	<u><u>20,260</u></u>	<u><u>18,855</u></u>	<u><u>6,688</u></u>	<u><u>19,857</u></u>	<u><u>18,504</u></u>

Note: All full-time equivalents are computed as follows:

Fall and Spring semesters:

$$\text{Undergraduate full-time equivalent} = \frac{\text{Credit hours}}{15.00}$$

$$\text{Graduate full-time equivalent} = \frac{\text{Credit hours}}{12.00}$$

$$\text{Professional full-time equivalent} = \frac{\text{Credit hours}}{12.00}$$

Summer sessions:

$$\text{Undergraduate full-time equivalent} = \frac{\text{Credit hours}}{7.50}$$

$$\text{Graduate full-time equivalent} = \frac{\text{Credit hours}}{6.00}$$

\* Provided by Office of Budget and Planning based on beginning of semester count for Fall and Spring semesters and end of the semester count for Summer.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SCHEDULE OF TUITION AND FEE WAIVERS  
For the Year Ended June 30, 2006  
(In Thousands)**

(Unaudited)

	<u>Tuition Waivers</u>			<u>Fee Waivers</u>		
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
Mandatory waivers:						
Teacher/special education	\$ 269.7	\$ 105.9	\$ 375.6	\$ 81.3	\$ 52.0	\$ 133.3
General Assembly	549.4	64.8	614.2	8.1	1.6	9.7
ROTC	161.2	-	161.2	2.7	-	2.7
DCFS	92.0	-	92.0	30.8	-	30.8
Children of employees	398.4	-	398.4	-	-	-
Senior citizens	1.7	2.9	4.6	-	-	-
Veterans grants and scholarships	549.4	168.2	717.6	158.0	69.1	227.1
Discretionary waivers:						
Faculty/administrative	13.9	241.6	255.5	6.9	83.4	90.3
Civil service	97.8	102.6	200.4	42.2	35.6	77.8
Children of employees	-	-	-	-	-	-
Academic/other talent	1,479.9	2,462.7	3,942.6	-	-	-
Athletic	503.8	-	503.8	-	-	-
Gender equity in intercollegiate athletics	649.0	-	649.0	-	-	-
Foreign students	-	54.6	54.6	-	-	-
Cooperating professionals	7.2	1,006.2	1,013.4	-	-	-
Graduate assistants	27.3	8,212.9	8,240.2	-	-	-
All other:						
Interinstitutional/related agencies	.6	11.0	11.6	-	-	-
Retired University employees	-	9.8	9.8	-	3.7	3.7
Children of deceased employees	8.0	-	8.0	3.2	-	3.2
Student need - financial aid	156.8	-	156.8	-	-	-
Student need - special programs	-	52.1	52.1	-	-	-
Fellowships	-	197.4	197.4	-	-	-
Contract/training grants	-	240.2	240.2	-	-	-
<b>TOTAL</b>	<b><u>\$ 4,966.1</u></b>	<b><u>\$ 12,932.9</u></b>	<b><u>\$ 17,899.0</u></b>	<b><u>\$ 333.2</u></b>	<b><u>\$ 245.4</u></b>	<b><u>\$ 578.6</u></b>



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
DEBT FINANCED BY UNIVERSITY-RELATED ORGANIZATION  
Year Ended June 30, 2006**

The Northern Illinois University Foundation has obtained a loan in connection with the construction of the Barsema Alumni & Visitors Center. At June 30, 2006, the outstanding balance on the loan was \$1,410,319. The note calls for interest at prime less .75 percent and is due January 21, 2012. Assignment of existing and future donor pledges secure this note.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
ACQUISITION OF REAL ESTATE COSTING IN EXCESS OF  
\$250,000 AND NOT FUNDED BY A SEPARATE APPROPRIATION  
Year Ended June 30, 2006**

None

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
BOOKSTORE OPERATIONS  
Year Ended June 30, 2006**

Contracted/rents to students/University operated	University operated
Contractor	N/A
Contract term	N/A
Amount of gross sales for Bookstore in FY 05	\$6,083,000
Amount (if any) to be paid to Bookstore for FY 05 by University	N/A
Commissions	N/A
Commission terms	N/A
Given exclusive rights	No
Competition/"other" nearby/on-campus bookstores	Yes

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
OTHER ENTITIES  
CONDENSED FINANCIAL INFORMATION  
June 30, 2006**

