

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION**

**(In Accordance with the Single Audit Act
and Applicable Federal Regulations)**

For the Year Ended June 30, 2017

**Performed as Special Assistant Auditors
for the Auditor General, State of Illinois**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

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**STATE OF ILLINOIS
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For the Year Ended June 30, 2017**

UNIVERSITY OFFICIALS

Acting President (from July 1, 2017)	Dr. Lisa C. Freeman
President (through June 30, 2017)	Dr. Douglas D. Baker
Acting Executive Vice President and Provost (from July 1, 2017)	Christopher McCord
Executive Vice President and Provost (through June 30, 2017)	Dr. Lisa C. Freeman
Senior Associate Vice President for Human Resource Services	Laura Alexander
Vice President for Research and Innovation Partnerships	Gerald Blazey
Acting Vice President and General Counsel (from January 1, 2017)	Gregory A. Brady
Vice President and General Counsel (through December 31, 2016)	Jerry D. Blakemore
Vice President for Information Technology and Chief Information Officer	Brett Coryell
Senior Associate Vice President for Academic Diversity and Chief Diversity Officer	Vernese Edghill-Walden
Associate Vice President and Director of Intercollegiate Athletics	Sean Frazier
Associate Vice President for Facilities Management and Campus Services	John Heckmann
Vice President for Enrollment Management, Marketing and Communications (from June 19, 2017)	Sol Jensen
Vice President for Outreach, Engagement and Regional Development	Anne C. Kaplan
Vice President for Administration and Finance and Chief Financial Officer (from January 8, 2018)	Sarah McGill
Associate Vice President for Finance and Budget and Acting Chief Financial Officer (March 1, 2017 through January 7, 2018)	Lawrence Pinkelton
Vice President for Administration and Finance (through February 28, 2017)	Alan Phillips
Chief of Police, Department of Public Safety	Thomas Phillips
Director of Internal Audit	Danielle Schultz
Chief of Staff to the President, Liaison to the Board of Trustees (from May 5, 2017)	Matt Streb
Associate Vice President for State Government Relations, Liaison to the Board of Trustees (through May 4, 2017)	Mike Mann
Vice President for University Advancement	Catherine Squires
Vice President for Student Affairs and Enrollment Management (through December 31, 2016)	Eric A. Weldy
Associate Vice President for Student Affairs and Dean of Students	Kelly Wesener-Michael

Financial Staff

Controller	Shyree Sanan
Deputy Controller	Raul Garcia

NIU Office is located at:

300 Altgeld Hall
DeKalb, Illinois 60115



NORTHERN ILLINOIS UNIVERSITY

**Division of Administration
and Finance**

March 15, 2018

CliftonLarsonAllen LLP
1301 West 22nd Street – Suite 1100
Oak Brook, IL 60523

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Northern Illinois University (the University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following assertions during the period ended June 30, 2017. Based on this evaluation, we assert that during the year ended June 30, 2017, 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

SIGNED ORIGINAL ON FILE

Lisa Freeman
Acting President

SIGNED ORIGINAL ON FILE

Sarah McGill
*Vice President for Administration and Finance
and Chief Financial Officer*

SIGNED ORIGINAL ON FILE

Gregory A. Brady
Acting Vice President and General Counsel

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017**

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance and on Internal Control over Compliance for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF FINDINGS

Number of	Current report	Prior report
Findings	14	12
Repeated findings	5	6
Prior recommendations implemented or not repeated	7	4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDINGS (GOVERNMENT AUDITING STANDARDS)

Item No.	Page	Description	Finding Type
2017-001	16	Financial Reporting Process	Material weakness
2017-002	19	Inadequate Control over Reporting Restricted Accounts	Material weakness
2017-003	21	Noncompliance with Debt Covenants	Material weakness and material noncompliance
2017-004	23	Untimely Cash Reconciliations	Significant deficiency

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

2017-005	25	Return of Title IV Funds Errors	Noncompliance and significant deficiency
2017-006	26	Enrollment Status Reporting	Noncompliance and significant deficiency
2017-007	27	Outstanding Refund Checks	Noncompliance and significant deficiency

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For the Year Ended June 30, 2017**

COMPLIANCE REPORT (continued)

SUMMARY (continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

FINDINGS (STATE COMPLIANCE)

Item No.	Page	Description	Finding Type
2017-008	28	Inadequate Internal Controls over Contracts	Noncompliance and significant deficiency
2017-009	30	Failure to Submit Proper Time Reporting	Noncompliance and significant deficiency
2017-010	31	Inadequate Controls over Property and Equipment	Noncompliance and significant deficiency
2017-011	32	Noncompliance with the Higher Education Veterans Service Act	Noncompliance and significant deficiency
2017-012	33	Inadequate Procedures over Maintenance of the Accounts Payable Master Vendor File	Noncompliance and significant deficiency
2017-013	35	Noncompliance with the Open Meetings Act	Noncompliance and significant deficiency
2017-014	37	Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems	Noncompliance and significant deficiency

In addition, the following findings which are reported as current findings related to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

Item No.	Page	Description	Finding Type
2017-001	16	Financial Reporting Process	Material weakness and material noncompliance
2017-002	19	Inadequate Control over Reporting Restricted Accounts	Material weakness and material noncompliance
2017-003	21	Noncompliance with Debt Covenants	Material weakness and material noncompliance
2017-004	23	Untimely Cash Reconciliations	Noncompliance and significant deficiency

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NORTHERN ILLINOIS UNIVERSITY
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COMPLIANCE REPORT (continued)

SUMMARY (continued)

PRIOR FINDINGS NOT REPEATED

Item No.	Page	Description
A	38	Inadequate Controls over Compensated Absences Data
B	38	Inadequate Control over Cash Receipts and Accounts Receivable Recording and Reporting Processes
C	38	Voucher Processing
D	38	Noncompliance with the Board of Higher Education Act
E	38	Noncompliance with the Illinois Pension Code
F	38	Noncompliance with the Freedom of Information and State Records Retention Acts
G	39	Procurement Card Use

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 14, 2018. Attending were:

University:

Lisa Freeman	Acting President
Danielle Schultz	Director of Internal Audit
Sarah McGill	Vice President for Administration and Finance and Chief Financial Officer
Lawrence Pinkelton	Associate Vice President for Finance and Budget
Shyree Sanan	Controller
Raul Garcia	Deputy Controller
Danell Jackowski	Accounts Payable Manager
Kathy Marshall	General Ledger Manager

Office of the Auditor General:

Tom Kizziah	Senior Audit Manager
Joe Gudgel	IT Audit Manager

CliftonLarsonAllen LLP:

Jeff Bonick	Principal
Chuck Kozlik	Principal
Kent Sorenson	Manager

The responses to the recommendations were provided by Shyree Sanan, Controller, in correspondence dated March 14, 2018.



CliftonLarsonAllen

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General, State of Illinois
and
Board of Trustees
Northern Illinois University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Northern Illinois University's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (the Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2017. Management of Northern Illinois University is responsible for compliance with these requirements. Our responsibility is to express an opinion on Northern Illinois University's compliance based on our examination.

- A. Northern Illinois 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. Northern Illinois 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. Northern Illinois 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 Northern Illinois 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 Northern Illinois University on behalf of the State or held in trust by Northern Illinois University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (the Act) and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether Northern Illinois complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether Northern Illinois University complied with the specified requirements listed above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on Northern Illinois University's compliance with specified requirements.

As described in items 2017-001 through 2017-003 in the accompanying schedule of findings and questioned costs, Northern Illinois University did not comply with requirements regarding all applicable laws and regulations. Compliance with such requirements is necessary, in our opinion, for Northern Illinois University to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2017. However, the results of our procedures disclosed other 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 2017-004, and 2017-008 through 2017-014.

Northern Illinois University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. Northern Illinois University's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of Northern Illinois 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 Northern Illinois 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 Northern Illinois University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northern Illinois University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-001 through 2017-003 to be material weaknesses.

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 2017-004, and 2017-008 through 2017-014 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.

