

**STATE OF ILLINOIS  
GOVERNORS STATE UNIVERSITY**

**COMPLIANCE EXAMINATION  
(In Accordance with the Single Audit Act  
and OMB Circular A-133)  
For the Year Ended June 30, 2010**

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

**State of Illinois  
Governors State University  
Compliance Examination  
(In Accordance with the Single Audit Act and OMB Circular A-133)  
For the Year Ended June 30, 2010**

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**State of Illinois  
Governors State University  
Compliance Examination  
(In Accordance with the Single Audit Act and OMB Circular A-133)  
For the Year Ended June 30, 2010**

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**Related Report Issued Under a Separate Cover**

Governors State University  
Financial Audit for the Year Ended June 30, 2010

**State of Illinois  
Governors State University**

**Agency Officials**

President

Dr. Elaine Maimon

Executive Vice President, Chief of Staff, Treasurer

Dr. Gebeyehu Ejigu

Associate Vice President, Financial Services/Comptroller

Ms. Karen Kissel

Internal Auditor

Mr. David Dixon

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

1 University Parkway  
University Park, IL 60484

February 25, 2011

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

Ladies and Gentlemen:

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

Yours very truly,

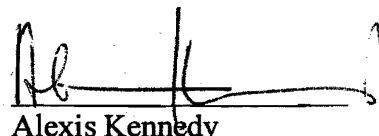
Governors State University



Dr. Elaine Maimon  
President



Karren Kissel  
Associate Vice President,  
Financial Services/Comptroller



Alexis Kennedy  
General Counsel

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANTS' REPORTS**

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

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Finding	12	5
Repeated findings	2	1
Prior recommendations implemented or not repeated	3	5

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</u>	<u>Description</u>	<u>Finding Type</u>
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**FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)**

10-1	16-17	Inadequate Procedures Over Verification of Eligibility Requirements	Significant Deficiency/ Noncompliance
10-2	18-19	Inadequate Record Keeping Over University Equipment Acquired from Federal Funds	Significant Deficiency/ Noncompliance
10-3	20-21	Required Federal Reports Not Submitted	Significant Deficiency/ Noncompliance
10-4	22-23	Inadequate Controls Over Federal Matching	Significant Deficiency/ Noncompliance

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
10-5	24-25	Indirect Cost Recorded in Excess of the Federally Approved Rate	Significant Deficiency/ Noncompliance
10-6	26-27	Student Financial Aid Disbursements Not Reported Timely	Significant Deficiency/ Noncompliance

FINDINGS (STATE COMPLIANCE)

10-7	28-29	Noncompliance with the Required Contracting Procedures	Significant Deficiency/ Noncompliance
10-8	30-34	Inadequate Controls Over University Property and Equipment	Significant Deficiency/ Noncompliance
10-9	35-36	Noncompliance with University Faculty Research and Consulting Act	Significant Deficiency/ Noncompliance
10-10	37	Noncompliance with the University's Law on Meningitis Vaccine Information	Significant Deficiency/ Noncompliance
10-11	38-39	Time Sheets Not Maintained in Compliance with the State Officials and Employees Ethics Act	Significant Deficiency/ Noncompliance
10-12	40-42	Computer Security Weaknesses	Significant Deficiency/ Noncompliance

PRIOR FINDINGS NOT REPEATED

A	43	Notification of Disbursement of Loan Proceeds
B	43	Subsidies Between Accounting Entities
C	43	Incorrect Invoices Submitted for Reimbursement Requests from State Appropriations

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on February 18, 2011. Attending were:

Representing Governors State University

Executive Vice President, Chief of Staff, Treasurer  
Associate Vice President, Financial Services/Comptroller  
Internal Auditor  
Controller  
Associate Vice President, Information Technology

Dr. Gebeyehu Ejigu  
Ms. Karen Kissel  
Mr. David Dixon  
Ms. Cathy Casson, CPA  
Mr. Pete Mizera

Representing E.C. Ortiz & Co., LLP

Partner  
Manager  
IS Manager

Mr. Edilberto C. Ortiz, CPA  
Ms. Villalyn S. Baluga  
Ms. Ann S. Abueg, CISA

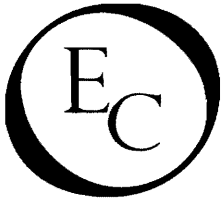
Representing the Office of the Auditor General

Audit Manager  
IS Audit Manager

Mr. Thomas L. Kizziah, CPA  
Ms. Kathleen A. Devitt, CISA

Responses to the recommendations were provided by Ms. Karen Kissel in a letter dated February 25, 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 Governors State University's (University) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 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 (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, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 10-7 through 10-12.

### 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 10-7 through 10-12. 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.

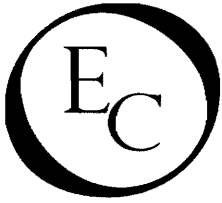
The University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the University's responses and, accordingly, we express no opinion on the responses.

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 February 25, 2011. 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 prior year Supplementary Information for State Compliance Purposes has been derived from the University's 2009 financial statements, which were audited by other auditors whose report dated January 21, 2010, expressed an unqualified opinion on those statements.

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

C. C. G. & B. L. P.  
February 25, 2011



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable William G. Holland  
Auditor General  
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the basic financial statements of the business-type activities of the Governors State University (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 February 25, 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.

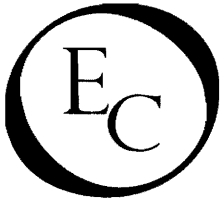
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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

E. C. O'J... 27 Co. 107  
February 25, 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 the Governors State University's (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 auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

The schedule of expenditures of federal awards and our audit described below does not include expenditures of federal awards for those agencies determined to be component units of the University for financial statement purposes.

We did not audit the University's compliance with the requirements governing the repayments special test and provision compliance requirement in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement. Those requirements govern functions performed by University Accounting Service, LLC (UAS). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. UAS' compliance with the requirements governing the functions that it performs for the University for the year ended June 30, 2010 was examined by the accountants for the servicer in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the accountants' for the servicer examination of UAS' compliance with such requirements.

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 10-1 through 10-6.

### Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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.

Requirements governing the repayments special test and provision compliance requirement in the Student Financial Assistance Cluster: Federal Perkins Loan program as described in the Compliance Supplement are performed by UAS. Internal control over compliance related to such functions for the year ended June 30, 2010 was reported on by accountants for the servicer in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the accountants' for the servicer testing of UAS' internal control over compliance related to such functions.

*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 10-1 through 10-6. 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 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 February 25, 2011. 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 the responses.

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

C. C. G. & Co. LLP  
February 25, 2011



**SCHEDULE OF FINDINGS  
AND  
QUESTIONED COSTS**

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant Deficiency(ies) identified that are not considered to be material weakness(es)?  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(ies) identified?  Yes  None reported

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

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

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**Summary of Auditors' Results, Continued**

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.268, 84.063, 84.038, 84.033, 84.007, 84.376, 84.379, 93.925, 93.407, 93.264, 93.408	Student Financial Assistance Cluster
84.397, 84.394	State Fiscal Stabilization Fund Cluster
93.307, 93.226, 47.070, 47.076	Research and Development Cluster
84.047, 84.042	TRIO Cluster

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

\$300,000

Auditee qualified as low-risk auditee?

Yes  No

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**CURRENT FINDINGS - FEDERAL COMPLIANCE**

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

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
TRIO Cluster - Student Support Services	84.042	(\$269,516)
TRIO Cluster - Upward Bound	84.047	(592,260)

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

**10-1 *Inadequate Procedures Over Verification of Eligibility Requirements***

The University did not have adequate procedures over verification of eligibility requirements for TRIO Cluster - Student Support Services and Upward Bound (EXCEL and Greater Success for U) programs.

In our eligibility testing of 30 participants under the TRIO Cluster, we noted the following:

- The University's eligibility determination for five participants was either not supported or does not agree with the supporting documents on file.
- The University did not completely document its eligibility determination for 15 participants. Items on the verification portion of the application form, such as age, citizenship, grade level, enrollment, first generation, income, or disability, were not properly filled-out by program evaluators.

The Code of Federal Regulations (34 CFR 646.3) states that a student is eligible to participate in a Student Support Services project if the student meets all of the following requirements: (a) a citizen or national of the United States or meets the residency requirements for Federal student financial assistance; (b) enrolled at the grantee institution or accepted for enrollment in the next academic term at that institution; (c) has a need for academic support, as determined by the grantee, in order to pursue successfully a postsecondary education program; and (d) a low-income individual, a first generation college student, or an individual with disabilities.

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

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

The Code of Federal Regulations (34 CFR 646.32(b)(1) and 34 CFR 645.43(c)(1)) requires the grantee to maintain for each participant a record of the basis for its determination that the participant is eligible to participate in the project.

In addition, OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal control procedures should include proper documentation to support verification of eligibility requirements for grant applicants.

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

Failure to document and verify the required eligibility information may result in providing benefits or scholarship awards to ineligible applicants thereby resulting to noncompliance with Federal regulations, policies and procedures. (Finding Code No. 10-1)

***Recommendation***

We recommend the University verify the eligibility requirements for grant applicants and maintain supporting documentations to ensure compliance with Federal regulations.

***University Response***

The University agrees with this finding and accepts the recommendation. The University is improving its processes to ensure compliance.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

**Federal Agencies:** U.S. Department of Education, U.S. Department of Health and Human Services, and National Science Foundation

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
TRIO Cluster - Student Support Services	84.042	(\$269,516)
R&D Cluster - Minority Health and Health Disparities Research	93.307	(987,952)
R&D Cluster - Computer and Information Science and Engineering (BPC-DP)	47.070	(32,883)
R&D Cluster - Education and Human Resources	47.076	(11,406)

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

**10-2 Inadequate Record Keeping Over University Equipment Acquired from Federal Funds**

The University did not have adequate record keeping over its equipment acquired from federal funds.

An inventory of the University’s property and equipment is maintained in the Fixed Assets module (property records) of the University’s Jenzabar information system (CARS). Asset details in the property records include a description of the equipment, serial number, acquisition date, location, asset status, unit acquisition cost, and disposition data, among others. However, University equipment acquired from federal funds cannot be identified from the property records as the source of fund is not indicated.

During our detailed testing of R&D and TRIO Clusters, we obtained a general ledger listing of equipment acquired from these federal funds during the fiscal year 2010 and noted that the following items, each valued at \$500 and above, were not included in the property records:

- Four items of telephone and data answering equipment with a total value of \$2,248 acquired and charged to the R&D Cluster - Computer and Information Science and Engineering (BPC-DP) grant fund.
- Three items of scientific equipment with a total value of \$6,546 acquired and charged to the R&D Cluster - Education and Human Resources grant fund.
- An electronic data processing equipment valued at \$4,171 acquired and charged to the TRIO Cluster - Student Support Services grant fund.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

The Code of Federal Regulations (2 CFR 215.34(f) - Equipment) requires that the recipient's property management standards for equipment acquired with federal funds shall maintain accurate equipment records and shall include the following information: (i) a description of the equipment, (ii) manufacturer's serial number, model number, or other identification number, (iii) source of the equipment, including the award number, (iv) whether title vests in the recipient or the federal government, (v) acquisition date and cost, (vi) information from which one can calculate the percentage of federal participation in the cost of the equipment, (vii) location and condition of the equipment and the date the information was reported, (viii) unit acquisition cost, and (ix) ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the federal awarding agency for its share.

In addition, OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal control procedures should include adequate record keeping and monitoring of equipment acquired from federal funds.

University officials stated that they were not aware of the federal requirement that equipment acquired from federal funds be specifically identified in the property records.

