



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHERN ILLINOIS UNIVERSITY**

**Financial Audit  
 For the Year Ended June 30, 2024**

**Release Date: March 13, 2025**

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2023		24-01, 24-02	
Category 2:	0	2	2				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>2</b>				
FINDINGS LAST AUDIT: 4							

**INTRODUCTION**

This digest covers the Northern Illinois University’s (University) Financial Audit as of and for the year ended June 30, 2024. A digest covering the University’s Single Audit will be separately released at a later date. In addition, a separate digest covering the University’s Compliance Examination for the year ended June 30, 2024, will be released at a later date.

**SYNOPSIS**

- (24-1) The University did not properly adjust its financial statements for certain transactions.

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

**NORTHERN ILLINOIS UNIVERSITY**  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2024

<b>STATEMENT OF NET POSITION (in thousands)</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 71,607	\$ 48,134
Investments.....	-	73,575
Accounts and student loans receivable, net.....	33,522	33,769
Capital assets, net.....	362,470	351,217
Other.....	24,295	22,656
Total Assets.....	<u>491,894</u>	<u>529,351</u>
<b>Deferred Outflows of Resources.....</b>	<u>14,877</u>	<u>12,140</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	49,509	56,062
Accrued compensated absences.....	20,912	19,246
Revenue bonds, contracts, notes and leases payable.....	282,482	281,526
Other post-employment benefits.....	24,766	21,606
Other.....	17,297	30,643
Total Liabilities.....	<u>394,966</u>	<u>409,083</u>
<b>Deferred Inflows of Resources.....</b>	<u>25,385</u>	<u>28,066</u>
<b>Net Position</b>		
Net investment in capital assets.....	67,185	44,298
Restricted.....	65,836	75,240
Unrestricted.....	(46,601)	(15,196)
Total Net Position.....	<u>\$ 86,420</u>	<u>\$ 104,342</u>
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)</b>	<b>2024</b>	<b>2023</b>
<b>Revenues</b>		
State appropriations.....	\$ 110,012	\$ 96,387
On-Behalf and Special Funding for fringe benefits.....	55,582	35,784
Tuition and fees, net.....	73,809	81,956
Auxiliary enterprises.....	89,911	87,055
Federal and State grants and other contracts.....	117,709	118,213
Sales and services of educational activities.....	26,710	27,450
Other.....	33,933	9,310
Total Revenues.....	<u>507,666</u>	<u>456,155</u>
<b>Expenses</b>		
Instruction.....	168,194	152,866
Research.....	23,377	20,679
Auxilliary enterprises.....	81,838	67,980
Institutional support.....	51,899	47,065
Academic support.....	36,732	32,867
Student services.....	21,312	18,696
Operation and maintenance of plant.....	29,204	25,600
Public service.....	34,150	31,154
Scholarships and fellowships.....	39,210	43,164
Depreciation.....	31,036	27,135
Interest.....	8,636	5,323
Total Expenses.....	<u>525,588</u>	<u>472,529</u>
<b>Decrease in net position.....</b>	<u>\$ (17,922)</u>	<u>\$ (16,374)</u>
<b>UNIVERSITY PRESIDENT</b>		
During Audit Period & Current: President - Dr. Lisa Freeman		

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### FINANCIAL STATEMENT ERRORS

#### **Errors noted in the financial statements**

Northern Illinois University (the University) did not properly adjust its financial statements for certain transactions.

The University prepares year-end entries to adjust the financial statements for transactions recorded during the year that do not represent revenues or expenses for the fiscal year. When testing the University's recorded revenues and expenses we noted the following matters:

#### **Fiscal Year 2024 accounts receivable and net position are overstated by \$1,621,668**

- The University's fiscal year 2023 entry to remove from revenue and expense cash basis transactions related to direct loans was miscalculated. The University properly adjusted expenses but did not remove \$1,621,668 of revenue, which resulted in fiscal year 2023 year-end accounts receivable and revenue being overstated by the same amount. The University did not correct this error in fiscal year 2024 and therefore fiscal year 2024 year-end accounts receivable and net position are overstated by \$1,621,668. The University elected not to record an adjusting entry for this matter.
- The University incorrectly recorded an agreement with a third-party for student scholarships. Based on the nature of the arrangement, the agreement with the third-party represents an agency transaction and therefore should not result in revenue or expense for the University. The University improperly set up this agreement in the general ledger, resulting in an overstatement of accounts payable of approximately \$890,000, an understatement of opening net position of approximately \$415,000, and an understatement of revenue of approximately \$475,000 in fiscal year 2024. The University elected not to record an adjusting entry for this matter.
- The University incorrectly debited unearned revenue for approximately \$778,000 of Pell grants that relate to the summer term. Pell revenue is recognized when disbursed to students, and therefore should not impact unearned revenue at year-end. This resulted in an understatement of unearned revenue of approximately \$778,000, understatement of opening net position of approximately \$681,000, and understatement of expenses of approximately \$97,000 in fiscal year 2024. The University elected not to record an adjusting entry for this matter. (Finding 1, Pages 5-6)

We recommended the University review its process to record year-end transactions to ensure balances are properly recorded in the University's financial statements.

**University accepted the finding**

University officials accepted the finding.

**OTHER FINDING**

The remaining finding pertains to the University incorrectly recording certain agreements for Leases and Subscription – Based Information Technology Arrangements. We will review the University's progress towards the implementation of our recommendations in our next financial audit.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the University as of and for the year ended June 30, 2024 are fairly stated in all material respects.

This financial audit was conducted by RSM US LLP.

**SIGNED ORIGINAL ON FILE**

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COURTNEY DZIERWA  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:TLK