

**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, 2011
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois**



CliftonLarsonAllen

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Related Report Published Under a Separate Cover

Northeastern Illinois University
Financial Audit for the Year Ended June 30, 2011

**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, 2011**

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

February 10, 2012

CliftonLarsonAllen LLP
1301 W. 22nd Street, Suite 1100
Oak Brook, IL 60523

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the University. We are responsible for, and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the one-year period ended June 30, 2011. Based on this evaluation, we assert that during the year ended June 30, 2011, the University has materially complied with the assertions below.

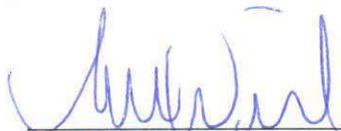
- A. The University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received and used public funds of the State in accordance with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



Peggy Ho
Controller

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2011**

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	8
Repeated Findings	3	3
Prior Recommendations Implemented or Not Repeated	5	6

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>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
11-1	14	Failure to Identify and Refund Title IV Aid in a Timely Manner	Significant Deficiency and Federal Noncompliance
11-2	17	Generally Accepted Accounting Principles (GAAP) Not Properly Applied to the State Universities Risk Management Association (SURMA) Asset	Significant Deficiency
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
11-3	19	Awarding of Student Financial Aid	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2011**

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
11-4	21	Perkins Loan Processing Error	Significant Deficiency and Noncompliance
11-5	23	Performance of Financial Aid Verification Procedures	Significant Deficiency and Noncompliance
11-6	25	Direct Loan Cash Summary Reconciliation	Significant Deficiency and Noncompliance
11-7	27	Inaccurate Fiscal Operations Report and Application to Participate (FISAP) Reporting	Significant Deficiency and Noncompliance

FINDINGS (STATE COMPLIANCE)

11-8	29	Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Accrued Interest	Significant Deficiency and Noncompliance
11-9	30	Timesheets Not Required	Significant Deficiency and Noncompliance

The following finding, which is reported as a current finding relating to *Government Auditing Standards*, also meets the reporting requirement for Federal Compliance.

11-1	14	Failure to Identify and Refund Title IV Aid in a Timely Manner	Significant Deficiency and Federal Noncompliance
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Also, the following findings, which are reported as a current findings relating to *Government Auditing Standards*, also meet the reporting requirement for State Compliance.

11-1	14	Failure to Identify and Refund Title IV Aid in a Timely Manner	Significant Deficiency and Noncompliance
11-2	17	Generally Accepted Accounting Principles (GAAP) Not Properly Applied to the State Universities Risk Management Association (SURMA) Asset	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2011**

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	31	Generally Accepted Accounting Principles (GAAP) not properly applied to grant revenue recognition
B	31	TEACH Grants were not properly awarded
C	31	Inadequate controls over payroll processing of employees paid from grant funds
D	31	Noncompliance with required contracting procedures
E	32	Northeastern Illinois University Alumni Association

Exit Conference

The University waived having an exit conference in correspondence dated January 30, 2012, from the University's Vice President for Finance and Administration, Mark Wilcockson.

The responses to the recommendations were provided by Mark Wilcockson, in correspondence dated February 7, 2012.

**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 of the State of Illinois
and
Board of Trustees
Northeastern Illinois University

Compliance

As special assistant auditors for the Auditor General, we have examined Northeastern Illinois University's (the "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 (the "Audit Guide") as adopted by the Auditor General, during the year ended June 30, 2011. 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 (the "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.

In our opinion, the University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General and are described in the accompanying Schedule of Findings and Questioned Costs as items 11-1, 11-2, 11-8 and 11-9.

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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance 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 over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11-1, 11-2, 11-8 and 11-9. A *significant deficiency over compliance* 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.

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 the responses.

Supplementary Information for State Compliance Purposes

As special assistant auditors for the Auditor General, we have audited the financial statements of the business-type activities of the University and its aggregate discretely presented component units as of and for the year ended June 30, 2011, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 10, 2012. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the University's discretely presented component units, as described in our report on the University's financial statements. 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 2011 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, 2011, 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, 2010. In our report, dated January 11, 2011, on the basic financial statements, we expressed an unqualified opinion on those financial statements. In our opinion, the 2010 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, 2010, taken as a whole.

The University's basic financial statements for the year ended June 30, 2009, were audited, in accordance with auditing standards generally accepted in the United States, by other auditors. In their report dated December 15, 2009, they expressed an unqualified opinion on those financial statements. In their opinion, the 2009 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, 2009, 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.



CliftonLarsonAllen LLP
February 10, 2012

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

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

As special assistant auditors for the Auditor General, we have audited the financial statements of the business-type activities of the Northeastern Illinois University (the "University") and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2011 which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 10, 2012. 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 units, 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

Management of the University is responsible for establishing and maintaining effective 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in findings 11-1 and 11-2 in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant

deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a 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.

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 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, the 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.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

CliftonLarsonAllen LLP
February 10, 2012

**Independent Auditor’s Report on Compliance with Requirements that
could have a Direct and Material Effect on Each Major Program, on Internal
Control over Compliance, and on the Schedule of Expenditures of Federal
Awards in Accordance with OMB Circular A-133**

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

Compliance

We have audited Northeastern Illinois University’s (the “University”) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of the University’s major federal programs for the year ended June 30, 2011. The University’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University’s management. Our responsibility is to express an opinion on the University’s compliance based on our audit.

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

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 11-1, 11-3, 11-4, 11-5, 11-6 and 11-7.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over

compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 11-1, 11-3, 11-4, 11-5, 11-6 and 11-7. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the business-type activities and the aggregate discretely presented component units of the University, as of and for the year ended June 30, 2011, and have issued our report thereon dated February 10, 2012. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the University's discretely presented component units, as described in our report on the University's financial statements. 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 their responses.

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



CliftonLarsonAllen LLP
February 10, 2012

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified opinion

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? Yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weaknesses? yes none reported

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

Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.334	Student Financial Assistance Cluster Gaining Early Awareness and Readiness for Undergraduate Programs TRIO Cluster
84.287	Twenty-First Century Community Learning Centers
84.031	Higher Education Institutional Aid

Dollar threshold used to distinguish between type A and type B programs: \$448,993

Auditee qualified as low-risk auditee? yes No

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS

Finding 11-1 - Failure to Identify and Refund Title IV Aid in a Timely Manner

Northeastern Illinois University (the "University") did not properly identify all students who withdrew from the University. The University also did not determine or return the unearned portion of Title IV aid provided to all students who withdrew from the University resulting in inaccuracies in the amounts reported in their financial statements and noncompliance with federal regulations.

- In our testing of unofficial withdrawal determination, we tested a sample of 40 students receiving Title IV aid and who failed to receive a passing grade in any of their classes. We noted that seven students lacked documentation that they completed the period and, therefore, should have been considered to have unofficially withdrawn from the University.

In response to the results of this testing, University personnel performed unofficial withdrawal determination procedures on the remaining students receiving Title IV aid and who failed to receive a passing grade in any of their classes. These procedures resulted in the identification of 248 students that received Title IV aid and should have been considered to have unofficially withdrawn from the University.

ED requires (Dear Colleague Letter DCL GEN 04-03 Revised) that an institution must have a procedure for determining whether a Title IV aid recipient who began attendance during a period completed the period or should be treated as a withdrawal. If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period.

Furthermore, Federal Regulations require that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date and refund the unearned portion to ED (34 CFR 668.22).

The withdrawal date for a student who ceases attendance without providing notice at an institution that is not required to take attendance is the mid-point of the payment period (34 CFR 668.22(c)). Consequently, 50% of Title IV grant or loan assistance provided to the student is considered unearned and should be refunded to ED.

However, in the case of a student who did not begin attendance during the period of enrollment, or if the institution is unable to document the student's attendance at any class during the period, all Title IV grant or loan assistance provided to the student is considered unearned and should be refunded to ED (34 CFR 668.21(a)).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 11-1 - Failure to Identify and Refund Title IV Aid in a Timely Manner (continued)

Based on our testing of the University's calculation of the refundable Title IV grant and loan assistance for the 248 students identified above, we noted that the University lacked documentation of attendance in any class for 144 of these students.

Ultimately, in response to our testing and inquiries, the University identified \$529,154 in unearned Title IV aid which should have been refunded to ED and for which the University has recourse against the students for payment.

Since the liability to ED had not been identified timely, the University's financial statements understated current liabilities for refundable grant revenues by \$529,154 and also understated student receivables, net of an allowance for doubtful accounts, by \$264,577. A proposed adjustment was not recorded by the University.

Generally accepted accounting principles require the proper identification, valuation and reporting of assets and liabilities. Additionally, the Fiscal Control and Internal Auditing Act (ILCS 30 10/3001), requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly accounted for to permit the preparation of accounts and reliable financial reports.

- We also noted that the University did not make a timely determination of the withdrawal date for students who withdrew from the Fall 2010 semester without providing notification to the University (37 days after the end of the enrollment period).

