

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

**For the Year Ended June 30, 2015
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois**



CliftonLarsonAllen

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Related Report Published Under a Separate Cover

The Northeastern Illinois University's financial statement report for the year ended June 30, 2015, which includes the report of independent auditors, management's discussion and analysis, basic financial statements and notes, supplementary information, and the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with Government Auditing Standards has been issued separately.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2015**

Agency Officials

Dr. Sharon Hahs	President
Mr. Michael Pierick	Vice President for Finance and Administration
Mr. Craig Duetsch	Assistant Vice President for Business Services
Ms. Fe Lenon	Director of Financial Affairs/Controller
Mr. Ronald Cierny, CPA	Director of Internal Audit (Retired December 31, 2015)
Ms. Ann McNabb	Executive Director - Office of University Budgets

Agency offices are located at:

5500 North St. Louis Avenue
Chicago, Illinois 60625

Finance and Administration

5500 North St. Louis Avenue
Chicago, IL 60625-4699

Phone: (773) 442-5100

February 16, 2016

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

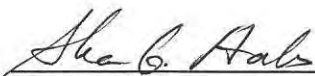
Ladies and Gentlemen:

We are responsible for the identification of and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Northeastern Illinois University (the "University"). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the year ended June 30, 2015. Based on this evaluation, we assert that during the year ended June 30, 2015, the University has materially complied with the assertions below:

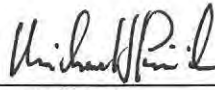
- A. The University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received and used public funds of the State in accordance with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

Sincerely,

Northeastern Illinois University



Sharon K. Hahs
President



Michael Pierick
Vice President for Finance
and Administration



Fe Lenon
Controller

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2015**

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.

Auditor's Reports

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

Summary of Findings

<u>Number of:</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	14	15
Repeated Findings	9	8
Prior Recommendations Implemented or Not Repeated	6	6

Schedule of Findings and Questioned Costs

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2015-001	16	Inadequate Journal Entry and Bank Reconciliation Controls	Material Weakness and Noncompliance
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
2015-002	18	TRIO Reporting	Significant Deficiency and Noncompliance
2015-003	20	Awarding of Student Financial Aid	Significant Deficiency and Noncompliance
2015-004	22	Return of Unearned Student Financial Aid	Significant Deficiency and Noncompliance
2015-005	24	Perkins Loan Past Due Notification	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2015**

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
2015-006	26	Submissions to Common Origination Disbursement System	Significant Deficiency and Noncompliance
2015-007	28	Inaccurate FISAP Reporting	Significant Deficiency and Noncompliance
2015-008	30	Reporting to NSLDS	Significant Deficiency and Noncompliance
FINDINGS (STATE COMPLIANCE)			
2015-009	32	Noncompliance with Abused and Neglected Child Reporting Act	Significant Deficiency and Noncompliance
2015-010	33	Noncompliance with Campus Security Enhancement Act of 2008	Significant Deficiency and Noncompliance
2015-011	34	Timesheets Not Required	Significant Deficiency and Noncompliance
2015-012	35	Property and Equipment Controls	Significant Deficiency and Noncompliance
2015-013	38	Disaster Contingency Plan Deficiencies	Significant Deficiency and Noncompliance
2015-014	40	Noncompliance with Payment Card Industry Standards	Significant Deficiency and Noncompliance

Also, the following findings, which are reported as current findings relating to *Government Auditing Standards*, also meet the reporting requirement for State Compliance:

2015-001	16	Inadequate Journal Entry and Bank Reconciliation Controls	Material Weakness and Noncompliance
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**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2015**

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	42	Inadequate Controls over Identifying and Recording Accrued Liabilities
B	42	Inadequate Controls over Recording the Historical Cost of Capital Assets
C	42	Generally Accepted Accounting Principles (GAAP) not Properly Applied in the Preparation of Financial Statements
D	43	Reconciliation of Federal Direct Loan Student Loan Program Cash Balance
E	43	Student Financial Aid Award Notification
F	43	Internal Audit

Exit Conference

The University waived having an exit conference in correspondence dated February 9, 2016, from the University's Vice President for Finance and Administration, Michael Pierick.

The responses to the recommendations were provided by Craig Duetsch, in correspondence dated February 15, 2016.



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

Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
Board of Trustees
Northeastern Illinois University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Northeastern Illinois University's (the "University") compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (the "Audit Guide") as adopted by the Auditor General, during the year ended June 30, 2015. 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.

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

opinion. Our examination does not provide a legal determination on the University's compliance with specified requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2015. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General and are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-009, 2015-010, 2015-011, 2015-012, 2015-013, and 2015-014.

Internal Control

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 to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 the requirements listed in the first paragraph of this report, on a timely basis. *A material weakness in internal control 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-009, 2015-010, 2015-011, 2015-012, 2015-013, and 2015-014, to be significant deficiencies.

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

The University's responses to the findings identified in our examination are described in the accompanying Schedule of Findings and Questioned Costs. We did not examine the University's responses and, accordingly, we express no opinion on 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 discretely presented component unit as of and for the year ended June 30, 2015, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 12, 2016 which contained unmodified opinions on those financial statements. Our report includes a reference to another auditor who audited the financial statements of the University's discretely presented component unit and whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, was based solely on the report of the other auditor. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 12, 2016. The accompanying supplementary information in Schedules 1 through 11 and 13 through 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information is the responsibility of University management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information for the year ended June 30, 2015 in Schedules 1 through 11 and 13 through 16 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2015 in Schedules 1 through 11 and 13 through 16 is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2015, taken as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States, the University's basic financial statements for the year ended June 30, 2014 and have issued our report thereon dated December 19, 2014, which contained unmodified opinions on the respective financial statements of the business-type activities of the University and its discretely presented component unit. Our report included a reference to another auditor who audited the financial statements of the University's discretely presented component unit and whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, was based solely on the report of the other auditor. The accompanying supplementary information for the year ended June 30, 2014 in Schedules 3, 4, 6, 7 and 9 is the responsibility of University management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014 basic financial statements. The accompanying supplementary information for the year ended June 30, 2014 in Schedules 3, 4, 6, 7 and 9 has been subjected to the auditing procedures applied in the audit of the June 30, 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary

information for the year ended June 30, 2014 in Schedules 3, 4, 6, 7 and 9 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information included in Schedule 12 and the Analysis of Operations section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

February 16, 2016 except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is January 12, 2016.



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

Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
Board of Trustees
Northeastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the 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, the financial statements of the business-type activities of Northeastern Illinois University (University) and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the University's basic financial statements and have issued our report thereon dated January 12, 2016. Our report includes a reference to another auditor who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

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*.

Northeastern Illinois University's Responses to Findings

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Oak Brook, Illinois
January 12, 2016



Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Honorable Frank J. Mautino
Auditor General of the State of Illinois
and
Board of Trustees
Northeastern Illinois University

Report on Compliance for Each Major Federal Program

We have audited Northeastern Illinois University's (the "University") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007 and 2015-008. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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 material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007 and 2015-008.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University, as of and for the year ended June 30, 2015, and the related notes to the financial statement, which collectively comprise the University's basic financial statements. We issued our report thereon dated January 12, 2016. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 12, 2016. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



CliftonLarsonAllen LLP

February 16, 2016 except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 12, 2016.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

• Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
• Significant deficiency(s) identified that are not considered to be material weaknesses?	<u> X </u> yes	<u> </u> none reported

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

Unmodified opinion

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

Cluster	Student Financial Assistance Cluster
Cluster	TRIO Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,761,900

Auditee qualified as low-risk auditee? yes X no

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS

Finding 2015-001 - Inadequate Journal Entry and Bank Reconciliation Controls

Northeastern Illinois University (the "University") did not have adequate internal controls over the review and approval of journal entries and bank reconciliations.

In our performance of auditing procedures on grant revenue, we noted that an erroneous journal entry posted to the University's accounting system resulted in an overstatement of beginning net position and an understatement of grant revenue for the fiscal year ended June 30, 2015 totaling \$401,081.

In addition, our testing of six general journal entries for review and approval revealed that three of these entries were not reviewed or approved by another individual prior to entry into the University's accounting system.

Also, in our review of bank reconciliations prepared for the months of September 2014, February 2015 and June 2015, we noted that although the bank reconciliations were prepared within one week of the end of the respective month, the reconciliations were not reviewed and approved by a person independent of the preparer in a timely manner. Specifically, one reconciliation from September 2014 was not reviewed until December 12, 2014, four reconciliations from February 2015 were not reviewed until June 16, 2015, and six reconciliations from June 2015 were not reviewed until various dates in August 2015.

Good business practice and internal controls require that journal entry adjustments be reviewed and approved by a person independent of the preparer prior to entry into the accounting system. Sound internal controls also require the timely review and approval of bank reconciliations by a person independent of the preparer.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls, that provide assurances that the assets, liabilities, net position revenues and expenditures and are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

University management indicated that the University's regular procedures include a secondary review of journal entries prior to entry into its accounting system and systematic bank reconciliations. In the instances noted there were procedural breakdowns in the preparation, review and approval of the journal entries and bank reconciliations. These occurred during a transition and reassignment of employee duties.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS - GOVERNMENT AUDITING STANDARDS (continued)

Finding 2015-001 - Inadequate Journal Entry and Bank Reconciliation Controls
(continued)

Failure to review journal entries prior to entry into the accounting system and bank reconciliations in a timely manner could result in an inability by management to detect errors and misstatements in a timely manner. (Finding Code No. 2015-001).

Recommendation

We recommend the University implement procedures to ensure that all journal entries are reviewed and approved by another individual prior to entry into the University's accounting system and that bank reconciliations be reviewed in a timely manner.

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE

Finding 2015-002 - TRIO Reporting

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
TRIO Cluster	84.044, 84.047, 84.217, 84.042	\$1,554,863

Questioned Costs: None

Northeastern Illinois University (the “University”) did not accurately report on the participants of the TRIO program cluster in the program’s annual performance report.