Northern Illinois University's responses to the internal control findings identified in our examination are described in the accompanying schedule of findings and questioned costs. Northern Illinois University's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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 the aggregate discretely presented component units of Northern Illinois University as of and for the year ended June 30, 2017, and have issued our report thereon dated February 26, 2018. Our report was modified to include a reference to other auditors and to include an emphasis of matter paragraph stating, as discussed in Note 23 to the financial statements, Public Act 099-0524 granted Northern Illinois University fiscal year 2017 appropriations, totaling \$48.3 million, which Northern Illinois University has used to pay fiscal year 2016 costs as allowed for by Public Act 099-0524. Even though this law was enacted on June 30, 2016, Northern Illinois University did not recognize this nonoperating appropriations revenue from the State of Illinois as of June 30, 2016, in accordance with generally accepted accounting principles. Additionally, as discussed in Note 23 to the financial statements, Public Act 100-0021 granted Northern Illinois University fiscal year 2017 appropriations, totaling \$42.7 million. Even though this law appropriated funds for the fiscal year ended June 30, 2017, it was enacted on July 6, 2017. These appropriations will be recognized as nonoperating revenues in fiscal year 2018 because the appropriation did not occur until after June 30, 2017. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Illinois University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent February 26, 2018. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 8 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Northern Illinois 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, 2017 in Schedules 1 through 8 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, 2017 in Schedules 1 through 8 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

The financial statements of Northern Illinois University as of and for the year ended June 30, 2016 were audited by other auditors whose report dated January 17, 2017, expressed an unmodified opinion on those statements. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 2, 3, 5, and 6 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, 2016 financial statements.

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.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois

March 15, 2018, except for our report on the Supplementary Information
for State Compliance Purposes, as to which the date is February 26, 2018



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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 Frank J. Mautino
Auditor General, State of Illinois
and
Board of Trustees
Northern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Northern Illinois 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, 2017, and the related notes to the financial statements, which collectively comprise Northern Illinois University's basic financial statements, and have issued our report thereon dated February 26, 2018.

Our report includes a reference to other auditors. Other auditors audited the financial statements of Northern Illinois University's discretely presented component units, as described in our report on Northern Illinois 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 Northern Illinois 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 Northern Illinois University's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Illinois University's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule, we have identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule as items 2017-001, 2017-002, and 2017-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule as item 2017-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Illinois 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule as item 2017-003.

Northern Illinois University's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Northern Illinois 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 Northern Illinois University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
February 26, 2018



**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 THE UNIFORM GUIDANCE**

The Honorable Frank J. Mautino
Auditor General, State of Illinois
and
Board of Trustees
Northern Illinois University

Report on Compliance for Each Major Federal Program

We have audited Northern Illinois University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Illinois University's major federal programs for the year ended June 30, 2017. Northern Illinois University's major federal programs are identified in the summary of auditors' 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 Northern Illinois University for financial statement purposes.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Northern Illinois 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Northern Illinois 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 Northern Illinois University's compliance.

Opinion on Each Major Federal Program

In our opinion, Northern Illinois 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-005 through 2017-007. Our opinion on each major federal program is not modified with respect to these matters.

Northern Illinois University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Northern Illinois University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Northern Illinois 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 Northern Illinois 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 the Uniform Guidance, 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 Northern Illinois 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-005 through 2017-007 that we consider to be significant deficiencies.

Northern Illinois University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Northern Illinois University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Northern Illinois University, a component unit of the State of Illinois, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Northern Illinois University's basic financial statements. We issued our report thereon dated February 26, 2018. Our report was modified to include a reference to other auditors and to include an emphasis of matter paragraph stating, as discussed in Note 23 to the financial statements, Public Act 099-0524 granted Northern Illinois University fiscal year 2017 appropriations, totaling \$48.3 million, which Northern Illinois University has used to pay fiscal year 2016 costs as allowed for by Public Act 099-0524. Even though this law was enacted on June 30, 2016, Northern Illinois University did not recognize this nonoperating appropriations revenue from the State of Illinois as of June 30, 2016, in accordance with generally accepted accounting principles. Additionally, as discussed in Note 23 to the financial statements, Public Act 100-0021 granted Northern Illinois University fiscal year 2017 appropriations, totaling \$42.7 million. Even though this law appropriated funds for the fiscal year ended June 30, 2017, it was enacted on July 6, 2017. These appropriations will be recognized as nonoperating revenues in fiscal year 2018 because the appropriation did not occur until after June 30, 2017. 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 February 26, 2018. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 as a whole.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 15, 2018, except for the Schedule of Expenditures
of Federal Awards, as to which the date is February 26, 2018

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? x Yes No
- Significant deficiencies identified? x Yes None reported

Noncompliance material to financial statements noted? x Yes 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 weaknesses? x Yes 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 2 CFR 200.516(a)? x Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007/84.033/84.038/84.063/84.268/84.379	Student Financial Assistance Cluster
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes x No

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-001. Finding: Financial Reporting Process

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

During our audit of the significant balances comprising the University's financial statements, we noted the following:

I. Errors and Deficiencies Related to Revenue Recognition

The University's process to estimate uncollectible student accounts included assumptions over collection rates that have been used since fiscal year 2009, and are not considered reasonable as of June 30, 2017. The allowance rate for the greater than 365 day past-due receivables was reduced from 70% to 60% in fiscal year 2008 and has not been updated since.

During testing over student accounts receivable, we noted that certain collections of overdue student accounts did not occur within one year of the original invoice date. Additionally, upon further investigation and discussion with University officials, we also noted the University did not perform a detailed review over the amount of past-due student accounts considered to be probable of collection. As of June 30, 2017, the University had \$24.7 million of gross student accounts receivable that was greater than 365 days past-due. As discussed above, the University's original estimate of probable non-collection was 60% of that amount, or \$14.8 million. Upon further testing, however, we noted actual cash collections on historical balances over 365 days past-due did not support a collection rate of 40%. In response to this, the University prepared an additional analysis based on new information supporting an average annual collection for those greater than 365 days past-due of approximately \$1.6 million during the fiscal years ended June 30, 2017 and 2016. Based on this new information, the University's estimated net realizable student accounts receivable balance was overstated by \$8.5 million as of June 30, 2017. The University recorded an audit adjustment to correct this matter in the financial statements as of and for the year ended June 30, 2017.

Governmental Accounting Standards Board (GASB) Codification 1600.104 states revenue from exchange transactions should be recognized when an exchange, in the ordinary course of operations, is effected unless the circumstances are such that collection of the exchange price is not reasonably assured. Accordingly, revenues from exchange transactions should generally be accounted for at the time a transaction is completed, with appropriate provision for uncollectible accounts.

Additionally, Statewide Accounting Management System (SAMS) (Procedure 03.40.10) states an estimated loss for uncollectible receivables should be reported as an expense/expenditure or reduction of revenue, if appropriate and a contra asset (i.e. allowance for uncollectible receivables) if both of the following conditions are met:

- a. Information available before the financial statements are issued indicates that it is probable that all or part of the receivable at the date of the financial statements will not be collectible; and
- b. The amount of the loss can be reasonably estimated.

II. Errors and Deficiencies Related to Classification and Presentation

During our follow-up on the prior year findings, we noted the University recorded transactions during the fiscal year to correct errors in recorded balances as of June 30, 2017, pertaining to errors that existed in previous financial reporting periods. These entries were included in the schedule of passed audit adjustments for the prior period (fiscal year 2016) audit.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-001. Finding: Financial Reporting Process (continued)

The entries recorded by management during the fiscal year ended June 30, 2017 corrected certain balances on the statement of net position as of June 30, 2017, but created other inaccuracies within the University's reporting of operating results as follows:

- Understatement of operating expenses-depreciation totaling \$4,663,182;
- Overstatement of operating expenses-auxiliary enterprises totaling \$3,233,385; and
- Overstatement of operating expenses-operation and maintenance of plant totaling \$2,150,298.

The University recorded an audit adjustment to reclassify the noted errors to operating expenses-institutional support for the fiscal year ended June 30, 2017.

The University did not properly present asset balances for certain vendors who had a net debit position in the University's accounts payable system. These vendors provided the University with credit memos for the return of goods to be used to offset the cost of future purchases, and had debit balances in their overall accounts payable balance at June 30, 2017. The error resulted in accounts payable and other current assets, representing prepaid expenses, being understated by \$450,056 as of June 30, 2017. The University recorded an audit adjustment to correct the matter in the financial statements as of and for the year ended June 30, 2017.

The University misclassified an accounting transaction pertaining to its Build America Bonds subsidy and investment income. The error resulted in the Build America Bonds subsidy being overstated by \$870,353, and investment income being understated by the same amount for the year ended June 30, 2017. The University recorded an audit adjustment to correct this matter in the financial statements as of and for the year ended June 30, 2017.

GASB Codification 2200.115 states the statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Assets and liabilities should not be offset except where a right of offset exists.

GASB Codification 2200.203 states it is necessary that prior-period figures shown for comparative purposes be, in fact, comparable with those shown for the most recent period.

III. Errors and Deficiencies Related to Year End Cutoff

During testing over 23 disbursements subsequent to year end (totaling \$5.6 million), we noted one transaction (totaling \$28,839) was not appropriately accrued as of June 30, 2017. The transaction was subject to a service period of April 1, 2017 through September 30, 2017 and \$14,419 should have been accrued as of June 30, 2017.

