

## **NOTE:**

The results of our compliance testing in accordance with the Single Audit Act and OMB Circular A-133 for the FY 09 reporting period has been reissued in a separate report.

Please disregard the information previously reported on pages 12, 14, 15, 23, 24, 25, 46, 47, 48, 49, 50, and 51 in the State of Illinois, Northeastern Illinois University Compliance Examination (In Accordance with the Single Audit Act and OMB Circular A-133) for the year ended June 30, 2009.

For updated information please refer to the separately issued report entitled State of Illinois, Northeastern Illinois University, Single Audit (In Accordance with the Single Audit Act and OMB Circular A-133) for the year ended June 30, 2009.

The previously issued report did not include the federal Higher Education Institutional Aid program as a major program. This federal program was subsequently tested and reported as a major program. The Auditor's *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133* dated April 15, 2011 replaces the previously issued report dated December 15, 2009.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
COMPLIANCE EXAMINATION  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)**

For the Year Ended June 30, 2009  
Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois

**State of Illinois  
 Northeastern Illinois University  
 Compliance Examination  
 (In Accordance with the Single Audit Act and OMB Circular A-133)  
 For the Year Ended June 30, 2009**

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**State of Illinois  
 Northeastern Illinois University  
 Compliance Examination  
 (In Accordance with the Single Audit Act and OMB Circular A-133)  
 For the Year Ended June 30, 2009**

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**Related Report Published Under a Separate Cover**

Northeastern Illinois University  
 Financial Audit for the Year Ended June 30, 2009

**State of Illinois  
Northeastern Illinois University**

**Agency Officials**

President

Dr. Sharon Hahs

Vice President for Finance and Administration

Mr. Mark Wilcockson, CPA

Associate Vice President - Financial and Administrative  
Affairs

Mr. David Jonaitis

Director of Financial Affairs / Controller

Ms. Peggy Ho

Director of Internal Audit

Mr. Ronald Cierny, CPA

Executive Director - Office of University Budgets

Dr. Helen Ang

***Agency offices are located at:***

5500 North St. Louis Avenue  
Chicago, Illinois 60625

December 15, 2009

E. C. Ortiz & Co., LLP  
333 S. Des Plaines Street, Suite 2-N  
Chicago, Illinois 60661

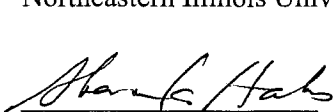
Ladies and Gentlemen:

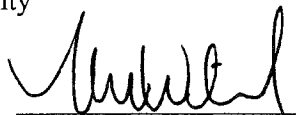
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Northeastern Illinois University (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the year ended June 30, 2009. Based on this evaluation, we assert that during the year ended June 30, 2009, the University has materially complied with the assertions below.


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

Yours very truly,

Northeastern Illinois University

  
Sharon K. Hahs  
President

  
Mark Wilcockson, CPA  
VP for Finance and Administration

  
Peggy Ho  
Controller

**State of Illinois  
 Northeastern Illinois University  
 For the Year Ended June 30, 2009**

**COMPLIANCE REPORT**

**SUMMARY**

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

**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>Current Report</u>	<u>Prior Report</u>
Findings	9	7
Repeated Findings	4	5
Prior Recommendations Implemented or Not Repeated	3	3

Details of findings are presented in the separately tabbed report section of this report.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
09-1	16-18	Controls for Reporting Accrued Compensated Absences	Material Weakness
09-2	19-20	Financial Adjustments	Significant Deficiency
09-3	21-22	Student Receivables Not Reconciled Timely	Significant Deficiency
<i>FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)</i>			
09-4	23-25	Grant Expenditures Not Reimbursed Timely	Material Noncompliance
09-5	26-28	Inadequate Controls Over Payroll Processing of Employees Paid from Grant Funds	Noncompliance
09-6	29-30	Inadequate Procedures Over Verification of Eligibility Requirements	Noncompliance

**State of Illinois  
 Northeastern Illinois University  
 For the Year Ended June 30, 2009**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
09-7	31-36	Inadequate Controls Over University Property and Equipment	Material Noncompliance
09-8	37-39	Noncompliance with Required Contracting Procedures	Noncompliance
09-9	40-41	Timesheets Not Required	Noncompliance

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

09-1	16-18	Controls for Reporting Accrued Compensated Absences	Noncompliance
09-2	19-20	Financial Adjustments	Noncompliance
09-3	21-22	Student Receivables Not Reconciled Timely	Noncompliance

PRIOR FINDINGS NOT REPEATED

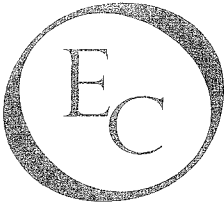
A	42	Inadequate Controls Over University Equipment Acquired from Grant Funds	
B	42	Required Federal Reports Were Not Submitted Timely	
C	42-43	Inadequate Controls Over Voucher Processing	

**EXIT CONFERENCE**

The University waived having an exit conference in a letter dated November 25, 2009, from the University's Vice President for Finance and Administration, Mark Wilcockson.

The responses to the recommendations were provided by Mark Wilcockson in a letter dated December 8, 2009.





**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 Northeastern Illinois University's (University) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2009. The management of the University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the University's compliance based on our examination.

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

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the University's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we

considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the University's compliance with specified requirements.

As described in finding 09-7 in the accompanying schedule of findings and questioned costs, the University did not comply with the requirements regarding:

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

Compliance with such requirements is necessary, in our opinion, for the University to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the University complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2009. However, the results of our procedures disclosed other instances of noncompliance, 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 09-1, 09-2, 09-3, 09-8, and 09-9.

#### Internal Control

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the University's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or

detected and corrected on a timely basis. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as finding 09-7 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance. We consider the deficiencies in internal control over compliance described in findings 09-1, 09-2, 09-3, 09-8, and 09-9 in the accompanying schedule of findings and questioned costs, to be significant deficiencies.

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

The University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the University's responses and, accordingly, we express no opinion on them.

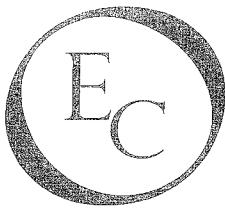
#### Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of the business-type activities of the University and its aggregate discretely presented component unit as of and for the year ended June 30, 2009, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 15, 2009. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the University. The 2009 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, 2009 taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the University's basic financial statements for the year ended June 30, 2008. In our report dated January 22, 2009, we expressed an unqualified opinion on those statements. In our opinion, the 2008 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2008, 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, Board of Trustees, University management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*E.C. Ortiz & Co., LLP*  
December 15, 2009



**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 the business-type activities of the Northeastern Illinois University (University) and its aggregate discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 15, 2009. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding 09-1 in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 09-2 and 09-3 in the accompanying schedule of findings to be significant deficiencies.

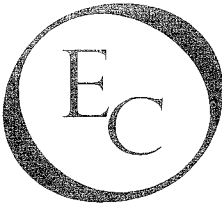
### Compliance and Other Matters

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

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the University's responses and, accordingly, we express no opinion on them.

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

*E.C. Ortiz & Co., LLP*  
December 15, 2009



**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 Northeastern Illinois University (University) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

As described in item 09-4 in the accompanying schedule of findings and questioned costs, the University did not comply with requirements regarding reporting that are applicable to its TRIO Cluster. Compliance with such requirements is necessary, in our opinion, for the University to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures also disclosed other 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 09-5 and 09-6.

## Internal Control Over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 09-4 to 09-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider 09-4 to be a material weakness.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of the University as of and for the year ended June 30, 2009, and have issued our report thereon dated December 15, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the 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.

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's responses and, accordingly, we express no opinion on them.

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

*E.C. Artiz & Co., LLP*  
December 15, 2009



**SCHEDULE OF FINDINGS  
AND  
QUESTIONED COSTS**

**State of Illinois  
 Northeastern Illinois University  
 For the Year Ended June 30, 2009**

**Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)?   X   Yes        None Reported
- Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?   X   Yes        No
- Significant Deficiency(ies) 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

**State of Illinois  
Northeastern Illinois University  
For the Year Ended June 30, 2009**

**Summary of Auditors' Results, Continued**

Identification of major programs:

<u>CFDA#</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs TRIO Cluster
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B Programs:

\$729,641

Auditee qualified as low-risk auditee?

       Yes   X   No

**State of Illinois  
Northeastern Illinois University  
For the Year Ended June 30, 2009**

**CURRENT FINDING - GOVERNMENT AUDITING STANDARDS**

*09-1 Controls for Reporting Accrued Compensated Absences*

The Northeastern Illinois University (University) did not have adequate controls in place for identifying and reporting the University's liability for accrued compensated absences.

The University began maintaining its records of employees' vested vacation and sick time in its new Human Resources (HR) Banner information system. At the end of the fiscal year, the HR department queried the system in order to extract data, which is then used to adjust the accrued compensated absences liability on the University's financial statements.

The liability for accrued compensated absences reported on the University's financial statements amounted to \$9,391,229 at June 30, 2009. Based on our review of the Leave Liability Report (Report), we noted the following:

- The salary rates used in the calculation of accrued compensated absences for 45 employees included the across-the-board increase effective July 1, 2009 resulting in an overstatement of \$8,086 in the accrued compensated absences liability.
- Vacation leave accruals for bi-weekly employees were not calculated based on the actual hours in pay status in accordance with the University policy resulting in an overstatement of \$15,275 in the accrued compensated absences liability.
- Four (4) employees with compensable vacation leave balances were not included in the Report resulting in an understatement of \$9,482 in the accrued compensated absences liability.

Based on our detailed testing of vacation and sick leave balances for 30 employees, we noted the following errors:

- Comparison of the salary rates used for June 30, 2008 and 2009 calculation of the accrued compensated absences showed that salary rates used for prior year accruals were incorrect. The error was caused by inaccurately using 75 hours per pay period instead of 81.25 hours in the calculation of rates per hour for some semi-monthly employees. The 75 hours is the default used in the Banner information system applicable to bi-weekly employees and should have been modified for semi-monthly employees. The effect on the previously issued 2008 financial statements would be an overstatement of the accrued compensated absences liability in the amount of \$674,082.

**State of Illinois  
Northeastern Illinois University  
For the Year Ended June 30, 2009**

**CURRENT FINDING - GOVERNMENT AUDITING STANDARDS, Continued**

- Sick leave balances for 6 employees who were not eligible for accrual were included in the Report resulting in an overstatement of \$24,619 in the accrued compensated absences liability.
- Vacation usages for 7 employees for various months during the year were either incorrectly posted or not recorded in the Banner information system resulting in a net overstatement of \$332 in the accrued compensated absences liability.
- Vacation leave accruals for 3 employees during the year were either incorrectly calculated or not recorded in the Banner information system resulting in a net understatement of \$1,140 in the accrued compensated absences liability.

A net adjusting entry of \$636,392 was proposed to correct the current year understated compensated sick and vacation expenses associated with the exceptions noted. The University did not adjust the financial statements. The amount was determined not to materially affect the financial statements and the adjustment has been included on the auditor's schedule of proposed adjustments.

Proper internal controls require management to establish appropriate procedures to ensure that accurate financial statements are presented in accordance with generally accepted accounting principles. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that financial data is properly recorded and accounted for to permit the preparation of reliable financial reports.

University officials indicated that the errors noted in the Report were mainly due to the implementation of the new information system used to accumulate the information for the accrued compensated absences liability and oversight.

Failure to implement proper internal control procedures may result in a material misstatement in the University's financial statements. (Finding Code Nos. 09-1, 08-1)

***Recommendation***

We recommend the University implement adequate internal controls to ensure that financial information is complete and accurate. Specifically, the HR department should verify the information extracted from the system prior to submitting the Report to the auditors for their review.

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**CURRENT FINDING - *GOVERNMENT AUDITING STANDARDS*, Continued**

*University Response*

The University concurs with this recommendation. Improvements in internal controls were made and the fiscal year 2009 liability for compensated absences is fairly stated.

**State of Illinois  
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**CURRENT FINDING - *GOVERNMENT AUDITING STANDARDS*, Continued**

09-2 *Financial Adjustments*

The Northeastern Illinois University (University) did not identify errors in the draft financial statements provided to auditors.

We noted the following in our audit of the financial statements originally submitted by the University to the Office of the State Comptroller:

- The unapplied payments at yearend consisting of student tuition and fees, financial aid, and tuition waivers totaling \$722,529 were presented as accounts payable in the Statement of Net Assets instead of being offset against student receivables. The University subsequently made the necessary adjustments in the financial statements.
- The fiscal year 2010 portion of the Summer tuition waivers totaling \$194,726 was presented as part of the student receivables in the Statement of Net Assets instead of deferred charges. The University subsequently made the necessary adjustments in the financial statements.
- The state and local grant revenues include erroneous accrual for 2 local grants considered as “fee for service type” grants wherein revenues are recorded upon receipt of the grant amount. However at yearend, the University recorded accrued revenues for the excess of total expenses over amounts collected resulting in an overstatement of \$247,987 in the grants receivable and state and local grant revenues. This amount was not adjusted since it was determined to be immaterial in relation to the financial statements.

During our detailed testing of vouchers as part of the compliance examination, we also noted the following:

- A voucher amounting to \$25,873 for the purchase of books received by the University during fiscal year 2008 was recorded as a fiscal year 2009 expense. This amount was not adjusted since it was determined to be immaterial in relation to the financial statements.
- Four (2%) vouchers incurred and paid subsequent to fiscal year 2009 totaling \$77,958 initially accrued as fiscal year 2009 expenses were reversed against a prepaid expense account instead of the related payable account. The University subsequently made the necessary adjustments in the financial statements.

