

**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, 2014
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, 2014, 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, 2014**

Agency Officials

Dr. Sharon Hahs	President
Mr. Mark Wilcockson, CPA	Vice President for Finance and Administration (through January 5, 2014)
Mr. Michael Pierick	Vice President for Finance and Administration (effective January 6, 2014)
Mr. Craig Duetsch	Assistant Vice President for Business Services
Ms. Peggy Ho	Director of Financial Affairs/Controller (through July 31, 2014)
Ms. Fe Lenon	Director of Financial Affairs/Controller (effective July 16, 2014)
Mr. Ronald Cierny, CPA	Director of Internal Audit
Ms. Ann McNabb	Executive Director - Office of University Budgets

Agency offices are located at:

5500 North St. Louis Avenue
Chicago, Illinois 60625

February 21, 2015

Finance and Administration

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

Phone: (773) 442-5100

CliftonLarsonAllen LLP
1301 West 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, 2014. Based on this evaluation, we assert that during the year(s) ended June 30, 2014, the Agency has materially complied with the assertions below.

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

Yours truly,

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, 2014**

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 Auditor'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	15	14
Repeated Findings	8	6
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)			
2014-001	16	Inadequate Controls over Identifying and Recording Accrued Liabilities	Material Weakness and Noncompliance
2014-002	18	Inadequate Controls Over Recording the Historical Cost of Capital Assets	Material Weakness and Noncompliance
2014-003	20	Generally Accepted Accounting Principles(GAAP) Not Properly Applied in the Preparation of Financial Statements	Significant Deficiency And Noncompliance
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
2014-004	22	Reconciliation of Federal Direct Student Loan Program Cash Balance	Significant Deficiency and Noncompliance
2014-005	24	TRIO Reporting	Significant Deficiency and Noncompliance
2014-006	26	Student Financial Aid Award Notification	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2014**

<u>Item No.</u>	<u>Page(s)</u>	<u>Description</u>	<u>Finding Type</u>
2014-007	28	Awarding of Student Financial Aid	Significant Deficiency and Noncompliance
2014-008	29	Return of Unearned Student Financial Aid	Significant Deficiency and Noncompliance
2014-009	31	Perkins Loan Past Due Notification	Significant Deficiency and Noncompliance
FINDINGS (STATE COMPLIANCE)			
2014-010	33	Noncompliance with Abused and Neglected Child Reporting Act	Significant Deficiency and Noncompliance
2014-011	34	Noncompliance with Campus Security Enhancement Act of 2008	Significant Deficiency and Noncompliance
2014-012	35	Internal Audit	Significant Deficiency and Noncompliance
2014-013	36	Timesheets Not Required	Significant Deficiency and Noncompliance
2014-014	37	Property and Equipment Controls	Significant Deficiency and Noncompliance
2014-015	39	Disaster Contingency Plan Deficiencies	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:

2014-001	16	Inadequate Controls over Identifying and Recording Accrued Liabilities	Material Weakness and Noncompliance
2014-002	18	Inadequate Controls Over Recording the Historical Cost of Capital Assets	Material Weakness and Noncompliance
2014-003	20	Generally Accepted Accounting Principles(GAAP) Not Properly Applied in the Preparation of Financial Statements	Significant Deficiency And Noncompliance

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE REPORT
For the Year Ended June 30, 2014**

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	41	Inadequate Controls over Preparation of an Accurate Schedule of Expenditures of Federal Awards
B	41	Refund of Student Credit Balances
C	41	Exit Counseling
D	41	GEAR UP Matching
E	42	FISAP Reporting
F	42	High School Feedback System Reports

Exit Conference

The University waived having an exit conference in correspondence dated February 20, 2015, from the University's Assistant Vice President for Business Services, Craig Duetsch.

The responses to the recommendations were provided by Craig Duetsch, in correspondence dated February 20, 2015.



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

Honorable William G. Holland
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, 2014. 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, 2014. 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 2014-001, 2014-002, 2014-003, 2014-010, 2014-011, 2014-012, 2014-013, 2014-014, and 2014-015.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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 2014-003, 2014-010, 2014-011, 2014-012, 2014-013, 2014-014, and 2014-015 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, 2014, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 19, 2014 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 December 19, 2014. 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, 2014 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, 2014 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, 2014, 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 years ended June 30, 2013 and 2012 and have issued our reports thereon dated December 6, 2013 and January 16, 2013, 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 years ended June 30, 2013 and 2012 in Schedules 3 through 7 and Schedules 9, 10, and 15 has been subjected to the auditing procedures applied in the audits of the June 30, 2013 and 2012 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 years ended June 30, 2013 and 2012 in Schedules 3 through 7 and Schedules 9, 10, and 15 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.

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February 21, 2015 except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is December 19, 2014.



**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 William G. Holland
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 (the "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, 2014, which collectively comprise the University's basic financial statements and have issued our report thereon dated December 19, 2014. 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 first paragraph of this section 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, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 2014-001 and 2014-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2014-003 to be a significant deficiency.

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 responses to the 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 the financial statements and accordingly, we express no opinion on the responses.

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

December 19, 2014



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 William G. Holland
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, 2014. 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, 2014.

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 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, and 2014-009. 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 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, and 2014-009.

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, 2014, and the related notes to the financial statement, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 19, 2014. 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 December 19, 2014. 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 21, 2015 except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 19, 2014.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(s) identified that are not considered to be material weaknesses? X yes 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>
84.334	Student Financial Assistance Cluster Gaining Early Awareness and Readiness for Undergraduate Programs
84.365	TRIO Cluster English Language Acquisition State Grants
84.367	Research and Development Cluster No Child Left Behind - Plans for Academic Success

Dollar threshold used to distinguish between type A and type B programs: \$541,801

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, 2014**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS

Finding 2014-001 - Inadequate Controls over Identifying and Recording Accrued Liabilities

Northeastern Illinois University (University) has not established adequate internal controls over identifying and recording accrued liabilities for financial reporting purposes.

Subsequent to the release of the University's financial statements for the year ended June 30, 2013, University management determined that expenses and the related liability for employees who had completed their contracted services as of June 30, 2013, but had not received final payment for these services, had not been properly recorded. Consequently, University management recorded a prior period adjustment to correct this error. The adjustment reduced unrestricted net position as of June 30, 2013 by \$2,832,752 for the unrecorded liability as of that date.

Generally Accepted Accounting Principles (GAAP) for governmental entities is promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 35, Basic Financial Statements - and Management Discussion and Analysis - for Public Colleges and Universities, require the use of accrual basis of accounting for business-type entities. Under the accrual basis, expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system or systems of internal financial and administrative controls which shall provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

The University's Board of Trustees and management share the ultimate responsibility for the University's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the University's financial statements and disclosures to ensure that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

University management indicated that the University had historically recorded the salaries in question in the months in which faculty was paid, instead of when the compensation was earned, inadvertently failing to follow accrual basis for accounting in this situation. Specifically, for faculty on a 9-month contract who were paid over 12 months, the compensation that they were paid in July and August was recorded in the new fiscal year even though it was earned in the previous fiscal year.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 2014-001 - Inadequate Controls over Identifying and Recording Accrued Liabilities
(continued)

Failure to maintain accounting records and present financial reports in accordance with accounting principles generally accepted in the United States of America distorts the net position of the University and the State. (Finding Code No. 2014-001)

Recommendation

We recommend the University implement procedures to ensure that all accrued liabilities are properly identified and recorded in the University's accounting records in order to facilitate accurate financial reporting.

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, 2014**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 2014-002 - Inadequate Controls Over Recording the Historical Cost of Capital Assets

Northeastern Illinois University (University) has not established adequate internal controls over recording the historical cost of capital assets.

