

**STATE OF ILLINOIS
NORTHERN 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**

State of Illinois
Northern Illinois University
Compliance Examination
(In Accordance With the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2014

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
AGENCY OFFICIALS	1
MANAGEMENT ASSERTION LETTER	2
COMPLIANCE REPORT	
Summary	3
Auditors' Reports:	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	8
Independent Auditors' 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	10
Schedule of Findings and Questioned Costs:	
Summary of Auditors' Results	12
Current Findings:	
<i>Government Auditing Standards</i>	13
State Compliance	16
Prior Findings Not Repeated	29
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	47

FINANCIAL STATEMENT REPORT

The University's financial statement report for the year ended June 30, 2014, which includes the independent auditors' report, management's discussion and analysis, basic financial statements and notes, has been issued separately. The University's report required under *Government Auditing Standards* for the year ended June 30, 2014 which includes the independent auditors' 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 also been issued separately.

State of Illinois
Northern Illinois University
Compliance Examination
(In Accordance With the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2014

TABLE OF CONTENTS

	SCHEDULE	PAGE
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES SECTION		
Summary		48
Fiscal Schedules and Analysis:		
Schedule of Appropriations, Expenditures, and Lapsed Balances	1	50
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	2	51
Comparative Schedule of Income Fund Revenues and Expenses	3	52
Schedule of Changes in Capital Assets	4	53
Comparative Schedule of Cash and Temporary Cash Equivalents, at Cost	5	54
Comparative Schedule of Investments, at Cost	6	55
Analysis of Receivables and Inventories	7	56
Analysis of Significant Variations in Expenses	8	58
Analysis of Significant Variations in Revenues	9	59
Analysis of Significant Variations in Account Balances	10	60
Analysis of Significant Lapse Period Spending	11	61
Schedule of Federal Expenditures, Nonfederal Expenses, and New Loans	12	62
Entity Financial Statements:		
Other Entities:		
Condensed Financial Information:		
Balance Sheet	13	63
Schedule of Revenues, Expenditures and Changes in Current Fund Balances	13	63
Schedule of Revenues, Expenditures and Changes in Plant Fund Balances	13	64
Auxiliary Business Operations, Service Departments, and Indirect Cost Support:		
Condensed Financial Information:		
Balance Sheet	14	65
Schedule of Revenues, Expenditures and Changes in Current Fund Balances	14	65
Schedule of Revenues, Expenditures and Changes in Plant Fund Balances	14	66

State of Illinois
Northern Illinois University
Compliance Examination
(In Accordance With the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2014

TABLE OF CONTENTS

	SCHEDULE	PAGE
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES (CONTINUED)		
Entity Financial Statements (Continued):		
Auxiliary Enterprises - Revenue Bond Funds:		
Condensed Financial Information:		
Balance Sheet	15	67
Schedule of Revenues, Expenditures and Changes in Current Fund Balances	15	67
Schedule of Revenues, Expenditures and Changes in Plant Fund Balances	15	68
Schedule of Indentured Capital Reserves (Unaudited)	16	69
Calculation Sheet for Current Excess Funds:		
Other Entities (Unaudited)	17	70
Auxiliary Business Operations (Unaudited)	18	71
Service Departments (Unaudited)	19	72
Auxiliary Enterprises - Revenue Bond Funds (Unaudited)	20	73
Indirect Cost Support - Sources and Application of Indirect Cost Recoveries		
	21	74
Calculation Sheet for Indirect Cost Support Carryforward	22	75
Description of Accounting Entities	23	76
Auxiliary Enterprises - Revenue Bond Funds - Schedule of Revenues, Expenses, and Changes in Net Position	24	78
Analysis of Operations (Unaudited):		
Cross-Reference Table of Reporting Requirements		79
University Functions and Planning Program (Unaudited)		80
Comparative Employment Statistics (Unaudited)		84
Emergency Purchases (Unaudited)		85
Comparative Enrollment Statistics (Unaudited)		86
Schedule of Tuition and Fee Waivers (Unaudited)		87
Debt Financed by University-Related Organization (Unaudited)		88
Acquisition of Real Estate Costing in Excess of \$250,000 and Not Funded by a Separate Appropriation (Unaudited)		89
Bookstore Operations (Unaudited)		90

**State of Illinois
Northern Illinois University
Compliance Examination
(In Accordance With the Single Audit Act and OMB Circular A-133)
For the Year Ended June 30, 2014**

TABLE OF CONTENTS

	PAGE
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES (CONTINUED)	
Analysis of Operations (Unaudited) (Continued):	
Comments on Certain Matters Regarding Auxiliary Enterprises, Activities, and Accounting Entities, and Tuition, Charges, and Fees (Unaudited)	91
Comments on Certain Matters Regarding University-Related Organizations and Other Matters (Unaudited)	92
Summary of Foundation Payments to/from the University (Unaudited)	93
Summary of Alumni Association Payments to/from the University (Unaudited)	94
Summary of Research Foundation Payments to/from the University (Unaudited)	95
Current Unrestricted Funds - Auxiliary Enterprises - Revenue Bond Funds - Occupancy Report of Residence Halls (Unaudited)	96
Current Unrestricted Funds - Auxiliary Enterprises - Revenue Bond Funds - Insured Value Summary (Unaudited)	97
 OTHER REPORTS ISSUED UNDER SEPARATE COVER	
Northern Illinois University Financial Statements - June 30, 2014	
Northern Illinois University - Report Required Under <i>Government Auditing Standards</i> for the Year Ended June 30, 2014	

**State of Illinois
Northern Illinois University**

Agency Officials

Douglas D. Baker	President
Lisa C. Freeman	Executive Vice President and Provost
Anne C. Kaplan	Vice President, Outreach, Engagement, and Regional Development
Brett Coryell	Vice President, Information Technology
Lesley Rigg	Vice President, Research and Innovation Partnerships
Sean T. Frazier	Associate Vice President and Director, Intercollegiate Athletics
Eric A. Weldy	Vice President, Student Affairs and Enrollment Management
Raymond W. Alden III	Vice President, International Affairs
Michael P. Malone	Vice President, University Advancement
Harlan Teller	Interim Vice President, Marketing and Communications
Jerry D. Blakemore	Vice President and General Counsel
Danielle Schultz	Director of Internal Audit

Financial Staff

Alan D. Phillips	Vice President, Administration and Finance
Linda J. Blair	Acting Controller
Tamara Farley	Director of Treasury Operations
Kinga Mauger	Bursar

University offices are located at:

300 Altgeld Hall
DeKalb, Illinois 60115



Northern Illinois University

Division of Finance
DeKalb, Illinois 60115-2828
(815)-753-1508

March 11, 2015

McGladrey LLP
20 N. Martingale Rd., Ste. 500
Schaumburg, IL 60173-2420

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 Northern Illinois University (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 ended June 30, 2014, the University has materially complied with the assertions below.

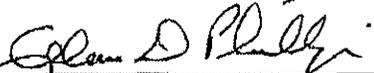
- A. The University has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received and used public funds of the State in accordance with 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,

Northern Illinois University



 Douglas D. Baker, President



 Alan D. Phillips, Vice President for Administration and Finance



 Jerry D. Blakemore, Vice President and General Counsel

**State of Illinois
Northern Illinois University**

**Compliance Report Summary
For the Year Ended June 30, 2014**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* (GAS) and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers. The report refers to other auditors. However, there is no other significant nonstandard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	9	9
Repeated findings	3	3
Prior recommendations implemented or not repeated	6	6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
Findings (Government Auditing Standards)			
2014-001	13	Financial Reporting Process	Material Weakness
Findings and Questioned Costs (Federal Compliance)			
The audit did not disclose findings required to be reported by OMB Circular A-133.			
Findings (State Compliance)			
2014-002	16	Failure to Comply with the Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
2014-003	18	Failure to Submit Proper Time Reporting	Significant Deficiency and Noncompliance
2014-004	19	Failure to Comply with the Illinois Pension Code	Significant Deficiency and Noncompliance
2014-005	20	Incomplete TA-2 Forms	Significant Deficiency and Noncompliance
2014-006	22	Incomplete Documentation in Contracts	Significant Deficiency and Noncompliance
2014-007	24	Improper Voucher Processing	Significant Deficiency and Noncompliance
2014-008	26	Failure to Comply with the University Faculty Research and Consulting Act	Significant Deficiency and Noncompliance
2014-009	27	Procurement Card Use	Significant Deficiency and Noncompliance

**State of Illinois
Northern Illinois University**

**Compliance Report Summary (Continued)
For the Year Ended June 30, 2014**

In addition, the following finding which is reported as a current finding relating to *Government Auditing Standards* also meets the reporting requirements for State Compliance.

Item No.	Page	Description	Finding Type
2014-001	13	Financial Reporting Process	Material Weakness and Noncompliance
Prior Findings Not Repeated			
A	29	Transparency Act Reporting	
B	29	Annual Reporting	
C	29	Failure to Prepare High School Feedback System Reports	
D	29	Failure to Submit Accurate C-15 Reports	
E	29	Revenue Recognition	
F	30	Inadequate Firewall Controls	

EXIT CONFERENCE

The State compliance findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 6, 2015. Attending were:

Northern Illinois University

Linda J. Blair	Acting Controller
Shyree Sanan	Interim Assistant Controller
Danielle L. Schultz	Director of Internal Audit
Mandy Kreitzer	Business Administration Associate
Alan Phillips	Vice President Administration & Finance

McGladrey LLP

Joseph Evans	Partner
Dan Sethness	Manager
David Robydek	Manager
Sarah Darnall	Senior Associate

Office of the Auditor General

Thomas Kizziah	Audit Manager
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Responses to the recommendations were provided by Linda Blair, Acting Controller, in correspondence dated March 11, 2015.



**Independent Accountants' Report on State Compliance, on
Internal Control Over Compliance, and on Supplementary
Information for State Compliance Purposes**

Honorable William G. Holland
Auditor General
State of Illinois and

Robert T. Boey, Honorable Chair of the
Compliance, Audit, Risk Management, and Legal Affairs Committee

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Northern Illinois University's (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 (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 (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, Northern Illinois 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 the 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 which are described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-009.

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 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. 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

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 2014-002 through 2014-009 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 and aggregate discretely presented component units of Northern Illinois University as of and for the year ended June 30, 2014, and have issued our report thereon dated January 21, 2015, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. 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 January 21,

2015. The accompanying supplementary information for the year ended June 30, 2014 in Schedules 1 through 15 and 21 through 24 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the University. 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 accompanying supplementary information for the year ended June 30, 2014 in Schedules 1 through 15 and 21 through 24 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 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 accompanying supplementary information for the year ended June 30, 2014 in Schedules 1 through 15 and 21 through 24 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the University's basic financial statements as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated November 21, 2013 which contained unmodified opinions on financial statements of the business-type activities and the aggregate discretely presented component units. Our report included a reference to other auditors. The accompanying supplementary information for the year ended June 30, 2013 in Schedules 2 through 10 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2013 financial statements. The accompanying supplementary information for the year ended June 30, 2013 in Schedules 2 through 10 has been subjected to the auditing procedures applied in the audit of the June 30, 2013 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 basic financial statements or to those 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 accompanying supplementary information for the year ended June 30, 2013 in Schedules 2 through 10 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 in 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, University management, the University's Board of Trustees 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.

McGladrey LLP

Schaumburg, Illinois

March 11, 2015, except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is January 21, 2015



**Independent Auditors' 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
State of Illinois and

Robert T. Boey, Honorable Chair of the
Compliance, Audit, Risk Management, and Legal Affairs Committee

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 Northern Illinois University (University) and its aggregate discretely presented component units, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 21, 2015. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 opinion 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 preceding paragraph 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 a certain deficiency in internal control that we consider to be a material weakness.

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. 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 2014-001 to be a material weakness, we did not note any significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

Northern Illinois University's Response to Findings

The University's response to the finding identified in our audit is described in the accompanying schedule of findings. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Schaumburg, Illinois
January 21, 2015



**Independent Auditors' 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
State of Illinois

and

Robert T. Boey, Honorable Chair of the
Compliance, Audit, Risk Management, and Legal Affairs Committee

Report on Compliance for Each Major Federal Program

We have audited Northern Illinois University's (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.

Auditors' 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.

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 types of 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

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 aggregate discretely presented component units of the University as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated January 21, 2015, which contained unmodified opinions on those financial statements. Our report included a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 21, 2015. 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 basic 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.

McGladrey LLP

Schaumburg, Illinois
March 11, 2015, except for the Schedule of Expenditures
of Federal Awards, as to which the date is January 21, 2015

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Summary of Auditors' Results
For the Year Ended June 30, 2014**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes X 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 deficiencies identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Student Financial Assistance Cluster	84.007 84.033 84.038 84.063 84.185 84.268 84.379
Broadband Technology Opportunities Program - ARRA	ARRA 11.557
TRIO Cluster	84.042 84.047
Research and Development Cluster	Multiple

Dollar threshold used to distinguish between Type A and Type B programs: \$763,329

Auditee qualified as low-risk auditee? X Yes No

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – Government Auditing Standards
For the Year Ended June 30, 2014**

Finding 2014-001: Financial Reporting Process

Northern Illinois University's (University) internal controls over financial reporting are not sufficient to prevent misstatements.

During our review of the draft financial statements provided by the University, several errors were identified. Some of the more significant items were as follows:

- The University recorded a year-end interest accrual entry for the Series 2010B Student Housing Revenue Bonds, the Northern View Capital Lease, and the New Residence Hall Capital Lease twice. This improperly increased interest expense by \$2,203,000 and Build America Bond subsidy revenue by \$870,000.
- The University classified a \$1,141,000 premium on the 2014 Certificates of Participation issuance as unearned revenue rather than as part of certificate of participation debt as required by generally accepted accounting principles (GAAP).
- The University classified \$6,910,000 of escrow funds for the phase 11 performance contract as construction in progress, rather than as long-term restricted cash as required by GAAP.
- The University classified \$4,000,000 of investments held for over a year in its 2010B bond pool as current cash equivalents instead of long-term restricted investments as required by GAAP.
- During the fiscal year 2013 closing process, the University expensed \$4,231,000 of construction in progress rather than including it as part of capital assets in accordance with GAAP. To correct the impact this had on net position, during fiscal year 2014 the amount was added to capital assets and expenses were reduced by a matching amount.
- As part of its closing process, the University removed all billed fall 2014 tuition and fee revenue from unearned revenue and accounts receivable. This revenue was unearned as of June 30, 2014 and as of that date the University had no legal claim to receive any payments. However, \$1,140,000 of the billed charges had been prepaid by students and should have remained on the University's Statement of Net Position under GAAP.
- The University did not properly eliminate a transfer of resources between University departments. This transfer increased the amount of revenue and expenses reported by the University by \$1,400,000.
- The University included a capital lease in the operating lease footnote which increased the amount of future lease payments disclosed by \$490,000.
- The University did not include the employer portion of Medicare taxes in its accrual calculation for compensated absences in accordance with GAAP. This understated the balance of compensated absences by \$259,000.
- The University did not accrue for \$93,000 of incurred but unpaid interest expense on the 2014 Certificates of Participation in accordance with GAAP. This caused interest expense and accrued payables to be understated by \$93,300.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – Government Auditing Standards
For the Year Ended June 30, 2014**

Finding 2014-001: Financial Reporting Process (Continued)

Financial Accounting Standards Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, states that “the discount or premium should be reported in the balance sheet as a direct deduction from or addition to the face amount of the note [...] the face amount should also be disclosed in the financial statements or in the notes to the statements.”

Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, states that “cash and claims to cash that are restricted as to withdrawal or use for other than current operations, that are designated for disbursement in the acquisition or construction of noncurrent assets, or that are segregated for the liquidation of long-term” are excluded from classification as current assets.

Governmental Accounting Standards Board Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, states that “Cash equivalents are defined as short-term, highly liquid investments.” The investments must have original maturities of less than 3 months or purchased with 3 months or less until maturity.

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an Amendment of GASB Statements No. 21 and No. 34*, states that, “capital assets should be reported at historical cost. The cost of a capital asset should include ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition - such as freight and transportation charges, site preparation costs, and professional fees.”

National Council on Governmental Accounting Statement No. 1, *Governmental Accounting and Financial Reporting Principles*, states that “revenues may be collected in advance of the fiscal year to which they apply. Such prepayments should be recorded as unearned revenue and recognized as revenue of the period to which they apply.”

Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, requires that “An additional amount should be accrued as a liability for salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date. The salary-related payments subject to this accrual are those items for which an employer is liable to make a payment *directly and incrementally associated with payments made for compensated absences on termination*. Such salary-related payments include the employer's share of social security and Medicare taxes.”

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal 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 and statistical reports and to maintain accountability over the State's resources.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – Government Auditing Standards
For the Year Ended June 30, 2014**

Finding 2014-001 Financial Reporting Process (Continued)

According to University management, the financial reporting errors are due to employee turnover of key personnel who prepared the draft financial statements in prior years and did not leave documentation of the preparation process.

Submitting incomplete and inaccurate draft financial statements delays completion of the audit process and delays the timely release of the University's financial reports to users. Also insufficient and/or ineffective controls over financial reporting could lead to significant reporting inaccuracies in the financial statements. (Finding Code Nos. 2014-001, 2013-001, 12-001, 11-001)

Recommendation

We recommend the University improve controls over financial reporting to ensure accurate presentation and disclosure of the University's annual financial statements.

University Response

The University concurs with the auditor's comments and the following actions are in the process of being undertaken to improve controls over the financial reporting process.

The Controller's Office will document the policies and procedures for the year-end close process and financial reporting by April 30, 2015. These policies and procedures will be consolidated into one manual that will be available to the Controller's Office staff both in hard copy and on the Controller's Office network shared drive. Revisions to the manual will be made as needed to ensure the manual is current at all times. The Controller's Office staff will undergo refresher training and review of new accounting guidance prior to the beginning of the year-end audit processes each year.