In our testing of reported performance data for 40 TRIO program participants, we noted the following errors:

- Two eligible participants were reported under incorrect dates of first enrollment at the University.
- Two eligible participants were reported under the incorrect eligibility categories.

The University is required to report accurately on the performance of its TRIO programs. According to 34 CFR 74.51(a), recipients are responsible for managing and monitoring each project, program, sub award, function, or activity supported by the awards.

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

University officials stated that these findings occurred because of oversight in procedure. The strategies used to maintain the required report accuracy were not sufficient.

The failure to provide accurate program reporting may jeopardize future Federal Funding. (Finding Code 2015-002, 2014-005, 2013-007)

Recommendation

We recommend the University review its procedures to ensure that the program information is being accurately reported.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-002 - TRIO Reporting (continued)

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-003 - Awarding of Student Financial Aid

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	84.063, 84.033, 84.007, 84.379, 84.038, 84.268	\$40,680,714

Questioned Costs: None

Northeastern Illinois University (the "University") did not have adequate controls in place over the awarding of student financial aid.

In our testing of 40 students that received federal student financial aid, we noted that one student received \$5,500 in subsidized loans while only having a calculated financial need of \$4,277, as a result the student received an over-award in the amount of \$1,223.

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

OMB Circular A-110 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that the amount of Title IV aid awarded to students is calculated accurately.

University officials stated that over-award reporting is reviewed two times per semester. This student received additional financial assistance (a scholarship), that was not considered at initial awarding. The resulting over-award was resolved once reported.

Failure to properly award student financial aid could jeopardize future Federal funding. (Finding Code 2015-003, 2014-007, 2013-003, 12-3, 11-3, 10-4)

Recommendation

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-003 - Awarding of Student Financial Aid (continued)

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-004 - Return of Unearned Student Financial Aid

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	84.063, 84.033, 84.007, 84.379, 84.038, 84.268	\$40,680,714

Questioned Costs: None

Northeastern Illinois University (the “University”) did not determine or return the unearned portion of Title IV aid provided to all students who withdrew from the University resulting in noncompliance with federal regulations.

In our testing of students with zero grade point averages, we noted 251 students that were not on the withdraw listing, of those, 25 were selected for testing. One of the 25 students selected for testing was found to have not been included on the return of Title IV aid calculation. Consequently, the required refund of \$1,857 was not identified in a timely manner.

Per 34 CFR 668.22(j), the University must return the amount of unearned Title IV funds for which it is responsible for as soon as possible but no later than 45 days after the date of the University’s determination that the student withdrew.

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

University officials stated that this exception was due to an oversight in the recalculation of awards for which disbursements were made after the student’s official withdrawal.

Failure to perform accurate and complete refund calculations of unearned Title IV funds may jeopardize future Federal funding. (Finding Code 2015-004, 2014-008, 2013-001, 12-1, 11-1, 10-5)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-004 - Return of Unearned Student Financial Aid (continued)

Recommendation

We recommend the University review its procedures to ensure that unearned Title IV funds are identified and returned within required timeframes.

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-005 – Perkins Loan Past Due Notification

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Federal Perkins Loan Program	84.038	\$ 2,095,148

Questioned Costs: None

Northeastern Illinois University (the “University”) did not mail out Perkins loan past due notices to students in a timely manner.

Through our testing of five Perkins loans going into default during the year, we noted the University did not notify two students of their delinquency within the required time frame.

The Code of Federal Regulations, 34 CFR 674.43, states, an institution shall send a first overdue notice within 15 days after the due date for a payment if the institution has not received payment, a request for deferment, or request for postponement or cancellation. A second overdue notice shall be sent within 30 days after the first overdue notice is sent, and a final demand letter within 15 days after the second overdue notice.

OMB Circular A-110 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that overdue notices on Perkins loans are sent in a timely manner.

University officials stated staff reductions in the Student Loan area have dramatically reduced staff available to send these notifications. Two of the four full-time staff positions were eliminated in this area.

Failure to notify students of loan delinquencies in a timely manner results in noncompliance with regulations issued by the Department of Education and may jeopardize future Federal funding. (Finding Code 2015-005, 2014-009)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-005 – Perkins Loan Past Due Notification (continued)

Recommendation

We recommend the University review its procedures to ensure compliance with Perkins loan past due notification requirements.

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-006 – Submissions to Common Origination Disbursement System

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Pell Grant Program	84.063	\$16,790,621
Direct Loan Program	84.268	\$20,833,375

Questioned Costs: None

Northeastern Illinois University (the “University”) did not submit all Pell Grant and Direct Loan disbursement records to the Common Origination Disbursement (COD) System within federally required timeframes.

In our testing of the University’s reporting of Pell Grant and Direct Loan disbursements to the COD, we noted eight instances out of 50 tested where the reporting to the COD was not made within 15 calendar days of the disbursement.

The Federal Register (Volume 78, Number 40, dated February 28, 2013) states that disbursement information is to be reported to the COD no later than 15 calendar days after the institution makes the disbursement or becomes aware of the need to make an adjustment to previously reported disbursement data. According to 34 CFR 668.164, the date the funds are considered disbursed is the date the institution credits a student’s account at the institution or pays a student or parent directly with (1) funds received from the Secretary, (2) Institutional funds used in advance of receiving Title IV, HEA program funds.

OMB Circular A-110 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that Pell Grant and Direct Loan disbursements are reported to the COD System in a timely manner.

University officials recognize oversight in the area and misinterpreting the change in reporting date for COD disbursement from 30 days to 15 days.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-006 – Submissions to Common Origination Disbursement System
(continued)

The failure to report Pell Grant and Direct Loan disbursements in a timely manner may jeopardize future Federal Funding. (Finding Code 2015-006)

Recommendation

We recommend the University review its procedures to ensure compliance with COD notification requirements.

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-007 – Inaccurate FISAP Reporting

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Federal Work Study Program	84.033	\$ 407,116

Questioned Costs: None

Northeastern Illinois University (the “University”) inaccurately reported the community service requirement for the Federal Work Study Program on the Fiscal Operations Report and Application to Participate (FISAP).

In our testing of the fiscal year 2015 FISAP, we noted that the University incorrectly reported the community service requirement in Part 5, section G, line 25 as \$16,468. Per our testing of the calculation, the amount of Federal Work Study funds spent on community service was \$28,156.

The Code of Federal Regulations, 34 CFR 675.19(b)(3) requires an institution to submit a Fiscal Operations Report plus other information the Secretary requires. The institution shall insure that the information reported is accurate and shall submit it on the form and at the time specified by the Secretary.

OMB Circular A-110 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal control should include procedures to ensure the FISAP is being accurately prepared.

University officials stated that this finding was the result of a reporting oversight. The original calculation did not include University departments open to the public, employing Federal Work Study Program students in roles of tutoring and literacy activities (e.g. library, learning support center). The correction was submitted on December 15, 2015.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-007 – Inaccurate FISAP Reporting (continued)

Inaccurately reporting results on the FISAP may jeopardize future Federal Funding. (Finding Code 2015-007)

Recommendation

We recommend the University review its procedures to ensure accurate preparation and reporting of results on the FISAP.

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-008 – Reporting to NSLDS

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	84.063, 84.033, 84.007, 84.379, 84.038, 84.268	\$ 40,680,714

Questioned Costs: None

Northeastern Illinois University (the “University”) did not correct and resubmit enrollment status information to the National Student Loan Data System (NSLDS) in a timely manner.

During our testing, we noted that the National Student Loan Data Systems (NSLDS) rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days. The University utilizes the National Student Clearinghouse (NSC) as a third party provider in order to submit student information to NSLDS. NSC had software conversion issues that failed in monitoring and correcting submission errors. However, it was possible for the University to create an Enrollment Reporting Summary Report after reporting student status changes on NSLDS, which would have detected these types of errors.

The Code of Federal Regulations, 34 CFR 685.309, states institutions are required to report enrollment information to the Secretary in a manner and format prescribed by the Secretary and within the timeframe prescribed by the Secretary. Pursuant to the Federal Student Aid Handbook published by the U.S. Department of Education (ED), a roster file that is returned containing records which do not pass the NSLDS enrollment reporting edits must be corrected and resubmitted within 10 days. Furthermore, ED clarified in a Dear Colleague Letter dated April 14, 2014 (DCL ID: GEN-14-07), that schools using third-party services must remember that accurate and timely reporting to NSLDS is the school’s responsibility and that if a school’s servicer NSLDS enrollment reporting is noncompliant, the school would be held responsible and subject to appropriate sanctions.

OMB Circular A-110 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that submission errors to the NSLDS are corrected and resubmitted in a timely manner.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – FEDERAL COMPLIANCE (continued)

Finding 2015-008 – Reporting to NSLDS (continued)

University officials stated the University depends on its third party application to respond to enrollment reporting edits. The National Student Clearinghouse is missing reporting functionality to help registrars identify students who have fallen off of our Student Status Confirmation Report (SSCR) roster. This functionality is critical to adding students to the roster. Therefore, the University's Registrar was not aware of the errors.

The failure to provide accurate enrollment status information in a timely manner may jeopardize future Federal funding. (Finding Code 2015-008)

Recommendation

We recommend the University review its procedures to ensure that accurate enrollment status information is reported to the NSLDS in a timely manner.

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE

Finding 2015-009 - Noncompliance with Abused and Neglected Child Reporting Act

Northeastern Illinois University (the “University”) did not have adequate policies in place to obtain and retain signed statements to acknowledge that employees understand the reporting requirements under the Abused and Neglected Child Reporting Act.

During our testing of 50 employees of the University, we noted that 15 did not have a signed form or proof of a completed training.

The Abused and Neglected Child Reporting Act (Act) (325 ILCS 5/4) states that personnel employed by institutions of higher education on and after July 1, 1986 shall sign a statement on a form prescribed by the Illinois Department of Children and Family Services, to the effect that the employee has knowledge and understanding of the reporting requirements of this Act. The statement shall be signed prior to commencement of the employment. The signed statement shall be retained by the employer.