Subsequent to the release of the University's financial statements for the year ended June 30, 2013, University management determined that net interest cost incurred on borrowed funds during the period of construction of capital assets through June 30, 2013 had incorrectly been charged to expense rather than properly capitalized as a component of the cost of acquiring those assets. Consequently, University management recorded a prior period adjustment to correct this error. The adjustment recorded by the University increased net position as of June 30, 2013 by \$439,138 for the cumulative capitalized interest costs as of that date.

During our audit of the calculations supporting the University's adjustment, we noted that University management had not calculated the amount correctly. As a result, we proposed an audit adjustment to the originally submitted financial statements to recognize an additional \$571,151 of cumulative capitalized interest costs as of June 30, 2013 as well as \$396,032 in additional capitalized interest costs for the year ended June 30, 2014. University management reviewed, accepted, and recorded the proposed adjustment.

Generally Accepted Accounting Principles (GAAP) for governmental entities is promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, paragraphs 5-22, establish the requirements for capitalizing interest cost as one of the components of historical cost of capital assets reported in business-type activities and enterprise funds. In general, the standard requires the amount of interest cost to be capitalized for qualifying assets is intended to be that portion of the interest cost incurred during the assets' acquisition periods that theoretically could have been avoided (for example, by avoiding additional borrowings or by using the resources expended for the assets to repay existing borrowings) if outlays for the assets had not been made.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system or systems of internal financial and administrative controls which shall provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 2014-002 - Inadequate Controls Over Recording the Historical Cost of Capital Assets (continued)

The University's Board of Trustees and management share the ultimate responsibility for the University's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the University's financial statements and disclosures to ensure that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

University management indicated that during the course of the 2014 audit, the University determined that net interest cost incurred on borrowed funds during the period of construction of capital assets should be capitalized. The University was aware of the standards and applied the provisions of FASB 34 to the best of its interpretation. Later in the audit, after the GAAP package was submitted, the University was made aware of additional applicable standards, GASB 62 (specifically paragraphs 5-22) which caused the change in its reported amounts.

Failure to maintain accounting records and present financial reports in accordance with accounting principles generally accepted in the United States of America distorts the net position of the University and the State. (Finding Code No. 2014-002)

Recommendation

We recommend the University implement procedures to ensure that the historical cost of capital assets is properly calculated and recorded in the University's accounting records in order to facilitate accurate financial reporting.

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, 2014**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 2014-003 - 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.

In the performance of our auditing procedures, we noted the following financial statement matters:

- In implementing the provisions of Governmental Accounting Standards Board (GASB) Statement 65 Items Previously Reported as Assets and Liabilities, the University erroneously wrote off premiums and discounts related to outstanding debt obligations totaling \$166,954 and \$59,699, respectively.
- The originally submitted financial statements reflected a negative net position of \$738,235 as restricted for capital projects.

We proposed audit adjustments to correct the matters described above. University management reviewed, accepted, and recorded the proposed adjustments.

Generally Accepted Accounting Principles (GAAP) for governmental entities is promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, establishes that debt issuance costs, defined as all costs incurred to issue debt, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses) should be recognized as expense in the period incurred, except for any portion related to prepaid insurance costs. Furthermore, the standard establishes that the requirements of the statement are to be adopted retroactively by restating beginning balances. The standard does not address or require restatement for premiums and discounts which arise during the issuance of debt.

GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, establish the requirements for reporting net position as restricted. Under the standard, net position on which externally imposed restrictions by creditors, grantors, contributions, or laws and regulations of other governments exist or on which restrictions are imposed though constitutional provisions or enabling legislation should be reported as restricted. Consequently, under this definition, it is not possible to report a negative restricted net position.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDING - GOVERNMENT AUDITING STANDARDS (continued)

Finding 2014-003 - Generally Accepted Accounting Principles (GAAP) Not Properly Applied in the Preparation of Financial Statements (continued)

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system or systems of internal financial and administrative controls which shall provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

The University's Board of Trustees and management share the ultimate responsibility for the University's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the University's financial statements and disclosures to ensure that the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

With regard to the University's implementation of GASB 65, University management indicated that it based its initial interpretation on the GASB's guideline which states: "...debt issuance costs include all costs incurred to issue the bonds, including but not limited to insurance costs, financing costs, and other related costs." This statement made no reference to premiums and discounts, as such; initially the University included these items as part of debt issue costs.

With regard to the negative net position, University management indicated that the University's initial statement presentation for June 30, 2014 was based on past year calculations which made the balances of negative net position for restricted capital projects comparable to prior years. In the fiscal year ended June 30, 2014, due to GASB 65 implementation, debt issue costs were written off and consequently changed this year's net position balances.

Failure to maintain accounting records and present financial reports in accordance with accounting principles generally accepted in the United States of America distorts the net position of the University and the State. (Finding Code No. 2014-003)

Recommendation

We recommend the University implement procedures to ensure that financial reporting is in accordance with accounting principles generally accepted in the United States of America.

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, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Federal Direct Student Loans	84.268	\$ 22,939,761

Questioned Costs: None

Finding 2014-004 - Reconciliation of Federal Direct Student Loan Program Cash Balance

Northeastern Illinois University (the “University”) did not reconcile its cash balance for the Federal Direct Loan Program on a monthly basis.

During our testing of program compliance requirements, we requested monthly reconciliations of the University’s Direct Loan records to the ending cash balance on the School Account Statements (SAS) provided by the Common Origination and Disbursement (COD) System. Although the University was able to provide evidence that it had separately analyzed components of the SAS, the University could not provide us with consistent documentation of reconciliation of the cash balance to University records.

The Department of Education’s Student Financial Handbook Chapter 5, Reconciliation page 4-97, requires that the University reconciles the ending cash balance on the SAS with its internal records on a monthly basis, ensuring that any discrepancies are resolved, and documents any reason for a positive or negative balance.

In addition, OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. Effective internal controls should include procedures to ensure that program records are reconciled to the fiscal records on a monthly basis.

University officials indicated that while the University reconciled the direct loans as required, it failed to assure that its documentation properly and consistently demonstrated the comparison of records from month to month.

Failure to properly reconcile program and fiscal records on a monthly basis is a violation of Federal regulations and could result in a loss of Federal funding. (Finding Code 2014-004)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 2014-004 - Reconciliation of Federal Direct Student Loan Program Cash Balance
(continued)

Recommendation

We recommend the University properly reconcile its cash balance for the Federal Direct Loan Program on a monthly basis and maintain sufficient documentation to support the performance of the reconciliation procedures.

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, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
TRIO Cluster	Cluster	\$1,556,048

Questioned Costs: None

Finding 2014-005 - TRIO Reporting

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 eligibility classifications.
- One participant’s enrollment date at the University was reported incorrectly.

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 the accurate calculation of the value of in-kind matching contributions is calculated accurately.

University officials stated that this finding was due to data entry errors by new staff who were being trained. The TRIO Director was in the process of training new staff to replace her duties after retirement, including collecting and reporting data to the Annual Performance Report. Errors were made in this training period.

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 2014-005 - TRIO Reporting (continued)

Recommendation

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

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, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	Cluster	\$ 43,110,549

Questioned Costs: None

Finding 2014-006 - Student Financial Aid Award Notification

Northeastern Illinois University (the "University") did not provide notification to a student of a financial aid award prior to disbursement.

During our testing of 40 students that received financial aid, we noted the University was unable to provide documentation that substantiated one student had received notification of their awards prior to disbursing funds to the student's account.

According 34 CFR 668.165, the University is required to notify the student of the amount of funds for each title IV program and how and when those funds will be disbursed prior to the University making disbursement.

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 students are notified of financial aid awards prior to disbursement.

University officials stated that the notification of the Direct Loan Award is generated by the "NEIUWorks Workflow" system. Despite working with the University's technology department, the Financial Aid Office was unable to extract a copy of the actual notification for one student.