**BALANCE SHEET**

	<b>Continuing Education Contract Courses</b>	<b>Continuing Education and Public Service</b>	<b>Sales and Services of Educational Activities</b>	<b>Student Programs and Services</b>	<b>Field Trips and Foreign Study Activities</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,591,619	\$ 3,959,520	\$ 3,320,829	\$ 5,715,343	\$ 18,322
Other assets	<u>62,627</u>	<u>1,161,654</u>	<u>583,144</u>	<u>893,149</u>	<u>41,693</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,654,246</u>	<u>\$ 5,121,174</u>	<u>\$ 3,903,973</u>	<u>\$ 6,608,492</u>	<u>\$ 60,015</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 68,930	\$ 260,017	\$ 744,398	\$ 168,620	\$ 1,301
Deferred income	<u>152,434</u>	<u>632,247</u>	<u>127,552</u>	<u>1,197,201</u>	<u>-</u>
Total liabilities	221,364	892,264	871,950	1,365,821	1,301
<b>FUND BALANCES</b>	<u>2,432,882</u>	<u>4,228,910</u>	<u>3,032,023</u>	<u>5,242,671</u>	<u>58,714</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,654,246</u>	<u>\$ 5,121,174</u>	<u>\$ 3,903,973</u>	<u>\$ 6,608,492</u>	<u>\$ 60,015</u>

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**

<b>BEGINNING FUND BALANCES</b>	\$ 2,183,372	\$ 4,204,810	\$ 2,719,324	\$ 4,244,740	\$ 254,112
Revenues	2,868,048	12,573,540	7,823,323	20,606,291	1,900
Expenditures	(2,595,668)	(12,943,338)	(7,550,851)	(19,437,774)	(132)
Transfers	<u>(22,870)</u>	<u>393,898</u>	<u>40,227</u>	<u>(170,586)</u>	<u>(197,166)</u>
<b>ENDING FUND BALANCES</b>	<u>\$ 2,432,882</u>	<u>\$ 4,228,910</u>	<u>\$ 3,032,023</u>	<u>\$ 5,242,671</u>	<u>\$ 58,714</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
AUXILIARY ENTERPRISES - REVENUE BOND FUNDS  
CONDENSED FINANCIAL INFORMATION  
June 30, 2006**

**BALANCE SHEET**

	<b><u>Residence Halls</u></b>	<b><u>Student Services</u></b>	<b><u>Recreation Facilities</u></b>	<b><u>Parking</u></b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ (28,800,560)	\$ (1,105,260)	\$ 402,094	\$ 41,316
Accounts receivable	3,628,700	389,454	1,021	16
Inventories	729,751	1,720,699	-	-
Other assets	<u>214,011,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$189,569,103</u></b>	<b><u>\$ 1,004,893</u></b>	<b><u>\$ 403,115</u></b>	<b><u>\$ 41,332</u></b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 2,907,250	\$ 258,568	\$ 22,922	\$ 29,856
Deferred income	<u>598,530</u>	<u>204,868</u>	<u>233,821</u>	<u>-</u>
Total liabilities	3,505,780	463,436	256,743	29,856
<b>FUND BALANCES</b>	<b><u>186,063,323</u></b>	<b><u>541,457</u></b>	<b><u>146,372</u></b>	<b><u>11,476</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$189,569,103</u></b>	<b><u>\$ 1,004,893</u></b>	<b><u>\$ 403,115</u></b>	<b><u>\$ 41,332</u></b>

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES**

<b>BEGINNING FUND BALANCES</b>	\$ 176,774,592	\$ 541,457	\$ 128,997	\$ 11,476
Revenues	49,927,406	14,164,518	6,022,282	2,228,952
Expenditures	<u>(40,638,675)</u>	<u>(14,164,518)</u>	<u>(6,004,907)</u>	<u>(2,228,952)</u>
<b>ENDING FUND BALANCES</b>	<b><u>\$186,063,323</u></b>	<b><u>\$ 541,457</u></b>	<b><u>\$ 146,372</u></b>	<b><u>\$ 11,476</u></b>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
AUXILIARY ENTERPRISES - REVENUE BOND FUNDS  
SCHEDULE OF INDENTURED CAPITAL RESERVES  
For the Year Ended June 30, 2006**

