

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

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

FOR THE YEAR ENDED JUNE 30, 2005

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

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

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

For the Year Ended June 30, 2005

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

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

For the Year Ended June 30, 2005

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**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY**

AGENCY OFFICIALS

GOVERNORS STATE UNIVERSITY

President

Dr. Stuart Fagan

Vice President of Administration & Planning

Mr. John Tuohy

Director of Financial Services

Ms. Tammy Rust

Internal Auditor

Mr. David Dixon

Agency offices are located at:

1 University Parkway
University Park, IL 60466

December 7, 2005

Nykiel, Carlin & Co., Ltd.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

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 Governors State University. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of Governors State University's compliance with the following assertions during the year ended June 30, 2005. Based on this evaluation, we assert that during the year ended June 30, 2005, Governors State University has materially complied with the assertions below.

A. Governors State University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. Governors State University has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

C. Governors State University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. The State revenues and receipts collected by Governors State University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

E. The money or negotiable securities or similar assets handled by Governors State University on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

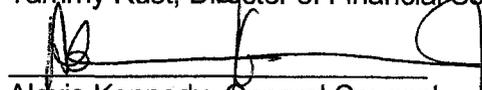


Yours very truly,

Governors State University


Dr. Stuart Fagan, President


Tammy Rust, Director of Financial Services


Alexis Kennedy, General Counsel

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORTS

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	11	6
Repeated findings	3	3
Prior recommendations implemented or not repeated	3	1

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
<u>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</u>		
05-1	15	Student Financial Aid Awarded to Students at Unapproved Locations
05-2	16	Excess Federal Cash
05-3	17	Inappropriate Charges to the Substance Abuse and Mental Health Services Grant
05-4	18	Over-award of Federal Pell Grant Funds
05-5	19	Exit Counseling Not Performed
<u>FINDINGS (STATE COMPLIANCE)</u>		
05-6	20	Failure to File Contracts with the State Comptroller
05-7	21	Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act
05-8	23	Noncompliance with State Publication Laws
05-9	24	Inadequate Controls Over University Property and Equipment
05-10	26	University Faculty Research & Consulting
05-11	27	Failure to Update Comprehensive Waste Reduction Plan
<u>PRIOR FINDINGS NOT REPEATED (FEDERAL COMPLIANCE)</u>		
None		

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY**

COMPLIANCE REPORT

SUMMARY

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

05-12	29	Failure to Timely File GAAP Reporting Package
05-13	29	Uncollateralized Deposit Accounts
05-14	29	Computer Security Weaknesses

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on January 24, 2006. Attending were:

Representing Governors State University

President
Vice President for Administration & Planning
Director of Financial Services
Director of Procurement and
Auxiliary Services
Financial Aid Director
Executive Director,
Information Technology Services

Dr. Stuart Fagan
Mr. John Tuohy
Ms. Tammy Rust

Ms. Tracy Sullivan
Ms. Freda Whisenton-Comer

Mr. Peter Mizera

Representing Nykiel, Carlin & Co., Ltd.

Principal
Manager

Mr. Paul A. Pelletier, CPA
Mr. Robert J. Sikma, CPA

Representing the Office of the Auditor General

Audit Manager

Mr. Thomas L. Kizziah, CPA

Responses to the recommendations were provided by Mr. John Tuohy in a letter dated January 26, 2006.

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Governors State University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2005. The management of Governors State University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Governors State University's compliance based on our examination.

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

In our opinion, Governors State University complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2005. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as findings 05-1 through 05-11. 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 Governors State 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 Governors State 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.

We noted certain matters involving internal control over compliance 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 compliance that, in our judgment, could adversely affect Governors State University's ability to comply with one or more of the aforementioned requirements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as findings 05-1 and 05-3.

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. Our consideration of internal control over compliance would not necessarily disclose all matters in 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. Additionally, the results of our procedures disclosed other deficiencies in internal control, which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as findings 05-2, 05-6, 05-8, 05-9 and 05-11. 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 basic financial statements of Governors State University and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 7, 2005. 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 Governors State University. The 2005 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, 2005 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of

Governors State University and its aggregate discretely presented component units, for the year ended June 30, 2004. In our report dated November 22, 2004, we expressed unqualified opinions on the basic financial statements. In our opinion, the 2004 Supplementary Information for State Compliance Purposes, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2004, taken as a whole. The fiscal year 2003 comparative information has been derived from Governors State University's basic financial statements as of and for the year ended June 30, 2003, which was audited by other auditors who expressed unqualified opinions on the basic financial statements in their report dated November 10, 2003.

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

Nykiel, Carlin & Co., Ltd.

NYKIEL, CARLIN & CO., LTD.
Kankakee, Illinois

December 7, 2005

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 basic financial statements of Governors State University and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 7, 2005. 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 Governors State University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances of internal control deficiencies, which we have reported to management of the State of Illinois, Governors State University in a separate letter dated December 7, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Governors State 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of findings. We also noted certain other matters which we have reported to management of the State of Illinois, Governors State University in a separate letter dated December 7, 2005.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Agency 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.

Nykiel, Carlin & Co., Ltd.

NYKIEL, CARLIN & CO., LTD.
Kankakee, Illinois
December 7, 2005

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of Governors State University with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Governors State University's major federal programs are identified in the summary of auditors' 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 Governors State University's management. Our responsibility is to express an opinion on Governors State University's compliance based on our audit.

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

As described in item 05-3 in the accompanying schedule of findings and questioned costs, Governors State University did not comply with requirements regarding allowable costs / cost principles that are applicable to its Substance Abuse and Mental Health Services_Projects of Regional and National Significance program. Compliance with such requirement is necessary, in our opinion, for Governors State University to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Governors State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 05-1, 05-2, 05-4 and 05-5.

Internal Control Over Compliance

The management of Governors State University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Governors State University's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect Governors State University's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1 and 05-3.

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 believe that none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Governors State University and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2005, and have issued our report thereon dated December 7, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Governors State University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Agency 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.



NYKIEL, CARLIN & CO., LTD.
Kankakee, Illinois

December 7, 2005

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Reportable condition(s) identified that are not considered to be material weakness(es)? x yes _____ none reported

Type of auditors' report issued on compliance for major programs: qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? x yes _____ no

Identification of major programs:

	<u>CFDA No.</u>
U.S. Department of Education	
Student Financial Aid Cluster	
Federal Work Study Program	84.033
Federal Pell Grant Program	84.063
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Perkins Loan Program	84.038
Federal Direct Student Loan Program	84.268
U.S. Department of Health & Human Services	
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243
Small Business Administration	
Small Business Development Center	59.037

Dollar threshold used to distinguish between type A and type B programs: \$ 340,701

Auditee qualified as low-risk auditee? _____ yes x no

II. FINANCIAL STATEMENTS FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

see Findings 05-1 thru 05-5

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-1 FINDING: STUDENT FINANCIAL AID AWARDED TO STUDENTS AT UNAPPROVED LOCATIONS

Federal Department: U.S. Department of Education
CFDA Number: 84.038, 84.007, 84.063, 84.268, 84.033
Program Name: Student Financial Aid Cluster
Questioned Cost: Undetermined

Governors State University (University) awarded student financial aid to students at unapproved locations.

Our testing of the United States Department of Education Institutional Participation and Oversight Service, Eligibility and Certification Approval Report disclosed that 7 out of 13 offsite locations, where Governors State University provides education courses, were not approved prior to providing services at these locations. The University was unable to provide us with a list of students receiving financial aid at offsite locations that offered 50% or more of an education program.

The Code of Federal Regulations (34 CFR 600.20(c)(1)) requires that any institution that wishes to expand the scope of its eligibility and certification and disburse Title IV funds must apply to the Secretary of Education and wait for approval to add a location at which the institution offers 50% or more of an education program.

University officials stated that cohorts are formed and meet in various locations as a convenience to the students. These sites are not independent providers but rather controlled by on campus policies and procedures. Although this issue was identified in the prior audit and subsequently corrected, it was not resolved prior to this year's sample items.

Failure to properly get locations approved by the Department of Education may jeopardize future federal funding. (Finding Code 05-1, 04-01)

RECOMMENDATION

We recommend the University seek approval from the Department of Education for any locations where educational programs are offered, prior to offering classes at these locations.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has since sought and received permission for these sites. The process for requesting location approval has been modified to ensure that permission is obtained before services are rendered.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-2 FINDING: EXCESS FEDERAL CASH

**Federal Department: U.S. Department of Education
CFDA Number: 84.033/84.268
Program Name: Federal Work Study and Federal Direct Loan
Questioned Cost: \$123,535**

Governors State University (University) made drawdowns in excess of its expenditures from the Department of Education for the Federal Work Study (FWS) program and the Federal Direct Student Loan (FDSL) program.

We tested the University's cash management of major Federal programs and noted the following:

- For the FWS program, we noted that the University requested and received \$275,157 in reimbursements from the Department of Education for the fiscal year 2005 program. The University only incurred expenses of \$195,022 (\$8,728 was allowed to be carried back to the fiscal year 2004 program, leaving excess cash held by the University of \$71,407.) Most of the excess drawdown requests occurred during the month of October 2004.
- For the FDSL program, we noted that the University requested and received \$14,605,173 in reimbursements from the Department of Education for the fiscal year 2005 program. The University awarded \$14,553,045 (\$52,128 less than the University drew down on the program) in FDSL awards to students during fiscal year 2005.

