

University of Illinois

**Annual Financial Report
Auxiliary Facilities System**

**Year Ended June 30, 2008 with
Comparative Totals for 2007**

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TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	3
Independent Auditor's Report	4
Financial Statements:	
Statement of Net Assets	6
Statement of Revenues, Expenses and Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	10
Supplemental Information:	
Schedule of Insurance in Force (unaudited)	20
Occupancy Report (unaudited)	22
University Enrollment Data (unaudited)	23
Rental Rates for Residence Halls and Student-Staff Apartments (unaudited)	24

From the Vice President/Chief Financial Officer, Comptroller

UNIVERSITY OF ILLINOIS
Urbana-Champaign • Chicago • Springfield



Office of Vice President/Chief Financial Officer, Comptroller
349 Henry Administration Building
506 South Wright Street
Urbana, IL 61801

December 30, 2008

Holders of University of Illinois
Auxiliary Facilities System Revenue Bonds
and
The Board of Trustees
University of Illinois

I am pleased to transmit the Annual Financial Report of the University of Illinois Auxiliary Facilities System for the fiscal year ended June 30, 2008. This report supplements the financial statements of the University of Illinois presented in the Annual Financial Report.

The 2008 financial statements and accompanying notes appearing on pages 6 through 19 have been audited by Clifton Gunderson LLP, Independent Certified Public Accountants, as special assistants to the Auditor General of the State of Illinois, whose report on the financial statements and applicable notes appears on pages 4 and 5. The remainder of this report, which is unaudited, was compiled by the University and consists of ancillary data concerning operations.

Clifton Gunderson LLP will also prepare a report for the year ended June 30, 2008, containing special data requested by the Auditor General and another report covering their audit of the compliance of the University with applicable state and federal laws and regulations for the year ended June 30, 2008. These reports, which include some data related to the Auxiliary Facilities System, are not contained herein and are primarily for the use of the Auditor General and state and federal agencies.

Respectfully submitted,

A handwritten signature in black ink that reads "Walter K. Knorr".

Walter K. Knorr,
Vice President/Chief Financial Officer,
Comptroller

Independent Auditor's Report



The Honorable William G. Holland
Auditor General
State of Illinois
and
The Board of Trustees
University of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying statement of net assets of the University of Illinois Auxiliary Facilities System (System), as of June 30, 2008, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the System's 2007 financial statements and, in our report dated February 8, 2008 we expressed an unqualified opinion on those financial statements.

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

The accompanying financial statements were prepared for the purpose of complying with the requirements of the indenture for the System's Revenue Bonds, as described in Note 1, and are not intended to be a complete presentation of the University of Illinois' assets, liabilities, revenues, and expenses.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2008, and its changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the System failed to comply with the terms, covenants, provisions, or conditions of the Resolutions of the Board of Trustees of the University of Illinois which provided for the issuance of the outstanding University of Illinois Auxiliary Facilities System Revenue Bonds insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2008 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which has been issued under separate cover, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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

Clifton Gunderson LLP

Peoria, Illinois
December 30, 2008

Assets	Liabilities
Current assets	Current liabilities
Cash	Accounts payable
Accounts receivable	Deferred compensation
Prepaid expenses	Accrued interest
Other receivables	Other current liabilities
Total current assets	Total current liabilities
Non-current assets	Non-current liabilities
Investments	Long-term debt
Property, plant, and equipment	Deferred compensation
Other non-current assets	Other non-current liabilities
Total non-current assets	Total non-current liabilities
Total assets	Total liabilities

**Statement of Net Assets as of June 30, 2008
with Comparative Totals for 2007**

	<u>2008</u>	<u>2007</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 141,141,205	\$ 156,134,131
Cash and cash equivalents, restricted	63,817,791	193,907,925
Investments	23,360,495	17,269,080
Accrued investment income	1,144,006	1,363,962
Trade receivables, net of allowance of \$1,898,404	6,842,988	7,278,385
Inventories	7,305,804	7,631,742
Prepaid expenses and deferred charges	1,074,632	740,172
Total current assets	244,686,921	384,325,397
Noncurrent assets:		
Investments, restricted	16,846,167	14,632,453
Land	18,900,667	18,900,667
Buildings, net of accumulated depreciation	640,469,891	495,312,889
Improvements, net of accumulated depreciation	14,996,850	15,197,887
Equipment, net of accumulated depreciation	4,960,473	3,622,625
Construction in progress	204,657,394	202,263,896
Prepaid expenses and deferred charges	6,244,189	6,272,800
Total noncurrent assets	907,075,631	756,203,217
Total assets	\$ 1,151,762,552	\$ 1,140,528,614
Liabilities:		
Current liabilities:		
Accounts payable	\$ 47,634,302	\$ 47,573,171
Accrued liabilities	2,907,499	2,443,357
Accrued compensated absences	631,610	510,001
Accrued interest	9,041,929	9,273,736
Deferred revenue	6,406,600	5,488,399
Notes payable to the University	1,920,698	1,332,454
Bonds and leaseholds payable	29,004,447	27,235,681
Total current liabilities	97,547,085	93,856,799
Noncurrent liabilities		
Accrued compensated absences	5,597,360	5,195,034
Notes payable to the University	8,742,767	8,154,325
Bonds and leaseholds payable	931,990,465	930,056,447
Total noncurrent liabilities	946,330,592	943,405,806
Total liabilities	1,043,877,677	1,037,262,605
Net assets:		
Invested in capital assets, net of related debt	9,579,919	1,558,650
Restricted -		
Expendable for debt service	21,744,008	16,295,147
Unrestricted	76,560,948	85,412,212
Total net assets	107,884,875	103,266,009
Total liabilities and net assets	\$ 1,151,762,552	\$ 1,140,528,614

See accompanying notes to financial statements.

Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2008 with Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Room and board, net of waivers of \$964,911	\$ 106,275,425	\$ 99,578,997
Merchandise and food sales	29,945,184	26,720,962
Student service fees	77,228,815	72,757,970
Public events and recreation fees	6,638,567	6,965,832
Parking income	21,340,660	20,757,225
Rental and lease income	12,525,003	8,160,478
Vending income	1,561,831	1,391,168
Other operating revenue	10,700,266	9,685,578
Total operating revenues	<u>266,215,751</u>	<u>246,018,210</u>
Operating expenses:		
Salaries and wages	73,269,995	69,115,347
Merchandise and food for resale	30,782,260	29,562,597
Repair and maintenance	3,100,882	2,966,493
Professional and other contractual services	39,142,432	35,707,418
Utilities	24,319,605	19,957,870
Supplies	13,138,583	11,856,831
Noncapitalized equipment and equipment rentals	2,800,503	2,282,931
Administrative services	13,888,621	12,730,093
Other operating expense	10,307,623	3,774,639
Depreciation and amortization	20,055,790	16,583,382
Payments on behalf of the Facility	18,287,684	15,636,889
Total operating expenses	<u>249,093,978</u>	<u>220,174,490</u>
Operating income	<u>17,121,773</u>	<u>25,843,720</u>
Nonoperating revenues (expenses):		
Payments on behalf of the Facility	18,287,684	15,636,889
Investment income (net of related expenses)	12,229,399	19,820,602
Interest on capital asset-related debt	(41,446,495)	(45,707,369)
Amortization of issuance costs	(269,698)	(252,524)
Loss on disposal of capital assets	(82,461)	(1,428,249)
Other nonoperating revenues	-	735,879
Other nonoperating expenses	(1,221,336)	(2,932,353)
Net nonoperating expenses	<u>(12,502,907)</u>	<u>(14,127,125)</u>
Increase in net assets	4,618,866	11,716,595
Net assets, beginning of year	<u>103,266,009</u>	<u>91,549,414</u>
Net assets, end of year	<u>\$ 107,884,875</u>	<u>\$ 103,266,009</u>

See accompanying notes to financial statements.

Statement of Cash Flows
Year Ended June 30, 2008 with Comparative Totals for 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Room and board	\$ 107,173,438	\$ 99,693,763
Merchandise and food sales	30,105,820	30,142,288
Student service fees	77,626,064	72,146,734
Public events and recreation fees	6,671,844	6,904,279
Parking charges	21,087,898	20,662,475
Rental and lease income	12,598,840	8,124,907
Vending income	1,570,728	1,382,869
Other sources	10,734,720	6,020,347
Payments to employees and benefits	(72,194,474)	(69,038,093)
Payments to suppliers	(138,643,397)	(118,623,027)
Net cash provided by operating activities	<u>56,731,481</u>	<u>57,416,542</u>
Cash flows from noncapital financing activities:		
Other, net	(833,408)	(1,821,805)
Net cash used by noncapital financing activities	<u>(833,408)</u>	<u>(1,821,805)</u>
Cash flows from capital and related financing activities:		
Proceeds from issuance of bonds	20,800,000	330,170,903
Purchase of capital assets	(155,676,294)	(156,678,088)
Principal paid on bonds and capital leases	(27,168,323)	(78,199,449)
Repayment of notes payable to the University	(3,790,296)	(1,532,425)
Interest paid on bonds and notes payable	(39,023,600)	(32,389,001)
Payments of bond issuance costs	(266,845)	(2,666,750)
Net cash provided (used) by capital and related financing activities	<u>(205,125,358)</u>	<u>58,705,190</u>
Cash flows from investing activities:		
Interest and dividends on investments, net	11,881,217	19,548,042
Proceeds from sales and maturities of investments	39,289,093	106,707,553
Purchase of investments	(47,026,085)	(34,955,759)
Net cash provided by investing activities	<u>4,144,225</u>	<u>91,299,836</u>
Net increase (decrease) in cash and cash equivalents	<u>(145,083,060)</u>	<u>205,599,763</u>
Cash and cash equivalents, beginning of year	<u>350,042,056</u>	<u>144,442,293</u>
Cash and cash equivalents, end of year	<u>\$ 204,958,996</u>	<u>\$ 350,042,056</u>

Statement of Cash Flows

Year Ended June 30, 2008 with Comparative Totals for 2007 (cont)

	2008	2007
Reconciliation of operating income to net cash provided		
by operating activities:		
Operating income	\$ 17,121,773	\$ 25,843,720
Adjustments to reconcile operating income to net cash provided		
by operating activities:		
Depreciation and amortization	20,055,790	16,583,382
On-behalf payment of fringe benefits	18,287,684	15,636,889
Changes in assets and liabilities:		
Accounts receivable (net)	435,397	(1,039,897)
Inventories	325,938	(221,510)
Prepaid expenses and deferred charges	(308,701)	(226,315)
Accounts payable	(1,092,678)	656,435
Accrued liabilities	988,077	84,488
Deferred revenue	918,201	99,350
Net cash provided by operating activities	\$ 56,731,481	\$ 57,416,542
Noncash investing, capital, and financing activities:		
On-behalf payment of fringe benefits	\$ 18,287,684	\$ 15,636,889
Capital asset acquired through capital lease	-	129,325
Capital assets acquisition via notes payable to the University	5,675,241	6,009,602
Capital assets in accounts payable	44,011,922	42,858,110
Capital appreciation on bonds payable	10,596,692	10,762,938
Net interest capitalized	6,683,888	676,184
Other capital asset adjustments	(363,670)	112,326
Loss on disposal of capital assets	(82,461)	(1,428,249)

See accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Background and Basis of Presentation

The University of Illinois Auxiliary Facilities System (System) is comprised of all University of Illinois (University) owned housing units, student unions and similar auxiliary service units, including parking, at the three campuses; recreation and athletic facilities, including the Assembly Hall, Intramural Physical Education facility, Ice Rink Arena, and Memorial Stadium at the Urbana-Champaign campus; the Pavilion, Recreation Center East, and Flames Athletic Center at the Chicago campus; and the Gymnasium at the Springfield campus.

These financial statements have been prepared to satisfy the requirements of the System's Revenue Bonds master indenture. The financial balances and activities of the System, included in these financial statements, are included in the University's financial statements. The financial statements of the System are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The System is not a separate legal entity and therefore has not presented management's discussion and analysis.