University officials stated that extensive efforts were made in Spring 2014 to ensure compliance with the new Abused and Neglected Child Reporting Act training requirement. Despite outreach and follow up, full compliance was lacking, mainly by faculty members. A small percentage of new employees, who are required to complete the training upon hire, have not submitted the signed compliance forms since this requirement began in Spring 2014 due to oversight problems.

Failure to obtain signed statements from employees acknowledging their understanding of the reporting requirements for child abuse and neglect may result in a lack of employee awareness of their responsibilities and results in noncompliance with the Act. (Finding Code 2015-009, 2014-010, 2013-013)

Recommendation

We recommend the University review its internal policies and procedures regarding the timely completion of signed statements on abused and neglected child reporting and have all employees comply with the requirements of the Statute.

University’s Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-010 - Noncompliance with Campus Security Enhancement Act of 2008

Northeastern Illinois University (the “University”) did not have adequate controls in place for required background checks to be conducted prior to employment for those employees listed in security sensitive positions.

We selected 43 employees, 25 new hires of the University and 18 active employees in security sensitive positions for testing and noted that background checks were not completed for nine of the active employees and for four of the new hires.

The Campus Security Enhancement Act of 2008 (Act) (110 ILCS 12/5) states that “Each public institution of higher education shall, through written policy and procedures, identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.”

University officials stated that a new Background Check Policy was implemented during the year. While the policy’s effective date was September 24, 2014, the actual implementation did not begin until January 2015, resulting in new hires between these dates not getting the checks. Once the new policy was implemented, the University did not go back and require checks on employees who previously were required to get checks under the old policy.

The lack of completion of the required criminal background investigations prior to employment of individuals in security-sensitive positions could result in the endangerment of University students and personnel and results in noncompliance with the Act. (Finding Code 2015-010, 2014-011, 2013-012)

Recommendation

We recommend the University continue to review and monitor its internal policies and procedures regarding the timely completion of background checks and complete all required background checks in accordance with the Statute. Furthermore, we recommend that the University obtain background checks for all active employees who had not received one previously.

University’s Response

The University concurs with this finding and the recommendation to review and monitor its procedures to assure its new Background Check policy is fully implemented. The University will review the legal implications that requiring background checks on existing employees would have on its collective bargaining agreements before proceeding with this recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-011 - Timesheets Not Required

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

Based on our detailed testing of 75 employees’ timesheets, we noted that 21 employees were not required to file timesheets.

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

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

University officials stated that the University has required time reports for all hourly and administrative employees. While progress was made to draft policies and procedures for faculty time reports over the last year, implementation was tabled during union contract negotiations. According to University officials, time reports for faculty were implemented in August 2015, after the examination period.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code 2015-011, 2014-013, 2013-010, 12-11, 11-9, 10-8, 09-9, 08-6, 07-6, 06-5, 05-4)

Recommendation

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

University’s Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-012 – Property and Equipment Controls

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

In our physical identification of 81 items in the property records we noted the following:

- A cabinet, a keyboard tray, a desk assembly and an external hard drive with a total cost of \$1,062 could not be located. The University did not file a missing asset investigation notice until after the items were requested for observation during the audit.
- Three projectors and a desk were located in different physical locations than those noted on the property control listing.
- Four storage cabinets and a bulletin board were observed by the audit team at the main campus; however, they were listed as scrapped or disposed of in the fixed asset system.
- A cabinet, five projectors, six Adams’ balances, and a Cavendish balance, each costing over the \$500 threshold for tagging and tracking, with a total cost of \$17,631 had not been tagged or tracked by the University. Furthermore, the assets which had been acquired prior to the University’s annual inventory observation with a total cost of \$3,699 were not reported to the Department of Central Management Services (DCMS).

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

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

DCMS Property Control Rules (44 Illinois Administrative Code, Section 5010.460: 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.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-012 – Property and Equipment Controls (continued)

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

University procedures require that all property transactions be processed on a Property Control Change Notice. Property transactions include the following: (a) donations, (b) interdepartmental transfer, (c) surplus, (d) trade-in, (e) scrap, (f) obsolete, broken or unserviceable equipment, (g) lost or stolen, and (h) location changes. It further requires the completed form, processed by the fiscal agent initialing the change, to be submitted to the University's Property Control Department.

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).

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

University officials stated that University departments are not fully complying with the University's Property Control Policy. For example, annual internal compliance audits are not being returned on timely basis, and property change notices are not being completed and submitted to Property Control. In addition, follow-up and corrective action measures by Property Control have not been strong enough to assure compliance.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-012 – Property and Equipment Controls (continued)

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. (Finding Code 2015-012, 2014-014)

Recommendation

We recommend the University adhere to its procedures to ensure that property and equipment records are accurately maintained and updated.

University's Response

The University concurs with this recommendation..

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-013 - Disaster Contingency Plan Deficiencies

Northeastern Illinois University (the “University”) did not have a current disaster recovery plan and formal recovery testing had never been performed.

Based on our review of University procedures and inquiry of University personnel, we noted that computer system backups were being performed by University personnel and stored at a site separated from the computing facility. However, the University lacked a written disaster recovery plan and had not formally tested its backups to assure the University’s critical systems could be recovered within an acceptable timeframe.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, resources provide the capability to recover critical systems within the required timeframe.

University officials stated that lack of staff capacity continues to impede progress on completion of the disaster contingency project.

Without an adequately developed and tested contingency plan, the University cannot ensure its critical systems could be recovered within an acceptable period and minimize the impact associated with a disaster.

Failure to adequately update and test the disaster recovery plans leaves the University exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event of a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified as the University’s computing environment and disaster recovery needs change. (Finding Code 2015-013, 2014-015, 2013-014)

Recommendation

We recommend the University review and update its plan at least annually or when significant changes occur. The University should perform and document tests of its plan at least once a year. In addition, the plan should be continuously updated to reflect environmental changes and improvements identified from tests.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-013 - Disaster Contingency Plan Deficiencies (continued)

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-014 – Noncompliance with Payment Card Industry Standards

Northeastern Illinois University (the “University”) had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

The University accepted credit card payments for tuition and fees through its website, student union, box office, parking office, outside parking meters, and U-pass. During the 2015 fiscal year, the University processed approximately 48,500 transactions totaling approximately \$22.3 million.

In our review of the University’s efforts to ensure compliance with PCI DSS we noted that the University had not:

- Formally assessed its program regarding the acceptance of credit card payments, the methods in which payments could be made, matched those methods to the appropriate Self-Assessment Questionnaire (SAQ), and contacted service providers to obtain relevant information and appropriate guidance.
- Completed a SAQ addressing all elements of its environment utilized to store, process, and transmit cardholder data.

PCI DSS was developed to detail security requirement for entities that store, process or transmit cardholder data. Cardholder data is any personally identifiable data associated with a cardholder.

To assist merchants in the assessments of their environment, the PCI Council has established SAQs for validating compliance with PCI’s core requirements. At minimum, PCI DSS required completion of SAQ A; which highlights specific requirements to restrict access to paper and electronic media containing cardholder data, destruction of such media when it is no longer needed, and requirements for managing service providers. As additional elements, such as face- to face acceptance of credit cards and point-of–sale solutions, are introduced into the credit card environment being assessed, additional PCI DSS requirements apply.

University officials stated that lack of staff capacity continues to impede progress on completion of the disaster contingency project.

The University has the responsibility to ensure computer systems and cardholder data are protected from accidental or unauthorized disclosure, The lack of validation of proper controls increases the risk of unauthorized disclosure of cardholder data. (Finding Code 2015-014)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

CURRENT FINDINGS – STATE COMPLIANCE (continued)

Finding 2015-014 – Noncompliance with Payment Card Industry Standards (continued)

Recommendation

We recommend the University complete a formal assessment of its program regarding the acceptance of credit card payments sufficient to ensure that it is in compliance with Payment Card Industry Data Security Standards.

University's Response

The University concurs with this finding and recommendation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

PRIOR FINDINGS NOT REPEATED

A. Inadequate Controls over Identifying and Recording Accrued Liabilities

Northeastern Illinois University (University) did not establish adequate internal controls over identifying and recording accrued liabilities for financial reporting purposes. (Finding Code No. 2014-001)

Status: Not Repeated

During the current period, our testing did not disclose any material unrecorded accrued liabilities for financial reporting purposes.

B. Inadequate Controls Over Recording the Historical Cost of Capital Assets

Northeastern Illinois University (University) did not establish adequate internal controls over recording the historical cost of capital assets. (Finding Code No. 2014-002)

Status: Not Repeated

During the current period, our testing did not disclose any material errors in the recording of the historical cost of capital assets.

C. Generally Accepted Accounting Principles (GAAP) Not Properly Applied in the Preparation of Financial Statements

Northeastern Illinois University (University) did not properly apply Generally Accepted Accounting Principles (GAAP) in the preparation of its financial statements. (Finding Code No. 2014-003)

Status: Not Repeated

During the current period, our testing did not disclose any material errors in the application of GAAP in the preparation of the University's financial statements.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015**

PRIOR FINDINGS NOT REPEATED (continued)

D. Reconciliation of Federal Direct Loan Student Loan program Cash Balance

Northeastern Illinois University (University) did not reconcile its cash balance for the Federal Direct Loan Program on a monthly basis. (Finding Code 2014-004)

Status: Not Repeated

During the current period, our sample testing did not disclose any instances of noncompliance with the reconciliation requirement.

E. Student Financial Aid Award Notification

Northeastern Illinois University (University) did not provide notification to a student of a financial aid award prior to disbursement. (Finding Code 2014-006)

Status: Not Repeated

During the current period, our sample testing did not disclose any instances of noncompliance with the student financial aid award notification requirements.