The Code of Federal Regulations (34 CFR 668.166) defines "excess cash to be any amount of Title IV, Higher Education Act program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students or parents by the end of the third business day following the date the institution received those funds."

University officials stated in the first instance, due to an emergency medical leave, a new person began processing the draw downs last Fall. The new person misread the previous spreadsheet and mistakenly placed a draw down. In the second case, a different person provided only the new loan information for draw down purposes.

Improper cash management may jeopardize future federal funding and may lead to errors on the University's financial statements. (Finding Code 05-2)

RECOMMENDATION

We recommend the University improve its cash management controls over the drawdown of Federal funds.

UNIVERSITY REPOSE

The University agrees with this finding and accepts the recommendation. The University did transition from an inordinate number of staff retirements and has since completed training for new employees involved in the process. We do not anticipate this issue again.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-3 FINDING: INAPPROPRIATE CHARGES TO THE SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES GRANT

**Federal Department: U.S. Department of Health and Human Services
CFDA Numbers: 93.243
Program Name: Substance Abuse and Mental Health Services
Questioned Cost: \$11,866**

Governors State University (University) charged expenses to its Substance Abuse and Mental Health Services grant that did not meet the documentation requirements of OMB Circular A-21. It also filed its Financial Status Report 7 days late.

During our testing, we noted the following items:

- The University made three journal entries (totaling \$11,866) on January 5, 2005 to charge additional costs to the personal services line item of the program. These amounts represented charges for salaries for supporting service personnel. The University did not produce any time and effort reports or other documentation (as required by OMB Circular A-21 section J, part 12 to support the salary allocation). The University was allowed to charge and did charge 8.0% of direct salaries and fringe benefits to recoup its indirect costs. We also reviewed the grant application and noted that none of the personnel that were charged to the program by these journal entries had been identified as a direct cost to the program.
- The Financial Status Report (Form SF-269) was filed 7 days late. The report was due on December 29, 2004, and was filed on January 5, 2005. The project period ended on September 30, 2004.

OMB Circular A-21 section C, part 4 states that an allowable cost is one incurred solely to advance the work under the sponsored agreement. OMB Circular A-21 section J, part 8 identifies the documentation requirements when less than 100% of an employee's salary is charged to a federal program. The award notice states that the SF-269 is due within 90 days following completion of the project period.

University officials stated that sometimes coordination with grant coordinators, processing time, and analysis time creates a delay in finalizing the actual expenditures by category. The University does maintain actual records of time and are in the process of developing a cost allocation system for grants that do not honor the federal 55% approved indirect cost rate.

Failure to properly follow federal grant regulations may jeopardize future federal funding. (Finding Code No. 05-3)

RECOMMENDATION

We recommend the University properly adhere to federal regulations and improve its procedures to ensure that program expenditures are allowable and financial reports are timely filed.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University will more fully document its indirect charges to grants in the future. This grant has been received, reviewed, and accepted by the grantor.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-4 FINDING: OVER-AWARD OF FEDERAL PELL GRANT FUNDS

**Federal Department: U.S. Department of Education
CFDA Number: 84.063
Program Name: Federal Pell Grant Program
Questioned Cost: \$506 (projected error of \$14,122)**

Governors State University (University) paid Federal Pell Grant Funds in excess of the limit allowed by the Department of Education.

We selected 60 students for testing student financial aid and noted that 32 students were awarded a Federal Pell Grant. One student was awarded \$2,025 as a Federal Pell Grant award based upon 12 credit hours. The student subsequently dropped down to 9 credit hours. Nine credit hours would have entitled the student to a Federal Pell Grant award of \$1,519. This condition has resulted in an over-award of \$506. An adjustment was made to the student's account after we brought this to the University's attention.

The Code of Federal Regulations (34 CFR 690.63(g)) states that the "amount of a student's award for an award year may not exceed his or her Scheduled Federal Pell Grant award for that award year."

University officials stated that the award was correct at the point it was posted. The student then dropped hours creating a reduction in the award and that adjustment was made to the student's account.

Failure to properly monitor the Federal Pell Grant award limit may jeopardize future federal funding. (Finding Code 05-4)

RECOMMENDATION

We recommend the University properly monitor the Federal Pell Grant award limits, in order to prevent overawarding of Federal financial aid.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University does monitor the awards. The system is now modified to address this one particular set of circumstances.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – FEDERAL

05-5 FINDING: EXIT COUNSELING NOT PERFORMED

**Federal Department: U.S. Department of Education
CFDA Number: 84.268
Program Name: Federal Direct Student Loan Program
Questioned Cost: None**

Governors State University (University) did not have adequate procedures to ensure that students who received Federal Direct Student Loans and dropped below half-time received exit counseling.

We selected 60 students for testing student financial aid and noted 5 students (8%) that ceased being enrolled for at least half-time, did not receive exit counseling.

The Code of Federal Regulations (34 CFR 685.304(b)(1)) requires "a school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower shortly before the student borrower ceases at least half-time study at the school."

University officials stated that the University provides counseling to all students as they apply for graduation. Due to the nature of the students, it is impossible to know before a student ceases half time study.

By failing to perform exit counseling, students are not informed of their rights and responsibilities under the loan agreements. (Finding Code 05-5)

RECOMMENDATION

We recommend the University implement procedures to ensure that all students receiving Federal Direct Student Loans receive exit counseling when the student ceases studies below half-time.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. In addition to the exit counseling before graduation, the University is developing another electronic method of communication to the students based on their hours of enrollment.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-6 FINDING: FAILURE TO FILE CONTRACTS WITH THE STATE COMPTROLLER

Governors State University did not file contracts with the State of Illinois, Office of the Comptroller.

Our testing of 25 contractual service expenditures included 15 expenditures having written contracts, none of which were filed with the State of Illinois, Office of the Comptroller.

The Illinois Procurement Code (30 ILCS 500/20-80(b)) and SAMS Procedure 15.10.40 require all State agencies to file contracts exceeding \$10,000 with the State Comptroller within 15 days after execution. SAMS Procedure 15.20.10 states, "File Only contracts, including contracts paid entirely from locally held funds, do not require obligation and are not entered into the SAMS system. They must, however, be filed with the Illinois Office of the Comptroller (IOC) and must meet all IOC documentation and certification requirements."

University officials stated that this statute does not reflect the actual practice with the Comptroller's Office. The University has only been required to file contracts when the payments are made directly by the Comptroller's Office. It has been many years since the University used that system but rather has been on a reimbursement process with the Comptroller and has not filed "all contracts" in many years.

Failure to file contracts with the State of Illinois, Office of the Comptroller on a timely basis is not in compliance with State statutes and regulations. (Finding Code No. 05-6)

RECOMMENDATION

We recommend that the University implement procedures to ensure all contracts over \$10,000 are filed with the State of Illinois, Office of the Comptroller in accordance with State statutes and guidelines.

UNIVERSITY RESPONSE

The University agrees with this finding, but will seek an alternative resolution to the issue. Filing paper copies of every contract is a tremendous burden to both the University and the Illinois Comptroller's Office. We will seek to use the existing electronic disclosures with any necessary additions to meet the intent of the statute cited.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-7 FINDING: TIME SHEETS NOT MAINTAINED IN COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEES ETHICS ACT

Governors State University (University) is not maintaining time sheets for its faculty in compliance with the State Officials and Employees Ethics Act (Act).

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

Of the 25 employees' time sheets that were tested, 7 of them (all faculty members), used the "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 faculty employees. All other employees tested documented their time to the nearest quarter hour.

University officials stated that there is a letter issued by the Office of the Executive Inspector General that indicates faculty would not be required to report in the same manner as all other University employees. The University believed their system was acceptable.

By not requiring positive time sheets from its faculty, the University is not in compliance with the Act. (Finding Code No. 05-7)

RECOMMENDATION

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

UNIVERSITY RESPONSE

The University disagrees with this finding. The Office of the Executive Inspector General has stated that negative time keeping is appropriate for faculty time reporting. The University will discuss this issue further, however, changes are not anticipated at this time.

AUDITORS' COMMENT

The State Officials and Employees Ethics Act defines "State agency" to include "public institutions of higher learning. . ." 5 ILCS 430/1-5. Governors State University is defined as a "public institution of higher learning" in Section 2 of the Higher Education Cooperation Act. . ." 110 ILCS 220/2. Further, the State Officials and Ethics Act defines "State employee" to be "any employee of a State agency." 5 ILCS 430/1-5.

As noted in the finding, the State Officials and Employees Ethics Act requires "State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour. . ." 5 ILCS 430/5-5 (c). This timekeeping requirement went into effect March 1, 2004. The negative timekeeping system used for University faculty requires those employees to report only time away from State business, not the time spent each day on State business. Further, it is logical to assume that, by adopting this language, the legislature meant to effect a change in the method used by State employees to record their time - that is, to adopt a positive timekeeping system.

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005

CURRENT FINDINGS – STATE

05-7 **FINDING: TIME SHEETS NOT MAINTAINED IN COMPLIANCE WITH THE STATE OFFICIALS AND EMPLOYEES ETHICS ACT (continued)**

AUDITORS' COMMENT (continued)

effect a change in the method used by State employees to record their time - that is, to adopt a positive timekeeping system. Finally, the memorandum from the Office of Executive Inspector General upon which the University relied in maintaining its customary negative timekeeping system for several categories of its employees clearly states that it "is not a legal opinion."