In response to the matter noted above, the University performed an analysis over certain similar expense accounts, including software licenses, membership dues, and other online services. The University's analysis indicated that approximately \$812,000 should have been reported as prepaid expenses as of June 30, 2017, representing an overstatement of operating expenses for the year ended June 30, 2017 and an understatement of prepaid expenses as of June 30, 2017 of the same amount. The University recorded an audit adjustment to correct these amounts as of and for the year ended June 30, 2017.

GASB Codification 1600.130 states "proprietary fund statements of net position and revenues, expenses, and changes in fund net position should be presented using the economic resources measurement focus and the accrual basis of accounting," which requires transactions to be reported in the period in which they are incurred.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-001. Finding: Financial Reporting Process (continued)

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, to 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 statistical reports and to maintain accountability over the State's resources.

University officials stated the errors and deficiencies noted above were due to the following: (1) business practices that have been adhered to by the University for many years related to its estimate for uncollectible student accounts, application of credit memos, and recording of prepaid expenses were inadequate; (2) the classification errors related to the correction of prior year passed audit adjustments were due to a misunderstanding between management and its former and current external auditors as to the appropriate resolution during a period of transition between external auditors; and (3) the Build America Bond subsidy misclassification was due to an oversight in management review.

Inaccuracies in the recorded amounts of the University's financial statement balances 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 No. 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, 12-1, 11-1)

Recommendation

We recommend the University continue to improve its controls over financial reporting to ensure amounts reported within the University's annual financial statements are accurate and presented in accordance with generally accepted accounting principles.

University Response

The University accepts the Auditors' recommendation. Management has conducted a comprehensive review of each component of this finding and has taken corrective action measures to redesign related business practices and processes, and to finalize critical hires to level the staff workloads that will yield improvements in the work product. In addition, the University will enhance communications during the audit planning stage to ensure appropriate alignment with the external auditors with respect to financial reporting of prior period corrections.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-002. Finding: Inadequate Control over Reporting Restricted Accounts

Northern Illinois University (the University) did not ensure restrictions imposed through revenue bond covenants were properly reflected within the University's financial statements.

As of June 30, 2017, the University's Auxiliary Facilities System (the System) consists of certain facilities across campus which are not directly related to the University's instruction, research, or service units, including:

- Athletic-related facilities, such as Evans Field House, Huskie Stadium, and the Convocation Center;
- Recreation-related facilities, such as the Student Recreation Center;
- Housing facilities, except for New Residence Hall and Northern View Community;
- Dining facilities, including the dining facilities located in the New Hall Community Center;
- Student services facilities, such as the Holmes Student Center and Campus Life Building; and
- Parking facilities.

As of June 30, 2017, the University had outstanding revenue bond issues (Series 2010 and Series 2011) where the proceeds from these bonds had been used to finance certain projects within the System. These bond issues established a "closed system" where the revenues generated by the System could only be used for the following purposes:

1. Expenses necessary for the operation and reasonable upkeep and repair of the System;
2. Payment of principal and/or interest amounts when due;
3. Amounts set aside limited to and used for financing the costs of renovating or replacing capital assets of the System beyond ordinary maintenance and operation of the System;
4. Amounts set aside limited to and used for constructing new space or additions to existing facilities within the System; and
5. Amounts set aside limited to and used for acquisition of movable equipment to be installed in facilities constituting the System.

With any excess funds, after maximum deposits have been made to fund the foregoing purposes, being set aside to (i) fund the redemption of previously issued bonds when callable, (ii) purchase any of the University's bonds on the open market for cancellation by the bond registrar, or (iii) advance refund any series of the University's bonds outstanding. Notably, resources within the System are unavailable for use by the University outside of the System.

During testing, we noted the University had controls to segregate the System's assets and net position within the University's accounting records and financial statements; however, the University had not designed its internal controls to ensure accurate reporting of restricted assets and restricted net position under generally accepted accounting principles. The University originally designed the control due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 by drawing inferences from the implementation guidance published by the GASB that was not necessarily on point with the University's unique "closed system" situation.

Historically, auditors did not take exception to the design flaw until the current year. After this issue was noted during the current year, the Auditor General's Office and Office of the State Comptroller consulted with staff of the GASB. After this consultation, the University (and all Illinois universities with closed systems) changed its accounting presentation in its final financial statements to show all non-capital assets associated with the System, totaling \$78.1 million, as restricted assets and reclassified the System's portion of the University's net position to expendable restricted net position, totaling \$77.1 million. Because restricted assets includes temporarily invested debt proceeds and resources offset by current liabilities, the amount reported as restricted assets does not equal restricted net position.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-002. Finding: Inadequate Control over Reporting Restricted Accounts (continued)

GASB Statement No. 34, Paragraph 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Government*, requires net position to be reported as restricted when constraints imposed upon the use of the net position are externally imposed by creditors, such as through debt covenants. Further, GASB Statement No. 34, Paragraph 99, requires the reporting of restricted assets when constraints imposed upon the use of the net position are externally imposed by creditors change the nature or normal understanding of the availability of the asset, such as assets that cannot be used to extinguish liabilities outside of those allowed by the bond covenants.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of fiscal and administrative controls to provide assurance that revenues, expenses, resources, and funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State’s resources.

University officials stated that its financial statement presentation of non-capital assets and net position related to its Auxiliary Facilities System was prepared based on their interpretation of the authoritative accounting guidance, which they believed to have been accurate and reliable.

Failure to implement the necessary restricted accounting funds to appropriately classify restricted assets and net position resulted in a material misstatement of the University’s financial statements and reduced the overall reliability of Statewide financial reporting. (Finding Code No. 2017-002)

Recommendation

We recommend the University periodically review its internal controls over financial reporting to ensure accounts are properly classified under generally accepted accounting principles.

University Response

The University accepts the Auditors’ recommendation. Management has conducted a comprehensive review of this finding and has taken corrective measures to redesign its financial reporting processes to appropriately reflect the Auxiliary Facilities System.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-003. Finding: Noncompliance with Debt Covenants

Northern Illinois University (the University) did not comply with its revenue bond covenants.

As of June 30, 2017, the University's Auxiliary Facilities System (the System) consists of certain facilities across campus which are not directly related to the University's instruction, research, or service units, including:

- Athletic-related facilities, such as Evans Field House, Huskie Stadium, and the Convocation Center;
- Recreation-related facilities, such as the Student Recreation Center;
- Housing facilities, except for New Residence Hall and Northern View Community (see further discussion over the public-private partnership below);
- Dining facilities, including the dining facilities located in the New Hall Community Center;
- Student services facilities, such as the Holmes Student Center and Campus Life Building; and
- Parking facilities.

As of June 30, 2017, the University had outstanding revenue bonds (Series 2010 and Series 2011) where the proceeds from these bonds had been used to finance certain projects within the System. These bond issues established a "closed system" whereby the revenues generated by the System could only be used for the following purposes:

1. Expenses necessary for the operation and reasonable upkeep and repair of the System;
2. Payment of principal and/or interest amounts when due;
3. Amounts set aside limited to and used for financing the costs of renovating or replacing capital assets of the System beyond ordinary maintenance and operation of the System;
4. Amounts set aside limited to and used for constructing new space or additions to existing facilities within the System; and
5. Amounts set aside limited to and used for acquisition of movable equipment to be installed in facilities constituting the System.

With any excess funds, after maximum deposits have been made to fund the foregoing purposes, being set aside to (i) fund the redemption of previously issued bonds when callable, (ii) purchase any of the University's bonds on the open market for cancellation by the bond registrar, or (iii) advance refund any series of the University's bonds outstanding. Notably, resources within the System are unavailable for use by the University outside of the System.

Further, the University manages certain facilities owned by a private entity as part of a public-private partnership which are not directly related to the University's instruction, research, or service units, including the housing facilities known as New Residence Hall and Northern View Community. As manager of the facilities, the University collects revenues related to the operation of the facilities. Such revenues are to be held by the University in a restricted accounting fund, per the Management Agreement executed between the University and the owner of the facilities. Additionally, the University pays all operating expenses and debt service payments related to the public-private partnership from the revenues collected from the public-private partnership housing facilities.

At the inception of the public-private partnership and the execution of the Management Agreement in fiscal year 2011, the University established the segregated accounts for the public-private partnership within the segregated accounting funds restricted for indentured System activity. The commingling of the indentured System and public-private partnership activity created difficulties for University management to segregate the activities for external reporting purposes. Additionally, the commingling of the two activities within the same funds allowed transfers made from the System to the public-private partnership's segregated accounts to go undetected by management.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-003. Finding: Noncompliance with Debt Covenants (continued)

During our review of the financial activity for the public-private partnership's segregated accounts for the fiscal year ending June 30, 2017, we noted \$2.5 million (net) of transfers made from System resources to the public-private partnership. At our request, the University quantified an additional \$72 thousand (net) in transfers made from fiscal year 2012 through fiscal year 2016.

