



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

WESTERN ILLINOIS UNIVERSITY

Financial Audit
For the Year Ended June 30, 2019

Release Date: March 12, 2020

FINDINGS THIS AUDIT: 1	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

SYNOPSIS

- (19-01) The University did not properly monitor completion of capital assets in construction in progress to ensure timely capitalization and computation of depreciation of building improvements.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

WESTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2019

STATEMENT OF NET POSITION	2019	2018
Assets		
Cash and cash equivalents.....	\$ 47,860,512	\$ 52,909,769
Accounts and student loans receivable, net.....	10,614,540	10,697,908
Due from primary government.....	2,170,888	1,399,986
Capital assets, net.....	204,921,905	215,519,206
Other.....	2,591,353	2,577,356
Total Assets.....	268,159,198	283,104,225
Deferred Outflow of Resources.....	1,330,068	1,464,745
Liabilities		
Accounts payable, accrued liabilities, accrued payroll.....	15,118,846	10,035,381
Compensated absences.....	8,024,188	9,263,116
Revenue bonds, certificates of participation.....	68,428,051	75,646,980
Other.....	21,239,339	23,676,588
Total Liabilities.....	112,810,424	118,622,065
Deferred Inflow of Resources.....	5,012,196	4,564,559
Net Position		
Net investment in capital assets.....	136,921,071	140,425,989
Restricted.....	27,985,687	28,862,299
Unrestricted.....	(13,240,112)	(7,905,942)
Total Net Position.....	\$ 151,666,646	\$ 161,382,346
REVENUES, EXPENSES AND CHANGES IN NET POSITION	2019	2018
Revenues		
State appropriations and on-behalf payments.....	\$ 64,196,032	\$ 80,579,416
Tuition and fees, net.....	51,531,872	59,001,018
Auxiliary enterprises.....	29,723,755	34,344,317
Special funding situation for pension and OPEB.....	32,961,521	77,650,753
Grants and other contracts.....	40,362,825	52,201,956
Sales and services of educational departments.....	4,287,203	4,212,256
Other.....	6,499,214	6,919,420
Total Revenues.....	229,562,422	314,909,136
Expenses		
Instruction.....	82,232,408	107,007,081
Public service.....	13,654,810	14,126,892
Academic support.....	17,760,047	22,716,085
Student services.....	22,439,097	27,822,927
Institutional support.....	18,131,905	21,933,167
Operation and maintenance of plant.....	16,800,279	19,541,835
Scholarships and fellowships.....	11,375,575	11,912,630
Auxiliary enterprises.....	34,292,482	44,140,176
Other.....	22,704,182	23,444,360
Total Expenses.....	239,390,785	292,645,153
Income (Loss) Before Capital Items.....	(9,828,363)	22,263,983
Capital State appropriations.....	112,663	94,123
Increase (Decrease) in net position.....	(9,715,700)	22,358,106
Net Position, Beginning of Year as previously reported.....	161,382,346	159,793,573
Prior Period Adjustment.....	-	(20,769,333)
Net Position, Beginning of Year as restated.....	161,382,346	139,024,240
Net Position, End of Year.....	\$ 151,666,646	\$ 161,382,346
PRESIDENT		
During Audit Period: Dr. Jack Thomas		
Currently: Dr. Martin Abraham		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROL OVER MONITORING OF
CAPITAL ASSETS IN CONSTRUCTIONS IN
PROGRESS**

Internal controls did not ensure timely capitalization of building improvements

The University did not properly monitor completion of capital assets in construction in progress to ensure timely capitalization and computation of depreciation of building improvements.

We noted the following in our audit of financial statements relating to capital assets:

The University did not update its property records timely. We noted two constructions in progress projects completed in Fiscal Year 2019 that were not transferred to building improvements resulting in misclassification of depreciable capital assets by \$1,183,634 and unrecorded depreciation costs totaling \$24,636.

- A roof project, totaling \$671,736, was completed in November 2018, which resulted in unrecorded depreciation costs of \$22,503.
- An upgrade, totaling \$511,898, was completed in June 2019, which resulted in unrecorded depreciation costs of \$2,133. (Finding 1, pages 67-68)

We recommended the University review current practices to determine if enhancements can be implemented to ensure the year-end checklist is properly monitored and each activity has been completed.

The University agrees with the finding

The University agreed with the finding and stated the accounting department will place an increased emphasis on the review of the year-end checklist and Facilities Management project reports to ensure projects in construction in progress were capitalized or expensed appropriately.

AUDITOR'S OPINION

The auditors stated the financial statements of the University as of and for the years ended June 30, 2019, are fairly stated in all material respects.

This financial audit was conducted by Adelfia, LLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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