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**CURRENT FINDING - GOVERNMENT AUDITING STANDARDS, Continued**

Management has the ultimate responsibility for the University's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the University's financial statements to ensure that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that financial data is properly recorded and accounted for to permit the preparation of reliable financial reports.

According to University management, the exceptions noted were due to the implementation of the new information system and oversight.

Failure to implement proper internal control procedures may result in a material misstatement in the University's financial statements. (Finding Code No. 09-2)

***Recommendation***

We recommend the University review its current process for the preparation and review of the annual financial statements to ensure that financial information is complete and accurate in accordance with generally accepted accounting principles.

***University Response***

The University concurs with this recommendation.



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**CURRENT FINDING - GOVERNMENT AUDITING STANDARDS, Continued**

**09-3 *Student Receivables Not Reconciled Timely***

Northeastern Illinois University (University) did not perform reconciliations of its student receivables on a timely basis.

The Student module of the University's Banner information system went live in March 2008, beginning with Summer 2008 enrollment. Interface of the transactions from the Student module to the Finance module in Banner to generate accounting entries started in June 2008. The University's Bursar's Office did not perform timely reconciliations to ensure that all transactions from the Student module were fed to the Finance module.

During our walkthrough review of the University's tuition and fees revenue process performed in May 2009, we noted that the feed error report generated from Banner showed that tuition and fees revenue from Spring 2009 enrollment of approximately \$738,291 was not fed from the Student module to the Finance module. This resulted in an understatement of the tuition and fees revenue and the related receivables. The University subsequently corrected this error in Banner.

Sound internal controls require management to establish appropriate procedures to ensure that accurate financial statements are presented in accordance with generally accepted accounting principles. Receivables should be reconciled on a timely basis to ensure prompt disposition of errors.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that financial data is properly recorded and accounted for to permit the preparation of reliable financial reports.

University officials indicated that the condition noted above was mainly due to the implementation of the new Banner information system.

Failure to perform timely reconciliations may result in a material misstatement in the University's financial statements. (Finding Code No. 09-3)

***Recommendation***

We recommend the University perform timely reconciliations of student receivables to ensure that financial information is complete and accurate.

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**CURRENT FINDING - *GOVERNMENT AUDITING STANDARDS*, Continued**

*University Response*

The University concurs with this recommendation.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE**

**Federal Agency:** U.S. Department of Education

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
TRIO Cluster - Upward Bound	84.047	(\$314,428)
TRIO Cluster - Upward Bound Math and Science	84.047	(256,986)
TRIO Cluster - McNair Post-Baccalaureate Achievement	84.217	(207,158)

**Questioned Costs:** None - Procedural Finding Only

09-4 *Grant Expenditures Not Reimbursed Timely*

The University's grant expenditures were not reimbursed timely through cash draw downs of grant funds.

During our review of the University's cash management activities, we noted that expenditures from grant funds were not reimbursed through cash draw downs from the U.S. Department of Education (ED) in a timely manner. The funding periods for these major grant programs have ended, however, the University did not perform the draw down of the remaining funds during the closeout period. No extension had been requested by the University. Details are as follows:

<u>Fund Description</u>	<u>Funding Period End Date</u>	<u>Balance as of June 30, 2009</u>
Upward Bound (a)	August 31, 2007	\$ 83,440
Upward Bound Math and Science (b)	August 31, 2008	91,468
McNair Post-Baccalaureate Achievement (c)	September 30, 2007	<u>69,136</u>
		<u>\$244,044</u>

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

We also noted other non-major programs whose funding periods have ended for which expenditures were not reimbursed from ED as follows:

<u>Fund Description</u>	<u>Funding Period End Date</u>	<u>Balance as of June 30, 2009</u>
Special Education - Personnel Preparation to Improve Services And Results for Children with Disabilities (b)	May 31, 2007	\$ 512
Overseas Programs - Group Projects Abroad (d)	March 31, 2009	29,024
Higher Education Institutional Aid (b) Funds for Improvement of Postsecondary Education (FIPSE) (Drug and Violence Prevention)(b)	September 30, 2007	75,799
Early Reading First (a)	September 30, 2007	58,580
	August 31, 2008	<u>103,003</u>
		<u>\$266,918</u>

Status of the unreimbursed expenditures as of October 31, 2009:

- (a) ED already requested the University to provide documents supporting the unreimbursed funds.
- (b) The University is currently coordinating with ED to reinstate into the G5 System for the University to draw down the unreimbursed funds.
- (c) The University has provided ED the supporting documentation for the unreimbursed funds.
- (d) ED already approved and subsequently reimbursed the University.

The Code of Federal Regulations (34 CFR 74.71 *Closeout Procedures*) requires that grantees shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion. It further requires grantees to submit all financial, performance and other reports within 90 calendar days after the date of completion of the award, unless ED approves an extension when requested by the grantee.

University officials stated that the delay in reimbursement through cash draw downs of expenditures from grants funds was due to the new system implementation used in processing and monitoring of grant expenditures. This further resulted in the delay of recording grant expenditures. In addition, ED also changed its online system for cash draw downs from Grant Administration and Payment System (GAPS) to G5 System starting December 17, 2007, which resulted in the exclusion of the old grants in the system.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

Failure to request reimbursement of grant expenditures within the allowable period results in noncompliance with Federal requirements and could result in the University not being able to recover reimbursable costs from the Department of Education. (Finding Code No. 09-4)

***Recommendation***

We recommend the University comply with the Federal regulations and ensure timely reimbursement of expenditures from grant funds. We also recommend that a cutoff in reviewing and processing of expenditures be performed by Program personnel to ensure that all expenditures are recorded before the completion of the grant. If for future reference the University is unable to closeout the grant within the required timeframe, we recommend the University request an extension from the grantor so that the University receives their reimbursable expenditures.

***University Response***

The University concurs with this recommendation.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

**Federal Agency:** U.S. Department of Education

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
Twenty-First Century Community Learning Centers	84.287	(\$1,210,842)
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	(8,466,529)

**Questioned Costs:** None - Procedural Finding Only

*09-5 Inadequate Controls Over Payroll Processing of Employees Paid from Grant Funds*

Northeastern Illinois University (University) did not have adequate controls over payroll processing of employees paid from grant funds.

During our review of the University’s internal control system in place over grant programs, we noted that payroll costs charged to different grant programs were not reviewed on a timely basis. The review of payroll costs was only performed by the University towards the end of the fiscal year, and the related errors noted were only adjusted during the fiscal year end closing. This resulted in inaccurate payroll costs reported in the quarterly expenditure reports of the Twenty-First Century Community Learning Centers (21<sup>st</sup> Century) grant program submitted to the Illinois State Board of Education (ISBE) for the fiscal year, as follows:

<u>Reporting Period</u>	<u>Reported Payroll Costs</u>	<u>Adjusted Payroll Costs</u>	<u>Overstatement of Reported Payroll Costs</u>
2 <sup>nd</sup> Quarter	\$297,504	\$296,688	\$ 816
3 <sup>rd</sup> Quarter	519,419	479,539	39,880
4 <sup>th</sup> Quarter	735,892	729,003	6,889

The final expenditure report of the 21<sup>st</sup> Century grant program submitted by the University to ISBE already reflected the adjusted payroll costs as of June 30, 2009.

During our detailed testing of payroll for 30 grant employees, we also noted the following for 21<sup>st</sup> Century and GEAR UP grants:

- Payroll costs for five grant employees for various pay periods were charged to the wrong grant fund accounts. The University subsequently made the necessary adjustments.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

- Timesheets for two grant employees for one month with payroll costs totaling \$7,027 were not signed by their immediate superiors.
- Payroll costs for two grant employees for various pay periods totaling \$5,128 were not supported with appointment forms.

The Office of Management and Budget (OMB) Circular A-21 (Subsection J.10, Compensation for Personal Services) states that compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts as salaries, wages, and fringe benefits are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements are determined and supported. It further states that the apportionment of employees' salaries and wages which are chargeable to more than one sponsored agreement will be accomplished by methods which will produce an equitable distribution of charges for employee's activities.

University procedures require that an approved appointment form must be submitted to the Office of Human Resources (HR) for each employee's job assignment and any changes thereto. It further requires that the timesheet must be signed by the employee's supervisor and unit head.

University officials indicated that the delay in the review of payroll costs charged to grant programs was mainly due to the Program Directors and other grant personnel not having access to the payroll details in the Banner system. In addition, payroll detail reports generated by the University's Administrative Information System (AIS) department were not timely provided to the Program Directors for their analysis.

University officials also indicated that the charging of payroll costs to wrong grant fund accounts was due to the following:

- FOAP (Fund, Organization, Account, Program) used in Banner system did not match the appointment form due to incorrect encoding or input.
- The default FOAP data assigned to a particular employee position in the Banner system was not modified to correspond with the appointment form.
- Late or non-submission of updated appointment forms for subsequent changes to job assignments.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

- Incorrect FOAP upon conversion from the old payroll system (ADP) to Banner.

The other conditions noted above were due to oversight.

Inadequate controls over payroll processing of employees paid from grant funds resulted in inaccurate charges to grant programs not promptly adjusted. It could also result in inaccurate quarterly or annual expenditure reports submitted to the State or Federal awarding agencies. In addition, reimbursement of expenditures through cash draw downs may not reflect the actual payroll costs. (Finding Code No. 09-5)

***Recommendation***

We recommend the University implement procedures to ensure: (1) timely review of payroll costs charged to grant funds by providing the Program Directors access to the appropriate payroll information, (2) employee job assignments are properly supported with appointment forms, and (3) timesheets submitted by employees are properly signed and approved by the supervisor.

***University Response***

The University concurs with this recommendation.



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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

**Federal Agency:** U.S. Department of Education

**Program Name:** TRIO Cluster - Upward Bound Math and Science

**CFDA # and Program Expenditures:** 84.047 (\$256,986)

**Questioned Costs:** None - Procedural Finding Only

*09-6 Inadequate Procedures Over Verification of Eligibility Requirements*

The University did not have adequate procedures over verification of eligibility requirements for TRIO Cluster - Upward Bound Math and Science program.

In our eligibility testing of 15 TRIO Cluster - Upward Bound Math and Science participants, we noted the following:

- The University did not completely document its determination of the student's need for services provided by the program for 12 participants prior to the award.
- There was no evidence of review and approval of the eligibility determinations made by the University for 10 participants.
- The University did not completely document its determination of the student's grade level for a participant prior to the award.
- The University did not completely document its determination of the student's citizenship or residency status for a participant prior to the award.

The Code of Federal Regulations (34 CFR 645.3) states that an individual is eligible to participate in an Upward Bound Math and Science program if all of the following requirements are met: (a) a citizen, national, or permanent resident of the United States, or is in the United States for other than a temporary purpose; (b) a potential first-generation college student or a low-income individual; (c) has a need for academic support in order to pursue successfully a program of education beyond high school; and (d) at the time of initial selection has completed the 8th grade but has not entered the 12th grade and is at least 13 years old but not older than 19.

University officials stated that the conditions noted above were the result of oversight during eligibility processing.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

Failure to document, review, and verify the required eligibility information may result in providing benefits or scholarship awards to ineligible applicants thereby resulting in noncompliance with Federal regulations, policies and procedures. (Finding Code No. 09-6)

***Recommendation***

We recommend the University verify the eligibility requirements for grant applicants and maintain supporting documentation and evidence of review and approval to ensure compliance with Federal regulations.

***University Response***

The University concurs with this recommendation.

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**CURRENT FINDINGS - STATE COMPLIANCE**

*09-7 Inadequate Controls Over University Property and Equipment*

Northeastern Illinois University (University) did not have adequate controls over its property and equipment.

In our physical identification of 79 items in the property records, we noted the following:

- Nine (9) items (eight firearms and an air conditioner) with a total value of \$5,448 were not tagged with the University decal. The firearms, considered as high theft items, were also not included in the Property Listing.
- Six (6) items with a total value of \$1,051 were not marked to indicate that these are properties of the University. These items consisted of 4 musical instruments and 2 clocks.
- Three (3) items with a total value of \$8,662 were not found. These items consisted of: a drain cleaning machine, a Motorola repeater, and a camcorder.
- Information in the property records for ten (10) equipment items tested were not updated as follows:
  - Six (6) items with a total value of \$14,137 were found in different locations. No Property Change Notice (PCN) forms were prepared to support the changes in location. These items consisted of: a digital mixer, a video cassette recorder, a television, a projection board, a printer, and a portable marker board.
  - Room locations were not indicated in the Property Listing for three (3) items with a total value of \$1,657. These items consisted of: a wire tracking kit, office furniture, and a computer monitor.
  - A recorder valued at \$603 was described as a monitor in the Property Listing.

During our tracing to the Property Listing of items physically identified, we noted that three (3) items were not included in the Property Listing. These items consisted of 2 recorders and a computer central processing unit (CPU).

In our review of the Property Listing as of October 31, 2008 submitted by the University to the Department of Central Management Services (DCMS) on February 2, 2009, we noted that five (5) items with a total value of \$8,828 purchased before October 31, 2008 were not

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

reported. These items were each valued at \$500 and above. The items were 3 recorders and 2 pieces of audio visual equipment.

During our review of 25 equipment deletions made during the fiscal year, we noted the following:

- Five (5) items deleted with a total value of \$42,380 were not supported with PCN forms. These items consisted of: a piece of laboratory equipment, a piece of art equipment, a computer CPU, a laptop, and an automobile.
- A police report for a laptop valued at \$1,902 was prepared 9 months after being reported stolen by the University.