Inadequate record keeping over University equipment acquired from federal funds resulted in noncompliance with federal regulations. It could also result in a federal awarding agency not receiving their appropriate share of proceeds from the disposal of equipment acquired from federal funds. (Finding Code No. 10-2)

***Recommendation***

We recommend the University comply with federal regulations by monitoring equipment acquired from federal funds.

***University Response***

The University agrees with this finding and accepts the recommendation. Since this was brought to the University's attention, the University moved all identified federal equipment into a separate property location in the inventory system. Further, with the development and implementation of the new Enterprise Resource Planning (ERP) system, the University will have the ability to track and identify federal equipment in the inventory system.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

**Federal Agency:** U.S. Department of Health and Human Services

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
R&D Cluster - Research on Healthcare Costs, Quality and Outcomes	93.226	(\$76,433)

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

10-3 *Required Federal Reports Not Submitted*

Governors State University (University) is a recipient of a grant from the Agency for Healthcare Research and Quality of the U.S. Department of Health and Human Services (HHS). The required federal reports as of June 30, 2010 were not submitted.

In our detailed testing of Research and Development Cluster - Research on Healthcare Costs, Quality and Outcomes Program (program), we noted that the budget and project period for this program was extended from June 30, 2010 through April 30, 2011. The University did not submit the required interim progress report and annual Financial Status Report as required.

Subsequently, the University submitted the annual Financial Status Report on January 14, 2011 and the interim progress report on January 19, 2011 after being noted during the audit (108 and 113 days late, respectively, from the September 28, 2010 deadline).

Section IV (Special Terms and Conditions) of the revised Notice of Award issued by HHS states that although the end date of this program has been extended, 45 CFR 74.52 requires the submission of an annual progress report and an annual Financial Status Report. Therefore, an interim progress report reflecting progress through June 30, 2010 and an interim Financial Status Report reflecting budget expenditures through June 30, 2010 must be submitted no later than 90 days from this date.

In addition, OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal control procedures should include monitoring of compliance with the reporting requirements of its grant programs and timely submission of required federal reports.



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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

University officials stated that the condition noted above was the result of an oversight in the monitoring of the report submission requirements.

Failure to submit the required federal reports results in noncompliance with the federal program requirements. Additionally, this may result in the withholding of funding for other eligible projects or activities involving the University. (Finding Code No. 10-3)

***Recommendation***

We recommend the University comply with the reporting requirements of its grant programs and ensure timely submission of all reports. We also recommend that the program directors monitor their report submission requirements to ensure compliance.

***University Response***

The University agrees with this finding and accepts the recommendation. The University is improving its grant process and communication procedures as well as hiring additional grant accounting staff to ensure compliance.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

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

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
Teacher Quality Partnership Grants	84.336	(\$218,882)

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

**10-4 Inadequate Controls over Federal Matching**

Governors State University (University) did not have adequate controls in documenting and monitoring the match/cost share provided to the Teacher Quality Partnership Grants.

The University is a recipient of the following grant programs under the Teacher Quality Partnership Grants: (a) Improving the Preparation of Pre-Service Teachers in Real-World Contexts (TQEP); and (b) Recruiting and Mentoring of Teachers in Real-World Contexts (TQER).

In our review of the grant performance reports (ED 524B), we noted the following:

- The final performance report for the budget period October 1, 2008 to September 30, 2009 for the TQEP program showed a match of \$125,634, which is \$41,993 or 25% less than the required recipient's non-federal share of \$167,627. Additionally, we asked for the supporting documentation for the \$125,634 presented on the final performance report but the University was not able to provide it.
- The annual performance report for the reporting period April 16, 2009 to April 15, 2010 for the TQER program did not show any matching amount. The required recipient's non-federal share should have been \$114,110 broken down as follows:

<u>Budget period</u>	<u>% Cost Share</u>	<u>Federal Expenses</u>	<u>Required Match</u>
4/16/09 to 9/30/09	35%	\$ 262,200	\$ 91,770
10/1/09 to 4/15/10	50%	44,681	22,340
<b>Total</b>		<u>\$ 306,881</u>	<u>\$ 114,110</u>

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

The Office of Management and Budget (OMB) Circular A-110 (Section 23(a) - Cost sharing or matching) states that “All contributions, including cash and third party in-kind, shall be accepted as part of the recipient’s cost sharing or matching when such contributions meet all of the following criteria: (1) verifiable from the recipient's records; (2) not included as contributions for any other federally-assisted project or program; (3) necessary and reasonable for proper and efficient accomplishment of project or program objectives; (4) allowable under the applicable cost principles; (5) not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching; (6) provided for in the approved budget when required by the Federal awarding agency; and (7) conform to other provisions of this Circular, as applicable.”

In addition, OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal control procedures should include proper documentation to support matching requirements and proper amounts reported to the federal grantor.

University officials stated that the conditions noted above were due to the resignation of the grant accountant.

Inadequate controls over federal matching resulted in noncompliance with federal requirements. Additionally, this may result in the withholding of funding for other eligible projects or activities involving the University. (Finding Code No. 10-4)

***Recommendation***

We recommend the University improve its procedures to ensure compliance with federal requirements.

***University Response***

The University agrees with this finding and accepts the recommendation. The University is improving its grant process and communication procedures as well as hiring additional grant accounting staff to ensure compliance.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

**Federal Agency:** U.S. Department of Health and Human Services

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
R&D Cluster - Minority Health and Health Disparities Research	93.307	(\$987,952)

**Questioned Costs:** \$9,336

*10-5 Indirect Cost Recorded in Excess of the Federally Approved Rate*

Governors State University (University) recorded indirect cost in excess of the federally approved rate.

In our detailed testing of Research and Development Cluster - Minority Health and Health Disparities Research program (program), we noted that for the fiscal year ended June 30, 2010, the indirect cost recorded by the University under program fund 31-3503 represents 61% of the program's cost base, which is 6% in excess of the approved rate of 55%. Details are as follows:

Program's cost base (payroll and fringe benefits)	\$ 154,456
Approved indirect cost rate	55%
Should be indirect cost amount	<u>84,951</u>
Indirect cost recorded per books (61%)	<u>94,287</u>
Excess indirect cost (6%)	<u>\$ 9,336</u>

The Code of Federal Regulations on indirect cost rates (34 CFR 75.560(b)) requires a grantee to obtain a current indirect cost rate agreement from its cognizant agency, to charge indirect costs to a grant. The Code of Federal Regulations on reimbursement of indirect costs (34 CFR 75.564(b)) further requires that the application of the rates and the determination of the direct cost base by a grantee must be in accordance with the indirect cost rate agreement approved by the grantee's cognizant agency.

Pursuant to the Grant Award Notification issued by the Department of Health and Human Services, the University's cognizant agency for the program, the approved indirect cost rate for the grant is 55% of payroll and fringe benefit costs.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

In addition, OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal control procedures should include proper recording of indirect costs in accordance with the federally approved rate.

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

Recording of indirect cost in excess of the federally approved rate resulted in noncompliance with the federal program requirements and this resulted in questioned costs of \$9,336. (Finding Code No. 10-5)

***Recommendation***

We recommend the University implement procedures to ensure that indirect costs recorded are in accordance with the federally approved rate.

***University Response***

The University agrees with this finding and accepts the recommendation. The University is improving its grant process and communication procedures as well as hiring additional grant accounting staff to ensure compliance.

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

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

<b>Program Name</b>	<b>CFDA #</b>	<b>Program Expenditures</b>
National Science and Mathematics Access to Retain Talent Grants	84.376	(\$84,333)

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

**10-6** *Student Financial Aid Disbursements Not Reported Timely*

The disbursements made by the University to students awarded with National Science and Mathematics Access to Retain Talent Grants (SMART) were not reported timely.

In our detailed testing of 40 students who received student financial aid during the academic year 2009-2010, we noted that SMART disbursements in Fall 2009 for three students were not reported to the U.S. Department of Education within 30 days from the disbursement dates (12 to 101 days late).

The Office of Management and Budget (OMB) A-133 Compliance Supplement, Section L- Reporting, requires that institutions must report student payment data within 30 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data.

In addition, OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations requires nonfederal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal control procedures should include timely reporting of federal disbursements.

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

Failure to report SMART disbursements in a timely manner results in noncompliance with federal program guidelines. (Finding Code No. 10-6)

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**CURRENT FINDINGS - FEDERAL COMPLIANCE, Continued**

***Recommendation***

We recommend the University ensure that SMART disbursements are reported to the U.S. Department of Education within 30 days of being disbursed as required.

***University Response***

The University agrees with this finding and accepts the recommendation. The University is improving its financial aid process and communication procedures and is implementing a new ERP system to ensure compliance. Additionally, the University has hired additional financial aid staff.

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**CURRENT FINDINGS - STATE COMPLIANCE**

*10-7 Noncompliance with the Required Contracting Procedures*

The University did not comply with certain required contracting procedures.

During our tests of 25 contracts, we noted the following:

- Four contracts (16%) totaling \$3,074,064 did not have the three signatures required for contracts of \$250,000 or more.
- Two contracts (8%) each valued at more than \$10,000 and a contract (4%) for professional and artistic services valued at more than \$5,000 were not filed with the Office of the State Comptroller. These contracts were incurred against locally-held funds.
- Three contracts (12%) each valued at more than \$10,000 were not filed with the Office of the State Comptroller within 15 days after execution (three to nine days late). These contracts were incurred against locally-held funds.

The State Finance Act (30 ILCS 105/9.02) and SAMS Procedure 15.10.20 require three signatures 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.

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

SAMS Procedure 15.20.10 states that "File Only" contracts, including contracts paid entirely from locally held funds, do not require obligation and are not entered into the SAMS system. They must, however, be filed with the Illinois Office of the Comptroller (IOC) and must meet all IOC documentation and certification requirements.



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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

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

Failure to file contracts and contract modifications with the Illinois Office of the Comptroller on a timely basis and failure to obtain the three signatures required for contracts of \$250,000 or more resulted in noncompliance with State statutes and regulations. (Finding Code No. 10-7)

***Recommendation***

We recommend the University ensure all contracts over the threshold amounts be filed with the Office of the Comptroller and the three signatures required for contracts of \$250,000 or more be obtained in accordance with State statutes and regulations.

***University Response***

The University agrees with this finding and accepts the recommendation. Since this was brought to the University's attention, the University modified the contracting procedures to ensure compliance.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

**10-8 *Inadequate Controls Over University Property and Equipment***

Governors State University (University) did not have adequate controls over its property and equipment.

In our physical identification of 50 items in the property records, we noted the following:

- A corrector base, valued at \$10,500, was not found.
- Two (4%) items with a total value of \$52,584 were not tagged with the University decal. These items consisted of a shuttle bus and a television. The University subsequently affixed the University decal on these items.
- Information in the property records for four (8%) items were not updated as follows:
  - A battery charger valued at \$530 was found in a different location. No Property Change Request form was prepared to support the change in location.
  - Tag numbers affixed on two items with a total value of \$12,479 did not match the tag numbers in the property records. These items consisted of a lawn mower and digital media equipment.
  - A portable projector valued at \$719 was reported as stolen in March 2008 but not yet deleted in the property records.

The University subsequently updated the property records.

During our tracing to the property records of items physically identified, we noted the following:

- Two typewriters were not included in the property records.
- Several items of art equipment with a total value of \$4,497 were recorded in the property records as a single item. Based on further review of supporting documents, these items are individually valued at less than \$500. The University subsequently updated the property records to reflect each of the items as appropriate.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

During our review of 25 equipment deletions made during the fiscal year, we noted that nine (36%) items with a total value of \$6,360 were deleted from the University's property records four to 350 days prior to approval from the Department of Central Management Services (DCMS). These items consisted of: a projector, a workstation, a camera, a digital video disk writer, a scanner, a piece of furniture, a typewriter, a cassette, and a monitor.

