

**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, 2010
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois**

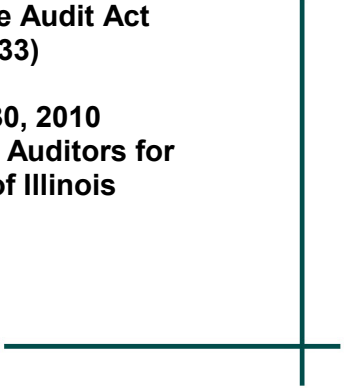


TABLE OF CONTENTS

	PAGE
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	3-4
Accountants' Reports	
Independent Accountants' Report on State Compliance, on Internal Control over Compliance, and on Supplementary Information for State Compliance Purposes	5-7
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 <i>Government Auditing Standards</i>	8-9
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	10-11
Schedule of Findings and Questioned Costs	
Summary of Auditor's Results	12
Current Finding - <i>Government Auditing Standards</i>	13
Current Findings - Federal Compliance	14-20
Current Findings - State Compliance	21-24
Prior Findings Not Repeated	25-26
Financial Statement Report	
<p>The University's financial statement report for the year ended June 30, 2010, which includes the report of independent auditors, management's discussion and analysis, basic financial statements and notes, supplementary information, and the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with Government Auditing Standards has been issued separately.</p>	
Supplementary Information for State Compliance Purposes	
Summary	27-28
Fiscal Schedules and Analysis	
Schedule of Expenditures of Federal Awards	29-31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated	33
Comparative Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated	34
Comparative Schedule of Income Fund Revenues and Expenditures	35
Schedule of Changes in Capital Assets	36

Supplementary Information for State Compliance Purposes (continued)

Fiscal Schedules and Analysis (continued)	
Analysis of Significant Variations in Expenses	37-38
Analysis of Significant Variations in Revenues	39
Analysis of Significant Lapse Period Spending	40
Analysis of Significant Account Balances	41-44
Summary of Indirect Cost Reimbursement Funds	45-46
Analysis of Operations	
University Functions and Planning Program	47-48
University Enrollment and Employee Information (Unaudited)	49-50
Schedules of Federal Expenditures, Nonfederal Expenses and New Loans	51
Service Efforts and Accomplishments (Unaudited)	52-55
Schedule of Tuition and Fee Waivers (Unaudited)	56
University Bookstore Information (Unaudited)	57
Special Data Requirements for Audits of Universities	
University Reporting in Accordance with University Guidelines	58-59
Schedule of Indirect Cost Funds to be Deposited into the University Income Fund as Required by the 1982 University Guidelines (Amended 1997)	60
Other Entities and Auxiliary Enterprises - Calculation Sheet for Current Excess Funds	61
Description of Accounting Entities	62
Other Entities and Auxiliary Enterprises - Balance Sheets	63
Other Entities and Auxiliary Enterprises - Schedule of Changes in Fund Balances - Current Funds	64
Summary of Foundation Payments to the University	65

Related Report Published Under a Separate Cover

Northeastern Illinois University
Financial Audit for the Year Ended June 30, 2010

**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, 2010**

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 14, 2011

OFFICE OF THE PRESIDENT


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

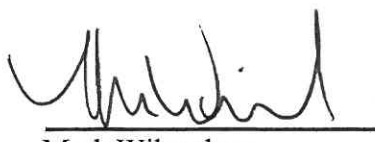
Ladies and Gentlemen:

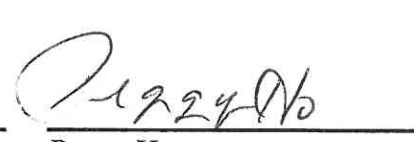
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Northeastern Illinois University (University). We are responsible for, and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the one-year period ended June 30, 2010. Based on this evaluation, we assert that during the year ended June 30, 2010, 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.

Sincerely,
Northeastern Illinois University


Sharon K. Hahs
President


Mark Wilcockson
Vice President for Finance
and Administration


Peggy Ho
Controller

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2010**

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	8	9
Repeated Findings	3	4
Prior Recommendations Implemented or Not Repeated	6	3

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

Schedule of Findings and Questioned Costs

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
10-1	13	Generally Accepted Accounting Principles (GAAP) not properly applied to grant revenue recognition	Significant Deficiency
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
10-2	14	TEACH Grants were not properly awarded	Significant Deficiency and Noncompliance
10-3	16	Inadequate controls over payroll processing of employees paid from grant funds	Significant Deficiency and Noncompliance
10-4	18	Awarding of Student Financial Aid	Significant Deficiency and Noncompliance
10-5	20	Return of federal funds	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2010**

Schedule of Findings and Questioned Costs (continued)

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
10-6	21	Noncompliance with required contracting procedures	Significant Deficiency and Noncompliance
10-7	22	Northeastern Illinois University Alumni Association	Significant Deficiency and Noncompliance
10-8	24	Timesheets not required	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	25	Controls for reporting accrued compensated absences	
B	25	Financial adjustments	
C	25	Student receivables not reconciled timely	
D	25	Grant expenditures not reimbursed timely	
E	26	Inadequate procedures over verification of eligibility requirements.	
F	26	Inadequate controls over University property and equipment	

Exit Conference

The University waived having an exit conference in a letter dated February 7, 2011, from the University's Vice President for Finance and Administration, Mark Wilcockson.

The responses to the recommendations were provided by Mark Wilcockson, in a letter dated February 7, 2011.

**Independent Accountants' Report on State Compliance, on
Internal Control over Compliance, and on Supplementary
Information for State Compliance Purposes**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As special assistant auditors for the Auditor General, we have examined Northeastern Illinois University's (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, 2010. 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, 2010. 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 10-6, 10-7 and 10-8.

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 10-6, 10-7 and 10-8. 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, 2010, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 11, 2011. 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 2010 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, 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.

Clifton Gunderson LLP

Clifton Gunderson LLP
February 14, 2011

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

Honorable William G. Holland
Auditor General
State of Illinois

As special assistant auditors for the Auditor General, we have audited the financial statements of the business-type activities 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, 2010 which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 11, 2011. 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

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 a deficiency in internal control over financial reporting, described in finding 10-1 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 response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the University's response and, accordingly, we express no opinion on it.

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.

Clifton Gunderson LLP

Clifton Gunderson LLP
January 11, 2011

**Independent Auditors' 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
State of Illinois

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, 2010. 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, 2010. 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 10-2, 10-3, 10-4, 10-5.

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 10-2, 10-3, 10-4, 10-5. *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, 2010, and have issued our report thereon dated January 11, 2011. 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.

Clifton Gunderson LLP

Clifton Gunderson LLP
February 14, 2011

(Except for the Schedule of Expenditures of Federal Awards,
as to which the date is January 11, 2011)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

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
84.394 and 84.397	State Fiscal Stabilization Fund - Education State Grants, ARRA

Dollar threshold used to distinguish between type A and type B programs: \$525,304

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, 2010**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS

Finding 10-1 - Generally Accepted Accounting Principles (GAAP) Not Properly Applied to Grant Revenue Recognition

Northeastern Illinois University (the “University”) did not properly interpret and apply GAAP in recognizing grant revenue.

During our audit, we requested documentation to support four grant revenue deferrals included in the University’s financial statements. Upon review of the grant agreements provided along with related documentation, we noted that revenue for two of the grants tested should have been recognized during the audit period rather than deferred to subsequent periods. In one case, the grant was for the purchase of services. Under GAAP, revenue for services provided during the period should have been recognized. The second grant was a voluntary non-exchange transaction which did not stipulate an eligibility requirement. Under GAAP, revenue for this grant should have been recognized in the period received. The actual error identified was \$123,753. The auditors have recorded a passed adjustment of the projected error in the amount of \$199,602.

GAAP for governmental entities is promulgated by GASB. GAAP requires that revenues from exchange transactions be reported when the exchange takes place. GASB Statement No. 33 requires revenue recognition for voluntary non-exchange transactions when all applicable eligibility requirements have been met, and the remaining resources are reported as restricted net assets until consumed.

University officials indicated that the condition noted above was due to oversight and misinterpretation of GASB statements.

Failure to maintain accounting records and present financial reports in accordance with GAAP distorts the net assets of the University and the State. (Finding Code No. 10-1).

Recommendation

We recommend that the University improve its system for determining the timing of grant revenue recognition to properly account for such transactions 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, 2010**

CURRENT FINDINGS - FEDERAL COMPLIANCE

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Teacher Education Assistance for College and Higher Education Grants (TEACH)	84.379	\$ 56,000

Questioned Costs: \$8,000

Finding 10-2 - TEACH Grants were not Properly Awarded

The University did not comply with certain student financial aid requirements relating to the TEACH grant program.

In our detailed testing of all 16 students who received TEACH grants, we noted the following:

- Two students (13%) received TEACH grants in the amount of \$4,000 each. Neither of these students were eligible to receive these grants due to the fact that they had already received a first baccalaureate degree prior to the current award year. This resulted in questioned costs of \$8,000.