The auditors continue to believe that a positive timekeeping system for State employees is required by the State Officials and Employees Ethics Act. If the University disagrees with this conclusion, we further recommend that it seek a formal, written opinion from the Attorney General's Office on the requirements of this statutory provision.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-8 FINDING: NONCOMPLIANCE WITH STATE PUBLICATION LAWS

Governors State University (University) did not comply with the Illinois Procurement Code (Code) regarding University publications.

We examined certain University publications (course catalogue and spring 2005 class schedule bulletin), and noted that one or more of certain disclosures (“Printed by authority of the State of Illinois”, date of publication, the number of copies printed, and the printing order number) as required by the Code, were not included on each of the items.

The Illinois Procurement Code (30 ILCS 500/20-105) states “All books, pamphlets, documents, and reports published through or by the State of Illinois or any State agency, board, or commission shall have printed thereon “Printed by authority of the State of Illinois,” the date of each publication, the number of copies printed, and the printing order number.”

University officials stated that it was their understanding that University procurement codes vary slightly from the general code. Higher Education rules do not require this.

Failure to include the information required by the Code is a violation of State statutes. (Finding Code No. 05-8)

RECOMMENDATION

We recommend the University follow the requirements of the Illinois Procurement Code regarding University publications.

UNIVERSITY RESPONSE

The University disagrees with this finding. The University believes that it is exempt from this statute.

AUDITORS' COMMENT

Universities are specifically enumerated as "state agencies" for purposes of the Procurement Code (30 ILCS 500/1-15.100). Section 20-105 requires all "state agencies" to print certain information on each publication. This section does not have an exception for universities; therefore it does apply.

The auditors continue to believe that the Illinois Procurement Code, Section 20-105, applies to the University. If the University disagrees with this conclusion, we recommend that it seek a formal, written opinion from the Attorney General's Office on the requirements of this statutory provision.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-9 FINDING: INADEQUATE CONTROLS OVER UNIVERSITY PROPERTY AND EQUIPMENT

Governors State University (University) property control records did not accurately reflect property and equipment at the University.

In performing our tests of University equipment, we found exceptions with 54 (some items included multiple exceptions) of the 133 (41%) items that were sampled. The following exceptions were noted:

- Nine items with a cost of \$8,887 were assigned tag numbers and were included on the property listing, but they had no tag affixed. All items that did not have a tag number affixed to them were issued a replacement tag by the University.
- Five items with a cost of \$7,156 could not be located by the University. These items included bookcases, computer equipment, and a cafeteria table.
- Three items (two computers and a printer) with a cost of \$2,444 were assigned tag numbers, but the tag numbers did not agree to the property control records.
- Ten items with a cost of \$5,073 were found in room numbers that were different than the room number listed on the property control records.
- Twenty-one items did not contain a cost on the property control records. These items included an amplifier, monitor, printer, bookshelf, carpet, and 16 firearms. All items were located and recorded for tracking purposes.
- A monitor, television cart, and computer, each of which had a University tag number, could not be traced back to the property control records.
- Two items contained an inaccurate property description. All descriptions were changed by the University once brought to their attention.

Department of Central Management Services Property Control Rules (44 Ill Admin Code 5010) requires all changes in equipment records to be made within 30 days. These rules also require that each piece of property be marked with a unique six digit identification number. The State Property Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control, and inventory of all property under their jurisdiction to ensure the proper accounting and safeguarding of State assets.

University officials stated that many of the observations above are normal in the course of business: tags sometimes fall off or are removed, items are constantly in movement for effective use of our property, descriptions can be inadequate due to the nature of invoices, and items are sometimes received without a dollar value or written off then located at a later time. In addition, the University has some property so old that it has never been on the electronic system. "High theft items" are placed in the system for tracking but not assigned a value since they are under the threshold. None of these circumstances affect the actual accountability of the system. As for the "missing" items, the University either located them in the last inventory or had already identified them as missing for the next reporting cycle.

Inaccurate property control records result in incorrect accounting information and could cause unnecessary equipment expenditures and inaccurate financial reporting. Equipment not properly tagged could lead to improper use of University assets. (Finding Code No. 05-9, 04-02, 03-02)

RECOMMENDATION

We recommend that the University adhere to its procedures to ensure that the property and equipment records are properly maintained.

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005

CURRENT FINDINGS – STATE

05-9 **FINDING:** INADEQUATE CONTROLS OVER UNIVERSITY PROPERTY AND EQUIPMENT (continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University continues to improve its property control system while ensuring that the equipment is available to staff and students as originally intended.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-10 FINDING: UNIVERSITY FACULTY RESEARCH & CONSULTING

The University did not comply with the University Faculty Research and Consulting Act.

Each year, the University's Office of the President requests all faculty, who intend to perform outside research and/or consulting services, to submit a Request for Approval form. Faculty members who intend to perform outside research and/or consulting are required to obtain approval from the University President or the President's designee before performing outside services. We examined all requests to perform outside consulting work during the examination period (42) that were submitted and noted that 7 faculty members performed outside research and/or consulting activities prior to receiving approval from the President. The President's approvals were noted to be from 7 to 152 days subsequent to the date that services were to begin. In addition, it was noted that 8 faculty members who obtained approval to perform research or consulting never submitted an annual statement to the Provost (President's designee) stating the actual time spent on these outside services.

The University Faculty Research and Consulting Act (110 ILCS 100/1) states that no full time member of faculty of any State-supported institution of higher learning may accept anything of value for research and/or consulting services unless: 1) he/she has prior written approval of the President of the institution based on a request that estimates time to be spent and 2) he/she submits to the President an annual statement of actual time spent on such outside services.

University officials stated that the law requires that the faculty member take action. These instances reflect cases in which the faculty members did not comply with the University's more stringent policy.

Failure to comply with this mandate may result in faculty providing services for others instead of dedicating their time to their University duties for which they are employed. (Finding Code No. 05-10, 04-05, 03-03)

RECOMMENDATION

We recommend that the University ensure that faculty members comply with the University Faculty Research and Consulting Act as required by statute.

UNIVERSITY RESPONSE

The University disagrees with this finding. The University has a strong monitoring process and will continue to require faculty to comply. Occasional delays should not be considered a failure to comply.

AUDITORS' COMMENT

The University Faculty Research and Consulting Act requires faculty of the University to obtain prior written approval of the President before performing the research and/or consulting services. The University should hold accountable any faculty that does not comply with the Act.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CURRENT FINDINGS – STATE

05-11 FINDING: FAILURE TO UPDATE COMPREHENSIVE WASTE REDUCTION PLAN

Governors State University (University) did not comply with the Illinois Solid Waste Management Act (Act).

The University is required by the Act to have their Comprehensive Waste Reduction Plan updated every 5 years after the initial plan is written. The University's initial plan was written on December 16, 1994 and has never been updated.

The Illinois Solid Waste Management Act (415 ILCS 20/3.1(b)) states that the initial plan shall be updated by the University every 5 years. The updates are to be submitted to the Department of Commerce and Economic Opportunity for review and approval.

University officials stated that their processes had not changed and the policy, therefore, had not been changed.

Failure to update the plan is a violation of statute and may result in the University not identifying opportunities and taking appropriate measures to reduce wastes sent to area landfills. (Finding Code No. 05-11)

RECOMMENDATION

We recommend that the University comply with the requirements of the Illinois Solid Waste Management Act and update their Comprehensive Waste Reduction Plan every 5 years.

UNIVERSITY RESPONSE

The University disagrees with this finding. The University believes its update is due after an initial ten year period. See excerpt:

(415 ILCS 20/3.1) (from Ch. 111 1/2, par. 7053.1)

Sec. 3.1. Institutions of higher learning.

(a) For purposes of this Section "State-supported institutions of higher learning" or "institutions" means the University of Illinois, Southern Illinois University, the colleges and universities under the jurisdiction of the Board of Governors of State Colleges and Universities, the colleges and universities under the jurisdiction of the Board of Regents of Regency Universities, and the public community colleges subject to the Public Community College Act.

(b) Each State-supported institution of higher learning shall develop a comprehensive waste reduction plan covering a period of 10 years which addresses the management of solid waste generated by academic, administrative, student housing and other institutional functions. The waste reduction plan shall be developed by January 1, 1995. The initial plan required under this Section shall be updated by the institution every 5 years, and any proposed amendments to the plan shall be submitted for review in accordance with subsection (f).

AUDITORS' COMMENT

The Act states "The initial plan required under this Section shall be updated by the institution every 5 years, and any proposed amendments to the plan shall be submitted for review" The University

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2005

CURRENT FINDINGS – STATE

05-11 **FINDING:** FAILURE TO UPDATE COMPREHENSIVE WASTE REDUCTION PLAN

AUDITORS' COMMENT (continued)

has not proposed any amendments to its plan and has not updated its plan since the initial plan was submitted in 1994 – 11 years ago. An update to the plan was due by January 1, 2000 and another by January 1, 2005.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FINDINGS AND RECOMMENDATIONS - PRIOR FINDINGS NOT REPEATED
FOR THE YEAR ENDED JUNE 30, 2005**

PRIOR FINDINGS NOT REPEATED – STATE

05-12 FINDING: Failure to Timely File GAAP Reporting Package

The University failed to file the Fiscal Year 2004 State of Illinois GAAP Reporting Package on a timely basis with the Office of the Comptroller. (Finding Code No. 04-04)

Status – Not repeated

According to the Audit Guide, the University would have been required to submit its GAAP Reporting Package forms by October 7, 2005. However, the University did not receive the complete GAAP Reporting Package forms from the Office of the Comptroller until November 10, 2005. The University filed its completed forms within a week of receiving them.