Failure to properly notify the student of their financial aid prior to disbursement could result in a student not being aware of the amount or type of financial aid awarded by the University. Furthermore, failure to comply with regulations issued by the Department of Education may jeopardize future Federal funding. (Finding Code 2014-006)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 2014-006 - Student Financial Aid Award Notification (continued)

Recommendation

We recommend the University improve its procedures over the notification of student financial aid awards to ensure that students are notified timely.

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, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	Cluster	\$ 43,110,549

Questioned Costs: None

Finding 2014-007 - Awarding of Student Financial Aid

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

Through our testing of 40 students that received federal student financial aid, we noted for 1 student tested, we noted that the student received excess subsidized Direct Loan monies totaling \$500.

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 the student in question registered for a course twice, and the automated budgeting process did not update after this double registration. Once the duplicate course was removed, the over-award was corrected by staff.

Failure to properly award student financial aid could jeopardize future Federal funding. (Finding Code 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.

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, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Aid Cluster	Cluster	\$43,110,549

Questioned Costs: None

Finding 2014-008 - Return of Unearned Student Financial Aid

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 42 refunds of unearned Title IV aid, we noted two refunds totaling \$93 that were not returned within 45 days of the school determining the student withdrew.

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 finding was due to oversight and entering of an incorrect amount on behalf of staff member.

Failure to perform accurate and complete refund calculations of unearned Title IV funds may jeopardize future Federal funding. (Finding Code 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, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 2014-008 - 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, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Federal Agency: U.S. Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Federal Perkins Loan Program	84.038	\$ 2,120,715

Questioned Costs: None

Finding 2014-009 - Perkins Loan Past Due Notification

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

Through our testing of seven Perkins loans going into default during the year, we noted the University did not notify 5 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 that a staff member was being trained on new duties of notification to students who are federal Perkins loans borrowers. Through this process, a number of notifications were not completed. Proper internal controls were not in place to catch this oversight.

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 2014-009)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDINGS - FEDERAL COMPLIANCE (continued)

Finding 2014-009 - 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, 2014**

CURRENT FINDINGS - STATE COMPLIANCE

Finding 2014-010 - 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 to ensure compliance with the new Abused and Neglected Child Reporting Act training requirement, yet a minority of current employees ignored the various requests from University administrators to complete the training. Additionally, a small percentage of new employees did not submit a signed compliance form during orientation.

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 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, 2014**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 2014-011 - 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 21 employees listed in security sensitive positions for testing and noted that background checks were not completed for 4 of the 21 selected.

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 the University's new Background Check Policy was not finalized and implemented until Fall 2014, which resulted in some Checks not being completed.

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 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.

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, 2014**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 2014-012 - Internal Audit

Northeastern Illinois University (the “University”) internal auditing program did not review all major systems within the required time frame.

In our testing of the University’s internal audit program, we noted that the University had not audited all major systems of internal accounting and administrative control within the required two-year timeframe. Specifically, we noted the audit of grants and contracts had not been performed during the prior two fiscal years ending June 30, 2014. The most recent audit of this area was performed on contracts entered into prior to June 30, 2011. The report related to the testing was issued in August 2011.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2003) states that audits of all major systems of internal accounting and administrative control must be performed at least once every two years and must include testing of the obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations; and testing of grants received or made by the designated State agency to determine that the grants are monitored, administered, and accounted for in accordance with applicable laws and regulations.

University officials stated that the University experienced internal audit resource constraints related to an increase in the number and scope of internal audits, reviews and reports. Such constraints resulted in this report not being finalized. This report is now in progress and due for completion June 30, 2015 which is in accordance with the current two-year Internal Auditing Plan, FY 2014 through 2015.

The lack of timely internal audits over all major systems impairs the University’s ability to monitor the effectiveness of its system of internal control and results in noncompliance with the Act. (Finding Code 2014-012, 2013-009)

Recommendation

We recommend the University comply with the Act by ensuring the timely performance of audits over all major systems.

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, 2014**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 2014-013 - 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 22 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 currently requires time reports from all hourly and administrative employees. While progress was made to draft policies and procedures for faculty time sheets, this has not yet been implemented.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code 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, 2014**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 2014-014 - Property and Equipment Controls

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

In our testing to physically identify 50 items listed in the property records, 5 items with a total cost of \$6,059 were disposed of or scrapped or missing and the locations were not updated in the property records. These items consist of an acoustical panel, a computer, a chair, a weight training machine, and a monitor. Four items were listed in the system as disposed in the fixed asset system, but were located during procedures. No Property Change Notice (PCN) forms were prepared to support the changes in location. These items consist of a table and 3 file cabinets.

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 it was previously determined that when the Acoustical Panels were labeled, the labels ended up hidden from view once the Panels were installed. Neither disassembling the Panels nor affixing new Fixed Asset numbers was considered reasonable alternatives, so these were left as is. For the other equipment, Property Change Notices were not completed as required by departments. Many departments were in the middle of doing their Inventory Certification when the audit sampling was completed.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 2014-014 - 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 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, 2014**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 2014-015 - 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 the primary cause has been the lack of IT resources to implement the disaster recovery method to enable a plan. Furthermore, the University has made progress in implementing a method, but critically need database administrator resources to complete it.

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 2014-015, 2013-014)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

CURRENT FINDINGS - STATE COMPLIANCE (continued)

Finding 2014-015 - Disaster Contingency Plan Deficiencies (continued)

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.

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, 2014**

PRIOR FINDINGS NOT REPEATED

A *Inadequate Controls over Preparation of an Accurate Schedule of Expenditures of Federal Awards*

Status: Not Repeated

It was recommended that the University improve its controls over financial reporting so that it can prepare an accurate Schedule of Expenditures of Federal Awards.

In the current year, we noted no inaccuracies in the University's preparation of its Schedule of Expenditures of Federal Awards (Finding Code 2013-002, 12-2)

B *Refund of Student Credit Balances*

Status: Not Repeated

It was recommended that the University review its procedures to ensure that Title IV funds are applied correctly to student accounts and to ensure that credit balances are refunded within required timeframes.

In the current year, we did not note any instances in our sample testing of late refunds of student credit balances. (Finding Code 2013-004, 12-7)

C *Exit Counseling*

Status: Not Repeated

It was recommended that the University review its procedures to ensure compliance with Direct Loan exit counseling requirements.

In the current year, we did not note any instance in our testing where the University was not in compliance with Direct Loan exit counseling requirements. (Finding Code 2013-005, 12-8)

D *GEAR UP Matching*

Status: Not Repeated.

It was recommended that the University review its procedures to ensure that all matching costs and contributions are being accurately reported for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP).

In the current year, we noted no instances in our sample testing of inaccurate reporting of matching contributions to the GEAR UP program. (Finding Code 2013-006)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014**

PRIOR FINDINGS NOT REPEATED (continued)

E *FISAP Reporting*

Status: Not Repeated.

It was recommended that the University review its procedures to ensure that the Fiscal Operations Report (FISAP) filings are accurately and timely submitted in accordance with regulations.

In the current year, we noted no instances in our testing of inaccuracies in the FISAP submission. (Finding Code 2013-008)

F *High School Feedback System Reports*

Status: Not Repeated.

It was recommended that the University prepare and submit High School Feedback System reports in accordance with the Statute.

