



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHERN ILLINOIS UNIVERSITY**

**Financial Audit  
 For the Year Ended June 30, 2023**

**Release Date: March 28, 2024**

FINDINGS THIS AUDIT: 4	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
Category 2:	4	0	4				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>4</b>				
<b>FINDINGS LAST AUDIT: 2</b>							

**INTRODUCTION**

This digest covers the Northern Illinois University’s (University) Financial Audit as of and for the year ended June 30, 2023. A digest covering the University’s Single Audit was separately released. In addition, a separate digest covering the University’s Compliance Examination for the year ended June 30, 2023, will be released at a later date.

**SYNOPSIS**

- (23-1) The University did not properly record and reconcile its capital assets balances.
- (23-3) The University did not record a right to use asset nor a related lease liability for a lease agreement entered into during fiscal year 2023 which met the requirements of Governmental Accounting Standards Board Statement No. 87, *Leases*.

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

**NORTHERN ILLINOIS UNIVERSITY**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2023**

<b>STATEMENT OF NET POSITION (in thousands)</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 48,134	\$ 58,545
Investments.....	73,575	77,092
Accounts and student loans receivable, net.....	33,769	38,963
Appropriations receivable from the State.....	-	483
Capital assets, net.....	351,217	364,137
Other.....	22,656	22,620
Total Assets.....	529,351	561,840
<b>Deferred Outflows of Resources.....</b>	<b>12,140</b>	<b>9,727</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	56,062	51,493
Accrued compensated absences.....	19,246	18,372
Revenue bonds, contracts, notes and leases payable.....	281,526	310,262
Other post-employment benefits.....	21,606	40,299
Other.....	30,643	17,504
Total Liabilities.....	409,083	437,930
<b>Deferred Inflows of Resources.....</b>	<b>28,066</b>	<b>12,921</b>
<b>Net Position</b>		
Net investment in capital assets.....	44,298	47,578
Restricted.....	75,240	74,431
Unrestricted.....	(15,196)	(1,293)
Total Net Position.....	\$ 104,342	\$ 120,716
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)</b>	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
State appropriations.....	\$ 96,387	\$ 92,997
On-Behalf and Special Funding for fringe benefits.....	35,784	121,909
Tuition and fees, net.....	81,956	99,517
Auxiliary enterprises.....	87,055	75,867
Federal and State grants and other contracts.....	118,213	134,917
Sales and services of educational activities.....	27,450	23,787
Other.....	9,310	12,999
Total Revenues.....	456,155	561,993
<b>Expenses</b>		
Instruction.....	152,866	191,834
Research.....	20,679	21,545
Auxiliary enterprises.....	67,980	79,361
Institutional support.....	47,065	63,410
Academic support.....	32,867	40,101
Student services.....	18,696	22,084
Operation and maintenance of plant.....	25,600	20,371
Public service.....	31,154	27,959
Scholarships and fellowships.....	43,164	60,356
Depreciation.....	27,135	27,030
Interest.....	5,323	8,058
Total Expenses.....	472,529	562,109
<b>Decrease in net position.....</b>	<b>\$ (16,374)</b>	<b>\$ (116)</b>
<b>UNIVERSITY PRESIDENT</b>		
During Audit Period & Current: President - Dr. Lisa Freeman		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**CAPITAL ASSETS**

Northern Illinois University (the University) did not properly record and reconcile its capital asset balances.

**Capital asset errors**

During our testing of the University's capital assets, we noted the following errors which are not corrected in the financial statements as they do not cause a material misstatement:

**Two projects were completed but were still included in year-end construction in progress**

- Two projects totaling \$672,496, substantially completed and put in use in prior years, are included in year-end construction in progress and no depreciation has been recorded for the projects. The projects should have been moved from construction in progress to buildings in the year of completion and depreciation started in that year. The University elected not to record the adjustment that was proposed.
- A balance of \$469,593, unassociated with any specific project and carried forward for several years, is included in year-end construction in progress. The University plans to expense this amount in fiscal year 2024 and therefore elected not to record the adjustment that was proposed.
- The University's schedule of accumulated depreciation, which we recalculated and agree is fairly stated, exceeds the recorded balance of accumulated depreciation by \$2,950,528. This is a historical variance unrelated to current year depreciation, which has been rolling forward for several years. The University elected not to record the adjustment that was proposed.

As a result of the issues noted above, capital assets, net of accumulated depreciation and net investment in capital assets on the University's statement of net position are both overstated by approximately \$3,420,000. (Finding 1, Page 6)

We recommended the University adjust its capital asset records in fiscal year 2024 for the noted errors and review its internal controls over the recording and reconciling of capital assets.

**University accepted the finding**

University officials accepted the finding.

**LEASES**

Northern Illinois University (the University) did not record a right to use asset nor a related lease liability for a lease agreement entered into during fiscal year 2023 which met the

requirements of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.

**Copier and printer lease was not included in the University’s lease detail**

During our testing of the completeness of the University’s lease agreement detail, we noted a five-year lease agreement for copiers and printers that was not included. The University’s year-end assets and liabilities would have increased by approximately \$2,800,000 if this lease was accounted for appropriately.

GASB Statement No. 87 states assets which an entity has a non-cancellable right to use for a period longer than one year should be captured on the statement of net position as intangible right to use assets and lease liabilities. (Finding 3, Page 9)

We recommended the University add the lease to its tracking software in fiscal year 2024. We further recommended the University enhance their procedures over the review of potential lease agreements for proper inclusion within the University’s financial statements.

**University accepted the finding**

University officials accepted the finding.

**OTHER FINDINGS**

The remaining findings pertains to financial statement errors and not utilizing the effective interest rate method for amortizing debt premiums on bond issuances. We will review the University’s progress towards the implementation of our recommendations in our next financial audit.

**AUDITOR’S OPINION**

The auditors stated the financial statements of the University as of and for the year ended June 30, 2023 are fairly stated in all material respects.

This financial audit was conducted by RSM US LLP.

**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

FJM:TLK