Federal Regulations require an institution that is not required to take attendance to determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of (i) the payment period of enrollment; (ii) academic year in which the student withdrew; or (iii) educational program from which the student withdrew (34 CFR 668.22 (j)(2)).

- In addition to the testing described above, we tested the calculation of unearned Title IV funds for 20 students who officially withdrew from the University. We noted that one student's refund was made for an incorrect amount although the refund calculation was prepared correctly resulting in a \$340 under-refund to ED.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 11-1 - Failure to Identify and Refund Title IV Aid in a Timely Manner (continued)

OMB Circular A-110 requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that the amount of Title IV aid earned by students is calculated accurately and that unearned portions are returned in a timely manner.

University officials indicated that the conditions noted in this finding were the result of an employee's failure to perform their assigned function.

Failure to perform accurate and complete refund calculations and timely remittances of unearned Title IV funds resulted in inaccurate financial reporting and may jeopardize future federal funding. (Finding Code 11-1, 10-5).

Recommendation

We recommend that the University implement procedures to ensure that refunds are processed timely and accurately in order to facilitate accurate financial reporting and to be in compliance with federal regulations.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 11-2 - Generally Accepted Accounting Principles (GAAP) Not Properly Applied to the State Universities Risk Management Association (SURMA) Asset

The University did not properly account for its participation in the State Universities Risk Management Association (SURMA) in accordance with accounting principles generally accepted in the United States of America (GAAP).

The University has been a member of SURMA since its inception on February 1, 1996. SURMA was created as a successor to the Board of Governors' Self-Insurance Liability Program. SURMA was initially funded by the surplus of the Board of Governors' Self-Insurance Liability Program upon its termination (treated as capital contributions of the original participants), as well as additional contributions which were assessed to the members. The SURMA members are Chicago State University, Eastern Illinois University, Governors State University, Northeastern Illinois University, and Western Illinois University. Each university has an employee appointed as a member to the SURMA Board, which meets on a quarterly basis.

While all past payments made by the University to SURMA have been recorded as insurance expense, the capital contributions to SURMA have not been recorded as an asset on the books of the University. The University's share of the excess capital contributions to SURMA was \$406,284 and \$386,166 as of June 30, 2011 and June 30, 2010, respectively. SURMA's bylaws state that in the event of termination, if there are surplus funds available, such surplus shall be distributed to the then existing members in the same proportion that each existing member's contributions over the immediately previous five years were in proportion to the contributions of all members. Similar provisions also apply to members who elect to withdraw (if approved by the remaining participants) prior to the termination of SURMA. An adjusting entry was proposed to the University to correct this error, which the University did not record.

Further, we noted the University did not adequately monitor SURMA to ensure SURMA underwent an annual audit and biennial actuarial valuation to provide assurance as to the accuracy of financial information required to be reported by the University.

Governmental Accounting Standards Board (GASB) Interpretation No. 4 - *Accounting and Financial Reporting for Capitalization Contributions to Public Entity Risk Pools* was issued in February 1996 with an effective date of periods beginning after June 15, 1996. It states, "A capitalization contribution to a public entity risk pool with transfer or pooling of risk should be reported as a deposit if it is probable that the contribution will be returned to the entity upon either the dissolution of or approved withdrawal from the pool. An entity's determination that a return of the contribution is probable should be based on the provisions of the pooling agreement and an evaluation of the pool's financial capacity to return the contribution."

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 11-2 - Generally Accepted Accounting Principles (GAAP) Not Properly Applied to the State Universities Risk Management Association (SURMA) Asset (continued)

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system of fiscal and administrative controls to ensure resources are properly recorded and accounted for to permit the preparation of accounts, reliable financial and statistical reports, and to maintain accountability over the State's resources.

University officials indicated that the SURMA by-laws were adopted cooperatively by the five universities formerly under the Board of Governors and SURMA. The member universities have been operating under those by-laws since 1995, prior to the issuance of GASB Interpretation No. 4. The condition found is the result of SURMA's failure to review and revise the by-laws and the member institutions' interpretation that the return of the funds is not probable and hence the failure to record the related accounting entries, as pointed out in the new audit finding this year.

Failure to adequately monitor SURMA's activities and properly account for the University's participation in SURMA resulted in an understatement of assets on the University's financial statements. (Finding Code 11-2).

Recommendation

We recommend that the University implement controls to monitor the activities of SURMA and properly account for its participation in SURMA in accordance with GAAP.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	Cluster	\$ 47,505,886

Questioned Costs: None

Finding 11-3 - Awarding of Student Financial Aid

The University did not have adequate controls in place over the awarding of student financial aid.

Through the testing of 83 students we noted that the budget used to calculate the student's cost of attendance was incorrect for 9 students. These errors were attributable to the following:

- For four students tested, an incorrect number of credit hours were used to calculate these students' budgeted cost of attendance.
- For one student tested, we noted that three months were used to calculate the summer budgeted cost of attendance instead of the approved two months.
- For four students tested, we noted that an incorrect tuition rate was used to calculate the students' cost of attendance.

For eight of these students, the error in the control process did not result in an over award as the students were awarded less than his/her financial need. In one instance, a student was offered financial aid which exceeded his/her financial need, however, since some awards had not been disbursed, the student did not actually receive an over award.

According to 34 CFR 675.9, 676.9, 674.9, 682.201, 685.200; 42 CFR Sections 57.206 and 57.306(b); 42 USC 5293a(d)(2), a student must have financial need to receive aid, and total awards may not exceed need.

OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. An effective system of internal control should include procedures to reasonably ensure an accurate calculation of a student's financial aid award.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 11-3 - Awarding of Student Financial Aid (continued)

University officials stated University employees did not follow procedures that were in place.

Failure to maintain accurate budget information in the system could result in an over award of a student's financial need. (Finding Code 11-3, 10-4).

Recommendation

We recommend that the University improve its procedures over the awarding of student financial aid to ensure that students are awarded accurately.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA #</u>	<u>Program Expenditures</u>
Perkins Loans	84.038	\$ 230,545

Questioned Costs: None

Finding 11-4 - Perkins Loan Processing Error

The University reported inaccurate Perkins Loan information to the National Student Loan Data System (NSLDS).

Through the testing of 25 students that received Federal Perkins Loans during the year, we noted that the University did not accurately report one student's Federal Perkins Loan information to the NSLDS. We noted that the University was reporting this student's information under the wrong social security number.

Applicable regulations (34 CFR 674.16(j)) state that institutions must report enrollment and loan status information, or any Title IV loan-related information required by the Secretary, to the Secretary by the deadline date established by the Secretary.

OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, requires nonfederal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. An effective system of internal control should include procedures to reasonably ensure accurate reporting of a student's Federal Perkins Loan information to the NSLDS.

University officials stated that the University uses a paper document to input information to the NSLDS and believe that this was an isolated incident where information was inadvertently entered on the wrong student's account.

Inaccurate reporting of a student's Federal Perkins Loan information to the NSLDS could lead to inaccurate awarding of student financial aid. (Finding Code 11-4).

Recommendation

We recommend that the University implement controls to ensure that all Perkin's loan information is reported correctly to the NSLDS.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 11-4 - Perkins Loan Processing Error (continued)

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA #</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	Cluster	\$ 47,505,886

Questioned Costs: \$125

Finding 11-5 - Performance of Financial Aid Verification Procedures

The University did not properly perform required verification procedures for students receiving financial aid.

Through our testing of the verification procedures performed on 25 students, we noted errors affecting three students as follows:

- One student's income tax paid amount that was used in the determination of the expected family contribution was higher than the amount on the student's tax return. The result of this adjustment is a change in expected family contribution from \$925, which was used to calculate the award, to the correct amount of \$1,095. This resulted in an over award of Pell by \$125.
- One student's adjusted gross income used to calculate the student's expected family contribution was higher than the reported adjusted gross income on the student's tax return. The result of this adjustment is a change in expected family contribution from \$2,943, which was used to calculate the award, to the correct amount of \$2,478. This did not result in a change in the student's financial aid award.
- We noted one instance where the student's verification form was not signed. It is the University's policy that the verification form be signed by the student.

An institution shall require each applicant whose application is selected to verify items specified in 34 CFR Section 668.56 which is used to determine the applicant's expected family contribution.

In addition, OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal controls should include establishing procedures to ensure required documentation used to verify student information is obtained and evaluated prior to disbursement of Title IV funds.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 11-5 - Performance of Financial Aid Verification Procedures (continued)

Additionally, corrections should be made as required by federal regulations and documentation of the performance of verification procedures should be maintained in the student's financial aid file.

University officials stated that the condition noted above was due to an oversight.

Failure to properly perform verification procedures in accordance with federal regulations may result in students receiving the incorrect amount of financial aid. (Finding Code 11-5).