Effective July 16, 2014, the Statute was repealed. (Finding Code 2013-011)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2014**

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)

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
For the Year Ended June 30, 2014**

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, 2014**

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		\$ 17,043,382
Federal Work Study Program	84.033		469,150
Federal Supplemental Educational Opportunity Grant Program	84.007		418,597
Federal TEACH Grant Program	84.379		118,944
Federal Perkins Loan Program (Note 2)	84.038		-
Federal Direct Student Loan Program (Note 3)	84.268		-
			<u>18,050,073</u>
Total Student Financial Assistance Cluster			<u>18,050,073</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		<u>11,159,496</u>
TRIO Cluster			
TRIO - Talent Search Program	84.044		373,944
TRIO - Upward Bound Math and Science Competition	84.047		274,358
TRIO - Ronald E. McNair Post Baccalaureate Achievement	84.217		241,171
TRIO - Student Support Services - Regular; Disabilities; Teacher Prep	84.042		<u>666,575</u>
			<u>1,556,048</u>
Total TRIO Cluster			<u>1,556,048</u>
English Language Acquisition State Grants	84.365		<u>459,484</u>
Passed-Through Illinois Board of Higher Education			
<i>No Child Left Behind</i>	84.367	None	<u>364,904</u>
			<u>31,590,005</u>
Total Department of Education			<u>31,590,005</u>
Research and Development Cluster			
National Science Foundation			
Mathematical and Physical Sciences			
<i>Research in Undergraduate Institutions: Hamilton Instability</i>	47.049		35,660
<i>A Hybrid Course of Peer Led</i>	47.076		64,907
<i>Mesiamerican Online Ethnobotanical Database (MOED)</i>	47.075		13,833
<i>RUI Light Controller Morphogenesis</i>	47.074		5,967
<i>Math and Science Cohort of Scholars</i>	47.049		124,695
<i>ARRA- Enriching the First Year Experience</i>	47.082		51,066
Passed-Through University of Wisconsin			
<i>How Does Teachers' Visual Scaffolding Support Students' Mathematics Learning</i>	47.076	192K850	12,276
Passed-Through Chicago State University			
<i>Illinois Louis Stokes Alliance for Minority Participation</i>	47.076	None	<u>14,004</u>
			<u>322,408</u>
Total National Science Foundation			<u>322,408</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014**

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 (continued)			
Research and Development Cluster (continued)			
Department of Health and Human Services			
National Institutes of Health			
<i>An Office of Research Development to Foster Research To Reduce Cancer Disparities</i>	93.865		41,097
	93.397		131,483
Passed-Through Northwestern University			
<i>Select Training and Research Program</i>	93.859	PROJ00001509	<u>34,246</u>
Total Department of Health and Human Services			<u>206,826</u>
Department of Agriculture			
Targeted Investigation of Earth Resources			
<i>Hispanic Serving Institutions Education Grants</i>	10.223		10,654
Collaboration and Retention in Environmental & Agriculture			
<i>Hispanic Serving Institutions Education Grants</i>	10.223		<u>48,680</u>
Total Department of Agriculture			<u>59,334</u>
Total Research and Development Cluster			<u>588,568</u>
Total Major Programs			<u>32,178,573</u>
OTHER PROGRAMS			
Department of Education			
Higher Education Institutional Aid			
Strengthening Institutions - PPOHA	84.031		752,015
Biomedical Environmental Medical Science	84.031		661,482
Strengthening Hispanic Serving Institutions - Retention Transfer Grad	84.031		453,637
Strengthening Institutions - Hispanic Serving Institutions	84.031		<u>198,002</u>
Total Higher Education Institutional Aid			<u>2,065,136</u>
Twenty-First Century Community Learning Centers			
Passed-Through Illinois State Board of Education			
<i>Project 4421-07</i>	84.287		288,555
<i>Project 4421-10</i>	84.287		318,344
<i>Project 4421-13</i>	84.287		<u>477,518</u>
Total Twenty-First Century Community Learning Centers			<u>1,084,417</u>

STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 FISCAL SCHEDULES AND ANALYSIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2014

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)			
Race to the Top			
Passed-Through the Illinois State Board of Education			
<i>Project 4901-4E</i>	84.395		10,498
<i>Project 4901-4M</i>	84.395		<u>8,607</u>
Total Race to the Top			<u>19,105</u>
Rehabilitation Long-Term Training			
<i>Rehabilitation Counseling</i>	84.129		<u>133,280</u>
PEP Aspira			
<i>Fund for the Improvement of Education</i>	84.215		<u>272</u>
Passed-Through University of Illinois at Chicago			
<i>Teacher Quality Partnership</i>	84.336	0411	<u>487,235</u>
Total Department of Education			3,789,445
Department of Health and Human Services			
Passed-Through Illinois Department of Human Services			
<i>Substance Abuse Prevention</i>	93.959	10C6002591	104,394
Department of Agriculture			
ARS and NEIU Partnership			
<i>Agricultural Research Basic and Applied Research</i>	10.001		10,146
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>27,557</u>
Total Other Programs			<u>3,931,542</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 36,110,115</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, 2014**

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, 2014:

Federal Perkins Loan Program CFDA #84.038

Outstanding balance at July 1, 2013	<u>\$ 2,136,773</u>
Additions:	
Interest income	48,259
Other income	<u>5,998</u>
Total additions	<u>54,257</u>
Deductions:	
Loans cancelled or written off	54,257
Collection costs	52,754
Provision for doubtful accounts	(44,215)
Administrative charges	<u>7,519</u>
Total deductions	<u>70,315</u>
Outstanding balance at June 30, 2014	<u>\$ 2,120,715</u>

Loans made by the University to eligible students under the Federal Perkins Loan Program during the year ended June 30, 2014 were \$150,387.

NOTE 3 - GUARANTEED LOANS

During the year ended June 30, 2014, the University awarded \$22,939,761 in new loans under the Federal Direct Student Loan Program (CFDA #84.268).

NOTE 4 - WAIVED MATCHING REQUIREMENT

During the year ended June 30, 2014, 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 2014
Fourteen Months Ended August 31, 2014

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2014	Lapse Period Expenditures July 1, to August 31, 2014	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2014
APPROPRIATED FUNDS						
Education Assistance Fund 007 (Public Act 98-0035)						
Personal services	\$ 36,774,800	\$ 36,716,458	\$ 58,342	\$ 36,774,800	\$ -	\$ -
Employer contributions to group insurance	<u>1,072,600</u>	<u>1,072,600</u>	<u>-</u>	<u>1,072,600</u>	<u>-</u>	<u>-</u>
Total Education Assistance Fund	<u>37,847,400</u>	<u>37,789,058</u>	<u>58,342</u>	<u>37,847,400</u>	<u>-</u>	<u>-</u>
TOTAL APPROPRIATED FUNDS	<u>\$ 37,847,400</u>	<u>\$ 37,789,058</u>	<u>\$ 58,342</u>	<u>\$ 37,847,400</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, 2014 and 2013

	Fiscal Years	
	2014	2013
	PA 98-0035	PA 97-0729
Education Assistance Fund - 007:		
Appropriations (Net after transfers)	\$ 37,847,400	\$ 37,807,600
Expenditures:		
Personal services	36,774,800	36,735,000
Employer Contributions to Group Insurance	1,072,600	1,072,600
Total Expenditures	37,847,400	37,807,600
Lapsed Balances	\$ -	\$ -
Grand Total, All Funds		
Total Appropriations (Net after transfers)	\$ 37,847,400	\$ 37,807,600
Total Expenditures	37,847,400	37,807,600
Lapsed Balances	\$ -	\$ -
Balances Reappropriated	\$ -	\$ -