05-13 FINDING: Uncollateralized Deposit Accounts

The University maintained deposits in excess of the Federal Deposit Insurance Coverage (FDIC) and pledged collateral. (Finding Code No. 04-06)

Status – Not repeated

The University obtained pledged collateral to cover deposits that were in excess of the coverage carried by the FDIC.

05-14 FINDING: Computer Security Weaknesses

The University had not established adequate controls over some aspects of its computer environment. (Finding Code No. 04-03)

Status – Implemented

The University formalized its policies and improved its controls.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- **Fiscal Schedules and Analysis:**
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Efficiency Initiative Payments
 - Comparative Schedule of Income Fund Revenues and Expenditures
 - Schedule of Changes in State Property
 - Analysis of Significant Variations in Revenues and Expenses
 - Analysis of Significant Account Balances
 - Analysis of Accounts Receivable
 - Summary of Indirect Cost Reimbursement Funds

- **Analysis of Operations**
 - Agency Functions and Planning Program
 - Average Number of Employees (Unaudited)
 - Student Statistics (Unaudited)
 - Emergency Purchases
 - Illinois First Program
 - Service Efforts and Accomplishments (Unaudited)
 - Calculation of Federal vs Nonfederal Expenditures
 - Schedule of Degrees Awarded (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)
 - Classroom Utilization Schedule (Unaudited)

- **Special Data Requirements**
 - University Reporting in Accordance With University Guidelines
 - Schedule of Indirect Cost Funds to be Deposited into the University
 - Income Fund as Required by 1982 University Guidelines (1997 Amended)
 - Schedule of Excess Funds Calculation by Entity as required by the
 - 1982 University Guidelines (1997 Amended)
 - Balance Sheets - Auxiliary Enterprises and Activities Entities
 - Schedule of Revenues, Expenditures and Changes in Fund Balances
 - Other Unrestricted Funds
 - Summary of Alumni Association Cash Support to the University
 - Summary of Foundation Cash Support to the University

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY (continued)

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 the portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Federal Disbursements
MAJOR FEDERAL PROGRAMS		
U.S. Department of Education		
Direct Programs:		
Student Financial Aid - Cluster		
Federal Work-Study Program	84.033	\$ 195,022
Federal Pell Grant Program	84.063	2,414,867
Federal Supplemental Educational Opportunity Grants	84.007	118,810
Federal Perkins Loan Program (Federal Capital Contributions)	84.038	120,517
Federal Direct Student Loans	84.268	14,553,045
Total Student Financial Aid		<u>17,402,261</u>
U.S. Department of Health and Human Services		
Direct Program:		
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	205,356
Small Business Administration		
Passed through the Illinois Department of Commerce and Economic Opportunity:		
Small Business Development Center	59.037	<u>126,835</u>
TOTAL MAJOR FEDERAL PROGRAMS		<u>17,734,452</u>
NON-MAJOR PROGRAMS		
U.S. Department of Health and Human Services		
Direct Program:		
Minority Health and Health Disparities Research	93.307	273,795
Scholarships for Health Professions Students from Disadvantaged Backgrounds/Clinical Social Work	93.925	49,977
Scholarships for Health Professions Students from Disadvantaged Backgrounds/Speech Pathology	93.925	111,446
Scholarships for Health Professions Students from Disadvantaged Backgrounds/Physical Therapy	93.925	2,923
Scholarships for Health Professions Students from Disadvantaged Backgrounds/Occupational Therapy	93.925	62,223
Advanced Education Nursing Traineeships	93.358	30,114
Subtotal Direct Programs		<u>530,478</u>
Passed through the Illinois Department of Children and Family Services		
DCFS - Cluster		
Temporary Assistance for Needy Families	93.558	1,224,870
Foster Care, Title IV-E	93.658	4,625,468
Total DCFS		<u>5,850,338</u>
Total U.S. Department of Health & Human Services		<u>6,380,816</u>
U.S. Department of Education		
Direct Programs:		
TRIO - Cluster		
TRIO: Student Support Services	84.042A	195,880
TRIO: R. McNair Post_Baccalaureate Achievement	84.217A	216,651
TRIO: Upward Bound	84.047A	285,891
Total TRIO		<u>698,422</u>
Special Education_Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325E	86,555
Fund for Improvement of Postsecondary Education/Directed Grants/Jackson Earmark	84.116Z	109,837
Teacher Quality Enhancement	84.336B	71,353
Transition to Teaching	84.350A	255,232
Childcare Access Means Parents in School	84.335A	17,177
Learning Anywhere Anytime Partnerships	84.339B	275,768
Total U.S. Department of Education		<u>1,514,344</u>
U.S. Department of Justice		
Passed through the County of DuPage		
Drug Court Discretionary Grant Program/DuPage Drug Court	16.585	267

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass-Through Grantor/Program Title or Cluster Title	<u>Federal CFDA Number</u>	<u>Federal Disbursements</u>
U.S. Department of Labor		
Direct Programs:		
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261	12,643
Southland Health Careers Project	17.261	6,485
Total U.S. Department of Labor		<u>19,128</u>
U.S. Department of Agriculture		
Passed through the Illinois Board of Education:		
Child and Adult Care Food Program	10.558	7,806
National Foundation for the Arts and the Humanities		
Passed through the Illinois Office of Secretary of State		
State Library Program	45.310	500
National Science Foundation		
Passed through Chicago State University Chicago Alliance for Minority Programs:		
Education and Human Resources/ Science, Engineering, and Mathematics	47.076	27,314
Library of Congress		
Passed through the Education and Research Consortium of the Western Carolinas		
An Adventure of the American Mind	42	<u>225,106</u>
 TOTAL NON-MAJOR PROGRAMS		 <u>8,175,281</u>
 TOTAL FEDERAL AWARDS		 <u>\$ 25,909,733</u>

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the State of Illinois, Governors State University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Corporations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2. Student Loan Program Administered by the University

The University administered the following loan program during the year ended June 30, 2005.

Perkins Loan Program CFDA #84.038

Outstanding Balance - July 1, 2004		\$ 3,132,088
Additions:		
Interest income		43,618
Other Income		36,630
Reimbursable Cancellations		177,110
Capital Contributions:		
U.S. Government	\$ 120,517	
University	40,172	160,689
Total Additions		418,047
Deductions:		
Loans cancelled or written off		168,319
Administrative expenses		47,269
Allowance for doubtful loans		69,000
Collection costs		83,072
Total Deductions		367,660
Outstanding Balance - June 30, 2005		\$ 3,182,475

The Schedule of Expenditures of Federal Awards only includes the additional federal capital contribution of the loan program. New student loans made during FY05 totaled \$945,388.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005
FOURTEEN MONTHS ENDED AUGUST 31, 2005**

	Appropriations (net after transfers)	Expenditures through June 30, 2005	Lapse Period Expenditures 7/1 - 8/31/05	Total Expenditures	Balances Lapsed
General Revenue Fund-001: (P.A. 93-0842)					
Personal services	\$ 20,205,100	\$ 20,203,536	\$ 1,564	\$ 20,205,100	\$ -
Medicare	100,000	100,000	-	100,000	-
Contractual services	3,000,000	3,000,000	-	3,000,000	-
Travel	50,000	50,000	-	50,000	-
Commodities	150,000	150,000	-	150,000	-
Equipment	400,000	400,000	-	400,000	-
Telecommunications services	145,000	145,000	-	145,000	-
Operation of automotive equipment	25,000	25,000	-	25,000	-
Awards and grants	105,000	105,000	-	105,000	-
Permanent improvements	100,000	100,000	-	100,000	-
TOTAL APPROPRIATED FUNDS	\$ 24,280,100	\$ 24,278,536	\$ 1,564	\$ 24,280,100	\$ -

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

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**

	FISCAL YEAR		
	2005	2004	2003
General Revenue Fund - 001:			
Appropriations (Net after transfers)	P.A. 93-0842 \$ 24,280,100	P.A. 93-0090 \$ 24,180,100	P.A. 92-0538 \$ 22,097,400
Expenditures:			
Personal services	20,205,100	23,493,846	21,146,234
Medicare	100,000	215,776	229,166
Contractual services	3,000,000	-	-
Travel	50,000	-	-
Commodities	150,000	-	-
Equipment	400,000	-	-
Telecommunications services	145,000	-	-
Operation of automotive equipment	25,000	-	-
Awards and grants	105,000	-	-
Permanent improvements	100,000	-	-
TOTAL EXPENDITURES	<u>24,280,100</u>	<u>23,709,622</u>	<u>21,375,400</u>
Lapsed Balances	<u>-</u>	<u>470,478</u>	<u>722,000</u>
Educational Assistance Fund - 007:			
Appropriations (Net after transfers)	-	-	4,253,200
Expenditures:			
Personal Services	-	-	3,416,992
Contractual Services	-	-	559,503
Equipment and books	-	-	253,246
Telecommunications	-	-	23,459
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,253,200</u>
Lapsed Balances	<u>-</u>	<u>-</u>	<u>-</u>
 GRAND TOTAL ALL FUNDS			
Appropriations (Net after transfers)	24,280,100	24,180,100	26,350,600
Expenditures	24,280,100	23,709,622	25,628,600
Lapsed Balances	<u>\$ -</u>	<u>\$ 470,478</u>	<u>\$ 722,000</u>