In our detailed testing of 25 equipment vouchers during the fiscal year, we noted the following:

- Equipment purchases from a voucher tested with a total value of \$5,738 were not included in the property records. These items consisted of an analog audio and an analog video.
- Equipment purchases from two vouchers tested with a total value of \$12,038 were not included in the property listing as of the fiscal yearend submitted by the University to DCMS. These items consisted of: an analog audio, an analog video, and two mixing consoles.

During our review of the Quarterly Agency Report of State Property (C-15 Reports) for the fiscal year, we also noted the following:

- The University's capital lease equipment with a total cost of \$169,545 was included as part of the general equipment category instead of being reflected separately in the quarterly C-15 Reports.
- C-15 Reports for the first and fourth quarters did not reflect deletions amounting to \$300,339 and \$58,138, respectively, under the appropriate line. These amounts were offset against additions instead of being presented as deletions.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for supervision, control and inventory of all property under their jurisdiction.

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.210: Marking of State-Owned Equipment) require each piece of equipment be marked with a unique six-digit identification number. The identification number may be applied by using the agency's inventory decal or by indelibly marking the number on the property.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

The identification number shall be affixed to the property in a general area easily located by all and in no danger of being damaged. It also requires that all equipment regardless of value shall be clearly marked to indicate that it is the property of the State of Illinois.

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

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

University procedures require the use of Property Change Request form when a department wishes to have tagged equipment transferred out of their unit inventory.

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.310: Transaction Codes) require that all deletions from agency property records (except transferred within and outside the agency) be approved by the Property Control Division prior to completing the transaction.

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.220: Inventory of Equipment) requires that all items of equipment with an acquisition value of \$500 or more is subject to being reported to DCMS by the holding agency. It also states that equipment with an acquisition value of less than \$500 is not subject to reporting; however, agencies will be responsible for establishing and maintaining internal control records over these items.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.460: Annual Inventory) requires all agencies to provide the Property Control Division on an annual basis a listing of all equipment subject to being reported to DCMS as required under Section 5010.220. In relation to this, the University was required by the DCMS to submit a listing of all equipment as of June 30, 2010 subject to being reported to DCMS no later than October 1, 2010.

SAMS Procedure 29.10.30 requires C-15 Reports to present the total cost of State property, by category, reflected on the agency's records as of the reporting date. It further requires that capital lease assets be reflected on the C-15 Reports.

SAMS Procedure 29.20.10 states that C-15 Report makes a distinction between capital lease assets and other types of assets. It further requires all deletions to each asset category that occurred during the quarter being reported be entered on the appropriate line.

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

University officials stated that the conditions noted above were a result of human errors and the ease and mobility of property from room to room.

Inadequate controls over University property and equipment results in inaccurate and incomplete property records. It could also result in incorrect accounting information and could cause unnecessary equipment expenditures and inaccurate financial reporting. Loss of University property and equipment may not be detected timely or remain undetected without an accurate property inventory listing and/or strict compliance with University property control procedures. Failure to submit the complete inventory of equipment resulted in noncompliance with DCMS Property Control Rules. Failure to properly complete the quarterly C-15 Reports resulted in noncompliance with State's property reporting requirements. (Finding Code No. 10-8)

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

***Recommendation***

We recommend the University adhere to its procedures to ensure that property and equipment records are accurately maintained and updated. Periodic physical inventories should be conducted to ensure existence of equipment, and property records should be updated with the results of the inventory. We also recommend the University ensure submission of a complete inventory of equipment with DCMS. In addition, the University should ensure proper completion of the quarterly C-15 Reports.

***University Response***

The University agrees with this finding and accepts the recommendation. The University will continue to improve its property control process and reporting procedures.

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

10-9 *Noncompliance with University Faculty Research and Consulting Act*

Governors State University (University) did not comply with the University Faculty Research and Consulting Act.

Each year, the University's Office of the President requests all faculty members, who intend to perform outside research and/or consulting services to submit a *Request for Advance Approval of University Faculty Research and Consulting* (Request). Faculty members who intend to perform outside research and/or consulting services are required to obtain approval from the University President or the President's designee before performing outside services.

During our review of nine Requests and the related *Annual Statement of Time Spent on Outside Research and/or Consulting Services* (Annual Statement), we noted that three (33%) Requests were approved two to 78 days after the start of the related services. In addition, two (22%) Annual Statements were not submitted by the faculty members to the University.

University Faculty Research and Consulting Act (Act) (110 ILCS 100/1) states that no full time member of the faculty of any State-supported institution of higher learning may undertake, contract for or accept anything of value in return for research and consulting services for any person other than that institution on whose faculty he serves unless: a) he/she has obtained the prior written approval of the President of that institution, or a designee of such President, and b) he/she submits to the President of that institution or such designee, annually, a statement of the amount of actual time spent on such outside research or consulting services.

University officials stated that faculty members are made aware of this requirement. The conditions noted above reflect cases where faculty members did not comply with the University Faculty Research and Consulting Act as required by State statutes.

Failure to comply with this mandate may result in faculty members providing services for others instead of dedicating their time to their University duties for which they are employed. (Finding Code Nos. 10-9, 09-2)

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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

***Recommendation***

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

***University Response***

The University agrees with this finding and accepts the recommendation. The University will continue to require faculty to comply with this law.



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**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

*10-10 Noncompliance with the University's Law on Meningitis Vaccine Information*

Governors State University (University) did not comply with the University's law on meningitis vaccine information.

During our testing of statutory mandates, we noted that the University did not inform its incoming students at the beginning of each academic year about meningitis and its transmission as required by the Governors State University Law. The last notification sent to incoming students was dated September 4, 2003 and the University has not sent any notification thereafter.

The Governors State University Law (110 ILCS 670/15-115) states that at the beginning of each academic year, the University shall inform each of its incoming freshman and transfer students about meningitis and its transmission.

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

Failure to inform incoming students about meningitis and its transmission resulted in noncompliance with the Governors State University Law. (Finding Code No. 10-10)

***Recommendation***

We recommend the University comply with the provisions of the Governors State University Law.

***University Response***

The University agrees with this finding and accepts the recommendation. Since this was brought to the University's attention, the University immediately communicated with its students and has implemented a process to ensure future compliance.

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

10-11 *Timesheets not Maintained in Compliance with the State Officials and Employees Ethics Act*

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

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

During our review of timesheets for 26 employees during the year, we noted the following:

- Four faculty members used the "negative" timekeeping system whereby the employee is assumed to be working unless noted otherwise.
- Three adjunct faculty members not required by the University to submit timesheets since they worked on a contract basis.
- Two graduate assistants used positive timekeeping system wherein total contract hours worked per week is reported instead of time worked each day to the nearest quarter hour.

University officials stated that the University is reviewing along with other State universities, time reporting for faculty, as it relates to existing collectively bargained contractual obligations. The President's council and the individual universities will continue to discuss and explore time reporting.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code Nos. 10-11, 09-3, 08-3, 07-3, 06-4, 05-7)

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

***Recommendation***

We recommend the University amend its policies and revise its procedures to ensure that all employees submit timesheets documenting the time spent each day on official State business to the nearest quarter hour.

***University Response***

Under study. The University acknowledges the requirements of the State Officials and Employees Ethics Act for employees to periodically report time spent each day on official State business to the nearest quarter hour. The University currently collects and monitors reported time spent on official business from all nonacademic, civil service, and professional and administrative staff. The University is reviewing existing time reporting requirements for faculty employees established by federal granting agencies and others to determine whether the requirements of the Ethics Act can be met by existing requirements rather than requiring dual reporting. In addition, the University is reviewing, along with other State universities, time reporting for faculty, as it relates to existing collectively bargained contractual obligations.

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

*10-12 Computer Security Weaknesses*

During the review of the Governors State University (University), the following weaknesses were noted in regard to the administration of computer security:

- The number of personnel having powerful system-level access privileges was excessive.
- Lack of adequate segregation of duties.
- Lack of adequate documentation of policies and procedures relating to the administration of user access.
- Passwords for non-administrative accounts (including students) never expire and do not adhere to the University's standard length.
- Access to the University's Data Center was excessive.

The powerful Administrator's User ID and password were shared by the Network, Helpdesk, and Application Development personnel, as well as vendors and system service users. When brought to the attention of appropriate management, immediate action was taken to remove the access from all of the above except Network personnel.

A University employee in charge of user access to the administrative systems with unfettered access also changed production programs as well as entered transactions. Programming staff should generally be limited to accessing only the information specifically required to complete their assigned system development projects.

The University computer policies refer to an administrative system access authorization form that covers some areas relating to user access; however there are no written procedures specific to the user access and logical security. The policies did not contain guidelines for requesting, changing, terminating or approving user access. In addition, there is no periodic review of user access rights.

The University policy requires that all accounts must have passwords of a certain length and expire on a regular basis; however, we noted that multiple accounts, including students, are set to "never expire" and do not meet the minimum password length requirement. Therefore, the password rules per University policy are not being adhered to in the network system.

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

Physical access to the Data Center is controlled through an electric key card. Fifty-five key cards could gain access to the Data Center and many of these key cards were issued to personnel without computer operation duties. In addition, access request forms which contain confidential information such as name, social security numbers, addresses, and telephone numbers are filed in an unlocked cabinet inside the Data Center.

University management stated they were not aware that the administrator rights had been shared to individuals outside the ITS Network team. The administrator user ID was shared to the rest of the Network team for backup purposes, in case the person mainly designated for the task was not available or present.

Aside from the lean organization of the application development group, the designated application security administrator had the lead experience and expertise in the system and process, and was relied upon to complete many tasks. Designated system administrators have carried out their security administration based on established practices, in addition to other assigned tasks and responsibilities. The documentation of local policies and standard procedures has lagged.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide for safeguarding, securing, and controlling access to hardware, software, and the information stored in the computer system.

Failure to establish adequate security policies and procedures increases the risk that information assets and resources may not be adequately protected from unauthorized or accidental disclosure, modification and destruction. (Finding Code No. 10-12)

***Recommendation***

We recommend the University:

- Restrict the use of accounts with powerful capabilities. The Administrator's account should be unique and not shared to establish accountability. Use of this account should be logged and regularly reviewed to ensure that it is used for valid reasons.
- Implement segregation of duties. The Administrator should not have access to move changes to production, change production programs or enter transactions.

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**CURRENT FINDINGS - STATE COMPLIANCE, Continued**

- Develop formal procedures for user access and logical security. The policies should contain guidelines for requesting, changing, terminating or approving user access. In addition there should be a periodic review of user access rights.
- Enforce the University policy regarding password change interval and length.
- Restrict access to the Data Center.
- Improve physical security measures to store documents that contain sensitive or personal information in locked cabinets.

***University Response***

The University agrees with this finding and accepts the recommendation. The University is currently reviewing its processes and procedures to ensure compliance.

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**PRIOR FINDINGS NOT REPEATED**

**A**     *Notification of Disbursement of Loan Proceeds*

Status: Implemented

It was recommended that the University improve procedures and ensure that all students receive proper notification of loan proceed disbursements and their rights to cancel such loans.

During the current fiscal year, our sample testing disclosed that the University provided the required notification to students. (Finding Code No. 09-1)

**B**     *Subsidies Between Accounting Entities*

Status: Implemented

It was recommended that the University review the activities of the accounting entities and ensure that fees charged for services are sufficient to cover expenditures and ensure that subsidies between accounting entities do not occur.