In order to remedy this default, the University returned \$2.6 million on February 2, 2018 to the System from the public-private partnership's segregated accounts. Additionally, because the public-private partnership did not have available restricted resources as of June 30, 2017, the University reclassified \$2.6 million of unrestricted investments to restricted investments to reflect the transfer of resources into the System as of June 30, 2017. An additional reclassification was made to adjust unrestricted net position to expendable restricted net position for the same amount to reflect the transfer of resources back into the closed system.

The Northern Illinois University Revenue Bond Law (110 ILCS 686/31-25) states the provisions of this Article and of any resolution or other proceeding authorizing the issuance of bonds shall constitute a contract with the holders of such bonds and the provisions thereof shall be enforceable by civil action, mandamus, injunction or other proceeding in the appropriate circuit court to enforce and compel the performance of all duties required by this Article and by any resolution authorizing the issuance of bonds adopted responsive hereto. Appropriate internal controls over compliance should include procedures to ensure all bond covenants are adhered to by the University. Additionally, transfers of System resources should be appropriately restricted to purposes stipulated in bond covenants.

University officials stated that the University's original intent, as disclosed in Appendix A to the 2010/2011 Bond Series Official Statement, was to subsidize any revenue shortfall of the public-private partnership not sufficient to make required distributions in accordance with the Management Agreement from its Auxiliary Facilities System's housing revenues. However, it was determined that this was in conflict with the University's Bond Resolution.

Failure to ensure all bond covenants were adhered to by the University resulted in noncompliance with the University's revenue bond covenants. (Finding Code No. 2017-003)

Recommendation

We recommend the University review its bond covenant compliance on a routine basis to prevent and detect instances of noncompliance.

University Response

The University accepts the Auditors' recommendation. After further consultation with the University's bond counsel, it was determined that the initial intent to integrate operating results of the Public Private Partnership into its Auxiliary Facilities System did not materialize in its Bond Resolution. The University has taken corrective action measures to ensure appropriate segregation of the Public Private Partnership and its Auxiliary Facilities System to maintain compliance with the bond debt covenants.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-004. Finding: Untimely Cash Reconciliations

Northern Illinois University's (the University) monthly reconciliations for cash accounts were not prepared and reviewed on a timely basis during the year ended June 30, 2017.

During our review of the design and implementation of the University's internal control procedures over the preparation and review of monthly cash account reconciliations, University officials stated the normal timeframe to prepare and review cash account reconciliations is 30 days after the monthly close of the general ledger, which normally takes place on the 9th day of a given month. The University's process includes preparation of two separate account reconciliations performed on a monthly basis: one reconciliation is prepared over the payroll cash deposit account ("Payroll Reconciliation"), and the other is prepared over all the remaining operating cash deposit accounts ("Trust Reconciliation").

During testing, we selected the month of December to review the timeliness of the preparation and review of the reconciliations. The December 2016 Payroll Reconciliation was prepared and reviewed in April 2017, while the December 2016 Trust Reconciliation was prepared in April 2017 and not reviewed until May 2017. The December 2016 reconciliations were prepared and reviewed in excess of three months after the normal timeframe as discussed above.

At our request, the University prepared a summary of monthly cash reconciliation completion dates. The summary indicated that cash reconciliations were being completed and reviewed between 3 to 6 months after the close of the monthly general ledger for the months of July 2016 through December 2016.

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 to provide assurance: (1) resources are utilized efficiently, 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 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 exists. Effective internal controls should include procedures to ensure timely preparation and review of all cash account reconciliations.

University officials stated the delays in the preparation and review of cash reconciliations were caused by a combination of employee turnover and a complete redesign of the bank reconciliation process to better capture financial activities thereby allowing for more robust financial analysis and monitoring by management.

Untimely preparation and review of cash account reconciliations could delay the detection and correction of inaccurate account balances in the University's accounting records and adversely affect the usefulness of financial reports utilized by University personnel in making management decisions. (Finding Code No. 2017-004)

Recommendation

We recommend the University establish and maintain internal controls to ensure the timely preparation and review of all cash reconciliations.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2017**

2017-004. Finding: Untimely Cash Reconciliations (continued)

University Response

The University accepts the Auditors' recommendation. During fiscal year 2017, a thorough review and redesign of the cash reconciliation process was completed to reduce inefficiencies and to increase clarity of the data. The University continues to finalize critical hires to level staff workloads that will yield an enhancement to the quality of the work product.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – FEDERAL COMPLIANCE
For the Year Ended June 30, 2017**

Federal Agency: U.S. Department of Education (USDE)

Program Name: Student Financial Assistance Cluster

CFDA # and Program Expenditures: 84.007/84.033/84.038/84.063/84.268/84.379 (\$152,466,402)

Award Numbers: Various

Questioned Costs: None

2017-005. Finding: Return of Title IV Funds Errors

Northern Illinois University (the University) did not accurately calculate amounts due back to the U.S. Department of Education.

During testing of 40 Return of Title IV Funds (R2T4) transactions, from a statistically valid sample, we noted the University returned more than what was required for 9 of those transactions (totaling \$266).

The Code of Federal Regulations (34 CFR 668.22(a)(1)) requires institutions to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance. Further, the Code of Federal Regulations (34 CFR 668.22(e)(4)) states the unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew.

The Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure R2T4 transactions are performed accurately and the proper amount of refunds returned to the U.S. Department of Education.

University officials stated the R2T4 calculations error was a training issue that resulted in a staff member using the actual (gross) amount of a student's loan rather than the net amount less the origination fee in the calculation of total Title IV aid. This resulted in returns that were marginally higher than the required returns.

The University is returning funds to the U.S. Department of Education in excess of the amounts required to be returned. (Finding Code No. 2017-005)

Recommendation

We recommend the University establish and maintain internal controls to ensure R2T4 calculations are performed accurately and the proper amount of refunds is returned to the U.S. Department of Education.

University Response

The University accepts the Auditors' recommendation. The University took immediate action to review the process, conduct staff training, update policies, and to correct the calculation error. Use of the gross amount resulted in a return of \$2.00 to a maximum of \$32.00 more than required; as such, the full obligation of the University to return funds was met in a timely manner. All R2T4 calculations have used the correct amounts effective with the Fall 2017 term.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – FEDERAL COMPLIANCE
For the Year Ended June 30, 2017**

Federal Agency: U.S. Department of Education (USDE)

Program Name: Student Financial Assistance Cluster

CFDA # and Program Expenditures: 84.007/84.033/84.038/84.063/84.268/84.379 (\$152,466,402)

Award Numbers: Various

Questioned Costs: None

2017-006. Finding: Enrollment Status Reporting

Northern Illinois University (the University) did not complete enrollment status reporting to the U.S. Department of Education accurately and in a timely manner.

During our testing from a statistically valid sample, we noted 4 of 25 students whose enrollment status was either not reported timely, not reported with the correct enrollment status or a combination thereof to the National Student Loan Data System (NSLDS). The enrollment status changes were submitted between 33 and 125 days late.

The Code of Federal Regulations (34 CFR 685.309(b)(2)) requires enrollment status changes for students be reported to NSLDS within 30 days, or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status.

The Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure enrollment status changes are submitted to NSLDS in a timely manner.

University officials stated staffing reductions, turnover, and inadequate system report programming resulted in individual status changes not being reported in the immediate subsequent cycle.

If the NSLDS system is not updated with correct enrollment status this can cause students to not properly enter the repayment period. (Finding Code No. 2017-006)

Recommendation

We recommend the University establish and maintain internal controls to ensure enrollment status reporting by the University to the NSLDS is complete, accurate, and performed in a timely manner in accordance with U.S. Department of Education regulations.

University Response

The University accepts the Auditors' recommendation. During fiscal year 2018, management conducted a comprehensive review of each component of this finding and has initiated corrective actions, which include revising current processes, reports, and updating operating procedures for enrollment reporting. The University has also reviewed the reporting schedule to ensure all reporting timeframes are met.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – FEDERAL COMPLIANCE
For the Year Ended June 30, 2017**

Federal Agency: U.S. Department of Education (USDE)

Program Name: Student Financial Assistance Cluster

CFDA # and Program Expenditures: 84.007/84.033/84.038/84.063/84.268/84.379 (\$152,466,402)

Award Numbers: Various

Questioned Costs: \$6,077

2017-007. Finding: Outstanding Refund Checks

Northern Illinois University (the University) did not comply with regulations regarding outstanding refund checks.