F. Internal Audit

Northeastern Illinois University (University) internal auditing program did not review all major systems within the required time frame. (Finding Code 2014-012, 2013-009)

Status: Not Repeated

During the current period, our testing did not disclose any instances of a failure to review a major system within the required timeframe.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2015**

Summary

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

- Fiscal Schedules and Analysis
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Net Appropriations, Expenditures, Lapsed Balances, and Balances Reappropriated
 - Comparative Schedule of Net Appropriations, Expenditures, Lapsed Balances, and Balances Reappropriated
 - Comparative Schedule of Income Fund Revenues and Expenditures
 - Schedule of Changes in Capital Assets
 - Analysis of Significant Variations in Expenses
 - Analysis of Significant Variations in Revenues
 - Analysis of Significant Lapse Period Spending
 - Analysis of Significant Account Balances
 - Summary of Indirect Cost Reimbursement Funds
 - Schedule of Indirect Cost Funds to be deposited into the University Income Fund as Required by 1982 University Guidelines (Amended 1997)
 - Other Entities and Auxiliary Enterprises - Calculation Sheet for Current Excess Funds (Unaudited)
 - Description of Accounting Entities
 - Other Entities and Auxiliary Enterprises - Balance Sheets
 - Other Entities and Auxiliary Enterprises - Schedule of Changes in Fund Balances - Current Funds
 - Schedules of Federal Expenditures, Nonfederal Expenses, and New Loans
- Analysis of Operations
 - University Functions and Planning Program (Unaudited)
 - University Enrollment and Employee Information (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)
 - University Bookstore Information (Unaudited)
 - Special Data Requirements for Audits of Universities:
 - University Reporting in Accordance with University Guidelines (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)
 - Summary of Foundation Payments to the University (Unaudited)
 - Schedule of Real Estate Acquisitions in Excess of \$250,000 (Unaudited)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2015**

Summary (continued)

The auditor's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report section states that Schedules 1 - 11 and 13 - 16 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived. The auditor's report also states that Schedule 12 and the Analysis of Operations section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on them.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

Schedule 1

<u>Federal Grantor/Pass-Through Grantor Program/Grant Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
MAJOR PROGRAMS			
Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		\$ 16,790,621
Federal Work Study Program	84.033		407,116
Federal Supplemental Educational Opportunity Grant Program	84.007		453,462
Federal TEACH Grant Program	84.379		100,992
Federal Perkins Loan Program (Note 2)	84.038		-
Federal Direct Student Loan Program (Note 3)	84.268		-
			<u>17,752,191</u>
Total Student Financial Assistance Cluster			<u>17,752,191</u>
TRIO Cluster			
TRIO - Talent Search Program	84.044		400,871
TRIO - Upward Bound Math and Science Competition	84.047		253,088
TRIO - Ronald E. McNair Post Baccalaureate Achievement	84.217		220,370
TRIO - Student Support Services - Regular; Disabilities; Teacher Prep	84.042		680,534
			<u>1,554,863</u>
Total TRIO Cluster			<u>1,554,863</u>
Total Department of Education			<u>19,307,054</u>
Total Major Programs			<u>19,307,054</u>
OTHER PROGRAMS			
Research and Development Cluster			
National Science Foundation			
Mathematical and Physical Sciences			
<i>Research in Undergraduate Institutions: Hamilton Instability</i>	47.049		56,541
<i>A Hybrid Course of Peer Led</i>	47.076		42,269
<i>Mesoamerican Online Ethnobotanical Database (MOED)</i>	47.075		8,432
<i>RUI Light Controller Morphogenesis</i>	47.074		123,846
<i>Math and Science Cohort of Scholars</i>	47.049		500
<i>Peer Enhance Experiential</i>	47.076		26,615
Passed-Through Chicago State University			
<i>Illinois Louis Stokes Alliance for Minority Participation</i>	47.076		17,634
			<u>275,837</u>
Total National Science Foundation			<u>275,837</u>
Department of Health and Human Services			
National Institutes of Health			
<i>To Reduce Cancer Disparities</i>	93.397		166,248

STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 FISCAL SCHEDULES AND ANALYSIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

Schedule 1

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	Federal Expenditures
OTHER PROGRAMS (continued)			
Research and Development Cluster (continued)			
Department of Health and Human Services (continued)			
Biomedical Research and Research Training			
Passed-Through Northwestern University			
<i>Minority Access to Research Careers</i>	93.859		206,178
<i>Select Training and Research Program</i>	93.859	PROJ00001509	<u>23,596</u>
Total Biomedical Research and Research Training			<u>229,774</u>
Total Department of Health and Human Services			<u>396,022</u>
Department of Agriculture			
Collaboration and Retention in Environmental & Agriculture			
<i>Hispanic Serving Institutions Education Grants</i>	10.223		<u>34,875</u>
Total Department of Agriculture			<u>34,875</u>
Total Research and Development Cluster			<u>706,734</u>
Department of Education			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		<u>11,923,348</u>
Higher Education Institutional Aid			
Strengthening Institutions - PPOHA	84.031		297,323
Biomedical Environmental Medical Science	84.031		789,013
Strengthening Hispanic Serving Institutions - Retention Transfer Grad	84.031		<u>521,773</u>
Total Higher Education Institutional Aid			<u>1,608,109</u>
Twenty-First Century Community Learning Centers			
Passed-Through Illinois State Board of Education			
<i>Project 4421-10</i>	84.287		757
<i>Project 4421-13</i>	84.287		579,131
<i>Project 4421-15</i>	84.287		106,056
<i>Project 4421-25</i>	84.287		<u>277,881</u>
Total Twenty-First Century Community Learning Centers			<u>963,825</u>
Passed-Through the Illinois State Board of Education			
<i>Race to the Top III</i>	84.395		<u>19,739</u>
English Language Acquisition State Grants	84.365		<u>479,985</u>

STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 FISCAL SCHEDULES AND ANALYSIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

Schedule 1

<u>Federal Grantor/Pass-Through Grantor Program/Grant Title</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS (continued)			
Department of Education (continued)			
Passed-Through Illinois Board of Higher Education <i>No Child Left Behind Plans for Academic Success</i>	84.367		<u>373,441</u>
Rehabilitation Long-Term Training <i>Rehabilitation Counseling</i>	84.129		<u>143,313</u>
Passed-Through University of Illinois at Chicago <i>Teacher Quality Partnership</i>	84.336		<u>135,601</u>
Total Department of Education			<u>15,647,361</u>
Department of Health and Human Services			
Passed-Through Illinois Department of Human Services <i>Substance Abuse Prevention</i>	93.959	10C6002591	<u>106,823</u>
Department of Agriculture			
ARS and NEIU Partnership <i>Agricultural Research Basic and Applied Research</i>	10.001		<u>4,961</u>
Department of Transportation			
National Highway Traffic and Safety Administration (NHTSA) Passed-Through Illinois Department of Transportation <i>Injury Prevention</i>	20.600	SC-14-0319	<u>28,552</u>
Total Other Programs			<u>16,494,431</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 35,801,485</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICY**Basis of Presentation**

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

NOTE 2 - STUDENT LOAN PROGRAM ADMINISTERED BY THE UNIVERSITY

The University administered the following federal loan program during the year ended June 30, 2015:

Federal Perkins Loan Program CFDA #84.038

Outstanding balance at July 1, 2014	<u>\$ 2,120,715</u>
Additions:	
Interest income	41,251
Other income	<u>5,855</u>
Total additions	<u>47,106</u>
Deductions:	
Loans cancelled or written off	61,740
Collection costs	47,553
Provision for doubtful accounts	(44,261)
Administrative charges	<u>7,641</u>
Total deductions	<u>72,673</u>
Outstanding balance at June 30, 2015	<u>\$ 2,095,148</u>

Loans made by the University to eligible students under the Federal Perkins Loan Program during the year ended June 30, 2015 were \$152,824.

NOTE 3 - GUARANTEED LOANS

During the year ended June 30, 2015, the University awarded \$20,833,375 in new loans under the Federal Direct Student Loan Program (CFDA #84.268).

NOTE 4 - WAIVED MATCHING REQUIREMENT

During the year ended June 30, 2015, the State of Illinois, Northeastern Illinois University was granted a waiver from the U.S. Department of Education that released the University from the requirement of matching any Federal Work-Study (FWS) funds and any Federal Supplemental Educational Opportunity Grant (FSEOG) funds.

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, LAPSED BALANCES,
AND BALANCES REAPPROPRIATED*
Appropriations for Fiscal Year 2015
Fourteen Months Ended August 31, 2015

	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through June 30, 2015</u>	<u>Lapse Period Expenditures July 1, to August 31, 2015</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>	<u>Balances Reappropriated July 1, 2015</u>
APPROPRIATED FUNDS						
Education Assistance Fund 007 (Public Act 99-0001)						
Personal services	\$ 35,850,300	\$ 35,802,902	\$ 47,398	\$ 35,850,300	\$ -	\$ -
Employer contributions to group insurance	<u>1,048,500</u>	<u>1,048,500</u>	<u>-</u>	<u>1,048,500</u>	<u>-</u>	<u>-</u>
Total Education Assistance Fund	<u>36,898,800</u>	<u>36,851,402</u>	<u>47,398</u>	<u>36,898,800</u>	<u>-</u>	<u>-</u>
TOTAL APPROPRIATED FUNDS	<u>\$ 36,898,800</u>	<u>\$ 36,851,402</u>	<u>\$ 47,398</u>	<u>\$ 36,898,800</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
LAPSED BALANCES, AND BALANCES REAPPROPRIATED*
For the Years Ended June 30, 2015 and 2014**