During the current fiscal year, we noted that the University reviewed its charge back processes and pricing levels for these accounting entities to reduce and eliminate these subsidies. (Finding Code No. 09-4)

**C**     *Incorrect Invoices Submitted for Reimbursement Requests from State Appropriations*

Status: Implemented

It was recommended that the University submit proper documentation of actual program expenditures when requesting reimbursement from its special appropriations.

During the current fiscal year, the University did not receive any State special appropriations. However, our sample testing of vouchers submitted by the University to the Comptroller's Office for reimbursement from general appropriated funds showed that proper documentation of actual program expenditures was submitted. (Finding Code No. 09-5)

**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**Supplementary Information for State Compliance Purposes**

**Summary**

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

- **Fiscal Schedules and Analysis**
  - Schedule of Expenditures of Federal Awards
  - Note to the Schedule of Expenditures of Federal Awards
  - Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Income Fund Revenues and Expenditures
  - Schedule of Changes in State Property
  - Analysis of Significant Variations in Expenses
  - Analysis of Significant Variations in Revenues
  - Analysis of Significant Account Balances
  - Analysis of Accounts Receivable
  - Summary of Indirect Cost Reimbursement Funds
- **Analysis of Operations**
  - University Functions and Planning Program
  - Average Number of Employees (Unaudited)
  - Student Statistics (Unaudited)
  - University Bookstore Information (Unaudited)
  - Selected Service Efforts and Accomplishments (Unaudited)
  - Schedules of Federal Expenditures, Nonfederal Expenses and New Loans
  - Schedule of Degrees Awarded (Unaudited)
  - Schedule of Tuition and Fee Waivers (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)
  - Schedule of Excess Funds Calculation by Entity as Required by 1982 University Guidelines (Amended 1997)
  - Balance Sheets - Auxiliary Enterprises and Activities Entities
  - Schedules of Revenues, Expenditures and Changes in Fund Balances
  - Summary of Foundation Cash Support to the University
  - Summary of Alumni Association Cash Support to the University



**State of Illinois  
Governors State University  
For the Year Ended June 30, 2010**

**Supplementary Information for State Compliance Purposes, Continued**

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

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis**

**Schedule of Expenditures of Federal Awards**

*For the Year Ended June 30, 2010*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2010 Expenditures
<b>MAJOR PROGRAMS</b>			
STUDENT FINANCIAL ASSISTANCE CLUSTER:			
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Federal Direct Student Loans	84.268		\$ 35,098,419
Federal Pell Grant Program	84.063		5,593,162
Federal Perkins Loans - Federal Capital Contributions	84.038		4,385,832
Federal Work - Study Program	84.033		213,376
ARRA - Federal Work - Study Program	84.033		50,618
Federal Supplemental Educational Opportunity Grants	84.007		118,401
National Science and Mathematics Access to Retain Talent (SMART) Grants	84.376		84,333
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		<u>80,000</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>45,624,141</u></u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Scholarships for Health Professions Students from Disadvantaged Backgrounds <i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/Mental Health</i>	93.925		268,932
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/OT</i>	93.925		215,145
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/CSW</i>	93.925		62,750
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/Speech</i>	93.925		40,340
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/PT</i>	93.925		35,858
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/Undergrad CDIS</i>	93.925		35,858
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/Grad Health Admin</i>	93.925		31,375
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/M&amp;F Therapy</i>	93.925		26,886
<i>Scholarships for Health Professions Students from Disadvantaged Backgrounds/Nursing</i>	93.925		<u>3,212</u>
			<u><u>720,356</u></u>

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2010 Expenditures
ARRA - Scholarships for Disadvantaged Students			
<i>ARRA - Scholarships for Disadvantaged Students/Mental Health</i>	93.407		120,716
<i>ARRA - Scholarships for Disadvantaged Students/OT G</i>	93.407		79,060
<i>ARRA - Scholarships for Disadvantaged Students/CSW</i>	93.407		28,166
<i>ARRA - Scholarships for Disadvantaged Students/Speech</i>	93.407		18,107
<i>ARRA - Scholarships for Disadvantaged Students/PT G</i>	93.407		16,095
<i>ARRA - Scholarships for Disadvantaged Students/SP UG</i>	93.407		16,095
<i>ARRA - Scholarships for Disadvantaged Students/Hlth Admin G</i>	93.407		14,084
<i>ARRA - Scholarships for Disadvantaged Students/M&amp;F</i>	93.407		12,071
<i>ARRA - Scholarships for Disadvantaged Students/Nursing G</i>	93.407		1,408
			<u>305,802</u>
Nurse Faculty Loan Program (NFLP)	93.264		143,752
ARRA - Nurse Faculty Loan Program	93.408		18,049
			<u>161,801</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,187,959</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>46,812,100</u>
STATE FISCAL STABILIZATION FUND CLUSTER:			
<u>U.S. DEPARTMENT OF EDUCATION</u>			
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act Passed through the State of Illinois <i>Government Services Recovery Act</i>	84.397	0001-61687-11209900	1,643,100
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act Passed through the State of Illinois <i>Education State Grants Recovery Act</i>	84.394	0001-61687-11209800	695,200
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>2,338,300</u>
TOTAL STATE FISCAL STABILIZATION FUND CLUSTER			<u>2,338,300</u>

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2010 Expenditures
RESEARCH AND DEVELOPMENT CLUSTER:			
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Minority Health and Health Disparities Research <i>RIMI - Building Capacity for Health Disparities Research</i>	93.307		987,952
Research on Healthcare Costs, Quality and Outcomes <i>Agency for Health Care Research and Quality</i>	93.226		<u>76,433</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>1,064,385</u></u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Computer and Information Science and Engineering <i>BPC-DP: Collaborative &amp; Integrative Environment for Computer Science Programs</i>	47.070		32,883
<i>CPATH CB: Content and Context: Building Collaborative Partnerships in Higher Education and Industry</i>	47.070		<u>13,449</u>
			<u><u>46,332</u></u>
Education and Human Resources Passed through the Chicago State University Chicago Alliance for Minority Programs <i>Science, Engineering, and Mathematics</i>	47.076	HRD-0413000	<u>11,406</u>
TOTAL NATIONAL SCIENCE FOUNDATION			<u><u>57,738</u></u>
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			<u><u>1,122,123</u></u>
TRIO CLUSTER:			
<u>U.S. DEPARTMENT OF EDUCATION</u>			
TRIO - Upward Bound	84.047		592,260
TRIO - Student Support Services	84.042		<u>269,516</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u><u>861,776</u></u>
TOTAL TRIO CLUSTER			<u><u>861,776</u></u>
<b>TOTAL MAJOR PROGRAMS</b>			<u><u><b>51,134,299</b></u></u>

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2010 Expenditures
<b>OTHER PROGRAMS</b>			
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Higher Education - Institutional Aid Passed through Morton College <i>Higher Education - Institutional Aid/Title V Cooperative Grant</i>	84.031	N.A.	<u>248,948</u>
Teacher Quality Partnership Grants <i>Teacher Quality Enhancement Grants</i>	84.336		<u>218,882</u>
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities <i>Minority Institutions CDIS</i>	84.325		<u>28,252</u>
ARRA - Teacher Quality Partnerships, Recovery Act <i>Chicago Southland Region Teacher Quality Partnership</i>	84.405		<u>4,070</u>
Child Care Access Means Parents in School <i>Child Care Access Means Parents in School</i>	84.335		<u>3,454</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><u>503,606</u></u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
ARRA - Head Start <i>ARRA - Early Head Start</i>	93.708		<u>279,539</u>
Advanced Nursing Education Traineeships <i>Advanced Education Nursing Traineeships</i>	93.358		<u>44,234</u>
Nurse Education, Practice and Retention Grants <i>Nurse Education, Practice and Retention Grants</i>	93.359		<u>15,192</u>
Block Grants for Prevention and Treatment of Substance Abuse Passed through the Illinois Department of Human Services <i>Block Grants for Prevention and Treatment of Substance Abuse</i>	93.959	40C6001291	<u>66,536</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u><u>405,501</u></u>

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Schedule of Expenditures of Federal Awards, Continued**  
*For the Year Ended June 30, 2010*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2010 Expenditures
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors <i>Employment and Training Administration</i>	17.275		<u>288,237</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>288,237</u>
<b><u>U.S. DEPARTMENT OF VETERANS AFFAIRS</u></b>			
Post-9/11 Veterans Educational Assistance <i>VA Chapter 33 Award</i>	64.028		<u>219,710</u>
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			<u>219,710</u>
<b><u>LIBRARY OF CONGRESS</u></b>			
Teaching With Primary Sources Passed through the Education and Research Consortium of the Western Carolinas <i>Teaching With Primary Sources</i>	N.A.	GA06C0076	<u>198,849</u>
TOTAL LIBRARY OF CONGRESS			<u>198,849</u>
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>			
Small Business Development Centers Passed through the Illinois Department of Commerce and Economic Opportunity <i>Small Business Development Centers</i>	59.037	70006561122	<u>117,074</u>
TOTAL SMALL BUSINESS ADMINISTRATION			<u>117,074</u>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>			
Procurement Technical Assistance for Business Firms <i>Procurement Technical Assistance Center</i>	12.002		<u>98,907</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>98,907</u>

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2010 Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Child and Adult Care Food Program Passed through the Illinois Board of Education <i>Child and Adult Food Care Program</i>	10.558	N.A.	<u>15,394</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>15,394</u>
<b>TOTAL OTHER PROGRAMS</b>			<u>1,847,278</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 52,981,577</u>

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

**1. Significant Accounting Policy**

Basis of Presentation

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



**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*Appropriations for Fiscal Year 2010*

*Fourteen Months Ended August 31, 2010*

	<b>Appropriations (Net After Transfers)</b>	<b>Expenditures through June 30, 2010</b>	<b>Lapse Period Expenditures July 1, to August 31, 2010</b>	<b>Total Expenditures</b>	<b>Balances Lapsed</b>
General Revenue Fund-001 (Public Act 96-0114):					
Personal services	\$ 21,586,100	\$ 21,573,088	\$ 13,012	\$ 21,586,100	\$ -
Personal services - ARRA	2,338,300	2,338,300	-	2,338,300	-
Medicare	300,000	300,000	-	300,000	-
Contractual services	3,050,000	3,050,000	-	3,050,000	-
Commodities	250,000	250,000	-	250,000	-
Equipment	650,000	650,000	-	650,000	-
Telecommunications services	150,000	150,000	-	150,000	-
<b>Total General Revenue Fund</b>	<b>28,324,400</b>	<b>28,311,388</b>	<b>13,012</b>	<b>28,324,400</b>	<b>-</b>
<b>Total Appropriated Fund</b>	<b>\$ 28,324,400</b>	<b>\$ 28,311,388</b>	<b>\$ 13,012</b>	<b>\$ 28,324,400</b>	<b>\$ -</b>

\* 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  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances\***  
*For the Years Ended June 30, 2010, 2009, and 2008*