We noted the University is not returning funds to the U.S. Department of Education within the required timeframe. In 3 of 40 items tested, from a statistically valid sample, we noted the University did not return \$6,077 of funds to the U.S. Department of Education.

The Code of Federal Regulations (Code) (34 CFR 668.164(l)) states an institution must return to the Secretary any Title IV, Higher Education Act (HEA) program funds, except Federal Work Study (FWS) program funds, that it attempts to disburse directly to a student or parent that are not received by the student or parent. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement. The Code (34 CFR 668.164(l)(3)) states if a check sent to a student or parent is not returned to the institution but is not cashed, the institution must return the funds to the Secretary no later than 240 days after the date it issued the check.

The Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure outstanding checks for Title IV funds are returned to the U.S. Department of Education in a timely manner.

University officials stated the deficiency noted above was due to inaccurate staff training and a lack of properly documented procedures.

Failure to properly refund amounts due back to the U.S. Department of Education results in noncompliance with federal regulations and may jeopardize future federal funding. (Finding Code No. 2017-007)

Recommendation

We recommend the University establish and maintain internal controls to ensure outstanding refund checks are returned to the U.S. Department of Education in accordance with program regulations.

University Response

The University accepts the Auditors' recommendation. The University has taken immediate action to review and revamp the current process, conduct staff training, and to update policies and procedures to ensure all outstanding student refund checks are returned to the U.S. Department of Education in a timely manner.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-008. Finding: Inadequate Internal Controls over Contracts

Northern Illinois University (the University) has not established adequate internal controls over contracts to ensure they are approved prior to performance and comply with all applicable State requirements.

During our review of 40 contracts for year ending June 30, 2017, we noted the following:

- Four (4) contracts (10%) were missing one or more of the below certifications/clauses:
 - Appropriation Contingency Clause (4 contracts, 10%)
 - Bribery Act Certification (4 contracts, 10%)
 - Drug Free Workplace Act Certification (4 contracts, 10%)
 - Educational Loan Default Act Certification (4 contracts, 10%)
 - Environment Protection Act Certification (4 contracts, 10%)
 - Felons Act Certification (4 contracts, 10%)
 - Prohibited Bidders and Contractors Certification (4 contracts, 10%)
 - Illinois Use Tax Certification (4 contracts, 10%)
 - International Anti-Boycott Certification (4 contracts, 10%)
 - Access to & Right to Audit Records Clause (4 contracts, 10%)
 - State Board of Elections Certification (4 contracts, 10%)
 - Contractor's/Lessor's Federal taxpayer Identification Number and Legal Status Disclosure Certification (4 contracts, 10%)
 - Child Labor Act Certification (3 contracts, 8%)
 - Forced Labor Act Certification (3 contracts, 8%)
 - Domestic Products Certification (1 contract, 3%)
 - Conflict of Interest Certifications (4 contracts, 10%)
- Seven (7) contracts (18%) were not approved prior to goods or services being provided. The contract execution dates ranged from 16 to 55 days from the commencement of service.
- Nine (9) contracts (23%) did not have a contract obligation document filed with the Illinois State Comptroller's Office. Each contract contained an order for delivery that exceeded \$20,000.
- Ten (10) contracts (25%) contained a contract obligation document that was not filed within 30 days of execution of contract. The contract obligation documents were filed between 2 and 402 days late.
- Two (2) of 19 contracts (11%) in our sample of 40 where the Financial/Conflict of Interest Disclosure form was required, were found to not contain the necessary Financial/Conflict of Interest Disclosure forms.

The Illinois Administrative Code (44 Ill. Admin Code 4.15) defines a contract to be all types of State Agreements, regardless of what they may be called, for the procurement, use, or disposal of supplies, services, professional or artistic services, or construction or for leases of real property for which the State is the lessee, or capital improvements, and including renewals, master contracts, contracts for financing through use of installment or lease-purchase arrangements, renegotiated contracts, amendments to contracts, and change orders.

The Illinois Procurement Code (Code) (30 ILCS 500 et seq.) and the Statewide Accounting Management System (Procedure 15.20 et seq. and 15.10.40) require contracts to contain certain signatures, clauses, and certifications, and also require State agencies to file contracts and purchase orders exceeding \$20,000 with the Office of the State Comptroller within 30 calendar days after execution.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-008. Finding: Inadequate Internal Controls over Contracts (continued)

The Illinois Administrative Code (44 Ill. Admin. Code 4.5035) states disclosures of financial interests and potential conflicts of interest shall be obtained for all submissions to a vendor portal and from all bidders and offerors when the annual value of the bid or offer exceeds \$50,000. It also states these disclosures must also be obtained for small purchases [i.e. below the bid threshold] exceeding \$50,000.

Northern Illinois University Business Procedure Manual Procedure No. 9-2 states all purchases must be made with a purchase order or purchase card (P-Card), and that a purchase order requires, at minimum, an authorized buyer's signature. Purchase orders of \$5,000 and above require an authorized buyer signature along with the signature of the Director, Associate Director, or Manager of Procurement Services.

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 to provide assurance: (1) resources are utilized 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 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 the errors and deficiencies noted above were due to several factors: (1) business practices that have been adhered to by the University for many years stipulating when certifications are required; (2) the continued challenge for the University to mitigate the number of services/products received prior to a fully executed contract; and (3) the lack of financial disclosures was an oversight of management during the review process.

Failure to include all required certifications may result in goods or services received failing to comply with State statutes and regulations while not filing contract obligation documents with the Comptroller's office is noncompliance with a State regulation. Not fully executing a contract prior to the commencement of services or delivery of goods leaves the University vulnerable to unnecessary liabilities and potential legal problems. Finally, not obtaining required conflict of interest forms could result in the University procuring goods or services at a higher rate than would have been otherwise paid. (Finding Code No. 2017-008, 2016-003, 2015-005, 2014-006, 2013-007, 12-7)

Recommendation

We recommend the University establish and maintain internal control procedures to ensure contracts are complete and properly approved prior to performance.

University Response

The University accepts the Auditors' recommendation. The University has conducted a comprehensive review of each component of this finding and has taken corrective actions in fiscal year 2018 to address the deficiencies noted. These steps include the following: (1) Revamping internal workflow process to initiate correspondence and provide a copy of the certifications to all vendors for completion based on incoming requisitions; (2) Adopt an all-inclusive (combined State and NIU) certification form to be used in the University's request for proposal and invitation to bid process to ensure adherence to all other certifications; (3) Continue to educate campus departments through direct communications, training, reminders, and Procurement Services' website, to mitigate performance prior to purchase order; and (4) Revamp the process for filing contract obligation documents with the State of Illinois to ensure all purchases exceeding \$20,000 are filed timely.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-009. Finding: Failure to Submit Proper Time Reporting

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

During testing over 40 payroll transactions, we noted 13 employees (9 faculty and 4 graduate assistants) did not submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

The State Officials and Employees Ethics Act (the 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 to provide assurance 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 plans for implementing faculty and graduate assistants time reporting are still in process.

By not requiring appropriate time sheets from all of its employees, the University lacks complete documentation of the time spent by faculty and staff on official state business as contemplated by the Act. (Finding Code No. 2017-009, 2016-009, 2015-004, 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 accepts the Auditors' recommendation. The University has a system in place that can capture time worked and benefit usage. However, there are ongoing efforts to explore alternative strategies to capture time worked by unionized faculty and graduate assistants.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-010. Finding: Inadequate Controls over Property and Equipment

Northern Illinois University (the University) did not fully comply with requirements applicable to its property and equipment.

We reviewed the University's property inventory certification as of November 29, 2016, which was submitted to the Illinois Department of Central Management Services (DCMS). The inventory certification to DCMS reported 1,288 items (\$1,624,740) of equipment that could not be located by the University. These assets were acquired by the University during past fiscal years. Included in this listing were approximately 520 computers, servers, CPUs, or other electronic storage devices.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State Agency to be accountable for supervision, control, and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets.

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 to provide assurance: (1) resources are utilized 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 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 University's system of internal controls should include procedures to ensure all State property is safeguarded, properly recorded, and obsolete equipment is removed from the property records.

University officials stated controls are in place over property and equipment; however, the 2016 inventory cycle was not representative of a "normal" cycle. There had been several years where items were unable to be located and were not removed from inventory, as the University felt it would eventually locate the missing equipment. However, the University revised its processes during 2017 inventory cycle to remove all missing assets from inventory. In addition, campus-wide turnover of responsible officers requires continuous training on property control policies and procedures.

The volume of "unlocated" equipment demonstrates a lack of accountability. Failure to maintain accurate property records could result in inaccurate accounting records and the loss of University property causing unnecessary equipment expenditures with University or State funds. (Finding Code No. 2017-010, 2016-011, 2015-010)

Recommendation

We recommend the University continue to strengthen its internal controls over the accountability of University property.