Recommendation

We recommend that the University review its controls over the verification process to ensure that all students are awarded the correct amount of financial aid.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA #</u>	<u>Program Expenditures</u>
Federal Direct Student Loans	84.268	\$ 26,156,347

Questioned Costs: None

Finding 11-6 - Direct Loan Cash Summary Reconciliation

The University did not reconcile its cash balance for the Federal Direct Loan Program on a monthly basis.

We requested monthly reconciliations of the University’s Direct Loan records to the ending cash balance on the School Account Statements (SAS) provided by the Common Origination and Disbursement (COD) System. Although the University was able to provide evidence that it had separately analyzed components of the SAS, the University could not provide us with a reconciliation of the cash balance.

The Department of Education’s “Direct Loan School Guide”, Chapter 6, *Reconciliation*, requires that the University reconcile the ending cash balance on the SAS with its internal records on a monthly basis, ensuring that any discrepancies are resolved, and documents any reason for a positive or negative balance.

In addition, OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal controls should include procedures to ensure that program records are reconciled to the fiscal records on a monthly basis.

University officials stated that reconciliations were being performed by the financial aid and finance office over the draw downs and the disbursements; however reconciliation of the ending cash balance of the loan program was not being documented.

Failure to properly reconcile program and fiscal records is a violation of federal regulations and could result in a loss of federal funding. (Finding Code 11-6).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 11-6 - Direct Loan Cash Summary Reconciliation (continued)

Recommendation

We recommend that the University review its procedures to ensure that the ending cash balance per the Direct Loan Cash Summary is being reconciled on a monthly basis.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA #</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	Cluster	\$ 47,505,886

Questioned Costs: None

Finding 11-7 - Inaccurate Fiscal Operations Report and Application to Participate (FISAP) Reporting

The University reported inaccurate information on its Fiscal Operations Report and Application to Participate (FISAP) filed September 30, 2011. An amended FISAP was filed on January 3, 2012.

Through our testing procedures performed on the FISAP, we noted that the following significant inaccuracies on the FISAP filed on September 30, 2011.

- Total undergraduate tuition and fees for the award year ended June 30, 2011 was reported as \$54,541,033 but should have been reported as \$56,126,761.
- Total graduate tuition and fees for the award year ended June 30, 2011 was reported as \$11,709,873 but should have been reported as \$10,448,405.
- Total federal Pell grant expenditures for the 2010-2011 award year was reported as \$23,951,933 but should have been reported as \$19,274,053.

The Code of Federal Regulations (34 CFR 675.19(b)(3)) requires the University to submit a Fiscal Operations Report plus other information required by the U.S. Department of Education. The Code requires the information to be accurate and to be submitted timely.

OMB Circular A-110 requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that reports are complete and accurate.

University officials stated that the condition noted above was due to oversight.

Inaccurate reporting on the FISAP could result in an incorrect award of campus-based funds to the University. Furthermore, failure to properly complete the FISAP is a violation of federal regulations and could jeopardize future federal funding. (Finding Code 11-7).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

***Finding 11-7 - Inaccurate Fiscal Operations Report and Application to Participate (FISAP)
Reporting (continued)***

Recommendation

We recommend that the University review its procedures to ensure that the FISAP is being prepared accurately.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - STATE COMPLIANCE

Finding 11-8 - Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Accrued Interest

The University did not record accrued interest payable for all outstanding debt issuances.

Through our testing of accrued interest payable as of June 30, 2011, we noted that the University did not record \$75,852 related to the 2010 Certificates of Participation. An adjusting entry was proposed to the University to correct this error, which the University did not record.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system of fiscal and administrative controls to ensure resources are properly recorded and accounted for to permit the preparation of accounts, reliable financial and statistical reports, and to maintain accountability over the State's resources.

University officials stated that this missing accrued interest was the result of an oversight.

By not recording all accrued interest, this omission could result in financial statements that are materially misstated. (Finding Code 11-8).

Recommendation

We recommend that the University improve its procedures to ensure that all accrued interest is recorded in their financial statements.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 11-9 - Timesheets Not Required

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

Based on our detailed testing of 75 employees' timesheets, we noted that eight employees were not required to file timesheets. These eight employees were all faculty members.

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 currently requires time reports from all hourly employees and administrative staff. The time reporting requirement has not been implemented for faculty.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code Numbers 11-9, 10-8, 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.

University's Response

The University concurs with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

PRIOR FINDINGS NOT REPEATED

A Generally Accepted Accounting Principles (GAAP) not properly applied to grant revenue recognition

Status: Not Repeated

It was recommended that the University improve its system for determining the timing of grant revenue recognition to properly account for such transactions in accordance with GAAP.

In the current year, we did not note any inaccuracies in the determination and timing of grant revenue recognition (Finding Code No. 10-1).

B TEACH Grants Were Not Properly Awarded

Status: Not Repeated

It was recommended that the University review its award process for TEACH grants to ensure that students who are not eligible for the TEACH grant do not receive the grant.

In the current year, we did not note any instances of non-compliance in testing the eligibility requirements of the TEACH grant. (Finding Code No. 10-2).

C Inadequate Controls Over Payroll Processing of Employees Paid from Grant Funds

Status: Not Repeated

It was recommended that the University implement controls that require the time and effort sheets to be returned within a reasonable amount of time.

In the current year, we did not note any instances of non-compliance in testing the payroll transactions of employees paid from grant funds. (Finding Code No. 10-3, 09-5).

D Noncompliance with Required Contracting Procedures

Status: Not Repeated.

It was recommended that the University adhere to its procedures to ensure that all contracts over the threshold amount contain the required signatures.

In the current year, during our review of various contracts, we noted that all the necessary signatures were included. (Finding Code No. 10-6, 09-8).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011**

PRIOR FINDINGS NOT REPEATED (continued)

E *Northeastern Illinois University Alumni Association*

Status: Not Repeated.

It was recommended that the University review its controls over the creation of maintenance of UROs.

In the current year, we noted that the University Board of Trustees approved the Alumni Association, authorized the use by the Alumni Association of the University name, and authorized the contractual relationship between the University and the Alumni Association. (Finding code No. 10-7).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2011**

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
 - Summary of Alumni Association Payments to the University

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2011**

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 SCHEDULES AND ANALYSIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

<u>Federal Grantor/Pass-Through Grantor Program/Grant Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
MAJOR PROGRAMS			
Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 19,100,384
Academic Competitiveness Grant Program	84.375		431,662
Federal Work Study Program	84.033		509,015
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376		440,255
Federal Supplemental Educational Opportunity Grant Program	84.007		352,178
Federal Teacher Education Assistance for College and Higher Education Grants (TEACH grant)	84.379		285,500
Federal Perkins Loan Program (Note 2)	84.038		-
Federal Direct Student Loan Program (Note 3)	84.268		-
Total Student Financial Assistance Cluster			<u>21,118,994</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		<u>7,847,463</u>
TRIO Cluster			
TRIO - Talent Search Program	84.044		467,027
TRIO Upward Bound Program	84.047		467,613
TRIO Upward Bound Math and Science Competition	84.047		322,493
TRIO - Ronald E. McNair Post Baccalaureate Achievement	84.217		197,447
TRIO - Student Support Services - Regular; Disabilities; Teacher Prep	84.042		<u>300,197</u>
Total TRIO Cluster			<u>1,754,777</u>
Higher Education - Institutional Aid - CCRAA	84.031		1,075,928
Higher Education - Institutional Aid - PPOHA	84.031		260,360
Strengthening Institutions - Hispanic Serving Institutions	84.031		<u>1,069,947</u>
Total			<u>2,406,235</u>
Twenty-First Century Community Learning Centers Passed-Through Illinois State Board of Education			
<i>Project 4421-07 '10</i>	84.287		776,931
<i>Project 4421-10 '10</i>	84.287		<u>417,876</u>
Total			<u>1,194,807</u>
Total Department of Education			<u>34,322,276</u>
Total Major Programs			<u>34,322,276</u>
OTHER PROGRAMS			
Department of Education			
Bilingual Education Training Grants			
<i>National Professional Development Program</i>	84.195		204,587
Rehabilitation Long-Term Training			
<i>Rehabilitation Counseling</i>	84.129		79,626