Roles and responsibilities of individual members of the Controller's Office staff will be documented to ensure completeness of the year-end financial reporting process and eliminate duplication of effort. The year-end checklist will be expanded to include additional procedures, source of information and listing of the responsible staff member.

A year-end close calendar will be created and posted on the Controller's Office website and communicated across University Departments.

After each audit cycle is complete, there will be an audit debriefing to assess which processes and/or procedures need to be changed in order to improve internal controls over the financial reporting process in preparation for the next cycle.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-002: Failure to Comply with the Fiscal Control and Internal Auditing Act

Northern Illinois University (University) did not comply with the internal control evaluation guidelines established by the Illinois Comptroller.

To evaluate its compliance with the Fiscal Control and Internal Auditing Act (Act), the University sends out evaluation forms to vice presidents of key departments for completion. These forms contain compliance attributes and the vice presidents are to indicate if their department is in compliance with the attribute, partial compliance, or complete non-compliance. If a department is not in compliance or is only in partial compliance, the form is to be returned with an explanation of the compliance issue and the corrective action being taken. These forms are returned to a reviewer who determines the University's overall compliance with the Act based on the responses.

During our testing of this process, the following was noted:

- Three of the ten (30%) evaluation forms sent to the vice presidents were not returned.
- One of the returned evaluation forms indicated that the department was only in partial compliance with 18 of the 25 (72%) attributes and no explanation was provided for the corrective action being taken.
- One of the returned evaluation forms indicated that the department was only in partial compliance with 1 of the 25 (4%) attributes and no explanation was provided for the cause of the non-compliance or the corrective action being taken.

There was no documentation to support whether the reviewer performed follow-up procedures to determine how the University's overall compliance with the Act was impacted by the departments that indicated they were in partial compliance or by the departments that did not return the evaluation forms.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3003) requires that the chief executive officers of every State agency submit an annual certification that the agency is in full compliance with the Act or, if the agency is not in full compliance with the Act, a report detailing the material weaknesses in the agency's internal control, an action plan to correct the deficiencies, or the reasons why the deficiency cannot be corrected. The Act further states that the certification prepared by the chief executive officer is to be based on evaluations conducted in accordance with guidelines established by the IL Comptroller in consultation with the Director of Central Management Services. These guidelines are published in section 2 of the Comptrollers' Statewide Accounting Management System Procedures Manual (SAMS Manual).

Procedure 02.50.30 in the SAMS Manual specifies that the results of the evaluations should be clearly documented by the reviewer.

University officials stated that due to staff turnover within the department responsible for reviewing the documentation, it could not be determined whether any follow-up procedures were performed.

Without clear documentation of the follow-up procedures performed by the reviewer, the University lacks support for its determination that it was in compliance with the Act. (Finding Code No. 2014-002)

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-002: Failure to Comply with the Fiscal Control and Internal Auditing Act (Continued)

Recommendation

We recommend the University revise its control procedures over the review of the individual departments' certifications so that all certifications are completed and all indications of non-compliance are fully assessed and documented prior to the University's annual certification as a whole to the Office of the Auditor General.

University Response

The University concurs with the auditor's comments. The University will review its control procedures over the certification process and modify as necessary to ensure that all certifications are completed in sufficient time to allow an evaluation and assessment of the University's overall compliance with the FCIAA. In the event all certifications are not received, follow-up procedures will be implemented to facilitate compliance with the Act.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-003: Failure to Submit Proper Time Reporting

Northern Illinois University (University) did not require all employees to submit time sheets as required by the State Officials and Employees Ethics Act.

We noted that the University had not fully implemented the requirement to collect data from all employees to be in compliance with the Act. For hourly employees tested (12), a timesheet broken down to the nearest quarter hour was submitted. However, for non-hourly employees tested (13), no time sheets were maintained.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430) requires the University to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) further states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law; obligations and costs are in compliance with applicable law; funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; 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 and statistical reports and to maintain accountability over the State's resources; and funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

University officials stated that there is a process in place to track time reporting, but they have encountered difficulty implementing the program to track time reporting for faculty members.

By not requiring appropriate time sheets from all of its employees, the University lacks complete documentation of the time spent by faculty on official state business as contemplated by the Act. (Finding Code Nos. 2014-003, 2013-004, 12-6, 11-3, 10-1, 09-4, 08-4, 07-7, 06-4, 05-6)

Recommendation

We recommend the University continue its efforts to develop and implement a program to require all employees to submit time sheets in accordance with the Act.

University Response

The University concurs with the auditor's comments. The University acknowledges the requirements of the Act and will continue to work towards a feasible solution that ensure compliance of the remaining faculty employee group with the requirements of this Act.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-004: Failure to Comply with the Illinois Pension Code

Northern Illinois University (University) did not comply with the requirements of the Illinois Pension Code (Code) on the employment and re-employment of State University Retirement System (System) annuitants.

We tested 3 of the 13 formerly retired individuals rehired during fiscal year 2014. We noted that for 2 of the 3 (66%) formerly retired individuals tested, the University failed to notify the System within 60 days of the employees being rehired. The delay in notification ranged from 36 to 72 days from the required date of notification.

The Illinois Pension Code (40 ILCS 5/15-139.5(a)) states that "An employer who employs or re-employs a person receiving a retirement annuity from the System in an academic year beginning on or after August 1, 2013 must notify the System of that employment within 60 days after employing the annuitant. The notice must include a summary of the contract of employment or specify the rate of compensation and the anticipated length of employment of that annuitant. The notice must specify whether the annuitant will be compensated from federal, corporate, foundation, or trust funds or grants of State funds that identify the principal investigator by name. The notice must include the employer's determination of whether or not the annuitant is an "affected annuitant.""

Per University officials in some cases, formerly retired individuals were allowed by the department to begin working prior to completing the HR paperwork. The HR paperwork triggers the System notification process.

Failure to timely notify the System of the employment or re-employment of a person receiving a retirement annuity results in noncompliance with the Illinois Pension Code and may inhibit the ability of the System to properly monitor and evaluate retirement payments of its annuitants. (Finding Code No. 2014-004)

Recommendation

We recommend the University notify the System of the employment or re-employment of a person receiving a retirement annuity from the System in compliance with the Illinois Pension Code.

University Response

The University concurs with the auditor's comments. The University will send a reminder on a routine basis to University Departments of the policy concerning the re-employment of former employees receiving a retirement annuity to ensure employees are not allowed to work without completing the required Human Resources paperwork. The University will notify the System of the employment or re-employment of a person receiving a retirement annuity from the System in compliance with the Illinois Pension Code.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-005: Incomplete TA-2 Forms

Northern Illinois University (University) submitted incomplete TA-2 forms to the Legislative Audit Commission (Commission). The University also improperly reimbursed an employee for travel to and from headquarters.

TA-2 forms are filed semi-annually with the Commission to report when the official headquarters of an employee differs from the location the employee performs most of his/her official duties and the reason for the difference. Northern Illinois University has each of its departments complete a TA-2 form listing the employees within the department meeting this criterion for filing with the Commission. Out of the 25 TA-2 forms tested, we noted that 2 forms (8%) for the same employee did not specify the reason the employee's official headquarters differed from where the employee performed the majority of their official duties and also did not include the last four digits of the employee's social security number.

During our testing of travel expenditures we noted that \$31,945 of the \$46,501 tested (69%) were reimbursements to the above mentioned employee for travel between the employee's home and the official headquarters listed on the TA-2 forms. Travel expenses between an employee's official headquarters and home are not reimbursable.

The State Finance Act (Act) (30 ILCS 105/12-3) states, each State agency, as defined by Section 1-7 of the Illinois State Auditing Act, shall file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. The report shall list, for each such officer or employee, the place designated as his or her official headquarters and the reason for that designation. Agencies with no officers or employees in this status shall file negative reports.

Higher Education Travel Control Board (80 Illinois Administrative Code, Section 2900.60: Allowable Transportation Expenses) states that as a condition of employment, employees expect to incur commuting expenses between their residence and headquarters. These expenses are not reimbursable. Meals, lodging and per diem are not reimbursable at headquarters or at residence.

University officials stated that the employee in question was a temporary employee whose official headquarters should have been listed as Lopez, WA rather than the University's DeKalb Campus. A new TA-2 reflecting the correct headquarters has been completed for this employee to indicate the proper headquarters.

Not including all required information on the TA-2 forms results in noncompliance with the Act while submitting inaccurate official headquarter locations results in the University reimbursing expenses that are considered unreimbursable. (Finding Code No. 2014-005)

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-005: Incomplete TA-2 Forms (Continued)

Recommendation

We recommend the University implement procedures so that all required fields of the TA-2 forms are accurately completed prior to filing the forms with the Legislative Audit Commission. We further recommend the University recoup unreimbursable travel expenses from the employee.

University Response

The University concurs with the auditor's comments. The University will review its procedures and communication process to ensure TA-2 forms are completed accurately in compliance with the State Finance Act. Further, the University will review the circumstances surrounding the employee and evaluate the necessity of recouping any unreimbursable travel expenses that have been paid to the employee.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-006: Incomplete Documentation in Contracts

Northern Illinois University has not established adequate internal controls over contracts to ensure that they are approved prior to performance and contain all the necessary certifications.

During our review of 66 contracts executed during the year ending June 30, 2014 totaling \$71,566,183, we noted the following:

- 15 of the contracts (23%) were not approved prior to performance
- 3 of the contracts (5%) were missing one or more of the following certifications
 - The Access to & Right to Audit Records certification
 - The Prevailing Wage Act certification
 - The Domestic Products certification

The Illinois Procurement Code (30 ILCS 500 et seq.) and Statewide Accounting Management System (Procedure 15.20.20 and 15.10.40) requires contracts and leases to contain certain signatures, clauses, and certifications.

Northern Illinois University Business Procedure Manual (Procedure No. 4-13) states all contracts must be signed prior to any performance.

Northern Illinois University Business Procedure Manual (Procedure No. 9-12) states all contracts must be fully executed prior to performance. No work on any contract may begin until all authorized parties to the contract have signed a formal written document.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law; obligations and costs are in compliance with applicable law; funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; 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 and statistical reports and to maintain accountability over the State's resources; and funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

University officials stated that several University departments allowed vendors to begin work before having a valid complete executed contract between the University and the vendor.

Failure to fully execute a contract prior to the commencement of services leaves the University vulnerable to unnecessary liabilities and potential legal problems. Failure to include all required certifications may result in goods or services received failing to comply with State statutes and regulations. (Finding Code Nos. 2014-006, 2013-007, 12-7)

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-006: Incomplete Documentation in Contracts (Continued)

Recommendation

We recommend the University implement appropriate procedures so that contracts are properly approved prior to performance and include all required certifications.

University Response

The University concurs with the auditor's comments. The University is developing methods of contract review and signatory approval that will address the timeliness of approvals. These improvements are planned for implementation by first quarter of FY2016.

The University's Procurement Services department is diligent about collecting certifications. The three contracts with missing certifications were an anomaly. This will be addressed through an internal audit of our contract review process, which is already underway.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-007: Improper Voucher Processing

Northern Illinois University (University) did not process several expenditures accurately and did not pay certain expenditures in a timely manner.

We tested 223 expenditures for purposes of State Compliance from Contractual Services, Travel, Printing, Commodities, Equipment, Electronic Data Processing, Telecommunications, and Operation of Automotive Equipment and noted the following:

- Three expenditures (1%) were recorded in the wrong account.
- Four expenditures (2%) included charges for goods or services that were recorded in the wrong fiscal year. The four charges amounted to \$39,714.
- Three expenditures (1%) exceeded the approved expenditure amount due to shipping and freight charges. The total amount the expenditures exceeded the approved amount summed to \$158.
- Two expenditures (1%) were for goods or services purchased before authorization for the purchase was given.
- Nine expenditures (4%) were not approved for payment within 30 days. These expenditures were approved for payment between 33 and 124 days (3 to 94 days late).
- Two expenditures (1%), reimbursements for employee lodging, exceeded the allowable reimbursement threshold by \$16 and \$201.
- Two expenditures (1%), totaling \$120, were for an employee's travel mileage on a personal trip and were unreimbursable.
- Two expenditures (1%), for employee reimbursements, were not fully supported by receipts. The amount unsupported summed to \$937.
- One expenditure (1%) of \$120 was a donation to offset the University's carbon footprint which is not an expenditure necessary for the University's operations.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) 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 and statistical reports and to maintain accountability over the State's resources; and (5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

The State Prompt Payment Act (30 ILCS 540/3-2(1.1)) requires State agencies to review in a timely manner each bill or invoice after its receipt.

Higher Education Travel Control Board (80 Illinois Administrative Code, Section 2900.90: Receipts Required) states receipts are required for any transportation, lodging or miscellaneous expense that individually exceeds \$10.

Higher Education Travel Control Board (80 Illinois Administrative Code, Section 2900.70: Lodging) states the traveler shall require confirmation that "State rates" offered by hotels/motels are within the maximum allowed. If an exception is not granted by the Board, the employee shall absorb the excess cost.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-007: Improper Voucher Processing (Continued)

University officials stated that several invoices were not approved by the required 30 days by the approving department, several invoices were charged to the incorrect fiscal year due to the manner in which the vendor invoiced and several current University procedures were not followed by the approving department.

Late approval of invoices, lack of required approvals, incorrect vouchers, and purchasing of services that do not serve an operational need could result in a loss of State funds. Recording expenditures in the incorrect fiscal year results in inaccurate financial statements. (Finding Code No. 2014-007)

Recommendation

We recommend the University improve controls so that expenditures are approved timely and are posted to the correct fiscal year and also so that vouchers are properly prepared and comply with State law. We further recommend the University recoup unreimbursable employee travel mileage.

University Response

The University concurs with the auditor's comments. The University's Department of Accounts Payable Services and Procurement Services have been and will continue to communicate with vendors on proper submission of invoices. The Department will continue to work with campus departments and educate departments on the requirement for timely authorization of invoices. Any reimbursement for personal expenses will be recouped. Applicable policies and procedures will be reviewed and, if necessary, updated no later than December 31, 2015.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-008: Failure to Comply with the University Faculty Research and Consulting Act

Faculty members of Northern Illinois University (University) performed outside consulting work without prior approval from the University.

The University has established a reporting system to comply with the requirements of the University Faculty Research and Consulting Act that requires faculty to annually request permission from the Office of the Provost to engage in personal outside research or consulting. During our testing over this reporting system, we noted that 79 requests were submitted for approval in fiscal year 2014. We selected 7 of these requests for testing and noted that 3 (43%) faculty members performed outside consulting work prior to receiving approval from the Office of the Provost. The approvals were noted to be from 5 to 15 days subsequent to the date outside work began.

The University Faculty Research and Consulting Act (110 ILCS 100/1) states that no full time member of the faculty of any State-supported institution of higher learning may undertake, contract for or accept anything of value in return for research or consulting services for any person other than that institution on whose faculty he serves unless (a) he has the prior written approval of the President of that institution, or a designee of such President [the Office of the Provost], to perform the outside research or consulting services, such request to contain an estimate of the amount of time which will be involved, and (b) he submits to the President of that institution or such designee, annually, a statement of the amount of actual time he has spent on such outside research or consulting services.

University officials stated that, in all three instances cited by the auditors, the outside consulting work of the faculty member was approved by the Department Chair prior to performance. The Department Chair is the one who assigns and approves faculty workload at the department level as the unit supervisor and this includes the approval of outside consulting and/or research. The Department Chair serves as the President's designee for all workload related matters at the department level.

Failure to comply with this mandate may result in faculty providing services for others instead of dedicating their time to their University duties for which they are employed. (Finding Code No. 2014-008)

Recommendation

We recommend that the University implement appropriate controls so faculty members do not begin outside consulting work prior to approval by the President's designee.

University Response

The University concurs with the auditor's comments. The University will review the current process for approving faculty outside consulting work and will implement appropriate controls to ensure that the work is approved by the President or his designee prior to the work being started.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-009: Procurement Card Use

Northern Illinois University (University) has not established adequate internal controls over procurement card transactions.

The University operates a procurement card program that allows individuals throughout the University to make smaller purchases (defined as less than \$5,000) on a credit card, which is directly paid by the University on a monthly basis. The University's policies require employees assigned a procurement card to complete training on policies and procedures and to sign an agreement stipulating that they will use the card in accordance with the University's policies. The University's procedures also require that all purchases on the cards be reviewed by an assigned liaison and that receipts or other documentation of the purchases on the card be given to the liaison for review and that these documents be maintained.

We tested the purchases made by 25 individuals during 4 months of the fiscal year (83 purchase logs detailing 961 transactions totaling \$275,343) and noted the following:

- Nine transactions (1%) totaling \$3,650 included the payment of sales tax which is a prohibited charge as the University is tax-exempt.
- Nine transactions (1%) did not have supporting receipts. Two of the transactions were return credits amounting to \$77 while the remaining eight transactions were regular purchases amounting to \$728.
- Two transactions (.2%) totaling \$2,349 were prohibited purchases per the University's procurement card policy. One transaction was for a personal expense while the other was the payment of fee.
- Two transactions (.2%) totaling \$13,884 exceeded the individual transaction time limit for approval. One transaction was for \$7,645 while the other was \$6,239.
- Eleven of the monthly procurement card purchase logs (13%) were approved by an individual other than the listed authorized liaison.

The University had approximately 458 procurement cards active during the fiscal year and incurred \$6,988,071 of expenditures during the year ended June 30, 2014.

Per section 2A *Limitations* of the University's Procurement Card Policy and Procedure Manual (Manual) a cardholder may not make personal purchases on the card regardless of whether they intend to reimburse the University. Additionally, the cardholder is prohibited from making purchases that exceed the single purchase limit of \$5,000 or making monthly purchases in excess of \$10,000.

Per section 2C *Purchasing with the P-Card* of the Manual, no sales tax is to be charged to the card. If a vendor does charge sales tax, the cardholder is to seek a credit for the charge.

Per section 2M *Transaction Log and Supporting Documentation* of the Manual, original receipts for purchases made with the card must be submitted monthly to the assigned liaison. Additionally, per section 2N *Retention of Documentation* of the Manual, the receipts documenting the transactions must be retained for three years after the year of the transaction.