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS

The University did not make any efficiency initiative payments for FY 05.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES
FOR THE YEARS ENDED JUNE 30, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
FUND BALANCE - BEGINNING OF YEAR	\$ (868,319)	\$ (953,841)
INCOME FUND REVENUES		
Student fees	14,861,181	12,892,788
Excess funds	184,385	110,883
Investment income	142,693	43,326
Miscellaneous	89,130	45,474
Total Income Fund Revenues	<u>15,277,389</u>	<u>13,092,471</u>
INCOME FUND EXPENDITURES		
Personal services (including change in accrued compensated absences)	7,765,116	3,020,706
Medicare	863,804	757,969
Contractual services	1,501,798	4,095,266
Travel	133,389	147,851
Commodities	343,951	458,222
Equipment and books	539,534	1,158,565
Telecommunications	123,675	849,513
Operation of vehicles	28,812	56,264
Awards, grants, matching funds	119,587	280,263
Permanent improvements	530,659	1,396,269
Tuition and fee waivers	841,136	786,061
Total Income Fund Expenditures	<u>12,791,461</u>	<u>13,006,949</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,617,609</u>	<u>\$ (868,319)</u>

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEAR ENDED JUNE 30, 2005

	Total	Land	Equipment	Sculptures	Library Collection	Buildings	
						Construction in progress	Completed
Beginning balances July 1, 2004	\$101,716,044	\$1,389,086	\$15,867,561	\$268,323	\$10,673,138	\$ -	\$73,517,936
Additions:							
Purchases	1,933,938	-	1,614,297	-	319,641	-	-
Funded by Capital Development Board	628,978	-	-	-	-	-	628,978
Adjustments	187,081	-	-	-	-	187,079	2
Total additions	2,749,997	-	1,614,297	-	319,641	187,079	628,980
Deletions	(3,233,034)	-	(3,073,166)	-	(159,868)	-	-
Ending balances June 30, 2005	\$ 101,233,007	\$ 1,389,086	\$ 14,408,692	\$ 268,323	\$ 10,832,911	\$ 187,079	\$ 74,146,916

Note1: This schedule was prepared from University records. Such records have been reconciled to the quarterly Reports of State Property submitted to the State Comptroller's Office.

Note2: The total property and equipment amount as reported above differs from the cost of capital assets reported on the Statement of Net Assets due to the University's capitalization policy for financial reporting differing from the record keeping requirements for property control.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES AND EXPENSES

Operations:	<u>2005</u>	<u>2004</u>
Revenues		
Net tuition and fees	\$ 15,658,923	\$ 13,997,573
Grants and contracts	6,754,211	5,991,087
Sales of educational departments	6,520,128	5,966,323
Auxiliaries	1,908,766	1,535,253
Payments made on behalf of GSU	8,350,099	22,351,412
Other	1,234,707	958,854
	<u>40,426,834</u>	<u>50,800,502</u>
Expenses		
Depreciation	2,445,624	2,470,930
Other operating expenses	60,867,658	71,042,782
	<u>63,313,282</u>	<u>73,513,712</u>
Net operating loss	<u>(22,886,448)</u>	<u>(22,713,210)</u>
Non-operating activity		
State appropriations	24,280,100	23,709,622
Investment income	154,083	43,326
Interest expense on capital asset financing	(122,225)	(288,637)
Other non-operating activity	(71,871)	(19,666)
	<u>24,240,087</u>	<u>23,444,645</u>
Transfers from the Capital Development Board	628,978	1,713,587
Increase in net assets	<u>\$ 1,982,617</u>	<u>\$ 2,445,022</u>

Analysis (significant variances were deemed to be those variances exceeding 10% and \$100,000):

Tuition and fee revenues have increased due to a 7.6% and 10% tuition rate increase for continuing undergraduate and graduate students, respectively. In addition, the implementation of the truth in tuition law resulted in a 15.2% increase in rates for new students which is then guaranteed for a fixed period of time.

Grants and contracts revenue increased primarily due to a \$110,564 increase in the Substance Abuse & Mental Health Services grants, a \$173,045 increase in the Minority Health & Health Disparities Research grant, a \$96,313 increase in the Transition to Teaching program, and a \$155,032 increase in the TRIO programs.

Auxiliaries revenue increased due to a \$363,133 increase in theatre sales.

Payments made on behalf of GSU decreased substantially because the State sold bonds in FY 04 to catch up on obligations to the retirement system. The FY 05 amount contributed was in line with previous contributions (FY 03).

Other operating revenues increased due to the increased payments on contracts and the related indirect cost recovery income.

Other operating expenses decreased directly as a result of the State's decreased payment to the retirement system. Although other expenses increased, these increases were due to directly funded grants and contracts. General University spending remained conservative.

Investment income increased due to the substantial increase in student payments and the resulting investment of cash flow along with market improvement.

Interest expense decreased because the University paid off some outstanding debt late in FY 04.

Transfers from CDB declined as the Faculty Office Building was put into service in FY 04 and those expenditures were not recurring in FY 05.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

Cash

Cash and cash equivalents are analyzed on the Statement of Net Assets as follows:

	<u>2005</u>	<u>2004</u>
Deposit type:		
Cash	\$ 2,158,569	\$ 5,227,104
Illinois Funds	6,661,795	818,685
	<u>\$ 8,820,364</u>	<u>\$ 6,045,789</u>
Depositories used:		
Heritage Bank	\$ 2,143,781	\$ 5,213,733
Illinois Funds	6,661,795	818,685
Cash on hand	14,788	13,371
	<u>\$ 8,820,364</u>	<u>\$ 6,045,789</u>

Cash increased this year as both the State of Illinois and the Illinois Department of Children and Family Services were able to speed up their respective payment cycles.

Capital Assets

Capital assets consisted of:

	<u>2005</u>	<u>2004</u>
Land	\$ 1,389,086	\$ 1,389,086
Buildings	73,135,741	72,506,763
Site-improvements	1,011,175	1,011,175
Construction -in-progress	187,079	-
Artwork	268,323	268,323
Equipment	8,282,007	8,391,028
Library Collection	10,832,911	10,673,138
Gross capital assets	<u>95,106,322</u>	<u>94,239,513</u>
Less accumulated depreciation	(41,146,189)	(39,256,567)
Net capital assets	<u>\$ 53,960,133</u>	<u>\$ 54,982,946</u>

Capital assets as a whole remained relatively flat. During FY 05, the University began installation of a Voice Over Internet Protocol System and is reflected as Construction in Progress.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

ANALYSIS OF ACCOUNTS RECEIVABLE

Loans, grants and accounts receivable are shown on the University's statement of net assets at June 30, 2005 and 2004 as follows:

	2005	2004
Accounts receivable:		
Students (less allowance for uncollectible accounts, \$3,139,000 for 2005 and \$3,000,000 for 2004)	\$ 1,191,116	\$ 1,151,754
Student related 3rd-party receivables	580,093	317,428
Grants receivable	1,964,237	1,785,309
Due from federal government	301,457	274,295
Other receivables	1,223,474	2,054,789
	\$ 5,260,377	\$ 5,583,575
 Loans receivable:		
Perkins loans receivable	\$ 4,225,475	\$ 4,106,088
University loans receivable	16,629	16,629
Allowance for doubtful loans	(1,043,000)	(974,000)
	\$ 3,199,104	\$ 3,148,717

Accounts receivable decreased primarily as a result of full payment on State contracts.

RECEIVABLE AGING

An aging of accounts receivable is as follows:

Current	\$ 4,729,524	\$ 5,025,066
Up to 120 days past due	197,640	213,388
From 121 to 240 days past due	197,364	221,064
From 241 to 365 days past due	154,987	97,733
More than 365 days past due	3,119,862	3,026,324
Allowance for doubtful accounts	(3,139,000)	(3,000,000)
Gross accounts receivable	\$ 5,260,377	\$ 5,583,575

An aging of loans receivable is as follows

In school or in grace period - not in repayment	\$ 2,725,571	\$ 2,575,321
In repayment:		
On schedule	495,404	501,109
Past due - not in default	152,237	149,075
Past due - in default	868,892	897,212
Allowance for doubtful accounts	(1,043,000)	(974,000)
	\$ 3,199,104	\$ 3,148,717

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS

The University receives indirect and administrative cost reimbursements for grants and contracts, administration of federally assisted financial aid programs, and the administration of the Veterans Administration programs. These funds are recorded in Other Unrestricted Funds and are expended for directly identifiable charges associated with these programs.

The administrative personal services expenditures are for selected University employees working in the functions generating the related revenues. The contractual payment expenditures include federally assisted financial aid audit charges. The remaining charges are for other items related to the respective programs.

Balances remaining at June 30, 2005, are used to meet budgeted operational costs in 2006. The following is an analysis of the sources and applications of indirect and administrative cost reimbursements recorded in the current fund for the year ended June 30, 2005:

	Indirect Costs	Administrative Overhead	Total
Balance at June 30, 2004	\$ 386,893	\$ 36,354	\$ 423,247
Sources:			
Recovered from grants and contracts	1,471,831	-	1,471,831
Financial aid program reimbursements	-	99,753	99,753
VA reporting fees	-	791	791
	1,471,831	100,544	1,572,375
Total revenues			
Applications:			
Personal services	130,941	22,668	153,609
Contractual services	290,527	80,368	370,895
Commodities	6,296	1,057	7,353
Equipment	9,912	483	10,395
Other	451,735	1,926	453,661
	889,411	106,502	995,913
Total deductions			
Balance at June 30, 2005	\$ 969,313	\$ 30,396	\$ 999,709

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

AGENCY FUNCTIONS AND PLANNING PROGRAM

Governors State University (GSU) is located in University Park, Illinois 60466, a southern suburb of Chicago. The current president of the University is Dr. Stuart I. Fagan.