According to 34 CFR Section 668.32(c)(4), an undergraduate student, other than a student enrolled in a post-baccalaureate program, is not eligible to receive a TEACH Grant if the student has completed the requirements for a first baccalaureate degree. According to 34 CFR Section 686.2(d), a post-baccalaureate program is one that does not lead to a baccalaureate degree, consists of courses required by the State in order for a student to receive a professional certification or licensing credential that is required for employment as a teacher, and is treated as an undergraduate program of study for the purposes of Title IV of the Higher Education Act.

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. An effective system of internal control should include procedures that reasonably ensure an accurate determination of eligibility requirements.

University officials stated that the student financial aid office misinterpreted the eligibility rules for the TEACH grant.

Failure to properly administer federal grants resulted in students receiving awards for which they were not eligible to receive. (Finding Code No. 10-2).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 10-2 - TEACH Grants were not Properly Awarded (continued)

Recommendation

We recommend 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.

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, 2010**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA #</u>	<u>Program Expenditures</u>
Higher Education Institutional Aid	84.031	\$ 1,638,734
Twenty-First Century Community Learning Centers	84.287	\$ 1,454,058
Gaining Early Awareness and Readiness for Undergraduate Programs (GEARUP)	84.334	\$ 7,616,422

Questioned Costs: Undeterminable

Finding 10-3 - Inadequate Controls over Payroll Processing of Employees Paid from Grant Funds

The University did not confirm the allocation of payroll costs to grant funds in accordance with OMB Circular A-21.

Through our detailed testing of payroll transactions for 64 employee payroll expenses charged to the Higher Education Institutional Aid, Twenty-First Century Learning Centers and GEARUP grants, we noted the following:

- Higher Education Institutional Aid - one employee's (4%) payroll expense out of 23 payroll expenses tested did not have a signed time and effort sheet that corresponded to the time period that the payroll expense was charged.
- Twenty-First Century Community Learning Centers - seven employees' (26%) payroll expense out of 27 payroll expenses tested did not have a signed time and effort sheet that corresponded to the time period that the payroll expense was charged.
- GEARUP - two employees' (14%) payroll expense out of 14 payroll expenses tested did not have a signed time and effort sheet that corresponded to the time period that the payroll expense was charged.

The time and effort sheets confirm the percentage of time that an employee worked on a grant.

OMB Circular A-21, Section J10 indicates the following regarding compensation for personal services: Distribution of salaries and wages, whether treated as direct or facilities and administrative costs, will be based on payrolls documented in accordance with the generally accepted practices of colleges or universities. The apportionment of employees' salaries and wages which are chargeable to more than one sponsored agreement or other cost objective will be: 1) accomplished by methods which will be in accordance with sections A.2 and C of OMB Circular A-21, 2) produce an equitable distribution of charges for employees' activities; and 3) distinguish the employees' direct activities from their facilities and administrative activities.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 10-3 - Inadequate Controls over Payroll Processing of Employees Paid from Grant Funds (continued)

The criteria of acceptable methods of documenting payroll distribution are defined in OMB Circular A-21, Section J10, (b) (2) (1) (e), which states that at least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages are charged to sponsored agreements as direct charges, and to residual, facilities and administrative cost or other categories are reasonable in relation to work performed.

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. An effective system of internal control should include procedures to reasonably ensure that the amount of time and payroll cost are correctly charged to each grant.

University officials indicated that the time and effort sheets that were missing were due to oversight.

Failure to obtain a confirmation of the amount of time and payroll cost that is charged to a grant for an employee could lead to improper amounts being charged to individual programs. (Finding Code No. 10-3, 09-5).

Recommendation

We recommend that the University implement controls that require the time and effort sheets to be returned within a reasonable amount of time. This control, when operating effectively, will enable the University to track time and effort charged to federal grant programs.

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, 2010**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA #</u>	<u>Program Expenditures</u>
SFA Cluster - Federal Pell Grant Program	84.063	\$ 14,969,305
SFA Cluster - Federal Family Education Loans	84.032	\$ 22,006,867
SFA Cluster - National Science and Mathematics Access to Retain Talent Grants	84.376	\$ 322,750

Questioned Costs: \$311

Finding 10-4 - Awarding of Student Financial Aid

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

Through our detailed testing of 88 students who received student financial aid, we noted the following:

- One student (1%) was over awarded student financial aid by \$311. The student was awarded \$15,588 of federal funds and should only have been awarded \$15,277.
- One student's (1%) budget was not setup correctly in the system used for calculation of a student's financial aid award. The student was originally setup in the system as a graduate non-resident student and his/her status changed during the year to resident. However, the financial aid department did not make the change to the student's budget in the awarding process. While this is an error in the control process, it did not result in an over award as the student was awarded less than his/her financial need.

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.

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. An effective system of internal control should include procedures to reasonably ensure an accurate calculation of a student's financial aid award.

University procedures dictate that all student financial assistance is awarded to a student using the Banner system and auto packaging. Therefore, it is critical that the information contained in the system has the accurate budgeting information.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 10-4 - Awarding of Student Financial Aid (continued)

University officials indicated that the first student had been billed at a Graduate Non-Resident rate at one time for fall 2009. The student's residency status changed during the year and the financial aid department was not notified of the change. The student that was over awarded was the result of an oversight in the student financial aid department.

Failure to maintain accurate budget information in the system could result in an over award of a student's financial need. The over award that did occur, resulted in the University awarding a student \$311 more than his/her financial need allowed. (Finding Code No. 10-4).

Recommendation

We recommend that the University review its controls to ensure that students are awarded the correct amount of student 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, 2010**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA #</u>	<u>Program Expenditures</u>
Federal Family Education Loans (FFEL)	84.032	\$ 22,066,867

Questioned Costs: None - Procedural Finding Only

Finding 10-5 - Return of Federal Funds

The University did not comply with requirements related to the return of Federal Family Education Loans.

In our detailed testing of 40 student refunds processed during the year, we noted the following:

- The University failed to return the Title IV funds timely (within 45 days of the withdrawal date) for two students (5%).

34 CFR Section 668.173(b) states that the Return of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

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. An effective system of internal controls should include procedures that reasonably ensure the timely return of Title IV funds.

University officials indicated that this occurred due to oversight.

The University failed to return FFEL funds until after the 45 days had elapsed, resulting in noncompliance with the regulations over return of Title IV funds. (Finding Code No. 10-5).

Recommendation

We recommend that the University review its procedures on the return of Title IV funds to ensure that it maintains compliance with the 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, 2010**

CURRENT FINDINGS - STATE COMPLIANCE

Finding 10-6 - Noncompliance with Required Contracting Procedures

The University did not comply with certain required contractual procedures on required signatures on contracts.

Based on our detailed testing of 28 contracts we noted that two contracts (7%), for more than \$250,000, did not have the necessary signatures on the contract. One contract totaling \$500,000 did not have any of the three required signatures. The other contract totaling \$347,222 only had one of the required signatures.

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

University officials acknowledged that signatures of the president, vice president for financial and administration and the chief legal counsel are required on contracts in the amount of \$250,000 or greater. As each purchase order was placed with an Illinois Public Higher Education Cooperative master contract supplier, the requirement for the three signatures was misunderstood and not applied.

Failure to maintain proper controls over signatures on contracts could cause the University to be legally bound to a contract that is not in the best interest of the University. (Finding Code No. 10-6, 09-8).

Recommendation

We recommend that the University adhere to its procedures to ensure that all contracts over the threshold amount contain the required signatures.

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, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 10-7 - Northeastern Illinois University Alumni Association

The University did not comply with University Guidelines related to University-Related Organizations (URO).

Based on our audit procedures performed on University Guidelines 1982 as Amended 1997, we noted the following:

- The University did not have a written contract with the Alumni Association which specified the relationship between the University and the URO.
- The Board of Trustees had not approved the Alumni Association's use of the University's name or initials as part of the URO's name.
- In-kind personal services were provided by the University to the Alumni Association during the audit period. The University did not have a contract with the URO as noted above, nor did the University's budget process expressly identify such support to the URO.
- The URO did not maintain any accounting records during the audit period.

Section VI.C. of the University Guidelines, issued by the Legislative Audit Commission requires that the relationship of a university to a URO be contained in a written contract between the university and each URO. Section VI.D. of the University Guidelines, issued by the Legislative Audit Commission requires the university governing board's approval to permit the URO to use the university's name or the initials of such name as part of the URO's name. Section VI.E. of University Guidelines, issued by the Legislative Audit Commission requires the university budget processes or the contract to expressly identify all support provided to the URO. Section VI.I.4.b. of University Guidelines, issued by the Legislative Audit Commission requires the URO to maintain sufficient records, including cost allocation detail, time records, and records of supplies and materials consumed, to enable a post audit review of the contract by the Auditor General.