	Fiscal Years	
	2015 PA 99-0001	2014 PA 98-0035
Education Assistance Fund - 007:		
Appropriations (Net after transfers)	<u>\$ 36,898,800</u>	<u>\$ 37,847,400</u>
Expenditures:		
Personal services	35,850,300	36,774,800
Employer Contributions to Group Insurance	<u>1,048,500</u>	<u>1,072,600</u>
Total Expenditures	<u>36,898,800</u>	<u>37,847,400</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>
Grand Total, All Funds		
Total Appropriations (Net after transfers)	\$ 36,898,800	\$ 37,847,400
Total Expenditures	<u>36,898,800</u>	<u>37,847,400</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>
Balances Reappropriated	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES*
For the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014**</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 55,820,026	\$ 58,669,905
Income fund revenues:		
Tuition	57,947,089	57,573,582
Rental income	67,095	60,312
Investment income	17,518	70,355
Miscellaneous	<u>765,880</u>	<u>2,221,526</u>
Total income fund revenues	<u>58,797,582</u>	<u>59,925,775</u>
Income fund expenditures:		
Personal services (including change in accrued compensated absences)	34,709,690	34,313,669
Social Security, Medicare, health, and life insurance	1,022,971	935,953
Contractual services	10,740,149	10,556,728
Travel	305,062	342,928
Commodities	1,079,126	1,239,278
Equipment and library books	1,681,998	2,513,722
Telecommunications	680,767	430,448
Operation of automotive	37,879	38,350
Awards, grants, and matching funds	1,569,172	1,329,234
Permanent improvements	13,926,655	5,695,136
Tuition and fee waivers	3,668,886	3,504,755
Other expenditures	<u>2,012,778</u>	<u>1,875,453</u>
Total income fund expenditures	<u>71,435,133</u>	<u>62,775,654</u>
FUND BALANCE, END OF YEAR	\$ <u>43,182,475</u>	\$ <u>55,820,026</u>

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

** Miscellaneous revenue and other expenditures reflect reclassified 2014 amounts.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF CHANGES IN CAPITAL ASSETS*
For the Year Ended June 30, 2015**

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Land	\$ 15,890,310	\$ 6,119,009	\$ -	\$ 22,009,319
Land improvements	10,964,957	1,180,129	-	12,145,086
Building and building improvements	148,118,722	32,948,344	-	181,067,066
Equipment and library books	57,210,897	5,263,087	2,522,036	59,951,948
Construction in progress	<u>23,037,254</u>	<u>5,853,794</u>	<u>25,050,098</u>	<u>3,840,950</u>
Total	<u>\$ 255,222,140</u>	<u>\$ 51,364,363</u>	<u>\$ 27,572,134</u>	<u>\$ 279,014,369</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES
For the Year Ended June 30, 2015**

The Statement of Revenues, Expenses, and Changes in Net Position is presented on page 22 of the financial audit report. Following are explanations for significant variances between expense accounts exceeding \$100,000 and 10%:

	2015	2014	Increase (Decrease)		Comments
			Amount	Percentage	
Research	\$ 1,355,888	\$ 977,462	\$ 378,426	39%	The increase was mainly due to equipment and capital improvement purchases under the capitalization threshold of about \$334 thousand on the Biomedical & Environmental Science grant.
Operation and maintenance of plant	18,628,002	16,940,704	1,687,298	10%	The increase was mainly due to purchases of equipment for EI Centro facility under the capitalization threshold of about \$900 thousand and an increase in allocated share of fringe benefit costs for pension & health, dental & life insurance of about \$800 thousand.
Scholarships and fellowships	8,895,232	10,033,988	(1,138,756)	-11%	The decrease was mainly due to decrease in PELL grants attributed to the number of students exceeding PELL lifetime eligibility units and a decrease in MAP grants due to a combination of enrollment declines and upperclassmen exceeding the MAP ceiling of paid credit hours.
Other operating expenses	179,226	591,322	(412,096)	-70%	The decrease was mainly due to reduced repairs and maintenance costs due to deferral of maintenance projects.
Interest on indebtedness	2,131,665	1,505,864	625,801	42%	The increase in the amount expensed was mainly due to interest expense that was capitalized as part of the EI Centro academic facility asset cost. Interest capitalized in FY14 was about \$1.0 million compared to \$0.3 million in FY15.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES
For the Year Ended June 30, 2015**

The Statement of Revenues, Expenses, and Changes in Net Position is presented on page 22 of the financial audit report. Following are explanations for significant variances between revenue accounts exceeding \$100,000 and 10%:

	2015	2014	Increase (Decrease)		Comments
			Amount	Percentage	
State and local grants	\$ 2,345,836	\$ 3,188,777	\$ (842,941)	-26%	The decrease was due to several awards which had significant increases in awarded amounts that fell into FY 2014. In FY 2015, some awards remained at similar level and there were awards that closed out or terminated in FY 2015.
Other operating revenues	4,721,416	4,104,707	616,709	15%	The increase was due to reimbursement from the DCEO Public Sector Energy grant for about \$ 361 thousand for expenditures paid for this grant in prior years & revenues from the Intensive English Program of about \$292 thousand which started in FY 2015.
Payments on behalf	55,534,524	48,950,555	6,583,969	13%	The increase was due to increase in on behalf payments made by the State for SURS of about \$2.9 million & group insurance of about \$3.7 million.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2015**

There were no significant expenditures during the lapse period.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
CASH AND INVESTMENTS		
The University's cash and investments are classified as follows:		
Cash and cash equivalents	\$ 51,228,838	\$ 64,016,576
Restricted cash and cash equivalents	1,452,706	8,868,765
Restricted investments	-	1,079,996
	<hr/>	<hr/>
TOTAL CASH AND INVESTMENTS	<u>\$ 52,681,544</u>	<u>\$ 73,965,337</u>
The University's cash and investments were held in the following accounts:		
Deposits held at U.S. Bank:		
University 2004 Bond Reserve Account	\$ -	\$ 310,486
University 2004 Bond Account	-	710,388
University 1997 Bond Reserve Account	-	25,117
COP Installment Payment Account	-	1
Series 2014 Expense Fund	59,147	-
Series 2014-1 Bond Fund	414,969	-
Series 2014-2 Bond Fund	144,303	-
Deposits held at Pittsburgh National Bank	24,357	60,774
Deposits held at JPMorgan Chase Bank:		
University Operating Account	2,700,982	2,582,318
University Operating Investment Account	49,900,495	62,668,915
University Clearing Account	(1,061,727)	(917,361)
University Payroll Account	(190,610)	(197,190)
University Student Refund Account	(222,861)	(222,684)
Student Union Revenue Fund	181,969	409
Repair and Replacement Account	432,166	407,166
Equipment Reserve	134,885	134,885
University Emergency Loan Account	(150)	-
2010 COP Installment Payment Account	-	1
2012 COP Installment Payment Account	1	1
2012 Certificate of Participation Project Account	60,909	7,219,536
U.S. Treasury Notes	-	1,079,996
Illinois Funds	96,009	95,879
Petty Cash - all accounts	6,700	6,700
	<hr/>	<hr/>
TOTAL CASH AND INVESTMENTS	<u>\$ 52,681,544</u>	<u>\$ 73,965,337</u>

As of June 30 2015, all deposit amounts were fully collateralized with federal government securities pledged by the applicable financial institution, were invested in U.S. Government securities, money market funds, or were on deposit with Illinois Funds. The Illinois Funds includes investment in U.S. Government-backed securities which yielded an average annual yield of 0.017% during fiscal year 2015. The University has the right to withdraw its participation from the pool at any point in time. The U.S. Treasury Notes have an average annual yield of 1.837%.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2015 and 2014**

RECEIVABLES

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

	<u>2015</u>	<u>2014</u>
Grants	\$ 4,769,971	\$ 5,166,340
Student loans	1,431,306	1,598,221
Tuition and fees	6,834,615	5,840,989
Other receivables	<u>7,684,974</u>	<u>8,608,723</u>
TOTAL RECEIVABLES	<u>\$ 20,720,866</u>	<u>\$ 21,214,273</u>

Grants receivable consists of amounts due from the federal government and other granting sources at the end of the fiscal year. Student loans comprise substantially loans made through the Federal Perkins Loan Program. Tuition and fee receivables increased by about \$900 thousand. In recent years, in response to the declining enrollment, payment plans were encouraged and offered to students which allowed them to continue enrollment without paying their past due balances in full. In addition, a decrease of student loans and financial aid disbursements also contributed to the increase in receivables. Other receivables consist primarily of amounts due from State appropriation, parking fines, library fines and other miscellaneous receivables. The decrease in other receivables of about \$900 thousand was mainly due to decrease in appropriation receivables of about \$700 thousand and a decrease in direct loans receivable.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2015 and 2014**

RECEIVABLES, continued

The aging of such receivables, by type, as of June 30, 2015, is as follows:

	<u>Current</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>	<u>Total</u>
GRANTS	\$ 4,769,971	\$ -	\$ -	\$ -	\$ 4,769,971
STUDENT LOANS					
Perkins loan	\$ 1,620,392	\$ 128,972	\$ 65,900	\$ 274,256	\$ 2,089,520
Emergency loan	4,699	2,482	2,426	26,569	36,176
TOTAL STUDENT LOANS	<u>\$ 1,625,091</u>	<u>\$ 131,454</u>	<u>\$ 68,326</u>	<u>\$ 300,825</u>	2,125,696
Allowance for doubtful accounts					<u>(694,390)</u>
NET STUDENT LOANS					<u>\$ 1,431,306</u>
TUITION AND FEES					
From students	\$ 6,959,075	\$ 2,877,303	\$ 1,541,650	\$ 3,819,653	\$ 15,197,681
Third party reimbursements	110,153	-	-	-	110,153
TOTAL TUITION AND FEES	<u>\$ 7,069,228</u>	<u>\$ 2,877,303</u>	<u>\$ 1,541,650</u>	<u>\$ 3,819,653</u>	15,307,834
Allowance for doubtful accounts					<u>(8,473,219)</u>
NET TUITION AND FEES					<u>\$ 6,834,615</u>
OTHER RECEIVABLES					
Parking fines	\$ 21,148	\$ 43,682	\$ 38,323	\$ 222,768	\$ 325,921
Library fines	80,757	77,975	550,125	-	708,857
Other accruals	7,546,218	-	-	-	7,546,218
TOTAL OTHER RECEIVABLES	<u>\$ 7,648,123</u>	<u>\$ 121,657</u>	<u>\$ 588,448</u>	<u>\$ 222,768</u>	8,580,996
Allowance for doubtful accounts					<u>(896,022)</u>
NET OTHER RECEIVABLES					<u>\$ 7,684,974</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2015 and 2014**

LIABILITIES

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

	<u>2015</u>	<u>2014</u>
Accounts payable and accrued liabilities	\$ 9,777,825	\$ 16,156,462
Unearned revenues	1,359,722	1,584,791
Liability for compensated absences	7,146,808	6,779,398
Revenue bonds payable	15,477,549	16,970,000
Certificates of participation, net	43,924,866	45,286,060
Funds held in custody for others	<u>392,563</u>	<u>350,650</u>
TOTAL LIABILITIES	<u>\$ 78,079,333</u>	<u>\$ 87,127,361</u>

The decrease in accounts payable and accrued liabilities of about \$6.4 million was mainly due to decrease in outstanding invoices payable on capital projects particularly on the EI Centro academic facility which was completed at the beginning of FY 2015.