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

<u>Federal Grantor/Pass-Through Grantor Program/Grant Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS (continued)			
Department of Education (continued)			
PEP Aspira <i>Fund for the Improvement of Education</i>	84.215		124,132
Capacity Building for Traditionally Underserved Populations <i>Rehabilitation Counseling Capacity Building Project</i>	84.315		37,881
Passed-Through Berwyn South School District 100 <i>Professional Development in the Arts</i>	84.351	None	231,462
Passed-Through University of Illinois at Chicago <i>Teacher Quality Partnership</i>	84.336	0411	273,523
Passed-Through Illinois Board of Higher Education <i>No Child Left Behind</i>	84.367	None	<u>253,576</u>
Total Department of Education			<u>1,204,787</u>
National Science Foundation			
Mathematical and Physical Sciences <i>Math and Science Cohort of Scholars</i>	47.049		109,230
<i>Robust Numerical Methods in Polynomial Algebra with</i> <i>Approximate Data</i>	47.049		32,633
<i>Research in Undergraduate Institutions: Hamiltonian Instability</i>	47.049		1,100
<i>Biological Sciences</i>	47.074		43,323
American Recovery and Reinvestment Act <i>Enriching the First Year Experience - ARRA</i>	47.082		69,760
Passed-Through Purdue University <i>Undergraduate Research Centers</i>	47.049	501-1324-01	2,705
Passed-Through University of Wisconsin <i>How Does Teachers' Visual Scaffolding Support Students'</i> <i>Mathematics Learning</i>	47.076	192K850	38,005
Passed-Through Chicago State University <i>Illinois Louis Stokes Alliance for Minority Participation</i>	47.076	None	20,251
Passed-Through National Center for Science & Civic Engagement <i>Science Education for New Civic Engagements and Responsibilities</i>	47.076	None	32
Passed-Through Loyola <i>Loyola Research Experience Undergrad</i>	47.075		<u>14,696</u>
Total National Science Foundation			<u>331,735</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

<u>Federal Grantor/Pass-Through Grantor Program/Grant Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS (continued)			
Department of Health and Human Services			
National Institutes of Health <i>An Office of Research Development to Foster Research</i>	93.865		68,322
Passed-Through Illinois Department of Human Services <i>Substance Abuse Prevention</i>	93.959	10C6002591	54,631
Passed-Through Northwestern University <i>Select Training and Research Program</i>	93.859	PROJ0001509	<u>36,622</u>
Total Department of Health and Human Services			<u>159,575</u>
Department of Agriculture			
EPWO Habitat Restoration <i>Fish and Wildlife Management Assistance</i>	15.608		7,547
ARS and NEIU Partnership <i>Agricultural Research Basic and Applied Research</i>	10.001		13,958
Targeted Investigation of Earth Resources <i>Hispanic Serving Institutions Education Grants</i>	10.223		24,460
Collaboration and Retention in Environmental & Agriculture <i>Hispanic Serving Institutions Education Grants</i>	10.223		<u>21,071</u>
Total Department of Agriculture			<u>67,036</u>
Total Other Programs			<u>1,763,133</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 36,085,409</u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011**

NOTE 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*.

NOTE 2 - STUDENT LOAN PROGRAM ADMINISTERED BY THE UNIVERSITY

The University administered the following federal loan program during the year ended June 30, 2011:

Federal Perkins Loan Program CFDA #84.038

Outstanding balance at July 1, 2010	<u>\$ 2,406,672</u>
Additions:	
Interest income	43,042
Other income	4,049
Decrease in allowance for doubtful accounts	<u>45,341</u>
Total additions	<u>92,432</u>
Deductions:	
Loans cancelled or written off	103,364
Collection costs	46,931
Administrative charges	<u>11,527</u>
Total deductions	<u>161,822</u>
Outstanding balance at June 30, 2011	<u>\$ 2,337,282</u>

Loans made by the University to eligible students under the Federal Perkins Loan Program during the year ended June 30, 2011 were \$230,545.

NOTE 3 - GUARANTEED LOANS

During the year ended June 30, 2011, the University awarded \$26,156,347 in new loans under the Federal Direct Student Loan Program (CFDA #84.268).

NOTE 4 - WAIVED MATCHING REQUIREMENT

During the year ended June 30, 2011, 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
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, LAPSED BALANCES
AND BALANCES REAPPROPRIATED*
Appropriations for Fiscal Year 2011
Fourteen Months Ended August 31, 2011

	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through June 30, 2011</u>	<u>Lapse Period Expenditures July 1 to August 31, 2011</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>	<u>Balances Reappropriated July 1, 2011</u>
APPROPRIATED FUNDS						
General Revenue Fund 001 (Public Act 96-0956)	\$ 40,695,200	\$ -	\$ -	\$ -	\$ -	\$ -
Personal services	-	39,086,679	10,670	39,097,349	-	-
Social Security - Medicare contributions	-	543,401	-	543,401	-	-
Employer contributions to group insurance	-	1,054,450	-	1,054,450	-	-
	<u>40,695,200</u>	<u>40,684,530</u>	<u>10,670</u>	<u>40,695,200</u>	<u>-</u>	<u>-</u>
Total General Revenue Fund						
Capital Development Fund 141 (Public Act 96-0114)						
Equipment and Remodeling of Buildings	<u>16,018</u>	<u>16,018</u>	<u>-</u>	<u>16,018</u>	<u>-</u>	<u>-</u>
TOTAL APPROPRIATED FUNDS	<u>\$ 40,711,218</u>	<u>\$ 40,700,548</u>	<u>\$ 10,670</u>	<u>\$ 40,711,218</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
LAPSED BALANCES AND BALANCES REAPPROPRIATED*
For the Years Ended June 30, 2011, 2010, and 2009**

	Fiscal Years		
	2011 PA 96-0956	2010 PA 96-0114	2009 PA 95-0734
General Revenue Fund-001:			
Appropriations (net after transfers)	<u>\$ 40,695,200</u>	<u>\$ 39,247,700</u>	<u>\$ 43,401,900</u>
Expenditures:			
Personal services	39,097,349	37,673,929	37,965,861
Social Security - Medicare contributions	543,401	501,171	437,700
Employer contributions to group insurance	1,054,450	1,072,600	1,072,600
Contractual services	-	-	1,130,000
Equipment	-	-	199,998
Hispanic serving institution initiative	-	-	1,158,011
Retention and graduation rates for minority students	-	-	167,891
North Atlantic Slave Trade Study	-	-	185,995
Total expenditures	<u>40,695,200</u>	<u>39,247,700</u>	<u>42,318,056</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,083,844</u>
Federal stimulus - ARRA Fund 001			
Appropriations (net after transfers) - Educational Fund	<u>\$ -</u>	<u>\$ 1,050,000</u>	<u>\$ -</u>
Expenditures:			
Personal services		1,049,962	
Appropriations (net after transfers) - Government Services Fund	<u>-</u>	<u>3,104,200</u>	<u>-</u>
Expenditures:			
Personal services		3,104,200	
Total expenditures	<u>-</u>	<u>4,154,162</u>	<u>-</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ -</u>
Capital Development Fund - 141			
Appropriations (net after transfers)	\$ 16,018	\$ 219,783	\$ 2,071,805
Expenditures:			
Equipment and remodeling of buildings	<u>16,018</u>	<u>203,766</u>	<u>1,852,022</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 16,017</u>	<u>\$ 219,783</u>
GRAND TOTAL, ALL FUNDS			
Total appropriations (net after transfers)	\$ 40,711,218	\$ 43,621,683	\$ 45,473,705
Total expenditures	<u>40,711,218</u>	<u>43,605,628</u>	<u>44,170,078</u>
Lapsed balances	<u>\$ -</u>	<u>\$ 16,055</u>	<u>\$ 1,303,627</u>
Balances reappropriated	<u>\$ -</u>	<u>\$ 16,017</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 State Comptroller.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES*
For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 18,162,727	\$ 4,480,328
Income fund revenues		
Tuition	58,453,799	53,314,830
Rental income	47,873	46,479
Investment income	97,149	61,023
Miscellaneous	<u>2,330,751</u>	<u>697,394</u>
Total income fund revenues:	<u>60,929,572</u>	<u>54,119,726</u>
Income fund expenditures		
Personal services (including change in accrued compensated absences)	26,834,428	23,272,181
Social Security, Medicare, health and life insurance	343,682	348,134
Contractual services	8,402,919	8,671,706
Travel	254,450	267,850
Commodities	1,008,981	1,037,951
Equipment and library books	1,606,032	2,504,422
Telecommunications	524,554	520,037
Operation of automotive	25,043	37,422
Awards, grants and matching funds	312,038	243,144
Permanent improvements	755,508	74,801
Tuition and fee waivers	<u>3,736,268</u>	<u>3,459,679</u>
Total income fund expenditures:	<u>43,803,903</u>	<u>40,437,327</u>
FUND BALANCE, END OF YEAR	<u>\$ 35,288,396</u>	<u>\$ 18,162,727</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF CHANGES IN CAPITAL ASSETS*
For the Years Ended June 30, 2011, 2010, and 2009**

	Balance			Balance			Balance
	June 30, 2009	Additions	Deductions	June 30, 2010	Additions	Deductions	June 30, 2011
Land	\$ 3,518,301	\$ -	\$ -	\$ 3,518,301	\$ -	\$ -	\$ 3,518,301
Land improvement:	10,497,272	467,685	-	10,964,957	-	-	10,964,957
Building and building improvement	123,023,948	7,776,235	-	130,800,183	3,399,811	126,938	134,073,056
Equipment and library book:	55,630,529	4,327,602	5,177,247	54,780,884	2,700,476	1,535,655	55,945,705
Construction in progress:	5,812,579	1,502,293	6,497,541	817,331	4,260,807	2,406,428	2,671,710
TOTAL	<u>\$ 198,482,629</u>	<u>\$ 14,073,815</u>	<u>\$ 11,674,788</u>	<u>\$ 200,881,656</u>	<u>\$ 10,361,094</u>	<u>\$ 4,069,021</u>	<u>\$ 207,173,729</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 recording 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
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Year Ended June 30, 2011