	Fiscal Years		
	2010 PA 96-0114	2009 PA 95-0734	2008 PA 95-0348
<b>General Revenue Fund-001:</b>			
Appropriations (net after transfers)	\$ 28,324,400	\$ 27,018,400	\$ 26,353,400
Expenditures:			
Personal services	21,586,100	22,415,390	22,358,500
Personal services - ARRA	2,338,300	-	-
Medicare	300,000	94,900	94,900
Contractual services	3,050,000	3,050,000	3,050,000
Commodities	250,000	150,000	150,000
Equipment	650,000	400,000	400,000
Telecommunications services	150,000	100,000	100,000
Awards and grants	-	100,000	100,000
Permanent improvements	-	-	100,000
Total Expenditures	<u>28,324,400</u>	<u>26,310,290</u>	<u>26,353,400</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 708,110</u>	<u>\$ -</u>
<b>Special Lump Sum Appropriations:</b>			
Appropriations (net after transfers)	<u>\$ -</u>	<u>\$ 1,306,000</u>	<u>\$ 1,306,000</u>
Expenditures:			
International Trade Center	-	331,000	331,000
Institute for Urban Education	-	650,000	650,000
Center for Excellence in Health Education	-	325,000	325,000
Total Expenditures	<u>-</u>	<u>1,306,000</u>	<u>1,306,000</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Grand Total, All Funds:</b>			
Appropriations (net after transfers)	<u>\$ 28,324,400</u>	<u>\$ 28,324,400</u>	<u>\$ 27,659,400</u>
Expenditures	<u>\$ 28,324,400</u>	<u>\$ 27,616,290</u>	<u>\$ 27,659,400</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 708,110</u>	<u>\$ -</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  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**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, beginning of year	\$ 13,710,114	\$ 8,785,318
Income fund revenues:		
Student tuition and fees	28,096,232	24,619,414
Investment income	42,099	187,075
Miscellaneous	6,102	121,285
Total income fund revenues	<u>28,144,433</u>	<u>24,927,774</u>
Income fund expenditures:		
Personal services (including change in accrued compensated absences)	12,330,143	13,860,149
Medicare	873,229	1,095,704
Contractual services	2,537,426	2,462,167
Travel	177,902	234,113
Commodities	294,768	264,580
Equipment and permanent improvements	21,905	204,855
Telecommunications services	316,496	386,658
Operation of automotive equipment	26,659	44,484
Awards, grants and matching funds	142,285	-
Tuition and fee waivers	1,629,574	1,450,268
Total income fund expenditures	<u>18,350,387</u>	<u>20,002,978</u>
Fund balance, end of year	<u>\$ 23,504,160</u>	<u>\$ 13,710,114</u>

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

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Schedule of Changes in State Property\***

*For the Year Ended June 30, 2010*

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Land	\$ 1,389,086	\$ -	\$ -	\$ 1,389,086
Equipment	18,455,454	1,238,020	1,284,495	18,408,979
Artwork/Sculptures	268,323	-	-	268,323
Library collection	12,475,615	537,515	58,138	12,954,992
Buildings and site improvements	<u>89,179,988</u>	<u>12,228,252</u>	<u>-</u>	<u>101,408,240</u>
Total	<u>\$ 121,768,466</u>	<u>\$ 14,003,787</u>	<u>\$ 1,342,633</u>	<u>\$ 134,429,620</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 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  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Variations in Expenses**

*For the Year Ended June 30, 2010*

The Statement of Revenues, Expenses, and Changes in Net Assets is presented on page 13 of the financial audit report. Following are explanations for significant variances between expense accounts exceeding \$90,000 and 10%:

	2010	2009	Increase (Decrease)		Comments
			Amount	Percentage	
Research	\$ 1,344,335	\$ 1,663,614	\$ (319,279)	(19%)	Decrease mostly due to decrease in research and development grants received by the University during the fiscal year 2010 from U.S. Department of Health and Human Services and National Science Foundation of \$0.2 million and \$0.1 million, respectively.
Student services	6,411,820	5,641,293	770,527	14%	Increase mostly due to increase in overall student support primarily in the area of scholarship and awards granted to students.
Institutional support	14,136,343	12,793,162	1,343,181	11%	Increase mostly due to increase in personnel and advertising costs of \$1.2 million and \$0.1 million, respectively.
Operation and maintenance of plant	6,969,225	6,213,820	755,405	12%	Increase mostly due to expenditures related to renovations of campus and utilities system of about \$1.0 million, which was partially offset by the decrease in services and supplies of about \$0.2 million.

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

	2010	2009	Increase (Decrease)		Comments
			Amount	Percentage	
Interest expense	299,857	56,063	243,794	435%	Increase mainly due to the interest on the \$4.7 million notes payable issued by the University during fiscal year 2010 for its energy savings project.

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Variations in Revenues**

*For the Year Ended June 30, 2010*

The Statement of Revenues, Expenses, and Changes in Net Assets is presented on page 13 of the financial audit report. Following are explanations for significant variances between revenue accounts exceeding \$90,000 and 10%:

	2010	2009	Increase (Decrease)		Comments
			Amount	Percentage	
Net student tuition and fees	\$ 29,882,217	\$ 27,263,876	\$ 2,618,341	10%	Increase mainly due to a 10% tuition rate increase for new resident undergraduate students, a 5% tuition rate increase for most graduate students, and a 5.5% increase in total student credit hours.
Federal grants and contracts	5,483,935	4,722,744	761,191	16%	Increase mainly due to stronger focus on and success in receiving federal grants. During the fiscal year 2010, the University received various new grants totaling \$1.2 million as follows: (a) ARRA-Scholarships for Disadvantaged Students of \$0.3 million, (b) Nurse Faculty Loan Program of \$0.1 million, (c) ARRA-Head Start of \$0.3 million, (d) Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors of \$0.3 million, and (e) Post-9/11 Veterans Educational Assistance of \$0.2 million. This increase was partially offset by the non-renewal of various grants totaling to \$0.5 million during the fiscal year 2010 as follows: (a) Transition to Teaching of \$0.2 million, (b) Substance Abuse and Mental Health Services-Projects of Regional and National Significance of \$0.2 million, and (c) various other grants totaling to \$0.1 million.

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

	2010	2009	Increase (Decrease)		Comments
			Amount	Percentage	
State grants and contracts	492,229	1,391,028	(898,799)	(65%)	Decrease primarily due to the State fiscal crisis, which resulted in decreases in funding of various State grants.
Other operating revenues	1,150,338	1,464,086	(313,748)	(21%)	Decrease mostly due to the \$0.2 million decrease in indirect cost revenues from the training projects with the Department of Children and Family Services (DCFS), and \$0.1 million decrease in sales of media and digital learning departments.
State appropriation - Federal ARRA	2,338,400	-	2,338,400	100%	Increase mainly due to funding through the American Recovery and Reinvestment Act (ARRA) which was only done during the fiscal year 2010.
Payments made on behalf of the University	17,363,000	13,094,122	4,268,878	33%	Increase mainly due to increase in State's funding of University employees' retirement benefits and health care by \$2.6 million and \$1.6 million, respectively.
Federal Pell grant	5,593,162	3,221,205 *	2,371,957	74%	Increase mainly due to higher Pell grant awards during the fiscal year 2010.

\* A portion of the Federal Pell grant revenues used to satisfy tuition and fees and other student charges, which were originally presented as operating revenues under Federal grants and contracts in the prior year financial statements have been reclassified to nonoperating revenues.



**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

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

*For the Year Ended June 30, 2010*

	2010	2009	Increase (Decrease)		Comments
			Amount	Percentage	
Investment income	42,099	187,075	(144,976)	(78%)	Decrease mostly due to declining interest rates. In addition, reimbursements requested from appropriated funds (from the Illinois Office of the State Comptroller) were not received timely (in fiscal year 2010, 23% of the University's appropriation was still outstanding as of June 30, 2010), resulting in reduced balances of locally held funds that were not able to earn investment income.
Investment income on debt proceeds	12,565	112,022	(99,457)	(89%)	Decrease mostly due to declining interest rates, and decrease in restricted funds primarily due to expending the proceeds from debt financing on deferred maintenance projects.

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances**

*For the Year Ended June 30, 2010*

**Cash and Cash Equivalents**

Cash and cash equivalents as presented on the Statement of Net Assets consisted of the following:

	2010	2009
Deposit types:		
Cash	\$ 6,441,486	\$ 467,704
Illinois Funds	21,233,594	23,794,615
	<u>\$ 27,675,080</u>	<u>\$ 24,262,319</u>
Depositories used:		
First Midwest Bank	\$ 6,419,297	\$ -
Old Second National Bank	-	446,538
Illinois Funds	21,233,594	23,794,615
Cash on Hand	22,189	21,166
	<u>\$ 27,675,080</u>	<u>\$ 24,262,319</u>

The University's account with Old Second National Bank was closed during the fiscal year 2010, and the related balances were transferred to First Midwest Bank.

Cash and cash equivalents increased by \$3.4 million primarily due to a 10% tuition rate increase for new resident undergraduate students, a 5% tuition rate increase for most graduate students, and a 5.5% increase in total student credit hours.

**Cash and Cash Equivalents, Restricted**

Cash and cash equivalents, restricted as presented on the Statement of Net Assets consisted of the following:

	2010	2009
Deposit types:		
Cash	\$ 2,330,940	\$ 834,874
Money Market	660,986	832,730
Illinois Funds	6,226,570	13,251,264
	<u>\$ 9,218,496</u>	<u>\$ 14,918,868</u>

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances, Continued**  
*For the Year Ended June 30, 2010*

**Cash and Cash Equivalents, Restricted, Continued**

	2010	2009
Depositories used:		
First Midwest Bank	\$ 647,956	\$ -
Old Second National Bank	-	834,874
Old National Leasing Bank	1,682,984	-
Illinois Funds	6,226,570	13,251,264
Amalgamated Bank	660,986	832,730
	<u>\$ 9,218,496</u>	<u>\$ 14,918,868</u>

The net proceeds from issuing the promissory note in relation to the University's guaranteed energy savings contract was separately deposited in the Escrow account with Old National Leasing Bank pending expenditure for the University's energy savings projects.

Cash and cash equivalents, restricted decreased by \$5.7 million primarily due to expending the proceeds from debt financing on deferred maintenance projects.

**State of Illinois**  
**Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances, Continued**

*For the Year Ended June 30, 2010*

**Capital Assets**

The University's capital assets consisted of the following:

	<b>2010</b>	<b>2009</b>
Land	\$ 1,389,086	\$ 1,389,086
Buildings	95,757,408	85,468,505
Site improvements	5,650,832	3,711,482
Artwork/Sculptures	268,323	268,323
Equipment	8,453,476	8,881,895
Library collection	12,954,993	12,475,616
Gross capital assets	<u>124,474,118</u>	<u>112,194,907</u>
Accumulated depreciation	<u>(49,479,437)</u>	<u>(47,343,708)</u>
Net capital assets	<u>\$ 74,994,681</u>	<u>\$ 64,851,199</u>

Net capital assets increased by \$10.1 million primarily due to the substantial completion of deferred maintenance projects that have been underway for the past three years.

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Significant Account Balances, Continued**

*For the Year Ended June 30, 2010*

**Liabilities**

The University's liabilities as presented on the Statement of Net Assets consisted of the following:

	<b>2010</b>	<b>2009</b>
Accounts payable	\$ 4,462,786	\$ 3,027,633
Agency funds payable	373,379	170,074
Accrued compensated absences	5,047,765	5,570,287
Deferred revenue	4,611,732	4,146,598
Refundable grants	3,074,355	3,061,115
Revenue bonds payable	8,350,421	8,662,159
Notes payable and capital leases	4,416,271	286,681
Certificates of participation	18,541,259	19,578,931
Total liabilities	<u>\$ 48,877,968</u>	<u>\$ 44,503,478</u>

Liabilities increased primarily due to the following: (a) \$1.4 million increase in accounts payable due to timing differences on vendor payments, and delayed payments of State appropriation from the State of Illinois resulting in higher level of accounts payable as of the end of fiscal year 2010, (b) \$0.5 million increase in deferred revenues due to a 10% tuition rate increase for new resident undergraduate students, a 5% tuition rate increase for most graduate students, and a 5.5% increase in total student credit hours, and (c) \$4.7 million in new notes payable related to the energy savings project. This increase was partially offset by the \$0.5 million decrease in accrued compensated absences due to payouts made to employees who separated from service or who used vested sick and vacation time, and \$2 million total decrease in notes payable, revenue bonds payable and certificates of participation due to payments of principal.