Replacement cost of buildings	\$ 487,069,243
Replacement cost of equipment	<u>42,816,617</u>
<b>TOTAL REPLACEMENT COST OF BUILDINGS AND EQUIPMENT</b>	<b><u>\$ 529,885,860</u></b>
Allowable indentured capital reserves - 5 percent of total replacement cost of buildings and equipment	\$ 26,494,293
Less actual indentured capital reserve at June 30	<u>6,682,159</u>
<b>MARGIN OF COMPLIANCE</b>	<b><u>\$ 19,812,134</u></b>

Note: Replacement costs shown above were calculated based on provisions of the University Guidelines 1982, as amended in 1997, and the bond indenture, using the original cost of the facilities adjusted for the change in the building cost index as reported in the "Engineering News Record."

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
INDIRECT COST SUPPORT  
SOURCES AND APPLICATION OF INDIRECT COST RECOVERIES  
For the Year Ended June 30, 2006**

<b>BALANCE AT BEGINNING OF YEAR</b>	<u>\$ 1,126,197</u>
 <b>SOURCES</b>	
Federal and state grants and contracts	<u>4,017,809</u>
 <b>APPLICATIONS</b>	
Research	1,165,187
Instruction	45,207
Public service	(54,503)
Academic support	713,672
Student services	20,899
Operation and maintenance of plant	680,480
Institutional support	<u>421,141</u>
Total applications	<u>2,992,083</u>
 <b>TRANSFERS</b>	
	<u>(422,977)</u>
Net increase	<u>602,749</u>
 <b>BALANCE AT END OF YEAR</b>	 <u>\$ 1,728,946</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
CALCULATION SHEET FOR INDIRECT COST  
SUPPORT CARRYFORWARD  
June 30, 2006**

1. Cash and cash equivalents balance:

Enter the June 30 indirect cost entity balance for  
cash and cash equivalents:

Add:

Cash and cash equivalents

\$ 1,869,489

2. Allocated reimbursements:

Enter the total indirect cost reimbursements allocated  
for expenditure for the fiscal year completed:

\$4,999,349. Enter 30 percent of this amount.

1,499,805

3. Unallocated reimbursements:

Enter the lesser of the actual unallocated indirect cost  
reimbursements for the year completed OR 10  
percent of total indirect cost allocations for the  
year completed.

422,523

4. Encumbrances and current liabilities paid in the lapse period:

Enter the amount of:

Current liabilities

143,223

Encumbrances

-

Total

143,223

Indirect cost carryforward:

Enter the total of Items 2, 3, and 4

2,065,551

Subtract from Item 1

(196,062)

If a positive number results, enter here and remit for  
deposit in the Income Fund

\$ -



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
OTHER ENTITIES  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006**

	<u>Continuing Education Contract Courses</u>	<u>Continuing Education and Public Service</u>	<u>Sales and Services of Educational Activities</u>	<u>Student Programs and Services</u>	<u>Field Trips and Foreign Study Activities</u>
1. Current available funds:					
Add:					
Cash	\$ 2,591,619	\$ 3,959,520	\$ 3,320,829	\$ 5,715,343	\$ 18,322
Total current available funds	A. <u>2,591,619</u>	<u>3,959,520</u>	<u>3,320,829</u>	<u>5,715,343</u>	<u>18,322</u>
2. Working capital allowance:					
Add:					
Highest month's expenditures	1,933,795	6,101,146	1,397,034	7,068,219	195,652
Encumbrances and current liabilities paid in lapse period	68,930	260,017	744,398	168,620	1,301
Deferred income	<u>152,434</u>	<u>632,247</u>	<u>127,552</u>	<u>1,197,201</u>	<u>-</u>
Working capital allowance	B. <u>2,155,159</u>	<u>6,993,410</u>	<u>2,268,984</u>	<u>8,434,040</u>	<u>196,953</u>
3. Current excess funds:					
Deduct B from A and enter here.	C. 436,460	(3,033,890)	1,051,845	(2,718,697)	(178,631)
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. <u>(875,650)</u>	<u>-</u>	<u>(1,689,018)</u>	<u>-</u>	<u>-</u>
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<u>\$ (439,190)</u>	<u>\$ (3,033,890)</u>	<u>\$ (637,173)</u>	<u>\$ (2,718,697)</u>	<u>\$ (178,631)</u>
<b>Excess Funds Offset</b>					
Buildings	<u>\$ -</u>		<u>\$ -</u>		
Equipment	<u>\$ 4,378,250</u>		<u>\$ 8,445,088</u>		
Maximum - 5 percent for buildings	\$ -		\$ -		
Maximum - 20 percent for equipment	<u>875,650</u>		<u>1,689,018</u>		
<b>Total excess funds offset</b>	<u>\$ 875,650</u>		<u>\$ 1,689,018</u>		