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%:

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>		<u>Comments</u>
			<u>Amount</u>	<u>Percentage</u>	
Research	\$ 764,946	\$ 894,756	\$ (129,810)	-15%	Decrease mainly due to the decrease in state grants.
Scholarships and fellowships	9,124,810	7,845,618	1,279,192	16%	Increase mainly due to the \$1.3 million increase in the expenditures for awards/grants to eligible Pell grant recipients.
Other operating expenses	1,763,866	1,485,620	278,246	19%	Increase mainly due to the following: a) \$0.1 million spent on the issuance cost related to COPs issued in September 2010; b) \$0.1 million increase in expenses related to the Parking Facility Repair and Maintenance Project; c) \$0.1 million increase in expense.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES
For the Year Ended June 30, 2011**

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%:

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>		<u>Comments</u>
			<u>Amount</u>	<u>Percentage</u>	
Federal grants and contracts	\$ 13,561,635	\$ 12,002,930	\$ 1,558,705	13%	Increase mainly due to the following : a) \$0.4 million new funding from the new GEAR UP IV grants; b) \$0.3 million new funding from the new Student Support Services Program (SSSP) grants; c) \$0.6 million more revenues for Title IV SHSI grants.
State and local grants	2,706,114	3,124,281	(418,167)	-13%	Decrease mainly due to the following: (a) \$0.3 million decrease in 21st Century Community Learning Centers grant; (b) closure of Community College Student Transfer Initiative grant resulting in a decrease in revenue of \$0.2 million.
Other operating revenues	4,317,416	3,893,200	424,216	11%	Increase mainly due to an increase in student health insurance fee from about \$2.7 million (\$528.25 per student) in fiscal year 2010 to about \$3.1 million (\$667.25 per student) during the current fiscal year.
ARRA fund	-	4,154,162	(4,154,162)	-100%	ARRA stimulus funding was appropriated for one year only in 2010.
Payments on behalf of the University	33,390,867	30,095,726	3,295,141	11%	The increase reflects the rise in employee benefit costs financed by the State of Illinois
Pell grant	19,972,301	15,743,639	4,228,662	27%	The increase is due to an increase in the number of Pell eligible students.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2011**

There were no significant expenditures during the lapse period.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
CASH AND INVESTMENTS		
The University's cash and investments are classified as follows:		
Cash and cash equivalents	\$ 42,612,198	\$ 30,343,413
Restricted cash and cash equivalents	7,635,272	4,304,270
Restricted investments	<u>1,346,959</u>	<u>993,705</u>
 TOTAL CASH AND INVESTMENTS	 <u>\$ 51,594,429</u>	 <u>\$ 35,641,388</u>
The University's cash and investments were held in the following accounts:		
Deposits held at U.S. Bank:		
University 2004 Bond Reserve Account	\$ 16,647	\$ 199
University 2004 Bond Account	424,208	424,202
University 1997 Bond Reserve Account	6,329	407,249
University 1973 Bond Account	275,122	204,289
Deposits held at Pittsburgh National Bank		
University Operating Account	2,303,057	5,010,650
University Operating Investment Account	41,613,521	-
University Clearing Account	(938,778)	(668,127)
University Payroll Account	(223,194)	(251,716)
University Student Refund Account	(265,397)	(455,612)
Student Union Revenue Fund	29,044	73
Repair and Replacement Account	332,166	509,111
Equipment Reserve	134,885	134,885
University Emergency Loan Account	(2,493)	(750)
2006 Certificate of Participation Project Account	1,681,793	2,600,103
2010 Certificate of Participation Project Account	4,704,149	-
U.S. Treasury Notes	1,102,471	749,217
U.S. Bank Jumbo Customers' Deposit	244,488	244,488
Illinois Funds	118,183	26,701,668
Petty cash - all accounts	<u>7,300</u>	<u>7,300</u>
 TOTAL CASH AND INVESTMENTS	 <u>\$ 51,594,429</u>	 <u>\$ 35,641,388</u>

As of June 30, 2011, 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 funds, or were on deposit with Illinois Funds. The Illinois Funds includes investment in U.S. Government-backed securities which yielded an average annual rate of 0.115% during fiscal year 2011. 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 1.844%.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2011 and 2010**

RECEIVABLES

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

	<u>2011</u>	<u>2010</u>
Grants	\$ 3,089,505	\$ 5,504,301
Student loans	2,024,367	2,211,423
Tuition and fees	3,660,151	3,758,822
Other receivables	<u>17,808,831</u>	<u>9,963,069</u>
TOTAL RECEIVABLES	<u>\$ 26,582,854</u>	<u>\$ 21,437,615</u>

Grants receivable consists of amounts due from the federal government and other granting sources at the end of the fiscal year. The increase in total grants receivable was mainly due to regular monthly scheduled draws from the Department of Education which resulted in lower receivables in FY 2011 compared to FY 2010. Other receivables consist primarily of amounts due from State appropriation, parking fines, library fines, and other miscellaneous receivables. The significant increase in other receivables was mostly attributed to the delay in reimbursement payments owed to the University at June 30, 2011, by the State Comptroller for payroll expenses. The University's outstanding receivables from State appropriations amounted to \$17.3 million as of June 30, 2011.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2011 and 2010**

RECEIVABLES, continued

The aging of such receivables, by type, as of June 30, 2011, is as follows:

	<u>Current</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>	<u>Total</u>
GRANTS	\$ 3,089,505	\$ -	\$ -	\$ -	\$ 3,089,505
STUDENT LOANS					
Perkins loan	\$ 2,379,830	\$ 64,500	\$ 76,345	\$ 234,930	\$ 2,755,605
Emergency loan	24,490	3,101	1,258	25,398	54,247
TEACH Grant	(444)	-	-	-	(444)
TOTAL STUDENT LOANS	<u>\$ 2,403,876</u>	<u>\$ 67,601</u>	<u>\$ 77,603</u>	<u>\$ 260,328</u>	2,809,408
Allowance for doubtful accounts					<u>(785,041)</u>
NET STUDENT LOANS					<u>\$ 2,024,367</u>
TUITION AND FEES					
From students	\$ 3,651,540	\$ 1,118,270	\$ 1,495,814	\$ 43,629	\$ 6,309,253
TOTAL TUITION AND FEES	<u>\$ 3,651,540</u>	<u>\$ 1,118,270</u>	<u>\$ 1,495,814</u>	<u>\$ 43,629</u>	6,309,253
Allowance for doubtful accounts					<u>(2,649,102)</u>
NET TUITION AND FEES					<u>\$ 3,660,151</u>
OTHER RECEIVABLES					
Parking fines	\$ 96,088	\$ 61,519	\$ 37,984	\$ 91,862	\$ 287,453
Library fines	105,536	119,782	382,758	-	608,076
Other accruals	17,614,913	-	-	-	17,614,913
TOTAL OTHER RECEIVABLES	<u>\$ 17,816,537</u>	<u>\$ 181,301</u>	<u>\$ 420,742</u>	<u>\$ 91,862</u>	18,510,442
Allowance for doubtful accounts					<u>(701,611)</u>
NET OTHER RECEIVABLES					<u>\$ 17,808,831</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2011 and 2010**

LIABILITIES

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

	<u>2011</u>	<u>2010</u>
Accounts payable and accrued liabilities	\$ 7,532,184	\$ 6,373,838
Deferred revenues	2,664,518	3,713,627
Liability for compensated absences	8,308,024	8,840,891
Revenue bonds payable	17,520,000	17,685,000
Certificates of participation, net	18,915,869	13,461,153
Funds held in custody for others	<u>139,460</u>	<u>126,113</u>
TOTAL LIABILITIES	<u>\$ 55,080,055</u>	<u>\$ 50,200,622</u>

Increase in accounts payable and accrued liabilities was mainly due to the expenditures and retainage accrued for the Energy Conservation Project.

Decrease in deferred revenues was mainly due to the receipts on which allocated deferred revenues on tuition and fees was based was about \$5.3 million in FY 2010 compared to \$4.5 million in FY 2011.