* 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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 58,669,905	\$ 50,090,287
Income fund revenues:		
Tuition	57,573,582	59,332,767
Rental income	60,312	50,789
Investment income	70,355	105,963
Miscellaneous	<u>346,073</u>	<u>3,351,663</u>
Total income fund revenues	<u>58,050,322</u>	<u>62,841,182</u>
Income fund expenditures:		
Personal services (including change in accrued compensated absences)	34,313,669	32,346,527
Social Security, Medicare, health, and life insurance	935,953	1,071,439
Contractual services	10,556,728	8,703,953
Travel	342,928	356,907
Commodities	1,239,278	1,159,155
Equipment and library books	2,513,722	2,443,250
Telecommunications	430,448	361,752
Operation of automotive	38,350	29,033
Awards, grants, and matching funds	1,329,234	1,091,837
Permanent improvements	5,695,136	55,102
Tuition and fee waivers	<u>3,504,755</u>	<u>3,809,857</u>
Total income fund expenditures	<u>60,900,201</u>	<u>51,428,812</u>
FUND BALANCE, END OF YEAR	\$ 55,820,026	\$ 61,502,657
PRIOR YEAR ADJUSTMENT	<u>-</u>	<u>(2,832,752)</u>
ADJUSTED FUND BALANCE, END OF YEAR	<u>\$ 55,820,026</u>	<u>\$ 58,669,905</u>

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SCHEDULE OF CHANGES IN CAPITAL ASSETS*
For the Year Ended June 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
Land	\$ 16,133,310	\$ 107,000	\$ 350,000	\$ 15,890,310
Land improvements	10,964,957	-	-	10,964,957
Building and building improvements	141,530,023	6,588,699	-	148,118,722
Equipment and library books	58,471,801	4,125,736	5,386,640	57,210,897
Construction in progress	<u>5,214,959</u>	<u>21,302,873</u>	<u>4,490,868</u>	<u>22,026,964</u>
Total	\$ 232,315,050	\$ 32,124,308	\$ 10,227,508	\$ 254,211,850
Prior Period Adjustment (Construction in progress)	<u>1,010,290</u>	<u>-</u>	<u>-</u>	<u>1,010,290</u>
Adjusted Total	<u>\$ 233,325,340</u>	<u>\$ 32,124,308</u>	<u>\$ 10,227,508</u>	<u>\$ 255,222,140</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, 2014**

The 2014 Statement of Revenues, Expenses, and Changes in Net Position is presented on page 22 of the 2014 financial audit report. The 2013 Statement of Revenues, Expenses, and Changes in Net Position is presented on page 21 of the 2013 financial audit report. Following are explanations for significant variances between expense accounts exceeding \$100,000 and 10%:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>		
			<u>Amount</u>	<u>Percentage</u>	<u>Comments</u>
Institutional support	\$ 19,531,980	\$ 16,179,347	\$ 3,352,633	21%	The increase was due mainly to increase in salaries of about \$1.4 million, an increase in benefits from on behalf payments of about \$ 1.7 million, a decrease of about \$0.4 million in vacation & sick leave pay benefits and an increase in contractual expenses of about \$0.7 million particularly coming from institutional advertising & information campaigns.
Other operating expenses	591,322	893,777	302,455	34%	The decrease was mainly due to the system maintenance expenses and purchase of software made in FY 2013 including Cognos business license upgrade, Symantec Education bundle & Symantec Netback appliance & support.
Interest on indebtedness	1,505,864	2,218,518	(712,654)	-32%	The decrease was a net effect of an increase of about \$0.3 million in interest expense from \$2.2 million in FY 2013 to \$ 2.5 million in FY 2014 which was offset by interest of about \$ 1.0 million on the 2012 COP which was capitalized as part of the EI Centro academic facility asset cost.
Scholarships and fellowships	10,033,988	11,361,171	(1,327,183)	-12%	The comparative 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.

Note - The 2013 amount has been adjusted by \$3,166,783 in order to be comparable with the 2014 presentation which included IMAP scholarships in the expense line item.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES
For the Year Ended June 30, 2014**

The 2014 Statement of Revenues, Expenses, and Changes in Net Position is presented on page 22 of the 2014 financial audit report. The 2013 Statement of Revenues, Expenses, and Changes in Net Position is presented on page 21 of the 2013 financial audit report. Following are explanations for significant variances between expense accounts exceeding \$100,000 and 10%:

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>		<u>Comments</u>
			<u>Amount</u>	<u>Percentage</u>	
State and local grants	\$ 3,188,777	\$ 1,959,867	\$ 1,228,910	63%	The increase was mostly due to the ISBE 21st Century Community Learning Center grants of about \$0.7 million. Revenue for the FY 2013 program was not received until FY 2014 from ISBE.
Nongovernmental grants and contracts	394,282	714,533	(320,251)	-45%	The decrease was mainly due to the decrease in private grants and many of the private grants had closed out in FY 2013.
Other nonoperating revenues	-	175,000	(175,000)	-100%	The University Facilities Revenue Bond Series 1973 was retired on July 1, 2013. The last of the remaining debt service subsidy from the US Dept. of Housing and Urban Development was accrued in FY 2013.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2014**

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, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
CASH AND INVESTMENTS		
The University's cash and investments are classified as follows:		
Cash and cash equivalents	\$ 64,016,576	\$ 68,579,085
Restricted cash and cash equivalents	8,868,765	15,884,401
Restricted investments	<u>1,079,996</u>	<u>1,342,265</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 73,965,337</u>	<u>\$ 85,805,751</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	\$ 49,543
University 2004 Bond Account	710,388	442,137
University 1997 Bond Reserve Account	25,117	15,723
COP Installment Payment Account	1	-
University 1973 Bond Account	-	254,486
Deposits held at Pittsburgh National Bank	60,774	27,052
Deposits held at JPMorgan Chase Bank:		
University Operating Account	2,582,318	4,568,568
University Operating Investment Account	62,668,915	64,598,705
University Clearing Account	(917,361)	(1,082,592)
University Payroll Account	(197,190)	(239,973)
University Federal Grant	-	-
University Student Refund Account	(222,684)	(293,687)
Student Union Revenue Fund	409	865
Repair and Replacement Account	407,166	382,166
Equipment Reserve	134,885	134,885
University Emergency Loan Account	-	(770)
2006 Certificate of Participation Project Account	-	157,754
2010 Certificate of Participation Project Account	-	395,118
2010 COP Installment Payment Account	1	-
2012 COP Installment Payment Account	1	-
2012 Certificate of Participation Project Account	7,219,536	14,024,672
U.S. Treasury Notes	1,079,996	1,097,777
U.S. Bank Jumbo Customers' Deposit	-	244,488
Illinois Funds	95,879	1,022,134
Petty Cash - all accounts	<u>6,700</u>	<u>6,700</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 73,965,337</u>	<u>\$ 85,805,751</u>

As of June 30 2014, 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 include investments in U.S. Government-backed securities which yielded an average annual yield of 0.015% during fiscal year 2014. 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 1.875%.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2014 and 2013**

RECEIVABLES

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

	<u>2014</u>	<u>2013</u>
Grants	\$ 5,166,340	\$ 5,014,395
Student loans	1,598,221	1,802,705
Tuition and fees	5,840,989	4,662,406
Other receivables	<u>8,608,723</u>	<u>13,137,019</u>
TOTAL RECEIVABLES	<u>\$ 21,214,273</u>	<u>\$ 24,616,525</u>

Grants receivable consists of amounts due from the federal government and other granting sources at the end of the fiscal year. Other receivables consist primarily of amounts due from State appropriation, parking fines, library fines and other miscellaneous receivables. The decrease in other receivables was primarily due to the decrease in appropriation receivables of about \$3.7 million from \$11.7 million in 2013 compared to \$8.0 million in 2014.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2014 and 2013**