University officials indicated that the University previously had an Alumni Association, which ceased functioning. A new Alumni Association was incorporated and there was some confusion regarding whether or not the University needed to go through the approval steps again. The University Board of Trustees has subsequently 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.

By not complying with the University Guidelines of 1982, as amended 1997, the University was in violation of these rules. Furthermore, failure to follow these guidelines could allow for unauthorized UROs to be formed and maintained. (Finding Code No.10-7).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 10-7 - Northeastern Illinois University Alumni Association (continued)

Recommendation

We recommend that the University review its controls over the creation of maintenance of UROs.

University's Response

The University concurs with this recommendation. The University Board of Trustees has subsequently 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.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 10-8 - 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 25 employees' timesheets, we noted that 12 employees were not required to file timesheets. These 12 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 continues to implement the time reporting requirement but has not implemented the requirement for faculty.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code Numbers 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 and will continue efforts to bring all employees into compliance with this Act.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

PRIOR FINDINGS NOT REPEATED

A Controls for Reporting Accrued Compensated Absences

Status: Not Repeated

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

In the current year, our audit of the financial statements did not detect any material misstatements. (Finding Code Nos. 09-1, 08-1).

B Financial Adjustments

Status: Not Repeated

It was recommended that the University review its current process for the preparation and review of the annual financial statements to ensure that financial information is complete and accurate in accordance with GAAP.

In the current year, our audit of the financial statements did not have any material auditor adjustments to the financial statements. (Finding Code No. 09-2).

C Student Receivables Not Reconciled Timely

Status: Not Repeated.

It was recommended that the University perform timely reconciliations of student receivables to ensure that financial information is complete and accurate.

In the current year, during our financial audit we did not detect significant differences in the reconciliation of student accounts receivable. (Finding code No. 09-3).

D Grant Expenditures Not Reimbursed Timely

Status: Not Repeated.

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010**

PRIOR FINDINGS NOT REPEATED (continued)

Through our testing of federal grants, we noted that all draw downs tested were made in a timely manner. (Finding Code No. 09-4).

E *Inadequate Procedures over Verification of Eligibility Requirements*

Status: Not Repeated.

It was recommended that the University verify the eligibility requirements for grant applicants and maintain supporting documentation and evidence of review and approval to ensure compliance with federal regulations for the TRIO Cluster - Upward Bound Math and Science program.

During the current year, we did not note any instances of non-compliance in testing the eligibility requirements of the TRIO Cluster - Upward Bound Math and Science program. (Finding Code No. 09-6).

F *Inadequate Controls over University Property and Equipment*

Status: Repeated, Reported as Finding Code No. IM10-2

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

During the current year, our sample testing of property and equipment noted significant improvement in compliance with the required regulations over University property and equipment. (Finding Code Nos. 09-7, 08-4, 07-5, 06-4, 05-3, 04-2).

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2010**

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2010**

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, 2010**

<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		\$ 14,969,305
Academic Competitiveness Grant Program	84.375		451,584
Federal Work Study Program	84.033		391,088
Federal Work Study Program (ARRA)	84.033		94,509
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376		322,750
Federal Supplemental Educational Opportunity Grant Program	84.007		306,128
Federal Teacher Education Assistance for College and Higher Education Grants (TEACH grant)	84.379		56,000
Federal Perkins Loan Program (Note 2)	84.038		-
Federal Family Education Loan Program (Note 3)	84.032		-
			<u>16,591,364</u>
Total Student Financial Assistance Cluster			<u>16,591,364</u>
Gaining Early Awareness and Readiness for Undergraduate Program	84.334		<u>7,616,422</u>
TRIO Cluster			
TRIO - Talent Search Program	84.044		414,360
TRIO Upward Bound Program	84.047		351,861
TRIO Upward Bound Math and Science Competition	84.047		207,319
TRIO - Ronald E. McNair Post Baccalaureate Achievement	84.217		<u>241,597</u>
Total TRIO Cluster			<u>1,215,137</u>
Higher Education - Institutional Aid - CCRAA	84.031		900,061
Higher Education - Institutional Aid - PPOHA	84.031		86,007
Strengthening Institutions - Hispanic Serving Institutions	84.031		<u>652,666</u>
			<u>1,638,734</u>
Twenty-First Century Community Learning Centers			
Passed-Through Illinois State Board of Education			
Project 4421-07 '10	84.287		1,064,767
Project 4421-10 '10	84.287		<u>389,291</u>
			<u>1,454,058</u>
Total Department of Education			<u>28,515,715</u>
Passed-through - State of Illinois			
State Fiscal Stabilization Fund - Government Services, ARRA	84.397		3,104,200
State Fiscal Stabilization Fund - Education State Grants, ARRA	84.394		<u>1,049,962</u>
			<u>4,154,162</u>
Total Major Programs			<u>32,669,877</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

<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			
Department of Education			
Bilingual Education Training Grants <i>National Professional Development Program</i>	84.195		283,581
Rehabilitation Long-Term Training <i>Rehabilitation Counseling</i>	84.129		137,749
Capacity Building for Traditionally Underserved Populations <i>Rehabilitation Counseling Capacity Building Project</i>	84.315		88,266
School Leadership <i>Star School Leadership Project</i>	84.363		20,263
Child Care Access Means Parents in Schools <i>Child Care Access Means Parents in Schools</i>	84.335		10,009
Passed-Through Berwyn South School District 100 <i>Professional Development in the Arts</i>	84.351	None	265,971
Passed-Through University of Illinois at Chicago <i>Teacher Quality Partnership</i>	84.336	0411	121,552
Passed-Through University of Wisconsin <i>Cognition and Student Learning</i>	84.305	100H203	20,202
Passed-Through Illinois Board of Higher Education <i>No Child Left Behind</i>	84.367	None	<u>288</u>
Total Department of Education			<u>947,881</u>
National Science Foundation			
Mathematical and Physical Sciences <i>Math and Science Cohort of Scholars</i>	47.049		73,082
<i>Robust Numerical Methods in Polynomial Algebra with Approximate Data</i>	47.049		34,117
<i>Research in Undergraduate Institutions: Hamiltonian Instability</i>	47.049		16,090
American Recovery and Reinvestment Act <i>Enriching the First Year Experience - ARRA</i>	47.082		24,586
Passed-Through Purdue University <i>Undergraduate Research Centers</i>	47.049	501-1324-01	48,228

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010**

<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)			
National Science Foundation (continued)			
Passed-Through University of Wisconsin <i>How Does Teachers' Visual Scaffolding Support Students' Mathematics Learning</i>	47.076	192K850	22,528
Passed-Through Chicago State University <i>Illinois Louis Stokes Alliance for Minority Participation</i>	47.076	None	17,511
Passed-Through National Center for Science & Civic Engagement <i>Science Education for New Civic Engagements and Responsibilities</i>	47.076	None	<u>186</u>
Total National Science Foundation			<u>236,328</u>
U.S. Department of Housing and Urban Development			
Equal Opportunity in Housing <i>College Housing Debt Service Grant Program</i>	14.000		<u>70,000</u>
Department of Health and Human Services			
National Institutes of Health <i>An Office of Research Development to Foster Research</i>	93.865		112,238
Passed-Through Illinois Department of Human Services <i>Substance Abuse Prevention</i>	93.959	10C6002591	<u>65,174</u>
Total Department of Health and Human Services			<u>177,412</u>
Total Other Programs			<u>1,431,621</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 34,101,498</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, 2010**

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, 2010:

Federal Perkins Loan Program CFDA #84.038

Outstanding balance at July 01, 2009	<u>\$ 2,462,353</u>
Additions:	
Interest income	46,058
Other income	1,980
Decrease in allowance for doubtful accounts	<u>28,917</u>
Total additions	<u>76,955</u>
Deductions:	
Loans cancelled or written off	77,626
Collection costs	45,763
Administrative charges	<u>9,247</u>
Total deductions	<u>132,636</u>
Outstanding balance at June 30, 2010	<u>\$ 2,406,672</u>

Loans made by the University to eligible students under the Federal Perkins Loan Program during the year ended June 30, 2010 were \$184,936.

NOTE 3 - GUARANTEED LOANS

During the year ended June 30, 2010, the University awarded \$22,006,867 in new loans under the Federal Family Education Loan Program (CFDA #84.032).