In our detailed testing of 30 equipment vouchers, we noted the following:

- A workstation valued at \$1,057 from a voucher tested was not included in the Property Listing as of fiscal year-end.
- A back-up power supply equipment valued at \$7,250 purchased before October 31, 2008 from a voucher tested was not included in the Property Listing as of October 31, 2008 submitted by the University to DCMS.
- A piece of audio visual equipment from a voucher tested was not recorded properly. The related freight and installation charges totaling \$16,024 were recorded as an expense instead of being added to the cost of the equipment.

During our review of 25 surplus equipment items as of fiscal year-end, we noted the following:

- Two (2) items with a total value of \$1,187 transferred to the surplus cage were not supported with PCN forms. These items consisted of a dictating machine and a cassette recorder.
- Three (3) items with a total value of \$1,422 reported in the Property Listing as surplus were not found. These items consisted of: a printer, a dictating machine, and a cellular phone.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

- Six (6) surplus items with a total value of \$2,511 scrapped by the University were not supported with an authorization from DCMS. These items consisted of: 3 pieces of office furniture, a mail cart, a tent, and an air cleaner.
- Seven (7) items with a total value of \$11,340 transferred to the DCMS warehouse were still recorded as surplus in the Property Listing. These items consisted of: 2 cassette recorders, a workstation, 2 computer monitors, and 2 computer CPUs.
- A tent valued at \$180 per Property Listing was described as a computer monitor in the related PCN.

During our tour of the University's buildings and grounds, we also noted that some of the University's surplus equipment items are being stored in an unsecured location (basement hallway).

During our review of University controls over off-campus use of equipment and physical verification of the 25 laptops personally assigned, we noted the following:

- Off-campus equipment use form was not prepared for a laptop valued at \$3,079 assigned to an employee.
- The University's Property Control department did not have copies of the off-campus equipment use forms for three (3) laptops with a total value of \$7,450 assigned to employees.
- Nine (9) off-campus equipment use forms for laptops with a total value of \$19,098 assigned to employees were not completed properly. The forms had missing information such as the equipment serial number, signature of the financial manager or technician, and signature date.
- The actual users of two (2) laptops with a total value of \$4,305 did not match the users indicated in the Property Listing.
- A laptop assigned to an employee was not included in the Property Listing.
- A laptop valued at \$1,569 assigned to an employee was not tagged with the University decal.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

- A laptop valued at \$3,184 was returned by the employee to the University, however, the off-campus equipment use form did not indicate that the laptop was returned.
- A laptop valued at \$1,508 was not returned by a University employee upon resignation. The laptop was only retrieved by the University from the employee after the auditors brought the issue to their attention.

Department of Central Management Services (DCMS) Property Control Rules (44 Illinois Administrative Code, Section 5010.210: Marking of State-Owned Equipment) requires each piece of equipment be marked with a unique six-digit identification number. The identification number may be applied by using the agency's inventory decal or by indelibly marking the number on the property. The identification number shall be affixed to the property in a general area easily located by all and in no danger of being damaged. It also requires that all equipment regardless of value shall be clearly marked to indicate that it is the property of the State of Illinois.

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.220: Inventory of Equipment) requires that all items of equipment with an acquisition value of \$500 or more is subject to being reported to DCMS by the holding agency. It also states that equipment with an acquisition value of less than \$500 is not subject to reporting; however, agencies will be responsible for establishing and maintaining internal control records over these items. In addition, it also requires that all items of equipment with an acquisition value of under \$500 are not required to be reported to DCMS, except that all firearms, cameras, calculators, antiques, and other items subject to theft must be reported regardless of acquisition cost.

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.460: Annual Inventory) requires all agencies to provide the Property Control Division on an annual basis a listing of all equipment subject to being reported to DCMS as required under Section 5010.220. In relation to this, the University was required by the DCMS to submit a listing of all equipment as of October 31, 2008 subject to being reported to DCMS no later than February 2, 2009.

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.310: Transaction Codes) requires documentation for certain deletions from an agency inventory, which includes police reports and DCMS authorization for stolen and scrapped properties, respectively.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.400: Equipment Inventory Recording) requires that agencies shall adjust property records within 30 days of acquisition, change or deletion of equipment items.

Statewide Accounting Management System (SAMS) Procedure 29.10.10 requires agencies to maintain detailed property records and update property records as necessary to reflect the current balance of State property. Such detail records are to be organized by major asset category and include the following information for each asset: (1) Cost (or other value); (2) function and activity; (3) reference to acquisition source document; (4) acquisition date and date placed in service; (5) name and address of vendor; (6) short description of asset; (7) organization unit charged with custody; (8) location; (9) fund and account from which the item was purchased; (10) method of acquisition; (11) estimated useful life; (12) estimated salvage value; (13) date, method and authorization of disposition; (14) tag number; (15) accumulated depreciation; (16) depreciation method; (17) depreciation convention; and (18) insured value (if applicable).

SAMS Procedure 03.30.20 states that the basic cost of equipment usually is determined by all of the costs necessary to acquire the asset and place it into service. It further states that included in the cost of equipment in addition to the net invoice costs are freight charges, installation costs, among others.

University procedures on Property Change Notice states that the *Property Change Notice* form enables Property Control to maintain the current status and location information required to effectively control all University property. It requires that all property transactions shall be processed on a Property Change Notice, which includes the following: (a) donations, (b) interdepartmental transfer, (c) surplus, (d) trade-in, (e) scrap, (f) obsolete, broken, or unserviceable equipment, (g) lost or stolen, and (h) location changes. It further requires the completed form, processed by the fiscal agent initiating the change, to be submitted to Property Control.

University procedures on Off-Campus Use of Property require that individuals taking property off-campus must prepare an *Off-Campus Equipment Use Contract* (Off-Campus Form). The Off-Campus Form indicates that all requested information be completed such as asset serial number, dated signature of fiscal agent or technician, return date, among others. The Off-Campus Form further indicates that the completed form and any changes thereto be sent to the Property Control department.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and financial and statistical reports and to maintain accountability over the State's resources.

University officials stated that (a) some equipment not included in the Property Listing and/or not reported to DCMS were due to delays in tagging. In addition, during a significant clean-up effort over the past few months, some documentation for equipment to be scrapped lagged behind, and (b) many of the other conditions indicated were due to an increased amount of transactions, and departmental oversight to track relocation of non-fixed equipment.

Inadequate controls over University property and equipment results in inaccurate and incomplete property records. It could also result in incorrect accounting information and could cause unnecessary equipment expenditures and inaccurate financial reporting. Loss of University property and equipment may not be detected timely or remain undetected without an accurate property inventory listing and/or strict compliance with University property control procedures. Failure to submit the complete Inventory of Equipment with an acquisition value of \$500 or more and high theft items valued under \$500 resulted in noncompliance with DCMS Property Control Rules. (Finding Code Nos. 09-7, 08-4, 07-5, 06-4, 05-3, 04-2)

***Recommendation***

We recommend the University adhere to its procedures to ensure that property and equipment records are accurately maintained and updated. Periodic physical inventories should be conducted to ensure existence of equipment, and property records should be updated with the results of the inventory. The University should also improve its controls over off-campus use of property and equipment by reviewing the forms submitted by the employees for completeness and accuracy. We also recommend the University ensure submission of a complete Inventory of Equipment with DCMS and establish and maintain internal records over items valued less than \$500.

***University Response***

The University concurs with this recommendation.



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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

09-8 *Noncompliance with Required Contracting Procedures*

The University did not comply with certain required contracting procedures.

During our tests of 32 contracts, we noted the following:

- Nine contracts (28%) each valued at more than \$10,000 and a contract (3%) for professional and artistic services valued at more than \$5,000 were not filed with the Office of the State Comptroller within 15 days after execution (2 to 342 days late). Nine contracts were incurred against locally-held funds and one contract was incurred against appropriated funds.
- A contract (3%) for professional services amounting to \$350,000 was not approved and executed prior to performance of services. This contract was executed 83 days after the start of services. A late filing affidavit was not filed together with the contract.
- Five contracts (16%) totaling \$2,453,894 did not have the three signatures required for contracts of \$250,000 or more.
- The Contract Obligation Document (COD) for two contracts (6%) totaling \$30,000 did not have the required document authorization. These contracts were incurred against appropriated funds.

In our detailed testing of vouchers, we also noted that contracts were not executed for equipment purchases covered by 2 purchase orders each valued at more than \$10,000.

During our review of consulting services provided to the University, we noted a one-time payment of \$28,743 made in 2006, for financial advisory services that was not reduced to writing and was not competitively bid as required.

The Illinois Procurement Code (30 ILCS 500/20-80(b)) and Statewide Accounting Management System (SAMS) Procedure 15.10.40 require all state agencies to file contracts exceeding \$10,000 (\$5,000 for professional and artistic services) with the State Comptroller within 15 calendar days after execution. It also requires that all modifications to any contract be filed with the State Comptroller. An Affidavit for Late Filing must be completed for any contract liability not filed within thirty (30) days of execution. In addition, 30 ILCS 500/20-80(d) states that when the contract for services involving professional or artistic services in excess of \$5,000 is not reduced to writing prior to the commencement of the contract, the

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

agency should file the contract and an affidavit, signed by the chief executive officer of the state agency or his or her designee, stating that the services for which payment is being made were agreed to before commencement of the services and setting forth an explanation of why the contract was not reduced to writing before the services commenced.

State Comptroller's Accounting Bulletin #123 states that filing requirements are not limited to contract liabilities incurred against State appropriations only. State agencies must file all contract liabilities including, but not limited to, contract liabilities incurred against locally held funds and imprest funds.

SAMS Procedure 15.20.10 states that "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."

The Illinois Procurement Code (30 ILCS 105/9.02) and SAMS Procedure 15.10.20 requires three signatures for contracts of \$250,000 or more for any new contract or contract renewal in the amount of \$250,000 or more in a fiscal year, or any order against a master contract in the amount of \$250,000 or more in a fiscal year, or any contract amendment or change to an existing contract that increases the value of the contract to or by \$250,000 or more in a fiscal year, shall be signed or approved in writing by the chief executive officer of the agency, and shall also be signed or approved in writing by the agency's chief legal counsel and chief fiscal officer. If the agency does not have a chief legal counsel or a chief fiscal officer, the chief executive officer of the agency shall designate in writing a senior executive as the individual responsible for signature or approval.

Statewide Accounting Management System (SAMS) Procedure 15.20.10 lists the input requirements (such as document authorization, among others) for Contract Obligation Document.

SAMS Procedure 15.10.40 requires that contracts for professional or artistic services that will exceed \$5,000 in any fiscal year to any single vendor must be reduced to writing. It further requires that individual orders for other services that will exceed \$10,000 to any single vendor must be reduced to writing.

Illinois Administrative Code, Section 526.2035(e) states that competitive selection procedures shall be used for all procurements of professional and artistic services of \$20,000 or more.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

University officials stated that the conditions noted above were due to administrative oversight.

Failure to file contracts and contract modifications with the Illinois Office of the Comptroller on a timely basis resulted in noncompliance with State statutes and regulations. Failure to reduce contracts in writing and obtain required signatures exposes the University to potential liabilities and unnecessary legal costs in case of dispute over the scope of services and responsibilities. Failure to adhere to a competitive bidding process may result in the University not getting the lowest possible cost for the services obtained. (Finding Code Nos. 09-8, 08-5, 07-7, 06-6, 05-5)

***Recommendation***

We recommend the University adhere to its procedures to ensure all contracts over the threshold amounts be reduced to writing and filed with the Office of the Comptroller in accordance with State statutes and regulations. We further recommend that an Affidavit for Late Filing should be completed for any contract liability not filed within thirty (30) days of execution. Contract requirements and signatures must be obtained, and required competitive solicitation procedures must be observed in all instances.

***University Response***

The University concurs with this recommendation.

**State of Illinois  
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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

*09-9 Timesheets Not Required*

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

The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour." The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act. The University has not incorporated these policies into the University's policies.

During our review of time sheets for 25 employees during the year, we noted that 22 employees documented time to the nearest quarter hour and 3 employees were using the "exception" timekeeping system whereby the employee is assumed to be working unless noted otherwise. Of the 22 employees required by the University to submit time sheets, 2 employees did not submit their time sheets for one pay period.

University procedures did not require time reporting documenting the time spent each day on official State business to the nearest quarter hour to be submitted for faculty, instructors, and graduate assistants. The employees documenting time to the nearest quarter hour are administrative and professional, civil service, miscellaneous hourly, student aide, work study, and resource professionals.

University officials stated that the University continues to implement the time reporting requirement but has not implemented the requirement for faculty.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code Nos. 09-9, 08-6, 07-6, 06-5, 05-4)

***Recommendation***

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

**State of Illinois  
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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

*University Response*

The University concurs with this recommendation and will continue efforts to bring all employees into compliance with the Act.

**State of Illinois  
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For the Year Ended June 30, 2009**

**PRIOR FINDINGS NOT REPEATED**

**A**     *Inadequate Controls Over University Equipment Acquired from Grant Funds*

Status: Repeated, reported as Finding Code No. IM09-1.

It was recommended that the University adhere to its procedures to ensure that property records are accurately maintained and updated for the results of periodic physical inventories. It was also recommended that the University improve its controls over off-campus use of property and equipment.

During the current year, our sample testing of physical identification of items disclosed that property records are properly maintained for equipment acquired from grant funds. However, we still noted an item not found and off-campus use items either not properly supported with off-campus equipment use forms or updated in the property records. This issue has been included in the immaterial finding letter. (Finding Code Nos. 08-2, 07-4, 06-2)

**B**     *Required Federal Reports Were Not Submitted Timely*

Status: Repeated, reported as Finding Code No. IM09-2.