Decrease in revenue bonds payable was due to the defeased 2004 bonds with principal amount of \$16.9 million financed substantially by the issuance of 2014 bonds in the amount of \$15.0 million.

Decrease in certificates of participation was mainly due to principal payments of \$1.3 million in FY 2015.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2015**

FUND BALANCE, JUNE 30, 2014	\$	819,328
21st CCLC - Austin	2,364	
21st CCLC Morton High School	21,599	
21st CCLC - Pathways	7,856	
Academic Enhancements	74,772	
Bookstore	12,960	
Bridges to the Future	3,953	
Campus Recreation	35,240	
Childcare Center	34,932	
CTB Next Generation Educators	324	
ENLITEN	35,390	
Fry Foundation	(1,551)	
GEAR UP Programs	727,246	
Health Services	23,800	
Hybrid Course of Peer-Led	8,373	
JP Morgan Chase Fellowship Initiative	1,267	
JS Morton Academic Tutoring	474	
KRS Leafhopper Survey	441	
Least Restrictive Environmt Program	512	
Louis Stoke Alliance Minority	2,300	
McNair Scholars Program	14,404	
Mesoamerican Online Ethnobotanical	330	
NCLB Plans For Academic Success	27,541	
Non-Credit Contracts	149	
Northwestern Univ START Program	1,748	
NU Neighbors Banas Pilot Maestra	3,965	
NU Neighbors Ciecierski Pilot	3,231	
NU Nghbrs to Reduce Cancer Disparities	33,951	
NU Stars Marc	12,464	
On Line Course Fees-CTL	15,103	
Parking Lot Administration	112,538	
Parners of Americas-In Campuses	715	
Peer Enhance Experiential	7,299	
Performing Arts	7,831	
Perkins Loan Program	7,641	
Polk Bros Studio Habits	1,364	
Rehabilitation Long Term Training	10,616	
RTI International Planning Grant	64	
RUI Instability of Dynamical System	22,472	
SEOG Program	21,593	

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2015**

SSSP Teacher Preparation	17,809	
SSSP with Disabilities	15,202	
Student Activities	40,851	
Student Support Services Program	17,399	
Student Union Service	63,167	
Talent Search	29,694	
Technology Initiatives	108,682	
UIC Teacher Quality Partnership	10,045	
Upward Bound	18,747	
USDA - CREAR	724	
Vending	6,231	
Work Study Programs	16,959	1,642,781
Other Source-IC on Course Fees/Pell Administrative Fee		<u>32,417</u>
Total Available		2,494,526
Less: Expenditures and Transfer		
Academic Services	638,047	
Administrative Services	7,292	
Student services	3,868	
Public Services	449,036	
		<u>1,098,243</u>
FUND BALANCE, JUNE 30, 2015		<u>\$ 1,396,283</u>

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO
THE UNIVERSITY INCOME FUND AS REQUIRED BY THE 1982
UNIVERSITY GUIDELINES (AMENDED 1997)
For the Year Ended June 30, 2015

1.	Cash and cash equivalents balance:	
	Cash and cash equivalents	<u>\$ 1,413,950</u>
2.	Allocated reimbursements:	
	Total indirect cost reimbursements allocated for	
	expenditure for the fiscal year completed:	
	(\$1,100,000 @ 30%)	330,000
3.	Unallocated reimbursements:	
	Lesser of the actual unallocated indirect cost	
	reimbursements for the year completed OR 10% of	
	total indirect cost allocations for the year completed	110,000
4.	Encumbrances and current liabilities paid in the lapse period:	
	Current liabilities and encumbrances	<u>97,985</u>
5.	Indirect cost carry-forward	<u>537,985</u>
	EXCESS CASH TO BE DEPOSITED TO THE UNIVERSITY	
	INCOME FUND	<u>\$ 875,965</u>

STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 FISCAL SCHEDULES AND ANALYSIS
 OTHER ENTITIES AND AUXILIARY ENTERPRISES - CALCULATION SHEET FOR CURRENT EXCESS FUNDS (UNAUDITED)
 For the Year Ended June 30, 2015

	Student Fee Programs	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises			Total Auxiliary Enterprises
							Student Union	Parking Lot Administration	Other Auxiliary Enterprises	
1. Current available funds:										
Cash	A. \$ 1,175,661	\$ 240,934	\$ (1,293,310)	\$ 1,367,776	\$ 153,366	\$ 217,198	\$ (304,013)	\$ 1,250,257	\$ 508,618	\$ 1,454,862
2. Working capital allowance:										
Highest month's expenditures	\$ 1,170,839	\$ 116,388	\$ 1,445,141	\$ 771,675	\$ 86,536	\$ 25,284	\$ 218,979	\$ 280,163	\$ 105,339	\$ 604,481
Encumbrances and current liabilities paid in lapse period	194,375	30,840	42,843	151,781	13,449	1,284	1,008	74,269	21,700	96,977
Allowance for Sick leave/ Vacation Payouts	-	-	-	-	-	-	62,543	48,229	4,414	115,186
Deferred income	183,574	-	27,982	-	-	-	25,792	61,982	-	87,774
Refundable deposits	-	18	-	-	-	-	-	-	363,746	363,746
Working capital allowance	B. \$ 1,548,788	\$ 147,246	\$ 1,515,966	\$ 923,456	\$ 99,985	\$ 26,568	\$ 308,322	\$ 464,643	\$ 495,199	\$ 1,268,164
3. Current excess funds (margin of compliance):										
Deduct B from A	C. \$ (373,127)	\$ 93,688	\$ (2,809,276)	\$ 444,320	\$ 53,381	\$ 190,630	\$ (612,335)	\$ 785,614	\$ 13,419	\$ 186,698
4. Calculation of income fund remittance:										
An entity may offset excess capital or current funds within the entity.										
Enter the amount to be offset, if any, here	D.	(673,499)	(430,548)	(1,153,054)	(288,204)		(421,794)	(729,153)	(1,403,328)	
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund		\$ (579,811)	\$ 13,772	\$ (1,099,673)	\$ (97,574)		\$ 363,820	\$ (715,734)	\$ (1,216,630)	
Excess Funds Offset										
Allowable capital reserves		\$ 951,254	\$ 1,590,418	\$ 1,249,839	\$ 329,031		\$ 663,959	\$ 1,808,916	\$ 3,182,500	
Actual capital reserves		277,755	1,159,870	96,785	40,827		242,165	1,079,763	1,779,172	
Total Excess Funds Offset		\$ 673,499	\$ 430,548	\$ 1,153,054	\$ 288,204		\$ 421,794	\$ 729,153	\$ 1,403,328	

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
DESCRIPTION OF ACCOUNTING ENTITIES
For the Year Ended June 30, 2015**

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

Activities

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

Indirect Costs are accounts for indirect cost reimbursements received for University grants and contracts.

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

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

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

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

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

Auxiliary Enterprises

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

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

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

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
OTHER ENTITIES AND AUXILIARY ENTERPRISES - BALANCE SHEETS
For the Year Ended June 30, 2015