NOTE 4 - WAIVED MATCHING REQUIREMENT

During the year ended June 30, 2010, 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 2010
Fourteen Months Ended August 31, 2010**

	Appropriations (Net After Transfers)	Expenditures through June 30, 2010	Lapse Period Expenditures July 1 to August 31, 2010	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2010
APPROPRIATED FUNDS						
General Revenue Fund 001 (Public Act 96-0114)	\$ 39,247,700	\$ -	\$ -	\$ -	\$ -	\$ -
Personal services		37,669,586	4,343	37,673,929	-	-
Social Security - Medicare contributions	-	501,171	-	501,171	-	-
Employer contributions to group insurance	-	1,072,600	-	1,072,600	-	-
Federal Stimulus - ARRA Fund 001						
Personal services - Educational Fund	1,050,000	1,049,962	-	1,049,962	38	-
Personal services - Government Services Fund	3,104,200	3,104,200	-	3,104,200	-	-
Total General Revenue Fund	43,401,900	43,397,519	4,343	43,401,862	38	-
Capital Development Fund 141 (Public Act 96-0114)						
Equipment and remodeling of buildings	219,783	203,766	-	203,766	16,017	-
TOTAL APROPRIATED FUNDS	\$ 43,621,683	\$ 43,601,285	\$ 4,343	\$ 43,605,628	\$ 16,055	\$ -

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
LAPSED BALANCES AND BALANCES REAPPROPRIATED*
For the Years Ended June 30, 2010, 2009, and 2008**

	Fiscal Years		
	2010	2009	2008
	PA 96-0114	PA 95-0734	PA 95-0348
General Revenue Fund-001:			
Appropriations (net after transfers)	\$ 39,247,700	\$ 43,401,900	\$ 40,770,700
Expenditures:			
Personal services	37,673,929	37,965,861	37,560,389
Social Security - Medicare contributions	501,171	437,700	437,700
Employer contributions to group insurance	1,072,600	1,072,600	1,072,600
Contractual services	-	1,130,000	1,030,000
Equipment	-	199,998	299,987
Hispanic serving institution initiative	-	1,158,011	-
Retention and graduation rates for minority students	-	167,891	168,866
North Atlantic Slave Trade Study	-	185,995	175,696
Total expenditures	<u>39,247,700</u>	<u>42,318,056</u>	<u>40,745,238</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 1,083,844</u>	<u>\$ 25,462</u>
Federal stimulus - ARRA Fund 001			
Appropriations (net after transfers) - Educational Fund	\$ 1,050,000	\$ -	\$ -
Expenditures:			
Personal services	<u>1,049,962</u>	<u>-</u>	<u>-</u>
Appropriations (net after transfers) - Government Services Fund	<u>3,104,200</u>	<u>-</u>	<u>-</u>
Expenditures:			
Personal services	<u>3,104,200</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,154,162</u>	<u>-</u>	<u>-</u>
Lapsed Balances	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ -</u>
Capital Development Fund - 141			
Appropriations (net after transfers)	\$ 219,783	\$ 2,071,805	\$ 2,071,805
Expenditures:			
Equipment and remodeling of buildings	<u>203,766</u>	<u>1,852,022</u>	<u>-</u>
Lapsed Balances	<u>\$ 16,017</u>	<u>\$ 219,783</u>	<u>\$ 2,071,805</u>
Balances Reappropriated	<u>\$ -</u>	<u>\$ 219,783</u>	<u>\$ 2,071,805</u>
GRAND TOTAL, ALL FUNDS			
Total Appropriations (Net After Transfers)	\$ 43,621,683	\$ 45,473,705	\$ 42,842,505
Total Expenditures	<u>43,605,628</u>	<u>44,170,078</u>	<u>40,745,238</u>
Lapsed Balances	<u>\$ 16,055</u>	<u>\$ 1,303,627</u>	<u>\$ 25,462</u>
Balances Reappropriated	<u>\$ -</u>	<u>\$ 219,783</u>	<u>\$ 2,071,805</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
COMPARATIVE SCHEDULE OF INCOME FUND
REVENUES AND EXPENDITURES*
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009[^]</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	\$ 4,480,328	\$ (1,582,708)
Income fund revenues:		
Tuition	53,314,830	43,203,116
Rental income	46,479	48,837
Investment income	61,023	117,343
Miscellaneous	<u>697,394</u>	<u>1,545,868</u>
Total income fund revenues	<u>54,119,726</u>	<u>44,915,164</u>
Income fund expenditures:		
Personal services (including change in accrued compensated absences)	23,272,181	24,926,427
Social security, Medicare, health and life insurance	348,134	363,843
Contractual services	8,671,706	7,151,386
Travel	267,850	213,038
Commodities	1,037,951	858,376
Equipment and library books	2,504,422	1,335,007
Telecommunications	520,037	500,767
Operation of automotive	37,422	26,490
Awards, grants and matching funds	243,144	97,032
Permanent improvements	74,801	276,099
Tuition and fee waivers	<u>3,459,679</u>	<u>3,103,663</u>
Total income fund expenditures	<u>40,437,327</u>	<u>38,852,128</u>
FUND BALANCE, END OF YEAR	<u>\$ 18,162,727</u>	<u>\$ 4,480,328</u>

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

[^] Certain reclassifications have been made to conform with the 2010 presentation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF CHANGES IN CAPITAL ASSETS*
For the Years Ended June 30, 2010, 2009, and 2008**

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Land	\$ 3,481,601	\$ 36,700	\$ -	\$ 3,518,301	\$ -	\$ -	\$ 3,518,301
Land improvements	10,497,272	-	-	10,497,272	467,685	-	10,964,957
Building and building improvements	122,602,987	420,961	-	123,023,948	7,776,235	-	130,800,183
Equipment and library books	54,614,892	2,617,537	1,601,900	55,630,529	4,327,602	5,177,247	54,780,884
Construction in progress	<u>2,096,346</u>	<u>3,716,233</u>	<u>-</u>	<u>5,812,579</u>	<u>1,502,293</u>	<u>6,497,541</u>	<u>817,331</u>
TOTAL CHANGES IN CAPITAL ASSETS	<u>\$ 193,293,098</u>	<u>\$ 6,791,431</u>	<u>\$ 1,601,900</u>	<u>\$ 198,482,629</u>	<u>\$ 14,073,815</u>	<u>\$ 11,674,788</u>	<u>\$ 200,881,656</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Year Ended June 30, 2010**

The Statement of Revenue, Expenses and Change 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 or 10%:

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease) Amount</u>	<u>Percentage</u>	<u>Comments</u>
Instruction	\$ 65,483,818	\$ 61,354,540	\$ 4,129,278	7%	Increase due to the following: (a) University hired more faculty during FY 2010 resulting in a salary expenses increase of \$0.8 million, (b) payments on behalf of the University for health insurance and retirement benefits increased by \$4.1 million; and c) contractual and equipment expenses decreased by \$0.8 million resulting from the cost mitigation efforts.
Research	894,756	1,005,011	(110,255)	-11%	Decrease mainly due to the decrease in federal grants.
Public service	13,634,224	14,502,091	(867,867)	-6%	Decrease mainly due to the decrease in federal grants.
Academic support	10,111,431	9,015,138	1,096,293	12%	Increase mainly due to the following: (a) salary expenses increased by \$0.3 million mainly because of a fixed amount, non base-line increase for non negotiated employees; (b) payments on behalf of the University for health insurance and retirement benefits increased by \$0.5 million; and c) equipment expenses increased by \$0.2 million due to purchase of updated computing equipment for newly implemented system.
Student services and programs	12,318,597	11,022,575	1,296,022	12%	Increase mainly due to the following: (a) payment on behalf of the University for health insurance and retirement benefits increased by \$0.3 million; (b) Student health insurance increased by \$0.6 million due to higher insurance rate and more students; c) equipment expenses increased by \$0.3 million due to purchase of updated computing equipment for newly implemented system.
Institutional support	13,651,118	10,723,035	2,928,083	27%	Increase due to the following: (a) salary expenses increased by \$0.7 million due to a fixed amount, non base-line increase of \$0.2 million for non-negotiated employees, and a year-end liability adjustment for compensated absences of \$0.5 million; (b) payments on behalf of the University for health insurance and retirement benefits increased by \$1.4 million; (c) contractual expenses increased by \$0.4 million due to a litigation cost for a faculty member; (d) equipment expenses increased by \$0.2 million due to purchase of updated computing equipment for newly implemented system.
Operation and maintenance of plant	14,366,452	12,552,318	1,814,134	14%	Increase mainly due to the following: (a) salary expenses increased by \$0.3 million mainly because of a fixed amount, non base-line increase for non-negotiated employees; (b) payments on behalf of the University for health insurance and retirement benefits increased by \$0.9 million; c) equipment expenses increased by \$0.9 million due to purchase of furniture and fixtures for newly remodeled Building A; and (d) contractual expenses decreased by \$0.3 million.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Year Ended June 30, 2010**

The Statement of Revenue, Expenses and Change 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 or 10%:

	<u>2010</u>	<u>2009</u>	Increase (Decrease) Amount	Percentage	Comments
Scholarships and fellowships	7,845,618	5,348,939	2,496,679	47%	PELL grant awards increased in FY 2010 by \$2.2 million due to the increase in the number of students who were eligible for Pell Grant.
Auxiliary enterprises	3,943,137	3,752,658	190,479	5%	Increase mainly due to the following: (a) payment on behalf of the University for health insurance and retirement benefits increased by \$0.4 million; (b) contractual and equipment expenses decreased by \$0.3 million resulting from the cost mitigation efforts.
Depreciation expense	5,029,378	5,336,575	(307,197)	-6%	Decrease mainly due to a large portion of the older equipment that has been fully depreciated.
Other operating expenses	1,485,620	1,915,830	(430,210)	-22%	Decrease mainly due to the decreased salary and fringe benefit cost of \$0.5 million because of the closure of the enterprise resource planning project.
Interest on indebtedness	1,378,661	1,533,100	(154,439)	-10%	The decrease in interest expense is due to the pay off of the 1997 revenue bonds during the year.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES
For the Year Ended June 30, 2010**

The Statement of Revenue, Expenses and Change 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 or 10%:

	<u>2010</u>	<u>2009</u>	<u>Increase (Decrease) Amount</u>	<u>Percentage</u>	<u>Comments</u>
Student tuition and fees	\$ 50,741,927	\$ 42,672,062	\$ 8,069,865	19%	Increase mainly due to the net result of the following: (a) 11% increase in tuition rates; (b) 4% increase in enrollment; and (c) \$2.5 million decrease in bad debt allowance.
Federal grants and contracts	12,002,930	12,607,691	(604,761)	-5%	Decrease mostly due to the following: (a) closure of several GEAR UP grants (GU3 Alliance, GU3 South, GU3 Mid, GU3 West, GU3 Parks, GU3 North and GU3 Administration) in FY 2010 resulting in approx. \$1.0 million decrease in revenue; and (b) closure of Star School Leadership and Title V Grant - SHSI - Center for Academic Writing resulting in a decrease in revenue of \$0.7 million, which was offset by the \$1.0 million new funding from the new Title V Grants (College Cost Reduction and Access Act HIS; SHSI Retention, Transfer and Graduation; and SHSI Promoting Post Baccalaureate Opportunity).
Auxiliary enterprises	3,734,399	3,434,342	300,057	9%	Increase mainly due to an increase in parking revenue of \$0.3 million.
Other operating revenue	3,893,200	3,290,560	602,640	18%	Increase mainly due to the following: (a) student health insurance revenues increased by \$0.5 million due to the increase in student enrollment ; and (b) space rental revenues increased by \$0.1 million.
State appropriations - general revenue fund	39,578,482	44,043,061	(4,464,579)	-10%	The decrease in appropriations is due to less funds being appropriated from the State during the year.
ARRA fund	4,154,162	-	4,154,162	100%	The increase is due to new ARRA funds being received by the University during the year.
Payments on behalf of the University	30,095,726	22,909,660	7,186,066	31%	The increase is due to an increase in retirement benefit costs and employee health insurance costs financed by the State.
Pell grants	15,743,639	10,300,329	5,443,310	53%	The increase is due to an increase in the number of Pell eligible students.
Investment income	113,838	321,999	(208,161)	-65%	Investment income decreased due to the following: (a) lower interest rates on money market funds; and (b) \$1.4 million investment in the U.S. Federal Agency Securities, interest rates between 2.0% - 4.1%, were liquidated to fund the redemption of the Series 1997 Bonds.
Capital additions provided by State of Illinois	(85,301)	1,617,304	(1,702,605)	-105%	The decrease was because the Building A renovation funded by the CDB was completed in FY09.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2010**

There were no significant expenditures made during the lapse period. There was one voucher issued after July 1, 2010, for personal services incurred before June 30, 2010, in the amount of \$4,343.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
CASH AND INVESTMENTS		
The University's cash and investments are classified as follows:		
Cash and cash equivalents	\$ 30,343,413	\$ 21,208,527
Restricted cash and cash equivalents	4,304,270	7,320,742
Restricted investments	<u>993,705</u>	<u>2,269,474</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 35,641,388</u>	<u>\$ 30,798,743</u>
The University's cash and investments were held in the following accounts:		
Deposits held at U.S. Bank		
University 2004 Bond Reserve Account	\$ 199	\$ 880,457
University 2004 Bond Account	424,202	424,190
University 1997 Bond Reserve Account	407,249	273,120
University 1997 Bond Account	-	391,081
University 1973 Bond Account	204,289	251,857
Certificate of Participation Installment Proceeds	-	412
Deposits held at Pittsburgh National Bank		
	24,159	18,998
Deposits held at JPMorgan Chase Bank		
University Operating Account	5,010,650	5,129,215
University Clearing Account	(668,127)	(1,247,467)
University Payroll Account	(251,716)	(696,073)
University Student Refund Account	(455,612)	(265,566)
Student Union Revenue Fund	73	13,061
Repair and Replacement Account	509,111	484,111
Non-Instructional Facility Reserve	-	4,548
Equipment Reserve	134,885	493
University Emergency Loan Account	(750)	(2,721)
Certificate of Participation Installment Proceeds	2,600,103	4,578,414
U.S. Treasury Notes	749,217	404,774
U.S. Bank Jumbo Customers' Deposit	244,488	244,488
Federal Home Loan Bank Bonds	-	743,957
Fannie Mae	-	876,255
Illinois Funds	26,701,668	18,283,839
Petty cash - all accounts	<u>7,300</u>	<u>7,300</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 35,641,388</u>	<u>\$ 30,798,743</u>

As of June 30, 2010, all deposit amounts were fully collateralized with federal government securities pledged by the applicable financial institution, were invested in U.S. Government securities, money market mutual funds, or were on deposit with Illinois Funds. The Illinois Funds include investments in U.S. Government-backed securities which yielded an average annual rate of 0.129% during fiscal year 2010. 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 2.250%.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2010 and 2009**

RECEIVABLES

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

	<u>2010</u>	<u>2009</u>
Grants	\$ 5,504,301	\$ 5,560,856
Student loans	2,211,423	2,327,688
Tuition and fees	3,758,822	1,806,777
Other receivables	<u>9,963,069</u>	<u>3,609,829</u>
TOTAL RECEIVABLES	<u>\$ 21,437,615</u>	<u>\$ 13,305,150</u>

Grants receivable consists of amounts due from the federal government and other granting sources at the end of the fiscal year. Though there is a slight decrease in total grant revenues, the grants receivables at the end of FY 2010 remained relatively consistent compared to the prior year.

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

The increase in the University's total receivables was mainly due to the increase in student receivables by \$1.9 million and other receivables by \$6.3 million.

The increase in tuition and fees receivable is attributable to the following factors: (a) increase in tuition and fees revenues by \$8 million mainly due to higher tuition rates and increased enrollment during FY 2010; and (b) decrease in allowance for doubtful accounts by \$1.0 million due to a decrease in the percentage estimated for the bad debt allowance.

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, 2010, by the State Comptroller for payroll expenses. The University's outstanding receivables from State appropriations amounted to \$9.6 million and \$3.4 million as of June 30, 2010 and 2009, respectively.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2010 and 2009**

RECEIVABLES (continued)

The aging of such receivables, by type, as of June 30, 2010, 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	\$ 5,504,301	\$ -	\$ -	\$ -	\$ 5,504,301
STUDENT LOANS					
Perkins loan	\$ 2,570,561	\$ 75,179	\$ 98,851	\$ 222,870	\$ 2,967,461
Emergency loan	20,652	1,617	1,336	25,643	49,248
TEACH Grant	14,165	-	-	-	14,165
TOTAL STUDENT LOANS	<u>\$ 2,605,378</u>	<u>\$ 76,796</u>	<u>\$ 100,187</u>	<u>\$ 248,513</u>	3,030,874
Allowance for doubtful accounts					<u>(819,451)</u>
NET STUDENT LOANS					<u>\$ 2,211,423</u>
TUITION AND FEES					
From students	\$ 3,719,842	\$ 1,773,393	\$ 49,346	\$ -	\$ 5,542,581
Third party reimbursements	39,760	-	-	-	39,760
TOTAL TUITION AND FEES	<u>\$ 3,759,602</u>	<u>\$ 1,773,393</u>	<u>\$ 49,346</u>	<u>\$ -</u>	5,582,341
Allowance for doubtful accounts					<u>(1,823,519)</u>
NET TUITION AND FEES					<u>\$ 3,758,822</u>
OTHER RECEIVABLES					
Parking fines	\$ 102,400	\$ 45,354	\$ 27,006	\$ 75,389	\$ 250,149
Library fines	119,782	114,899	362,198	-	596,879
Other accruals	9,807,798	-	-	-	9,807,798
TOTAL OTHER RECEIVALBES	<u>\$ 10,029,980</u>	<u>\$ 160,253</u>	<u>\$ 389,204</u>	<u>\$ 75,389</u>	10,654,826
Allowance for doubtful accounts					<u>(691,757)</u>
NET OTHER RECEIVABLES					<u>\$ 9,963,069</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2010 and 2009**

LIABILITIES

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

	<u>2010</u>	<u>2009</u>
Accounts payable and accrued liabilities	\$ 6,373,838	\$ 6,327,449
Deferred revenues	3,713,627	3,856,323
Liability for compensated absences	8,840,891	9,391,229
Revenue bonds payable	17,685,000	20,395,000
Certificates of participation, net	13,461,153	14,046,437
Funds held in custody for others	<u>126,113</u>	<u>59,230</u>
TOTAL LIABILITIES	<u>\$ 50,200,622</u>	<u>\$ 54,075,668</u>

Decrease in liability for compensated absences was mainly due to the FY 2010 payout for vacation and sick leave benefits totaling \$0.8 million.