It was recommended that the University comply with all the reporting requirements of its grant agreements and ensure timely submission of reports. It was also recommended that a calendar of reporting deadlines be compiled and be monitored by the grant fiscal administrator to ensure compliance.

During the current year, our testing of federal reporting disclosed that quarterly expenditure reports and annual performance reports were timely submitted. However, we still noted that the annual performance report of a grant program was submitted late. This issue has been included in the immaterial finding letter. (Finding Code No. 08-3)

**C**     *Inadequate Controls Over Voucher Processing*

Status: Repeated, reported as Finding Code No. IM09-3.

It was recommended that the University strengthen its controls over voucher processing to ensure accuracy and compliance with University procedures and State regulations. It was also recommended that the University adhere to its travel procedures to ensure that requirements are complied with.

**State of Illinois  
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**PRIOR FINDINGS NOT REPEATED, Continued**

During the current year, our sample testing of vouchers disclosed that there are still noncompliance with University procedures and State regulations. However, the number of instances significantly went down compared to prior year. This issue has been included in the immaterial finding letter. (Finding Code Nos. 08-7, 07-9)

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For the Year Ended June 30, 2009**

**Supplementary Information for State Compliance Purposes**

**Summary**

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

- Fiscal Schedules and Analysis
  - Schedule of Expenditures of Federal Awards
  - Notes to the Schedule of Expenditures of Federal Awards
  - Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated
  - Comparative Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated
  - Comparative Schedule of Income Fund Revenues and Expenditures
  - Schedule of Changes in Capital Assets
  - Analysis of Significant Variations in Expenses
  - Analysis of Significant Variations in Revenues
  - Analysis of Significant Lapse Period Spending
  - Analysis of Significant Account Balances
  - Summary of Indirect Cost Reimbursement Funds
- Analysis of Operations
  - University Functions and Planning Program
  - University Enrollment and Employee Information (Unaudited)
  - Schedules of Federal Expenditures, Nonfederal Expenses and New Loans
  - Service Efforts and Accomplishments (Unaudited)
  - Schedule of Tuition and Fee Waivers (Unaudited)
  - University Bookstore Information (Unaudited)
- Special Data Requirements for Audits of Universities
  - 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 (Amended 1997)
  - Other Entities and Auxiliary Enterprises - Calculation Sheet for Current Excess Funds
  - Description of Accounting Entities
  - Other Entities and Auxiliary Enterprises - Balance Sheets
  - Other Entities and Auxiliary Enterprises - Schedule of Changes in Fund Balances - Current Funds
  - Summary of Foundation Payments to the University



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**Supplementary Information for State Compliance Purposes**

**Summary, Continued**

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

**State of Illinois**  
**Northeastern Illinois University**

**Fiscal Schedule and Analysis**

**Schedule of Expenditures of Federal Awards**

*For the Year Ended June 30, 2009*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2009 Expenditures
<b>MAJOR PROGRAMS</b>			
<u>DEPARTMENT OF EDUCATION</u>			
STUDENT FINANCIAL ASSISTANCE CLUSTER			
Federal Pell Grant Program	84.063		\$ 9,943,629
Federal Work-Study Program	84.033		483,041
Federal Supplemental Educational Opportunity Grants	84.007		306,836
Academic Competitiveness Grants	84.375		208,200
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376		148,500
Federal Perkins Loan Program - Federal Capital Contributions (Note 2)	84.038		-
Federal Family Education Loans (Note 3)	84.032		-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>11,090,206</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		<u>8,466,529</u>
TRIO CLUSTER			
TRIO - Talent Search Program	84.044		384,207
TRIO - Upward Bound Program	84.047		314,428
TRIO - Upward Bound Math and Science Competition	84.047		256,986
TRIO - McNair Post-Baccalaureate Achievement	84.217		<u>207,158</u>
TOTAL TRIO CLUSTER			<u>1,162,779</u>
Twenty-First Century Community Learning Centers Passed-Through Illinois State Board of Education			
<i>Title IV - 21st Century Community Learning Centers</i>	84.287	2008-4421-04	341
<i>Title IV - 21st Century Community Learning Centers</i>	84.287	2008-4421-07	<u>1,210,501</u>
			<u>1,210,842</u>
TOTAL DEPARTMENT OF EDUCATION			<u>21,930,356</u>
<b>TOTAL MAJOR PROGRAMS</b>			<u><b>21,930,356</b></u>

*See accompanying Notes to the Schedule of Expenditures of Federal Awards.*

**State of Illinois**  
**Northeastern Illinois University**  
**Fiscal Schedule and Analysis, Continued**

**Schedule of Expenditures of Federal Awards, Continued**  
*For the Year Ended June 30, 2009*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2009 Expenditures
<b>OTHER PROGRAMS</b>			
<u>DEPARTMENT OF EDUCATION</u>			
Higher Education Institutional Aid			
<i>Strengthening Institutions - Hispanic Serving Institutions</i>	84.031		696,295
<i>College Cost Reduction and Access Act - Hispanic Serving Institutions</i>	84.031		<u>197,811</u>
			<u>894,106</u>
School Leadership			
<i>Star School Leadership Project</i>	84.363		<u>368,748</u>
Bilingual Education Training Grants			
<i>National Professional Development Program</i>	84.195		<u>270,810</u>
Rehabilitation Long-Term Training			
<i>Rehabilitation Counseling</i>	84.129		<u>143,015</u>
Early Reading First			
<i>Roots of Language and Literacy</i>	84.359		<u>116,365</u>
Capacity Building for Traditionally Underserved Populations			
<i>Rehabilitation Counseling Capacity Building Project</i>	84.315		<u>89,380</u>
Improving Teacher Quality State Grants			
Passed-Through Illinois Board of Higher Education			
<i>No Child Left Behind</i>	84.367	None	<u>58,287</u>
Child Care Access Means Parents in School			
<i>Child Care Access Means Parents in Schools</i>	84.335		<u>53,303</u>
Overseas Programs - Group Projects Abroad			
<i>International: Overseas-Group Projects Abroad</i>	84.021		<u>29,024</u>
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>			
Education Research, Development and Dissemination			
Passed-Through University of Wisconsin System			
<i>Does Visual Scaffolding Facilitate Students' Mathematics Learning?</i>	84.305	X392630	<u>28,703</u>
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>			<u>28,703</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>2,051,741</u>

*See accompanying Notes to the Schedule of Expenditures of Federal Awards.*

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedule and Analysis, Continued**

**Schedule of Expenditures of Federal Awards, Continued**

*For the Year Ended June 30, 2009*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2009 Expenditures
<u>NATIONAL SCIENCE FOUNDATION</u>			
RESEARCH AND DEVELOPMENT CLUSTER			
Mathematical and Physical Sciences			
<i>Robust Numerical Methods in Polynomial Algebra with Approximate Data</i>	47.049		32,131
<i>Research in Undergraduate Institutions: Hamiltonian Instability</i>	47.049		16,198
			<u>48,329</u>
Intergovernmental Personnel Act			
<i>Title IV - Intergovernmental Personnel Act of 1970 - Pratibha Varma-Nelson</i>	None		14,869
			<u>63,198</u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			
Mathematical and Physical Sciences			
<i>Math and Science Cohort of Scholars</i>	47.049		8,261
Passed-Through Purdue University			
<i>Undergraduate Research Centers</i>	47.049	501-1324-01	13,291
			<u>21,552</u>
Education and Human Resources			
Passed-Through Chicago State University			
<i>Illinois Louis Stokes Alliance for Minority Participation</i>	47.076	None	10,964
			<u>95,714</u>
TOTAL NATIONAL SCIENCE FOUNDATION			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Child Health and Human Development Extramural Research			
<i>An Office of Research Development to Foster Research</i>	93.865		89,994
Block Grants for Prevention and Treatment of Substance Abuse			
Passed-Through Illinois Department of Human Services			
<i>Substance Abuse Prevention</i>	93.959	10C6002591	65,677
Substance Abuse and Mental Health Services - Projects of Regional and National Significance			
<i>Campus Suicide Awareness and Prevention Program</i>	93.243		17,890
			<u>173,561</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			

*See accompanying Notes to the Schedule of Expenditures of Federal Awards.*

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedule and Analysis, Continued**

**Schedule of Expenditures of Federal Awards, Continued**

*For the Year Ended June 30, 2009*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2009 Expenditures
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Equal Opportunity in Housing <i>College Housing Debt Service Grant Program</i>	14.000		<u>70,000</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>70,000</u>
<b>TOTAL OTHER PROGRAMS</b>			<u><b>2,391,016</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 24,321,372</b></u>

*See accompanying Notes to the Schedule of Expenditures of Federal Awards.*

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Notes to the Schedule of Expenditures of Federal Awards**

*For the Year Ended June 30, 2009*

**1. Significant Accounting Policy**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards by federal agency and program represents the financial assistance transactions of the State of Illinois, Northeastern Illinois University which are recorded on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**2. Student Loan Program Administered by the University**

The University administered the following federal loan program during the year ended June 30, 2009:

**Federal Perkins Loan Program CFDA #84.038**

Outstanding Balance - July 01, 2008	\$ 2,598,544
Additions:	
Interest income	117,148
Other Income	<u>214</u>
Total Additions	<u>117,362</u>
Deductions:	
Increase in Allowance for Doubtful Accounts	97,941
Loans cancelled or written off	97,178
Collection costs	44,849
Administrative charges	<u>13,585</u>
Total Deductions	<u>253,553</u>
Outstanding Balance - June 30, 2009	<u>\$ 2,462,353</u>

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Notes to the Schedule of Expenditures of Federal Awards, Continued**

*For the Year Ended June 30, 2009*

**3. Guaranteed Loans**

During the year ended June 30, 2009, the University awarded \$16,681,802 in new loans under the Federal Family Education Loan Program (CFDA #84.032).

**4. Waived Matching Requirement**

During the year ended June 30, 2009, the State of Illinois, Northeastern Illinois University was granted a waiver from the U.S. Department of Education that released the University from the requirement of matching any Federal Work-Study (FWS) funds and any Federal Supplemental Educational Opportunity Grant (FSEOG) funds.

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated\***

*Appropriations for Fiscal Year 2009*

*Fourteen months ended August 31, 2009*

	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through June 30, 2009</u>	<u>Lapse Period Expenditures July 1, to August 31, 2009</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>	<u>Balances Reappropriated July 1, 2009</u>
<b>APPROPRIATED FUNDS</b>						
General Revenue Fund 001 (Public Act 95-0734):						
Personal Services	\$ 38,691,600	\$ 37,642,401	\$ 323,460	\$ 37,965,861	\$ 725,739	\$ -
Social Security - Medicare Contributions	437,700	437,700	-	437,700	-	-
Employer Contributions to Group Insurance	1,072,600	1,072,600	-	1,072,600	-	-
Contractual Services	1,130,000	1,130,000	-	1,130,000	-	-
Equipment	200,000	199,998	-	199,998	2	-
Retention and Graduation Rates for Minority Students	170,000	160,591	7,300	167,891	2,109	-
North Atlantic Slave Trade Study	200,000	162,872	23,123	185,995	14,005	-
Hispanic Serving Institution Initiative	1,500,000	501,362	656,649	1,158,011	341,989	-
	<u>43,401,900</u>	<u>41,307,524</u>	<u>1,010,532</u>	<u>42,318,056</u>	<u>1,083,844</u>	<u>-</u>
Capital Development Fund 141 (Public Act 95-0734):						
Equipment and Remodeling of Buildings	<u>2,071,805</u>	<u>1,770,942</u>	<u>81,080</u>	<u>1,852,022</u>	<u>219,783</u>	<u>219,783</u>
	<u>\$ 45,473,705</u>	<u>\$ 43,078,466</u>	<u>\$ 1,091,612</u>	<u>\$ 44,170,078</u>	<u>\$ 1,303,627</u>	<u>\$ 219,783</u>

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



**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Comparative Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated\***

*For the Years Ended June 30, 2009, 2008, and 2007*

	<b>Fiscal Years</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>PA 95-0734</b>	<b>PA 95-0348</b>	<b>PA 94-0798</b>
<b>General Revenue Fund-001:</b>			
Appropriations (Net after transfers)	\$ 43,401,900	\$ 40,770,700	\$ 40,026,300
Expenditures:			
Personal services	37,965,861	37,560,389	36,816,000
Social Security - Medicare Contributions	437,700	437,700	437,690
Employer Contributions to Group Insurance	1,072,600	1,072,600	1,072,600
Contractual Services	1,130,000	1,030,000	1,030,000
Equipment	199,998	299,987	299,656
Retention and Graduation Rates for Minority Students	167,891	168,866	152,900
North Atlantic Slave Trade Study	185,995	175,696	185,336
Hispanic Serving Institution Initiative	1,158,011	-	-
Total Expenditures	<u>42,318,056</u>	<u>40,745,238</u>	<u>39,994,182</u>
Lapsed Balances	<u>\$ 1,083,844</u>	<u>\$ 25,462</u>	<u>\$ 32,118</u>
<b>Capital Development Fund - 141:</b>			
Appropriations (Net after transfers)	\$ 2,071,805	\$ 2,071,805	\$ 2,071,805
Expenditures:			
Equipment and Remodeling of Buildings	<u>1,852,022</u>	<u>-</u>	<u>-</u>
Lapsed Balances	<u>\$ 219,783</u>	<u>\$ -</u>	<u>\$ -</u>
Balances Reappropriated	<u>\$ 219,783</u>	<u>\$ 2,071,805</u>	<u>\$ 2,071,805</u>
<b>Grand Total, All Funds:</b>			
Total Appropriations (Net after transfers)	<u>\$ 45,473,705</u>	<u>\$ 42,842,505</u>	<u>\$ 42,098,105</u>
Total Expenditures	<u>\$ 44,170,078</u>	<u>\$ 40,745,238</u>	<u>\$ 39,994,182</u>
Lapsed Balances	<u>\$ 1,303,627</u>	<u>\$ 25,462</u>	<u>\$ 32,118</u>
Balances Reappropriated	<u>\$ 219,783</u>	<u>\$ 2,071,805</u>	<u>\$ 2,071,805</u>