	Student Fee Programs	Indirect Cost	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises			Totals
								Student Union	Parking Lot Administration	Other Auxiliary Enterprises	
Assets											
Current Fund Assets											
Cash and investments	\$ 1,175,661	\$ 1,413,951	\$ 240,934	\$ (1,293,310)	\$ 1,367,776	\$ 153,366	\$ 217,198	\$ (304,013)	\$ 1,250,257	\$ 508,618	\$ 4,730,438
Accounts receivable - net	352,238	-	(544)	450,245	-	-	-	67,371	224,147	95,513	1,188,970
Prepaid expenses	482,829	26,404	-	3,556	140	10,064	3,459	528	-	-	526,980
Inventories	-	-	-	-	5,256	-	-	241	-	-	5,497
Total	<u>2,010,728</u>	<u>1,440,355</u>	<u>240,390</u>	<u>(839,509)</u>	<u>1,373,172</u>	<u>163,430</u>	<u>220,657</u>	<u>(235,873)</u>	<u>1,474,404</u>	<u>604,131</u>	<u>6,451,885</u>
Plant Fund Assets											
Cash and investments	139,252	-	281,655	(44,967)	1,160,447	96,785	40,827	386,723	247,165	1,079,763	3,387,650
Accounts receivable - net	-	-	-	-	-	-	-	-	-	-	-
Land and land improvements	744,688	-	194,920	199,611	157,497	174,730	5,773	634,433	4,557,154	369,837	7,038,643
Buildings and construction in progress	12,326,900	-	5,056,688	1,616,813	1,527,376	5,392,897	857,439	7,652,419	15,715,935	3,549,102	53,695,569
Equipment	3,257,239	-	42,049	65,493	4,142,952	2,023,289	297,091	746,215	1,041,222	99,920	11,715,470
Total	<u>16,468,079</u>	<u>-</u>	<u>5,575,312</u>	<u>1,836,950</u>	<u>6,988,272</u>	<u>7,687,701</u>	<u>1,201,130</u>	<u>9,419,790</u>	<u>21,561,476</u>	<u>5,098,622</u>	<u>75,837,332</u>
Total assets	\$ 18,478,807	\$ 1,440,355	\$ 5,815,702	\$ 997,441	\$ 8,361,444	\$ 7,851,131	\$ 1,421,787	\$ 9,183,917	\$ 23,035,880	\$ 5,702,753	\$ 82,289,217
Liabilities											
Current Fund Liabilities											
Accounts payable and accrued liabilities	\$ 194,375	\$ 43,981	\$ 30,840	\$ 42,844	\$ 151,781	\$ 13,449	\$ 1,285	\$ 63,551	\$ 122,498	\$ 26,115	\$ 690,719
Deferred income	183,574	90	-	27,982	-	-	-	25,792	61,981	-	299,419
Refundable deposits	-	-	18	-	-	-	-	-	-	363,746	363,764
Total	<u>377,949</u>	<u>44,071</u>	<u>30,858</u>	<u>70,826</u>	<u>151,781</u>	<u>13,449</u>	<u>1,285</u>	<u>89,343</u>	<u>184,479</u>	<u>389,861</u>	<u>1,353,902</u>
Plant Fund Liabilities											
Accounts payable and accrued liabilities	9,785	-	-	-	577	-	-	-	5,000	-	15,362
Revenue bonds payable	-	-	-	-	-	-	-	-	15,160,000	-	15,160,000
Total	<u>9,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,165,000</u>	<u>-</u>	<u>15,175,362</u>
Total liabilities	387,734	44,071	30,858	70,826	152,358	13,449	1,285	89,343	15,349,479	389,861	16,529,264
Fund Balance											
Current	1,632,779	1,396,284	209,532	(910,335)	1,221,391	149,981	219,372	(325,216)	1,289,925	214,270	5,097,983
Reserves - plant	129,467	-	281,655	(44,967)	1,159,870	96,785	40,827	386,723	242,165	1,079,763	3,372,288
Investment in plant	16,328,827	-	5,293,657	1,881,917	5,827,825	7,590,916	1,160,303	9,033,067	6,154,311	4,018,859	57,289,682
Total fund balance	<u>18,091,073</u>	<u>1,396,284</u>	<u>5,784,844</u>	<u>926,615</u>	<u>8,209,086</u>	<u>7,837,682</u>	<u>1,420,502</u>	<u>9,094,574</u>	<u>7,686,401</u>	<u>5,312,892</u>	<u>65,759,953</u>
Total liabilities and fund balance	\$ 18,478,807	\$ 1,440,355	\$ 5,815,702	\$ 997,441	\$ 8,361,444	\$ 7,851,131	\$ 1,421,787	\$ 9,183,917	\$ 23,035,880	\$ 5,702,753	\$ 82,289,217

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
OTHER ENTITIES AND AUXILIARY ENTERPRISES - SCHEDULE OF CHANGES
IN FUND BALANCES - CURRENT FUNDS
For the Year Ended June 30, 2015**

<u>Accounting Entities and Auxiliary Enterprises</u>	<u>Balance June 30, 2014</u>	<u>Revenues</u>	<u>Expenditures and Transfers</u>	<u>Balance June 30, 2015</u>
Student Fee Programs	\$ 1,206,932	\$ 8,748,070	\$ 8,322,223	\$ 1,632,779
Indirect Cost	819,328	1,675,198	1,098,242	1,396,284
Public Service Activities	178,894	422,284	391,646	209,532
Student and Staff Services	(495,833)	2,655,152	3,069,654	(910,335)
Service Departments	517,643	3,557,845	2,854,097	1,221,391
Other Educational Services	154,596	353,952	358,567	149,981
Educational Contracts	55,093	310,399	146,120	219,372
Student Union	(413,481)	1,264,448	1,176,183	(325,216)
Parking Lot Administration	1,259,592	2,250,961	2,220,628	1,289,925
Other Auxiliary Enterprises	<u>170,541</u>	<u>1,082,447</u>	<u>1,038,718</u>	<u>214,270</u>
 Total	 <u>\$ 3,453,305</u>	 <u>\$ 22,320,756</u>	 <u>\$ 20,676,078</u>	 <u>\$ 5,097,983</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULES OF FEDERAL EXPENDITURES, NONFEDERAL
EXPENSES, AND NEW LOANS
For the Year Ended June 30, 2015**

SCHEDULE A - FEDERAL FINANCIAL COMPONENT

Total federal expenditures reported on the SEFA Schedule	\$ 35,801,485
Total new loans made not included on the SEFA Schedule	20,833,375
Amount of federal loan balances at beginning of the year (not included on the SEFA Schedule and continued compliance required)	<u>2,120,715</u>

TOTAL SCHEDULE A **\$ 58,755,575**

SCHEDULE B - TOTAL FINANCIAL COMPONENT

Total operating expenses (from financial statements)	\$ 187,385,796
Total nonoperating expenses (from financial statements)	2,131,665
Total new loans made	20,833,375
Amount of federal loan balances at beginning of the year	<u>2,120,715</u>

TOTAL SCHEDULE B **\$ 212,471,551**

SCHEDULE C

		<u>Percent</u>
Total Schedule A	\$ 58,755,575	27.7%
Total nonfederal expenses	<u>153,715,976</u>	<u>72.3%</u>
TOTAL SCHEDULE B	<u>\$ 212,471,551</u>	<u>100.0%</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Year Ended June 30, 2015**

Description of Planning System

Functions

Mission

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

Vision

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

Values

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

Planning

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

- (1) **Student Success:** Ensure student success from recruitment through graduation by creating a culture in which all members of the University community are engaged in attracting, educating, and graduating students who achieve the objectives for baccalaureate and graduate degrees.
- (2) **Academic Excellence and Innovation:** Develop an environment that supports curricular and pedagogical innovation aligned with the mission of the institution, the standards of the disciplines, student needs, and career and civic opportunities in a global society.
- (3) **Urban Leadership:** Work collaboratively with educational, social service, governmental, and business institutions in Chicago and the region to build upon the University's tradition of community involvement.
- (4) **Exemplary Faculty and Staff:** Invest in faculty and staff to make the University a world-class metropolitan university and an employer of choice.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Year Ended June 30, 2015**

Description of Planning System (continued)

Planning (continued)

- (5) Enhanced University Operations: Provide a supportive learning, teaching and working environment by improving operating productivity, physical infrastructure, and environmental sustainability.
- (6) Fiscal Strength: Enhance the University's financial position by reducing reliance on State general funds and student tuition, diversifying revenue sources, and strengthening institutional relationships with federal, state, and local governments, and private sponsors.

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

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

Annual progress reports will be provided to the University community (e.g., the State of the University address) and the Board of Trustees.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY ENROLLMENT AND EMPLOYEE INFORMATION (UNAUDITED)
For the Year Ended June 30, 2015**

Enrollment Information

Enrollments of both undergraduate and graduate students for each term (including extension centers and part-time students) for the school years 2014-2015 and 2013-2014, as shown in the Board of Trustees' Enrollment Report were as follows:

	<u>2014-2015</u>	<u>2013-2014</u>
Fall	10,275	10,821
Spring	9,243	9,703
Summer	4,576	4,589

Average Annual Full-Time Equivalent (FTE) Enrollment

In fiscal year 2015, the University had an average FTE enrollment of 7,119 students, comprised of 6,055 undergraduates and 1,064 graduate students. This number was calculated in accordance with the Illinois Board of Higher Education guidelines as follows: annual undergraduate semester credit hours (SCH) divided by 30. It is assumed that a full-time undergraduate student enrolls for 15 hours per term, two terms per year. The same logic was used to calculate graduate FTE, except that SCH was divided by 24. It is assumed that a full-time graduate student enrolls for 12 hours per term, two terms per year.

Annual Cost per FTE Student

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

Assuming an undergraduate FTE enrolls for two terms at 15 hours per term, and that a graduate FTE enrolls for two terms at 12 hours per term, the fiscal year 2015 annual costs per FTE, calculated by dividing the total costs of instruction by the corresponding FTE, were as follows: a) undergraduate - \$11,504, and b) graduate - \$15,288.

Costs per Credit Hour

The University's costs per credit hour (based upon total expenditures for instruction divided by total credit hours) for fiscal years 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Costs per Credit Hour	\$ <u>413</u>	\$ <u>406</u>

**STATE OF ILLINOIS
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 For the Year Ended June 30, 2015**

Student/Faculty Ratio

The University's student/faculty ratio (based upon full-time equivalent students and faculty on a staff year basis) for fiscal years 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Student/Faculty Ratio	<u>16:1</u>	<u>17:1</u>

Employee Information

The average number of employees at the University during fiscal years 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Administration	322	327
Faculty	549	560
Civil Service	613	601
Students	<u>378</u>	<u>399</u>
Total employees	<u>1,862</u>	<u>1,887</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Year Ended June 30, 2015**