Functions

The University was created in July 1969 by the Governors State University Act (110 ILCS 650/1 through 650/3) to serve as a senior institution of higher education and offer such courses of instruction, conduct such research and offer public services as are prescribed by the Board of Trustees of Governors State University (Created January 1, 1996).

Planning

The Strategic Plan for Governors State University (GSU) was adopted on June 15, 2001 and has outlined a three-part mission statement:

- 1) To offer a demonstrably excellent education that meets the demands of our region and State for engaged, knowledgeable citizens and highly skilled professionals, and that is accessible to all including those traditionally underserved by higher education
- 2) To cultivate and enlarge a diverse and intellectually stimulating community of learners guided by a culture that embodies:
 - a. Openness of communication
 - b. Diversity of backgrounds, experiences and perspectives
 - c. Mutual respect and cooperation
 - d. Critical inquiry, constant questioning and continuing assessment and
 - e. On-going research and scholarship
- 3) To strengthen and enhance the educational, cultural, social and economic development of the region through partnerships with governmental, business, educational, civic and other organizations.

Unit level plans are developed by all units of the University to be consistent with missions and to achieve the goals.

The three-part mission statement is further refined within the context of the sixteen goals and 57 objectives. The objectives are used to meet the goals with the goals fulfilling the three-part mission statement. The goals are summarized as follows:

- 1) Offering degree programs that meet or exceed high standards, while attracting and retaining faculty in an environment that fosters learning and development by sustaining partnerships with the community in an infrastructure designed for optimal teaching and learning with accountable decision-making.
- 2) Developing a culture that attracts and values diversity through comprehensive and systematic promotion and marketing while supporting research and scholarship with continual assessment and improvement to develop a community of learners, all within a user-focused technological and virtual infrastructure to build and enhance a sense of community.
- 3) Increase the impact of the University on the surrounding region by identifying and analyzing the needs of the region and developing key partnerships to help meet critical needs in surrounding communities.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

AGENCY FUNCTIONS AND PLANNING PROGRAM

The strategic plan is the end result of an integrated budgeting and strategic planning process. The overall progress of meeting the goals and objectives in the strategic plan are reviewed and tracked annually. The University's Budget Committee drafts the University wide budget priorities. The priorities are then presented to the Cabinet and the Board of Trustees for approval. After review and final approval by the Budget Committee, the Cabinet, the University's President and the Board of Trustees, the budget request is submitted to the Illinois Board of Higher Education.

Auditor's Assessment of Planning Program

In the University's Strategic Plan, the mission, goals and objectives are outlined to allow the University to achieve their goals and ultimately their mission. Each strategy is assessed and re-evaluated on its progress twice a year. These evaluations provide information regarding new resources, feasibility and recommendations for completion. We conclude that the University has a well-developed planning process in place that is integrated into the budgeting process.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

AVERAGE NUMBER OF EMPLOYEES (Unaudited)

Full-Time Equivalent Number of Employees

	2005	2004
Funded by state appropriated funds:		
Faculty	243.5	264.8
Administrative	10.0	12.4
Other professional	67.1	64.7
Graduate assistants	20.4	18.5
Students	7.1	8.5
Civil service	175.1	178.4
	523.2	547.3
 Funded by nonappropriated funds:		
Faculty and administrative	111.7	105.6
Civil service	62.9	64.0
Students	35.0	38.8
	209.6	208.4

Staff years are calculated in accordance with the guidelines established by the Illinois Board of Higher Education. A staff-year employee represents one person working full-time for a year.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

STUDENT STATISTICS (Unaudited)

Enrollment Statistics

	ACADEMIC YEAR 04-05		
	FALL	WINTER	SPRING/ SUMMER
Headcount:			
Undergraduate	2,752	2,659	1,915
Graduate	2,900	2,693	2,370
Total	5,652	5,352	4,285
	FALL	WINTER	SPRING/ SUMMER
Full-time equivalent:			
Undergraduate	1,512	1,434	845
Graduate	1,396	1,300	1,152
	2,908	2,734	1,997

Annual full-time equivalent students are calculated in accordance with the guidelines established by the Illinois Board Of Higher Education. The equivalency is determined by dividing the total credit hours generated in the fiscal year by 30 hours for undergraduates and 24 hours for graduate students.

Student Cost Statistics

	2005	2004
Annual full-time equivalent students		
Undergraduate	1,896	1,888
Graduate	1,924	1,878
Total	3,820	3,766
	2005	2004
Total Instructional Costs per IBHE Cost Study Report*	\$ 18,085,128	\$ 25,104,500
Annual full-time equivalent students	3,820	3,766
Cost Per Full Time Equivalent Student	\$ 4,734	\$ 6,666

* FY 2005 amount reflects preliminary University calculations based on IBHE reporting standards.

The IBHE prepares an annual cost study of all the Illinois public universities which is posted on the IBHE website.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

EMERGENCY PURCHASES

The University did not make any emergency purchases during FY05.

ILLINOIS FIRST PROGRAM

The University did not receive any funding under the Illinois First Program.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

SELECTED SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1. Student Headcount (a) - Fall trimester	<u>6,105</u>	<u>5,860</u>	<u>5,897</u>	<u>5,627</u>	<u>5,652</u>
2. Minority enrollment (a) - Fall trimester	<u>2,237</u>	<u>2,115</u>	<u>2,137</u>	<u>2,130</u>	<u>2,364</u>
3. Degrees awarded (b) - Fiscal year	<u>1,561</u>	<u>1,401</u>	<u>1,554</u>	<u>1,689</u>	<u>1,468</u>
4. Credit hours (c) - Academic year	<u>106,240</u>	<u>101,809</u>	<u>102,180</u>	<u>101,720</u>	<u>103,045</u>
5. Unduplicated headcount (d) - Academic year (This represents cumulative students for the academic year without double counting students enrolled more than one trimester.)	<u>9,426</u>	<u>8,998</u>	<u>8,745</u>	<u>8,156</u>	<u>7,843</u>
6. Annualized tuition and fees (c):					
Undergrad					
Resident (e)	\$2,454	\$2,526	\$2,823	\$3,272	\$3,716
Nonresident	\$7,014	\$7,230	\$7,863	\$8,936	\$10,244
Graduate					
Resident	\$2,598	\$2,694	\$3,051	\$2,780	\$2,966
Nonresident	\$7,446	\$7,734	\$8,547	\$7,460	\$8,114

(a) Per Illinois Board of Higher Education (IBHE) fall enrollment survey, part II, table II.

(b) Per IBHE fall enrollment survey, part II, table Z.

(c) Per Integrated Postsecondary Education Data System (IPEDS) Institutional characteristics survey.

(d) Per IPEDS Institutional characteristics survey.

(e) First year implementation of the Joyce bill. Tuition rate used is the rate for new full-time undergraduates.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CALCULATION OF FEDERAL VS. NONFEDERAL EXPENDITURES

Expenditures:	2005	
	Amount	Percent
Federal Funds (Note 2)	\$ 11,356,688	17.88%
Non-Federal Funds	52,150,690	82.12%
Total	\$ 63,507,378	100.00%

Note 1: The preceding information is taken from the Schedule of Expenditures of Federal Awards on pages 32 - 33 and the Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA) included in a separate financial report.

Note 2: Federal Direct Student Loans are reported as expenditures of federal funds on the Schedule of Expenditures of Federal Awards. However, since such amounts are loans to students, they are not reported as revenue or expenditures on the SRECNA, and have therefore been subtracted from the Federal Funds expended reported above. In addition, certain Federal PELL and SEOG awards are considered scholarship allowances under GASB 34 and are reported as a reduction of revenue on the SRECNA.

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

SCHEDULE OF DEGREES AWARDED (Unaudited)

The following schedule presents the number of degrees awarded by the University for the fiscal year indicated. Some prior year amounts have been adjusted.

<u>FISCAL YEAR</u>	<u>GRADUATE</u>	<u>UNDER GRADUATE</u>	<u>TOTAL</u>
2005	714	754	1,468
2004	745	780	1,525
2003	759	795	1,554
2002	592	809	1,401
2001	713	848	1,561
2000	587	850	1,437
1999	623	769	1,392
1998	574	770	1,344
1997	560	780	1,340
1996	488	668	1,156
1995	474	707	1,181

STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005

SCHEDULE OF TUITION AND FEE WAIVERS (Unaudited)
(in thousands of dollars)

<u>Type of Waiver</u>	<u>Undergraduate</u>				<u>Graduate</u>			
	<u>Tuition Waivers</u>	<u>Fee Waivers</u>						
	<u>Number of</u>	<u>Value of</u>						
<u>Mandatory Waivers</u>	<u>Recipients</u>	<u>Waivers</u>	<u>Recipients</u>	<u>Waivers</u>	<u>Recipients</u>	<u>Waivers</u>	<u>Recipients</u>	<u>Waivers</u>
Teacher Education	-	\$ -	-	\$ -	12	\$ 27.2	12	\$ 5.3
General Assembly	7	19.4	7	3.5	10	21.6	10	3.9
Children of Employees	7	9.2	-	-	-	-	-	-
Senior Citizens	-	-	-	-	2	4.8	2	1.1
<u>Discretionary Waivers</u>								
Faculty/Administrators	-	-	-	-	39	40.1	39	10.1
Civil Service	14	18.1	14	5.1	20	31.0	20	7.5
Academic/Other Talent	73	94.5	73	7.8	58	82.5	-	-
Cooperating Professionals	2	1.6	2	0.5	18	6.8	18	2.7
Other Assistants	-	-	-	-	100	449.5	100	36.0
Interinstitutional	14	44.0	14	7.0	15	13.7	15	3.4
Total	117	\$ 186.8	110	\$ 23.9	274	\$ 677.2	216	\$ 70.0