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

**State of Illinois**  
**Northeastern Illinois University**  
**Fiscal Schedules and Analysis, Continued**

**Comparative Schedule of Income Fund Revenues and Expenditures\***  
*For the Years Ended June 30, 2009 and 2008*

	2009	2008
Fund deficit, beginning of year	<u>\$ (1,582,708)</u>	<u>\$ (6,775,372)</u>
Income fund revenues:		
Tuition	43,203,116	41,484,870
Rental income	48,837	43,811
Investment income (loss)	(413,827)	45,941
Miscellaneous	<u>1,545,868</u>	<u>1,392,056</u>
Total income fund revenues	<u>44,383,994</u>	<u>42,966,678</u>
Income fund expenditures:		
Personal services (including change in liability for compensated absences)	24,926,427	24,189,457
Social security, medicare, health and life insurance	363,843	357,581
Contractual services	6,620,216	7,469,028
Travel	213,038	190,021
Commodities	858,376	849,770
Equipment and library books	1,335,007	1,070,084
Telecommunications	500,767	512,819
Operation of automotive	26,490	20,090
Awards, grants and matching funds	97,032	156,530
Permanent improvements	276,099	283,245
Tuition and fee waivers	<u>3,103,663</u>	<u>2,675,389</u>
Total income fund expenditures	<u>38,320,958</u>	<u>37,774,014</u>
Fund balance (deficit), end of year	<u><u>\$ 4,480,328</u></u>	<u><u>\$ (1,582,708)</u></u>

*\* This schedule has been prepared on the accrual basis of accounting.*

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Schedule of Changes in Capital Assets\***

*For the Years Ended June 30, 2009, 2008, and 2007*

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
Land	\$ 3,481,601	\$ -	\$ -	\$ 3,481,601	\$ 36,700	\$ -	\$ 3,518,301
Land improvements	10,497,272	-	-	10,497,272	-	-	10,497,272
Building and building improvements	118,060,485	4,542,502	-	122,602,987	420,961	-	123,023,948
Equipment and library books	53,241,582	4,503,285	3,129,975	54,614,892	2,617,537	1,601,900	55,630,529
Construction in progress	<u>2,108,150</u>	<u>560,188</u>	<u>571,992</u>	<u>2,096,346</u>	<u>3,716,233</u>	<u>-</u>	<u>5,812,579</u>
Total	<u>\$ 187,389,090</u>	<u>\$ 9,605,975</u>	<u>\$ 3,701,967</u>	<u>\$ 193,293,098</u>	<u>\$ 6,791,431</u>	<u>\$ 1,601,900</u>	<u>\$ 198,482,629</u>

*\* This schedule has been prepared from the University's property control records. These records are maintained on a basis prescribed by the Department of Central Management Services and differ from the information presented in the basic financial statements due to the higher capitalization thresholds which were adopted for financial reporting purposes. These records have been reconciled to the property records submitted to the Office of the State Comptroller.*

**State of Illinois**  
**Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Variations in Expenses**

*For the Year Ended June 30, 2009*

The Statement of Revenues, Expenses, and Changes in Net Assets is presented on page 19 of the financial audit report. Following are explanations for significant variances between expense accounts exceeding \$100,000 and 10%:

	2009	2008	Increase (Decrease)		Comments
			Amount	Percentage	
Public service	\$ 14,502,092	\$ 17,738,913	\$ (3,236,821)	(18%)	Decrease mainly due to the decrease in Federal, State and local, and Nongovernmental grants.
Scholarships and fellowships	5,348,939	4,592,734	756,205	16%	Increase mostly due to the \$0.7 million increase in the expenditures for awards/grants to eligible Pell grant recipients.
Auxiliary enterprises	3,752,658	4,171,490	(418,832)	(10%)	Decrease mostly due to the following: (a) discontinuance of vending operations in FY 2009 resulting to a \$0.2 million reduction in costs; (b) reorganization of parking lot administration resulting to a \$0.2 million reduction in costs; and (c) snow removal costs were reduced by \$0.1 million from prior year.

**State of Illinois**  
**Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Variations in Expenses, Continued**

*For the Year Ended June 30, 2009*

	2009	2008	Increase (Decrease)		
			Amount	Percentage	Comments
Other operating expenses	\$ 1,915,830	\$ 3,841,645	\$ (1,925,815)	(50%)	Decrease mainly due to the completion of the Enterprise Resource Planning (ERP) system project in FY 2008.

**State of Illinois  
 Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Variations in Revenues**

*For the Year Ended June 30, 2009*

The Statement of Revenues, Expenses, and Changes in Net Assets is presented on page 19 of the financial audit report. Following are explanations for significant variances between revenue accounts exceeding \$100,000 and 10%:

	<b>2009</b>	<b>2008</b>	<b>Increase (Decrease)</b>		<b>Comments</b>
			<b>Amount</b>	<b>Percentage</b>	
Federal grants and contracts	\$ 12,607,691	\$ 14,962,034	\$ (2,354,343)	(16%)	Decrease mostly due to the following: (a) closure of two GEAR UP grant cluster areas (GEAR UP 3 West and GEAR UP 3 North) during the FY 2009 resulting to a decrease in revenues of \$1.0 million; (b) non-renewal of Early Reading First grant which ended during the FY 2009 resulting to a decrease in revenues of \$0.5 million; and (c) lower revenues for School Leadership grant by \$1.0 million since bulk of the activities of the grant were incurred in the prior year.
State and local grants	3,061,082	3,469,916	(408,834)	(12%)	Decrease mainly due to the completion of 21st Century 04 grant in FY 2008 resulting to a decrease in revenues of \$0.4 million.

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Variations in Revenues, Continued**

*For the Year Ended June 30, 2009*

	2009	2008	Increase (Decrease)		Comments
			Amount	Percentage	
Other operating revenues	\$ 3,290,560	\$ 2,995,344	\$ 295,216	10%	Increase mostly due to higher student health insurance revenues of \$0.3 million brought about by the increase in total number of students who availed of the health insurance (4,690 students in FY 2009 compared to 4,109 students in FY 2008).
Federal Pell grant	10,300,329	9,065,767	1,234,562	14%	Increase mainly due to higher Pell grant awards during the FY 2009.
Investment income (loss)	(209,171)	608,814	(817,985)	(134%)	Decrease mostly due to the following: (a) lower interest rates offered by the bank on money market funds compared with prior year; (b) decrease in investments by \$1.6 million; (c) increased merchants fee and analysis fee; and (d) lower market value of matured investments.

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Variations in Revenues, Continued**

*For the Year Ended June 30, 2009*

	2009	2008	Increase (Decrease)		
			Amount	Percentage	Comments
Other nonoperating revenues	\$ 80,234	\$ 283,531	\$ (203,297)	(72%)	Decrease mainly due to the amount refunded from Aetna Insurance of \$0.2 million for student insurance cost in FY 2008.
Capital additions provided by State of Illinois	1,617,304	2,328,793	(711,489)	(31%)	Decrease mainly due to the decline in the funding received from the Capital Development Board (CDB) relating to the renovation/remodeling of Building CBM project. This project is funded mostly through State appropriations and University income fund.



**State of Illinois**  
**Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Lapse Period Spending**

*For the Year Ended June 30, 2009*

Significant lapse period spending pertains mainly to the following: (a) personal services of \$0.3 million incurred prior to July 1<sup>st</sup> were vouchered in July and August 2009; and (b) Hispanic Serving Institution Initiative related projects of \$0.7 million were contracted towards end of FY 2009 resulting in late voucher processing.

**State of Illinois**  
**Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances**

*For the Years Ended June 30, 2009 and 2008*

**Cash and Investments**

The University's cash and investments are classified as follows:

	<b>2009</b>	<b>2008</b>
Cash and cash equivalents	\$ 21,208,527	\$ 15,496,863
Restricted cash and cash equivalents	7,320,742	9,008,711
Restricted investments	2,269,474	3,832,664
	<u>\$ 30,798,743</u>	<u>\$ 28,338,238</u>

The University's cash and investments were held in the following accounts:

Deposits held at U.S. Bank		
University 2004 Bond Reserve Account	\$ 880,457	\$ 121,543
University 2004 Bond Account	424,190	452,705
University 1997 Bond Reserve Account	273,120	64,668
University 1997 Bond Account	391,081	381,129
University 1973 Bond Reserve Account	-	26,231
University 1973 Bond Account	251,857	245,707
Certificates of Participation Installment Proceeds	412	360
Deposits held at Pittsburgh National Bank	18,998	29,658
Deposits held at JPMorgan Chase Bank		
University Operating Account	5,129,215	1,482,797
University Clearing Account	(1,247,467)	(940,497)
University Payroll Account	(696,073)	(814,216)
University Student Refund Account	(265,566)	(175,933)
Student Union Revenue Fund	13,061	1
Repair and Replacement Account	484,111	1
Non-Instructional Facility Reserve	4,548	7,971
Equipment Reserve	493	3,264
University Emergency Loan Account	(2,721)	(650)
Certificate of Participation Installment Proceeds	4,578,414	7,210,152
University Clearing Money Market Account	-	1,395,360
Repair and Replacement Money Market Account	-	465,321

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances, Continued**

*For the Years Ended June 30, 2009 and 2008*

**Cash and Investments, Continued**

	<b>2009</b>	<b>2008</b>
U.S. Treasury Notes	\$ 404,774	\$ 1,544,628
U.S. Bank Jumbo Customers' Deposit	244,488	-
Federal Home Loan Bank Bonds	743,957	205,063
Federal Farm Credit Bank	-	752,602
Fannie Mae	876,255	823,518
Federal Home Loan Mortgage	-	506,853
Illinois Funds	18,283,839	14,538,603
Petty Cash - all accounts	7,300	11,399
	<u>\$ 30,798,743</u>	<u>\$ 28,338,238</u>

As of June 30, 2009, all deposit amounts were fully collateralized with federal government securities pledged by the applicable financial institution, were invested in U.S. government securities, money market mutual funds, certificate of deposit, or were on deposit with Illinois Funds. The Illinois Funds include investment in U.S. government-backed securities which yielded an average annual rate of 0.182% during fiscal year 2009. The University has the right to withdraw its participation from the pool at any point in time. The U.S. Treasury Notes have interest rates of 3.125% - 4.750%; U.S. Bank Jumbo certificate of deposit has interest rate of 3.240%; Federal Home Loan Bank Bonds have interest rates of 2.000% - 4.100%; while Fannie Mae has interest rate of 2.500%.

**State of Illinois**  
**Northeastern Illinois University**  
**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances, Continued**  
*For the Years Ended June 30, 2009 and 2008*

**Receivables**

The University's receivables (net of allowance for doubtful accounts) are classified as follows:

	<b>2009</b>	<b>2008</b>
Grants	\$ 5,560,856	\$ 7,413,893
Student loans	2,327,688	2,498,672
Tuition and fees	1,806,777	2,099,883
Other receivables	3,609,829	394,684
	<u>\$ 13,305,150</u>	<u>\$ 12,407,132</u>

Grants receivable consists of amounts due from the federal government and other granting sources at the end of the fiscal year. Decrease in grants receivable was mostly due to the timing of collections and non-renewal of certain Federal and State grants. The University had one month of unreimbursed expenditures (June 2009) from the Federal awarding agency in FY 2009 as compared to two months (May and June 2008) in the prior year.

Student loans receivable consists almost entirely of student loans issued under the Federal Perkins Loan Program.

The decrease in tuition and fees receivable was brought about by the following: (a) net collection of third party receivables amounting to \$0.2 million in FY 2009; (b) write-off of \$0.9 million third party receivables (mostly receivable from Illinois Veterans Guard) during the FY 2009; (c) 3.87% decrease in enrollment during the FY 2009; and (d) efficiency in collection from students due to the implementation of the on-line payment in Banner system starting March 2008. This decrease was partially offset by the increase in average tuition rates of 13% and 12% for undergraduate and graduate students, respectively.

Other receivables consist primarily of amounts due from State appropriations, parking fines, library fines, and other miscellaneous receivables. The significant increase in other receivables was mostly attributed to the delayed payment by the State of Illinois for reimbursement of expenditures from appropriated funds. The University's outstanding receivables from State appropriations amounted to \$3.4 million as of June 30, 2009 as compared to \$0.06 million in prior year.