Per section 2G *Prohibited Purchases* of the Manual, fines, late fees, penalties, and personal items are not allowed to be charged to the card.

**State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
Current Findings – State Compliance
For the Year Ended June 30, 2014**

Finding 2014-009: Procurement Card Use (Continued)

Per Section 1 *Issuance of Card* of the Manual, a departmental procurement card liaison must be determined and attend a training class. Additionally, the Manual also includes an application that must be submitted by the liaison in addition to an agreement they must sign stating that they will enforce the requirements of the Manual.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system or systems of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized effectively, and in compliance with applicable law; (2) obligations and cost are in compliance with applicable law; (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources; and (5) funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

University officials stated that even though the University had appropriate policies in place that stipulates P-Card holders are not to pay sales tax or request a refund if charged inappropriately, holders are required to receive and maintain receipts, reports are to be reviewed and approved by the appointed liaison, and certain charges are not allowed; there were several instances in which the University's policies were not followed by the P-Card holder and were not noted as an inconsistency by the reviewer/approver.

Paying for sales tax and prohibited charges is an unnecessary use of the University's limited resources while failing to enforce the requirement of receipts for all transactions could result in erroneous or fraudulent transactions being recorded in the general ledger system. Additionally, allowing purchases to exceed the approved purchasing thresholds could result in the University purchasing goods or services that do not comply with State statutes and regulations. Finally, having individuals other than the authorized liaison approve the monthly purchasing logs could result in inadequate reviews being performed and inappropriate charges not being caught. (Finding Code No. 2014-009)

Recommendation

We recommend that the University review its current process for reviewing and approving procurement card transactions and consider any changes necessary so that charges are made in accordance with the University's policies and procedures and so that individuals who do not comply with the policies and procedures are held accountable. Further, the University should recoup all personal expenses charged to the procurement card.

University Response

The University concurs with the auditor's comments. The University is revising the entire procurement card policy, procedures and processes to strengthen existing controls. A fundamental part of the revision is reassignment of procurement card administration from Procurement Services to Accounts Payable Services, which was effective February 16, 2015. The balance of the revisions will be effective by end of FY2015, or June 30, 2015.

**State of Illinois
Northern Illinois University
Prior Findings Not Repeated
For the Year Ended June 30, 2014**

A. Finding: Transparency Act Reporting

During the prior examination, it was noted that the University did not meet the Federal Funding Accountability and Transparency Act (Transparency Act) reporting requirements for one Research and Development Cluster program.

Disposition

In the current fiscal year, our sample testing did not indicate any issues with Transparency Act reporting. (Finding Code No. 2013-002)

B. Finding: Annual Reporting

During the prior examination, it was noted that the University did not meet the annual reporting requirements for one Research and Development Cluster program.

Disposition

In the current fiscal year, our testing did not appear to indicate any issues with performance reporting. (Finding Code No. 2013-003)

C. Finding: Failure to Prepare High School Feedback System Reports

During the prior examination, it was noted that the University did not prepare High School Feedback System reports for high schools within the State.

Disposition

In the current year, we noted that the requirement of the Act was repealed by Illinois Public Act 098-0742, which was effective 7/16/2014. (Finding Code No. 2013-005)

D. Finding: Failure to Submit Accurate C-15 Reports

During the prior examination, it was noted that the University's C-15 Property reports were inaccurate.

Disposition

In the current year, our testing did indicate issues with the C-15 reports, however, the University submitted amended reports. (Finding Code No. 2013-006)

E. Finding: Revenue Recognition

During the prior examination, it was noted that the University overstated the amount of deferred revenue in fiscal year 2012 which resulted in an overstatement of revenue in fiscal year 2013.

Disposition

During the current examination, our testing did indicate issues related to the improper removal of unearned revenue, however, this issue has been included in the Financial Reporting Process Finding (Finding 2014-001). (Finding Code No. 2013-008)

F. Finding: Inadequate Firewall Controls

During the prior examination, it was noted that the University had not adequately deployed and maintained a firewall network to protect the University network and computing resources.

Disposition

During the current examination, our testing results showed the University installed a firewall that covered the entire campus; therefore, this finding is not repeated. (Finding Code No. 2013-009)

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER				
<u>DEPARTMENT OF EDUCATION</u>				
Federal Supplemental Educational Opportunity Grants G7B70075	84.007	P007A111243	\$ 1,002,322	\$ -
Federal Work-Study Program G7B70117/G7B70118	84.033	P033A111243	895,120	-
Federal Pell Grant Program G7B70021/G7B70076/G7B70007	84.063	P063P111370	30,276,030	-
Teacher Education Assistance for College and Higher Education Grants (TEACH) G7B70077	84.379	P379T121370	<u>84,252</u>	-
Total Student Financial Assistance Cluster			<u>32,257,724</u>	-
RESEARCH AND DEVELOPMENT CLUSTER				
<u>NATIONAL SCIENCE FOUNDATION</u>				
Engineering Grants:				
CAREER: Advanced Photochemical Paradigms for Enhanced Photovoltaics and Photocatalysis G1A62475	47.041	CBET-1150617	75,702	-
Reforming Power Semiconductor Education G1B66764	47.041	1342900	<u>5,000</u>	-
			<u>80,702</u>	-
Mathematical and Physical Sciences:				
Nano-Magnetic Nano & G1A62365	47.049	CHE-0906179	1	-
Detector Research for ILD G1A62372	47.049	PHY-0935322	18,800	-
Research in High Energy Physics: Theory and Phenomenology of Supersymmetry G1A62461	47.049	PHY-1068369	48,794	-
Application of Statistics in Assessing Nanoreliability G1A62493	47.049	DMS-1208273	37,643	-
Synthetic Methodologies Utilizing Superelectrophiles G1A62523	47.049	CHE-1300878	82,794	-
Unconventional Electrodynamics in Unconventional Solids G1A62530	47.049	DMR-1310199	7,384	-
Collaborative Research: ATD: Dynamical Sampling and Reconstruction for Sensing Networks G1A62531	47.049	DMS-1322127	49,960	-
Passed-Through Columbia University: US ATLAS Operations: Empowering us Universities for Discoveries at the Energy Frontier G6A64044	47.049	5-25191 PO G03010	78,237	-
Passed-Through University of Chicago Development of Ultrafast Tracking Electronics for the ATLAS Trigger G6A64070	47.049	FP048009-C	<u>8,473</u>	-
			<u>332,086</u>	-
Geosciences				
Collaborative Research: RUI Tropical Holocene Climate Insights from Andean Paloglacier Dynamics G1A62514	47.050	1344476	<u>26,395</u>	-
			<u>26,395</u>	-
Computers and Information Science and Engineering				
Passed-Through Technical Education Centers, Inc. (TERC) FUN: A Finland US Network for Engagement and STEM Learning in Games G6A64077	47.070	4352	7,603	-
HCC: Small: Collaborative Research: Integrating Cognitive and Computational Models of Narrative G1A62525	47.070	1319974	<u>6,698</u>	-
			<u>14,301</u>	-

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>NATIONAL SCIENCE FOUNDATION (CONTINUED)</u>				
Biological Sciences:				
Subgenomic RNAs in Genetic Reco G1A62366	47.074	MCB-0920617	26,559	-
CAREER: Library Based Design of Linked Equilibria to Control Protein Interactions G1A62395	47.074	MCB-0953323	97,520	-
Collaborative Research: LTREB: Climatic Change and Community Organization Across three Tropic Levels: Long-Term Research at a Sentinel Site in Semiarid North-Central Chile G1A62396	47.074	DEB-097224	9,088	-
Dimensions NASA: Collaborative Research: The Biogeography and Draught Tolerance in Grasses G1A62529	47.074	DEB-1342782	29,130	-
Passed-Through Washington University:				
Evolutionary Diversification of Photosynthesis and the Anoxygenic to Oxygenic Transition G6A64110	47.074	0950550	12,354	-
Collaborative Research: Ecological Diversification and molecular Evolution of Grasses (Poaceae) G1A62459	47.074	DEB-1120761	<u>43,423</u>	-
			<u>218,074</u>	-
Social, Behavioral, and Economic Sciences:				
Effects of Simulated Climate Change on Soil Microbial Diversity and Plant Microbe Association in Lake Superior Provincial Park, Canada G1A62374	47.075	BCS-0924009	1,189	-
REU Site: Operation Etank: Moving Toward a Sustainable World G1A62478	47.075	SMA-1156789	89,276	-
NGOs and Nation Building: Impact of NGOs on Haiti's Internally Displaced People (IDP) G1A62513	47.075	BCS-1339616	6,370	5,086
Collaborative Research: Cultural Models of Nature Across Cultures: Space, Causality, and Primary Food Producers G1A62528	47.075	None	<u>31,733</u>	<u>7,645</u>
			<u>128,568</u>	<u>12,731</u>
Education and Human Resources:				
Navigate, Balance and Retain: Developing Success in Mid-Career for Female STEM Faculty G1A62428	47.076	1015932	968	-
IMUSLE-Incremental Mindset and Utility for Science Learning and Engagement G1A62460	47.076	1136143	103,888	-
Renewable Energy Technology Across the Engineering Technology Curriculum G1A62480	47.076	1140447	57,629	-
Empowering Teachers to Enhance Adolescents' Motivation for Science G1A62481	47.076	1102925	68,295	-
Internet Accessible Remote Laboratories with Collaborative Design G1A62490	47.076	1140502	45,502	-
Collaborative Research: WILSIM2, The Next Generation Landform Simulator G1A62492	47.076	1140375	60,099	11,640
Doctoral Dissertation Research: The Effects of Honeysuckle Encroachment on White Oak Savannas in Relation to Understory light, soil and Dispersal G1A62499	47.076	None	8,881	-
Fellowship for Christopher Budnick G1A62516	47.076	Fellowship	43,389	-
Passed-Through University of Missouri on behalf of Missouri University of Science and Technology				
Engineering Uncertainty Repository G6A64098	47.076	1245070	<u>6,281</u>	-
			<u>394,932</u>	<u>11,640</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>NATIONAL SCIENCE FOUNDATION (CONTINUED)</u>				
Polar Programs:				
Southern Ocean Diatom Taphonomy & Paleoproductivity: A Laboratory Study of Silica Degradation and Export G1A62430	47.078	ANT-1043690	28,493	-
Fate of Drilling Fluids During the South McMurdo Sound Project of the Antarctic Geological Drilling Program G1A62434	47.078	ANT-1043740	2,334	-
Collaborative Research: REU Site Svalbard REU: Holocene and Modern Climate Change in the Norwegian High Arctic G1A62526	47.078	PLR-1262871	4,304	-
			<u>35,131</u>	<u>-</u>
Office of Cyberinfrastructure:				
Collaborative Research: Scalable Multiscale Models for the Cerebrovasculature: Algorithms, Software and Petaflop Simulations G1A62371	47.080	OCI-0904500	82,709	-
			<u>82,709</u>	<u>-</u>
Trans-NSF Recovery Act Research Support:				
Hi Energy Particle Colliders - ARRA G1A62354	47.082	PHY-0855405	5,242	-
Creating Minimal Video Games for Engineering Education Research ARRA G1A62367	47.082	EEC-0935225	11,016	-
RAGES-Collaborative Research: Integrative Study of Marine Ice Sheet Stability and Subglacial Life Habitats-Robotic Access to Grounding Zones - ARRA G1A62368	47.082	ANT-0839107	301,849	5,960
LISSARD-Collaborative Research: Integrative Study of Marine Ice Sheet Stability and Subglacial Life Habitats-Lake & Ice Stream Subglacial Access- ARRA G1A62369	47.082	ANT-0839059	83,678	-
Searches for New Phenomena with High Energy Particle Colliders G1A62483	47.082	PHY-1206092	219,071	-
Total NSF Recovery Act Research Support			<u>620,856</u>	<u>5,960</u>
Total National Science Foundation			<u>1,933,754</u>	<u>30,331</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Human Genome Research:				
Micro-Inversions and Improvement of Alignment Quality G1A62415	93.172	1R15HG005913-01	46,545	-
			<u>46,545</u>	<u>-</u>
Research Related to Deafness and Communication Disorders:				
Processing of Spoken Language in Young Children who use Cochlear Implants G1A62450	93.173	1R15DC011605-01	111,552	40,234
			<u>111,552</u>	<u>40,234</u>