**State of Illinois**  
**Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Accounts Receivable**

*For the Year Ended June 30, 2010*

The University's receivables as presented on the Statement of Net Assets consisted of the following:

	<b>2010</b>	<b>2009</b>
Accounts receivable, net of allowance for uncollectible accounts of \$3,297,799 in 2010 and \$3,107,400 in 2009	\$ 3,114,174	\$ 2,447,432
Grants receivable	1,444,466	1,861,518
State appropriation receivable	6,440,425	10,851
Student loans, net of allowance for uncollectible loans	3,036,450	3,442,862
Total receivables	<u>\$ 14,035,515</u>	<u>\$ 7,762,663</u>

The increase in accounts receivable was primarily due to a 10% tuition rate increase for new resident undergraduate students, a 5% tuition rate increase for most graduate students, and a 5.5% increase in total student credit hours.

Grants receivable consists of amounts due from the federal government and other granting sources at the end of the fiscal year. Decrease in grants receivable was mostly due to the timing of collections/drawdowns and non-renewal of certain Federal and State grants.

State appropriation receivable increase in fiscal year 2010 due to delayed payments from the State of Illinois. However, this \$6.4 million was subsequently received by the University in fiscal year 2011.

Student loans receivable mostly pertains to Perkins loan receivable. Decrease in student loans receivable was mostly due to principal collections of \$0.5 million and loan cancellations of \$0.1 million. This decrease was partially offset by the loans issued during the fiscal year 2010 of \$0.2 million.

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Analysis of Accounts Receivable, Continued**

*For the Year Ended June 30, 2010*

The aging of accounts and grants receivable as of June 30, 2010 is as follows:

	2010	2009
Current	\$ 4,090,905	\$ 3,977,021 *
Up to 120 days past due	245,780	162,674
From 121 to 240 days past due	215,750	193,106
From 241 to 365 days past due	129,451	146,472
More than 365 days past due	3,174,553	2,937,077
Allowance for doubtful accounts	<u>(3,297,799)</u>	<u>(3,107,400)</u>
Net accounts receivable	<u>\$ 4,558,640</u>	<u>\$ 4,308,950 *</u>

Non-student receivables are not aged and have been presented as current above.

Aging of student loans receivable as of June 30, 2010 is as follows:

	2010	2009
In school or in grace period - not in repayment	\$ 2,199,811	\$ 2,598,278
In repayment:		
On schedule	736,367	721,947
Past due - not in default	243,662	281,014
Past due - in default	573,610	577,623
Allowance for doubtful accounts	<u>(717,000)</u>	<u>(736,000)</u>
Net student loans receivable	<u>\$ 3,036,450</u>	<u>\$ 3,442,862</u>

\* *Unapplied financial aid awards, which were originally presented as accounts payable in the prior year financial statements have been reclassified as an offset to accounts receivable. This amount was offset against current for purposes of the aging above.*

**State of Illinois  
Governors State University**

**Fiscal Schedules and Analysis, Continued**

**Summary of Indirect Cost Reimbursement Funds**

*For the Year Ended June 30, 2010*

The University receives indirect and administrative cost reimbursements for administration of grants and contracts, federally assisted financial aid programs, Veterans Affairs (VA) programs and other related activities. These funds are recorded in Other Unrestricted Funds and are expended for directly identifiable charges associated with such programs.

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

Balances remaining at June 30, 2010 are used to meet budgeted operational costs in fiscal year 2011. The following is an analysis of the sources and applications of indirect and administrative cost reimbursements recorded in the current fund for the year ended June 30, 2010:

	<u>Indirect Costs</u>	<u>Administrative Overhead</u>	<u>Total</u>
Balance at June 30, 2009	\$ 495,468	\$ 132,596	\$ 628,064
Add: Sources			
Recovered from grants and contracts	1,229,988	-	1,229,988
Financial aid program reimbursements	-	41,948	41,948
VA reporting fees	-	1,288	1,288
Total sources	<u>1,229,988</u>	<u>43,236</u>	<u>1,273,224</u>
Less: Applications			
Personal services	146,913	49,937	196,850
Contractual services	118,738	2,940	121,678
Commodities	5,193	2,448	7,641
Others	1,244,159	76	1,244,235
Total applications	<u>1,515,003</u>	<u>55,401</u>	<u>1,570,404</u>
Balance at June 30, 2010	<u>\$ 210,453</u>	<u>\$ 120,431</u>	<u>\$ 330,884</u>



**State of Illinois  
Governors State University**

**Analysis of Operations**

**University Functions and Planning Program**

*For the Year Ended June 30, 2010*

Functions

The University was chartered in 1969 to provide affordable and accessible undergraduate and graduate education to its culturally and economically diverse life-long learners in the Chicago metropolitan area. It is governed by the Board of Trustees of the University created in January 1996 as a result of legislation to reorganize governance of State higher education institutions and provides liberal arts, science, and professional preparation at the upper-division, master, and doctoral levels.

Planning

*Strategy 2015: Inspire Hope, Realize Dreams, Strengthen Community* is the strategic plan of the University. It was formally adopted by the University Board of Trustees in October 2009, and is designed to provide general direction for all University initiatives through the 2014-2015 academic year.

*Strategy 2015* articulates the mission of the University as follows:

The University is committed to offering an exceptional and accessible education that imbues students with the knowledge, skills, and confidence to succeed in a global society. The University is dedicated to creating an intellectually stimulating public square, serving as an economic catalyst for the region, and being a model of diversity and responsible citizenship.

The mission statement is informed by five core values, specified as follows:

- (1) **Provide Opportunity and Access:** At the University, those traditionally underserved by higher education and residents of surrounding communities have access to a first class public education.
- (2) **Serve as an Economic Catalyst:** The University is committed to the citizens of the State of Illinois and the region to serve as an economic catalyst, so that communities grow and flourish.
- (3) **Prepare Stewards of our Future:** The University is committed to preparing students to thrive in the global economy and to contribute to the ongoing stewardship of the environment.
- (4) **Demonstrate Inclusiveness and Diversity:** The University embraces diversity among students, staff, and faculty as well as members of the broader community, and encourages acceptance of wide-ranging perspectives.

**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**University Functions and Planning Program, Continued**

*For the Year Ended June 30, 2010*

- (5) **Promote Quality of Life:** The University values an atmosphere that fosters a capacity to enjoy life through the fine arts and humanities, marketable skills and attitudes for employment, supportive interpersonal relationships, and participative and informed citizenship.

Consistent with these values and informed by the larger institutional mission, the University actively pursues six primary goals:

- (1) **Academic Excellence:** Provide distinctive academic programs that effectively prepare students to become leaders and productive citizens in the global community.
- (2) **High Quality Faculty and Staff:** Provide students access to a highly qualified, motivated, and diverse faculty and staff.
- (3) **Continuous Process Improvement:** Develop and sustain a climate of continuous improvement that is defined by evidence-based decision-making focused on enriching the student experience.
- (4) **Visibility, Outreach, and Economic Catalyst:** Pursue initiatives that make the University a preferred destination in the region, that create a vibrant public dialogue, and that increase the University's effectiveness as an economic catalyst in the region.
- (5) **Social, Ethical, and Environmental Responsibility:** Build an institution that is socially, ethically, and environmentally responsible.
- (6) **Financial Growth and Sustainability:** Diversify the University's revenue streams to ensure resources that are necessary for institutional growth and fiscal sustainability.

Within the larger context set by *Strategy 2015*, the annual budget process operates under the general direction of the Planning and Budget Advisory Council (PBAC), a twenty-one member group composed of faculty, staff and students, and co-chaired by the Provost and the Executive Vice-President. PBAC and its six constituent committees develop recommendations on all issues of university-wide scope and, after due deliberation, forward those recommendations to the University President.

**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**University Functions and Planning Program, Continued**

*For the Year Ended June 30, 2010*

Every spring, PBAC operates the annual budget process. The group develops guidelines consistent with the goals of *Strategy 2015*, and procedures and timelines in accordance with which every budget unit of the University develops its budget requests for the fiscal year to come. Public hearings are held at which each unit presents its request and is subject to questions and discussions from the members of the PBAC. Final recommendations are developed and forwarded to the President for her adoption. PBAC also receives recommendations from its Budget and Finance Committee with regard to tuition and fee rates for the year to come, and develops and forwards to the President recommendations on these as well. The President, in turn, forwards final recommendations on tuition and fees to the Board of Trustees.

Progress toward achieving the goals of *Strategy 2015* is monitored by means of a series of “dashboard” indicators of accomplishment, which are regularly updated by the Office of Institutional Research and which are available for public viewing on the University’s web site.

**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**Average Number of Employees (Unaudited)**

*For the Year Ended June 30, 2010*

	<u>2010</u>	<u>2009</u>
Full-time equivalent employees funded by State appropriated funds:		
Faculty	243.1	244.7
Administrative	36.7	30.6
Civil service	199.7	197.3
Other professionals	88.9	91.2
Graduate assistants	19.7	22.1
Students	4.9	2.0
	<u>593.0</u>	<u>587.9</u>
Full-time equivalent employees funded by nonappropriated funds:		
Faculty and administrative	191.6	176.6
Civil service	88.5	93.6
Students	21.9	33.3
	<u>302.0</u>	<u>303.5</u>

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

**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**Student Statistics (Unaudited)**

*For the Year Ended June 30, 2010*

Enrollment Statistics

	<b>Academic Year 2009-2010</b>		
	Fall	Winter	Spring Summer
Headcount:			
Undergraduate	2,792	2,856	2,159
Graduate	2,882	2,806	2,421
Total	<u>5,674</u>	<u>5,662</u>	<u>4,580</u>
Full-time equivalent:			
Undergraduate	1,733	1,732	1,056
Graduate	1,566	1,504	1,290
Total	<u>3,299</u>	<u>3,236</u>	<u>2,346</u>

Student Cost Statistics

	<u>2010</u>	<u>2009</u>
Annual full-time equivalent students:*		
Undergraduate	2,261	2,005
Graduate	2,180	2,240
Total	<u>4,441</u>	<u>4,245</u>
Total instructional costs per IBHE Cost Study Report**	\$ 22,363,441	\$ 20,558,207
Annual full-time equivalent students	4,441	4,245
Cost per full-time equivalent student	\$ 5,036	\$ 4,843

\* Annual full-time equivalent students are calculated in accordance with the guidelines established by the Illinois Board of Higher Education (IBHE), which is determined by dividing the total credit hours generated in the fiscal year by 30 hours for undergraduate students and 24 hours for graduate students.

\*\* Reflects preliminary University calculations based on IBHE reporting standards.

**State of Illinois**  
**Governors State University**

**Analysis of Operations, Continued**

**University Bookstore Information (Unaudited)**

*For the Year Ended June 30, 2010*

The University has a contractual arrangement for bookstore operations on campus. The University's current contract is for the period December 1, 2008 through November 30, 2011. The contract with the bookstore requires commissions to be paid to the University based on the following terms:

1. 9.6% of all gross revenue up to \$1,000,000; plus
2. 10.1% of any part of gross revenue between \$1,000,000 and \$2,000,000; plus
3. 10.6% of any part of gross revenue over \$2,000,000

During fiscal year 2010, the bookstore had gross sales of \$1,764,271, the University received commissions of \$173,191, and the University spent a total of \$38,888 at the bookstore. The contract with the bookstore gives the contractor exclusive rights to sell books on campus, and there are no other "on-campus" or nearby bookstores.