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2005**

CLASSROOM UTILIZATION SCHEDULE (Unaudited)

Weekly Student Hours - Monday through Friday

	<u>Classroom</u>	<u>Laboratory</u>	<u>Total</u>
Number of rooms	63	27	90
Number of stations	1,700	393	2,093
Daytime - 7 a.m. to 5 p.m.	8,522	1,432	9,954
Percent assigned	10.03%	7.29%	9.51%
Evening - 5 p.m. to 10 p.m.	22,491	1,496	23,987
Percent assigned	52.92%	15.23%	45.84%

Weekly Room Hours - Monday through Friday

	<u>Classroom</u>	<u>Laboratory</u>	<u>Total</u>
Daytime - 7 a.m. to 5 p.m.	489	133	622
Average per week	7.8	4.9	6.9
Evening - 5 p.m. to 10 p.m.	1,247	152	1,399
Average per week	19.8	5.6	15.5

Computations:

Weekly Student Hours, Day, Percent Assigned = Assigned Hours / (Stations x 50)

Weekly Student Hours, Evening, Percent Assigned = Assigned Hours / (Stations x 25)

Weekly Room Hours, Average Per Week = Assigned Hours / Number of Rooms

**STATE OF ILLINOIS
GOVERNORS STATE UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
FOR THE YEAR ENDED JUNE 30, 2005**

The Auditor General requires that certain special data for audits of universities, specified in a memorandum dated July 25, 1983, be presented. The following information lettered (a) through (u), is provided in response to that requirement of the "University Guidelines - 1982 Amended 1997." Our audit was made for the purposes described on page 3 of our financial audit report and on pages 8-13 of our compliance examination, and would not necessarily disclose all situations which might be at variance with the following statements.

COMPLIANCE FINDINGS

- (a) The University did not make the excess funds deposit to the income fund in accordance with University Guidelines for the year ended June 30, 2005. This has been reported in the immaterial findings letter as finding IM 05-14.

INDIRECT COST REIMBURSEMENTS

- (b) Refer to page 43 of this report for an analysis of the sources and applications of indirect cost reimbursements for the year ended June 30, 2005.
- (c) Refer to page 57 of this report for calculation of allowable indirect cost carryforward and required remittances to the Income Fund.

TUITION CHARGES AND FEES

- (d) Governors State University did not divert tuition to auxiliary enterprise operations.

AUXILIARY ENTERPRISES, ACTIVITIES AND ACCOUNTING ENTITIES

- (e) Accounting entities as defined by the 1982 Legislative Audit Commission Guidelines and their primary revenue sources are as follows:
- Bookstore operations provide texts and supplies to students. The bookstore is managed under contract by a third party whereby the University receives commission revenue from operations.
 - Food service and vending provide meals and catering services under contract to the University community. Commission revenue is received by the University.
 - Parking provides operation and maintenance of University parking facilities. Revenues are generated from user fees.
 - Theatre provides cultural entertainment to the University community. Revenues are generated from ticket sales.
 - Education and Student Life Activities represent credit and noncredit conferences, workshops and seminars and organized student activities. Revenues are generated from course fees charged to participants and from student activity fees.
 - Service Departments provide products or services to University departments. Revenue is produced through chargebacks to users.
 - Indirect and Administrative Cost accounts receive the "overhead" portion of grant and contract expense incurred. Revenues are generated from charges to sponsors.
- (f) Refer to pages 59-63 of this report for financial statements of each accounting entity.

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- (g) Calculations of current excess funds for each entity are presented on page 58. The excess funds were not deposited to the Income Fund within 45 days after the end of the lapse period. This has been reported in the immaterial findings letter as finding IM 05-14.
- (h) The following is a schedule of direct and indirect subsidies to auxiliary enterprises and service departments for the year ended June 30, 2005:

	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Bookstore	\$ -	\$ 24,103	\$ 24,103
Cafeteria	-	-	-
Theatre	-	121,632	121,632
Parking	-	23,027	23,027
	<u>\$ -</u>	<u>\$ 168,762</u>	<u>\$ 168,762</u>
Service Departments	<u>\$ -</u>	<u>\$ 55,933</u>	<u>\$ 55,933</u>

Indirect subsidies represent retirement benefits, heat, light, and power.

- (i) None
- (j) None
- (k) None

UNIVERSITY RELATED ORGANIZATIONS

- (l) The University recognizes the Governors State University Foundation (Foundation) and the Governors State University Alumni Association (Alumni Association) as University Related Organizations. 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."
- (m) The Foundation and Alumni Association do not pay the University for services provided. Compensation is in the form of University support. See pages 64 and 65 for details related to services and support provided.
- (n) The University does not pay the Foundation and Alumni Association for services provided. Compensation is in the form of services and facilities provided. The University provided \$75,333 to the Foundation and \$5,101 to the Alumni Association for the year ended June 30, 2005.

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- (o) Since July 1, 1983, the University has provided services of approximately \$1,306,296 to the Foundation. The Foundation has provided approximately \$4,359,794 in generally unrestricted funds to the University. Since its incorporation on January 1, 1988, the University has provided services of approximately \$297,780 to the Alumni Association. The Alumni Association has provided approximately \$923,591 in generally unrestricted funds to the University. Therefore, there is no cumulative unreimbursed subsidy made to either the Foundation or Alumni Association.
- (p) There is no debt financing provided by the Foundation or Alumni Association.

OTHER TOPICS

- (q) Refer to page 41 for the Schedule of Cash and Short-Term Investments for the year ended June 30, 2005.
- (r) Income from the investment of pooled funds is credited to the University's Income Fund. Income from the investment of non-pooled funds is credited to the fund making the investment.
- (s) Refer to page 47 for student cost statistics.
- (t) Neither the University nor the Foundation or Alumni Association has purchased any real estate during the year ended June 30, 2005.
- (u) The University issued certificates of participation during 1992, which were refunded in 1998, to finance the cost of the University's computing building. See footnote 7 in the Governors State University Financial Audit Report.

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SCHEDULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO THE UNIVERSITY
 INCOME FUND AS REQUIRED BY 1982 UNIVERSITY GUIDELINES, (AS AMENDED 1997)

CALCULATION SHEET FOR INDIRECT COST CARRYFORWARD

CASH AND CASH EQUIVALENTS:

Add:

Cash	\$ 1,172,157
Cash equivalents	<u> -</u>

ACTUAL CASH CARRIED FORWARD	<u>1,172,157</u>
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LESS: ALLOWABLE CARRY-FORWARD PER FORMULA:

Allocated reimbursements - 30% indirect cost reimbursements allocated for expenditure in 2005. (\$995,891 x 30%)	298,767
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Unallocated reimbursements - actual unallocated indirect cost reimbursements or 10% indirect cost allocations.	99,589
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Current liabilities paid in lapse period.	<u>174,805</u>
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MAXIMUM ALLOWABLE CARRY-FORWARD	<u>573,161</u>
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EXCESS CASH AND CASH EQUIVALENTS TO BE DEPOSITED INTO THE UNIVERSITY INCOME FUND	<u><u>\$ 598,996</u></u>
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SCHEDULE OF EXCESS FUNDS CALCULATION BY ENTITY AS REQUIRED BY 1982 UNIVERSITY GUIDELINES, (AS AMENDED 1997)

CALCULATION SHEET FOR CURRENT EXCESS FUNDS

	Auxiliary Enterprises				Theatre	Educational and Student Life Activities	University Service Departments
	Bookstore	Parking Services	Cafeteria and Vending				
Current available funds:							
Add:							
Cash and cash equivalents *	\$ 77,425	\$ 247,230	\$ 12,678	\$ (148,881)	\$	2,889,052	\$ 221,720
Interfund receivable	-	-	-	-	-	-	-
TOTAL CURRENT AVAILABLE FUNDS	<u>77,425</u>	<u>247,230</u>	<u>12,678</u>	<u>(148,881)</u>		<u>2,889,052</u>	<u>221,720</u>
Working Capital Allowance:							
Add:							
Highest month's expenditures	103,336	97,489	2,070	188,369		2,394,886	116,236
Current liabilities paid during lapse period	-	183	-	49,633		146,065	40,298
Deferred income	-	-	-	-		348,000	-
WORKING CAPITAL ALLOWANCE	<u>103,336</u>	<u>97,672</u>	<u>2,070</u>	<u>238,002</u>		<u>2,888,951</u>	<u>156,534</u>
CURRENT EXCESS FUNDS (Margin of compliance)	<u>(25,911)</u>	<u>149,558</u>	<u>10,608</u>	<u>(386,883)</u>		<u>101</u>	<u>65,186</u>

CALCULATION OF NET EXCESS FUNDS FOR REMITTANCE

Nonindentured Capital Reserves:	
5% of the replacement cost of buildings and improvements	309,359
estimated cost to resurface one lot	-
20% of the historical cost of equipment	39,524
TOTAL ALLOWABLE CAPITAL RESERVES	<u>356,337</u>
NET EXCESS FUNDS	<u>\$ -</u>

*-The University received a payment from the Illinois Department of Children and Family Services in early July. The Illinois Office of the Comptroller required the University to report this item as cash on the Statement of Net Assets instead of accounts receivable. This payment has been excluded from "cash" on the calculation for excess funds because it was not received by June 30.