Northern Illinois University
 Schedule of Expenditures of Federal Awards (Continued)
 as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
Mental Health Research Grants:				
Biomarkers for Posttraumatic Stress in Women Following a Campus Mass Shooting G1A62501	93.242	1 R15MH099521-01	108,823	-
Automatic 3D Quantification of Synapse Distribution in Complex Dendritic Arbor G1A62527	93.242	1R15MH099569-01A1	139,769	36,751
Passed-Through Illinois Institute of Technology: Adherence and Empowerment Service Participation and Meaningful Outcomes G6A64036	93.242	SA455-1114-6157	15,644	-
			<u>264,236</u>	<u>36,751</u>
Cancer Cause and Prevention Research:				
Lung Cancer Recurrence and Survival: Statistical Methods and Models for Ethnic and Gender Disparities, Epigenetics and related Issues G1A62442	93.393	1R15CA152896-01A1	18,007	4,189
			<u>18,007</u>	<u>4,189</u>
Cancer Treatment Research:				
Targeting the tumor microenvironment in B-Cell malignancies G1A62542	93.395	1R03CA175872-01A1	9,462	-
			<u>9,462</u>	<u>-</u>
Cancer Biology Research:				
Passed-Through University of Louisville Research Foundation, Inc. Identification of Proteins for Mass Spectrometry Data: A Statistical Approach G6A64088	93.396	1R15CA170091-01A1	22,762	-
			<u>22,762</u>	<u>-</u>
Trans-National Institute of Health-Recovery Act Research Support-ARRA				
National Eye Institute Quantization of Ocular Oxygen using a Modified Fluorotron - ARRA G1A62416	93.701	1R15EY020995-01	90,215	-
Passed-Through University of Minnesota Recovery Act Funding An Innovative Hearing Loss Prevention Approach in Infant Incubator ARRA G6A63957	93.701	D000202601	-	-
			<u>90,215</u>	<u>-</u>
Cardiovascular Diseases Research				
Mechanisms of Social Isolation and Environmental Enrichment in an Animal Model G1A62491	93.837	1R15EY020995-01	106,779	-
Passed-Through Medical College of Wisconsin, Inc. Biophysics of HDL Dysfunction G6A64074	93.837	1R01HL112270-01A1	34,466	-
			<u>141,245</u>	<u>-</u>
Allergy, Immunology and Transplantation Research:				
Role of VeA-Dependent Genes and Proteins in Mycotoxin Production and Development G1A62479	93.855	2 R15AI081232-02	151,646	-
			<u>151,646</u>	<u>-</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
Biomedical Research and Research Training:				
Electron Transfer in Dynamic Protein Complexes G1A62347	93.859	2 R15 GM059740	24,215	-
Electrophiles in Synthetic Studies and Biologically Relevant Processes G1A62348	93.859	1 R15 GM085736	(114)	-
			<u>24,101</u>	<u>-</u>
Child Health and Human Development Extramural Research:				
Maternal Self-Regulation and Parenting: Contributions to the Emergence of Infant Self-Regulation G1A62468	93.865	NONE	80,951	52,868
An Innovative Approach to Assessing Implicit Processes in Physical Abuse Risk G1A62474	93.865	1R15HD069347-01A1	231,547	-
Spontaneous Interferences Made from Child Behaviors by Low Risk and High Risk Parent G1A62509	93.865	1R03HD075978-01	65,011	-
Passed-Through University of Minnesota Chicago Longitudinal Survey G6A64087	93.865	CPS#0000641036	52,752	-
			<u>430,261</u>	<u>52,868</u>
Vision Research:				
Passed-Through OcuMetrics, Inc. System for Ocular Oxygen Measurements G6A64073	93.867	R44EY015944	27,120	-
			<u>27,120</u>	<u>-</u>
Total Department of Health and Human Services			<u>1,337,152</u>	<u>134,042</u>
<u>DEPARTMENT OF EDUCATION</u>				
Career and Technical Education - Basic Grants to States:				
Passed-Through Illinois State University Determining Best Promotion Efforts for Illinois Family and Consumer Sciences G4A63058	84.048	11575-03-510009347	(209)	-
			<u>(209)</u>	<u>-</u>
Education Research, Development and Dissemination:				
Passed-Through Learning Partnership: An Examination of the Qualities of Interactive Science Learning Environments that Promote Optimal Motivation G6A64022	84.305	LP201101	69,283	-
Passed-Through University of Kansas: Development and Validation of Online Adaptive Reading Motivation Measures G6A64017	84.305	FY2011-103	50,338	-
Post-Doctoral Research Fellowship G1A62276	84.305	R305B070349	36,393	-
Passed-Through University of Illinois at Chicago: Reading for Understanding Across Grades 6-12: Evidence-based Argumentation for Disciplinary learning G4A63051	84.305	2010-01569-01-00	495,738	66,954
Passed-Through Education Testing Services (ETS): Reading for Understanding G6A63997	84.305	NIU-IES 305F	35,012	-
			<u>686,764</u>	<u>66,954</u>
Total Department of Education			<u>686,555</u>	<u>66,954</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>DEPARTMENT OF AGRICULTURE</u>				
Agricultural Research-Basic and Applied Research:				
Identification of Regulatory Genes in A. Flavous and A. Nidulans that are Involved in Mycotoxin Production, Morphogenesis, and Virulence G2A62358				
	10.001	58-6435-9-386	1,272	-
			<u>1,272</u>	<u>-</u>
Grants for Agricultural Research, Special Research Grants				
Passed-Through Kansas State University:				
Family Advocacy System of Records (FASOR) G6A64084				
	10.200	2012-39575-20317	104,389	-
Family Advocacy System of Records (FASOR) G6A64109				
	10.200	2012-39575-20317	83,339	-
			<u>187,728</u>	<u>-</u>
Cooperative Extension Service:				
Passed-Through Kansas State University:				
KSU/Air force Family Advocacy Research Analysis and Support Project FASOR G6A64037				
	10.500	2011-48740-31167	34,058	-
KSU/Air force Family Advocacy Research Analysis and Support Project FASOR G6A64038				
	10.500	S12170	21,724	-
			<u>55,782</u>	<u>-</u>
Total Department of Agriculture			<u>244,782</u>	<u>-</u>
<u>DEPARTMENT OF COMMERCE</u>				
National Oceanic & Atmospheric Administration				
Sea Grant Support				
Passed-Through Ohio State University Research Foundation				
Delayed Neonatal Growth in the Lake Erie Watersnake G6A64130				
	11.417	NA10OAR4170074	715	-
			<u>715</u>	<u>-</u>
National Institute of Standards and Technology				
Measurement and Engineering Research and Standards Dev/Val of Physics Based AM Models for Process Control & Quality Assurance G2A62519				
	11.609	70NANB13H194	509,431	196,666
			<u>509,431</u>	<u>196,666</u>
Manufacturing Extension Partnership				
Pass-Through Illinois Manufacturing Extension Center				
Training Module Dev to Exploit the Synergy between Lean Manufacturing & Green Supply Chain Practices G6A64119				
	11.611	None	8,617	-
			<u>8,617</u>	<u>-</u>
Total Department of Commerce			<u>518,763</u>	<u>196,666</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>DEPARTMENT OF DEFENSE</u>				
Department of the Navy Manufacturing & Engineering Advisory and Assistance Serv. G2A62414	12.000	W9098S-10-D-0057	(3,572)	-
Passed-Through Rock Island Arsenal Illinois Center for Defense Manufacturing (ICDM) G2A62378	12.000	W56HZV-09-0656	397,728	69,180
US Army Research Institute (ARI) for the Behavioral and Social Sciences Specification of Effective Monitoring Behaviors for Leadership Competency Development and Adaptability G2A62503	12.000	AFS-ALCS2010-7	<u>121,261</u> <u>515,417</u>	<u>29,004</u> <u>98,184</u>
Basic Scientific Research-Combating Weapons of Mass Destruction: Experimental & Numerical Investigation of Compact Dielectric Wakefield Accelerators G2A62397	12.351	HDTRA-1-10-1-0051	<u>111,758</u> <u>111,758</u>	<u>17,578</u> <u>17,578</u>
Department of the Army Military Medical Research and Development: Particle Therapy Research and Treatment G2A62386, G2A62435, G2A62436, G2A62437, G2A62438	12.420	W81XWH-10-0170	<u>878,842</u>	<u>257,522</u>
Air Force Defense Research Sciences Program: Passed Through Bridge 12 Technologies, Inc. V-Band Microwave Power Module G6A64102	12.800	FA8650-13-C-1604	<u>17,666</u>	-
National Security Agency Mathematical Sciences Grants Program: Assessing Nanosystem Reliability G2A62445	12.901	H98230-12-1-0127	-	-
Integral Representations of p-groups and rationality G2A62473	12.901	H98230-12-1-0127	<u>6,209</u> <u>6,209</u>	<u>-</u> <u>-</u>
Advanced Research Projects Agency Research and Technology Development: DARPA-Rapid Manufacturing Processes, Process Controls, Process Models and Simulations - Aerospace Micro-Mesocale Manufacturing (AM3) Demonstration Facility G2A62487	12.910	W15QKN-12-1-0001	528,869	367,467
Passed Through Mass. Institute of Technology Compact, Coherent X-ray Sources Based on Laser Acceleration and Inverse Compton Scattering G6A64035	12.910	5710003094	46,158	-
Passed Through Vanderbilt University Field-Emission Cathodes and Channeling Radiation G6A64043	12.910	11082715-S1	<u>19,303</u> <u>594,330</u>	<u>-</u> <u>367,467</u>
Total Department of Defense			<u>2,124,222</u>	<u>740,751</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>DEPARTMENT OF INTERIOR</u>				
Fish and Wildlife Management Assistance:				
Assessing Management Needs to Enhance the Recovery for the Eastern Massasauga G2A62410/G2A62538	15.608	F13AC00624	3,022	-
Continued Assessment of Management Needs to Enhance Recovery for the Eastern Massasauga G2A62500	15.608	F12AC01171	38,203	-
			<u>41,225</u>	<u>-</u>
Cooperative Endangered Species Conservation Fund:				
Annual Census of Lake Erie Water Snakes G2A62293	15.615	301817G072	1	-
			<u>1</u>	<u>-</u>
Great Lakes Restoration:				
Assessing Management Needs to Enhance the recovery for the Eastern Massasauga G2A62466	15.662	F11AC00726	419	-
Annual Lake Erie Watersnake Census (LEWS) G2A62495	15.662	F12AP00909	67,347	-
			<u>67,766</u>	<u>-</u>
Assistance to State Water Resources Research Institutes Passed-Through University of Illinois				
Hydro-meteorological responses to tropical system precipitation in Illinois G4A63063	15.805	G11AP20077	3,038	-
			<u>3,038</u>	<u>-</u>
U.S. Geological Survey_Research and Data Collection:				
Seismic Monitoring of the Asian Carp Hydrogun Deployment in Chicago Sanitary and Ship Canal and Calumet River G2A62464	15.808	G11AC20404	19,559	-
			<u>19,559</u>	<u>-</u>
National Cooperative Geologic Mapping Program:				
Quaternary Geologic Mapping of the Creston Quadrangle G2A62482	15.810	C12AC20175	1,546	-
			<u>1,546</u>	<u>-</u>
Total Department of Interior			<u>133,135</u>	<u>-</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
Science:				
Estimating Global Volume of Excavation by Fluvial Processes on Mars: Inferring Volume of Water and its Implications G2A62517	43.001	NNX13AK65G	43,035	-
Passed-Through University of Nevada, Las Vegas Exploration of Biological Dark Matter in Geothermal Springs G6A64069	43.001	13-725F-03	59,922	-
			<u>102,957</u>	<u>-</u>
Total National Aeronautics and Space Administration			<u>102,957</u>	<u>-</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Promotion of the Humanities_Fellowships and Stipends				
Returning Albert's De Pictura to its Original Intellectual Context G2A62520	45.160	FA-57502-13	50,400	-
Islamic Literacy in Early America G2A62539	45.160	FA-57571-14	25,200	-
			<u>75,600</u>	<u>-</u>
Total Department of National Endowment for the Humanities			<u>75,600</u>	<u>-</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>DEPARTMENT OF ENERGY</u>				
Office of Science Financial Assistance Program:				
Polarized X-Rays as a Probe of Spin Polarization G2A62156	81.049	DE-FG02-03ER46097	98,120	-
Nonlinear Dynamics of High-Brightness Electron Beams G2A62296	81.049	DE-FG02-08ER41532	175,278	-
Nanostructured Superconductors G2A62364	81.049	DE-FG02-06ER46334	2,618	-
Design & Prototyping High Granularity Scintillator Calorimeter G2A62429	81.049	DE-SC0005164	63,499	-
Studies of Conventional & ERL-Based Recirculator Electron Cooling for an Electron Ion G2A62502	81.049	DE-SC0008588	76,526	-
Passed-Through Northeastern University Computational Time-Resolved and Resonant X-ray Scattering of Strongly Correlated Materials G6A64068	81.049	503018-78053	<u>51,380</u>	-
			<u>467,421</u>	-
ARGONNE NATIONAL LABORATORY:				
Joint Appointment for Bela Erdelyi G2A62418	81.000	Joint Appt - Erdelyi	12,382	-
Integrated Laboratory/Industry Research Program ILIRP G2A62423	81.000	9J-30261-0018A	106,800	-
Joint Appt for Zhili Xiao G2A62424	81.000	NONE	110,685	-
Jt Appointment for Philippe Piot G2A62425	81.000	PO 589180 Rev 1 & 2	74,981	-
Day of Fast Imaging Cameras and the Associated Software for XPCS Measurements G2A62405	81.000	9J-30261-001-4A	(1,678)	-
Study of High Current Electron Beam Propagation through the Argonne Wakefield Accelerator Facility G2A62432	81.000	9J-30261-0019A	-	-
Fabrication and Characterization of Superconducting and Nanostructures G2A62439	81.000	9J-30261-0007A Rev 1	4,168	-
Joint Appointment: David Murphy G2A62456	81.000	Murphy	85,049	-
Material Development for Energy Efficiency and Renewable Energy Applications G2A62462	81.000	9J-30261-0027A	9,639	-
Joint Appointment - Young Min Shin G2A62467	81.000	PO 602342	56,400	-
Synthesis and Characterizations of Fe-Based pnictide G2A62471	81.000	9J-30261-0028A	35,596	-
Development of Matlab Models of the Digital Power Converters G2A62472	81.000	9J-30261-0029-A	-	-
Passed-Through Los Alamos National Laboratory: Beam Dynamics Studies for the Matter Radiation Interaction at Extreme (MARIE) Project at Los Alamos G2A62477	81.000	187801	12,722	-
Synchrotron X-ray Study of Advanced Materials for Li-air & Li-ion Batteries G2A62488	81.000	9J-30261-0032A	-	-
Development of the MUZE Preliminary Design G2A62494	81.000	PO 608549	143,470	-
G-2 Tracking Detector G2A62496	81.000	PO 609097	54,199	-
Joint Appointment at Argonne National Laboratories - Andres Glatz G2A62497	81.000	Gatz	98,793	-
Year 3 - Geospatial Infrastructure Technical Support G2A62505	81.000	None	47,508	-
Research Scientist Support G2A62506	81.000	Yurkewicz	30,114	-
Development of Fast Imaging Cameras and the Associated Sofward for XPCS Measurements G2A62507	81.000	9J-30261	9,846	-

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER (CONTINUED)				
<u>DEPARTMENT OF ENERGY (CONTINUED)</u>				
ARGONNE NATIONAL LABORATORY (CONTINUED):				
Properties of Superconducting Nanopatterned Structures Near the Superconductor Insulator Trans G2A62508	81.000	9J-30261-0038A	660	-
Device Parameter Extraction and Modeling G2A62510	81.000	9J-30261-0039A	27,946	-
System Software Integration and Development G2A62511	81.000	3F-31421	205,226	-
Confinement Effects in Nanostructured Superconductors G2A62512	81.000	9J-30261-0040A	32,267	-
Single Crystal Diffuse Xray & Neutron Scattering Experiments G2A62515	81.000	9J-30261-0042A	37,137	-
Design of Application Specific Integrated Circuits G2A62518	81.000	9J-30261-0042A	2,111	-
Nanoscale Studies of Structure & Function of Oxide & Nitride Film G2A62521	81.000	9J-30261-0045A	14,412	-
Upgrade the Thomas Jefferson National Accelerator Facility G2A62522	81.000	9J-30261-0044A	69,849	-
Passed-Through FermiLab Beam Emittance Measurements for Muon Collider R&D G2A62534	81.000	13-F-14	18,402	-
Development of Fast Imaging Cameras and the Associated Software for XPCS Measurements G2A62535	81.000	9J-30261-0047A	9,021	-
Tracklib Development & Storage Control System G2A62536	81.000	9J-30261-0048A	22,625	-
Phase 1 Upgrade of the Calorimeter-based Level 1 Triggering System at Atlas G2A62537	81.000	9J-30261-0046A	14,262	-
Community Dashboard Development G2A62540	81.000	9J-30261-0049A	16,641	-
Investigation of Field-Emission Electron Source G2A62544	81.000	FRA-2013-0006	960	-
			1,362,193	-
Total Department of Energy			1,829,614	-
Total Research and Development Cluster			8,986,534	1,168,744
ECONOMIC DEVELOPMENT CLUSTER				
<u>DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ADMINISTRATION</u>				
Economic Adjustment Assistance:				
Economic Adjustment: The Rockford Area Aerospace Cluster Jobs and Innovation Accelerator G2B66752	11.307	06-79-05726	151,521	20,623
Passed-Through University of Wisconsin Whitewater State of Ingenuity G6B63994	11.307	PO UNAB4141/UNBB4063	62,469	-
			213,990	20,623
Total Economic Development Cluster			213,990	20,623
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				
<u>DEPARTMENT OF TRANSPORTATION</u>				
Highway Planning and Construction:				
Passed-Through Illinois Department of Transportation:				
West Access Road G3B67292	20.205	FHWA	191	-
IDOT Bicycle Maps Project G4B67427	20.205	11T0011	44,202	-
Regional Land Use Inventory 2010 Update G6B70091	20.205	C-12-0059	(109)	-
			44,284	-
Total Highway Planning and Construction Cluster			44,284	-

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
TRIO CLUSTER				
<u>DEPARTMENT OF EDUCATION</u>				
TRIO - Student Support Services G1B66736	84.042	P042A101432	296,161	-
			<u>296,161</u>	<u>-</u>
TRIO - Upward Bound G1B66684	84.047	P047A070966	(541)	-
TRIO - Upward Bound G1B66755	84.047	P047A121484	527,162	-
			<u>526,621</u>	<u>-</u>
Total Trio Cluster			<u>822,782</u>	<u>-</u>
CCDF CLUSTER				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Childcare and Development Block Grant:				
Administration for Children and Families				
Passed Through Illinois Department of Human Services:				
FY 11 Child Care Assistance Program G4B67439	93.575	IDHS	15,495	-
			<u>15,495</u>	<u>-</u>
Total CCDF Cluster			<u>15,495</u>	<u>-</u>
OTHER PROGRAMS				
<u>NATIONAL SCIENCE FOUNDATION</u>				
Mathematical and Physical Sciences:				
Passed-Through University of Notre Dame:				
The Quarknet Project G6B70137	47.049	PHY-1219444	10,028	-
			<u>10,028</u>	<u>-</u>
Geosciences:				
Enhancing Diversity Track 2: Intensive Field Experience for Middle & HS Teachers Serving Large Hispanic Populations G1B66692	47.050	0703541	66,557	-
			<u>66,557</u>	<u>-</u>
Education and Human Resources:				
PROMISE: Providing Resources and Opportunities to Maximize Interest in STEM Education G1B66748	47.076	DUE-1068463	231,836	-
			<u>231,836</u>	<u>-</u>
Total National Science Foundation			<u>308,421</u>	<u>-</u>
UNITED STATES INSTITUTE OF PEACE				
Public Education for Peacebuilding Awards Program				
Women in International Relations Talk Series G6B70165	91.004	None	2,000	-
			<u>2,000</u>	<u>-</u>
Total United States Institute of Peace			<u>2,000</u>	<u>-</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
OTHER PROGRAMS (CONTINUED)				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES ARRA</u>				
Health Information Technology Regional Extension Centers Program:				
Office of National Coord for Health Information Technology				
Illinois Health Information Technology Exchange Program				
	Collaborative ARRA G1B66725	93.718	90RC0023/01	523,861
			<u>523,861</u>	<u>465,900</u>
Total Department of Health and Human Services ARRA				
IL-HITREC Outreach and Recruiting Services				
	(Capacity Study) G4B67486	93.718	1UR1SMO60319-01	83
			<u>83</u>	<u>-</u>
Total Department of Health and Human Services				
			<u>523,944</u>	<u>465,900</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Program Development and Innovation Grants				
Passed-Through Illinois Campus Compact				
	Martin Luther King Week of Service G6B70177	94.007	12 MKNWI001	1,600
			<u>1,600</u>	<u>-</u>
Total Corporation for National and Community Service				
			<u>1,600</u>	<u>-</u>
<u>DEPARTMENT OF EDUCATION</u>				
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program:				
National Resource Center at Northern Illinois University G1B66733				
	Foreign Language and Area Studies Fellowships G1B66734	84.015	P015A100167	139,214
			<u>360,354</u>	<u>-</u>
			<u>499,568</u>	<u>-</u>
International Research and Studies:				
	Multimedia Online Learners Dictionary of Malay G1B66719	84.017	P017A090353	54,079
			<u>54,079</u>	<u>-</u>
Special Education Grants to States				
Passed-Through Southern Illinois University:				
	IDEA: State Personnel Development Grant-IL IHE Partnership G4B67517	84.027	763944	4,899
			<u>4,899</u>	<u>-</u>
Rehabilitation Long-Term Training:				
	Preparation of Rehabilitation Teachers and Orientation & Mobility of Specialists to Serve Adults with Visual Disabilities G1B66711	84.129	H129P090006	95,152
	Certificate Program In Rehabilitation of Persons who are Deaf-Blind G1B66728	84.129	H129Q080006-10	33,249
	Rehabilitation of Individuals Who are Deaf or Hrd of Hearing G1B66738	84.129	H129Q100002	92,505
			<u>220,906</u>	<u>25,293</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
OTHER PROGRAMS (CONTINUED)				
<u>DEPARTMENT OF EDUCATION (CONTINUED)</u>				
Rehabilitation Services Demonstration and Training Programs:				
Training Personnel to Provide Rehabilitation and Orientation and Mobility Services for Veterans who are Visually Impaired G1B66735				
	84.235	H235K100016B	16,811	-
			<u>16,811</u>	<u>-</u>
Twenty-First Century Community Learning Centers:				
Passed-Through Illinois State Board of Education:				
21st Century Community Learning Center Grant-Herget Middle School G6B69839				
	84.287	None	12,248	-
21st Century Community Learning Centers Grant Evaluation Plan G6B69840				
	84.287	None	15,278	-
Title II Teacher Quality SEA-Contracts 41-BT17583				
	84.287	None	2,000	-
			<u>29,526</u>	<u>-</u>
Educational Technology State Grants				
Passed-Through Murphysboro School District #186 MyIIIRC: Web-based Assessment Data G6B70050				
	84.318	None	6,933	-
			<u>6,933</u>	<u>-</u>
Special Education Personnel Development to Improve Services and Results for Children With Disabilities:				
Combined Priority for Personnel Development G1B66713 Program for Training of Teachers and Orientation and Mobility Instructors G1B66760				
	84.325	H325K090232	88,455	-
	84.325	H325K130217	132,057	-
Passed Through Salus University:				
Fellowship Support for Sean Tikkun G6B70049				
	84.325V	H325V090001/83401	27,189	-
			<u>247,701</u>	<u>-</u>
English Language Acquisition State Grants:				
Passed-Through Illinois State Board of Education:				
Development of Reading ESL, Early Childhood, Math and Science: Project Dreams G1B66750				
	84.365	T365Z110199-12	400,521	-
			<u>400,521</u>	<u>-</u>
Mathematics and Science Partnerships:				
Passed-Through Illinois State Board of Education:				
Integrating Math and Science with Content, Pedagogy, and Technology G4B67479				
	84.366	4936-41-16-019-5430-51	(48)	-
Institute for Excellence in Mathematics Teaching and Learning G4B67488				
	84.366	4936-40-16-019-5430-51	98,099	-
Integrating Math and Science with Content, Pedagogy, and Technology G4B67490				
	84.366	4936-41-16-019-5430-51	75,679	-
Project ENGINE: Engineering the Next Gen Initiative for Northern Illinois G4B67503				
	84.366	4936-50-16-019-5430-51	103,030	-
Project Engineer: Engineering the Next Gen Initiative for Northern Illinois Engagement G4B67510				
	84.366	4936-50-16-019-5430-51	96,047	-
			<u>372,807</u>	<u>-</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
OTHER PROGRAMS (CONTINUED)				
<u>DEPARTMENT OF EDUCATION (CONTINUED)</u>				
Improving Teacher Quality State Grants:				
Passed-Through Illinois Board of Higher Education				
NIU Higher Education Transitions Committee: Regional				
College Readiness Partnership G3B67501				
	84.367	IBHE	39,929	-
Promoting Achievement through Literacy Skills Across the				
High School Curriculum G4B67480				
	84.367	IBHE	158,772	84,363
FY 13 Promoting Achievement through Literacy Skills				
Across the High School Curriculum G4B67505				
	84.367	IBHE	<u>184,730</u>	<u>77,516</u>
			<u>383,431</u>	<u>161,879</u>
Statewide Longitudinal Data Systems				
Passed-Through Illinois State Board of Education				
Longitudinal Data System - ARRA 41-FN17260				
	84.372	None	<u>64,000</u>	-
			<u>64,000</u>	-
Total Department of Education			<u>2,301,182</u>	<u>187,172</u>
<u>DEPARTMENT OF LABOR</u>				
Employment Training Administration				
WIA Pilots, Demonstrations, and Research Projects:				
Passed-Through the State of Colorado Department of Labor				
and Employment:				
Colorado E-Learning Knowledge Center G6B69827				
	17.261	CMS# 1425	<u>4,427</u>	-
			<u>4,427</u>	-
H-1B Job Training Grants:				
Job Innovation Accelerator Challenge G2B66753				
	17.268	JA-22454-11-60-A-17	<u>260,018</u>	<u>135,906</u>
			<u>260,018</u>	<u>135,906</u>
Total Department of Labor			<u>264,445</u>	<u>135,906</u>
<u>DEPARTMENT OF AGRICULTURE</u>				
Child and Adult Care Food Program				
Passed Through Illinois State Board of Education:				
Federal School Lunch Program 41-CP30140/41-MC24596				
	10.558	None	<u>55,000</u>	-
Total Department of Agriculture			<u>55,000</u>	-
<u>DEPARTMENT OF DEFENSE</u>				
Department of the Army				
National Guard Economic Impact Study G2B66763				
	12.000	W91SMC-13-P-0186	<u>19,231</u>	-
Total Department of Defense			<u>19,231</u>	-