The financial statements include prior year comparative information, which has been derived from the System's 2007 financial statements. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2007.

Certain items in the June 30, 2007 financial statements have been reclassified to correspond to the June 30, 2008 presentation.

The System's resources are classified into net asset categories and reported in the Statement of Net Assets. These categories are defined as (a) Invested in capital assets, net of related debt - capital assets net of accumulated depreciation and outstanding debt balances (b) Restricted nonexpendable - assets restricted by externally imposed stipulations (c) Restricted expendable - assets subject to externally imposed restrictions that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time and (d) Unrestricted - assets not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees.

Significant Accounting Policies

The System prepared its financial statements as a Business Type Activity, as defined by GASB Statement No. 35, using the economic resources measurement focus and the accrual basis of accounting. Business Type Activities are those financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Revenues, Expenses, and Changes in Net Assets classifies the System's fiscal year activity as operating and nonoperating. Operating revenues generally result from exchange transactions such as payments received for providing goods and services. The majority of the System's expenses are exchange transactions which GASB defines as operating expenses for financial statement presentation.

Certain revenue sources that the System relies on for operations including state appropriations and investment income are defined by GASB Statement No. 35 as nonoperating. In addition, transactions related to capital and financing activities are components of nonoperating revenues.

Housing charges billed or received in advance are deferred and recognized as revenue during the period of occupancy. Student service fees for the summer academic term are deferred and recognized as revenue over the summer semester.

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the System reported payments made by the State on behalf of the System for contributions to State group insurance and retirement programs for System employees of \$18,287,684 for the year ended June 30, 2008. On behalf payments are classified as nonoperating revenues and the corresponding expenses are reported in payments on behalf of the System as operating expenses.

The System first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The Statement of Cash Flows details the change in the cash and cash equivalents balance for the fiscal year. Cash and all liquid investments with original maturities of ninety days or less are defined as cash and cash equivalents.

Inventories are stated at the lower of cost or market with cost determined as follows:

Books and other merchandise for resale - principally the retail inventory method

Food - average cost method

Other inventories - principally the first-in, first-out method.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the System follows all applicable GASB pronouncements. In addition, the System follows all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The System has elected not to apply FASB pronouncements issued after November 30, 1989.

NOTE 2 - CASH AND CASH EQUIVALENTS

The System has cash and certain investments which are pooled with other University funds for the purpose of securing a greater return on investment and providing an equitable distribution of investment return. Pooled investments, which consist principally of allowable investments as presented in Note 3 below, are stated at fair market value, as determined by quoted market prices. Income is distributed based upon average quarterly balances invested in the pool. It is not feasible to separately categorize the System's claim on cash and pooled investments by level of custodial credit risk assumed.

The System classifies repurchase agreements as cash equivalents. Illinois Statutes require a third party custodian to perfect the University's security interest under repurchase agreements. The University follows industry standards and requires that securities underlying repurchase agreements must have a fair value of at least 102% of the cost of the repurchase agreement. At June 30, 2008, the system had repurchase agreements of \$124,098,357. The market value of securities underlying these repurchase agreements was \$139,238,165 at June 30, 2008.

NOTE 3 - INVESTMENTS

Illinois Statutes govern the investment policies of the University. Allowable investments under these policies include:

- Obligations of the U.S. Treasury, other federal agencies, and instrumentalities
- Interest-bearing savings accounts and time deposits of any bank as identified by the Illinois Banking Act
- Corporate bonds and stocks
- Commercial paper
- Repurchase agreements
- Mutual funds

Additionally, the University has investments in real estate and farm properties that are carried at cost, or when donated, at the fair value at the date of donation. All other investments are carried at their fair value, as determined by quoted market prices when available, and otherwise by generally accepted valuation principles. Investment income and the change in fair value of investments are recognized in the fund which owned such investments.

Nearly all of the University's investments are managed by external professional investment managers, who have full discretion to manage their portfolios subject to investment policy and manager guidelines established by the University, and in the case of mutual funds and other commingled vehicles, in accordance with the applicable prospectus.

The Board develops University policy on investments and delegates the execution of those policies to its administrative agents. The University follows the State of Illinois Uniform Management of Institutional Funds Act when investing its endowment and operating funds. The State of Illinois Public Funds Investment Act provides the context and framework for plant fund investments. The following details the carrying value of the System's investments as of June 30, 2008:

U.S. Government Securities	\$ 18,189,409
U.S. Government Treasuries	\$ 8,886,998
Commercial Paper	8,048,599
Repurchase Agreement	124,098,357
U.S. Treasury Put	4,345,000
Sub Total	163,568,363
Mutual Funds - Money Market	24,838,862
Consolidated Group Investment Pool	5,066,739
Total	\$ 193,473,964

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University employs multiple investment managers, of which each has specific maturity assignments related to the operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested in money market instruments. Core operating funds are invested in longer maturity investments. Core operating funds investment manager's performance benchmarks are Lehman Brothers 1-3 year Government Credit Bond Index and the Lehman Brothers Intermediate Aggregate Bond Index. The University's manager guidelines provide that the average weighted duration of the portfolio, including option positions, not vary from that of their respective performance benchmarks by more than +/-20 percent. The System's investments and maturities at June 30, 2008 are illustrated below:

	Maturities				Total
	Less than 1	1- 5	6 - 10	Greater than 10	
Commercial Paper	\$ 4,330,083				\$ 4,330,083
Mutual Funds - Money Markets	24,838,862				24,838,862
Repurchase Agreements	124,098,357				124,098,357
Total Cash Equivalents	\$ 153,267,302	\$ -	\$ -	\$ -	\$ 153,267,302
Commercial Paper	\$ 3,718,516				\$ 3,718,516
US Treasury Puts				4,345,000	4,345,000
US Treasuries	1,506,796	4,700,124	2,680,078		8,886,998
US Government Securities	13,068,444	3,062,840	2,058,125		18,189,409
Consolidated Group Investment	5,066,739				5,066,739
Total Cash Equivalents and Investments	\$ 176,627,797	\$ 7,762,964	\$ 4,738,203	\$ 4,345,000	\$ 193,473,964