**State of Illinois**  
**Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances, Continued**

*For the Years Ended June 30, 2009 and 2008*

**Receivables, Continued**

The aging of such receivables, by type, as of June 30, 2009, is as follows:

	<u>Current</u>	<u>1-2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Grants	<u>\$ 5,560,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,560,856</u>
Student loans				
Perkins loan	\$ 2,718,998	\$ 120,213	\$ 297,591	\$ 3,136,802
Emergency loan	9,701	2,397	27,659	39,757
Total student loans	<u>\$ 2,728,699</u>	<u>\$ 122,610</u>	<u>\$ 325,250</u>	<u>3,176,559</u>
Allowance for doubtful accounts				(848,871)
Net student loans				<u>\$ 2,327,688</u>
Tuition and fees				
From students	\$ 2,698,653	\$ 740,899	\$ 701,853	\$ 4,141,405
Third party reimbursements	521,591	-	-	521,591
Total tuition and fees	<u>\$ 3,220,244</u>	<u>\$ 740,899</u>	<u>\$ 701,853</u>	<u>4,662,996</u>
Allowance for doubtful accounts				(2,856,219)
Net tuition and fees				<u>\$ 1,806,777</u>
Other receivables				
Parking fines	\$ 73,630	\$ 34,114	\$ 84,106	\$ 191,850
Library fines	114,899	129,410	327,332	571,641
Other accruals	3,506,703	-	-	3,506,703
Total other receivables	<u>\$ 3,695,232</u>	<u>\$ 163,524</u>	<u>\$ 411,438</u>	<u>4,270,194</u>
Allowance for doubtful accounts				(660,365)
Net other receivables				<u>\$ 3,609,829</u>

**State of Illinois  
Northeastern Illinois University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances, Continued**

*For the Years Ended June 30, 2009 and 2008*

**Liabilities**

A comparative analysis of liabilities of the University is provided below:

	<b>2009</b>	<b>2008</b>
Accounts payable and accrued liabilities	\$ 6,327,449	\$ 6,460,540
Deferred revenues	3,856,323	4,500,183
Liability for compensated absences	9,391,229	10,574,229
Revenue bonds payable	20,395,000	20,755,000
Certificates of participation, net	14,046,437	14,611,722
Funds held in custody for others	<u>59,230</u>	<u>107,472</u>
	<u>\$ 54,075,668</u>	<u>\$ 57,009,146</u>

Decrease in Deferred revenues was mainly due to the decline in the balance of deferred revenue for grants during the FY 2009 totaling \$0.6 million. Several grants have spent down their cash substantially leading to lower deferred revenues.

Decrease in Liability for compensated absences was mostly due to the FY 2009 payout for vacation and sick leave benefits totaling \$1.0 million and incorrect salary rates used in the accrual for FY 2008 resulting in an overstatement of \$0.7 million in the prior year's liability for compensated absences. This decrease was partially offset by the FY 2009 accrual for vacation benefits amounting to \$0.7 million.

**State of Illinois**  
**Northeastern Illinois University**  
**Fiscal Schedules and Analysis, Continued**

**Summary of Indirect Cost Reimbursement Funds**  
*For the Year Ended June 30, 2009*

Fund Balance - June 30, 2008		\$ 1,744,494
Add: Reimbursement Revenues		
Academic Enhancements	\$ 81,976	
Berwyn Cicero Initiative Ed Excel	32,874	
Bookstore	20,643	
Bridges To The Future	5,585	
Campus Recreation	37,759	
CCT Every Art Every Child	3,208	
Chicago Literacy Initiative Partners	2,402	
Chicago Shakespeare Theater	138	
Childcare Access Parents In School	3,948	
Childcare Center	32,223	
CPS Advanced Reading Development Demo	3,233	
CPS Avenues For Success Program	2,580	
CPS Career Switchers	46	
CPS High School Feedback Report	4,500	
CPS Michele Clark School	28	
CPS Mural Project	5,095	
CPS State Pre Kindergarten	(12,756)	
Center For Authentic Science Practice In Education	6,042	
English Language Acquisition	20,589	
Foster Research Gidea Pilot	(157)	
Gifted Fast Paced Programs	6,853	
GEAR UP Programs	391,494	
Hamiltonian Instability	4,969	
Health Services	17,316	
Housing Support Family Achieve Centers	21,968	
Initiative to Reduce Tobacco Use	1,577	
Interactive Teaching Learning	2,121	
Latino Leadership CPS Principals	231	
Least Restrictive Environment	2,284	
Louis Stoke Alliance Minority	1,430	

**State of Illinois**  
**Northeastern Illinois University**  
**Fiscal Schedules and Analysis, Continued**

**Summary of Indirect Cost Reimbursement Funds, Continued**  
*For the Year Ended June 30, 2009*

Loyola Research Experience Undergrad	1,800
McNair Scholars Program	13,841
Millburn CCSD 24	1,898
Non Credit Contracts	120
Office Of Research Development	10,908
Parking Lot Administration	108,123
PEP Villa Park	73
Performing Arts	4,931
Perkins Loan Program	13,585
Polk Bros Every Art Every Child	2,943
Polk Bros Foundation	133
Rehabilitation Counseling Capacity	6,621
Rehabilitation Long Term Training	10,594
Robust Numerical Methods In Polynomial Algebra	8,556
Roots Of Language And Literacy	21,137
Safe & Drug Free Schools and Communities	4,876
SEOG Program	14,611
Star School Leadership	28,251
Step Up To High School Program	1,158
Student Activities	39,965
Student Union Service	76,542
Substance Abuse HIV HEPA Prevention	18,252
Suicide Awareness	1,325
Talent Search	28,460
Technology Initiatives	141,198
Terra Every Art Every Child	1,119
Upward Bound	42,057
UW Cognition And Student Learning Research	7,907
Vending	4,894
21st Century Community Learning Centers	89,692



**State of Illinois**  
**Northeastern Illinois University**  
**Fiscal Schedules and Analysis, Continued**

**Summary of Indirect Cost Reimbursement Funds, Continued**  
*For the Year Ended June 30, 2009*

Work Study Programs	21,050	
YCCS Physical Education Program	6,663	
Other Sources	<u>225</u>	<u>1,433,707</u>
Total Available		3,178,201
Less: Expenditures and Transfer		
Academic Services	473,191	
Administrative Services	484,408	
Student Services	56,654	
Funds Transferred To Income Fund	<u>1,081,294</u>	<u>2,095,547</u>
Fund Balance - June 30, 2009		<u><u>\$ 1,082,654</u></u>

**State of Illinois  
Northeastern Illinois University**

**Analysis of Operations**

*For the Year Ended June 30, 2009*

**University Functions and Planning Program  
Description of Planning System:**

Functions

*Mission*

Northeastern Illinois University (the University), as a public comprehensive university with locations throughout Chicago, provides an exceptional environment for learning, teaching, and scholarship. The University prepares a diverse community of students for leadership and service in our region and in a dynamic multicultural world.

*Vision*

Northeastern Illinois University will be a leader among metropolitan universities, known for its dedication to its urban mission, for the quality of its programs, for the success of its graduates, and for the diversity of its learning environment.

*Values*

Northeastern Illinois University is committed to a set of shared values - *integrity, excellence, access to opportunity, diversity, community, and empowerment through learning* - that, taken collectively, guides their actions and interactions, both within and throughout the University and outside the University, as they work together to prepare graduates for the responsible exercise of citizenship. These values serve as the touchstone for planning how the University will best achieve the educational mission entrusted to them.

Planning

The University has identified six Strategic Goals as the most critical objectives in meeting their Mission and achieving their Vision. These Strategic Goals, and the Action Steps accompanying each goal, will be used to establish their work and budget priorities each year and will serve as the framework to determine the success of the University. The six Strategic Goals are as follows:

- (1) **Student Success:** Ensure student success from recruitment through graduation by creating a culture in which all members of the University community are engaged in attracting, educating, and graduating students who achieve the objectives for baccalaureate and graduate degrees.
- (2) **Academic Excellence and Innovation:** Develop an environment that supports curricular and pedagogical innovation aligned with the mission of the institution, the standards of the disciplines, student needs, and career and civic opportunities in a global society.

**State of Illinois  
Northeastern Illinois University**

**Analysis of Operations, Continued**  
*For the Year Ended June 30, 2009*

**University Functions and Planning Program, Continued**  
**Description of Planning System:**

- (3) **Urban Leadership:** Work collaboratively with educational, social service, governmental, and business institutions in Chicago and the region to build upon NEIU's tradition of community involvement.
- (4) **Exemplary Faculty and Staff:** Invest in faculty and staff to make NEIU a world-class metropolitan university and an employer of choice.
- (5) **Enhanced University Operations:** Provide a supportive learning, teaching and working environment by improving operating productivity, physical infrastructure, and environmental sustainability.
- (6) **Fiscal Strength:** Enhance the University's financial position by reducing reliance on state general funds and student tuition, diversifying revenue sources, and strengthening institutional relationships with federal, state, and local governments, and private sponsors.

Also included in the University's Strategic Plan are the specific Action Steps, which outline the various activities the University will undertake in the next few years to achieve their Strategic Goals. The University will analyze the Action Steps under each Strategic Goal to determine the areas of responsibility, timeframes, required resources, priority order of the Action Steps, and yearly tasks that help them accomplish the Action Steps. The University will develop annual work plans and work teams (across units) as needed to move their plan forward.

The University will develop, using the President's Council and the Office of Institutional Research, a limited number of key indicators or benchmarks for each Strategic Goal. They will be measured periodically and the results reported to the University community. The University will require unit goals and actions to be in harmony with the University Strategic Goals.

The University will ask the University Budgetary Council to redefine its role to include an annual review of their strategic planning progress. Annual progress reports will be provided to the University community (e.g., the State of the University address) and the Board of Trustees.

**State of Illinois**  
**Northeastern Illinois University**

**Analysis of Operations, Continued**

*For the Year Ended June 30, 2009*

**University Enrollment and Employee Information (Unaudited)**

Enrollment Information

Enrollments of both undergraduate and graduate students for each term (including extension centers and part-time students) for the school years 2008-2009 and 2007-2008 as shown in the Board of Trustees' Enrollment Report were as follows:

	<b>2008-09</b>	<b>2007-08</b>
Fall	11,193	11,644
Spring	10,582	10,806
Summer	5,936	5,873

Average Annual Full Time Equivalent (FTE) Enrollment

In fiscal year 2009, the University had an average FTE enrollment of 8,069 students, comprised of 6,755 undergraduates and 1,314 graduate students. This number was calculated in accordance with the Illinois Board of Higher Education guidelines as follows: annual undergraduate semester credit hours (SCH) divided by 30. It is assumed that a full time undergraduate student enrolls for 15 hours per term, 2 terms per year. The same logic was used to calculate graduate FTE, except that SCH was divided by 24. It is assumed that a full time graduate student enrolls for 12 hours per term, 2 terms per year.

Annual Cost per FTE Student

The University, like all other public universities in Illinois, is required to submit to the Illinois Board of Higher Education an annual cost study. This cost study calculates the number of dollars per credit hour by discipline and student level. Operating costs are accounted for in this study.

Assuming an undergraduate FTE enrolls for 2 terms at 15 hours per term, and that a graduate FTE enrolls for 2 terms at 12 hours per term, the fiscal year 2009 annual costs per FTE, calculated by dividing the total costs of instruction by the corresponding FTE, were as follows: a) undergraduate - \$8,640, and b) graduate - \$12,008.

Costs per Credit Hour

The University's costs per credit hour (based upon total expenditures for instruction divided by total credit hours) for fiscal years 2009 and 2008 are as follows:

	<b>2009</b>	<b>2008</b>
Costs per Credit Hour	<u>\$ 317</u>	<u>\$ 302</u>

**State of Illinois**  
**Northeastern Illinois University**

**Analysis of Operations, Continued**

*For the Year Ended June 30, 2009*

**University Enrollment and Employee Information (Unaudited), Continued**

Student/Faculty Ratio

The University's student/faculty ratio (based upon full time equivalent students and faculty on a staff year basis) for fiscal years 2009 and 2008 is as follows:

	<b>2009</b>	<b>2008</b>
Student/Faculty Ratio	<u>17:1</u>	<u>15:1</u>

Employee Information

The average number of employees at the University during fiscal years 2009 and 2008 is as follows:

	<b>2009</b>	<b>2008</b>
Administration	280	267
Faculty	406	437
Civil Service	466	487
Students	<u>341</u>	<u>369</u>
Total Employees	<u>1,493</u>	<u>1,560</u>

**State of Illinois  
Northeastern Illinois University**

**Analysis of Operations, Continued**  
*For the Year ended June 30, 2009*

**Schedules of Federal Expenditures, Nonfederal Expenses and New Loans**

**Schedule A - Federal Financial Component**

Total Federal Expenditures Reported on SEFA Schedule	\$ 24,321,372
Total New Loans Made not included on SEFA Schedule	16,681,802
Amount of Federal Loan Balances at Beginning of the Year (not included on the SEFA Schedule and continued compliance required)	2,598,544
Total Schedule A	<u>\$ 43,601,718</u>

**Schedule B - Total Financial Component**

Total Operating Expenses (From Financial Statements)	\$ 135,997,540
Total Nonoperating Expenses (From Financial Statements)	1,742,271
Total New Loans Made	16,681,802
Amount of Federal Loan Balances at Beginning of the Year	2,598,544
Total Schedule B	<u>\$ 157,020,157</u>

**Schedule C**

		<b><u>Percent</u></b>
Total Schedule A	\$ 43,601,718	27.8%
Total Nonfederal Expenses	113,418,439	72.2%
Total Schedule B	<u>\$ 157,020,157</u>	<u>100.0%</u>

*These schedules are used to determine the University's single audit costs in accordance with OMB Circular A-133.*

**State of Illinois  
Northeastern Illinois University**

**Analysis of Operations, Continued**  
*For the Year Ended June 30, 2008\**

**Service Efforts and Accomplishments (Unaudited)**

Mission Statement

Northeastern Illinois University (the University), as a public comprehensive university with locations throughout Chicago, provides an exceptional environment for learning, teaching, and scholarship. The University prepares a diverse community of students for leadership and service in our region and in a dynamic multicultural world.

Program Goals

Northeastern Illinois University will be a leader among metropolitan universities, known for its dedication to its urban mission, for the quality of its programs, for the success of its graduates, and for the diversity of its learning environment.

