

REPORT DIGEST

NORTHEASTERN ILLINOIS UNIVERSITY

**FINANCIAL AND COMPLIANCE AUDIT
(In accordance with the Federal Single Audit Act
of 1984 and OMB Circular A-133)
FOR THE YEAR ENDED JUNE 30, 1995**

{Expenditures and Activity Measures are summarized on the reverse page.}

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NONCOMPLIANCE WITH UNIVERSITY FACILITIES REVENUE BOND INDENTURE

The University did not comply with all requirements of the University Facilities Revenue Bond indenture. We noted a minor and technical compliance violation of the terms of the Bond Resolution. **This finding has been repeated since our audit report covering the period ending June 30, 1981.**

For the past 14 years, the University has not complied with the account transfer requirements set forth in the University Facilities Revenue Bond Resolution. The applicable bonds were sold during 1974 in the amount of \$3,075,000 (\$2,150,000 outstanding at June 30, 1995) and were used to finance the construction of the Commuter Center.

The exception noted during the current audit was:

a. The transfers into the Revenue Account were not made within three days of receipt as required by Section 6.02 of the Bond Resolution. During the year ended June 30, 1995, the transfers of Commuter Center income were usually made every seven days.

The University's processing for these revenues is via a batch mode system which does not allow for faster transfer and posting. Also, the University believes that modifications to the current system would not be cost effective and has decided to defer corrective action pending the implementation of a new real-time, on-line based administrative computer software system. (Finding 1, page 6)

We recommended the University take action to ensure compliance with the University Facilities Revenue Bond Resolution requirement. The University responded that it contracted for a new administrative computer software system that is real-time, on-line which will enable it to overcome the current difficulties. The new system is scheduled for implementation in July 1996. (For previous agency responses, see Digest Footnote 1.)

OTHER FINDINGS

The remaining finding is less significant and is being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next compliance audit.

Mr. Peter Wollstein, Vice President of Administrative Affairs at Northeastern Illinois University, provided the University's responses.

AUDITORS' OPINION

Our auditors state that the June 30, 1995 financial statements of Northeastern Illinois University are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:ROQ

SUMMARY OF AUDIT FINDINGS

| <u>Number of</u> Audit Findings | <u>This Audit</u> | <u>Prior Audit</u> |
|--|-------------------|--------------------|
| Repeated Audit Findings | 2 | 5 |
| Prior recommendations implemented or not repeated | 1 | 4 |
| | 4 | 5 |

SPECIAL ASSISTANT AUDITORS

Deloitte & Touche LLP were our special assistant auditors for this audit.

DIGEST FOOTNOTES

#1: NONCOMPLIANCE WITH UNIVERSITY FACILITIES REVENUE BOND INDENTURE - Previous Agency Responses.

1994:"The University posts student fees via a batch system and deposits funds daily to a local bank. Any modifications to the current environment would be difficult and not cost effective. The University has contracted for a state-of-the-art replacement software system that is real-time, on-line which is scheduled to go "live" in January 1996."

1993:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three-day requirement. However, receipts are deposited daily to the University's local bank."

1991:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement. The Board of Governors agrees with this finding and will make the required transfers per the bond indenture requirement."

1989:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement. The Board of Governors agrees with this finding and will make the required transfers per the bond indenture requirement."

1987:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement. However, receipts are deposited daily to the University's local bank. The University believes this practice provides

full protection to the bondholders. The Board agrees with this finding and will make the required transfers per bond indenture requirement."

1985:"The University, because it is posting via a batch system, does not obtain the necessary figures in time to meet the three day requirement."

1983:"We agree with the facts and will take necessary steps to correct the problem."

1981:"The University believes that its practice of daily deposits into the clearing account followed by a weekly analysis and settlements of interfund liabilities provides full protection to the bondholder and offers the advantage of increased efficiency."

NORTHEASTERN ILLINOIS UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
For The Year Ended June 30, 1995

| FINANCIAL OPERATIONS (CURRENT FUNDS) | FY 1995 | FY 1994 |
|---|-----------------------------|-----------------------------|
| REVENUES | | |
| State Appropriations: | | |
| General Revenue Fund | \$ 30,330,518 | \$ 28,388,051 |
| Education Assistance Fund | 3,220,400 | 3,052,500 |
| Student tuition and other fees | 17,324,273 | 17,056,935 |
| Grants (principally federal awards) | 10,994,045 | 8,982,640 |
| Commuter center sales and services | 827,196 | 1,028,874 |
| Parking revenue | 789,903 | 747,578 |
| Other sources | <u>1,577,569</u> | <u>1,306,603</u> |
| TOTAL REVENUES | <u>\$ 65,063,904</u> | <u>\$ 60,563,181</u> |
| EXPENDITURES AND TRANSFERS AMONG FUNDS | | |
| Educational and general: | | |
| Instruction | \$ 22,514,008 | \$ 22,228,843 |
| Research | 1,496,226 | 291,416 |
| Public service | 5,183,721 | 4,577,875 |
| Academic support | 5,193,579 | 4,612,084 |
| Student services and programs | 5,859,622 | 5,369,804 |
| Institutional support | 10,348,950 | 10,326,802 |
| Operation and maintenance of plant | 7,077,895 | 6,862,966 |
| Scholarships and fellowships | <u>5,368,492</u> | <u>5,281,032</u> |
| Total educational and general expenditures | \$ 63,042,493 | \$ 59,550,822 |
| Auxiliary enterprises | <u>1,731,391</u> | <u>2,039,409</u> |
| TOTAL EXPENDITURES | <u>\$ 64,773,884</u> | <u>\$ 61,590,231</u> |
| SELECTED ACCOUNT BALANCES (ALL FUNDS) | JUNE 30, 1995 | JUNE 30, 1994 |
| Total Assets | \$ 107,695,318 | \$ 99,064,878 |
| Total Liabilities | 22,937,890 | 17,325,996 |
| Fund Balances: | | |
| Restricted | 5,653,600 | 6,668,827 |
| Unrestricted | 79,103,828 | 75,070,055 |
| SUPPLEMENTARY INFORMATION | FY 1995 | FY 1994 |
| <u>Employment Statistics</u> | | |
| Administration | 204 | 202 |
| Faculty | 325 | 333 |
| Civil Service | 451 | 450 |
| Students | <u>468</u> | <u>429</u> |
| Total Employees | <u>1,448</u> | <u>1,414</u> |
| <u>Selected Activity Measures</u> | | |
| Annual full-time equivalent - Undergraduate | 5,521 | 5,756 |
| Annual full-time equivalent - Graduate | 1,533 | 1,511 |
| Full-time equivalent cost per student - Undergraduate | \$5,786 | \$5,289 |
| Full-time equivalent cost per student - Graduate | \$7,412 | \$7,223 |
| Classroom utilization - day | 52.6%* | 52.6%* |
| Classroom utilization - night | 65.1%* | 65.1%* |
| *Based upon the most recent study completed (Fiscal 1989). Classroom space utilization data for periods subsequent to Fiscal 1989 is not available. | | |
| UNIVERSITY PRESIDENT | | |
| During Audit Period: Dr. Gordon Lamb | | |
| Currently: Dr. Salme H. Steinberg (Acting) Effective 9/1/95 | | |