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy requires that operating funds be invested in fixed income securities and money market instruments. Fixed income securities shall be rated investment grade or better by one or more nationally recognized statistical rating organizations. Securities not covered by the investment grade standard are allowed if, in the manager's judgment, those instruments are of comparable credit quality. Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion. It is expected that the average credit quality of the operating funds will not fall below Standard & Poor's AA- or equivalent. At June 30, 2008, all of the System's investments carried a AAA quality rating.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk relates to investment securities that are held by someone other than the University and are not registered in the University's name. The University investment policy does not limit the value of investments that may be held by an outside party. At June 30, 2008, the System's investments and deposits have no custodial credit risk exposure.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's policy provides that the total operating funds portfolio will be broadly diversified across securities in a manner that is consistent with fiduciary standards of diversification. This diversification is achieved by employing multiple investment managers and imposing maximum position limits for each manager. The University's manager guidelines for operating investments provide that non-U.S. government obligations (other national governments) may not exceed 10% per issuer and private mortgage-backed and asset-backed securities may not exceed 10% per issuer (unless collateral is credit independent of the issuer and the security's credit enhancement is generated internally, in which case the limit is 25% per issuer). Obligations with other issuers, other than the U.S. government, U.S. agencies, or U.S. government sponsored corporations and agencies, may not exceed 5%. As of June 30, 2008, not more than 5% of the University's total investments were invested in securities of any one issuer, excluding securities issued or guaranteed by the U.S. government, mutual funds, and external investment pools or other pooled investments.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's operating fund investments generally are not exposed to foreign currency risk. The University does not have an overarching policy related to foreign currency risk; however, under the investment manager's guidelines, the portfolio's foreign currency exposure may be unhedged or hedged back into U.S. dollars. Cross hedging is not permitted.

Securities Lending: To enhance the return on investment, the Board of Trustees of the University has authorized participation in a securities lending program. Through its custodian bank, the University loans securities to independent third parties. Such loans are secured by collateral consisting of cash, cash equivalents or U.S. Government securities and irrevocable bank letters of credit in an amount not less than 102% of the fair value of the securities loaned. Any collateral securities cannot be pledged or sold by the University unless the borrower defaults. The University receives interest and dividends during the loan period as well as a fee from the custodian. At June 30, 2008, the University has no credit risk exposure to borrowers because the amounts the University owes the borrowers exceed the amounts the borrowers owe the University. As of June 30, 2008, \$129,527,172 of the investments reported on the University's Statement of Net Assets was on loan, secured by collateral with a fair value of \$132,774,215. The System does not participate in security lending transactions.

NOTE 4 - CAPITAL ASSETS

Capital assets are carried at the System's cost or fair value at the date of a gift. System interest is charged to expense as incurred except for interest related to borrowings used for construction projects which is capitalized net of interest earned on construction funds borrowed. Net interest capitalized during fiscal year 2008 amounted to a net increase in construction costs of \$6,683,888. University policy requires the System to capitalize all land and collection purchases, equipment at \$5,000, buildings and improvements at \$100,000, and infrastructure at \$1,000,000. Depreciation of the capital assets is calculated on a straight-line basis over the estimated useful lives (three to fifty years) of the respective assets. The buildings are located on land primarily owned by the University for which there is no charge to the System other than for maintenance.

Capital asset activity for the year ended June 30, 2008 is summarized as follows:

Capital Assets for the System

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Nondepreciable Capital Assets:					
Land	\$ 18,900,667				\$ 18,900,667
Construction in progress	202,263,896	166,605,335		(164,211,837)	204,657,394
Total nondepreciable capital assets	221,164,563	166,605,335		(164,211,837)	223,558,061
Depreciable Capital Assets:					
Buildings	701,045,694		470,297	163,050,919	863,626,316
Improvements	41,045,990			1,160,918	42,206,908
Equipment	11,223,171	2,220,227	317,573		13,125,825
Total depreciable capital assets	753,314,855	2,220,227	787,870	164,211,837	918,959,049
Less accumulated depreciation:					
Buildings	205,732,805	17,859,511	435,891		223,156,425
Improvements	25,848,103	1,361,955			27,210,058
Equipment	7,600,546	834,324	269,518		8,165,352
Total accumulated depreciation	239,181,454	20,055,790	705,409		258,531,835
Total net depreciable capital assets	514,133,401	(17,835,563)	82,461	164,211,837	660,427,214
TOTAL	\$ 735,297,964	\$ 148,769,772	\$ 82,461	\$ 164,211,837	\$ 863,985,275

NOTE 5 - BONDS PAYABLE

On June 18, 2008 the University issued Variable Rate Demand Auxiliary Facilities System Revenue Bonds, Series 2008 in the amount of \$20,800,000. The proceeds of the Bonds will be used to pay a part of the costs of various improvements and additions to the System, pay a portion of the interest on the Series 2008 Bonds and fees, and pay costs of issuing the Series 2008 Bonds.

Bonds payable activity for the year ended June 30, 2008 was as follows:

Bonds Payable

Series	Yield on Outstanding Debt	Maturity Dates	Beginning Balance	New Debt	Principal Paid/Debt Refunded	Ending Balance	Current Portion
1979	3.00%	2008-2018	\$ 780,000	\$	\$ 60,000	\$ 720,000	\$ 60,000
1991	5.95% - 7.35%	2008-2021	202,930,000		3,855,000	199,075,000	3,835,000
1993	5.70% - 5.95%	2008-2009	22,290,000		11,150,000	11,140,000	11,140,000
1996	4.00% - 5.60%	2008-2017	835,000		195,000	640,000	205,000
1999A	5.10% - 5.20%	2008-2010	5,195,000		1,565,000	3,630,000	1,720,000
1999A	6.05% - 6.33%	2015-2030	39,820,000			39,820,000	
1999B	7.41% - 7.56%	2008-2015	5,400,000		430,000	4,970,000	560,000
2000	5.50%	2008-2010	450,000		120,000	330,000	150,000
2001A	4.00% - 5.50%	2008-2030	103,860,000		2,035,000	101,825,000	2,150,000
2001B	5.20% - 5.25%	2008-2032	39,725,000		630,000	39,095,000	1,020,000
2001C	5.08% - 7.00%	2008-2021	14,925,000		1,215,000	13,710,000	970,000
2003A	2.00% - 5.50%	2008-2034	62,945,000		1,155,000	61,790,000	1,210,000
2005A	4.625% - 5.50%	2008-2031	16,164,500		3,265,000	12,899,500	3,425,000
2005B	variable	2008-2035	67,305,000		290,000	67,015,000	300,000
2006	4.00% - 5.00%	2008-2036	318,155,000		1,160,000	316,995,000	1,835,000
2008	variable	2008-2038	-	20,800,000		20,800,000	315,000
			<u>\$ 1,046,260,000</u>	<u>\$ 20,800,000</u>	<u>\$ 27,125,000</u>	1,039,935,000	28,895,000
Unaccreted Appreciation						(99,369,778)	(461,554)
						940,565,222	28,433,446
Unamortized Debt Premium						33,339,411	1,258,102
Unamortized Deferred Loss on Refunding						(13,065,691)	(732,516)
Total Bonds Payable						<u>\$ 960,838,942</u>	<u>\$ 28,959,032</u>

Capital appreciation bonds (Series 1991, 1993, and 1999A) of \$250,035,000 outstanding at June 30, 2008 do not require current interest payments and have a net unappreciated value of \$150,665,222. The System records the annual increase in the principal amount of these bonds as interest expense and accretion on bonds payable.

Costs associated with the issuance of the Series 1991, 1993, 1996, 1999A, 1999B, 2000, 2001A, 2001B, 2001C, 2003A, 2005A, 2005B, 2006, and 2008 Bonds have been recorded as a prepaid expense and are being amortized over the life of the related bond issue.

Certain bonds of the System (Series 1991, Series 1993, and Series 1996 Bonds) have debt service reserve requirements. The Maximum Annual Net Debt Service for those bonds, as defined, is \$15,388,394.

None of the System's bonds constitute obligations of the State of Illinois, but are payable solely by the Board from net revenues of the System, student tuition and fees, and Retirement of Indebtedness funds.

The resolutions authorizing the University of Illinois Auxiliary Facilities System Revenue Bonds provide for the establishment of separate funds as follows: Current Unrestricted Fund, Unexpended Fund, Repair and Replacement Reserve, Equipment Reserve, Bond and Interest Sinking Fund, Debt Service Reserve, and Development Reserve. All System revenues, including student tuition and fees as provided for by the Bond Resolutions, are to be deposited in the Current Unrestricted Fund and used to pay necessary operation and maintenance expenses of the System. The Bond Resolutions also require transfers to funds as follows:

Unexpended Fund - amounts, as determined by the Board, not needed to complete construction and renovation projects specified in the Bond Resolutions are required to be transferred from the Unexpended Fund to the Bond and Interest Sinking Fund.

Repair and Replacement Reserve - an amount calculated as specified in the Bond Resolutions to provide for the cost of unusual maintenance and repairs.

Equipment Reserve - an amount approved by the Board for the acquisition of movable equipment to be installed in the facilities constituting the System. The reserve may not exceed 20% of the book value of the movable equipment of the System. Additions of \$1,725,035 were made to the Equipment Reserve during the year ended June 30, 2008. Expenditures of \$868,245 were made to replace movable equipment during the year ended June 30, 2008. The fund balance of the Equipment Reserve was \$2,828,087 at June 30, 2008.

Bond and Interest Sinking Fund and Debt Service Reserve - amounts are transferred into the Bond and Interest Sinking Fund sufficient to pay principal and interest as it becomes due on the outstanding bonds and amounts to fund a Debt Service Reserve at least equal to the Maximum Annual Net Debt Service, as defined. At June 30, 2008 the Debt Service Reserve was funded in excess of the Maximum Annual Net Debt Service. If at any time the Debt Service Reserve is less than the Maximum Annual Net Debt Service, the System is required to restore the Debt Service Reserve to the Maximum Annual Net Debt Service by the end of the next fiscal year.

Development Reserve - an amount approved by The Board of Trustees of the University of Illinois (Board) for System development. No transfers were authorized by the Board during the year ended June 30, 2008, and there was no balance in the reserve at June 30, 2008.

The System made all required transfers for the year ended June 30, 2008.

After fulfillment of the provisions described above, the surplus, if any, remaining in the Current Unrestricted Fund may be used (a) to redeem bonds of the System which are subject to early redemption, (b) to purchase any outstanding bonds for cancellation, or (c) to advance refund any bonds outstanding.

Advance Refunded Bonds

The System has defeased bonds through advance refunding in prior years and, accordingly, they are not reflected in the accompanying financial statements. The amount of bonds which have been advance refunded as of June 30, 2008 are as follows:

Advance Refunded Bonds	
Series	Outstanding at June 30, 2008
1978-M	\$ 6,245,000
1999A	85,300,000
2000	10,785,000
2001B	55,315,000
Total Advance Refunded Bonds	<u>\$ 157,645,000</u>

Debt Service Requirements and Security

Future debt service requirements for the Series 1979, 1991, 1993, 1996, 1999A, 1999B, 2000, 2001A, 2001B, 2001C, 2003A, 2005A, 2005B, 2006, and 2008 Bonds are as follows:

Debt Service Requirements

	Principal	Interest
2009	\$ 28,895,000	\$ 37,137,149
2010	29,555,000	36,466,239
2011	30,635,000	35,804,497
2012	31,770,000	35,124,266
2013	32,975,000	34,357,887
2014-2018	185,340,000	158,219,947
2019-2023	208,615,000	130,151,413
2024-2028	191,985,000	89,038,265
2029-2033	205,040,000	42,077,555
2034-2038	95,125,000	6,927,102
Total Debt Service	\$ 1,039,935,000	\$ 605,304,320
Unaccreted Appreciation	(99,369,778)	
Unamortized Debt Premium	33,339,411	
Unamortized Deferred Loss on Refunding	(13,065,691)	
Total Bonds Payable	\$ 960,838,942	