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
OTHER PROGRAMS (CONTINUED)				
<u>DEPARTMENT OF COMMERCE</u>				
Public Safety Interoperable Communications Grant Program: Passed-Through Illinois Terrorism Task Force				
ITTF Replacement Base Narrowbanding Radio Illinois Broadband Opportunity Partnership Northwest Region G3B67455	11.555	None	(5,440)	-
Broadband Technology Opportunities Program (BTOP)				
Illinois Broadband Opportunity Partnership Northwest Region - ARRA G2B66737	11.557	UWW-EDA	10,090,168	9,833,857
NW IL BTOP Cash Match from Varous Public and Private entities G6B70024	11.557	None	140,833	140,833
Passed-Through Connected Living, Inc.				
Getting Illinois Low Income Senior/People with Disab.Online Demonstration BTOP SBA Proj G6B70109	11.557	None	11,542	-
			<u>10,242,543</u>	<u>9,974,690</u>
Manufacturing Extension Partnership: Passed-Through the Illinois Manufacturing Extension Center Bradley University:				
Illinois Manufacturing Extension Center/Regional Host Organization for				
Illinois Manufacturing Center FY 11 G6B69880	11.611	None	2,127	-
Illinois Manufacturing Center FY 12 G6B70048	11.611	None	(2,126)	-
Illinois Manufacturing Extension Center FY 13 G6B70099/ FY 14 G6B70162	11.611	IMEC-FY13/FY14	710,489	-
Building Environmental, Health, Safety and Sustainability in Very Small Businesses G6B70179	11.611	None	7,940	-
CBeLSS - Case-Based e-Learning for Six Sigma G6B70181	11.611	None	11,993	-
			<u>730,423</u>	<u>-</u>
Total Department of Commerce			<u>10,967,526</u>	<u>9,974,690</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OFFICE OF HOUSING</u>				
Federal Housing Commissioner				
Community Development Block Grants/Entitlement Grants Passed-Through City of DeKalb				
FY12 CDBG G6B70066	14.218	None	2,090	-
Total Department of Housing and Urban Development, Office of Housing			<u>2,090</u>	<u>-</u>
<u>DEPARTMENT OF JUSTICE</u>				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus:				
Northern Illinois University Coordinated Community Response Project G2B66739	16.525	2010-WA-AX-0008	69,843	-
			<u>69,843</u>	<u>-</u>
Total Department of Justice			<u>69,843</u>	<u>-</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards (Continued)
as of June 30, 2014

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2014 Expenditures	To Subrecipients
OTHER PROGRAMS (CONTINUED)				
<u>DEPARTMENT OF STATE</u>				
Professional and Cultural Exchange Programs - Citizen Exchanges				
Youth Leadership Program 2013: Philippines: Environmental Leadership in the Philippines G2B66757	19.415	S-ECAPY-12-CA-154(RJ)	37,082	-
Youth Leadership Program 2013 - Philippines: Environmental Leadership in the Philippines G2B66758	19.415	S-ECAPY-12-CA-154 (RJ)	211,597	152,010
Belizean Youth Sport Coalition for Youth Development and Social Change G2B66762	19.415	S-ECAGD-13-GR-177 (DT)	54,869	-
Southeast Asia Youth Leadership Program 2014 G2B66765	19.415	S-ECAGD-14-CA-1039	293,354	-
			<u>596,902</u>	<u>152,010</u>
Total Department of State			<u>596,902</u>	<u>152,010</u>
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>				
Promotion of the Arts_Grants to Organizations and Individuals:				
Enhanced Programming for NIU Community School of Music G2B66749	45.024	2006-05792-02-01 DT	(1)	-
Expanding Our Reach: Niu Community School of the Arts Project 2012-2013 G2B66756	45.024	12-5900-7083	293	-
NEA Arts Engagement in American Communities, FY 2013 G2B66761	45.024	13-5900-7031	9,891	-
			<u>10,183</u>	<u>-</u>
Total National Endowment for the Arts			<u>10,183</u>	<u>-</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Promotion of the Humanities_Federal/State Partnership				
Passed Through Illinois Humanities Council:				
Beyond Machu Pichu: Cultural and Identify in Andean Peru G6B70132	45.129	IHC Grant #GR_4988_00	1,167	-
Reconstructing Haiti: Conversation on Current Conditions, Lessons Learned and the Future G6B70178	45.129	IHC Grant #GR_5063_00	5,000	-
			<u>6,167</u>	<u>-</u>
Promotion of the Humanities_Professional Development				
NEH Enduring Questions Course on "What is the Role of Women in an Ideal Society?" G2B66759	45.163	AQ-50947-13	14,368	-
			<u>14,368</u>	<u>-</u>
Total National Endowment for the Humanities			<u>20,535</u>	<u>-</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u>				
National Leadership Grants				
ADOPT(Achieving Digital Object Preservation Together): Securing and Presenting Local Culture Heritage for Global Access G2B66754	45.312	LG-05-11-0156-11	212,761	-
Total Insitute of Museum and Library Sciences			<u>212,761</u>	<u>-</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Office of Chemical Safety and Pollution Prevention				
Source Reduction Assistance:				
Passed-Through the Illinois Manufacturing Extension Center - Bradley University:				
Illinois Manufacturing Extension Center G6B70099/G6B70162	66.717	IMEC	5,556	-
Total Other Programs			<u>15,361,219</u>	<u>10,915,678</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 57,702,028</u>	<u>\$ 12,105,045</u>
<u>NON-CASH FEDERAL FINANCIAL ASSISTANCE</u>				
	<u>CFDA Number</u>		<u>2014</u>	
<u>Federal Loans</u>				
Federal Perkins Loan Program - Federal Capital Contributions (1)	84.038		-	
Federal Direct Loans Program - G7B69987/G7B70010/G7B70016/G7B70071	84.268		125,537,788	

(1) Loans advanced during the year as of June 30, 2014 was \$1,609,438. Loans outstanding as of July 1, 2013 \$8,752,868.48.

(2) The University acts as a Direct Loan Servicing Center for students who borrow directly from the Federal Government.

**State of Illinois
Northern Illinois University**

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014**

Note 1. Significant Accounting Policy

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of Northern Illinois University (University) has been prepared on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Educational Institutions, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Schedule does not purport to present the results of operations or the net income or loss for the respective period as would a statement of income or a statement of revenues and expenses. Pass-through entity identifying numbers are presented on the Schedule where available.

Note 2. Nature of Programs

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government and all sub-awards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The awards are classified into major program and other program categories in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Statement of Revenues, Expenses, and Changes in Net Position

The following is a reconciliation of total expenditures as reported on the accompanying Schedule of Expenditures of Federal Awards to the operating revenue item of federal and state grants and other contracts and the nonoperating revenue item of Pell grants on the Statement of Revenues, Expenses, and Changes in Net Position included in the University's financial statements:

	<u>(in Thousands)</u>
Total expenditures as reported in the Schedule of Expenditures of Federal Awards	\$ 57,702
Add the following:	
Direct state grants/contracts	<u>14,536</u>
Total federal and state grants and other contracts, FSEOG, and Pell Grants revenues as reported in the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 72,238</u>

**Supplementary Information for State Compliance Purposes
Summary**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures, and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
- Comparative Schedule of Income Fund Revenues and Expenses
- Schedule of Changes in Capital Assets
- Comparative Schedule of Cash and Temporary Cash Equivalents, at Cost
- Comparative Schedule of Investments, at Cost
- Analysis of Receivables and Inventories
- Analysis of Significant Variations in Expenses
- Analysis of Significant Variations in Revenues
- Analysis of Significant Variations in Account Balances
- Analysis of Significant Lapse Period Spending
- Schedule of Federal Expenditures, Nonfederal Expenses, and New Loans
- Entity Financial Statements:
 - Other Entities:
 - Condensed Financial Information:
 - Balance Sheet
 - Schedule of Revenues, Expenditures and Changes in Current Fund Balances
 - Schedule of Revenues, Expenditures and Changes in Plant Fund Balances
 - Auxiliary Business Operations, Service Departments, and Indirect Cost Support:
 - Condensed Financial Information:
 - Balance Sheet
 - Schedule of Revenues, Expenditures and Changes in Current Fund Balances
 - Schedule of Revenues, Expenditures and Changes in Plant Fund Balances
 - Auxiliary Enterprises - Revenue Bond Funds:
 - Condensed Financial Information:
 - Balance Sheet
 - Schedule of Revenues, Expenditures and Changes in Current Fund Balances
 - Schedule of Revenues, Expenditures and Changes in Plant Fund Balances
 - Schedule of Indentured Capital Reserves (Unaudited)
 - Calculation Sheet for Current Excess Funds:
 - Other Entities (Unaudited)
 - Auxiliary Business Operations (Unaudited)
 - Service Departments (Unaudited)
 - Auxiliary Enterprises - Revenue Bond Funds (Unaudited)
 - Indirect Cost Support - Sources and Application of Indirect Cost Recoveries
 - Calculation Sheet for Indirect Cost Support Carryforward
 - Description of Accounting Entities
 - Auxiliary Enterprises - Revenue Bond Funds - Schedule of Revenues, Expenses, and Changes in Net Position

**Supplementary Information for State Compliance Purposes
Summary (Continued)**

- Analysis of Operations (Unaudited):
 - Cross-Reference Table of Reporting Requirements
 - University Functions and Planning Program (Unaudited)
 - Comparative Employment Statistics (Unaudited)
 - Emergency Purchases (Unaudited)
 - Comparative Enrollment Statistics (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)
 - Debt Financed by University-Related Organization (Unaudited)
 - Acquisition of Real Estate Costing in Excess of \$250,000 and Not Funded
by a Separate Appropriation (Unaudited)
 - Bookstore Operations (Unaudited)
 - Comments on Certain Matters Regarding Auxiliary Enterprises, Activities, and
Accounting Entities, and Tuition, Charges, and Fees (Unaudited)
 - Comments on Certain Matters Regarding University-Related Organizations and
Other Matters (Unaudited)
 - Summary of Foundation Payments to/from the University (Unaudited)
 - Summary of Alumni Association Payments to/from the University (Unaudited)
 - Summary of Research Foundation payments to/from University (Unaudited)
 - Current Unrestricted Funds - Auxiliary Enterprises - Revenue Bond Funds -
Occupancy Report of Residence Halls (Unaudited)
 - Current Unrestricted Funds - Auxiliary Enterprises - Revenue Bond Funds -
Insured Value Summary (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented on page 5 in the Introductory Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited" on which the auditors expressed no opinion, it is fairly stated in all material respects in relation to the basic financial statements, from which it has been derived, taken as a whole. The accountants' report also states that the Analysis of Operations section has 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 this section.

Schedule of Appropriations, Expenditures, and Lapsed Balances*
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
PUBLIC ACT 98-0035					
GENERAL REVENUE FUND-007					
Personal services	\$ 82,633,700	\$ 82,633,700	\$ -	\$ 82,633,700	\$ -
Contributions to Social Security and Medicare	883,500	883,500	-	883,500	-
Group insurance	2,337,300	2,337,300	-	2,337,300	-
Contractual services	4,240,800	4,240,800	-	4,240,800	-
Commodities	1,412,500	1,412,500	-	1,412,500	-
Equipment	1,073,500	1,073,500	-	1,073,500	-
Telecommunication services	724,600	724,600	-	724,600	-
Automotive	106,700	106,700	-	106,700	-
Total General Revenue Fund	93,412,600	93,412,600	-	93,412,600	-
STATE COLLEGE AND UNIVERSITY					
TRUST FUND-417					
Scholarship fund	36,000	20,725	-	20,725	15,275
TOTAL APPROPRIATED FUNDS	\$ 93,448,600	\$ 93,433,325	\$ -	\$ 93,433,325	\$ 15,275

*The information contained in this schedule was taken from the University records which have been reconciled to those of the State Comptroller.

Note 1: Expenditure amounts are vouchers approved for payment and paid by the University which are then submitted to the State Comptroller for reimbursement.

Comparative Schedule of Net Appropriations, Expenditures,
and Lapsed Balances
For the Years Ended June 30, 2014 and 2013

	Fiscal Years	
	2014	2013
	PA98-0035	PA97-0729
General Revenue Fund - 001		
Appropriations (net after transfers)	\$ 93,412,600	\$ 93,470,200
Expenditures		
Personal services	82,633,700	82,691,300
Contributions to Social Security and Medicare	883,500	883,500
Contractual services	4,240,800	4,240,800
Commodities	1,412,500	1,412,500
Equipment and library books	1,073,500	1,073,500
Telecommunications services	724,600	724,600
Automotive	106,700	106,700
CMS health insurance	2,337,300	2,337,300
Total expenditures	93,412,600	93,470,200
Lapsed balances	\$ -	\$ -
State College and University		
Trust Fund - 417		
Appropriations (net after transfers)	\$ 36,000	\$ 36,000
Expenditures - scholarship grant awards	20,725	19,800
	\$ 15,275	\$ 16,200
Grand Total - All Funds		
Appropriations (net after transfers)	\$ 93,448,600	\$ 93,506,200
Total expenditures	93,433,325	93,490,000
Lapse balances	\$ 15,275	\$ 16,200

**Comparative Schedule of Income Fund Revenues and Expenses
For the Years Ended June 30, 2014 and 2013**

	2014	2013
Income Fund Revenues		
Tuition, net of waivers	\$ 149,997,163	\$ 146,735,608
Material fees	7,948,370	7,483,316
Other	1,955,274	2,015,114
	<hr/>	<hr/>
Total Income Fund Revenues	<u>\$ 159,900,807</u>	<u>\$ 156,234,038</u>
Income Fund Expenses		
Personal services	\$ 89,284,746	\$ 86,994,444
FICA/Medicare	2,386,535	2,354,085
Contractual services	34,670,280	35,379,192
Travel	1,420,249	1,177,246
Commodities	2,817,444	2,206,490
Award/grants and matching funds	7,516,421	14,450,499
Equipment and library books	20,634,840	9,180,657
Telecommunications	522,708	1,325,899
Automotive	644,207	588,812
Capital repairs and permanent improvements	1,253,785	3,589,988
CMS health insurance	1,204,000	1,204,000
Unemployment compensation benefits	63,228	65,220
	<hr/>	<hr/>
Total Income Fund Expenses	<u>\$ 162,418,443</u>	<u>\$ 158,516,532</u>

Note 1: Income fund revenues and expenses are reported gross of scholarship discounts except those due to tuition and fee waivers.