<u>Source</u>	<u>Indicator</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Target Value</u>	<u>Next Measurement Date</u>
<u>Student Success</u>											
NEIU	First Year to Second Year Retention Rate	64.5%	67.3%	68.2%	64.1%	61.6%	61.0%	60.3%	60.6%	62.0%	Fall, 2016
NEIU	First Year to Third Year Retention Rate	48.4%	45.9%	52.2%	52.1%	44.3%	46.5%	44.9%	45.4%	46.0%	Fall, 2016
NEIU	Six-Year Graduation Rate	18.4%	20.4%	20.1%	23.1%	20.9%	20.3%	21.8%	22.2%	24.0%	Fall, 2016
NEIU	New Freshmen Enrollment	1,017	1,071	1,042	950	1,040	808	771	748	798	Fall, 2016
NEIU	Undergraduates with Declared Majors and Pre-Majors	71.8%	69.2%	72.9%	74.7%	76.1%	79.8%	82.5%	80.3%	85.1%	Spring 2017
<u>Enhanced University Operations</u>											
IBHE	Comparative Instructional Costs as a Percentage of State Average	95.4%	98.2%	97.6%	92.4%	95.3%	96.7%	Not yet available	Not yet available	100%	FY2014
NEIU	Energy Usage (BTUs of Energy per sq. ft.)	149.0	159.7	153.8	153.7	131.1	125.3	147.7	135.1	138.1	FY2016
NEIU	Institutional Support as Percentage of Total Operating Expenses	7.7%	7.9%	9.2%	8.8%	7.3%	9.0%	10.7%	Not yet available	6.5%	FY2015
<u>Fiscal Strength</u>											
NEIU	Tuition as Percentage of State Average	79.0%	81.0%	83.0%	85.0%	85.0%	85.0%	84.0%	85.0%	< 95%	FY2016
NEIU	Endowment Contributions	\$ 287,610	\$ 632,425	\$ 490,374	\$ 190,581	\$ 463,764	\$ 476,760	\$ 379,004	\$ 768,031	\$ 560,000	FY2016
NEIU	Overall Contributions to NEIU	\$ 679,899	\$ 1,000,759	\$ 928,614	\$ 735,450	\$ 1,013,959	\$ 1,656,023	\$ 1,028,925	\$ 2,661,734	\$ 1,120,000	FY2016

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY BOOKSTORE INFORMATION (UNAUDITED)
For the Year Ended June 30, 2015**

The summary of University bookstore information for fiscal year 2015 is as follows:

Contracted/Rents to Students/University operated	Contracted
Contractor	Beck's Bookstore, Inc.
Contract term	06/01/11 - 05/31/21
Amount of gross sales for bookstore	\$2,274,764
Amount (if any) to be paid to bookstore by the University	None
Commissions	\$269,202
Commission terms	8.5% of Annual Sales \$0 to \$2,000,000 9.0% of Annual Sales up to \$4,000,000 9.5% of Annual Sales up to \$5,000,000 10.0% of Annual Sales over \$5,000,000
Annual minimum concession fee payment	\$270,000
Given exclusive rights	Yes
Competition/"Other" nearby/On-campus bookstores	Barnes and Noble Used Book Store (Foster Ave)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS - SPECIAL DATA REQUIREMENTS
FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY
GUIDELINES (UNAUDITED)
For the Year Ended June 30, 2015**

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled "Matters Regarding University Audits" (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University financial statements and audit reports for the year ended June 30, 2015, where such special data is found.

Compliance Findings

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

Indirect Cost Reimbursements

13(b) A statement of the sources and applications of indirect cost reimbursements is included on pages 61 and 62 of this report.

13(c) The University's calculation sheet for indirect cost carry-forward is included in this report on page 63. The excess funds were deposited to the Income Fund within 45 days after the end of the lapse period.

Tuition Charges and Fees

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

Auxiliary Enterprises, Activities and Accounting Entities

13(e) Identification of each specific accounting entity and descriptions of the sources of revenue and purpose of each are presented in this report on page 65.

13(f) Entity financial statements are presented on pages 66 and 67 of this report. The entity financial statements should be read in conjunction with the University's audited financial statements for the year ended June 30, 2015.

13(g) The University's calculation sheet for current excess funds is presented in this report on page 64. The excess funds were deposited to the Income Fund 45 days after the end of the lapse period.

13(h) Support received by Auxiliary Enterprises from State appropriated funds for retirement and group insurance benefits amounted to approximately \$183,571 and \$622,710, respectively, for the year ended June 30, 2015.

13(i) A Statement of Revenues and Expenses for Various Bond Indenture Required Accounts is presented on page 39 of the financial audit report.

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ANALYSIS OF OPERATIONS - SPECIAL DATA REQUIREMENTS
FOR AUDITS OF UNIVERSITIES
UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY
GUIDELINES (UNAUDITED)
For the Year Ended June 30, 2015**

Auxiliary Enterprises, Activities and Accounting Entities (continued)

- 13(j) The revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) A list and description of non-instructional facilities reserves are presented on page 61 of the financial audit report.

University Related Organizations

- 13(l) The University recognizes the Northeastern Illinois University Foundation (the "Foundation") as University related organizations. The University has designated no organization as "Independent Organizations" as defined in Section VII of the *University Guidelines*.
- 13(m) The Foundation does not pay the University for services provided. Compensation is in the form of University support. See page 78 of this report for details related to services and support provided.
- 13(n) The University does not pay the Foundation for services provided. Compensation is in the form of services and facilities provided. See footnote 7 on page 44 of the financial audit report for details related to services and support provided.
- 13(o) At June 30, 2015, there were no unreimbursed subsidies to the Foundation from the University or appropriated funds.
- 13(p) There is no debt financing provided by the Foundation.

Other Topics

- 13(q) Schedules of cash and investments held by the University are presented in the Analysis of Significant Account Balances section of this report on page 57, and in footnote 2 on pages 30 to 32 of the financial audit report.
- 13(r) Income from the investment of pooled funds is credited to the University's Income Fund. Income from the investment of non-pooled funds is credited to the fund making the investment.
- 13(s) Costs per full-time equivalent student are presented on page 71 of this report.
- 13(t) Acquisitions of real estate in excess of \$250,000 by the University during the year ended June 30, 2015 that were not funded by a separate appropriation specifically identifying the particular acquisition are presented on page 79 of this report.

STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 ANALYSIS OF OPERATIONS - SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
 SCHEDULE OF TUITION AND FEE WAIVERS (UNAUDITED)
 For the Year Ended June 30, 2015

(In Thousands of Dollars)

	Undergraduate				Graduate			
	Tuition Waived		Fees Waived		Tuition Waived		Fees Waived	
	Recipients	Value of Waivers	Recipients	Value of Waivers	Recipients	Value of Waivers	Recipients	Value of Waivers
MANDATORY WAIVERS								
Teacher Special Education	6	\$ 46.4	6	\$ 9.6	24	\$ 66.8	24	\$ 13.8
General Assembly	-	-	-	-	-	-	-	-
ROTC	8	49.9	8	10.3	-	-	-	-
DCFS	3	17.4	3	3.6	-	-	-	-
Children of Employees	45	122.3	-	-	-	-	-	-
Senior Citizens	2	5.5	-	-	2	4.3	-	-
Veterans Grants & Scholarships	186	864.4	186	178.3	42	114.8	42	23.7
Subtotal	250	1,105.9	203	201.8	68	185.9	66	37.5
DISCRETIONARY WAIVERS								
Faculty/Administrators	-	-	-	-	19	30.1	19	6.2
Civil Service	37	87.0	37	18.0	93	183.0	93	37.7
Academic/Other Talent	620	1,165.0	-	-	227	254.2	-	-
Foreign Exchange Students	44	366.0	44	76.0	15	86.6	15	17.9
Student Need-Financial Aid	-	-	-	-	16	23.7	-	-
Student Need-Special Programs	116	153.0	-	-	-	-	-	-
Cooperating Professionals	1	1.0	-	-	32	46.8	-	-
Research Assistants	-	-	-	-	18	51.1	18	10.5
Teaching Assistants	-	-	-	-	44	127.0	44	26.2
Other Assistants	-	-	-	-	53	216.7	53	44.7
Interinstitutional/Related Agencies	31	94.0	31	19.0	17	48.0	17	9.9
Contract/Training Grants	-	-	-	-	42	134.8	42	27.8
Subtotal	849	1,866.0	112	113.0	576	1,202.0	301	180.9
TOTAL	<u>1,099</u>	<u>\$ 2,971.9</u>	<u>315</u>	<u>\$ 314.8</u>	<u>644</u>	<u>\$ 1,387.9</u>	<u>367</u>	<u>\$ 218.4</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS - SPECIAL DATA REQUIREMENTS
FOR AUDITS OF UNIVERSITIES
SUMMARY OF FOUNDATION PAYMENTS TO
THE UNIVERSITY (UNAUDITED)
For the Year Ended June 30, 2015**

During fiscal year June 30, 2015, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University advanced \$0 in funds and provided an additional \$118,916 of services to the Foundation. As required by the contract, the Foundation repaid the University, using funds considered unrestricted for purposes of the University Guidelines computations. In addition, the Foundation gave the University non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University during the audit period:

Funds considered unrestricted for purposes of the University Guidelines computations: Restricted only as to campus, college, or department and generally available for ongoing University operations: Given to specific departments	\$ 436,688
Funds considered restricted for purposes of the Guidelines computations: Given for scholarships, grants, and awards	<u>277,990</u>
Total funds provided to the University by the Foundation	714,678
The Foundation also provided fundraising activities for the University. The value of the activities on a time and material basis were: Fundraising and special events expenses	<u>30,782</u>
Total financial and service support	<u>\$ 745,460</u>

**STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 ANALYSIS OF OPERATIONS - SPECIAL DATA REQUIREMENTS FOR AUDITS OF UNIVERSITIES
 SCHEDULE OF REAL ESTATE ACQUISITIONS IN EXCESS OF \$250,000 (UNAUDITED)
 For the Year Ended June 30, 2015**

University Guidelines require that the University report annually on the acquisition of real estate costing in excess of \$250,000, and not funded by a separate appropriation specifically identifying the particular acquisition. During the fiscal year ended June 30, 2015, the University made the

<u>Land Value</u>	<u>Building Value</u>	<u>Total</u>	<u>Property Description</u>
\$ 495,330	\$ 1,060,666	\$ 1,555,996	Bryn Mawr - Testing & Training Center
\$ 5,268,442	\$ -	\$ 5,268,442	El Centro Tract 8 and 9
\$ 362,863	\$ 637,125	\$ 999,988	El Centro Tract 10