Decrease in revenue bonds payable was mostly due to the full redemption of the Series 1997 Bonds of \$2.5 million.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2010**

FUND BALANCE AT JUNE 30, 2009 \$ 1,082,654

Add: Reimbursement Revenues:

21ST CCLC Morton High School	28,340
21ST Community centers	73,316
Academic Enhancements	91,684
ACT4L	(59)
Berwyn Cicero Initiative Ed Excel	25,452
Berwyn Professional Dev In Arts Ed	21,389
Bookstore	19,461
Bridges To the Future	3,000
Campus Recreation	41,226
CCT Every Art Every Child	260
Center For Authentic Science Practice In Education	10,390
Chicago Literacy Initiative Partners	3,524
Childcare Access Parents In School	777
Childcare Center	32,407
CPS Advanced Reading Development Demo	915
CPS Avenues for Success Programs	1,928
CPS Michele Clark School	(28)
CPS Mural Project	(3)
CPS State Pre Kindergarten	(408)
English Language Acquisition	20,976
Enriching The First Year Experience	3,649
GEAR UP Programs	349,087
Gifted Fast Pace Programs	6,488
Hamiltonian Instability	2,948
Health Services	18,889
Illinois Slave Trade Commission	(1,628)
ILP Create After School	1,908
Initiative to Reduce Tobacco Use	123
Interactive Teaching & Learning	522
Kraft Foods Foundation Arts for Learning	5,870
Latino Leadership CPS Principals	252
Least Restrictive Environment Program	2,270
Louis Stoke Alliance Minority 09	2,284
McNair Scholars Program	15,459
NCLB Plans For Academic Success	21
Non Credit Contracts	1,835
Office of Research Development	8,314

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2010**

Parking Lot Administration	125,221	
PEP Villa Park	326	
Performing Arts	54,398	
Perkins Loan program	9,247	
Physical Education Program Aspira	6,426	
Polk Bros Every Art Every Child	3,407	
Rehabilitation Counseling Capacity	6,538	
Rehabilitation Long Term Training	(16,207)	
Robust Numerical Methods In Polynomial Algebra	8,908	
Safe & Drug Free Schools & Communities	4,837	
SEOG Program	14,578	
Star School Leadership	(26,406)	
Step Up to High School Program	124	
Student Union Service	79,041	
Substance Abuse HIV HEPA Prevention	18,035	
Suicide Awareness Preventive Program	(80)	
Talent Search	30,693	
Technology Initiatives	177,616	
UIC Teacher Quality Partnership	9,004	
Upward Bound	41,131	
UW Cognition & Student Learning Research	4,391	
UW Visual Scaffolding for Math	7,093	
Vending	5,962	
Work Study Programs	20,088	
YCCS Physical Education Program	(129)	1,377,080
Other Source - Transfer from Campus Recreation Reserve		<u>20,695</u>
Total Available		2,480,429
Less: Expenditures and Transfer		
Academic Services	316,527	
Administrative Services	326,034	
Student Services	53,432	
Funds transferred to Income Fund	<u>355,403</u>	<u>1,051,396</u>
FUND BALANCE AT JUNE 30, 2010		<u><u>\$ 1,429,033</u></u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM
For the Year Ended June 30, 2010**

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, 2010**

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 their strategic goals. The University will analyze the action steps under each strategic goal to determine the areas of responsibility, timeframes, required resources, priority order of the action steps, and yearly tasks that help them accomplish the action steps. The University will develop annual work plans and work teams (across units) as needed to move their plan forward.

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

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY ENROLLMENT AND EMPLOYEE INFORMATION (Unaudited)
For the Year Ended June 30, 2010**

Enrollment Information

Enrollments of both undergraduate and graduate students for each term (including extension centers and part-time students) for the school years 2009-2010 and 2008-2009, as shown in the Board of Trustees' Enrollment Report were as follows:

	<u>2009-2010</u>	<u>2008-2009</u>
Fall	11,631	11,193
Spring	11,066	10,582
Summer	5,853	5,936

Average Annual Full Time Equivalent (FTE) Enrollment

In fiscal year 2010, the University had an average FTE enrollment of 8,500 students, comprised of 7,064 undergraduates and 1,436 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 2010 annual costs per FTE, calculated by dividing the total costs of instruction by the corresponding FTE, were as follows: a) undergraduate - \$8,460, and b) graduate - \$11,762.

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 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Costs per Credit Hour	\$ <u>311</u>	\$ <u>317</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY ENROLLMENT AND EMPLOYEE INFORMATION (Unaudited)
For the Year Ended June 30, 2010**

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 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Student/Faculty Ratio	<u>17:1</u>	<u>17:1</u>

Employee Information

The average number of employees at the University during fiscal years 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Administration	267	280
Faculty	466	406
Civil Service	473	466
Students	<u>256</u>	<u>341</u>
Total employees	<u>1,462</u>	<u>1,493</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, 2010**

SCHEDULE A - FEDERAL FINANCIAL COMPONENT

Total federal expenditures reported on SEFA Schedule	\$ 34,101,498
Total new loans made not included on SEFA Schedule	22,006,867
Amount of federal loan balances at beginning of the year (not included on the SEFA Schedule and continued compliance required)	<u>2,462,353</u>

TOTAL SCHEDULE A \$ 58,570,718

SCHEDULE B - TOTAL FINANCIAL COMPONENT

Total operating expenses (from financial statements)	\$ 148,764,149
Total nonoperating expenses (from financial statements)	1,378,661
Total new loans made	22,006,867
Amount of federal loan balances at beginning of the year	2,462,353
Other noncash federal award expenditures	<u>-</u>

TOTAL SCHEDULE B \$ 174,612,030

SCHEDULE C

		<u>Percent</u>
Total Schedule A	\$ 58,570,718	33.5%
Total nonfederal expenses	<u>116,041,312</u>	<u>66.5%</u>

TOTAL SCHEDULE B \$ 174,612,030 100.0%

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, 2009***

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 2007 Actual</u>	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Target</u>	<u>Fiscal Year 2009 Actual</u>
<u>Input Indicators</u>				
Total expenditures - all sources (in thousands) (a)	\$ 125,362	\$ 120,288	\$ 131,077	\$ 118,979
Total expenditures - State appropriated funds (in thousands)	\$ 39,994	\$ 40,745	\$ 45,474	\$ 44,170
Total staff - all fund sources (b)	1,481	1,493	1,493	1,547
Total staff - State appropriated fund sources (b)	1,133	1,142	1,142	1,208
<u>Output Indicators</u>				
Undergraduate headcount enrollment	9,115	8,987	N/A	9,191
Total headcount enrollment	11,644	11,193	N/A	11,631
Percent: part-time student enrollment (c)	53.2%	52.0%	N/A	50.3%
Baccalaureate degrees conferred	1,367	1,503	N/A	1,612
Master's degrees conferred	595	562	N/A	546
Minority graduates: percent of total baccalaureate degrees conferred	46.4%	49.8%	N/A	50.99%
Minority graduates: percent of total master's degrees	38.2%	37.0%	N/A	38.10%

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

** Information for the year ended June 30, 2010 not yet available.*

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
For the Year Ended June 30, 2009***

	<u>Fiscal Year 2007 Actual</u>	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Target</u>	<u>Fiscal Year 2009 Actual</u>
<u>Outcome Indicators</u>				
Percent of graduates employed full-time (d)	66.2%	68.4%	N/A	N/A
Percent of graduates employed part-time (d)	17.6%	15.2%	N/A	N/A
Percent of graduates unemployed and not seeking employment (d)	4.5%	3.1%	N/A	N/A
Percent of graduates employed full-time in a related field (d)	69.5%	66.3%	N/A	N/A
Percent of graduates earning a post- baccalaureate degree (d)	30.7%	29.3%	N/A	N/A
Percent of graduates satisfied with career path preparation provided by the undergraduate education experience (d)	N/A	86.6%	N/A	N/A
Percent of graduates satisfied with post- graduate employment (d)	88.1%	85.8%	N/A	N/A
Six-year graduation rate: first-time, full-time freshman (c)	18.7%	18.4%	N/A	N/A
Percent of baccalaureate degree recipients employed or enrolled in further education within one year of graduation	90.3%	88.8%	N/A	N/A
Annual number of students completing requirements for initial teacher certification	516.0	471.0	N/A	466.0
<u>External Benchmarks</u>				
Six-year graduation rate: Statewide average (c)	59.5%	59.1%	N/A	N/A
Instructional cost per credit hour: public university average, all instructional levels (in dollars)	\$ 326.06	\$ 346.08	N/A	N/A
Percent of total expenditures (all sources) devoted to Instruction: public university average	27.0%	27.2%	27.2%	26.5%
Percent of total expenditures (all sources) devoted to Research and Public Service: public university average	22.3%	21.9%	21.9%	21.7%