**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**Selected Service Efforts and Accomplishments (Unaudited)**

*For the Year Ended June 30, 2010*

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
1. Student headcount - Fall trimester (a)	<u>5,405</u>	<u>5,382</u>	<u>5,692</u>	<u>5,636</u>	<u>5,674</u>
2. Minority enrollment - Fall trimester (a)	<u>2,270</u>	<u>2,266</u>	<u>2,342</u>	<u>2,406</u>	<u>2,625</u>
3. Degrees awarded - Fiscal year (b)	<u>1,549</u>	<u>1,872</u>	<u>1,911</u>	<u>1,768</u>	<u>1,718</u>
4. Credit hours - Academic year (f)	<u>102,446</u>	<u>107,201</u>	<u>112,471</u>	<u>113,909</u>	<u>120,139</u>
5. Unduplicated headcount - Academic year (d, f)	<u>7,641</u>	<u>7,725</u>	<u>7,803</u>	<u>7,788</u>	<u>7,649</u>
6. Annualized tuition and fees (c):					
Undergraduate					
Resident (e)	\$ 4,040	\$ 4,419	\$ 4,796	\$ 6,084	\$ 6,606
Nonresident	\$ 11,212	\$ 12,243	\$ 13,388	\$ 15,876	\$ 14,670
Graduate					
Resident	\$ 3,244	\$ 4,611	\$ 4,987	\$ 5,274	\$ 5,364
Nonresident	\$ 8,896	\$ 12,819	\$ 14,093	\$ 13,914	\$ 13,104

(a) Per Illinois Board of Higher Education (IBHE) Fall Enrollment Survey, Part II, Table II.

(b) Per data file extracted by the University's Institutional Research Office at the end of each term.

(c) Per Integrated Postsecondary Education Data System (IPEDS) Institutional Characteristics Survey, using 12 and 9 credit hours per term for full-time status undergraduate and graduate students, respectively.

(d) This represents cumulative students for the academic year without double counting students enrolled more than one trimester.

(e) Tuition rate used is the rate for new full-time undergraduate students.

(f) Per IPEDS Institutional Characteristics Survey.

**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**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	\$ 52,981,577
Total Schedule A	<u>\$ 52,981,577</u>

**Schedule B - Total Financial Component**

Total Operating Expenses (from Financial Statements)	\$ 87,178,129
Total Nonoperating Expenses (from Financial Statements)	333,103
Total New Loans Made	35,098,419
Amount of Federal Loan Balances	4,385,832
Total Schedule B	<u>\$ 126,995,483</u>

**Schedule C**

		<u>Percent</u>
Total Schedule A	\$ 52,981,577	41.7%
Total Nonfederal Expenses	<u>74,013,906</u>	<u>58.3%</u>
Total Schedule B	<u>\$ 126,995,483</u>	<u>100.0%</u>

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



**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**Schedule of Degrees Awarded (Unaudited)**

*For the Year Ended June 30, 2010*

The following schedule presents the number of degrees awarded by the University for the fiscal years indicated:

<u>Fiscal Year</u>	<u>Number of Degrees Awarded</u>		
	<u>Graduate</u>	<u>Undergraduate</u>	<u>Total</u>
2010	862	856	1,718
2009	1,001	767	1,768
2008	1,033	878	1,911
2007	964	908	1,872
2006	809	740	1,549
2005	714	754	1,468
2004	860	829	1,689
2003	759	795	1,554
2002	592	809	1,401
2001	713	848	1,561
2000	587	850	1,437

**State of Illinois  
Governors State University**

**Analysis of Operations, Continued**

**Schedule of Tuition and Fee Waivers (Unaudited)**

**(In Thousands of Dollars)**

*For the Year Ended June 30, 2010*

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	Undergraduate				Graduate			
	Tuition Waivers		Fee Waivers		Tuition Waivers		Fee Waivers	
	Number of Recipients	Value of Waivers	Number of Recipients	Value of Waivers	Number of Recipients	Value of Waivers	Number of Recipients	Value of Waivers
<b><u>Mandatory Waivers</u></b>								
Teacher Special Education	1	\$ 3.8	1	\$ 0.9	13	\$ 47.9	13	\$ 9.0
General Assembly	1	6.8	2	1.1	4	16.1	4	3.8
Children of Employees	8	17.5	-	-	-	-	-	-
Senior Citizens	1	3.5	1	1.1	1	2.2	1	0.7
Veterans Grants & Scholarships	400	425.0	400	259.0	245	336.8	245	135.6
Subtotal	<u>411</u>	<u>456.6</u>	<u>404</u>	<u>262.1</u>	<u>263</u>	<u>403.0</u>	<u>263</u>	<u>149.1</u>
<b><u>Discretionary Waivers</u></b>								
Faculty/Administrators	-	-	-	-	-	-	48	31.5
Civil Service	18	43.1	18	11.5	40	122.3	40	30.0
Academic/Other Talent	35	88.6	27	30.2	84	795.3	6	7.1
Foreign Exchange Students	-	-	-	-	20	118.0	23	19.6
Student Need-Special Programs	10	65.8	-	-	10	26.5	-	-
Cooperating Professionals	1	3.2	1	0.7	76	160.6	26	9.2
Other Assistants	-	-	-	-	55	178.5	20	28.5
Interinstitutional/Related Agencies	25	122.9	-	-	22	77.9	96	110.4
Subtotal	<u>89</u>	<u>323.6</u>	<u>46</u>	<u>42.4</u>	<u>307</u>	<u>1,479.1</u>	<u>259</u>	<u>236.3</u>
Total	<u>500</u>	<u>\$ 780.2</u>	<u>450</u>	<u>\$ 304.5</u>	<u>570</u>	<u>\$ 1,882.1</u>	<u>522</u>	<u>\$ 385.4</u>

**State of Illinois  
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**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 information 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) As of June 30, 2010, no findings of noncompliance with *University Guidelines* were noted.

Indirect Cost Reimbursements

13(b) Refer to page 68 of this report for an analysis of the sources and applications of indirect cost reimbursements for the year ended June 30, 2010.

13(c) Refer to page 83 of this report for the calculation sheet for indirect cost carry-forward. There were no excess funds required to be deposited into 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) Accounting entities as defined by the 1982 Legislative Audit Commission Guidelines and their primary revenue sources are as follows:

- University Facilities Revenue Bonds System includes all operations of the Student Center, the University Bookstore, University Parking Facilities, and University Food Service and Vending Facilities.
  - Bookstore operations provide texts and supplies to students. The bookstore is managed under contract by a third party whereby the University receives commission revenue from operations.
  - Parking provides operation and maintenance of University parking facilities. Revenues are generated from user fees.

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

**University Reporting in Accordance with University Guidelines, Continued**  
*For the Year Ended June 30, 2010*

- Food service and vending provide meals and catering services under contract to the University community. Commission revenue is received by the University.
  - Student Center is the focal point of student activity programs on campus and includes student activities and recreation facilities. Student Center revenue is derived from fees charged to students.
  
  - Center for Performing Arts provides cultural entertainment to the University community. Revenues are generated from ticket sales.
  
  - Educational and Student Life Activities represent credit and noncredit conferences, workshops and seminars, and organized student activities. Revenues are generated from course fees charged to participants and from student activity fees.
  
  - Service Departments provide products or services to University departments. Revenues are generated from chargebacks to user departments.
  
  - Indirect and Administrative Cost accounts receive the “overhead” portion of grant and contract expense incurred. Revenues are generated from charges to sponsors.
- 13(f) Refer to pages 85 through 90 of this report for the financial statements of each accounting entity.
- 13(g) Calculations of current excess funds for each entity are presented on page 84 of this report. There were no excess funds required to be deposited into the Income Fund within 45 days after the end of the lapse period.
- 13(h) The following is a schedule of indirect subsidies to Auxiliary Enterprises and Activities for the year ended June 30, 2010:

Auxiliary Enterprises:	
University Facilities Revenue Bonds System	\$ 245,448
Center for Performing Arts	157,238
	<u>\$ 402,686</u>
Activities:	
Educational and Student Life Activities	\$ 1,974,332
Service Departments	107,311
	<u>\$ 2,081,643</u>

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

**University Reporting in Accordance with University Guidelines, Continued**  
*For the Year Ended June 30, 2010*

Indirect subsidies represent support received by Auxiliary Enterprises and Activities from State appropriated funds for retirement and group insurance benefits. There were no direct subsidies to Auxiliary Enterprises and Activities from appropriated funds during the year ended June 30, 2010.

- 13(i) A Statement of Revenues, Expenses and Changes in Net Assets for the bond indenture required accounts is presented on page 37 of the financial audit report.
- 13(j) The revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) As of June 30, 2010, no non-instructional facilities reserves have been established by the University.

University Related Organizations

- 13(l) The University recognizes the Governors State University Foundation (Foundation) and the Governors State University Alumni Association (Alumni Association) as University Related Organizations. There are no organizations considered by the University to be "Independent Organizations" as defined in Section VII of the *University Guidelines*.
- 13(m) The Foundation and Alumni Association do not pay the University for services provided. Compensation is in the form of University support. See pages 91 and 92 of this report for details related to services and support provided.
- 13(n) The University does not pay the Foundation and Alumni Association for services provided. Compensation is in the form of services and facilities provided. See footnote 10 on pages 31 and 32 of the financial audit report for details related to services and support provided.
- 13(o) As of June 30, 2010, there are no unreimbursed subsidies to the Foundation and Alumni Association from the University or appropriated funds.
- 13(p) There is no debt financing provided by the Foundation and Alumni Association.

**State of Illinois**  
**Governors State University**

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

**University Reporting in Accordance with University Guidelines, Continued**  
*For the Year Ended June 30, 2010*

Other Topics

- 13(q) Schedules of cash and cash equivalents (short-term investments) for the year ended June 30, 2010 are presented in the Analysis of Significant Account Balances section of this report on pages 62 and 63, and in footnotes 3 and 4 on pages 21 through 24 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) Student cost statistics are presented on page 73 of this report.
- 13(t) Neither the University nor the Foundation or Alumni Association has purchased any real estate during the year ended June 30, 2010.
- 13(u) Neither the University nor the Foundation or Alumni Association issued certificates of participation during the year ended June 30, 2010.