Note: Assets subject to the excess fund calculation are recorded in the University Plant Fund. Separate ledgers are maintained detailing the composition and source of these assets for the excess fund calculation.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SERVICE DEPARTMENTS  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006**

1. Current available funds:

Add:

Cash and cash equivalents \$ 2,496,575

Total current available funds A. 2,496,575

2. Working capital allowance:

Add:

Highest month's expenditures 5,162,831

Encumbrances and current liabilities paid  
in lapse period 102,192

Working capital allowance B. 5,265,023

3. Current excess funds:

Deduct B from A and enter here C. (2,768,448)

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. \_\_\_\_\_ -

Enter the algebraic sum of C and D and remit  
the amount due, if any, for deposit in the  
Income Fund. \$ (2,768,448)

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
AUXILIARY ENTERPRISES - REVENUE BOND FUNDS  
CALCULATION SHEET FOR CURRENT EXCESS FUNDS  
June 30, 2006**

	<u>Residence Halls</u>	<u>Student Services</u>	<u>Recreation Facilities</u>	<u>Parking</u>
1. Current available funds:				
Add:				
Cash	\$ (28,800,560)	\$ (1,105,260)	\$ 402,094	\$ 41,316
Total current available funds	A. <u>(28,800,560)</u>	<u>(1,105,260)</u>	<u>402,094</u>	<u>41,316</u>
2. Working capital allowance:				
Add:				
Highest month's expenditures	45,658,444	6,590,970	5,120,868	629,657
Encumbrances and current liabilities paid in lapse period	2,907,250	258,568	22,922	29,856
Deferred income	<u>598,530</u>	<u>204,868</u>	<u>233,821</u>	<u>-</u>
Working capital allowance	B. <u>49,164,224</u>	<u>7,054,406</u>	<u>5,377,611</u>	<u>659,513</u>
3. Current excess funds:				
Deduct B from A and enter here.	C. <u>\$ (77,964,784)</u>	<u>\$ (8,159,666)</u>	<u>\$ (4,975,517)</u>	<u>\$ (618,197)</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
DESCRIPTION OF ACCOUNTING ENTITIES  
June 30, 2006**

A listing of the University's auxiliary enterprise accounting entities, their purpose, and their sources of revenue as of June 30, 2006 is provided below:

**AUXILIARY ENTERPRISES**

**Revenue Bond Funds**

This entity represents all of the activity of the Auxiliary Enterprises Revenue Bond Funds. This includes the student residence halls, student center, recreational facilities, and campus parking. Construction of each of these facilities was either fully or partially funded through the issuance of revenue bonds. The primary sources of revenue include room and board income, student fees, bookstore sales, food service operations, parking fee and fines, and investment income.

**Auxiliary Business Operations**

This entity consists of auxiliary services primarily supported by student fees. The sub-entities are:

Lorado Taft - The purpose of this account is to support the operations of the Lorado Taft dormitory and food service. Income is from food sales, dorm rentals, conference fees, and facility use fees.

Student Contract Busing - This is the student campus bus operation. Income is from student fees.

University Health Service - The Health Service provides clinic-type services to University students. It is supported from student fees.

**SERVICE DEPARTMENTS**

This group of accounts provides service 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.

**INDIRECT COST SUPPORT**

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

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
DESCRIPTION OF ACCOUNTING ENTITIES  
June 30, 2006**

**OTHER ENTITIES**

**Continuing Education Contract Courses**

These activities are established to provide credit courses to individuals and groups external to the institution. Revenues are mainly from tuition for the courses.

**Continuing Education and Public Service**

These activities are established primarily to provide noncredit services to individuals and groups external to the institution. These activities include community service programs and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar noninstructional 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. Revenues are from services or 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 Student Association.

In addition to the intercollegiate athletics program, the funds sponsor a variety of student functions, including speakers, acquisition of art objects, artist series, legal assistance, orientation, and grant-in-aid.