NOTE 6 - LEASEHOLDS PAYABLE

Leaseholds payable activity for the year ended June 30, 2008 consists of the following:

Leaseholds Payable

Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
\$199,293		\$43,323	\$155,970	\$45,415

Capital lease obligations have maturity dates from 2009 through 2013 and have interest rates ranging from 4.3% to 5%. As of June 30, 2008, future minimum lease payments are as follows:

	Principal	Interest
2009	\$ 45,415	\$ 6,351
2010	47,609	4,157
2011	44,842	1,875
2012	18,104	311
Total minimum payments	\$ 155,970	\$ 12,694

NOTE 7 - RELATED PARTY TRANSACTIONS

The University charged the System administrative and other service charges totaling \$13,888,621 in 2008, based upon the gross expenditures and debt service transfers of various operations of the System. These charges represent a portion of estimated administrative and other service costs incurred by the University in support of the System.

The System includes certain athletic facilities and office space utilized by the Division of Intercollegiate Athletics. Student fees provide the primary funding for the operation of these athletic facilities and office space. The Division of Intercollegiate Athletics transferred funds to the System of \$4,623,500 in 2008, to fund the operations not covered by student fees.

At June 30, 2008, the System had borrowings of \$10,663,465 under multiple internal financing notes with the University for construction of System facilities. The notes have varying repayment terms and interest rates.

Notes Payable						
	Maturity Date	Beginning Balance	New Debt	Principal Paid/Debt Refunded	Ending Balance	Current Portion
Payable to the						
University -	2009-2017	\$9,486,779	\$4,966,982	\$3,790,296	\$10,663,465	\$1,920,698

Future Debt Service requirements for the outstanding loans as of June 30, 2008 is as follows:

Notes Payable to the University Debt Service Requirements		
	Principal	Interest
2009	\$ 1,920,698	\$ 492,519
2010	1,984,528	404,189
2011	2,025,247	312,984
2012	1,739,775	219,942
2013	1,709,252	139,741
2014-2018	1,283,965	71,236
TOTAL	\$ 10,663,465	\$ 1,640,611

NOTE 8 - RETIREMENT AND POSTEMPLOYMENT BENEFITS

Substantially all employees of the System participate in the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined-benefit pension plan. The University contributes to the plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. The University contributions include payments for System employees covered under the plan.

SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

Eligible employees must participate upon initial employment. Employees are ineligible to participate if (a) employed after having attained age 68; (b) employed less than 50% of full-time; or (c) employed less than full-time and attending classes with an employer. Of those University employees ineligible to participate, the majority are students at the University.

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 12.88% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The University's contributions to SURS for the years ended June 30, 2008, 2007, and 2006 were \$174,317,903, \$138,499,000, and \$101,570,000, respectively, equal to the required contributions for each year.

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the System's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

NOTE 9 - CONSTRUCTION AND COMMITMENTS

At June 30, 2008, the System had commitments on various construction projects and contracts for repairs and renovation of auxiliary facilities of \$109,110,000. These projects will be funded from the proceeds of the Series 1999B, 2001B, 2001C, 2003A, 2005A, 2005B, 2006, and 2008 Bonds Unexpended Fund and the Repair and Replacement Reserve.

NOTE 10 - SUBSEQUENT EVENTS

The System has pooled cash and certain investments with other University funds in the University's investment portfolio. During fiscal year 2008, financial markets as a whole have incurred declines in values. Subsequent to fiscal year end, the University's investment portfolio, has also incurred a decline in the values reported in the accompanying financial statements. However, because the values of individual investments fluctuate with market conditions, the amount of investment losses that the System will recognize in its future financial statements, if any, cannot be determined.

The System has outstanding bonds that have variable interest rates. These interest rates are tied to various indexes which reset on a weekly basis. Subsequent to year-end, the interest rates on these variable rate bonds fluctuated upward due to volatile market conditions. After September 2008, these fluctuations in interest rates have trended downward to rates similar to those disclosed at June 30, 2008. The interest that was paid, after year-end and prior to issuance of this report, due to these fluctuations did not have a material impact on the overall financial position of the System.

This information is an integral part of the accompanying financial statements.

Schedule of Insurance in Force as of July 1, 2008 (unaudited)