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

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

*For the Year Ended June 30, 2010*

Cash and cash equivalents balance:	
Cash and cash equivalents	<u>\$ 540,653</u>
Actual cash carried forward	<u>540,653</u>
Less Allowable carry-forward per formula:	
Allocated reimbursements: 30% of total indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$5,020,365 x 30%)	1,506,110
Unallocated reimbursements: Lesser of actual unallocated indirect cost reimbursements for the fiscal year completed or 10% of total indirect cost allocations for the fiscal year completed	502,037
Current liabilities paid in lapse period	<u>209,769</u>
Maximum allowable carry-forward	<u>2,217,916</u>
Excess cash and cash equivalents to be deposited into the University Income Fund	<u><u>\$ -</u></u>

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

**Schedule of Excess Funds Calculation by Entity as Required by 1982 University  
Guidelines (Amended 1997)**

*For the Year Ended June 30, 2010*

	<u>Auxiliary Enterprises</u>		<u>Activities</u>	
	<u>University Facilities Revenue Bonds System</u>	<u>Center for Performing Arts</u>	<u>Educational and Student Life Activities</u>	<u>University Service Departments</u>
Current available funds:				
Cash and cash equivalents	A \$ 2,025,803	\$ (25,754)	\$ 5,887,790	\$ 144,683
Working capital allowance:				
Highest month's expenditures	790,436	117,386	2,249,779	164,376
Current liabilities paid during lapse period	227,621	43,365	401,081	94,263
Deferred income	-	-	930,337	-
Working capital allowance:	B 1,018,057	160,751	3,581,197	258,639
Current excess funds (margin of compliance):				
Deduct B from A	<u>\$ 1,007,746</u>	<u>\$ (186,505)</u>	<u>\$ 2,306,593</u>	<u>\$ (113,956)</u>
Calculation of net excess funds for remittance:				
Indentured capital reserves:				
Unspent project proceeds included in cash above	\$ 600,387		\$ -	
Funds reserved for debt retirement	647,956		-	
Nonindentured capital reserves:				
5% of the replacement cost of buildings and improvements	669,055		3,684,144	
10% of the historical cost of parking lots	403,984		-	
20% of the historical cost of equipment	3,119		-	
Total allowable capital reserves	<u>\$ 2,324,501</u>		<u>\$ 3,684,144</u>	
Net excess funds	<u>\$ -</u>		<u>\$ -</u>	



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

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

*As of June 30, 2010*

	Auxiliary Enterprises		Activities			Total Auxiliary Enterprises and Activities
	University Facilities Revenue Bonds System	Center for Performing Arts	Educational and Student Life Activities	University Service Departments	Administrative Overhead/ Indirect Costs	
<b>Assets</b>						
Cash and cash equivalents	\$ 2,025,803	\$ (25,754)	\$ 5,887,790	\$ 144,683	\$ 540,653	\$ 8,573,175
Accounts receivable, net	-	15,098	1,973,278	-	-	1,988,376
Inventories	-	-	-	33,601	-	33,601
Unamortized debt issuance costs - revenue bonds	153,768	-	-	-	-	153,768
Buildings and improvements, net	4,935,540	4,211,134	17,462,716	118,076	-	26,727,466
Parking lots, net	4,039,837	-	-	-	-	4,039,837
Equipment, net	15,597	78,983	-	113,064	-	207,644
<b>Total assets</b>	<b>11,170,545</b>	<b>4,279,461</b>	<b>25,323,784</b>	<b>409,424</b>	<b>540,653</b>	<b>41,723,867</b>
<b>Liabilities</b>						
Accounts payable	227,621	43,365	401,081	94,263	209,769	976,099
Revenue bonds payable	8,350,421	-	-	-	-	8,350,421
Deferred income	-	-	930,337	-	-	930,337
<b>Total liabilities</b>	<b>8,578,042</b>	<b>43,365</b>	<b>1,331,418</b>	<b>94,263</b>	<b>209,769</b>	<b>10,256,857</b>
<b>Fund balances</b>						
Other unrestricted funds	931,720	(54,021)	6,529,650	84,021	330,884	7,822,254
Restricted	647,956	-	-	-	-	647,956
Invested in capital assets, net of related debt	1,012,827	4,290,117	17,462,716	231,140	-	22,996,800
<b>Total fund balances</b>	<b>2,592,503</b>	<b>4,236,096</b>	<b>23,992,366</b>	<b>315,161</b>	<b>330,884</b>	<b>31,467,010</b>
<b>Total liabilities and fund balances</b>	<b>\$ 11,170,545</b>	<b>\$ 4,279,461</b>	<b>\$ 25,323,784</b>	<b>\$ 409,424</b>	<b>\$ 540,653</b>	<b>\$ 41,723,867</b>

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

**Schedules of Revenues, Expenditures and Changes in Fund Balances**  
*For the Year Ended June 30, 2010*

**UNIVERSITY FACILITIES REVENUE BONDS SYSTEM - ALL FUNDS:**

Revenues	<u>\$ 2,083,476</u>
Expenditures	
Personal services	712,574
Contractual	340,339
Commodities	108,520
Equipment	88,461
Others	<u>566,529</u>
Total expenditures	<u>1,816,423</u>
Excess of revenues over expenditures	267,053
Fund balance, beginning of year	<u>2,325,450</u>
Fund balance, end of year	<u><u>\$ 2,592,503</u></u>

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

**Schedules of Revenues, Expenditures and Changes in Fund  
Balances, Continued**

*For the Year Ended June 30, 2010*

**CENTER FOR PERFORMING ARTS/THEATRE - OTHER UNRESTRICTED FUNDS:**

Revenues	<u>\$ 1,410,829</u>
Expenditures	
Personal services	456,485
Contractual	554,345
Commodities	42,261
Equipment	8,405
Others	<u>1,553</u>
Total expenditures	<u>1,063,049</u>
Excess of revenues over expenditures	<u>347,780</u>
Deficit, beginning of year, as originally presented	(339,038)
Prior year's adjustment	<u>(62,763)</u>
Deficit, beginning of year, as corrected	<u>(401,801)</u>
Deficit, end of year	<u><u>\$ (54,021)</u></u>

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

**Schedules of Revenues, Expenditures and Changes in Fund Balances, Continued**  
*For the Year Ended June 30, 2010*

**EDUCATIONAL AND STUDENT LIFE ACTIVITIES - OTHER UNRESTRICTED FUNDS**

	<u>Educational Program</u>	<u>Student Activities</u>	<u>Academic Enhancement</u>	<u>Media</u>	<u>Farm</u>	<u>Telecomm</u>	<u>Others</u>	<u>Total</u>
Revenues	\$ 6,708,428	\$ 1,923,001	\$ 1,551,425	\$ 405,254	\$ 59,080	\$ 620	\$ 1,538,213	\$ 12,186,021
Expenditures								
Personal services	4,945,906	33,155	203,733	109,874	-	-	439,123	5,731,791
Contractual	386,825	294,999	361,633	131,216	7,988	-	-	1,182,661
Commodities	18,665	7,454	5,465	45,960	136	-	32,083	109,763
Equipment	4,793	278,222	156,392	57,789	1,678	-	129,686	628,560
Others	1,277,833	125,469	351,177	23,218	9,500	-	1,508,067	3,295,264
Total expenditures	6,634,022	739,299	1,078,400	368,057	19,302	-	2,108,959	10,948,039
Excess (deficiency) of revenues over expenditures	74,406	1,183,702	473,025	37,197	39,778	620	(570,746)	1,237,982
Fund balance, beginning of year	249,452	2,513,108	939,933	719,240	397,109	13,746	459,080	5,291,668
Fund balance (deficit), end of year	<u>\$ 323,858</u>	<u>\$ 3,696,810</u>	<u>\$ 1,412,958</u>	<u>\$ 756,437</u>	<u>\$ 436,887</u>	<u>\$ 14,366</u>	<u>\$ (111,666)</u>	<u>\$ 6,529,650</u>

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

**Schedules of Revenues, Expenditures and Changes in Fund Balances, Continued**

*For the Year Ended June 30, 2010*

**UNIVERSITY SERVICE DEPARTMENT ACTIVITIES - OTHER UNRESTRICTED FUNDS**

	<u>University Print Shop</u>	<u>Copier</u>	<u>Central Stores</u>	<u>Motor Pool</u>	<u>Mail Service</u>	<u>Total</u>
Revenues	\$ 760,390	\$ 177,480	\$ 330,764	\$ 106,730	\$ 265,963	\$ 1,641,327
Expenditures						
Personal services	110,810	91,443	40,023	24,070	45,194	311,540
Contractual	141,707	79,167	12,200	-	159,358	392,432
Commodities	239,603	10,731	270,519	-	328	521,181
Equipment	-	1,519	-	-	-	1,519
Others	-	-	3,857	55,381	-	59,238
Total expenditures	<u>492,120</u>	<u>182,860</u>	<u>326,599</u>	<u>79,451</u>	<u>204,880</u>	<u>1,285,910</u>
Excess (deficiency) of revenues over expenditures	268,270	(5,380)	4,165	27,279	61,083	355,417
Fund balance (deficit), beginning of year	<u>(259,876)</u>	<u>49,413</u>	<u>18,631</u>	<u>(50,900)</u>	<u>(28,664)</u>	<u>(271,396)</u>
Fund balance (deficit), end of year	<u>\$ 8,394</u>	<u>\$ 44,033</u>	<u>\$ 22,796</u>	<u>\$ (23,621)</u>	<u>\$ 32,419</u>	<u>\$ 84,021</u>

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

**Schedules of Revenues, Expenditures and Changes in Fund Balances, Continued**

*For the Year Ended June 30, 2010*

**ADMINISTRATIVE OVERHEAD/INDIRECT COST ACTIVITIES - OTHER UNRESTRICTED FUNDS**

	<u>Grants and Contracts</u>	<u>Other Activities</u>	<u>Business Office</u>	<u>Office of Financial Aid</u>	<u>Office of Veterans Affairs</u>	<u>Total</u>
Revenues	\$ 1,038,007	\$ 191,981	\$ 22,415	\$ 19,533	\$ 1,288	\$ 1,273,224
Expenditures						
Personal services	145,916	997	39,824	10,113	-	196,850
Contractual	72,347	46,391	-	2,940	-	121,678
Commodities	-	5,193	-	2,448	-	7,641
Equipment	-	-	-	-	-	-
Others	1,232,586	11,573	-	76	-	1,244,235
Total expenditures	1,450,849	64,154	39,824	15,577	-	1,570,404
Excess (deficiency) of revenues over expenditures	(412,842)	127,827	(17,409)	3,956	1,288	(297,180)
Fund balance (deficit), beginning of year	(29,655)	525,123	128,564	4,197	(165)	628,064
Fund balance (deficit), end of year	<u>\$ (442,497)</u>	<u>\$ 652,950</u>	<u>\$ 111,155</u>	<u>\$ 8,153</u>	<u>\$ 1,123</u>	<u>\$ 330,884</u>

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

**Summary of Foundation Cash Support 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 provided \$142,254 of services to the Foundation equal to the cost of the services the Foundation provided to the University for the fiscal year ended June 30, 2010. In addition, the Foundation supported the University with funds considered to be unrestricted for purposes of the University Guidelines computations and other non-qualifying restricted funds.

Presented below is a summary of cash support provided to the University by the Foundation for the fiscal year ended June 30, 2010.

Funds considered unrestricted for purposes of the Guidelines computations:

Restricted only as to campus, college or department and generally available for on-going University operations	
- Given to a particular college	\$ 4,312
- Given to a particular department	107,803
Total funds considered unrestricted	<u>112,115</u>

Funds considered restricted for purposes of the Guidelines computations:

Given for Center for Performing Arts	25,177
Given for scholarships	50,169
Total funds considered restricted	<u>75,346</u>

Total funds provided to the University by the Foundation \$ 187,461

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

**Summary of Alumni Association Cash Support to the University**  
*For the Year Ended June 30, 2010*

During fiscal year 2010, the University engaged the Alumni Association, under contract, to provide fundraising services. As provided in the contract agreement, the University provided \$2,258 of services to the Alumni Association equal to the cost of the services the Alumni Association provided to the University for the fiscal year ended June 30, 2010. In addition, the Alumni Association supported the University with funds considered to be unrestricted for purposes of the University Guidelines computations and other non-qualifying restricted funds.

Presented below is a summary of cash support provided to the University by the Alumni Association for the fiscal year ended June 30, 2010.

Funds considered unrestricted for purposes of the Guidelines computations:

Restricted only as to campus, college or department and generally available for on-going University operations given to a particular department	\$ 163
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Funds considered restricted for purposes of the Guidelines computations:

Given for scholarships	<u>500</u>
Total funds provided to the University by the Alumni Association	<u>\$ 663</u>