**Field Trips and Foreign Study Activities**

These activities are the 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  
NORTHERN ILLINOIS UNIVERSITY  
COMMENTS ON CERTAIN MATTERS REGARDING AUXILIARY  
ENTERPRISES, ACTIVITIES, AND ACCOUNTING ENTITIES,  
AND TUITION, CHARGES, AND FEES  
June 30, 2006**

**AUXILIARY ENTERPRISES, ACTIVITIES, AND ACCOUNTING ENTITIES**

1. All employer contributions, except for certain restricted federal funds, to the University retirement system are made from the General Revenue Fund appropriation to the State Universities Retirement System for this purpose. Accordingly, the portion of the retirement contribution attributable to employees in auxiliary enterprise operations is paid from appropriated funds and amounted to approximately \$875,670 and \$1,405,585 for the years ended June 30, 2006 and June 30, 2005, respectively.
2. The University's governing board has established no noninstructional facilities (development) reserves.

**TUITION, CHARGES, AND FEES**

Northern Illinois University does not have statutory authority to divert and is not diverting tuition to auxiliary enterprise operations.

**BOND INDENTURE FUNDING REQUIREMENTS**

	<b>Required as of June 30, 2006</b>		<b>Amount of Cash, Investments, and Accrued Interest at June 30, 2006</b>
	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>	
Repair and replacement reserve	<u>\$ 1,015,703</u>	<u>\$ 26,494,293</u>	<u>\$ 6,682,159</u>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
COMMENTS ON CERTAIN MATTERS REGARDING  
UNIVERSITY-RELATED ORGANIZATIONS  
AND OTHER MATTERS  
June 30, 2006**

1. Northern Illinois University Foundation and Northern Illinois University Alumni Association are recognized by Northern Illinois University as related organizations.
2. There are no organizations considered by the University to be independent organizations as defined in Section VII of University Guidelines 1982, as amended in 1997.

**Comment on Other Topic**

1. Income from investments of pooled funds is allocated and credited monthly to the original sources of the funds based on their respective cash balances.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SUMMARY OF FOUNDATION PAYMENTS TO THE UNIVERSITY  
For the Year Ended June 30, 2006**

During fiscal year 2006, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University paid \$523,074 for fundraising services. Additionally, the University provided services to the Foundation valued at \$1,126,830. As required by the contract, the Foundation fully repaid the University for the services provided, using funds considered unrestricted for purpose of the University Guidelines computations.

Presented below is a summary of all funds that the Foundation gave to the University in 2006:

Funds considered unrestricted for purposes of the Guidelines computations:	
Totally unrestricted - administrative services	\$ 1,126,830
Restricted only as to campus, college, or department and generally available for ongoing University operations:	
Support for University programs and departments	2,055,956
Administrative and office expense	985,613
Provided for library books, equipment, and property and improvements	<u>7,274,936</u>
Total funds considered unrestricted	<u>11,443,335</u>
Funds considered restricted for purposes of the Guidelines computations:	
Provided for scholarships and awards	725,752
Provided for library books, equipment, and property and improvements	2,511,990
Other restricted funds provided to the University:	
Restricted Fund	675,575
Endowment Fund	<u>286,307</u>
Total funds considered restricted	<u>4,199,624</u>
<b>Total funds provided to the University by the Foundation</b>	<b><u>\$ 15,642,959</u></b>



**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
SUMMARY OF ALUMNI ASSOCIATION PAYMENTS TO THE UNIVERSITY  
For the Year Ended June 30, 2006**

In accordance with a memorandum of understanding between the University and the Alumni Association with regard to funding staffing costs in the alumni relations area, the Alumni Association contributed \$40,241 during 2006.