	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target	Fiscal Year 2008 Actual
<b><u>Input Indicators</u></b>				
Total expenditures - all sources (in thousands) (a)	\$117,850.10	\$125,362.00	\$129,155.20	\$120,288.10
Total expenditures - state appropriated funds (in thousands)	\$39,168.20	\$39,994.20	\$40,770.70	\$40,745.20
Total staff - all fund sources (b)	1,490	1,481	1,481	1,493
Total staff - state appropriated fund sources (b)	1,143	1,133	1,133	1,142
<b><u>Output Indicators</u></b>				
Undergraduate headcount enrollment	9,418	9,115	N/A	8,987
Total headcount enrollment	12,227	11,644	N/A	11,193
Percent: part-time student enrollment (c)	53.6%	53.2%	N/A	52.0%
Baccalaureate degrees conferred	1,364	1,367	N/A	1,503
Master's degrees conferred	595	595	N/A	562
Minority Graduates: percent of total baccalaureate degrees conferred	47.7%	46.4%	N/A	49.8%
Minority Graduates: percent of total Master's degrees	35.1%	38.2%	N/A	37.0%

*N/A - Information was not available or not applicable to the period presented.*

*\* Information for the year ended June 30, 2009 not yet available.*

**State of Illinois**  
**Northeastern Illinois University**

**Analysis of Operations, Continued**  
*For the Year Ended June 30, 2008\**

**Service Efforts and Accomplishments (Unaudited), Continued**

	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target	Fiscal Year 2008 Actual
<b><u>Outcome Indicators</u></b>				
Percent of graduates employed full-time (d)	79.7%	66.2%	N/A	N/A
Percent of graduates employed part-time (d)	9.5%	17.6%	N/A	N/A
Percent of graduates unemployed and not seeking employment (d)	8.1%	4.5%	N/A	N/A
Percent of graduates employed full-time in a related field (d)	72.9%	69.5%	N/A	N/A
Percent of graduates earning a post-baccalaureate degree (d)	54.1%	30.7%	N/A	N/A
Percent of graduates satisfied with career path preparation provided by the undergraduate education experience (d)	93.2%	73.3%	N/A	N/A
Percent of graduates satisfied with post-graduate employment (d)	93.9%	88.1%	N/A	N/A
Six year graduation rate: first-time, full-time freshman (c)	18.5%	18.7%	N/A	N/A
Percent of baccalaureate degree recipients employed or enrolled in further education within one year of graduation	N/A	90.3%	N/A	N/A
Annual number of students completing requirements for initial teacher certification	N/A	506.0	N/A	N/A
<b><u>External Benchmarks</u></b>				
Six-year graduation rate: statewide average (c)	58.5%	59.5%	N/A	N/A
Instructional cost per credit hour: public university average, all instructional levels (in dollars)	\$312.17	\$326.06	N/A	N/A
Percent of total expenditures (all sources) devoted to Instruction: public university average	26.9%	27.0%	26.7%	27.2%
Percent of total expenditures (all sources) devoted to Research and Public Service: public university average	23.0%	22.3%	22.1%	21.9%

*N/A - Information was not available or not applicable to the period presented.*

*\* Information for the year ended June 30, 2009 not yet available.*



**State of Illinois  
Northeastern Illinois University**

**Analysis of Operations, Continued**

*For the Year Ended June 30, 2008\**

**Service Efforts and Accomplishments (Unaudited), Continued**

	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target	Fiscal Year 2008 Actual
<b><u>External Benchmarks, Continued</u></b>				
Percent of total expenditures (all sources) devoted to Academic and Student Support: public university average	24.3%	24.7%	24.9%	24.9%
Percent of total expenditures (all sources) devoted to all other programs: public university average (e)	25.8%	26.0%	26.3%	26.0%
Undergraduate tuition and mandatory fees: annual based on thirty credit hours, public university average (in dollars) (f)	\$7,476.00	\$8,347.87	\$9,383.17	\$9,383.17
Undergraduate tuition and mandatory fees as a percentage of Illinois per capita disposable income	19.2%	21.3%	N/A	N/A
Percent of undergraduate students receiving some form of financial aid: public university average	78.4%	79.9%	N/A	N/A
Percent of undergraduate students receiving grant or scholarship assistance: public university average	54.2%	65.7%	N/A	N/A
Percent of undergraduate students receiving loan assistance: public university average	50.3%	50.8%	N/A	N/A
Percent of undergraduate students receiving employment assistance: public university average	22.2%	21.2%	N/A	N/A
<b><u>Efficiency/Cost-Effectiveness</u></b>				
Instructional cost per credit hour, all instructional levels (in dollars)	\$274.99	\$280.28	N/A	N/A
Percent of total expenditures (all sources) devoted to Instruction	37.0%	37.0%	37.0%	37.7%
Percent of total expenditures (all sources) devoted to Research and Public Service	14.3%	15.7%	15.7%	14.8%
Percent of total expenditures (all sources) devoted to Academic and Student Support	21.4%	20.8%	20.8%	20.2%

*N/A - Information was not available or not applicable to the period presented.*

*\* Information for the year ended June 30, 2009 not yet available.*

**State of Illinois  
Northeastern Illinois University**

**Analysis of Operations, Continued**  
*For the Year Ended June 30, 2008\**

**Service Efforts and Accomplishments (Unaudited), Continued**

	Fiscal Year 2006 Actual	Fiscal Year 2007 Actual	Fiscal Year 2008 Target	Fiscal Year 2008 Actual
<b><u>Efficiency/Cost-Effectiveness, Continued</u></b>				
Percent of total expenditures (all sources) devoted to all other programs (e)	27.3%	26.5%	26.5%	27.3%
Undergraduate tuition and mandatory fees: annual based on thirty credit hours (in dollars) (f)	\$6,306.00	\$7,166.00	\$7,998.00	\$7,998.00
Percent of undergraduate students receiving some form of financial aid	61.5%	64.7%	N/A	N/A
Percent of undergraduate students receiving grant or scholarship assistance	52.3%	60.4%	N/A	N/A
Percent of undergraduate students receiving loan assistance	20.4%	21.0%	N/A	N/A
Percent of undergraduate students receiving employment assistance	6.0%	5.9%	N/A	N/A

**Footnotes**

- a. Total expenditures include expenditures from appropriated funds (primarily general funds) as well as from restricted and non-appropriated fund sources. For this report, appropriated funds include the state General Revenue Fund and the University Income Fund.
- b. Staff levels reference the number of staff years (a measure of staff effort over a twelve-month period) supported by respective fund sources. State appropriated fund sources include university income funds.
- c. Institutions with high ratios of part-time students will have lower graduation rates.
- d. Data regarding graduate employment, attainment, and career path preparation/satisfaction was obtained from the Illinois Board of Higher Education's Baccalaureate Follow-Up Survey. The Survey is conducted annually on a rolling cycle that surveys graduates one, five, and nine years after graduation. Data provided reflects the class of 1997 nine years out (FY 2006) and the class of 2006 one year out (FY 2007).
- e. All other programs include Institutional Support, Operation and Maintenance of Physical Plant, and Independent Operations, including student housing and food service operations.
- f. Entry-level tuition and fees.

*N/A - Information was not available or not applicable to the period presented.*

*\* Information for the year ended June 30, 2009 not yet available.*

**State of Illinois**  
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**Analysis of Operations, Continued**  
*For the Year Ended June 30, 2009*

**Schedule of Tuition and Fee Waivers (Unaudited)**  
**(In Thousands of Dollars)**

	Undergraduate				Graduate			
	Tuition Waived		Fees Waived		Tuition Waived		Fees Waived	
	Recipients	Value of Waivers	Recipients	Value of Waivers	Recipients	Value of Waivers	Recipients	Value of Waivers
<b><u>MANDATORY WAIVERS</u></b>								
Teacher Special Education	10	\$ 53.2	10	\$ 15.9	21	\$ 82.9	21	\$ 19.4
General Assembly	42	110.8	42	33.1	6	8.6	6	2.0
ROTC	12	33.3	12	10.0	-	-	-	-
DCFS	4	19.6	4	5.9	-	-	-	-
Children of Employees	40	77.2	-	-	-	-	-	-
Senior Citizens	1	1.1	-	-	-	-	-	-
Veterans Grants & Scholarships	8	17.5	8	0.3	6	11.4	6	0.2
Unfunded IL Veterans Grants	368	970.6	368	289.9	42	45.2	42	10.6
Unfunded IL Natl Guards	19	34.7	19	0.7	2	3.1	2	0.7
Subtotal	504	1,318.0	463	355.8	77	151.2	77	32.9
<b><u>DISCRETIONARY WAIVERS</u></b>								
Faculty/Administrators	5	6.2	5	1.8	56	105.9	56	24.8
Civil Service	46	72.4	46	21.6	68	117.0	68	27.4
Academic/Other Talent	324	588.2	-	-	432	477.2	-	-
Foreign Exchange Students	77	467.3	77	139.6	8	37.4	8	8.8
Student Need-Financial Aid	-	-	-	-	13	25.8	-	-
Student Need-Special Programs	78	108.0	-	-	-	-	-	-
Cooperating Professionals	-	-	-	-	91	82.4	-	-
Research Assistants	-	-	-	-	16	57.0	16	13.4
Teaching Assistants	-	-	-	-	16	45.1	16	10.6
Other Assistants	-	-	-	-	93	386.4	93	90.6
Interinstitutional/Related Agencies	40	60.0	40	17.9	-	-	-	-
Contract/Training Grants	-	-	-	-	75	60.9	75	14.3
Subtotal	570	1,302.1	168	180.9	868	1,395.1	332	189.9
Total	1,074	\$ 2,620.1	631	\$ 536.7	945	\$ 1,546.3	409	\$ 222.8

**State of Illinois**  
**Northeastern Illinois University**

**Analysis of Operations, Continued**  
*For the Year Ended June 30, 2009*

**University Bookstore Information (Unaudited)**

The summary of University bookstore information for fiscal year 2009 is as follows:

Contracted/Rents to Students/University operated	Contracted
Contractor	Beck's Bookstore, Inc.
Contract Term	07/01/01 - 06/30/11
Amount of Gross Sales for bookstore	\$6,074,971
Amount (if any) to be paid to bookstore by the University	None
Commissions	\$412,857
Commission terms	8.0% of Net Sales
Given exclusive rights	Yes
Competition/ "Other" nearby/On-campus bookstores	Barnes and Noble

**State of Illinois**  
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**Special Data Requirements for Audits of Universities**  
*For the Year Ended June 30, 2009*

**University Reporting in Accordance with University Guidelines**

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University financial statements and audit reports for the year ended June 30, 2009, where such special data is found.

Compliance Findings

13(a) At June 30, 2009, no findings of noncompliance with *University Guidelines* was noted.

Indirect Cost Reimbursements

13(b) A statement of the sources and applications of indirect cost reimbursements is included on pages 67 through 69 of this report.

13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 84. The excess funds were deposited to the Income Fund within 45 days after the end of the lapse period.

Tuition Charges and Fees

13(d) No instances of tuition being diverted to auxiliary enterprise operations were noted.

Auxiliary Enterprises, Activities and Accounting Entities

13(e) Identification of each specific accounting entity and descriptions of the sources of revenue and purpose of each are presented in this report on page 86.

13(f) Entity financial statements are presented on pages 87 and 88 of this report. The entity financial statements should be read in conjunction with Northeastern Illinois University’s audited financial statements for the year ended June 30, 2009.

13(g) The University’s calculation sheet for current excess funds is presented in this report on page 85. There were no excess funds required to be deposited to the Income Fund.

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**Northeastern Illinois University**

**Special Data Requirements for Audits of Universities, Continued**  
*For the Year Ended June 30, 2009*

**University Reporting in Accordance with University Guidelines, Continued**

- 13(h) Support received by Auxiliary Enterprises from State appropriated funds for retirement and group insurance benefits amounted to approximately \$145,955 and \$458,527, respectively, for the year ended June 30, 2009.
- 13(i) A Statement of revenues and expenses for various bond indenture required accounts is presented on page 38 of the financial audit report.
- 13(j) The revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) A list and description of non-instructional facilities reserves are presented on page 49 of the financial audit report.

University Related Organizations

- 13(l) The University recognizes the Northeastern Illinois University Foundation (Foundation) and Northeastern Illinois Alumni Association (Association) as University Related Organizations. The University has designated no organization as “Independent Organizations” as defined in Section VII of *University Guidelines*.
- 13(m) The Foundation does not pay the University for services provided. Compensation is in the form of University support. See page 89 of this report for details related to services and support provided. There were no fiscal activities under the Association during fiscal year 2009.
- 13(n) The University does not pay the Foundation for services provided. Compensation is in the form of services and facilities provided. See footnote 7 on page 41 of the financial audit report for details related to services and support provided. There were no fiscal activities under the Association during fiscal year 2009.
- 13(o) At June 30, 2009, there are no unreimbursed subsidies to the Foundation and the Association from the University or appropriated funds.
- 13(p) There is no debt financing provided by the Foundation and the Association.

**State of Illinois**  
**Northeastern Illinois University**

**Special Data Requirements for Audits of Universities, Continued**  
*For the Year Ended June 30, 2009*

**University Reporting in Accordance with University Guidelines, Continued**

Other Topics

- 13(q) Schedules of cash and investments held by the University are presented in the Analysis of Significant Account Balances section of this report on pages 62 and 63, and in footnote 2 on pages 27 through 30 of the financial audit report.
- 13(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.
- 13(s) Costs per full time equivalent student are presented on page 72 in this report.
- 13(t) Neither the University nor the University Related Organizations has purchased any real estate during the year ended June 30, 2009.
- 13(u) Neither the University nor the University Related Organizations issued certificates of participation during the year ended June 30, 2009.