	Insurance Valuation FY08			Total
	Buildings	Contents	Business Interruption	
Property				
Urbana Campus				
Allen Hall	\$ 21,202,204	\$ 1,336,900	\$ ----(1)----	\$ 22,539,104
Busey-Evans Residence Halls	21,535,102	1,496,200	2,048,400	25,079,702
Central Food Stores	9,476,861	3,335,600	2,618,000	15,430,461
Florida Avenue Residence Hall	43,680,651	4,599,800	7,097,800	55,378,251
Fourth Street Residence Halls	15,465,318	979,900	668,400	17,113,618
Goodwin-Green Street Apartments	23,589,248	649,100	1,082,200	25,320,548
Graduate Student Residence	29,746,431	1,017,500	1,067,500	31,831,431
Gregory Drive Residence Halls	47,426,633	4,914,800	8,200,900	60,542,333
Illinois Street Residence Hall	39,195,415	4,280,300	6,561,500	50,037,215
Lincoln Avenue Residence Hall	34,753,934	3,083,300	4,172,200	42,009,434
Orchard Apartments - Phase IV	11,494,407	299,000	----(2)----	11,793,407
Orchard Downs Apartments	33,472,206	2,966,800	1,059,100	37,498,106
Orchard Place Apartments	7,896,498	658,300	4,392,200	12,946,998
Peabody Drive Residence Halls	44,196,130	4,930,600	8,014,500	57,141,230
Pennsylvania Avenue Residence Halls	35,279,011	4,013,200	3,931,200	43,223,411
Post Office and Snack Bar	3,357,058	1,283,600	464,500	5,105,158
Stuart Pratt Sherman Hall	21,094,483	914,000	1,279,900	23,288,383
Taft and Van Doren Residence Halls	9,878,518	883,300	1,047,700	11,809,518
Admissions and Records Building	3,838,139			3,838,139
Assembly Hall	50,831,009	2,200,000	5,000,000	58,031,009
Atkins Tennis Facility	5,088,909	200,000	400,000	5,688,909
Baseball Stadium	3,360,629	115,000		3,475,629
Bielfeldt Athletic Administration Building	6,401,265	1,663,444		8,064,709
Campus Bookstore	16,392,992	5,500,000	4,000,000	25,892,992
Ice Rink Arena	11,144,820	450,000	2,000,000	13,594,820
Illini Union Building	72,355,649	7,700,000	6,000,000	86,055,649
Illini Union Warehouse	1,294,962	890,000	125,000	2,309,962
Intramural Physical Education Building	88,082,509	2,573,000	3,000,000	93,655,509
Irwin Academic Services Center	2,184,409	100,000		2,284,409
Irwin Indoor Football Facility	14,135,823	100,000	1,500,000	15,735,823
McKinley Hospital and Health Center Addition	26,695,479	3,000,000	5,000,000	34,695,479
Memorial Stadium	84,142,003	3,865,000	5,000,000	93,007,003
Satellite Recreation Facility	41,181,537	750,000	1,000,000	42,931,537
Student Services Arcade Building	8,320,000	500,000		8,820,000
Student Services Building	9,040,668	547,400		9,588,068
Ubben Basketball Complex	6,208,311	500,000		6,708,311
Krannert Center Parking	7,391,138		500,000	7,891,138
North Campus Parking Structure	22,189,447		1,000,000	23,189,447
Parking Structure, Lot C10	5,297,968		1,000,000	6,297,968
Parking Structure, Lot C7	5,090,204		1,000,000	6,090,204
Parking Structure, Lot F29	15,167,638		1,000,000	16,167,638
Ashton Woods Apartments	11,521,129	173,800	1,100,000	12,794,929
Indoor Golf Facility	4,577,577	10,000		4,587,577
Total Urbana Campus	\$ 974,674,322	\$ 72,479,844	\$ 92,331,000	\$ 1,139,485,166

	Insurance Valuation			Total
	Buildings	Contents	Business Interruption	
Chicago Campus				
Residence Hall for Men	\$ 21,647,523	\$ 1,601,521	\$ 818,345	\$ 24,067,389
Women's Residence Hall	11,559,834	390,414	536,619	12,486,867
Single Student Residence Hall -				
Health Sciences Center	30,312,274	1,779,417	2,548,944	34,640,635
South Campus Student Residence Phase I	46,085,729	1,888,411	1,142,512	49,116,652
South Campus Student Residence Phase II	28,677,879	1,373,771	816,080	30,867,730
Student Residence & Commons	39,660,550	4,264,561	2,534,037	46,459,148
Chilled Water Facility	812,159	11,000,000	1,000,000	12,812,159
Flames Athletic Center	13,133,684		3,000,000	16,133,684
Pavilion	25,071,614	1,200,191	2,235,917	28,507,722
Satellite Union	875,904	249,122	1,000,000	2,125,026
Student Services Building	25,901,889	3,013,886	887,189	29,802,964
Union Building - Health Sciences Center	31,874,480	6,191,918	3,648,305	41,714,703
University Center	77,373,761	18,663,017	6,708,306	102,745,084
Recreation Center East	37,400,473	1,252,500		38,652,973
Parking Structure - Health Sciences Center	14,372,370	70,842	570,891	15,014,103
Parking Structure - South Campus	26,597,066	410,000	2,000,000	29,007,066
Parking Structure - University Center	10,864,337	111,717	2,000,000	12,976,054
Parking Structure #2 - University Center	12,743,842	92,934	2,000,000	14,836,776
Parking Structure - Wood & Taylor	28,660,059	59,795	1,000,000	29,719,854
Adaptive Reuse 2A Bldg 672	6,070,007			6,070,007
Stukel Tower	78,711,674	1,000,000	4,500,000	84,211,674
UIC Forum	27,885,000	2,500,000	750,000	31,135,000
Total Chicago Campus	596,292,108	57,114,017	39,697,145	693,103,270
Springfield Campus				
Homer L. Butler Housing Commons	674,599	44,466		719,065
Student Apartments	14,744,284	897,120	1,144,692	16,786,096
Student Life Building	2,876,188	178,311	500,000	3,554,499
Pennyroyal Crt. Townhouse Apts.	3,216,408	164,700	285,117	3,666,225
Marigold Crt. Townhouse Apts.	5,869,377	350,000	288,576	6,507,953
Vachel Lindsay Dr. Townhouse Apts.	4,981,083	350,000	276,552	5,607,635
Lincoln Residence Hall	11,185,293	460,400	974,835	12,620,528
Trillium Crt Townhouse Apts.	4,981,083	350,000	276,552	5,607,635
UIS Student Rec Center	14,236,148	825,000	500,000	15,561,148
Total Springfield Campus	62,764,463	3,619,997	4,246,324	70,630,784
Total (3)	\$ 1,633,730,893	\$133,213,858	\$ 136,274,469	\$ 1,903,219,220
Total amount of insurance (100%) (4)				\$ 1,903,219,220

(1) Included with Lincoln Avenue Residence Hall.

(2) Included with Orchard Place Apartments.

(3) The buildings are valued at replacement costs, which are predicated on the Engineering News Record (ENR) building replacement cost index and insurer recommendations. This value approximates the replacement value at June 30, 2008. The contents are also valued at replacement value.

(4) An insurance policy was issued by Lexington Insurance for the policy period July 1, 2007 through June 30, 2008.