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BALANCE SHEET--AUXILIARY ENTERPRISES AND ACTIVITIES ENTITIES
AS OF JUNE 30, 2005

	Auxiliary Enterprises			Activities			Total-- Auxiliary Enterprises and Activities	
	Parking Services	Cafeteria and Vending	Theatre	Educational and Student Life Activities	University Service Departments	Administrative Overhead/ Indirect Costs		
ASSETS								
Cash	\$ 77,425	\$ 247,230	\$ 12,678	\$ (148,881)	\$ 3,392,707	\$ 221,720	\$ 1,172,157	\$ 4,975,036
Accounts receivable (less allowance for uncollectibles of \$476,392)	2,623	18,825	-	-	204,092	1	2,357	227,898
Inventory	-	-	-	-	-	28,996	-	28,996
Building	-	-	-	6,187,186	-	274,600	-	6,461,786
Parking lots	-	1,011,175	-	-	-	-	-	1,011,175
Equipment	8,822	-	197,620	234,888	-	890,025	-	1,331,355
TOTAL ASSETS	\$ 88,870	\$ 1,277,230	\$ 210,298	\$ 6,273,193	\$ 3,596,799	\$ 1,415,342	\$ 1,174,514	\$ 14,036,246

LIABILITIES AND FUND BALANCES

Accounts payable	\$ -	\$ 183	\$ -	\$ 49,633	\$ 146,065	\$ 40,298	\$ 174,805	\$ 410,984
Deferred income	-	-	-	-	348,000	-	-	348,000
TOTAL LIABILITIES	-	183	-	49,633	494,065	40,298	174,805	758,984
Fund balances:								
Other unrestricted funds	80,048	265,872	12,678	(198,514)	3,102,734	210,419	999,709	4,472,946
Invested in plant funds	8,822	1,011,175	197,620	6,422,074	-	1,164,625	-	8,804,316
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,870	\$ 1,277,230	\$ 210,298	\$ 6,273,193	\$ 3,596,799	\$ 1,415,342	\$ 1,174,514	\$ 14,036,246

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
OTHER UNRESTRICTED FUNDS--AUXILIARY ENTERPRISE ENTITIES
FOR THE YEAR ENDED JUNE 30, 2005

	TOTAL	BOOKSTORE	PARKING SERVICES	CAFETERIA AND VENDING	THEATRE
REVENUES	\$ 1,908,766	\$ 166,545	\$ 230,998	\$ 26,422	\$ 1,484,801
EXPENDITURES AND OTHER DEDUCTIONS:					
Personal services	614,785	87,806	83,886	-	443,093
Contractual services	891,907	3,598	3,544	4,456	880,309
Commodities	30,511	527	34	-	29,950
Equipment	127,819	111,573	749	-	15,497
Other	57,255	5,359	22,504	-	29,392
Total Expenditures	1,722,277	208,863	110,717	4,456	1,398,241
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	186,489	(42,318)	120,281	21,966	86,560
FUND BALANCES AT BEGINNING OF YEAR	(26,405)	122,366	145,591	(9,288)	(285,074)
FUND BALANCES AT END OF YEAR	\$ 160,084	\$ 80,048	\$ 265,872	\$ 12,678	\$ (198,514)

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
OTHER UNRESTRICTED FUNDS--EDUCATIONAL AND STUDENT LIFE ACTIVITIES

	TOTAL	EDUCATIONAL PROGRAMS	STUDENT ACTIVITIES	ACADEMIC ENHANCEMENT	MEDIA	FARM	TELECOMM	OTHER
REVENUES:	\$ 9,546,993	\$ 6,520,128	\$ 1,514,741	\$ 1,041,700	\$ 294,030	\$ 71,606	\$ 1,806	\$ 102,982
EXPENDITURES AND OTHER DEDUCTIONS:								
Personal services	4,804,552	3,945,808	658,665	130,130	69,519	-	-	430
Contractual services	1,542,528	1,046,184	302,320	94,021	106,161	6,876	-	(13,034)
Commodities	148,839	21,801	53,764	22,071	19,844	19,151	123	12,085
Equipment	668,100	13,187	265,178	231,064	144,378	-	-	14,293
Other	2,801,972	2,223,596	90,074	467,350	10,020	-	-	10,932
Total Expenditures	9,965,991	7,250,576	1,370,001	944,636	349,922	26,027	123	24,706
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(418,998)	(730,448)	144,740	97,064	(55,892)	45,579	1,683	78,276
FUND BALANCES AT BEGINNING OF YEAR	3,521,732	1,542,950	1,376,904	250,044	105,242	152,899	10,464	83,229
FUND BALANCES AT END OF YEAR	\$ 3,102,734	\$ 812,502	\$ 1,521,644	\$ 347,108	\$ 49,350	\$ 198,478	\$ 12,147	\$ 161,505

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
OTHER UNRESTRICTED FUNDS--UNIVERSITY SERVICE DEPARTMENT ACTIVITIES

	UNIVERSITY PRINT SHOP	CENTRAL STORES	MOTOR POOL	MAIL SERVICE
TOTAL	\$ 723,899	\$ 33,976	\$ 108,257	\$ 279,437
REVENUES:	\$ 1,145,569	\$ 33,976	\$ 108,257	\$ 279,437
EXPENDITURES AND OTHER DEDUCTIONS:				
Personal services	203,760	33,976	4,789	-
Contractual	347,398	-	-	221,548
Commodities	336,735	-	-	1,218
Equipment	21,022	-	-	-
Other	80,573	-	69,768	12,504
	989,488	33,976	74,557	235,270
Total Expenditures				
EXCESS OF				
REVENUES OVER EXPENDITURES	156,081	-	33,700	44,167
FUND BALANCES AT BEGINNING OF YEAR	54,338	43,564	(5,288)	(22,112)
FUND BALANCES AT END OF YEAR	\$ 210,419	\$ 43,564	\$ 28,412	\$ 22,055

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--
OTHER UNRESTRICTED FUNDS--ADMINISTRATIVE OVERHEAD/INDIRECT COST ACTIVITIES

	TOTAL	GRANTS AND CONTRACTS	OTHER ACTIVITIES	BUSINESS OFFICE	OFFICE OF FINANCIAL AID	VETERANS AFFAIRS OFFICE
REVENUES:	\$ 1,572,375	\$ 1,450,678	\$ 21,153	\$ 62,570	\$ 37,183	\$ 791
EXPENDITURES AND OTHER DEDUCTIONS:						
Personal services	153,609	125,575	5,366	-	22,668	-
Contractual services	370,895	279,940	10,587	78,254	2,084	30
Commodities	7,353	855	5,441	501	556	-
Equipment	10,395	7,000	2,912	-	483	-
Other	453,661	442,619	9,116	-	1,926	-
Total Expenditures	995,913	855,989	33,422	78,755	27,717	30
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	576,462	594,689	(12,269)	(16,185)	9,466	761
FUND BALANCES AT BEGINNING OF YEAR	423,247	302,738	84,155	21,893	14,448	13
FUND BALANCES AT END OF YEAR	\$ 999,709	\$ 897,427	\$ 71,886	\$ 5,708	\$ 23,914	\$ 774

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SUMMARY OF ALUMNI ASSOCIATION CASH SUPPORT TO THE UNIVERSITY

During fiscal year 2005, the University engaged the Alumni Association, under contract, to provide fundraising services. As provided in the contract agreement, the University provided \$5,101 of services to the Alumni Association for the fiscal year ended June 30, 2005. As required by contract, the Alumni Association fully repaid the University with funds considered by the Illinois Auditor General to be unrestricted for the purposes of the University Guidelines computations. In addition, the University Alumni Association supported the University with non-qualifying restricted funds.

Presented below is a summary of cash support provided to the University by the Alumni Association for the fiscal year ended June 30, 2005.

Funds Considered unrestricted for purposes of the Guidelines computations:	
- Totally unrestricted	\$ 22,991
- Restricted only as to campus, college or department and generally available for on-going University operations:	
- Given to a particular college	23,031
- Given to a particular department	<u> -</u>
Total Funds Considered Unrestricted	<u>46,022</u>
Funds considered restricted for purposes of the Guidelines computations:	
- Given for scholarships	12,747
- Other restricted funds	<u> -</u>
Total Funds Considered Restricted	<u>12,747</u>
Total Funds Provided to the University	<u>\$ 58,769</u>

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SUMMARY OF FOUNDATION CASH SUPPORT TO THE UNIVERSITY

During fiscal year 2005, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University provided \$75,333 of services to the Foundation for the fiscal year ended June 30, 2005. As required by contract, the Foundation fully repaid the University with funds considered by the Illinois Auditor General to be unrestricted for the purposes of the University Guidelines computations. In addition, the University Foundation supported the University with non-qualifying restricted funds.

Presented below is a summary of cash support provided to the University by the Foundation for the fiscal year ended June 30, 2005.

Funds considered unrestricted for purposes
of the Guidelines computations:

- Totally unrestricted	\$ 40,788
- Restricted only as to campus, college or department and generally available for on-going University operations:	
- Given to a particular college	1,277
- Given to a particular department	<u>43,273</u>
Total Funds Considered Unrestricted	<u>85,338</u>

Funds considered restricted for purposes
of the Guidelines computations:

- Given for scholarships	61,455
- Other restricted funds	<u>50</u>

 Total Funds Considered Restricted 61,505

 Total Funds Provided to the University \$ 146,843