Increase in certificates of participation was due to the \$6.0 million certificates of participation issued in September 2010 to finance the acquisition of energy conserving improvements.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2011**

FUND BALANCE, JUNE 30, 2010	\$ 1,429,033
21ST CCLC Morton High School	\$ 30,953
21ST Community centers	57,550
Academic Enhancements	91,860
Berwyn Cicero Initiative Ed Excel	14,662
Berwyn Professional Dev In Arts Ed	17,153
Bookstore	18,070
Bridges To the Future	1,838
Campus Recreation	42,356
Center for Authentic Science Practice in Education	1,815
Childcare Center	33,439
CPS Avenues for Success Programs	273
English Language Acquisition	18,241
Enriching the First Year Experience	11,671
Fish and Wildlife EPWO Habitat Rest	686
GEAR UP Programs	373,625
Gifted Fast Pace Programs	2,435
Health Services	19,492
Interactive Teaching & Learning	169
Kirk Yard Tract Insect Survey	2,040
Learning Together	8
Least Restrictive Environment Program	2,900
Louis Stoke Alliance Minority	2,468
McNair Scholars Program	13,124
NCLB Plans for Academic Success	21,806
Non-Credit Contracts	5,425
Northwestern University START Program	2,713
Office of Research Development	2,722
Parking Lot Administration	128,871
PEP Villa Park	81
Performing Arts	9,704
Perkins Loan Program	11,527
Physical Education Program Aspira	9,114
Polk Bros Every Art Every Child	1,840
Rehabilitation Counseling Capacity	2,744
Rehabilitation Long Term Training	4,199

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2011**

Robust Numerical Methods in Polynomial Algebra	6,021	
Safe & Drug Free Schools & Communities	5,627	
SEOG Program	16,770	
Step Up to High School Program	1,025	
Student Support Services Program 11	7,593	
SSSP with Disabilities 11	8,445	
SSSP Teacher Preparation 11	6,199	
Student Activities	46,401	
Student Union Service	83,976	
Substance Abuse HIV HEPA Prevention	8,390	
Talent Search	34,595	
Technology Initiatives	194,370	
Terra Foundation Every Art Child	1,223	
Training Services for NC	1,724	
UIC Teacher Quality Partnership	20,261	
Upward Bound	65,319	
USDA TIERRA 2011	1,540	
UW Visual Scaffolding for Math	11,882	
Vending	7,202	
Waukegan Community District	42	
Work Study Programs	21,196	1,507,375
Other Source-IC on Course Fees/PELL Administrative Fee		<u>35,203</u>
Total Available		2,971,611
Less: Expenditures and Transfer		
Academic Services	313,193	
Administrative Services	502,824	
Student Services	50,907	
Public Services	4,141	
Funds Transferred to Income Fund	705,787	<u>1,576,852</u>
FUND BALANCE, JUNE 30, 2011		<u>\$ 1,394,759</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2011**

Description of Planning System

Functions

Mission

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

The 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

The 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.
- (3) **Urban Leadership:** Work collaboratively with educational, social service, governmental, and business institutions in Chicago and the region to build upon the University's tradition of community involvement.
- (4) **Exemplary Faculty and Staff:** Invest in faculty and staff to make the University a world-class metropolitan university and an employer of choice.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2011**

Description of Planning System (continued)

Planning (continued)

- (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 its 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
UNIVERSITY ENROLLMENT AND EMPLOYEE INFORMATION (Unaudited)
For the Year Ended June 30, 2011**

Enrollment Information

Enrollments of both undergraduate and graduate students for each term (including extension centers and part-time students) for the school years 2010-2011 and 2009-2010, as shown in the Board of Trustees' Enrollment Report were as follows:

	<u>2010-2011</u>	<u>2009-2010</u>
Fall	11,746	11,631
Spring	11,166	11,066
Summer	5,638	5,853

Average Annual Full Time Equivalent (FTE) Enrollment

In fiscal year 2011, the University had an average FTE enrollment of 8,611 students, comprised of 7,254 undergraduates and 1,357 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, two 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, two 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 two terms at 15 hours per term, and that a graduate FTE enrolls for two terms at 12 hours per term, the fiscal year 2011 annual costs per FTE, calculated by dividing the total costs of instruction by the corresponding FTE, were as follows: a) undergraduate - \$8,397, and b) graduate - \$11,627.

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 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Costs per Credit Hour	\$ <u>307</u>	\$ <u>311</u>

**STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 ANALYSIS OF OPERATIONS
 UNIVERSITY ENROLLMENT AND EMPLOYEE INFORMATION (Unaudited)
 For the Year Ended June 30, 2011**

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 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Student/Faculty Ratio	<u>18:1</u>	<u>17:1</u>

Employee Information

The average number of employees at the University during fiscal years 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Administration	302	267
Faculty	415	466
Civil Service	528	473
Students	<u>277</u>	<u>256</u>
Total employees	<u><u>1,522</u></u>	<u><u>1,462</u></u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SCHEDULES OF FEDERAL EXPENDITURES, NONFEDERAL
EXPENSES AND NEW LOANS
For the Year Ended June 30, 2011**

SCHEDULE A - FEDERAL FINANCIAL COMPONENT

Total federal expenditures reported on SEFA Schedule	\$ 36,085,409
Total new loans made not included on SEFA Schedule	26,156,347
Amount of federal loan balances at beginning of the year (not included on the SEFA Schedule and continued compliance required)	<u>2,406,672</u>

TOTAL SCHEDULE A **\$ 64,648,428**

SCHEDULE B - TOTAL FINANCIAL COMPONENT

Total operating expenses (from financial statements)	\$ 153,500,409
Total nonoperating expenses (from financial statements)	1,499,699
Total new loans made	26,156,347
Amount of federal loan balances at beginning of the year	<u>2,406,672</u>

TOTAL SCHEDULE B **\$ 183,563,127**

SCHEDULE C

		<u>Percent</u>
Total Schedule A	\$ 64,648,428	35.2%
Total nonfederal expenses	<u>118,914,699</u>	<u>64.8%</u>
TOTAL SCHEDULE B	\$ <u>183,563,127</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
SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
For the Year Ended June 30, 2010***

Mission Statement

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

The 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.

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Target</u>	<u>Fiscal Year 2010 Actual</u>
<u>Input Indicators</u>				
Total expenditures - all sources (in thousands) (a)	\$ 116,851	\$ 118,979	\$ 126,227	\$ 125,316
Total expenditures - State appropriated funds (in thousands)	40,745	44,170	43,401	43,606
Total staff - all fund sources (b)	1,493	1,547	1,547	1,493
Total staff - State appropriated fund sources (b)	1,142	1,208	1,189	1,173
<u>Output Indicators</u>				
Undergraduate headcount enrollment	8,987	9,191	N/A	9,498
Total headcount enrollment	11,193	11,631	N/A	11,746
Percent: part-time student enrollment (c)	52.0%	50.3%	N/A	48.6%
Baccalaureate degrees conferred	1,503	1,612	N/A	1,515
Master's degrees conferred	562	546	N/A	551
Minority graduates: percent of total baccalaureate degrees conferred	49.83%	50.99%	N/A	51.55%
Minority graduates: percent of total master's degrees	37.01%	38.10%	N/A	34.85%

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

** Information for the year ended June 30, 2011 not yet available.*

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
For the Year Ended June 30, 2010***

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Target</u>	<u>Fiscal Year 2010 Actual</u>
<u>Outcome Indicators</u>				
Percent of graduates employed full-time (d)	78.7%	83.0%	N/A	N/A
Percent of graduates employed part-time (d)	9.9%	8.0%	N/A	N/A
Percent of graduates unemployed and not seeking employment (d)	5.0%	5.7%	N/A	N/A
Percent of graduates employed full-time in a related field (d)	55.3%	70.4%	N/A	N/A
Percent of graduates earning a post- baccalaureate degree (d)	49.3%	51.7%	N/A	N/A
Percent of graduates satisfied with career path preparation provided by the undergraduate education experience (d)	86.6%	94.2%	N/A	N/A
Percent of graduates satisfied with post- graduate employment (d)	88.5%	96.2%	N/A	N/A
Six-year graduation rate: first-time, full-time freshman (c)	18.4%	20.4%	N/A	N/A
Percent of baccalaureate degree recipients employed or enrolled in further education within one year of graduation	N/A	N/A	N/A	N/A
Annual number of students completing requirements for initial teacher certification	471.0	451.0	N/A	436.0
<u>External Benchmarks</u>				
Six-year graduation rate: Statewide average (c)	59.1%	59.8%	N/A	N/A
Instructional cost per credit hour: public university average, all instructional levels (in dollars)	\$ 301.59	\$ 316.62	N/A	N/A
Percent of total expenditures (all sources) devoted to Instruction: public university average	37.8%	41.7%	38.7%	40.6%
Percent of total expenditures (all sources) devoted to Research and Public Service: public university average	15.3%	12.1%	12.0%	11.0%

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

** Information for the year ended June 30, 2011 not yet available.*

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
For the Year Ended June 30, 2010***