Occupancy Report for Fiscal Year 2008 (unaudited)

	Normal Capacity ⁽¹⁾	Average Occupancy ⁽²⁾	Percent of Occupancy
Urbana-Champaign Campus:			
Residence Halls -			
Busey-Evans Halls	398	386	97.07%
Lincoln-Allen Residence Halls	1,162	1,105	95.12%
Fourth Street Halls	275	262	95.45%
Taft and Van Doren Halls	406	388	95.51%
Gregory Drive Residence Halls	1,404	1,385	98.62%
Daniels Hall Units #1 and #2	259	224	86.32%
Peabody Drive Residence Halls	1,405	1,373	97.74%
Pennsylvania Avenue Residence Halls	1,040	943	90.67%
Illinois Street Residence Halls	1,198	1,172	97.87%
Sherman Hall	455	418	91.91%
Florida Avenue Residence Halls	1,265	1,224	96.77%
Total Residence Halls	9,267	8,881	95.84%
Student-Staff Apartments -			
Goodwin-Green Street Apartments	200	177	88.38%
Orchard Downs Apartments	752	564	75.06%
Total Apartments	952	741	77.86%
Chicago Campus:			
Residence Halls -			
Student Residence Hall	245	230	93.88%
Polk Street Residence	125	120	96.00%
Single Student Residence	570	530	92.98%
Student Residence and Commons	1,332	1,308	98.20%
Thomas Beckham Hall	443	436	98.42%
Marie Robinson Hall	349	340	97.42%
James Stukel Towers	742	728	98.11%
Total Residence Halls	3,806	3,692	97.00%
Springfield Campus:			
Apartments -			
Single Units	698	643	92.12%
Family Units	33	33	100.00%
Total Apartments	731	676	92.48%
Residence Hall -			
Lincoln	214	205	95.79%
Total Residence Halls	214	205	95.79%

(1) Number of rentable spaces

(2) Calculated on annual occupancy of the available rentable spaces

Supplemental Information
University Enrollment Data as of October 2007 (unaudited)

	Undergraduate			Graduate & Professional			Total Enrollment
	Urbana - Champaign	Chicago ⁽¹⁾	Springfield	Urbana - Champaign	Chicago ⁽²⁾	Springfield	
Headcount							
Fall -							
2003	28,589	16,012	2,052	10,275	10,198	1,588	68,714
2004	29,287	15,448	1,965	10,258	8,959	1,419	67,336
2005	30,453	15,148	2,005	10,141	9,205	1,373	68,325
2006	30,935	14,999	1,987	10,312	9,201	1,375	68,809
2007	30,695	15,672	2,038	10,325	9,453	1,148	69,331

Full-time Equivalent⁽³⁾

Fall -							
2003	28,795	14,602	1,481	12,034	10,583	788	68,283
2004	29,544	14,389	1,536	11,679	9,367	772	67,287
2005	30,991	14,212	1,603	11,485	9,611	815	68,717
2006	31,404	14,171	1,610	11,752	9,606	811	69,354
2007	31,310	14,881	1,657	11,504	9,687	730	69,769

Note: Excludes the following Fall 2007 off-campus enrollments by campus:

UIS - excludes 1,669 off-campus undergraduate and graduate students.

UIUC - excludes 115 students enrolled at the Illini Center (101 Executive MBA and 14 MS Accountancy-Tax), and 1,191 Guided Individual Study and Extramural students.

UIC - Excludes 622 off-campus students.

¹⁾Excludes Residents.

²⁾Students enrolled in post-professional Dentistry programs are classified as professional students.

³⁾Based on Illinois Board of Higher Education definition of full-time equivalency. Undergraduate student full-time equivalent is computed as the total number of fall term, semester credit hours divided by 15.

Graduate and Professional student full-time equivalent is computed as the total number of semester credit hours divided by 12. The calculation includes imputed credit hours for students enrolled in coursework for zero credit.

Rental Rates for Residence Halls and Student-Staff Apartments (unaudited)

	<u>2007-08</u> <u>Rates</u>
Urbana-Champaign Campus	
Residence Halls (room and board for the academic year)	
Singles	\$ 8,760
Doubles	7,666
Triples	7,234
Quadruples	6,930
Rates are \$200 more for comparable space in air conditioned halls	
Residence halls (room only for academic year)	
Singles	
Daniels Hall w/ Private Bath	5,620
Daniels Hall w/ Shared Bath	5,392
Sherman Hall w/ Shared Bath	4,274
Doubles	
Daniels Hall	4,918
Sherman Hall	4,090
Apartments (monthly rates, heat included)	
Student Rate	
Sleeping	527
Zero Bedroom	617
One Bedroom	732
Staff Rate	
Sleeping	562
Zero Bedroom	652
One Bedroom	767
Orchard Place, Orchard Downs and Orchard Downs Addition Apartments (monthly rates - per unit)	
One Bedroom (Furnished)	599
Two Bedroom (Furnished)	676
Two Bedroom (Unfurnished)	540

Rental Rates for Residence Halls and Student-Staff Apartments (unaudited) - continued

	<u>2007-08</u> <u>Rates</u>
Chicago Campus - Health Sciences Center	
Residence Halls	
(room only for the academic year)	
Singles	
Student Residence Hall	\$ 5,932
Student Residence Hall and Commons	6,114
Doubles	
Student Residence Hall	5,252
Polk Street Residence Hall	5,626
Student Residence Hall and Commons	5,518
Apartments - (SSR)	
(monthly rates - per unit)	
Two Person Apartment	1,516
Three Person Apartment	2,226
Four Person Apartment	3,004
Two Person Suite	1,296
Three Person Suite	1,944
Apartments - (South Campus)	
(monthly rates - per unit)	
One Person Apartment	978
Two Person Apartment	1,654
Four Person Apartment	3,248
Springfield Campus	
Apartments - Family	
(unit only for the academic year)	
One Bedroom (Furnished)	\$ 5,800
Two Bedroom (Furnished)	7,900
One Bedroom (Unfurnished)	5,100
Two Bedroom (Unfurnished)	6,700
Apartments - Other	2,630-4,000
(per person for the academic year)	
Two Bedroom - Four Person	2,200
Four Bedroom - Four Person	3,800
Four Bedroom - Four Person - Townhouse	4,400
Residence Hall	
Lincoln	5,746

*Average of 2 rates for renovated units.