State of Illinois
Northern Illinois University

Schedule 4

Schedule of Changes in Capital Assets*
For the Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Transfers	Deductions	Balance June 30, 2014
Land	\$ 19,280,619	\$ -	\$ -	\$ -	\$ 19,280,619
Land improvements	72,563,130	-	5,361,057	-	77,924,187
Buildings	650,524,575	-	24,815,038	7,961,657	667,377,956
Equipment	252,527,501	7,748,349	2,364,236	8,387,823	254,252,263
Intangible assets	3,820,547	-	-	-	3,820,547
Construction in progress	25,157,686	28,136,554	(32,540,331)	-	20,753,909
Totals	<u>\$ 1,023,874,058</u>	<u>\$ 35,884,903</u>	<u>\$ -</u>	<u>\$ 16,349,480</u>	<u>\$ 1,043,409,481</u>

* This summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

State of Illinois
Northern Illinois University

Schedule 5

Comparative Schedule of Cash and Temporary
Cash Equivalents, at Cost
(Excluding Foundation and Alumni Association)
June 30, 2014 and 2013

	2014	2013
Cash on hand	\$ 111,865	\$ 109,417
Checking accounts (1)		
National Bank and Trust Co. of Sycamore, Sycamore, Illinois	12,394,650	13,998,666
Amalgamated Bank, Chicago, Illinois	141,681	-
American Midwest Bank, DeKalb, Illinois	-	4,025,281
US Bank, Minneapolis, Minnesota	-	10
Castle Bank, DeKalb, Illinois	4,274,544	5,442,155
Compass Bank, Austin, Texas	-	178
Temporary cash investments		
Illinois Funds - U.S. Bank, Springfield, Illinois	47,171,160	36,246,142
Money market mutual funds:		
The Bank of New York Mellon Trust Co., NA, Chicago, Illinois:		
Hoffman Estates Debt Reserves Fund and Communications Ducts Reserve Fund	650,170	650,170
Old National Wealth Management Evansville, Indiana:		
Performance contract 11, Escrow fund	6,910,259	-
Amalgamated Bank, Chicago, Illinois	13,894,882	26,966,622
The Bank of New York Mellon Trust Co., NA, Chicago, Illinois:		
Hoffman Estates Construction Fund and Communications Ducts Construction Fund	-	1
	\$ 85,549,211	\$ 87,438,642

(1) These amounts represent bank balances.

**State of Illinois
Northern Illinois University**

Schedule 6

**Comparative Schedule of Investments, at Cost
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
U.S. Treasury obligations, U.S. agency obligations, treasury notes and strips, 0.0 to 2.0 percent	<u>\$ 113,571,149</u>	<u>\$ 125,972,023</u>

Note: Interest rates for June 30, 2014.

Analysis of Receivables and Inventories
June 30, 2014 and 2013

Receivables

Reported receivables as of June 30, 2014 and 2013 are summarized below (\$000s):

	June 30	
	2014	2013
Accounts receivable	\$ 41,114	\$ 43,525
Less allowance for doubtful accounts	<u>(13,213)</u>	<u>(11,652)</u>
Net accounts receivable	<u>\$ 27,901</u>	<u>\$ 31,873</u>
Student loans receivable	\$ 8,999	\$ 8,753
Less allowance for doubtful accounts	<u>(93)</u>	<u>(74)</u>
Net student loans receivable	<u>\$ 8,906</u>	<u>\$ 8,679</u>

Accounts receivable consists primarily of amounts due from students (\$32.1 million in 2014 and \$30.2 million in 2013) and other agencies (\$9.0 million and \$13.3 million in 2014 and 2013, respectively).

Student loans receivable consists primarily of student loans issued under the federal government's Perkins Loan Program.

The University provides for an allowance for doubtful accounts to account for nonpayment of student tuition.

The allowance for doubtful accounts relating to student notes is the result of the difficulty of collecting Perkins Loan receivables.

The University utilizes the State offset system as well as private collection services to supplement University collection procedures.

Analysis of Receivables and Inventories (Continued)
June 30, 2014 and 2013

Inventories

Reported inventories as of June 30, 2014 and 2013 are summarized below (\$000s):

	June 30	
	2014	2013
Food	\$ 396	\$ 453
Books	1,853	1,690
Inventories for resale	855	881
Commodities and supplies	272	262
Other miscellaneous items	35	34
Total	<u>\$ 3,411</u>	<u>\$ 3,320</u>

Inventories are valued at cost (first-in and first-out or average cost method, depending on the nature of the inventory item) or market, whichever is lower.

**Analysis of Significant Variations in Expenses
For the Years Ended June 30, 2014 and 2013
(in Thousands)**

Following are explanations for significant variances between expense accounts reported in the Statement of Revenues, Expenses, and Changes in Net Position in the financial audit report exceeding \$1,885,000 and 10%:

	2014	2013	Increase (Decrease)	Percent Changes	Explanation
Research	\$ 11,692	\$ 18,564	\$ (6,872)	-37%	Decrease in FY2014 is due to an overall decrease in federal grant award expenditures.
Public Service	32,827	42,988	(10,161)	-24%	Decrease in FY2014 is due to several large public service grant projects ending in early FY2014.
Operation and maintenance of plant	33,681	24,507	9,174	37%	Increase due to increase in utilities, increased personnel expenses, additional repair expenses and increased renovation expenses.
Student aid	35,789	30,891	4,898	16%	Increase due to new recruitment scholarships in FY2014 that were used to increase student enrollment.

**Analysis of Significant Variations in Revenues
For the Years Ended June 30, 2014 and 2013
(in Thousands)**

Following are explanations for significant variances between revenue accounts reported in the Statement of Revenues, Expenses, and Changes in Net Position in the financial audit report exceeding \$1,885,000 and 10%:

	2014	2013	Increase (Decrease)	Percent Changes	Explanation
Federal and state grants and other contracts	\$ 40,960	\$ 53,254	\$ (12,294)	-23%	Decrease is due to overall decrease in federal grant award expenditures in several awards.
Other sources	9,695	12,120	(2,425)	-20%	FY2013 included several large items, including a sizeable donation of equipment and the University's participation in the Orange Bowl, which did not re-occur in FY2014.

Analysis of Significant Variations in Account Balances
June 30, 2014 and 2013
(in Thousands)

Following are explanations for significant variances between asset and liability accounts reported in the Statement of Net Position in the financial audit report exceeding \$1,885,000 and 10%:

	2014	2013	Increase (Decrease)	Percent Changes	Explanation
Cash and cash equivalents (Restricted and Unrestricted)	\$ 35,035	\$ 50,726	\$ (15,691)	-31%	Decrease is due to an increase in capital construction in fiscal year 2014 paid for through the use of restricted funds.
Restricted investments and marketable securities	22,020	27,015	(4,995)	-18%	Decrease is due to an increase in capital construction in fiscal year 2014 paid for through the use of restricted funds.
Accounts receivable, net	27,901	31,873	(3,972)	-12%	Decrease is due to a reduction in grants receivable and an increase in allowance for doubtful accounts.
Appropriations receivable from state	19,788	28,137	(8,349)	-30%	Decrease in the outstanding appropriations receivable from the state.
Agency	966	(1,055)	2,021	192%	Increase in agency funds due to several agency funds having more expenses than revenue in fiscal year 2014.
Accounts payable and accrued liabilities (Current and noncurrent)	51,849	62,555	(10,706)	-17%	Decrease in general Accounts Payable to vendors and suppliers.
Performance contracts payable	33,514	28,766	4,748	17%	New performance contract was issued in 2014.
Certificates of participation	14,866	2,370	12,496	527%	New Certificate of Participation was issued in 2014.

**Analysis of Significant Lapse Period Spending
Year Ended June 30, 2014**

No significant lapse period spending was noted for the General Revenue Fund or the State College and University Trust Fund.

**Schedule of Federal Expenditures, Nonfederal Expenses,
and New Loans
For the Year Ended June 30, 2014 (Accrual Basis)
(Expressed in Thousands)**

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA schedule	\$ 57,702
Total new loans made not included on SEFA schedule	127,147
Amount of federal loan balances at beginning of the year (not included on the SEFA schedule) and continued compliance required	8,753
Other noncash federal award expenditures (not included on SEFA schedule)	-
Total Schedule A	\$ 193,602

Schedule B - Total Financial Component

Total operating expenses (from financial statements)	\$ 580,814
Total nonoperating expenses (from financial statements)	23,584
Total new loans made	127,147
Amount of federal loan balances at beginning of year	8,753
Other noncash federal award expenditures	-
Total Schedule B	\$ 740,298

Schedule C

	<u>Amount</u>	<u>Percent</u>
Total Schedule A	\$ 193,602	26.2 %
Total nonfederal expenses	<u>546,696</u>	<u>73.8</u>
Total Schedule B	\$ 740,298	100 %

These schedules are used to determine the University's single audit costs in accordance with OMB Circular A-133.

Other Entities
Condensed Financial Information
June 30, 2014

Balance Sheet	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services
Assets				
Current fund:				
Cash and cash equivalents	\$ 3,756,030	\$ 8,176,727	\$ 8,786,671	\$ 12,373,638
Other assets	67,308	623,395	918,109	215,528
Total current fund	<u>3,823,338</u>	<u>8,800,122</u>	<u>9,704,780</u>	<u>12,589,166</u>
Plant fund:				
Plant fund assets	63,393	473,492	168,414	965,613
Total Assets	<u>\$ 3,886,731</u>	<u>\$ 9,273,614</u>	<u>\$ 9,873,194</u>	<u>\$ 13,554,779</u>
Liabilities				
Accounts payable and accrued expenses	\$ 53,496	\$ 518,260	\$ 772,271	\$ 384,181
Unearned revenue	37,500	429,569	228,733	4,476,265
Total liabilities	<u>90,996</u>	<u>947,829</u>	<u>1,001,004</u>	<u>4,860,446</u>
Fund balances				
Current fund	3,732,342	7,852,293	8,703,776	7,728,720
Plant fund	63,393	473,492	168,414	965,613
Total fund balances	<u>3,795,735</u>	<u>8,325,785</u>	<u>8,872,190</u>	<u>8,694,333</u>
Total liabilities and fund balances	<u>\$ 3,886,731</u>	<u>\$ 9,273,614</u>	<u>\$ 9,873,194</u>	<u>\$ 13,554,779</u>

**Schedule of Revenues, Expenditures and
Changes in Current Fund Balances
For the Year Ended June 30, 2014**

Beginning current fund balances	\$ 4,043,425	\$ 4,610,688	\$ 4,055,475	\$ 14,561,896
Revenues	2,926,133	14,592,966	7,606,230	23,596,357
Expenditures	(3,414,175)	(11,216,664)	(2,560,647)	(32,419,335)
Transfers	176,959	(134,697)	(397,282)	1,989,802
Ending current fund balances	<u>\$ 3,732,342</u>	<u>\$ 7,852,293</u>	<u>\$ 8,703,776</u>	<u>\$ 7,728,720</u>

Other Entities
Condensed Financial Information (Continued)
Schedule of Revenues, Expenditures and Changes
in Plant Fund Balances
For the Year Ended June 30, 2014

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services
Beginning plant fund balances	\$ 89,555	\$ 294,237	\$ 162,192	\$ 311,983
Revenues	47,806	401,307	83,384	760,439
Expenditures	(73,968)	(222,052)	(77,162)	(106,809)
Ending plant fund balances	<u>\$ 63,393</u>	<u>\$ 473,492</u>	<u>\$ 168,414</u>	<u>\$ 965,613</u>

**Auxiliary Business Operations, Service Departments,
and Indirect Cost Support
Condensed Financial Information
June 30, 2014**

Balance Sheet	Auxiliary Business Operations	Service Departments	Indirect Cost Support
Assets			
Current fund:			
Cash and cash equivalents	\$ 5,544,853	\$ 14,623,748	\$ 3,350,577
Accounts receivable	12,776	273,291	-
Inventories	10,621	742,961	-
Other assets	-	40,893	-
Total current fund	<u>5,568,250</u>	<u>15,680,893</u>	<u>3,350,577</u>
Plant fund:			
Plant fund assets	<u>57,691</u>	<u>6,793,143</u>	<u>691,221</u>
Total assets	<u>\$ 5,625,941</u>	<u>\$ 22,474,036</u>	<u>\$ 4,041,798</u>
Liabilities			
Accounts payable and accrued expenses	\$ 224,095	\$ 3,345,052	\$ 208,703
Unearned revenue	3,094,188	-	-
Total liabilities	<u>3,318,283</u>	<u>3,345,052</u>	<u>208,703</u>
Fund balances			
Current fund	2,249,967	12,335,841	3,141,874
Plant fund	57,691	6,793,143	691,221
Total fund balances	<u>2,307,658</u>	<u>19,128,984</u>	<u>3,833,095</u>
Total liabilities and fund balances	<u>\$ 5,625,941</u>	<u>\$ 22,474,036</u>	<u>\$ 4,041,798</u>

**Schedule of Revenues, Expenditures and
Changes in Current Fund Balances
For the Year Ended June 30, 2014**

Beginning current fund balances	\$ 1,475,247	\$ 12,853,815	\$ 3,122,325
Revenues	9,515,535	52,661,713	4,206,243
Expenditures	(8,311,306)	(51,731,245)	(4,445,786)
Transfers	(429,509)	(1,448,442)	259,092
Ending current fund balances	<u>\$ 2,249,967</u>	<u>\$ 12,335,841</u>	<u>\$ 3,141,874</u>

**Auxiliary Business Operations, Service Departments,
and Indirect Cost Support
Condensed Financial Information (Continued)
Schedule of Revenues, Expenditures and Changes
in Plant Fund Balances
For the Year Ended June 30, 2014**

	Auxiliary Business Operations	Service Departments	Indirect Cost Support
Beginning plant fund balances	\$ 91,166	\$ 4,196,909	\$ 555,477
Revenues	-	4,084,570	355,526
Expenditures	(33,475)	(1,488,336)	(219,782)
Ending plant fund balances	<u>\$ 57,691</u>	<u>\$ 6,793,143</u>	<u>\$ 691,221</u>

Auxiliary Enterprises - Revenue Bond Funds
Condensed Financial Information
June 30, 2014

Balance Sheet	Residence Halls	Student Services	Recreation Facilities	Parking
Assets				
Current fund:				
Cash and cash equivalents	\$ 128,392,041	\$ (10,717,151)	\$ (33,603,389)	\$ (4,629,644)
Accounts receivable	1,271,408	177,383	3,495	-
Inventories	668,867	1,821,254	-	-
Other assets	-	-	-	-
Total current fund	130,332,316	(8,718,514)	(33,599,894)	(4,629,644)
Plant fund:				
Restricted investments	38,841,253	-	-	-
Land, Buildings & Equipment	219,239,247	17,384,680	34,194,880	5,254,410
Total assets	<u>\$ 388,412,816</u>	<u>\$ 8,666,166</u>	<u>\$ 594,986</u>	<u>\$ 624,766</u>
Liabilities				
Accounts payable and accrued expenses	\$ 22,056,445	\$ 491,022	\$ 12,520	\$ 724
Unearned revenue	1,460,747	165,366	131,564	-
Plant fund:				
Debt	322,762,679	-	-	-
Total liabilities	346,279,871	656,388	144,084	724
Fund balances				
Current fund	111,295,125	(9,374,902)	(33,743,978)	(4,630,368)
Plant fund	(69,162,180)	17,384,680	34,194,880	5,254,410
Total fund balances	42,132,945	8,009,778	450,902	624,042
Total liabilities and fund balances	<u>\$ 388,412,816</u>	<u>\$ 8,666,166</u>	<u>\$ 594,986</u>	<u>\$ 624,766</u>

**Schedule of Revenues, Expenditures and
Changes in Current Fund Balances
For the Year Ended June 30, 2014**

Beginning current fund balances	\$ 106,852,530	\$ (10,708,225)	\$ (31,730,736)	\$ (5,693,202)
Revenues	44,923,786	14,023,212	3,155,295	2,539,939
Expenditures	(40,481,191)	(12,689,889)	(5,168,537)	(1,477,105)
Ending current fund balances	<u>\$ 111,295,125</u>	<u>\$ (9,374,902)</u>	<u>\$ (33,743,978)</u>	<u>\$ (4,630,368)</u>

**Auxiliary Enterprises - Revenue Bond Funds
Condensed Financial Information (Continued)
Schedule of Revenues, Expenditures and
Changes in Plant Fund Balances
For the Year Ended June 30, 2014**

	Residence Halls	Student Services	Recreation Facilities	Parking
Beginning plant fund balances	\$ (56,443,268)	\$ 18,234,901	\$ 33,229,927	\$ 6,064,985
Revenues	14,166,112	73,790	2,317,686	(531,881)
Expenditures	(26,885,024)	(924,011)	(1,352,733)	(278,694)
Ending plant fund balances	<u>\$ (69,162,180)</u>	<u>\$ 17,384,680</u>	<u>\$ 34,194,880</u>	<u>\$ 5,254,410</u>

Auxiliary Enterprises - Revenue Bond Funds
Schedule of Indentured Capital Reserves
June 30, 2014
(Unaudited)

Replacement cost of buildings	\$ 734,480,097
Replacement cost of equipment	<u>46,788,776</u>
Total replacement cost of buildings and equipment	<u>\$ 781,268,873</u>
Allowable indentured capital reserves - 5 percent of total replacement cost of buildings and equipment	39,063,444
Less actual indentured capital reserve at June 30	<u>-</u>
Margin of compliance	<u>\$ 39,063,444</u>

Note: Replacement costs shown above were calculated based on provisions of the University Guidelines 1982, as amended in 1997, and the bond indenture, using the original cost of the facilities adjusted for the change in the building cost index as reported in the "Engineering News Record."