RECEIVABLES, continued

The aging of such receivables, by type, as of June 30, 2014, 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	\$ 5,166,340	\$ -	\$ -	\$ -	\$ 5,166,340
STUDENT LOANS					
Perkins loan	\$ 1,815,642	\$ 130,974	\$ 73,054	\$ 269,605	\$ 2,289,275
Emergency loan	13,560	3,979	1,846	26,932	46,317
Teach Grant	<u>7,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,915</u>
TOTAL STUDENT LOANS	<u>\$ 1,837,117</u>	<u>\$ 134,953</u>	<u>\$ 74,900</u>	<u>\$ 296,537</u>	2,343,507
Allowance for doubtful accounts					<u>(745,286)</u>
NET STUDENT LOANS					<u>\$ 1,598,221</u>
TUITION AND FEES					
From students	\$ 5,917,714	\$ 1,924,077	\$ 1,391,995	\$ 2,838,473	\$ 12,072,259
Third party reimbursements	<u>94,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,098</u>
TOTAL TUITION AND FEES	<u>\$ 6,011,812</u>	<u>\$ 1,924,077</u>	<u>\$ 1,391,995</u>	<u>\$ 2,838,473</u>	12,166,357
Allowance for doubtful accounts					<u>(6,325,368)</u>
NET TUITION AND FEES					<u>\$ 5,840,989</u>
OTHER RECEIVABLES					
Parking fines	\$ 30,840	\$ 29,807	\$ 33,261	\$ 199,267	\$ 293,175
Library fines	77,975	85,616	526,056	-	689,647
Other accruals	<u>8,438,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,438,028</u>
TOTAL OTHER RECEIVABLES	<u>\$ 8,546,843</u>	<u>\$ 115,423</u>	<u>\$ 559,317</u>	<u>\$ 199,267</u>	9,420,850
Allowance for doubtful accounts					<u>(812,127)</u>
NET OTHER RECEIVABLES					<u>\$ 8,608,723</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES
For the Years Ended June 30, 2014 and 2013**

LIABILITIES

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

	<u>2014</u>	<u>2013</u>
Accounts payable and accrued liabilities	\$ 16,156,462	\$ 8,761,510
Unearned revenues	1,584,791	2,058,245
Liability for compensated absences	6,779,398	6,760,805
Revenue bonds payable	16,970,000	17,165,000
Certificates of participation, net	45,286,060	46,142,254
Funds held in custody for others	<u>350,650</u>	<u>286,768</u>
TOTAL LIABILITIES	<u>\$ 87,127,361</u>	<u>\$ 81,174,582</u>

Increase in accounts payable and accrued liabilities was a net result of the following: a) Net increase in outstanding invoices on capital projects particularly on the El Centro academic facility of about \$4.5 million and b). Increase in accrued salaries of about \$2.8 million due to the accrual of the remaining pay due to academic personnel whose salaries are spread over twelve months on services rendered on a nine month period.

Decrease in unearned revenues was mainly due to decrease in receipts collected in FY 2014. The receipts collected in FY 2014 for Fall 2014 was \$1.5 million compared to \$2.0 million receipts for Fall 2013 in FY 2013.

Decrease in certificates of participation was mainly due to principal payment of \$855 thousand in FY 2014.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2014**

FUND BALANCE, JUNE 30, 2013	\$ 1,393,563
21st CCLC - Austin	56,270
21st CCLC Morton High School	22,688
21st Century Community Cntrs CBCPS	33
Academic Enhancements	78,324
Berwyn Cicero Initiative Ed Excel	15
Bookstore	11,220
Bridges to the Future	3,050
Campus Recreation	37,146
Childcare Center	34,100
Cultural Connections Institute	1,100
English Language Acquisition	(194)
ENLITEN	31,789
Enriching the First Year Experience	5,539
Fry Foundation	4,343
GEAR UP Programs	666,073
Health Services	26,017
Hybrid course of Peer-Led	15,484
Initiative to Reduce Tobacco Use	284
Japan Foundation	(3,037)
JS Morton Academic Tutoring	8,599
JS Morton High School District 201	7,193
Least Restrictive Environment Program	184
Louis Stoke Alliance Minority	1,827
McNair Scholars Program	15,956
NCLB Plans For Academic Success	25,702
Non-Credit Contracts	10
Northwestern Univ START Program	2,537
NU Neighbors Banas Pilot MAESTRA 13	5,090
NU Neighbors Ciecierski Pilot	4,403
NU Nghbrs to Reduce Cancer Disparities	19,656
Office of Research Development	3,067
On Line Course Fees-CTL	13,869
Parking Lot Administration	117,583
PEP Villa Park	20
Performing Arts	8,253
Perkins Loan Profram	7,519
Polk Bros Studio Habits	3,815
Rehabilitation Long Term Training 2013	9,873
RUI Instability of Dynamical System	10,963

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
SUMMARY OF INDIRECT COST REIMBURSEMENT FUNDS
For the Year Ended June 30, 2014**

SEOG Program	19,933	
SSSP Teacher Preparation	15,290	
SSSP with Disabilities	15,783	
Student Activities	41,656	
Student Support Services Program	18,302	
Student Union Service	67,802	
Talent Search	27,699	
Technology Initiatives	110,236	
Terra Studio Thinking Amer Art '12	879	
UIC Teacher Quality Partnership	36,091	
Upward Bound	20,373	
USDA - CREAR 2011	2,585	
USDA - TIERRA 2011	419	
UW Visual Scaffolding for Math	2,464	
Vending	5,617	
Work Study Programs	18,860	1,660,352
Other Source-IC on Course Fees/Pell Administrative Fee		<u>32,791</u>
Total Available		3,086,706
Less: Expenditures and Transfer		
Academic Services	986,439	
Administrative Services	561,511	
Student services	58,324	
Public Services	212	
Funds Transferred to Income Fund	660,892	<u>2,267,378</u>
FUND BALANCE, JUNE 30, 2014		<u>\$ 819,328</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, 2014**

1.	Cash and cash equivalents balance: Cash and cash equivalents	<u>\$ 1,058,358</u>
2.	Allocated reimbursements: Total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$2,065,830: enter 30% of this amount	619,749
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	206,583
4.	Encumbrances and current liabilities paid in the lapse period: Current liabilities and encumbrances	<u>260,703</u>
5.	Indirect cost carry-forward	<u>1,087,035</u>
EXCESS CASH TO BE DEPOSITED TO THE UNIVERSITY INCOME FUND		<u><u>\$ -</u></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, 2014

	Student Fee Programs	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises				
							Student Union	Parking Lot Administration	Other Auxiliary Enterprises	Total Auxiliary Enterprises	
1. Current available funds:											
Cash	A. \$ 1,006,482	\$ 213,949	\$ (347,729)	\$ 861,861	\$ 172,346	\$ 56,995	\$ (391,621)	\$ 1,298,049	\$ 439,029	\$ 1,345,457	
2. Working capital allowance:											
Highest month's expenditures	\$ 1,305,534	\$ 121,579	\$ 1,410,222	\$ 1,699,429	\$ 52,631	\$ 18,656	\$ 662,761	\$ 445,506	\$ 109,650	1,217,917	
Encumbrances and current liabilities paid in lapse period	456,311	35,603	266,431	349,855	17,750	1,902	25,245	244,309	26,535	296,089	
Allowance for Sick leave/ Vacation Payouts	-	-	-	-	-	-	56,102	42,820	3,491	102,413	
Deferred income	176,598	-	10,438	-	-	-	26,910	53,030	-	79,940	
Refundable deposits	-	18	-	-	-	-	-	-	353,113	353,113	
Working capital allowance	B. \$ 1,938,443	\$ 157,200	\$ 1,687,091	\$ 2,049,284	\$ 70,381	\$ 20,558	\$ 771,018	\$ 785,665	\$ 492,789	\$ 2,049,472	
3. Current excess funds (margin of compliance):											
Deduct B from A	C. \$ (931,961)	\$ 56,749	\$ (2,034,820)	\$ (1,187,423)	\$ 101,965	\$ 36,437	\$ (1,162,639)	\$ 512,384	\$ (53,760)	\$ (704,015)	
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.	(1,407,963)			(1,425,693)	(272,089)				(1,403,328)	
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund		\$ (1,351,214)			\$ (1,323,728)	\$ (235,652)				\$ (2,107,343)	
Excess Funds Offset											
Allowable capital reserves		\$ 1,661,132			\$ 1,527,564	\$ 312,916				\$ 3,182,500	
Actual capital reserves		253,169			101,871	40,827				1,779,172	
Total Excess Funds Offset		\$ 1,407,963			\$ 1,425,693	\$ 272,089				\$ 1,403,328	