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

** Information for the year ended June 30, 2010 not yet available.*

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
For the Year Ended June 30, 2009***

	<u>Fiscal Year 2007 Actual</u>	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Target</u>	<u>Fiscal Year 2009 Actual</u>
<u>External Benchmarks</u> (continued)				
Percent of total expenditures (all sources) devoted to Academic and Student Support: public university average	24.7%	24.9%	24.9%	25.2%
Percent of total expenditures (all sources) devoted to all other programs: public university average (e)	26.0%	26.0%	26.0%	26.6%
Undergraduate tuition and mandatory fees: annual based on 30 credit hours, public university average (in dollars) (f)	\$ 8,348	\$ 9,486	\$ 10,404	\$ 10,404
Undergraduate tuition and mandatory fees as a percentage of Illinois per capita disposable income	21.3%	25.4%	N/A	N/A
Percent of undergraduate students receiving some form of financial aid: public university average	79.9%	79.3%	N/A	N/A
Percent of undergraduate students receiving grant or scholarship assistance: public university average	65.7%	54.2%	N/A	N/A
Percent of undergraduate students receiving loan assistance: public university average	50.8%	51.3%	N/A	N/A
Percent of undergraduate students receiving employment assistance: public university average	21.2%	21.4%	N/A	N/A
<u>Efficiency/Cost-Effectiveness</u>				
Instructional cost per credit hour, all instructional levels (in dollars)	\$ 280	\$ 302	N/A	N/A
Percent of total expenditures (all sources) devoted to Instruction	37.0%	37.8%	37.7%	41.7%
Percent of total expenditures (all sources) devoted to Research and Public Service	15.7%	15.3%	14.8%	12.1%
Percent of total expenditures (all sources) devoted to Academic and Student Support	20.8%	20.7%	20.2%	22.6%

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

** Information for the year ended June 30, 2010 not yet available.*

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (Unaudited)
For the Year Ended June 30, 2009***

	<u>Fiscal Year 2007 Actual</u>	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Target</u>	<u>Fiscal Year 2009 Actual</u>
<u>Efficiency/Cost-Effectiveness</u> (continued)				
Percent of total expenditures (all sources) devoted to all other programs (e)	26.5%	26.2%	27.3%	23.5%
Undergraduate tuition and mandatory fees: annual based on 30 credit hours (in dollars) (f)	\$ 7,166	\$ 7,998	\$ 8,964	\$ 8,964
Percent of undergraduate students receiving some form of financial aid	64.7%	64.6%	N/A	N/A
Percent of undergraduate students receiving grant or scholarship assistance	60.4%	54.0%	N/A	N/A
Percent of undergraduate students receiving loan assistance	21.0%	22.6%	N/A	N/A
Percent of undergraduate students receiving employment assistance	5.9%	5.9%	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 on post-graduate employment, employment satisfaction and further education was obtained from the Baccalaureate Follow-up Survey of the class of 2007, one year out (fiscal year 2008). Data on career path preparation/satisfaction reflects the class of 2003, five years out (fiscal year 2008).
- 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, 2010 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, 2010**

(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	12	\$ 59.1	12	\$ 16.7	37	\$ 112.1	37	\$ 24.6
General Assembly	31	117.0	31	33.0	6	14.1	6	3.1
ROTC	16	51.1	16	14.4	-	-	-	-
DCFS	2	14.2	2	4.0	-	-	-	-
Children of Employees	32	63.4	32	-	-	-	-	-
Senior Citizens	2	3.5	-	-	2	4.7	-	-
Veterans Grants and Scholarships	304	1,027.7	304	289.9	43	85.1	43	18.7
Subtotal	399	1,336.0	397	358.0	88	216.0	86	46.4
DISCRETIONARY WAIVERS								
Faculty/Administrators	-	-	-	-	60	100.4	60	22.0
Civil Service	48	79.6	48	22.4	64	126.9	64	27.9
Academic/Other Talent	303	632.8	-	-	290	355.8	-	-
Foreign Exchange Students	65	429.6	65	121.2	5	28.6	5	6.3
Student Need-Financial Aid	-	-	-	-	-	-	-	-
Student Need-Special Programs	60	92.2	-	-	-	-	-	-
Cooperating Professionals	-	-	-	-	103	108.9	-	-
Research Assistants	-	-	-	-	8	23.1	8	5.1
Teaching Assistants	-	-	-	-	28	62.1	28	13.6
Other Assistants	-	-	-	-	65	212.9	65	46.7
Interinstitutional/Related Agencies	36	62.9	36	17.7	3	7.0	3	1.5
Contract/Training Grants	-	-	-	-	49	144.2	49	31.7
Subtotal	512	1,297.1	149	161.3	675	1,169.9	282	154.8
TOTAL	<u>911</u>	<u>\$ 2,633.1</u>	<u>546</u>	<u>\$ 519.3</u>	<u>763</u>	<u>\$ 1,385.9</u>	<u>368</u>	<u>\$ 201.2</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY BOOKSTORE INFORMATION (Unaudited)
For the Year Ended June 30, 2010**

The summary of University bookstore information for fiscal year 2010 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	\$5,551,015
Amount (if any) to be paid to bookstore by the University	None
Commissions	\$380,052
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, 2010**

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, 2010, where such special data is found.

Compliance Findings

- 13(a) At June 30, 2010, there was one instance of noncompliance with University Guidelines noted in regards to the University Alumni Association (the "Association"). The University did not have a written contract with the Association, nor did it maintain accounting records for the Association during the audit period. Also, the Board of Trustees had not approved the Association's use of the University name or initials and the University's budget process did not expressly identify the in-kind personal services that were provided by the University to the Association. (Finding Code No. 10-7).

Indirect Cost Reimbursements

- 13(b) A statement of the sources and applications of indirect cost reimbursements is included on pages 45 and 46 of this report.
- 13(c) The University's calculation sheet for indirect cost carry-forward is included in this report on page 60. 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 62.
- 13(f) Entity financial statements are presented on pages 63 and 64 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, 2010.
- 13(g) The University's calculation sheet for current excess funds is presented in this report on page 61. 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 \$144,895 and \$459,256, respectively, for the year ended June 30, 2010.
- 13(i) A Statement of Revenues and Expenses for Various Bond Indenture Required Accounts is presented on page 37 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, 2010**

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 47 of the financial audit report.

University Related Organizations

- 13(l) The University recognizes the Northeastern Illinois University Foundation (the "Foundation") and 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 does not pay the University for services provided. Compensation is in the form of University support. See page 65 of this report for details related to services and support provided. There were no fiscal activities under the Association during fiscal year 2010.
- 13(n) The University does not pay the Foundation for services provided. Compensation is in the form of services and facilities provided. See footnote 7 on page 40 of the financial audit report for details related to services and support provided. There were no fiscal activities under the Association during fiscal year 2010.
- 13(o) At June 30, 2010, 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 41 through 44, 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 49 in this report.
- 13(t) Neither the University nor the University Related Organizations has purchased any real estate during the year ended June 30, 2010.
- 13(u) Neither the University nor the University Related Organizations issued certificates of participation during the year ended June 30, 2010.

**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, 2010**

1. Cash and cash equivalents balance:		
Cash and cash equivalents	<u>\$ 1,495,818</u>	
2. Allocated reimbursements:		
Total indirect cost reimbursements allocated for expenditure for the fiscal year completed:		
\$1,799,603: enter 30% of this amount	539,881	
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	179,960	
4. Encumbrances and current liabilities paid in the lapse period:		
Current liabilities and encumbrances	<u>70,190</u>	
5. Indirect cost carry-forward	<u>790,031</u>	
EXCESS CASH TO BE DEPOSITED TO THE UNIVERSITY INCOME FUND	<u>\$ 705,787</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, 2010