Other Entities
Calculation Sheet for Current Excess Funds
June 30, 2014
(Unaudited)

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services
1. Current available funds:				
Add:				
Cash	\$ 3,756,030	\$ 8,176,727	\$ 8,786,671	\$ 12,373,638
Total current available funds	A. 3,756,030	8,176,727	8,786,671	12,373,638
2. Working capital allowance:				
Add:				
Highest month's expenditures	1,687,821	5,927,802	7,480,336	14,210,035
Encumbrances and current liabilities paid in lapse period	53,496	518,260	772,271	384,181
Unearned revenue	37,500	429,569	228,733	4,476,265
Working capital allowance	B. 1,778,817	6,875,631	8,481,340	19,070,481
3. Current excess funds:				
Deduct B from A and Enter here.	C. 1,977,213	1,301,096	305,331	(6,696,843)
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. (2,806,257)	(1,489,414)	(1,928,472)	(1,886,403)
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the income fund.	(829,044)	(188,318)	(1,623,141)	(8,583,246)
Excess funds offset				
Buildings	\$ 35,124,045	\$ -	\$ -	\$ -
Equipment	\$ 5,250,273	\$ 7,447,068	\$ 9,642,358	\$ 9,432,013
Maximum - 5 percent for buildings	\$ 1,756,202	\$ -	\$ -	\$ -
Maximum - 20 percent for equipment	1,050,055	1,489,414	1,928,472	1,886,403
Total excess funds offset	\$ 2,806,257	\$ 1,489,414	\$ 1,928,472	\$ 1,886,403

Note: Assets subject to the excess fund calculation are recorded in the University Plant Fund. Separate ledgers are maintained detailing the composition and source of these assets for the excess fund calculation.

Auxiliary Business Operations
Calculation Sheet for Current Excess Funds
June 30, 2014
(Unaudited)

1.	Current available funds:		
	Add:		
	Cash and cash equivalents		\$ 5,544,853
	Total current available funds	A.	5,544,853
2.	Working capital allowance:		
	Add:		
	Highest month's expenditures		6,365,766
	Encumbrances and current liabilities paid in lapse period		224,095
	Unearned revenue		<u>3,094,188</u>
	Working capital allowance	B.	<u>9,684,049</u>
3.	Current excess funds:		
	Deduct B from A and enter here	C.	(4,139,196)
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.	<u>-</u>
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.		<u>\$ (4,139,196)</u>

Service Departments
Calculation Sheet for Current Excess Funds
June 30, 2014
(Unaudited)

1.	Current available funds:	
	Add:	
	Cash and cash equivalents	\$ 14,623,748
	Total current available funds	A. <u>14,623,748</u>
2.	Working capital allowance:	
	Add:	
	Highest month's expenditures	14,327,402
	Encumbrances and current liabilities paid in lapse period	3,345,052
	Unearned revenue	<u>-</u>
	Working capital allowance	B. <u>17,672,454</u>
3.	Current excess funds:	
	Deduct B from A and enter here	C. (3,048,706)
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. <u>(9,455,393)</u>
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<u><u>\$ (12,504,099)</u></u>

Auxiliary Enterprises - Revenue Bond Funds
Calculation Sheet for Current Excess Funds
June 30, 2014
(Unaudited)

	Residence Halls	Student Services	Recreation Facilities	Parking
1. Current available funds:				
Add:				
Cash	\$ 128,392,041	\$ (10,717,151)	\$ (33,603,389)	\$ (4,629,644)
Total current available funds	A. 128,392,041	(10,717,151)	(33,603,389)	(4,629,644)
2. Working capital allowance:				
Add:				
Highest month's expenditures	58,237,914	3,263,872	1,155,923	490,131
Encumbrances and current liabilities paid in lapse period	22,056,445	491,022	12,520	724
Unearned revenue	1,460,747	165,366	131,564	-
Working capital allowance	B. 81,755,106	3,920,260	1,300,007	490,855
3. Current excess funds:				
Deduct B from A and enter here.	C. 46,636,935	(14,637,411)	(34,903,396)	(5,120,499)
Capital offset	D. (46,636,935)	-	-	-
Sum	\$ -	\$ (14,637,411)	\$ (34,903,396)	\$ (5,120,499)

Indirect Cost Support
Sources and Application of Indirect Cost Recoveries
For the Year Ended June 30, 2014

Balance, beginning of year	<u>\$ 3,122,325</u>
Sources	
Federal and state grants and contracts	<u>4,206,243</u>
Applications	
Research	1,670,116
Instruction	75,196
Public service	389,943
Academic support	736,008
Student services	19,909
Operation and maintenance of plant	1,398,847
Institutional support	<u>155,767</u>
Total applications	<u>4,445,786</u>
Transfers	<u>259,092</u>
Net increase	<u>19,549</u>
Balance, end of year	<u><u>\$ 3,141,874</u></u>

Calculation Sheet for Indirect Cost
Support Carryforward
June 30, 2014

1.	Cash and cash equivalents balance:	
	Enter the June 30 indirect cost entity balance for cash and cash equivalents:	
	Add:	
	Cash and cash equivalents	<u>\$ 3,350,577</u>
2.	Allocated reimbursements:	
	Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$9,473,373. Enter 30 percent of this amount.	<u>2,842,012</u>
3.	Unallocated reimbursements:	
	Enter the lesser of the actual unallocated indirect cost reimbursements for the year completed OR 10 percent of total indirect cost allocations for the year completed.	<u>420,625</u>
4.	Encumbrances and current liabilities paid in the lapse period:	
	Enter the amount of:	
	Current liabilities	208,702
	Indirect cost carryforward:	
	Enter the total of Items 2, 3, and 4	<u>3,471,339</u>
	Subtract from Item 1	(120,762)
	If a positive number results, enter here and remit for deposit in the Income Fund	<u>\$ -</u>

**Description of Accounting Entities
June 30, 2014**

A listing of the University's auxiliary enterprise accounting entities, their purpose, and their sources of revenue as of June 30, 2014 is provided below:

AUXILIARY ENTERPRISES

Revenue Bond Funds

This entity represents all of the activity of the Auxiliary Enterprises Revenue Bond Funds. This includes the student residence halls, student center, recreational facilities, and campus parking. Construction of each of these facilities was either fully or partially funded through the issuance of revenue bonds. The primary sources of revenue include room and board income, student fees, bookstore sales, food service operations, parking fee and fines, and investment income.

Auxiliary Business Operations

This entity consists of auxiliary services primarily supported by student fees. The sub-entities are:

Lorado Taft - The purpose of this account is to support the operations of the Lorado Taft dormitory and food service. Income is from food sales, dorm rentals, conference fees, and facility use fees.

Student Contract Busing - This is the student campus bus operation. Income is from student fees.

University Health Service - The Health Service provides clinic-type services to University students. It is supported from student fees.

SERVICE DEPARTMENTS

This group of accounts provides service to various University departments on a charge-back basis. Rates are established and reviewed periodically to operate each service department on a break-even basis.

INDIRECT COST SUPPORT

These accounts are supported by indirect cost reimbursements or accounts that receive funding as a by-product of federal grants. The funds pay for administrative costs, physical plant costs, including utilities, and grant proposals.

Description of Accounting Entities (Continued)
June 30, 2014

OTHER ENTITIES

Continuing Education Contract Courses

These activities are established to provide credit courses to individuals and groups external to the institution. Revenues are mainly from tuition for the courses.

Continuing Education and Public Service

These activities are established primarily to provide noncredit services to individuals and groups external to the institution. These activities include community service programs and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

Sales and Services of Educational Activities

Sales and services of educational activities support instruction and help demonstrate classroom or related educational techniques to students. Revenues are from services or materials furnished which are incidental to the department. Receipts are from testing, cartographic services, book sales, sales of instructional materials, and public opinion services.

Student Programs and Services

These programs are supported by student activity fees, gate receipts from athletic events, and income from concerts and performances sponsored by the Student Association.

In addition to the intercollegiate athletics program, the funds sponsor a variety of student functions, including speakers, acquisition of art objects, artist series, legal assistance, orientation, and grant-in-aid.

**Auxiliary Enterprises - Revenue Bonds Funds -
Schedule of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2014**

Revenues

Food and other merchandise sales	\$ 18,105,994
Room and other rentals	39,133,034
Parking revenue	2,852,669
Student fees	15,632,897
Interest in investments	326,196
Other revenues	4,746,423

Total revenues 80,797,213

Expenses

Cost of food and other merchandise sales	8,350,671
Personal services	19,961,266
Student services	3,990,400
Employee meals furnished	60,637
Insurance	399,224
Laundry	142,182
General and administrative	3,023,408
Repairs and other services	14,132,097
Telephone service - student rooms	79,309
Utilities	6,974,303
Interest expense	21,820,742
Depreciation	10,452,219

Total expenses 89,386,458

Change in net position \$ (8,589,245)

**State of Illinois
Northern Illinois University**

**Cross-Reference Table of Reporting Requirements
June 30, 2014
(Unaudited)**

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 by the University. The table below cross-references the Memorandum requirements (indicated by number and letter paragraph references) to the University financial statements, compliance examination; and audit reports for the year ended June 30, 2014, where such special data is found.

Reference Number from T. Loobey's Memorandum Dated July 25, 2000, <u>on University Guidelines</u>	Report and Page Number Where Information is Disclosed <u>Supplementary Information for State Compliance Purposes</u>
13a. Violation of <i>University Guidelines, 1982 as Amended</i>	N/A
13b. Sources and Application of Indirect Cost Recoveries	74
13c. Calculation Sheet for Indirect Cost Support Carryforward	75
13d. Amount of Tuition Diverted to Auxiliary Enterprise Operations	91
13e. List of Accounting Entity and Description of Sources and Purpose of Revenues	76-77
13f. Financial Statements for Each Accounting Entity	63-68
13g. Calculations of Current Excess Funds for Each Accounting Entity	70-73
13h. Support to Auxiliary Enterprise from State Appropriated Funds	91
13i. Statement of Receipts and Disbursements for Bond Indentures	78
13j. Conformity of Bond Fund Accounting to Terms of Bond Issues	69, 91
13k. List of Noninstructional Facilities Reserves	N/A
13l. List of Organizations Recognized as University Related Organizations (UROs)	92
13m. Amounts Paid by UROs to the University for Services Provided by the University	93-95
13n. Amounts Paid by the University to UROs for Services Provided by the URO	93, 95
13o. Amount of Unreimbursed Subsidies to UROs	N/A
13p. Debt Financing of UROs	88
13q. Schedule of Cash and Investments Held by the University	54-55
13r. Allocation Method on Interest from Pooled Investments	92
13s. Costs Per Full-Time Equivalent Student	N/A
13t. Acquisition of Real Estate by University or URO Greater Than \$250,000 and Not Specifically Funded	89
13u. Issuance of Certificates of Participation (COPs) or Participation in Lease or Purchase Arrangements Involving COPs	92

Other Financial Related Schedules for Universities

1. Schedule of Appropriations, Expenditures, and Lapsed Balances by Major Line Item	50
2. Schedule of Income Fund Revenues and Expenses	52
3. Schedule of Tuition and Fee Waivers	87

**State of Illinois
Northern Illinois University**

**University Functions and Planning Program
For the Year Ended June 30, 2014
(Unaudited)**

NIU Statement of Vision and Mission

The vision of Northern Illinois University is to be a premier student-centered, research-focused public university, contributing to the advancement of knowledge for the benefit of the people of the region, the state, the nation, and the world.

With this vision, the mission of the University is to promote excellence and engagement in teaching and learning, research and scholarship, creativity and artistry, and outreach and service.

Our Keystone Goal

Students who invest in an NIU education are committed to achieving fulfilling careers and being responsible citizens in our changing world. Our goal is to provide them a broad-based education and enriching student experience, ensuring their timely degree completion and success in securing employment in their field of interest or graduate school enrollment within six months of graduation, if they so choose.

Our Core Values

The following three pillars reflect NIU Core Values.

- We will practice **ethically inspired leadership** in all that we do, and ensure our graduates are prepared to be ethical and inspired leaders in their fields and communities.
- We are committed to building **thriving communities** at NIU, embracing diversity, and engaging with other stakeholder communities we serve regionally and globally. We inspire students to become actively engaged and form bonds that will serve them as students and into their careers.
- We recognize NIU's financial **sustainability** as our responsibility and fundamental to our existence. We practice and advance principles of environmental, economic and social sustainability which enrich the lives of our students, faculty, staff and the world we live in.

Our Collaborative Strategic Culture

Our strategic planning process is designed to achieve an institutional norm of ongoing, aligned strategic thinking that ensures NIU's continued relevancy and leadership during a time of unprecedented change in higher education. We build on our previous planning initiatives as well as our current knowledge of changing student demographics, emerging pedagogies and players, and realities of government funding and job markets.

**State of Illinois
Northern Illinois University**

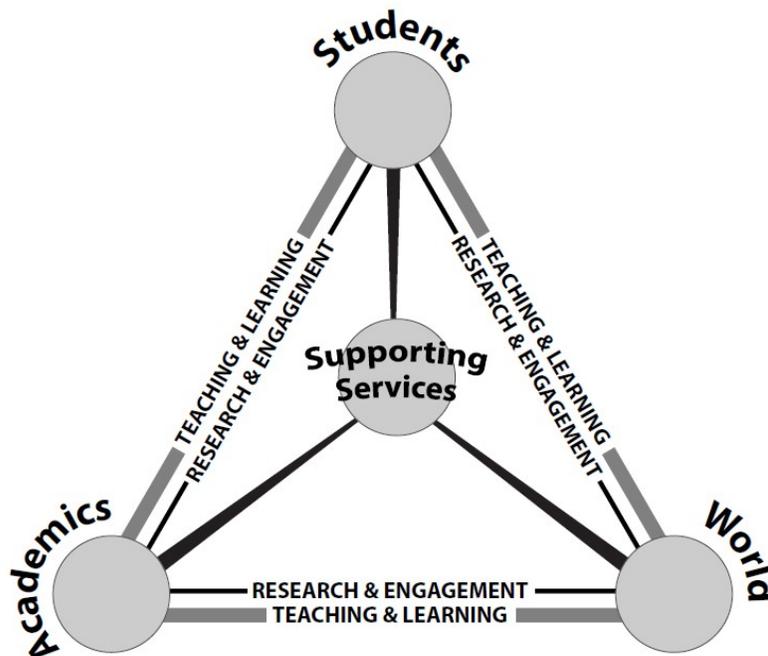
**University Functions and Planning Program (Continued)
For the Year Ended June 30, 2014
(Unaudited)**

All academic and supporting services units are encouraged to engage in an ongoing process of exploring ideas and creating their program scenarios, goals and action plans guided by this Framework and our Strategic Imperatives.

This process is enabled by NIU's rich legacy, our strong programs and engaged stakeholders. All are encouraged to participate responsibly through our system of shared governance, taking ownership of their own and their university's bold futures. Through these bonds of shared values, agreements, teamwork and trust, we nurture an environment for unleashing and empowering a collaborative culture of innovation and change among faculty, students, staff, alumni and community.

Our Triangle Strategy

The Triangle Map provides a big-picture of our strategic and organizational playing field. By mapping our individual unit scenarios and action plans on this field, we further collaborate our individual initiatives and encourage our big-picture awareness of opportunities and direction.



**State of Illinois
Northern Illinois University**

**University Functions and Planning Program (Continued)
For the Year Ended June 30, 2014
(Unaudited)**

This Triangle Map connects three fields representing Students, Academics and the World, and a fourth field representing Supporting Services. Strategy and action plans can be developed to address initiatives within each of these fields, as well as addressing connections among the fields. NIU's distinguishing roles in research and engagement provide additional opportunities and purpose for connecting each.

The four fields -

1. **Students** are NIU's purpose, passion and economic engine. NIU is committed to being the school of choice for a strong, diverse student population including first-generation students.
2. Our **Academic** programs and faculty define who we are as an institution, providing an integrated liberal arts education offering vibrant research projects and engagement opportunities, and being internationally recognized for the diversity and accomplishment of our faculty and staff.
3. The **World** around us provides changing global and societal needs for our teaching, research and engagement activities, job markets for our students, partners for our programs, diversity in our students and faculty, and accomplished alumni supporting our people, programs, and place.
4. **Supporting Services** facilitate our ability to focus on Students, Academics and the World by providing enabling services and supporting our student and academic initiatives.

Our Strategic Imperatives

The following Strategic Imperatives are provided as touchstones, points of significant opportunity for NIU to change and thrive at this time. They are not intended to be fully inclusive and permanent. Not every initiative needs to address these imperatives to be vital. By referring to the imperatives while engaging in our individual planning initiatives, it is expected we will consider possibilities for advancing each, and ensure a basis for connecting our distributed strategic initiatives into our collaborative culture and direction as an institution. As we achieve goals and are informed by our environment over time, strategic imperatives will change.

1. **Come together as a collaborative, mutually supportive and aligned NIU community** to take control of our destiny and realize our full potential.
2. **Develop face-to-face connections with every NIU student** to understand their needs, choices and experiences, and achieve desired retention and enrollment goals and learning and graduation outcomes.

**State of Illinois
Northern Illinois University**

**University Functions and Planning Program (Continued)
For the Year Ended June 30, 2014
(Unaudited)**

3. **Achieve career fulfillment and fair compensation for faculty and staff**, ensuring NIU's national recognition for excellence and engagement in teaching and learning, research and scholarship, creativity and artistry, and outreach and service.
4. **Increase affordability of a high quality NIU education** by focusing on opportunities such as innovative use of technology, seeking efficiencies in administration and operations, attracting diversified sources of funding, and ensuring timely graduation and career readiness through effective advising and course scheduling.
5. **Maximize the value of the residential campus experience** in order to enhance learning outcomes and recruitment, and build a sense of place that connects and inspires while serving the unique needs of our diverse populations including both regional and international students.
6. **Significantly grow NIU as a leading public research university**, building on our existing areas of research strength and the Chicago region as a world leader in innovation, while continuing to engage undergraduate and graduate students in faculty-driven and student-initiated research and artistry.
7. **Enhance the global competitiveness and livability of our local economies** by integrating the talent and resources of NIU faculty, staff and students with those of our region to positively impact economic and workforce development, innovation and entrepreneurship, and the quality of life.

2014 Update

Reports consisting of charts and data have been posted to the Vision 2020 website for public review and comment.