University Response

The University accepts the Auditors' recommendation. The University has taken corrective measures to strengthen controls over the accountability of assets. To assist in locating missing assets, a Missing Asset Internal Investigation Form has been developed that also captures detail of any sensitive data stored on the device. In addition, Vice-Presidents are notified of missing items to exert a sense of urgency and resources needed to locate missing assets. Also, the University has developed training for responsible officers and revamped its asset transfer process to better track when assets move between departments.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-011. Finding: Noncompliance with the Higher Education Veterans Service Act

Northern Illinois University (the University) did not fully comply with the Higher Education Veterans Service Act (the Act).

During our review of the University's compliance with the Act, we noted the University did not report to the Illinois Board of Higher Education on the fiscal impact of the programs and services provided for veterans, active duty military personnel, and their families in a timely manner. The University is required to report to the Board of Higher Education on September 1 each year. With regard to the fiscal year 2016 filing due September 1, 2016, the University reported to the Board of Higher Education on July 10, 2017 (312 days late).

The Higher Education Veterans Service Act (110 ILCS 49/20) requires each college and university to report to the Illinois Board of Higher Education on the fiscal impact of the programs and services related to the requirements of the Higher Education Veterans Service Act by September 1.

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 to provide assurance: (1) resources are utilized 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 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. Appropriate internal controls would ensure required reports are submitted to State agencies in a timely manner.

University officials stated the underlying cause for the untimely filing of the fiscal year 2016 report was due to staff turnover.

Failure to timely report the fiscal impact of programs and services offered to veterans results in noncompliance with the Higher Education Veterans Service Act. (Finding Code No. 2017-011, 2016-012)

Recommendation

We recommend the University submit the fiscal impact report to the Illinois Board of Higher Education in a timely manner in compliance with the Act.

University Response

The University accepts the Auditors' recommendation. The University has taken corrective action to report the submission of the fiscal impact survey on a timely basis. The 2017 fiscal impact survey was submitted on its due date of September 1, 2017.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-012. Finding: Inadequate Procedures over Maintenance of the Accounts Payable Master Vendor File

Northern Illinois University (the University) has inadequate internal controls in place to monitor and maintain the accounts payable master vendor file.

The University's accounts payable master vendor file had 46,007 active vendors that included 35,757 suppliers, 5,372 employees, and 4,878 students as of June 30, 2017. During our review of the master vendor file, we noted the following:

- There were 35,610 (77%) active vendors with no activity in the past 2 years; 24,447 (53%) active vendors with no activity in the past 5 years; and 2,987 (7%) active vendors with no activity in the past 10 years.
- The master vendor file included 717 (1.6%) vendors to which there has never been a payment.
- There was one active vendor with 198 different addresses approved for payment; another 27 active vendors with over 25 different addresses approved for payment and another 582 active vendors with over 5 different addresses approved for payment.

Effective internal controls include a periodic review and deactivation of vendors without activity for a reasonable amount of time. Further, the accounts payable master vendor file should be maintained and reviewed periodically to ensure the completeness, accuracy and validity of the vendor master file data.

Additionally, 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 to provide assurance: (1) resources are utilized 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 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. Effective internal controls would include procedures to monitor and maintain the accounts payable master vendor file.

University officials stated the underlying cause of the audit exceptions varies by situations and the last archival of vendor files performed by the University on February 21, 2015 was not as robust and fully effective as originally planned and designed due to program coding errors and deficiencies.

Failure to appropriately monitor the accounts payable master vendor file and deactivate vendors without activity may result in an unauthorized vendor payment, fraud, and/or loss of funds. (Finding Code No. 2017-012)

Recommendation

We recommend the University review and enhance internal controls in order to appropriately monitor and maintain the accounts payable master vendor file.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-012. Finding: Inadequate Procedures over Maintenance of the Accounts Payable Master Vendor File (continued)

University Response

The University accepts the Auditors' recommendation. The University has conducted a comprehensive review of each component of this finding and is taking the following corrective actions to eliminate material exceptions: (1) Develop a program that will archive any vendor not used or paid in the last two years, and schedule a yearly automated process to archive vendor files; (2) Develop a program to inactivate vendor addresses that have not been used to make a payment within the last two years; (3) The university will target vendors with multiple addresses for electronic payment set-up.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-013. Finding: Noncompliance with the Open Meetings Act

Northern Illinois University (the University) violated the requirements of the Illinois Open Meetings Act.

During our examination, we became aware of pending litigation for which the Board of Trustees of Northern Illinois University (the Board) was named the Defendant in a lawsuit challenging the Board's compliance with the Open Meetings Act related to an agenda item (Agenda Item: "13. Presidential Employment (review and approval)") for the Board's regularly scheduled meeting on June 15, 2017.

The pending litigation concluded on December 1, 2017 in the Plaintiff's favor with the judge ruling the agenda item violated the requirements of Section 2.02(c) of the Open Meetings Act because it failed to describe the general subject matter of the resolution that was the subject of final action at the meeting with regard to a transition agreement with the former University President.

The Open Meetings Act (5 ILCS 120/2.02(c)) requires any agenda under this section shall set forth the general subject matter of any resolution or ordinance that will be the subject of final action at the meeting.

University officials stated this was a unique situation, unlike routine University recommendations that concern general operations, concerning a personnel matter subject to the exclusive prerogatives of the Board. To preserve the Board's ability to determine the most appropriate course of action, the general subject matter of "13. Presidential Employment (review and approval)" was put on the agenda and posted 48 hours in advance of the meeting.

Failure to provide sufficient detail in the agenda item noted above resulted in noncompliance with the Illinois Open Meetings Act. (Finding Code No. 2017-013)

Recommendation

We recommend the University provide sufficient detail within agendas provided in advance of meetings of the Board of Trustees and various committees to ensure compliance with the Illinois Open Meetings Act.

University Response

Without waiving any argument raised in the litigation or its right to appeal the judgment of the court once it is made final, the University accepts that the finding accurately summarizes the December 1, 2017 ruling of the court, and accepts the recommended remedial action. This audit finding appears to be a direct consequence of the Court decision in the case referenced, and not separate from the plaintiff's cause of action in the case. On June 15, 2017, the Board of Trustees voted in open session on approval of a Presidential Transition Agreement, which impacted the employment of President Doug Baker. Under the proposed Presidential Transition Agreement, Dr. Baker agreed to resign from the presidency of the University, and he also agreed to relinquish his tenured faculty position with the University, and provide the University with a release of any and all claims associated with his employment at NIU, among other considerations. It was incumbent upon the Board to consider this proposed agreement or any other appropriate action in relation to President Baker at the June 15th meeting. Unlike routine university recommendations that concern general operations, this was a personnel matter subject to the exclusive prerogatives of the Board, marked by significant urgency and limited opportunity. In the litigation, the Board asserted a range of potential outcomes that prevented a more specific item. This was a unique situation that is not anticipated to occur again and certainly not with any regularity. To preserve the Board's ability to determine the most appropriate course of action, the general subject matter of "13. Presidential Employment (review and approval)" was put on the agenda and posted 48 hours in advance of the meeting. In the end, the Board agreed with the Presidential Transition Agreement as the

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-013. Finding: Noncompliance with the Open Meetings Act (continued)

appropriate course of action and approved the entering of the agreement in open session, in line with the stated intent of the Open Meetings Act “to ensure that the actions of public bodies be taken openly and that their deliberations be conducted openly.”

As noted above, the Illinois Open Meetings Act requires any agenda to “set forth the general subject matter of any resolution or ordinance that will be the subject of final action at the meeting.” The Illinois Open Meetings Act does not define “general subject matter.” In addition, there are no court opinions or other authorities that identify the minimum level of sufficient detail that needs to be put onto an agenda of a public meeting, in order to meet the “general subject matter” standard. In fact, the Court in this case expressly noted in its Order and Decision that “This Court has not found any cases that discuss the sufficiency of compliance with the phrase ‘general subject matter.’”

In the end, the Court concluded that new amendments to the Northern Illinois University Law were not applicable to the case. The Court further concluded that the Board complied with sections a and b of 5 ILCS 120/2.02, as well as section e of 5 ILCS 120/2. Lastly, the Court concluded that Agenda Item 13 for the June 15, 2017 meeting violated the requirements of section 2.02(c) of the Open Meetings Act because it failed to describe the general subject matter of the resolution that was the subject of the final action at the meeting with regard to a transition agreement with Dr. Baker. The Court declined to opine on the level of specificity that would be necessary to meet the “general subject matter” standard, but concluded that the necessary level of specificity was not present for Agenda Item 13. The Court’s order and decision, promulgated after the Board’s action, and after considerable review and debate, therefore, established the deficiency at issue in this audit finding.