	Student Fee Programs	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises			
							Student Union	Parking Lot Administration	Other Auxiliary Enterprises	Total Auxiliary Enterprises
1. Current available funds										
Cash	<u>A. \$ 3,645,112</u>	<u>\$ 168,160</u>	<u>\$ 467,967</u>	<u>\$ 1,670,304</u>	<u>\$ 164,442</u>	<u>\$ 23,023</u>	<u>\$ (135,337)</u>	<u>\$ 913,839</u>	<u>\$ 899,172</u>	<u>\$ 1,677,674</u>
2. Working capital allowance										
Highest month's expenditures	\$ 869,344	\$ 69,493	\$ 1,525,223	\$ 296,591	\$ 45,951	\$ 33,262	\$ 872,897	\$ 406,671	\$ 304,592	1,584,160
Encumbrances and current liabilities paid in lapse period	320,564	25,540	62,495	223,440	14,949	13,152	24,483	24,853	14,462	63,798
Deferred income	379,043	-	118,211	-	-	-	73,739	129,052	-	202,791
Refundable deposits	-	18	-	-	-	-	1,766	-	109,755	111,521
Working capital allowance	<u>B. \$ 1,568,951</u>	<u>\$ 95,051</u>	<u>\$ 1,705,929</u>	<u>\$ 520,031</u>	<u>\$ 60,900</u>	<u>\$ 46,414</u>	<u>\$ 972,885</u>	<u>\$ 560,576</u>	<u>\$ 428,809</u>	<u>\$ 1,962,270</u>
3. Current excess funds (margin of compliance):										
Deduct B from A	<u>C. \$ 2,076,161</u>	<u>\$ 73,109</u>	<u>\$ (1,237,962)</u>	<u>\$ 1,150,273</u>	<u>\$ 103,542</u>	<u>\$ (23,391)</u>	<u>\$ (1,108,222)</u>	<u>\$ 353,263</u>	<u>\$ 470,363</u>	<u>\$ (284,596)</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	<u>D. (2,203,937)</u>	<u>(1,085,584)</u>		<u>(136,947)</u>	<u>(1,257,696)</u>					
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund	<u>\$ (127,776)</u>	<u>\$ (1,012,475)</u>		<u>\$ 1,013,326</u>	<u>\$ (1,154,154)</u>					
Excess Funds Offset										
Indentured capital reserves										
Allowable capital reserves	\$ 2,945,157	\$ 1,185,905		\$ 2,070,488	\$ 1,275,799					
Actual capital reserves	<u>741,220</u>	<u>100,321</u>		<u>1,933,541</u>	<u>18,103</u>					
Total Excess Funds Offset	<u>\$ 2,203,937</u>	<u>\$ 1,085,584</u>		<u>\$ 136,947</u>	<u>\$ 1,257,696</u>					

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
DESCRIPTION OF ACCOUNTING ENTITIES
For the Year Ended June 30, 2010**

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
June 30, 2010

	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	\$ 3,645,112	\$ 1,495,818	\$ 168,160	\$ 467,968	\$ 1,670,304	\$ 164,442	\$ 23,023	\$ (135,337)	\$ 913,839	\$ 899,171	\$ 9,312,500
Accounts receivable - net	300,921	-	-	290,215	-	-	-	169,306	236,899	42,609	1,039,950
Prepaid expenses	15,593	3,557	867	-	-	7,350	-	-	-	-	27,367
Inventories	-	-	-	-	8,907	-	-	3,052	-	-	11,959
Total	<u>3,961,626</u>	<u>1,499,375</u>	<u>169,027</u>	<u>758,183</u>	<u>1,679,211</u>	<u>171,792</u>	<u>23,023</u>	<u>37,021</u>	<u>1,150,738</u>	<u>941,780</u>	<u>10,391,776</u>
Plant fund assets											
Cash and investments	741,220	-	100,321	3,093	1,933,541	18,103	40,827	583,872	258,511	527,291	4,206,779
Accounts receivable - net	-	-	-	-	-	-	-	-	-	-	-
Land and land improvements	579,851	-	298,989	161,196	222,991	214,372	3,796	634,433	4,460,752	397,588	6,973,968
Buildings and construction in progress	9,573,792	-	5,206,702	1,172,314	2,230,300	4,446,116	674,182	5,558,226	15,715,935	4,329,843	48,907,410
Equipment	<u>3,265,612</u>	<u>-</u>	<u>20,305</u>	<u>108,071</u>	<u>5,945,250</u>	<u>2,142,143</u>	<u>291,311</u>	<u>531,599</u>	<u>917,907</u>	<u>105,453</u>	<u>13,327,651</u>
Total	<u>14,160,475</u>	<u>-</u>	<u>5,626,317</u>	<u>1,444,674</u>	<u>10,332,082</u>	<u>6,820,734</u>	<u>1,010,116</u>	<u>7,308,130</u>	<u>21,353,105</u>	<u>5,360,175</u>	<u>73,415,808</u>
TOTAL ASSETS	<u>\$ 18,122,101</u>	<u>\$ 1,499,375</u>	<u>\$ 5,795,344</u>	<u>\$ 2,202,857</u>	<u>\$ 12,011,293</u>	<u>\$ 6,992,526</u>	<u>\$ 1,033,139</u>	<u>\$ 7,345,151</u>	<u>\$ 22,503,843</u>	<u>\$ 6,301,955</u>	<u>\$ 83,807,584</u>
LIABILITIES											
Current fund liabilities											
Accounts payable and accrued liabilities	\$ 320,564	\$ 70,190	\$ 25,539	\$ 62,495	\$ 223,440	\$ 14,949	\$ 13,152	\$ 77,012	\$ 68,262	\$ 28,336	\$ 903,939
Deferred income	379,043	152	-	118,211	-	-	-	73,739	129,052	-	700,197
Refundable deposits	-	-	18	-	-	-	-	1,766	-	250,112	251,896
Total	<u>699,607</u>	<u>70,342</u>	<u>25,557</u>	<u>180,706</u>	<u>223,440</u>	<u>14,949</u>	<u>13,152</u>	<u>152,517</u>	<u>197,314</u>	<u>278,448</u>	<u>1,856,032</u>
Plant fund liabilities											
Accounts payable and accrued liabilities	-	-	-	-	-	2,057	-	8,100	40,965	2,400	53,522
Revenue bonds payable	-	-	-	-	-	-	-	715,000	16,970,000	-	17,685,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,057</u>	<u>-</u>	<u>723,100</u>	<u>17,010,965</u>	<u>2,400</u>	<u>17,738,522</u>
Total liabilities	<u>699,607</u>	<u>70,342</u>	<u>25,557</u>	<u>180,706</u>	<u>223,440</u>	<u>17,006</u>	<u>13,152</u>	<u>875,617</u>	<u>17,208,279</u>	<u>280,848</u>	<u>19,594,554</u>
Fund balance											
Current	3,262,019	1,429,033	143,470	577,477	1,455,771	156,843	9,871	(115,496)	953,424	663,332	8,535,744
Reserves - plant	741,220	-	100,321	3,093	1,933,541	16,046	40,827	575,772	217,546	524,891	4,153,257
Investment in plant	<u>13,419,255</u>	<u>-</u>	<u>5,525,996</u>	<u>1,441,581</u>	<u>8,398,541</u>	<u>6,802,631</u>	<u>969,289</u>	<u>6,009,258</u>	<u>4,124,594</u>	<u>4,832,884</u>	<u>51,524,029</u>
Total fund balance	<u>17,422,494</u>	<u>1,429,033</u>	<u>5,769,787</u>	<u>2,022,151</u>	<u>11,787,853</u>	<u>6,975,520</u>	<u>1,019,987</u>	<u>6,469,534</u>	<u>5,295,564</u>	<u>6,021,107</u>	<u>64,213,030</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 18,122,101</u>	<u>\$ 1,499,375</u>	<u>\$ 5,795,344</u>	<u>\$ 2,202,857</u>	<u>\$ 12,011,293</u>	<u>\$ 6,992,526</u>	<u>\$ 1,033,139</u>	<u>\$ 7,345,151</u>	<u>\$ 22,503,843</u>	<u>\$ 6,301,955</u>	<u>\$ 83,807,584</u>

**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, 2010**

<u>Accounting Entities and Auxiliary Enterprises</u>	<u>Balance June 30, 2009</u>	<u>Revenues</u>	<u>Expenditures and Transfers</u>	<u>Balance June 30, 2010</u>
Student Fee Programs	\$ 1,659,583	\$ 7,803,715	\$ 6,201,279	\$ 3,262,019
Indirect Cost	1,082,654	1,397,775	1,051,396	1,429,033
Public Service Activities	(177,933)	674,918	353,515	143,470
Student and Staff Services	431,923	3,490,143	3,344,589	577,477
Service Departments	1,060,197	1,489,555	1,093,981	1,455,771
Other Educational Services	129,318	118,437	90,912	156,843
Educational Contracts	94,635	(53,048)	31,716	9,871
Student Union	585,401	1,740,380	2,441,277	(115,496)
Parking Lot Administration	577,052	2,508,095	2,131,723	953,424
Other Auxiliary Enterprises	797,558	1,157,560	1,291,786	663,332
TOTAL	<u>\$ 6,240,388</u>	<u>\$ 20,327,530</u>	<u>\$ 18,032,174</u>	<u>\$ 8,535,744</u>

**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, 2010**

During fiscal year 2010, 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 \$129,507 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	\$ 252,216
Funds considered restricted for purposes of the guidelines computations:	
Given for scholarships, and grants and awards	<u>267,583</u>
Total funds provided to the University by the Foundation	519,799
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>44,181</u>
Total financial and service support	<u>\$ 563,980</u>