Location, Address, and Head of the University

Douglas D. Baker, President
Northern Illinois University
DeKalb, Illinois 60115

**State of Illinois
Northern Illinois University**

**Comparative Employment Statistics*
June 30, 2014 and 2013
(Unaudited)**

	Instructional Activities	Organized Research	Public Service	Academic Support	Student Services	Institutional Support	Operations and Maintenance Physical Plant	Independent Operations	Total All Functions
Year ended June 30, 2014:									
Appropriated funds:									
Facility/administrative	1,374.1	10.7	27.0	153.3	88.0	113.4	9.1	-	1,775.6
Civil service	277.2	1.8	23.9	144.3	55.7	189.2	236.8	-	928.9
Student employees	43.1	0.3	0.1	22.0	8.7	4.8	10.1	-	89.1
Miscellaneous contracts	29.3	-	-	9.1	8.7	5.7	9.6	-	62.4
	<u>1,723.7</u>	<u>12.8</u>	<u>51.0</u>	<u>328.7</u>	<u>161.1</u>	<u>313.1</u>	<u>265.6</u>	<u>-</u>	<u>2,856.0</u>
Nonappropriated funds:									
Facility/administrative	103.9	100.6	134.9	32.1	117.6	19.7	1.1	49.8	559.7
Civil service	7.8	6.8	20.7	22.9	69.1	43.6	74.2	287.0	532.1
Student employees	21.6	11.5	7.2	4.0	83.5	10.4	0.2	207.1	345.5
Miscellaneous contracts	5.8	24.1	31.0	6.4	7.7	5.4	3.1	54.9	138.4
	<u>139.1</u>	<u>143.0</u>	<u>193.8</u>	<u>65.4</u>	<u>277.9</u>	<u>79.1</u>	<u>78.6</u>	<u>598.8</u>	<u>1,575.7</u>
Total All Funds	<u>1,862.8</u>	<u>155.8</u>	<u>244.8</u>	<u>394.1</u>	<u>439.0</u>	<u>392.2</u>	<u>344.2</u>	<u>598.8</u>	<u>4,431.7</u>
Year ended June 30, 2013:									
Appropriated funds:									
Facility/administrative	1,409.8	34.1	25.8	152.9	92.2	92.8	9.6	-	1,817.2
Civil service	279.9	1.8	31.0	140.9	50.2	184.1	223.2	-	911.1
Student employees	63.5	1.5	0.2	24.3	10.6	4.5	7.4	-	112.0
Miscellaneous contracts	26.3	0.3	0.3	6.6	10.7	6.7	7.1	-	58.0
	<u>1,779.5</u>	<u>37.7</u>	<u>57.3</u>	<u>324.7</u>	<u>163.7</u>	<u>288.1</u>	<u>247.3</u>	<u>-</u>	<u>2,898.3</u>
Nonappropriated funds:									
Facility/administrative	87.4	118.3	134.0	32.8	115.6	21.4	0.9	53.7	564.1
Civil service	7.1	7.5	23.2	16.4	71.2	42.0	77.6	297.6	542.6
Student employees	26.3	22.7	15.8	4.7	110.8	11.5	0.3	215.1	407.2
Miscellaneous contracts	5.8	27.7	26.3	12.1	6.9	5.7	2.2	49.8	136.5
	<u>126.6</u>	<u>176.2</u>	<u>199.3</u>	<u>66.0</u>	<u>304.5</u>	<u>80.6</u>	<u>81.0</u>	<u>616.2</u>	<u>1,650.4</u>
Total All Funds	<u>1,906.1</u>	<u>213.9</u>	<u>256.6</u>	<u>390.7</u>	<u>468.2</u>	<u>368.7</u>	<u>328.3</u>	<u>616.2</u>	<u>4,548.7</u>

*Provided by the Office of Budget and Planning.

This is the employment information reported to the State of Illinois Board of Higher Education. Staff years are computed by dividing an employee's number of months of employment during the fiscal year by 12 and multiplying that number by a factor of one for full-time and multiplying by the percentage of appointment for part-time. One example of staff year computation is as follows:

1 full-time employee employed 12 months of fiscal year counts as 1 staff year.

**State of Illinois
Northern Illinois University**

**Emergency Purchases
For the Year Ended June 30, 2014
(Unaudited)**

Following is a list of emergency purchase affidavits filed by the University with the Office of the Auditor General during the year:

Shared Solutions & Services Inc. – Actual Cost: \$298,453

The services of Shared Solutions & Services, Inc. were engaged to repair the campus telephone system due to lightning-strike damage.

Otto Baum – Estimated Cost: \$175,000

The services of Otto Baum were engaged to repair a portion of the north wall of Still Hall. The north wall in Still Hall was severely deteriorated and causing the roof in the area to be in danger of collapsing.

Connor Sports Flooring – Estimated Cost: \$90,000

A used portable Basketball Floor System was purchased through Connor Sports Flooring which was available at a substantial discount on a first come-first-serve basis from the sole NCAA authorized vendor for such flooring. The previous floor was in need of replacing due to age and disrepair.

Pepper Construction – Estimated Cost: \$160,000

The services of Pepper Construction were engaged to repair frozen pipes at Northern View student housing, which was due to the extreme cold temperatures experienced during the winter of 2014.

**State of Illinois
Northern Illinois University**

**Comparative Enrollment Statistics*
June 30, 2014
(Unaudited)**

	Semesters					
	Summer 2013	Fall 2013	Spring 2014	Summer 2012	Fall 2012	Spring 2013
On-Campus:						
Undergraduate	1,895	13,794	12,464	2,001	14,522	13,021
Graduate	1,496	2,268	2,205	1,576	2,250	2,220
Professional	55	377	354	52	417	385
Subtotal	3,446	16,439	15,023	3,629	17,189	15,626
Off-Campus:						
Undergraduate	359	323	300	298	298	278
Graduate	1,171	749	539	1,240	751	699
Subtotal	1,530	1,072	839	1,538	1,049	977
Total	4,976	17,511	15,862	5,167	18,238	16,603

Note: All full-time equivalents are computed as follows:

Fall and Spring semesters:

Undergraduate full-time equivalent = $\frac{\text{Credit hours}}{15.00}$

Graduate full-time equivalent = $\frac{\text{Credit hours}}{12.00}$

Professional full-time equivalent = $\frac{\text{Credit hours}}{12.00}$

Summer sessions:

Undergraduate full-time equivalent = $\frac{\text{Credit hours}}{7.50}$

Graduate full-time equivalent = $\frac{\text{Credit hours}}{6.00}$

* Provided by Office of Budget and Planning based on beginning of semester count for Fall and Spring semesters and end of the semester count for Summer.

**State of Illinois
Northern Illinois University**

**Schedule of Tuition and Fee Waivers
For the Year Ended June 30, 2014
(in Thousands)**

(Unaudited)

	Tuition Waivers			Fee Waivers		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
Mandatory waivers:						
Teacher/special education	\$ 511.0	\$ 69.5	\$ 580.5	\$ 186.4	\$ 19.3	\$ 205.7
General Assembly	15.8	-	15.8	0.2	-	0.2
ROTC	300.5	-	300.5	3.3	-	3.3
DCFS	122.0	-	122.0	27.6	-	27.6
Children of employees	633.4	-	633.4	-	-	-
Senior citizens	18.3	0.5	18.8	-	-	-
Veterans grants and scholarships	2,245.6	526.3	2,771.9	613.0	120.4	733.4
Discretionary waivers:						
Faculty/administrative	26.3	378.4	404.7	9.8	121.4	131.2
Civil service	205.5	241.9	447.4	61.4	71.4	132.8
Academic/other talent	2,222.4	1,799.3	4,021.7	-	2.8	2.8
Athletic	1,300.3	1.0	1,301.3	-	-	-
Gender equity in intercollegiate athletics	1,582.0	-	1,582.0	-	-	-
Foreign students	-	139.0	139.0	-	-	-
Cooperating professionals	16.3	1,187.2	1,203.5	-	-	-
Graduate assistants	7.4	14,722.5	14,729.9	-	-	-
Interinstitutional/related agencies	23.7	78.0	101.7	-	-	-
Retired University employees	2.7	22.9	25.6	1.0	7.5	8.5
Children of deceased employees	26.6	-	26.6	9.0	-	9.0
Student need - financial aid	485.0	-	485.0	-	-	-
Student need - special programs	-	30.7	30.7	-	-	-
Other assistants	-	-	-	-	-	-
Fellowships	-	128.6	128.6	-	-	-
Contract/training grants	-	2,006.7	2,006.7	-	-	-
Total	\$ 9,744.8	\$ 21,332.5	\$ 31,077.3	\$ 911.7	\$ 342.8	\$ 1,254.5

**State of Illinois
Northern Illinois University**

**Debt Financed by University-Related Organization
For the Year Ended June 30, 2014
(Unaudited)**

The Northern Illinois University Foundation has also issued bonds in connection with the construction of the Jeffrey and Kimberly Yordon Center. At June 30, 2014, the amount of outstanding bonds was \$1,097,811. The bonds were issued at an effective interest rate of 4.66 percent and are due in August 2016. A ten-year operating lease with the University secures these bonds.

**State of Illinois
Northern Illinois University**

**Acquisition of Real Estate Costing in Excess of
\$250,000 and Not Funded by a Separate Appropriation
For the Year Ended June 30, 2014
(Unaudited)**

The University and UROS did not purchase any real estate costing in excess of \$250,000.

**State of Illinois
Northern Illinois University**

**Bookstore Operations
For the Year Ended June 30, 2014
(Unaudited)**

Contracted/rents to students/University operated	University operated
Contractor	N/A
Contract term	N/A
Amount of gross sales for Bookstore in FY 14	\$4,537,000
Amount (if any) to be paid to Bookstore for FY 14 by University	N/A
Commissions	N/A
Commission terms	N/A
Given exclusive rights	No
Competition/"other" nearby/on-campus bookstores	Yes

**State of Illinois
Northern Illinois University**

**Comments on Certain Matters Regarding Auxiliary
Enterprises, Activities, and Accounting Entities,
and Tuition, Charges, and Fees
June 30, 2014
(Unaudited)**

AUXILIARY ENTERPRISES, ACTIVITIES, AND ACCOUNTING ENTITIES

1. All employer contributions, except for certain restricted federal funds, to the University retirement system are made from the General Revenue Fund appropriation to the State Universities Retirement System for this purpose. Accordingly, the portion of the retirement contribution attributable to employees in auxiliary enterprise operations is paid from appropriated funds and amounted to approximately \$9,835,742 and \$9,337,728 for the years ended June 30, 2014 and June 30, 2013, respectively.
2. The University's governing board has established no non-instructional facilities (development) reserves.

TUITION, CHARGES, AND FEES

Northern Illinois University does not have statutory authority to divert and is not diverting tuition to auxiliary enterprise operations.

BOND COVENANTS

There were no violations of revenue bond covenants noted during the audit of Northern Illinois University for the year ended June 30, 2014.

**State of Illinois
Northern Illinois University**

**Comments on Certain Matters Regarding
University-Related Organizations
and Other Matters
June 30, 2014
(Unaudited)**

1. Northern Illinois University Foundation, Northern Illinois University Alumni Association, and Northern Illinois Research Foundation are recognized by Northern Illinois University as related organizations.
2. There are no organizations considered by the University to be independent organizations as defined in Section VII of University Guidelines 1982, as amended in 1997.

Comment on Other Topics

1. Income from investments of pooled funds is allocated and credited monthly to the original sources of the funds based on their respective cash balances.
2. In August 1993, the University issued \$8,485,000 of Certificates of Participation to refinance an educational center occupied by Northern Illinois University in Hoffman Estates, Illinois, payable through installments commencing in 1994, for a period of twenty-three years. Balance at June 30, 2014 was \$2,370,000.
3. In April 2014, the University issued Certificates of Participation (Capital Improvement Projects) in the amount of \$11,975,000 at a premium of \$1,140,000. The proceeds were used to refinance a 113,000 square foot facility located on the campus of and for the use of Northern Illinois University by redeeming all of the Illinois Development Finance Authority Lease Revenue Bonds (Northern Illinois Naperville Project) Series 1999 in the amount of \$11,630,000 and prepaying an Installment Payment Contract between the Board and Energy Systems Group, LLC in the amount of \$1,182,000. This resulted in approximate savings of \$916,000 in future debt service payments on the old debt. The Series 2014 COPs are payable through installments commencing in 2015, for a period of eleven years. The interest is 4%-5%; the balance at June 30, 2014 was \$11,975,000.

**State of Illinois
Northern Illinois University**

**Summary of Foundation Payments
To/From the University
For the Year Ended June 30, 2014
(Unaudited)**

During fiscal year 2014, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University paid \$630,000 for fundraising services. Additionally, the University provided services to the Foundation valued at \$679,000. As required by the contract, the Foundation fully repaid the University for the services provided, using funds considered unrestricted for purpose of the University Guidelines computations.

Presented below is a summary of all funds that the Foundation gave to the University during fiscal year 2014:

Funds considered unrestricted for purposes of the Guidelines computations:

Totally unrestricted - administrative services	\$ 1,306,577
Restricted only as to campus, college, or department and generally available for ongoing University operations:	
Support for University programs and departments	5,052,661
Administrative and office expense	<u>255,521</u>

Total funds considered unrestricted	<u>6,614,759</u>
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Funds considered restricted for purposes of the Guidelines computations:

Provided for scholarships and awards	1,667,599
Provided for library books, equipment, and property and improvements	702,453
Other restricted funds provided to the University	
Restricted fund	1,260,720
Endowment fund	389,902

Total funds considered restricted	<u>4,020,674</u>
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Total funds provided to the University by the Foundation	<u><u>\$ 10,635,433</u></u>
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**State of Illinois
Northern Illinois University**

**Summary of Alumni Association Payments
To/From the University
For the Year Ended June 30, 2014
(Unaudited)**

In accordance with a memorandum of understanding between the University and the Alumni Association with regard to funding staffing costs in the alumni relations area, the Alumni Association contributed \$71,449 during 2014. There were no amounts paid by the University to the Alumni Association.

Presented below is a summary of all funds that the Association gave to the University during fiscal year 2014:

Funds considered unrestricted for purposes of the Guidelines computations:

Restricted only as to campus, college, or department and generally available for ongoing University operations:

Support for University programs and departments \$ 564,271

Total funds considered unrestricted 564,271

Funds considered restricted for purposes of the Guidelines computations:

Endowment fund 29,375

Total funds considered restricted 29,375

Total funds provided to the University by the Association \$ 593,646

**State of Illinois
Northern Illinois University**

**Summary of Research Foundation Payments
To/From University
For the Year Ended June 30, 2014
(Unaudited)**

During fiscal year 2014, the University engaged the Research Foundation, under contract, to provide services to aid the University in its economic development, public service/research and educational missions, valued at \$441,000.

Presented below is a summary of all funds that the Research Foundation gave to the University during fiscal year 2014:

Funds considered unrestricted for purposes of the
Guidelines computations:

Total unrestricted - administrative services	<u>\$ 441,000</u>
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**State of Illinois
Northern Illinois University**

**Current Unrestricted Funds - Auxiliary Enterprises -
Revenue Bond Funds - Occupancy Report
of Residence Halls
For the Fiscal Year 2014
(Unaudited)**

	Design Capacity	Fall Semester Occupancy	Spring Semester Occupancy	Average Occupancy	Room and Board Rate
Neptune Complex	1,117	822	743	783	\$ 9,610
Gilbert Hall	270	187	182	185	\$ 10,726
Douglas Hall	1,000	588	485	537	\$ 9,610
Grant Towers	1,660	598	550	574	\$ 10,726
Stevenson Towers	1,280	879	782	831	\$ 10,726
New Hall	1,008	937	884	911	\$ 13,086
Total Residence Halls	6,335	4,011	3,626	3,821	

Based on 9 month occupancy.

**State of Illinois
Northern Illinois University**

**Current Unrestricted Funds - Auxiliary Enterprises -
Revenue Bond Funds - Insured Value Summary
For the Year Ended June 30, 2014
(Unaudited)**

	Insured Value		
	Building	Contents	Business Interruption
Barsema Alumni & Visitors Center	\$ 7,691,000	\$ 459,000	\$ -
Campus Life Building	8,836,000	1,532,000	-
Campus Child Care Center	2,983,000	246,000	-
Center for Black Studies	629,000	-	-
Convocation Center	52,250,000	6,065,000	-
Douglas Hall	34,827,000	1,880,000	-
Gilbert Hall	16,616,000	-	-
Grant Towers Complex	100,306,000	2,538,000	-
Holmes Student Center	56,090,000	4,915,000	-
Huskie Stadium:			
Stadium	28,171,000	1,256,000	-
Field turf	500,000	-	-
Latino Center	810,000	200,000	-
Lincoln Hall	34,827,000	1,880,000	-
Neptune Complex	32,249,000	2,359,000	-
Neptune North	12,649,000	434,000	-
Parking services:			
Office	171,000	202,000	-
Parking structure	10,390,000	-	-
Stevenson Complex	100,306,000	8,025,000	-
Student Recreation Center	13,741,000	864,000	-
University Resources for Women	391,000	-	-
Evans Field House	11,893,000	1,092,000	-
Dorland Warehouse	9,344,000	2,699,000	-
Soccer Field Building	815,000	-	-
Yordon Center/Academic & Athletic Center	9,590,000	2,319,000	-
Northern View Community	12,082,000	345,000	-
New Hall	73,834,000	3,348,000	-
Western Intramural Facilities	7,428,000	-	-
Business interruption	-	-	24,729,000
Total	\$ 639,419,000	\$ 42,658,000	\$ 24,729,000

The University obtains its property insurance, including boiler and machinery coverage, through the Midwestern Higher Education Compact's Master Property Program. The University purchases limits of \$1 billion in layers: the first layer provides \$100 million in individual limits and the next two layers provide a total of \$900 million on a shared, but per occurrence, basis. The Holmes Student Center has coverage for silverware and silverplate, and State and University self-insurance programs and commercial insurance are in force to provide liability coverage for University operations, including Revenue Bond.