Presented below is a summary of all funds that the Association gave to the University during 2006:

Funds considered unrestricted for purposes of the Guidelines computations:	
Restricted only as to campus, college, or department and generally available for ongoing University operations:	
Support of University programs and departments	<u>\$ 266,925</u>
Total funds considered unrestricted	<u>266,925</u>
Funds considered restricted for purposes of the Guidelines computations:	
Endowment Fund	<u>46,000</u>
Total funds considered restricted	<u>46,000</u>
<b>Total funds provided to the University by the Association</b>	<b><u>\$ 312,925</u></b>

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
AUXILIARY ENTERPRISES - REVENUE BOND FUNDS -  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
For the Year Ended June 30, 2006**

**REVENUES**

Food and other merchandise sales	\$ 26,125,646
Room and other rentals	27,824,908
Parking revenue	2,331,855
Student fees	13,399,935
Interest in investments	1,681,228
Other revenues	<u>6,920,759</u>
Total revenues	<u>78,284,331</u>

**EXPENSES**

Cost of food and other merchandise sales	12,118,736
Personal services	17,997,366
Student services	3,286,722
Counseling room and board	1,223,708
Employee meals furnished	145,659
Insurance	245,172
Laundry	78,345
General and administrative	10,556,698
Repairs and other services	8,334,789
Telephone service - student rooms	854,098
Utilities	6,000,735
Depreciation	<u>4,973,381</u>
Total expenses	<u>65,815,409</u>

**INCREASE IN NET ASSETS** \$ 12,468,922

**STATE OF ILLINOIS  
 NORTHERN ILLINOIS UNIVERSITY  
 AUXILIARY ENTERPRISES - REVENUE BOND FUNDS -  
 OCCUPANCY REPORT OF RESIDENCE HALLS  
 For the Year Ended June 30, 2006**

(Unaudited)

	<u>Design Capacity</u>	<u>Fall Semester Occupancy</u>	<u>Spring Semester Occupancy</u>	<u>Average Occupancy</u>	<u>Room and Board Rate</u>
Neptune Complex	1,117	1,063	986	1,025	\$ 6,356
Lincoln Hall	966	946	895	921	\$ 6,284
Douglas Hall	1,000	987	917	952	\$ 6,284
Grant Towers	1,789	1,770	1,701	1,736	\$ 6,344
Stevenson Towers	<u>1,280</u>	<u>1,209</u>	<u>1,130</u>	<u>1,170</u>	\$ 6,978
<b>TOTAL RESIDENCE HALLS</b>	<u>6,152</u>	<u>5,975</u>	<u>5,629</u>	<u>5,804</u>	

Based on 9 month occupancy.

**STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
AUXILIARY ENTERPRISES - REVENUE BOND FUNDS -  
INSURED VALUE SUMMARY  
For the Year Ended June 30, 2006**

(Unaudited)

	<b>Insured Value</b>		
	<b><u>Building</u></b>	<b><u>Contents</u></b>	<b><u>Business Interruption</u></b>
Black Studies	\$ 555,000	\$ -	\$ -
Campus Life Building	7,779,000	1,300,000	-
Central Stores	-	1,689,000	-
Child Care Center	2,625,000	210,000	-
Convocation Center	30,906,000	5,151,000	-
Douglas Hall	29,576,000	1,617,000	-
Evans Field House	10,471,000	918,000	-
Gilbert Hall	12,400,000	-	-
Grant Complex	69,964,000	2,184,000	-
Holmes Student Center	48,381,000	14,725,000	-
Huskie Stadium:			
Stadium	24,801,000	1,020,000	-
Field Turf	893,000	-	-
Latino Center	712,000	181,000	-
Lincoln Hall	39,576,000	1,617,000	-
Lincoln Highway Conference Center	1,261,000	-	-
Neptune Complex	38,020,000	2,376,000	-
Parking Services:			
Office	150,000	147,000	-
Parking Structure	9,147,000	-	-
Stevenson Complex	74,861,000	6,902,000	-
Student Recreation Center	12,097,000	735,000	-
University Apartments	4,341,000	105,000	-
University Resources for Women	343,000	-	-
West Heating Plant and Cooling Towers	5,107,000	42,000	-
Business Interruption	-	-	<u>21,970,000</u>
<b>TOTAL</b>	<b><u>\$423,966,000</u></b>	<b><u>\$ 40,919,000</u></b>	<b><u>\$ 21,970,000</u></b>

The University obtains its property insurance, including boiler and machinery coverage, through the Midwestern Higher Education Compact's Master Property Program. The University purchases limits of \$1 billion in layers: the first layer provides \$100 million in individual limits and the next two layers provide a total of \$900 million on a shared, but per occurrence, basis. The Holmes Student Center has coverage for silverware and silverplate, and State and University self-insurance programs and commercial insurance are in force to provide liability coverage for University operations, including Revenue Bond.