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**Special Data Requirements for Audits of Universities, Continued**

*For the Year Ended June 30, 2009*

**Schedule of Indirect Cost Funds to be Deposited into the University Income Fund as Required by the 1982 University Guidelines (Amended 1997)**

1.	Cash and cash equivalents balance:	
	Cash and cash equivalents	<u>\$ 1,176,356</u>
2.	Allocated reimbursements:	
	Total indirect cost reimbursements allocated for expenditure for the fiscal year completed:	
	\$1,795,075: enter 30% of this amount	538,523
3.	Unallocated reimbursements:	
	Lesser of the actual unallocated indirect cost reimbursements for the year completed OR 10% of total indirect cost allocations for the year completed	179,507
4.	Encumbrances and current liabilities paid in the lapse period:	
	Current liabilities and encumbrances	<u>102,923</u>
5.	Indirect cost carry-forward	<u>820,953</u>
	Excess cash to be deposited to the University Income Fund	<u><u>\$ 355,403</u></u>



**State of Illinois  
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**Special Data Requirements for Audits of Universities, Continued**  
*For the Year Ended June 30, 2009*

**Other Entities and Auxiliary Enterprises - Calculation Sheet for Current Excess Funds**

	Student Fee Programs	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises			Total Auxiliary Enterprises
							Student Union	Parking Lot Administration	Other Auxiliary Enterprises	
1. Current available funds										
Cash	A. <u>\$ 2,763,270</u>	<u>\$ (153,223)</u>	<u>\$ 420,242</u>	<u>\$ 1,244,367</u>	<u>\$ 134,698</u>	<u>\$ 38,964</u>	<u>\$ 660,587</u>	<u>\$ 737,469</u>	<u>\$ 1,052,125</u>	<u>\$ 2,450,181</u>
2. Working capital allowance										
Highest month's expenditures	\$ 843,918	\$ 94,806	\$ 1,301,323	\$ 833,612	\$ 48,718	\$ 6,257	\$ 982,291	\$ 456,704	\$ 262,191	\$ 1,701,186
Encumbrances and current liabilities paid in lapse period	533,676	26,189	8,911	196,176	5,380	99	61,784	22,851	27,448	112,083
Deferred income	824,938	-	528	-	-	-	145,419	309,120	-	454,539
Refundable deposits	-	18	-	-	-	-	1,021	-	101,912	102,933
Working capital allowance	B. <u>\$ 2,202,532</u>	<u>\$ 121,013</u>	<u>\$ 1,310,762</u>	<u>\$ 1,029,788</u>	<u>\$ 54,098</u>	<u>\$ 6,356</u>	<u>\$ 1,190,515</u>	<u>\$ 788,675</u>	<u>\$ 391,551</u>	<u>\$ 2,370,741</u>
3. Current excess funds (margin of compliance):										
Deduct B from A	C. <u>\$ 560,738</u>	<u>\$ (274,236)</u>	<u>\$ (890,520)</u>	<u>\$ 214,579</u>	<u>\$ 80,600</u>	<u>\$ 32,608</u>	<u>\$ (529,928)</u>	<u>\$ (51,206)</u>	<u>\$ 660,574</u>	<u>\$ 79,440</u>
4. Calculation of income fund remittance:										
An entity may offset excess capital or current funds within the entity.										
Enter the amount to be offset, if any, here	D. <u>(2,281,503)</u>			<u>(304,911)</u>	<u>(1,244,205)</u>	<u>(220,870)</u>				<u>(1,210,628)</u>
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund	<u>\$ (1,720,765)</u>			<u>\$ (90,332)</u>	<u>\$ (1,163,605)</u>	<u>\$ (188,262)</u>				<u>\$ (1,131,188)</u>

**Excess Funds Offset**

Indentured capital reserves										
Allowable capital reserves	\$ 2,540,160			\$ 2,033,230	\$ 1,279,422	\$ 229,089				\$ 3,781,950
Actual capital reserves	<u>258,657</u>			<u>1,728,319</u>	<u>35,217</u>	<u>8,219</u>				<u>2,571,322</u>
Total Excess Funds Offset	<u>\$ 2,281,503</u>			<u>\$ 304,911</u>	<u>\$ 1,244,205</u>	<u>\$ 220,870</u>				<u>\$ 1,210,628</u>

**State of Illinois**  
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**Special Data Requirements for Audits of Universities, Continued**  
*For the Year Ended June 30, 2009*

**Description of Accounting Entities**

Accounting entities as defined by the 1982 (Amended 1997) Legislative Audit Commission Guidelines and their primary revenue sources are as follows:

Activities

*Student Fee Programs* are organized student activities funded primarily by student fees.

*Public Service Activities* are noncredit conferences, seminars, short courses and other services offered to the public for a fee. The primary revenue source is the fee charged to participants.

*Student and Staff Services* are services offered at a charge to University staff and students.

*Service Departments* provide products or services to organizational units within the University. Charges for services provide the revenue.

*Other Educational Services* are activities related to the educational process which incidentally generate products or services made available to the public for a charge.

*Educational Contracts* are courses for credit which are presented by, and have the course content coordinated with, a government unit, community organization or private business.

Auxiliary Enterprises

*Student Union* is an operation financed by revenue bonds with principal operations, including food service, conference and assembly space, student card services, and information services.

*Parking Lot Administration* provides the operation, maintenance, and development of the University parking facilities. Revenues come from charges for parking and fines.

*Other Auxiliary Enterprises* are self-supporting activities that include vending machines, child care, and bookstore.

**State of Illinois  
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**Special Data Requirements for Audits of Universities, Continued**  
*June 30, 2009*

**Other Entities and Auxiliary Enterprises - Balance Sheets**

	Student Fee Programs	Indirect Cost	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises			Totals
								Student Union	Parking Lot Administration	Other Auxiliary Enterprises	
<b>Assets</b>											
<b>Current Fund Assets</b>											
Cash and investments	\$ 2,763,270	\$ 1,176,356	\$ (153,223)	\$ 420,242	\$ 1,244,367	\$ 134,698	\$ 38,964	\$ 660,587	\$ 737,469	\$ 1,052,125	\$ 8,074,855
Accounts receivable - net	245,205	-	-	21,120	-	-	55,770	159,804	171,554	5,428	658,881
Prepaid Expenses	9,722	2,934	1,497	-	-	-	-	-	-	-	14,153
Inventories	-	-	-	-	12,006	-	-	702	-	-	12,708
<b>Total</b>	<b>3,018,197</b>	<b>1,179,290</b>	<b>(151,726)</b>	<b>441,362</b>	<b>1,256,373</b>	<b>134,698</b>	<b>94,734</b>	<b>821,093</b>	<b>909,023</b>	<b>1,057,553</b>	<b>8,760,597</b>
<b>Plant Fund Assets</b>											
Cash and investments	258,657	-	100,321	11,201	1,728,319	35,217	8,219	1,638,751	403,681	528,890	4,713,256
Land and land improvements	524,606	-	318,364	174,968	236,871	232,508	3,644	634,433	4,265,753	444,786	6,835,933
Buildings and construction in progress	8,856,958	-	5,190,959	1,171,499	1,998,218	4,441,389	657,306	5,456,836	15,663,536	4,850,955	48,287,656
Equipment	3,495,394	-	287,006	113,988	6,009,698	2,317,221	296,979	516,750	674,032	107,290	13,818,358
<b>Total</b>	<b>13,135,615</b>	<b>-</b>	<b>5,896,650</b>	<b>1,471,656</b>	<b>9,973,106</b>	<b>7,026,335</b>	<b>966,148</b>	<b>8,246,770</b>	<b>21,007,002</b>	<b>5,931,921</b>	<b>73,655,203</b>
<b>Total assets</b>	<b>\$ 16,153,812</b>	<b>\$ 1,179,290</b>	<b>\$ 5,744,924</b>	<b>\$ 1,913,018</b>	<b>\$ 11,229,479</b>	<b>\$ 7,161,033</b>	<b>\$ 1,060,882</b>	<b>\$ 9,067,863</b>	<b>\$ 21,916,025</b>	<b>\$ 6,989,474</b>	<b>\$ 82,415,800</b>
<b>Liabilities</b>											
<b>Current Fund Liabilities</b>											
Accounts payable and accrued liabilities	\$ 533,676	\$ 96,636	\$ 26,189	\$ 8,911	\$ 196,176	\$ 5,380	\$ 99	\$ 89,252	\$ 22,851	\$ 27,448	\$ 1,006,618
Deferred income	824,938	-	-	528	-	-	-	145,419	309,120	-	1,280,005
Deposits	-	-	18	-	-	-	-	1,021	-	232,547	233,586
<b>Total</b>	<b>1,358,614</b>	<b>96,636</b>	<b>26,207</b>	<b>9,439</b>	<b>196,176</b>	<b>5,380</b>	<b>99</b>	<b>235,692</b>	<b>331,971</b>	<b>259,995</b>	<b>2,520,209</b>
<b>Plant Fund Liabilities</b>											
Accounts payable and accrued liabilities	-	-	-	1,524	6,582	-	-	597	28,265	-	36,968
Revenue bonds payable	-	-	-	-	-	-	-	3,425,000	16,970,000	-	20,395,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,524</b>	<b>6,582</b>	<b>-</b>	<b>-</b>	<b>3,425,597</b>	<b>16,998,265</b>	<b>-</b>	<b>20,431,968</b>
<b>Total liabilities</b>	<b>1,358,614</b>	<b>96,636</b>	<b>26,207</b>	<b>10,963</b>	<b>202,758</b>	<b>5,380</b>	<b>99</b>	<b>3,661,289</b>	<b>17,330,236</b>	<b>259,995</b>	<b>22,952,177</b>
<b>Fund balance</b>											
Current	1,659,583	1,082,654	(177,933)	431,923	1,060,197	129,318	94,635	585,401	577,052	797,558	6,240,388
Reserves - Plant	258,657	-	100,321	9,677	1,721,737	35,217	8,219	1,638,154	375,416	528,890	4,676,288
Investment in Plant	12,876,958	-	5,796,329	1,460,455	8,244,787	6,991,118	957,929	3,183,019	3,633,321	5,403,031	48,546,947
<b>Total fund balance</b>	<b>14,795,198</b>	<b>1,082,654</b>	<b>5,718,717</b>	<b>1,902,055</b>	<b>11,026,721</b>	<b>7,155,653</b>	<b>1,060,783</b>	<b>5,406,574</b>	<b>4,585,789</b>	<b>6,729,479</b>	<b>59,463,623</b>
<b>Total liabilities and fund balance</b>	<b>\$ 16,153,812</b>	<b>\$ 1,179,290</b>	<b>\$ 5,744,924</b>	<b>\$ 1,913,018</b>	<b>\$ 11,229,479</b>	<b>\$ 7,161,033</b>	<b>\$ 1,060,882</b>	<b>\$ 9,067,863</b>	<b>\$ 21,916,025</b>	<b>\$ 6,989,474</b>	<b>\$ 82,415,800</b>

**State of Illinois**

**Northeastern Illinois University**

**Special Data Requirements for Audits of Universities, Continued**

*For the Year Ended June 30, 2009*

**Other Entities and Auxiliary Enterprises**

**Schedule of Changes in Fund Balances - Current Funds**

<b>Accounting Entities and Auxiliary Enterprises</b>	<b>Balance June 30, 2008</b>	<b>Revenues</b>	<b>Expenditures and Transfers</b>	<b>Balance June 30, 2009</b>
Student Fee Programs	\$ 865,395	\$ 6,562,787	\$ 5,768,599	\$ 1,659,583
Indirect Cost	1,744,494	1,433,707	2,095,547	1,082,654
Public Service Activities	(93,338)	246,616	331,211	(177,933)
Student and Staff Services	391,538	2,674,302	2,633,917	431,923
Service Departments	1,009,840	1,308,655	1,258,298	1,060,197
Other Educational Services	124,693	42,723	38,098	129,318
Educational Contracts	87,015	27,476	19,856	94,635
Student Union	569,994 *	1,695,801	1,680,394	585,401
Parking Lot Administration	358,056	2,152,029	1,933,033	577,052
Other Auxiliary Enterprises	<u>680,640 *</u>	<u>1,155,203</u>	<u>1,038,285</u>	<u>797,558</u>
Total	<u>\$ 5,738,327</u>	<u>\$ 17,299,299</u>	<u>\$ 16,797,238</u>	<u>\$ 6,240,388</u>

\* *Vending machines and bookstore operations, which were originally presented under Student Union in the prior year compliance report have been reclassified to Other Auxiliary Enterprises. This reclassification has no overall effect to the total fund balances.*

**State of Illinois**  
**Northeastern Illinois University**

**Special Data Requirements for Audits of Universities, Continued**  
*For the Year Ended June 30, 2009*

**Summary of Foundation Payments to the University**

During fiscal year 2009, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University advanced \$ -0- in funds and provided an additional \$120,117 of services to the Foundation. As required by the contract, the Foundation repaid the University, using funds considered unrestricted for purposes of the University Guidelines computations. In addition, the Foundation gave the University non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University during the audit period.

Funds considered UNRESTRICTED for purposes of the guidelines computations:

- Restricted only as to campus, college or department and generally available for on-going University operations:
- Given to specific departments \$ 309,085

Funds considered RESTRICTED for purposes of the guidelines computations:

- Given for scholarships, and grants and awards 298,638

Total funds provided to the University by the Foundation 607,723

The Foundation also provided fundraising activities for the University. The value of the activities on a time and material basis were:

- Fundraising and special events expenses 61,536

Total financial and service support \$ 669,259