For clarification, while the judge did issue an Order and Decision, and the Board and University did take action to address that Order and Decision, the case is still pending in DeKalb County Circuit Court.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
CURRENT FINDINGS – STATE COMPLIANCE
For the Year Ended June 30, 2017**

2017-014. Finding: Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems

Northern Illinois University (the University) did not adequately plan for the recovery of its applications and data.

The University carries out its mission through the use of Information Technology, including various applications, such as Student Information, Financial Information, and Human Resource Systems.

During our examination, we noted the University has not updated their Disaster Recovery Plan (Plan) since calendar year 2013 and it did not accurately reflect the current information technology environment. In addition, recovery testing has not been performed since 2013.

Information technology guidelines (including those promulgated by the National Institute of Standards and Technology and the Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

Furthermore, 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 to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

University officials stated several personnel, including personnel responsible for maintaining the Plan, had departed the University and the University had not yet reassigned this responsibility.

Failure to adequately develop, continually update, and test a disaster recovery plan, leaves the University exposed to the possibility of major disruptions of services. (Finding Code No. 2017-014)

Recommendation

We recommend the University review and update its disaster recovery plan at least annually or when significant changes occur. The University should perform and document tests of its disaster recovery plan at least once a year. In addition, the disaster recovery plan should be continuously updated to reflect environmental changes and address any weaknesses identified from tests.

University Response

The University accepts the Auditors' recommendation. The University has conducted a comprehensive review of each component of this finding and will take corrective action to define a team to review, update, and test its current disaster recovery plan.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2017**

GOVERNMENT AUDITING STANDARDS

A. Inadequate Controls over Compensated Absences Data

Northern Illinois University (the University) did not use accurate information to determine its year-end accrual for compensated absences. (Finding Code No. 2016-002)

In the current year, we noted management adjusted its process to accumulate compensated absences data during the preparation of the fiscal year 2017 financial statements and there were no exceptions noted during our sample testing over account balances related to compensated absences.

STATE COMPLIANCE

B. Inadequate Control over Cash receipts and Accounts Receivable Recording and Reporting Processes

Northern Illinois University (the University) did not exercise adequate control over its cash receipts and accounts receivable recording and reporting processes. (Finding Code No. 2016-004)

In the current year, the number of exceptions was significantly less than the prior year. This finding has been reported in the immaterial findings letter as finding number IM2017-004.

C. Voucher Processing

The University did not process certain expenditures accurately or in accordance with State policies or its own University policies. (Finding Code No. 2016-005, 2015-008, 2014-007)

In the current year, the number of exceptions was significantly less than the prior year. This finding has been reported in the immaterial findings letter as finding number IM2017-002.

D. Noncompliance with the Board of Higher Education Act

The University did not comply with the requirements of the Board of Higher Education Act. (Finding Code No. 2016-006)

In the current year, similar instances of noncompliance were not noted.

E. Noncompliance with the Illinois Pension Code

The University did not fully comply with the provisions of the Illinois Pension Code. (Finding Code No. 2016-007)

In the current year, we noted the University incorporated a manual reconciliation process to address the issue noted in the prior year and similar exceptions were not identified in the sample tested.

F. Noncompliance with the Freedom of Information and State Records Retention Acts

The University did not fully respond to Freedom of Information Act requests and did not retain documents in accordance with the Records Retention Act and its own policies. (Finding Code No. 2016-008)

In the current year, similar exceptions were not identified in the sample tested.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2017**

STATE COMPLIANCE (continued)

G. Procurement Card Use

The University had not established adequate internal controls over procurement card (P-card) transactions. (Finding Code No. 2016-010, 2015-009, 2014-009)

In the current year, the number of exceptions was significantly less than the prior year. This finding has been reported in the immaterial findings letter as finding number IM2017-003.

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2017 Expenditures	To Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity Grants	84.007	* P007A161243	\$ 919,950	\$ -
Federal Work-Study Program	84.033	* P033A161243	800,930	-
Federal Pell Grant Program	84.063	* P063P161370	26,537,931	-
Federal Perkins Loan Program, Beginning Loan Balance	84.038	* N/A	7,930,001	-
Federal Perkins Loan Program, New Loans	84.038	* N/A	1,689,789	-
Federal Direct Loans Program	84.268	* P268K171370	114,506,629	-
Teacher Education Assistance for College and Higher Education Grants	84.379	* P379T171370	81,173	-
TOTAL DEPARTMENT OF EDUCATION			152,466,403	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			152,466,403	-
RESEARCH AND DEVELOPMENT CLUSTER				
DEPARTMENT OF AGRICULTURE				
Agricultural Research-Basic and Applied Research:				
USDA Identification of Regulatory Genes in A. Flavus and A. Nidulans that are involved in Mycotoxin Product	10.001	* 58-6435-9-386	18,680	\$ -
Farmers' Market and Local Food Promotion Program				
USDA Farmers to Markets to Consumers: Removing the Obstacles to Growth	10.168	* 14-FMPPX-IL-0058	2,591	-
Grants for Agricultural Research, Special Research Grants				
Passed-Through Kansas State University:				
Intimate Partner Risk Assessment Quality Assurance Project	10.200	* S15042	5,035	-
Family Advocacy Program Quality Assurance Project	10.200	* S16034	378,192	-
			<u>383,227</u>	<u>-</u>
Soil Survey				
2016 NCRCSS Conference	10.903	* 68-7482-16-528	8,051	-
TOTAL DEPARTMENT OF AGRICULTURE			412,549	-
DEPARTMENT OF COMMERCE				
National Institute of Standards and Technology				
Measurement and Engineering Research and Standards				
Dev/Val of Physics Based AM Models for Process Control & Quality Assurance	11.609	* 70NANB13H194	95,810	-
Passed-Through Northwestern University				
Development of Roadmap & Consortium for Innovation in Sheet Metal Forming	11.609	* SP0026516- PROJ0007766	6,886	-
			<u>102,696</u>	<u>-</u>
Manufacturing Extension Partnership				
Pass-Through Illinois Manufacturing Extension Center				
Regional Host Organization for Illinois Manufacturing Excellence Center	11.611	* FISCAL YEAR 2016	388,427	-
Regional Host Organization for Illinois Manufacturing Excellence Center	11.611	* N/A	1,077,073	-
			<u>1,465,500</u>	<u>-</u>
Science, Technology, Business and/or Education Outreach				
NIST Summer Undergraduate Research Fellowship	11.620	* 70NANB16H087	5,410	-
TOTAL DEPARTMENT OF COMMERCE			1,573,606	-
DEPARTMENT OF DEFENSE				
US Army Research Institute (ARI) for the Behavioral and Social Sciences				
Specification of Effective Monitoring Behaviors for Leadership Competency Development and Adaptability	12.000	* AFS-ALCS2010-7	622	-
Basic, Applied, and Advanced Research in Science and Engineering				
Passed-Through Northwestern University				
Rapid Process Certification and Verification for High Value-Added and Low-Volume Production	12.630	* SP0038657- PROJ0011264	83,121	-
TOTAL DEPARTMENT OF DEFENSE			83,743	-

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<u>DEPARTMENT OF INTERIOR</u>				
State Wildlife Grants				
Inventory of Amphibian & Reptile - Green River Conservation Area	15.634	* F16AF01282	\$ 10,992	\$ -
Great Lakes Restoration:				
Status & Population Viability Assessment of the Blanding's Turtle within the Chiwaukee-Illinois State Beach	15.662	* F16AP01040	21,376	-
U.S. Geological Survey_Research and Data Collection:				
Seismic Monitoring of the Asian Carp Water Gun Deployment in the Chicago Area Waterway System, the Illinois River, and Other Systems	15.808	* G14AC00279	10,500	-
TOTAL DEPARTMENT OF INTERIOR			42,868	-
<u>DEPARTMENT OF JUSTICE</u>				
Title V_Delinquency Prevention Program				
Disproportionate Minority Contact and the Early Risk Assessment Project	16.548	* FCSUR03911	9,566	-
TOTAL DEPARTMENT OF JUSTICE			9,566	-
<u>US OFFICE OF PERSONNEL MANAGEMENT</u>				
Intergovernmental Personnel Act Mobility Program				
U.S. Army Medical Command - IPA - Joint Appt.	27.011	* USAMEDCOM	(3,830)	-
Enhancing Implementation of Secure Messaging for Veterans with SCI/D	27.011	* 578-D46020	2,336	-
			(1,494)	-
TOTAL US OFFICE OF PERSONNEL MANAGEMENT			(1,494)	-
<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	43.001	* NNX13AK65G	80,271	-
Passed-Through University of Nevada, Las Vegas				
Exploration of Biological Dark Matter in Geothermal Springs	43.001	* 13-725F-03	8,564	-
			88,835	-
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			88,835	-
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Promotion of the Humanities_Research				
NEH Fellowship thru New-York Historical Society	45.161	* RA-50141-14	42,000	-
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			42,000	-
<u>NATIONAL SCIENCE FOUNDATION</u>				
Engineering Grants:				
CAREER: Advanced Photochemical Paradigms for Enhanced Photovoltaics, Photocatalysis and Photocatalysis	47.041	* CBET-1150617	70,692	-
I-Corps L: Tinkering Labs	47.041	* 1505499	3,008	-
Passed-Through New York University:				
Causal Relationships Underlying the Collective Dynamic Behavior of Swarms	47.041	* 1433670	8,758	-
			82,458	-