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Target</u>	<u>Fiscal Year 2010 Actual</u>
<u>External Benchmarks</u> (continued)				
Percent of total expenditures (all sources) devoted to Academic and Student Support: public university average	20.7%	22.6%	23.3%	25.7%
Percent of total expenditures (all sources) devoted to all other programs: public university average (e)	26.2%	23.5%	26.0%	22.7%
Undergraduate tuition and mandatory fees: annual based on 30 credit hours, public university average (in dollars) (f)	\$ 7,998	\$ 8,964	\$ 9,158	\$ 9,908
Undergraduate tuition and mandatory fees as a percentage of Illinois per capita disposable income	25.4%	27.7%	N/A	N/A
Percent of undergraduate students receiving some form of financial aid: public university average	79.3%	66.2%	N/A	N/A
Percent of undergraduate students receiving grant or scholarship assistance: public university average	54.2%	56.6%	N/A	N/A
Percent of undergraduate students receiving loan assistance: public university average	51.3%	27.3%	N/A	N/A
Percent of undergraduate students receiving employment assistance: public university average	21.4%	6.4%	N/A	N/A
<u>Efficiency/Cost-Effectiveness</u>				
Instructional cost per credit hour, all instructional levels (in dollars)	\$ 346.08	\$ 354.62	N/A	N/A
Percent of total expenditures (all sources) devoted to Instruction	27.2%	26.5%	26.5%	25.8%
Percent of total expenditures (all sources) devoted to Research and Public Service	21.9%	21.7%	21.7%	21.6%
Percent of total expenditures (all sources) devoted to Academic and Student Support	24.9%	25.2%	25.2%	26.8%

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

** Information for the year ended June 30, 2011 not yet available.*

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
For the Year Ended June 30, 2010***

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Target</u>	<u>Fiscal Year 2010 Actual</u>
<u>Efficiency/Cost-Effectiveness</u> (continued)				
Percent of total expenditures (all sources) devoted to all other programs (e)	26.0%	26.6%	26.6%	25.8%
Undergraduate tuition and mandatory fees: annual based on 30 credit hours (in dollars) (f)	\$ 7,998	\$ 10,404	\$ 11,009	\$ 11,009
Percent of undergraduate students receiving some form of financial aid	64.6%	80.7%	N/A	N/A
Percent of undergraduate students receiving grant or scholarship assistance	54.0%	54.7%	N/A	N/A
Percent of undergraduate students receiving loan assistance	22.6%	54.7%	N/A	N/A
Percent of undergraduate students receiving employment assistance	5.9%	19.2%	N/A	N/A

Footnotes

- a. Total expenditures include expenditures from all appropriated funds (primarily general funds), as well as from restricted and non-appropriated fund sources. Expenditures here include appropriated capital spending which is excluded from some later measures in the report.
- b. Staff levels reference the number of staff years (a measure of staff effort over a 12-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 2003 five years out (fiscal year 2008) and the class of 2000 nine years out (fiscal year 2009).
- 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, 2011 not yet available.*

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SCHEDULE OF TUITION AND FEE WAIVERS (Unaudited)
For the Year Ended June 30, 2011**

(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
MANDATORY WAIVERS								
Teacher Special Education	13	\$ 56.3	13	\$ 8.1	35	\$ 81.9	35	\$ 31.3
General Assembly	33	101.5	33	42.2	8	18.7	8	5.0
ROTC	31	112.1	31	6.3	-	-	-	-
DCFS	6	35.7	6	5.9	-	-	-	-
Children of Employees	42	90.9	-	-	-	-	-	-
Senior Citizens	6	11.4	-	-	2	1.9	-	-
Unfunded Veterans Grant	230	577.7	230	368.8	48	97.0	48	6.2
Unfunded National Guard	23	86.9	23	0.5	5	10.4	5	0.9
Subtotal	<u>384</u>	<u>1,072.5</u>	<u>336</u>	<u>431.8</u>	<u>98</u>	<u>209.9</u>	<u>96</u>	<u>43.4</u>
DISCRETIONARY WAIVERS								
Faculty/Administrators	-	-	-	-	53	82.7	53	19.7
Civil Service	72	97.2	72	22.2	85	132.6	85	18.1
Academic/Other Talent	423	932.7	-	-	291	347.1	-	-
Foreign Exchange Students	55	421.8	55	72.1	19	81.8	19	30.3
Student Need-Financial Aid	-	-	-	-	21	25.0	-	-
Student Need-Special Programs	73	127.4	-	-	-	-	-	-
Cooperating Professionals	-	-	-	-	99	106.5	-	-
Research Assistants	-	-	-	-	15	60.6	15	15.2
Teaching Assistants	-	-	-	-	30	68.1	30	35.4
Other Assistants	-	-	-	-	44	155.1	44	42.7
Interinstitutional/Related Agencies	33	80.5	33	7.3	6	17.3	6	2.5
Contract/Training Grants	-	-	-	-	119	190.6	119	40.7
Subtotal	<u>656</u>	<u>1,659.6</u>	<u>160</u>	<u>101.6</u>	<u>782</u>	<u>1,267.4</u>	<u>371</u>	<u>204.6</u>
TOTAL	<u>1,040</u>	<u>\$ 2,732.1</u>	<u>496</u>	<u>\$ 533.4</u>	<u>880</u>	<u>\$ 1,477.3</u>	<u>467</u>	<u>\$ 248.0</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY BOOKSTORE INFORMATION (Unaudited)
For the Year Ended June 30, 2011**

The summary of University bookstore information for fiscal year 2011 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	\$5,276,808
Amount (if any) to be paid to bookstore by the University	None
Commissions	\$361,394
Commission terms	8.0% of Net Sales
Given exclusive rights	Yes
Competition/"Other" nearby/On-campus bookstores	Barnes and Noble

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
For the Year Ended June 30, 2011**

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, 2011, where such special data is found.

Compliance Findings

13(a) There were no findings during the current year.

Indirect Cost Reimbursements

13(b) A statement of the sources and applications of indirect cost reimbursements is included on pages 50 and 51 of this report.

13(c) The University's calculation sheet for indirect cost carry-forward is included in this report on page 65. 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 67.

13(f) Entity financial statements are presented on pages 68 and 69 of this report. The entity financial statements should be read in conjunction with the University's audited financial statements for the year ended June 30, 2011.

13(g) The University's calculation sheet for current excess funds is presented in this report on page 66. The excess funds were deposited into the Income Fund within 45 days after the end of the lapse period.

13(h) Support received by Auxiliary Enterprises from State appropriated funds for retirement and group insurance benefits amounted to approximately \$164,738 and \$491,568, respectively, for the year ended June 30, 2011.

13(i) A Statement of Revenues and Expenses for Various Bond Indenture Required Accounts is presented on page 35 of the financial audit report.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES
For the Year Ended June 30, 2011**

Auxiliary Enterprises, Activities and Accounting Entities (continued)

- 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 48 of the financial audit report.

University Related Organizations

- 13(l) The University recognizes the Northeastern Illinois University Foundation (the "Foundation") and the Northeastern Illinois University Alumni Association (the "Association") as University related organizations. The University has designated no organization as "Independent Organizations" as defined in Section VII of the *University Guidelines*.
- 13(m) The Foundation and the Association do not pay the University for services provided. Compensation is in the form of University support. See page 70 and 71 of this report for details related to services and support provided.
- 13(n) The University does not pay the Foundation and the Association for services provided. Compensation is in the form of services and facilities provided. See footnote 7 on page 39 of the financial audit report for details related to services and support provided.
- 13(o) At June 30, 2011, there were 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.

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 46 and 47, and in footnote 2 on page 26 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 54 in this report.
- 13(t) Neither the University nor the University Related Organizations has purchased any real estate during the year ended June 30, 2011.
- 13(u) In September 2010, the University issued Certificates of Participation Series 2010 in the amount of \$6,060,000. The Series 2010 Certificates were issued to finance the acquisition of energy conserving improvements at the University. See footnote 6 on page 37 of the financial audit report.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
SCHEDULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO
THE UNIVERSITY INCOME FUND AS REQUIRED BY THE 1982
UNIVERSITY GUIDELINES (AMENDED 1997)
For the Year Ended June 30, 2011**

1.	Cash and cash equivalents balance:		
	Cash and cash equivalents		<u>\$ 1,521,914</u>
2.	Allocated reimbursements:		
	Total indirect cost reimbursements allocated for expenditure for the fiscal year completed:		
	\$1,798,584: enter 30% of this amount		539,575
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		179,858
4.	Encumbrances and current liabilities paid in the lapse period:		
	Current liabilities and encumbrances		<u>128,382</u>
5.	Indirect cost carry-forward		<u>847,815</u>
 EXCESS CASH TO BE DEPOSITED TO THE UNIVERSITY INCOME FUND			 <u><u>\$ 674,099</u></u>

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
OTHER ENTITIES AND AUXILIARY ENTERPRISES - CALCULATION SHEET FOR CURRENT EXCESS FUNDS
For the Year Ended June 30, 2011