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
FISCAL SCHEDULES AND ANALYSIS
DESCRIPTION OF ACCOUNTING ENTITIES
For the Year Ended June 30, 2014**

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, 2014

	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	\$ 1,006,482	\$ 1,058,358	\$ 213,949	\$ (347,729)	\$ 861,861	\$ 172,346	\$ 56,995	\$ (391,621)	\$ 1,298,049	\$ 439,029	\$ 4,367,719
Accounts receivable - net	478,109	-	(544)	120,070	-	-	-	85,750	301,702	114,652	1,099,739
Prepaid expenses	355,250	21,857	1,110	8,695	-	-	-	-	-	-	386,912
Inventories	-	-	-	-	5,637	-	-	646	-	-	6,283
Total	<u>1,839,841</u>	<u>1,080,215</u>	<u>214,515</u>	<u>(218,964)</u>	<u>867,498</u>	<u>172,346</u>	<u>56,995</u>	<u>(305,225)</u>	<u>1,599,751</u>	<u>553,681</u>	<u>5,860,653</u>
Plant Fund Assets											
Cash and investments	201,729	-	253,169	(44,967)	1,537,602	103,766	40,827	336,723	469,816	1,086,958	3,985,623
Land and land improvements	649,843	-	330,584	185,924	278,356	226,705	4,705	634,433	4,557,154	342,539	7,210,243
Buildings and construction in progress	11,538,834	-	6,158,577	1,617,468	2,876,239	6,964,983	884,831	7,607,250	15,715,935	3,542,660	56,906,777
Equipment	3,386,442	-	44,989	69,703	4,143,928	1,972,892	263,601	693,695	970,784	90,140	11,636,174
Total	<u>15,776,848</u>	<u>-</u>	<u>6,787,319</u>	<u>1,828,128</u>	<u>8,836,125</u>	<u>9,268,346</u>	<u>1,193,964</u>	<u>9,272,101</u>	<u>21,713,689</u>	<u>5,062,297</u>	<u>79,738,817</u>
Total assets	<u>\$ 17,616,689</u>	<u>\$ 1,080,215</u>	<u>\$ 7,001,834</u>	<u>\$ 1,609,164</u>	<u>\$ 9,703,623</u>	<u>\$ 9,440,692</u>	<u>\$ 1,250,959</u>	<u>\$ 8,966,876</u>	<u>\$ 23,313,440</u>	<u>\$ 5,615,978</u>	<u>\$ 85,599,470</u>
Liabilities											
Current Fund Liabilities											
Accounts payable and accrued liabilities	\$ 456,311	\$ 260,703	\$ 35,603	\$ 266,431	\$ 349,855	\$ 17,750	\$ 1,902	\$ 81,346	\$ 287,129	\$ 30,027	\$ 1,787,057
Deferred income	176,598	184	-	10,438	-	-	-	26,910	53,030	-	267,160
Refundable deposits	-	-	18	-	-	-	-	-	-	353,113	353,131
Total	<u>632,909</u>	<u>260,887</u>	<u>35,621</u>	<u>276,869</u>	<u>349,855</u>	<u>17,750</u>	<u>1,902</u>	<u>108,256</u>	<u>340,159</u>	<u>383,140</u>	<u>2,407,348</u>
Plant Fund Liabilities											
Accounts payable and accrued liabilities	229,728	-	-	-	364,365	1,895	-	17,945	96,307	73	710,313
Revenue bonds payable	-	-	-	-	-	-	-	-	16,970,000	-	16,970,000
Total	<u>229,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,365</u>	<u>1,895</u>	<u>-</u>	<u>17,945</u>	<u>17,066,307</u>	<u>73</u>	<u>17,680,313</u>
Total liabilities	<u>862,637</u>	<u>260,887</u>	<u>35,621</u>	<u>276,869</u>	<u>714,220</u>	<u>19,645</u>	<u>1,902</u>	<u>126,201</u>	<u>17,406,466</u>	<u>383,213</u>	<u>20,087,661</u>
Fund Balance											
Current	1,206,932	819,328	178,894	(495,833)	517,643	154,596	55,093	(413,481)	1,259,592	170,541	3,453,305
Reserves - plant	(27,999)	-	253,169	(44,967)	1,173,237	101,871	40,827	318,778	373,509	1,086,885	3,275,310
Investment in plant	15,575,119	-	6,534,150	1,873,095	7,298,523	9,164,580	1,153,137	8,935,378	4,273,873	3,975,339	58,783,194
Total fund balance	<u>16,754,052</u>	<u>819,328</u>	<u>6,966,213</u>	<u>1,332,295</u>	<u>8,989,403</u>	<u>9,421,047</u>	<u>1,249,057</u>	<u>8,840,675</u>	<u>5,906,974</u>	<u>5,232,765</u>	<u>65,511,809</u>
Total liabilities and fund balance	<u>\$ 17,616,689</u>	<u>\$ 1,080,215</u>	<u>\$ 7,001,834</u>	<u>\$ 1,609,164</u>	<u>\$ 9,703,623</u>	<u>\$ 9,440,692</u>	<u>\$ 1,250,959</u>	<u>\$ 8,966,876</u>	<u>\$ 23,313,440</u>	<u>\$ 5,615,978</u>	<u>\$ 85,599,470</u>

**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, 2014**

<u>Accounting Entities and Auxiliary Enterprises</u>	<u>Balance June 30, 2013</u>	<u>Revenues</u>	<u>Expenditures and Transfers</u>	<u>Balance June 30, 2014</u>
Student Fee Programs	\$ 1,731,326	\$ 9,030,168	\$ 9,554,562	\$ 1,206,932
Indirect Cost	1,393,563	1,693,143	2,267,378	819,328
Public Service Activities	88,104	512,274	421,484	178,894
Student and Staff Services	150,375	3,123,213	3,769,421	(495,833)
Service Departments	343,005	3,225,550	3,050,912	517,643
Other Educational Services	116,584	58,081	20,069	154,596
Educational Contracts	(79,830)	229,813	94,890	55,093
Student Union	427,877	1,326,803	2,168,161	(413,481)
Parking Lot Administration	1,618,916	2,305,666	2,664,990	1,259,592
Other Auxiliary Enterprises	<u>89,391</u>	<u>1,133,408</u>	<u>1,052,258</u>	<u>170,541</u>
Total	<u>\$ 5,879,311</u>	<u>\$ 22,638,119</u>	<u>\$ 25,064,125</u>	<u>\$ 3,453,305</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, 2014**

SCHEDULE A - FEDERAL FINANCIAL COMPONENT

Total federal expenditures reported on the SEFA Schedule	\$ 36,110,115
Total new loans made not included on the SEFA Schedule	22,939,761
Amount of federal loan balances at beginning of the year (not included on the SEFA Schedule and continued compliance required)	<u>2,136,773</u>

TOTAL SCHEDULE A \$ 61,186,649

SCHEDULE B - TOTAL FINANCIAL COMPONENT

Total operating expenses (from financial statements)	\$ 181,964,062
Total nonoperating expenses (from financial statements)	1,505,864
Total new loans made	22,939,761
Amount of federal loan balances at beginning of the year	<u>2,136,773</u>

TOTAL SCHEDULE B \$ 208,546,460

SCHEDULE C

		<u>Percent</u>
Total Schedule A	\$ 61,186,649	29.3%
Total nonfederal expenses	<u>147,359,811</u>	<u>70.7%</u>

TOTAL SCHEDULE B \$ 208,546,460 100.0%

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, 2014**

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, 2014**

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, 2014**

Enrollment Information

Enrollments of both undergraduate and graduate students for each term (including extension centers and part-time students) for the school years 2013-2014 and 2012-2013, as shown in the Board of Trustees' Enrollment Report were as follows:

	<u>2013-2014</u>	<u>2012-2013</u>
Fall	10,821	11,149
Spring	9,703	10,276
Summer	4,589	4,771

Average Annual Full-Time Equivalent (FTE) Enrollment

In fiscal year 2014, the University had an average FTE enrollment of 7,477 students, comprised of 6,420 undergraduates and 1,057 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 2014 annual costs per FTE, calculated by dividing the total costs of instruction by the corresponding FTE, were as follows: a) undergraduate - \$11,166, and b) graduate - \$16,056.