	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	<u>A. \$ 3,810,219</u>	<u>\$ 151,643</u>	<u>\$ 505,133</u>	<u>\$ 412,097</u>	<u>\$ 124,955</u>	<u>\$ 177,848</u>	<u>\$ 412,724</u>	<u>\$ 1,233,371</u>	<u>\$ 931,194</u>	<u>\$ 2,577,289</u>
2. Working capital allowance										
Highest month's expenditures	\$ 2,876,538	\$ 91,313	\$ 1,794,056	\$ 1,155,982	\$ 96,491	\$ 4,625	\$ 165,799	\$ 583,100	\$ 197,422	\$ 946,321
Encumbrances and current liabilities paid in lapse period	639,515	28,026	33,320	190,865	7,089	-	36,179	40,517	18,096	94,792
Deferred income	298,267	-	92,835	-	-	-	50,926	95,558	-	146,484
Refundable deposits	-	18	-	-	-	-	2,436	-	266,448	268,884
Working capital allowance	<u>B. \$ 3,814,320</u>	<u>\$ 119,357</u>	<u>\$ 1,920,211</u>	<u>\$ 1,346,847</u>	<u>\$ 103,580</u>	<u>\$ 4,625</u>	<u>\$ 255,340</u>	<u>\$ 719,175</u>	<u>\$ 481,966</u>	<u>\$ 1,456,481</u>
3. Current excess funds (margin of compliance):										
Deduct B from A	<u>C. \$ (4,101)</u>	<u>\$ 32,286</u>	<u>\$ (1,415,078)</u>	<u>\$ (934,750)</u>	<u>\$ 21,375</u>	<u>\$ 173,223</u>	<u>\$ 157,384</u>	<u>\$ 514,196</u>	<u>\$ 449,228</u>	<u>\$ 1,120,808</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>(1,056,732)</u>			<u>(1,233,086)</u>	<u>(205,103)</u>				<u>(1,447,727)</u>
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund		<u>\$ (1,024,446)</u>			<u>\$ (1,211,711)</u>	<u>\$ (31,880)</u>				<u>\$ (326,919)</u>
Excess Funds Offset										
Indentured capital reserves:										
Allowable capital reserves		\$ 1,230,163			\$ 1,322,676	\$ 245,929				\$ 2,868,357
Actual capital reserves		<u>173,431</u>			<u>89,590</u>	<u>40,826</u>				<u>1,420,630</u>
Total Excess Funds Offset		<u>\$ 1,056,732</u>			<u>\$ 1,233,086</u>	<u>\$ 205,103</u>				<u>\$ 1,447,727</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
DESCRIPTION OF ACCOUNTING ENTITIES
For the Year Ended June 30, 2011**

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
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
OTHER ENTITIES AND AUXILIARY ENTERPRISES - BALANCE SHEETS
For the Year Ended June 30, 2011**

	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	
ASSETS											
Current fund assets:											
Cash and investments	\$ 3,810,219	\$ 1,521,914	\$ 151,643	\$ 505,133	\$ 412,097	\$ 124,955	\$ 177,848	\$ 412,724	\$ 1,233,371	\$ 931,195	\$ 9,281,099
Accounts receivable - net	270,684	-	-	292,980	-	-	-	163,255	271,985	38,621	1,037,525
Prepaid expenses	16,412	1,578	-	536	-	-	-	-	-	-	18,526
Inventories	-	-	-	-	16,611	-	-	1,559	-	-	18,170
Total	4,097,315	1,523,492	151,643	798,649	428,708	124,955	177,848	577,538	1,505,356	969,816	10,355,320
Plant fund assets:											
Cash and investments	2,738,148	-	173,431	(44,618)	2,070,488	89,590	40,827	467,051	446,752	506,827	6,488,496
Accounts receivable - net	-	-	-	-	-	-	-	-	-	-	-
Land and land improvements	564,646	-	284,635	155,273	246,256	209,773	3,492	634,433	4,557,154	367,888	7,023,550
Buildings and construction in progress	9,751,347	-	5,254,171	1,186,935	2,303,739	4,507,356	684,880	5,558,226	15,715,935	3,367,974	48,330,563
Equipment	3,281,725	-	25,984	102,091	5,879,967	2,099,448	277,692	548,028	877,464	95,060	13,187,459
Total	16,335,866	-	5,738,221	1,399,681	10,500,450	6,906,167	1,006,891	7,207,738	21,597,305	4,337,749	75,030,068
TOTAL ASSETS	\$ 20,433,181	\$ 1,523,492	\$ 5,889,864	\$ 2,198,330	\$ 10,929,158	\$ 7,031,122	\$ 1,184,739	\$ 7,785,276	\$ 23,102,661	\$ 5,307,565	\$ 85,385,388
LIABILITIES											
Current fund liabilities:											
Accounts payable and accrued liabilities	\$ 639,515	\$ 128,382	\$ 28,026	\$ 33,320	\$ 190,865	\$ 7,090	\$ -	\$ 88,090	\$ 71,249	\$ 37,032	\$ 1,223,569
Deferred income	298,267	351	84	92,835	-	-	-	50,926	95,558	-	538,021
Refundable deposits	-	-	18	-	-	-	-	2,436	-	266,448	268,902
Total	937,782	128,733	28,128	126,155	190,865	7,090	-	141,452	166,807	303,480	2,030,492
Plant fund liabilities:											
Accounts payable and accrued liabilities	8,751	-	-	-	-	58	-	223,806	71,767	-	304,382
Revenue bonds payable	-	-	-	-	-	-	-	550,000	16,970,000	-	17,520,000
Total	8,751	-	-	-	-	58	-	773,806	17,041,767	-	17,824,382
Total liabilities	946,533	128,733	28,128	126,155	190,865	7,148	-	915,258	17,208,574	303,480	19,854,874
Fund balance:											
Current	3,159,533	1,394,759	123,515	672,494	237,843	117,865	177,848	436,086	1,338,549	666,336	8,324,828
Reserves - Plant	2,729,397	-	173,431	(44,618)	2,070,488	89,532	40,827	243,245	374,985	506,827	6,184,114
Investment in Plant	13,597,718	-	5,564,790	1,444,299	8,429,962	6,816,577	966,064	6,190,687	4,180,553	3,830,922	51,021,572
Total fund balance	19,486,648	1,394,759	5,861,736	2,072,175	10,738,293	7,023,974	1,184,739	6,870,018	5,894,087	5,004,085	65,530,514
TOTAL LIABILITIES AND FUND BALANCE	\$ 20,433,181	\$ 1,523,492	\$ 5,889,864	\$ 2,198,330	\$ 10,929,158	\$ 7,031,122	\$ 1,184,739	\$ 7,785,276	\$ 23,102,661	\$ 5,307,565	\$ 85,385,388

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
OTHER ENTITIES AND AUXILIARY ENTERPRISES - SCHEDULE OF CHANGES
IN FUND BALANCES - CURRENT FUNDS
For the Year Ended June 30, 2011**

Accounting Entities and Auxiliary Enterprises	Balance June 30, 2010	Revenues	Expenditures and Transfers	Balance June 30, 2011
Student fee programs	\$ 3,262,019	\$ 8,303,845	\$ 8,406,331	\$ 3,159,533
Indirect cost	1,429,033	1,542,578	1,576,852	1,394,759
Public service activities	143,470	343,786	363,741	123,515
Student and staff services	577,477	3,644,399	3,549,382	672,494
Service departments	1,455,771	1,738,794	2,956,722	237,843
Other educational services	156,843	57,824	96,802	117,865
Educational contracts	9,871	174,000	6,023	177,848
Student union	(115,496)	1,761,117	1,209,535	436,086
Parking lot administration	953,424	2,577,412	2,192,287	1,338,549
Other auxiliary enterprises	663,332	1,174,610	1,171,606	666,336
TOTAL	\$ 8,535,744	\$ 21,318,365	\$ 21,529,281	\$ 8,324,828

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
SUMMARY OF FOUNDATION PAYMENTS TO THE UNIVERSITY
For the Year Ended June 30, 2011**

During fiscal year June 30, 2011, 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 \$112,558 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 University Guidelines computations:	
Restricted only as to campus, college or department and generally available for on-going University operations:	
Given to specific departments	\$ 282,918
Funds considered restricted for purposes of the guidelines computations:	
Given for scholarships, and grants and awards	<u>93,230</u>
Total funds provided to the University by the Foundation	376,148
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	<u>17,784</u>
Total financial and service support	<u>\$ 393,932</u>

**STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
 SUMMARY OF ALUMNI ASSOCIATION PAYMENTS TO THE UNIVERSITY
 For the Year Ended June 30, 2011**

During fiscal year June 30, 2011, the University engaged the Association, under contract, to provide fundraising services. As provided in the contract agreement, the University advanced \$0 in funds and provided an additional \$96,031 of services to the Association. Presented below is a summary of all funds that the Association gave to the University during the audit period.

Funds considered unrestricted for purposes of the University	
Guidelines computations:	
Restricted only as to campus, college or department and generally available for on-going University operations:	
Given to specific departments	\$ 7,066
Funds considered restricted for purposes of the guidelines computations:	
Given for grants and awards	<u>333</u>
Total financial and service support	<u><u>\$ 7,399</u></u>