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 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Costs per Credit Hour	\$ <u>406</u>	\$ <u>348</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
UNIVERSITY ENROLLMENT AND EMPLOYEE INFORMATION (UNAUDITED)
For the Year Ended June 30, 2014**

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 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Student/Faculty Ratio	<u>17:1</u>	<u>17:1</u>

Employee Information

The average number of employees at the University during fiscal years 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Administration	327	323
Faculty	560	601
Civil Service	601	598
Students	<u>399</u>	<u>430</u>
Total employees	<u><u>1,887</u></u>	<u><u>1,952</u></u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
ANALYSIS OF OPERATIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Year Ended June 30, 2014**

Source									Target	Next
Student									Value	Measurement
Success	Indicator									Date
		2007	2008	2009	2010	2011	2012	2013		
NEIU	First Year to Second Year Retention Rate	66.3%	64.5%	67.3%	68.2%	64.1%	61.6%	61.0%	62.0%	Fall, 2014
NEIU	First Year to Third Year Retention Rate	48.4%	48.4%	45.9%	52.2%	52.1%	44.3%	46.5%	50.0%	Fall, 2014
NEIU	Six-Year Graduation Rate	18.0%	18.4%	20.4%	20.1%	23.1%	20.9%	20.3%	23.0%	Fall, 2014
NEIU	New Freshmen Enrollment	957	1,017	1,071	1,042	950	1,040	808	933	Fall, 2014
NEIU	Undergraduates with Declared Majors and Pre-Majors	73.0%	71.8%	69.2%	72.9%	74.7%	76.1%	79.8%	82.5%	Spring 2015
Enhanced University Operations										
		2007	2008	2009	2010	2011	2012	2013		
IBHE	Comparative Instructional Costs as a Percentage of State Average	94.3%	95.4%	98.2%	97.6%	92.4%	95.3%	not yet available	100%	FY2013
NEIU	Energy Usage (BTUs of Energy per sq. ft.)	146.5	149.0	159.7	153.8	153.7	131.1	125.3	144.7	FY2014
NEIU	Institutional Support as Percentage of Total Operating Expenses		7.7%	7.9%	9.2%	8.8%	7.3%	9.0%	6.5%	FY2014
Fiscal Strength										
		2008	2009	2010	2011	2012	2013	2014		
NEIU	Tuition as Percentage of State Average	79.0%	81.0%	83.0%	85.0%	85.0%	85.0%	84.0%	< 95%	FY2015
NEIU	Endowment Contributions	\$ 287,610	\$ 632,425	\$ 490,374	\$ 109,581	\$ 463,764	\$ 476,760	\$ 379,004	\$ 515,000	FY2015
NEIU	Overall Contributions to NEIU	\$ 679,899	\$ 1,000,759	\$ 928,614	\$ 735,450	\$ 1,013,959	\$ 1,656,023	\$ 1,028,925	\$ 1,120,000	FY2015

**STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 ANALYSIS OF OPERATIONS
 UNIVERSITY BOOKSTORE INFORMATION (UNAUDITED)
 For the Year Ended June 30, 2014**

The summary of University bookstore information for fiscal year 2014 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	\$2,817,824
Amount (if any) to be paid to bookstore by the University	None
Commissions	\$321,907
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	\$320,000
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, 2014**

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, 2014, 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 60 and 61 of this report.

13(c) The University's calculation sheet for indirect cost carry-forward is included in this report on page 62. In FY2014, there was no excess funds deposited to the Income Fund.

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 64.

13(f) Entity financial statements are presented on pages 65 and 66 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, 2014.

13(g) The University's calculation sheet for current excess funds is presented in this report on page 63. In FY2014, there were no excess funds deposited into the Income Fund.

13(h) Support received by Auxiliary Enterprises from State appropriated funds for retirement and group insurance benefits amounted to approximately \$171,213 and \$657,935, respectively, for the year ended June 30, 2014.

13(i) A Statement of Revenues and Expenses for Various Bond Indenture Required Accounts is presented on page 37 of the financial audit report.

**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, 2014**

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 52 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 77 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 42 of the financial audit report for details related to services and support provided.
- 13(o) At June 30, 2014, 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 56, and in footnote 2 on pages 29 to 31 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 70 in this report.
- 13(t) The University has purchased land for the construction of a new academic facility during the year ended June 30, 2014.

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, 2014

(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	14	\$ 88.3	14	\$ 16.7	25	\$ 101.5	25	\$ 19.2
General Assembly	-	-	-	-	-	-	-	-
ROTC	4	20.8	4	3.9	-	-	-	-
DCFS	2	14.1	2	2.7	-	-	-	-
Children of Employees	40	108.9	-	-	-	-	-	-
Senior Citizens	1	1.2	-	-	2	4.3	-	-
Veterans Grants & Scholarships	199	916.4	199	173.4	43	119.2	43	22.6
Subtotal	<u>260</u>	<u>1,149.7</u>	<u>219</u>	<u>196.7</u>	<u>70</u>	<u>225.0</u>	<u>68</u>	<u>41.8</u>
DISCRETIONARY WAIVERS								
Faculty/Administrators	-	-	-	-	10	22.9	10	4.3
Civil Service	33	68.2	33	12.9	100	182.4	100	34.5
Academic/Other Talent	557	1,090.5	-	-	218	239.4	-	-
Foreign Exchange Students	48	376.7	48	71.3	15	72.7	15	13.7
Student Need-Financial Aid	-	-	-	-	18	24.1	-	-
Student Need-Special Programs	88	142.5	-	-	-	-	-	-
Cooperating Professionals	2	3.20	-	-	46	52.4	-	-
Research Assistants	-	-	-	-	12	28.4	12	5.4
Teaching Assistants	-	-	-	-	45	131.4	45	24.9
Other Assistants	-	-	-	-	49	203.3	49	38.5
Interinstitutional/Related Agencies	35	82.9	35	15.7	11	35.2	11	6.7
Contract/Training Grants	-	-	-	-	28	121.8	28	23.0
Subtotal	<u>763</u>	<u>1,764.0</u>	<u>116</u>	<u>99.9</u>	<u>552</u>	<u>1,114.0</u>	<u>270</u>	<u>151.0</u>
TOTAL	<u>1,023</u>	<u>\$ 2,913.7</u>	<u>335</u>	<u>\$ 296.6</u>	<u>622</u>	<u>\$ 1,339.0</u>	<u>338</u>	<u>\$ 192.8</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, 2014**

During fiscal year June 30, 2014, 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 \$133,134 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	\$ 342,063
Funds considered restricted for purposes of the Guidelines computations:	
Given for scholarships, grants, and awards	<u>234,688</u>
Total funds provided to the University by the Foundation	576,751
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>38,701</u>
Total financial and service support	<u>\$ 615,452</u>