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<u>NATIONAL SCIENCE FOUNDATION (Continued)</u>				
Mathematical and Physical Sciences:				
Application of Statistics in Assessing Nanoreliability	47.049	* DMS-1208273	\$ 15,811	\$ -
Synthetic Methodologies Utilizing Superelectrophiles	47.049	* CHE-1300878	22,627	-
Unconventional Electrodynamics in Unconventional Solids	47.049	* DMR-1310199	51,353	-
Collaborative Research: ATD: Dynamical Sampling and Reconstruction for Sensing Networks	47.049	* DMS-1322127	36,415	-
Phenomenology of electroweak Symmetry Breaking, Supersymmetry, and the Frontiers of the Standard Model	47.049	* 1417028	41,057	-
Creation and Crystallinity Control of Artificial Ices Using Superconducting Vortices	47.049	* 1407175	123,911	-
Searching for New Phenomena with Leptons	47.049	* 1506017	221,894	-
Using the Higgs boson to probe and test the Standard Model at ATLAS	47.049	* 1505989	159,756	-
Development of Ultra-cold Quantum-degenerate Relativistic Electron Beams for Research and Applications	47.049	* 1535401	137,876	-
Search for New Phenomena at the Energy Frontier	47.049	* 1506173	155,302	-
Accelerator Science for Storage Ring measurements of Electric Dipole Moments of Subatomic Particles	47.049	* 1623691	23,531	-
REU Site: Integrated Experimental and Computational REU Site at NIU	47.049	* 1659548	27,609	-
Passed-Through Columbia University:				
US ATLAS Operations: Empowering us Universities for Discoveries at the Energy Frontier	47.049	* 5-25191 PO G03010	86,189	-
Passed-Through University of Notre Dame				
The Quarknet Project	47.049	* PHY-1219444	1,250	-
Passed-Through Research Foundation for SUNY				
US ATLAS Operations (flow-through Stony Brook)	47.049	* PHY-1624739	89,087	-
			<u>1,193,668</u>	<u>-</u>
Geosciences				
Copper & Gold in Sulfur-rich Magmatic-hydrothermal Systems	47.050	* 1347782	56,363	-
Holocene Precipitation Changes	47.050	* 1502989	49,338	-
Diatom & Oxygen Isotope Evidence of Pliocene Antarctic Ice Sheet Dynamics & Ross Sea Paleooceanography	47.050	* 1443420	72,336	13,832
Collaborative Proposal: REU Site: Water Quality and Tourism in the Riviera Maya, Mexico	47.050	* 1560045	69,000	-
Passed-Through Columbia University				
IODP Expedition 361 South African Climates: microfossils	47.050	* 33(GG009393)	1,998	-
US Science Support Program Office Associated with the International Ocean Discovery Program	47.050	* 33(GG009393)	9,015	-
			<u>258,050</u>	<u>13,832</u>
Computers and Information Science and Engineering				
HCC: Collaborative Research: Integrating Cognitive and Computational Models of Narrative	47.070	* 1319974	9,255	-
CC-NIE Integration: Collaborative Research: EPSON: Embracing Parallel Networks and Storage for Predictable End-to-End Data Movement	47.070	* 1440797	62,764	-
Passed-Through University of Nebraska-Lincoln				
MRI: Development of an Urban Scale Instrument for Interdisciplinary Research (Array of Things (AoT))	47.070	* 1532133	8,479	-
			<u>80,498</u>	<u>-</u>
Biological Sciences:				
Collaborative Research: Ecological Diversification and molecular Evolution of Grasses (Poaceae)	47.074	* MCB-0920617	6,202	-
Dimensions NASA: Collaborative Research: The biogeography and evolution of drought tolerance in grasses	47.074	* 1342782	33,402	-
Ecosystem Consequences of Management Disturbances: Examining the Community-Trait-Function Relationships of Consumers in a Restored Grassland	47.074	* 1647502	57,166	-
CAREER: Evolutionary Genomics of Enzymes for Complex Carbohydrate Metabolism	47.074	* 1652164	95	-
			<u>96,865</u>	<u>-</u>
Social, Behavioral, and Economic Sciences:				
Cultural Models of Nature Across Cultures: Space, Causality & Primary Food Producers	47.075	* BCS-1330637	11,556	872
CAREER: Assessing Long-Term Social, Cultural, and Political Impacts of the Depart of INGOs in Rural Haiti	47.075	* 1455142	68,660	26,327
RAPID: Leveraging civil society and rebuilding Haiti following Hurricane Matthew	47.075	* 1722749	26,574	8,219
Social Adaptation in a Highly Varied Spatial Environment	47.075	* 1659015	7,790	-
Pass-Through University of Chicago				
Center for Robust Decision-Making on Climate and Energy Policy	47.075	* FP043343-02-C	17,442	-
			<u>132,022</u>	<u>35,418</u>

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<u>NATIONAL SCIENCE FOUNDATION (Continued)</u>				
Education and Human Resources:				
IMUSLE-Incremental Mindset and Utility for Science Learning and Engagement	47.076	*	\$ 5,075	\$ -
PROMISE: Providing Resources and Opportunities to Maximize Interest in STEM Education	47.076	*	471,940	-
Internet Accessible Remote Laboratories with Collaborative Design	47.076	*	28,104	-
Collaborative Research: WILSIM2, The Next Generation Landform Simulator	47.076	*	6,216	-
Collaborative Research: The Geo-CC&CP Foundry - Building Institutional Capacity for Broadening Participation in the Geoscience Workforce	47.076	*	29,234	-
Collaborative Research: Learning & Teaching Engineering Dynamics Through Interactive Simulations	47.076	*	47,086	-
Passed-Through University of Missouri on behalf of Missouri University of Science and Technology Engineering Uncertainty Repository	47.076	*	1,262	-
Passed-Through American Institutes for Research STEM Interest and Engagement	47.076	*	112,844	62,059
			<u>701,761</u>	<u>62,059</u>
Trans-NSF Recovery Act Research Support:				
Searches for New Phenomena with High Energy Particle Colliders	47.082	*	(2,488)	-
TOTAL NATIONAL SCIENCE FOUNDATION			<u>2,542,834</u>	<u>111,309</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Source Reduction Assistance				
Pass-Through Illinois Manufacturing Extension Center Regional Host Organization for Illinois Manufacturing Excellence Center	66.717	*	3,104	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>3,104</u>	<u>-</u>
<u>DEPARTMENT OF ENERGY</u>				
Office of Science Financial Assistance Program				
Polarized X-Rays as a Probe of Spin Polarization	81.049	*	118,073	-
Studies of Conventional & ERL-Based Recirculator Electron Cooling for an Electron Ion	81.049	*	19,571	-
Searching for Physics Beyond the Standard Model at the Intensity Frontier	81.049	*	59,601	-
Nonlinear Dynamics & Phase Space Manipulations of High-Brightness Beams	81.049	*	72,408	-
DOE Optical Stochastic Cooling	81.049	*	42,953	-
eSHIVA in IOTA: Experiment on Stochasticity in high intensity	81.049	*	112,126	-
Atomic-scale structure & dynamics during growth	81.049	*	7,247	-
Passed-Through RadiaBeam Technologies, LLC Nano-patterned cathode surfaces for high efficiency injectors	81.049	*	14,515	-
			<u>446,494</u>	<u>-</u>
Department of Energy Managed Labs				
Jt Appt - Zhili Xiao	81.000	*	16,467	-
Jt Appt - Philippe Piot	81.000	*	75,093	-
Jt Appt - Young-min Shin	81.000	*	51,837	-
Development of the MUZE Preliminary Design	81.000	*	89,699	-
Jt Appt - Andreas Glatz	81.000	*	26,036	-
Single Crystal Diffuse Xray & Neutron Scattering Experiments	81.000	*	34,997	-
Community Dashboard Development	81.000	*	34,968	-
Study of Ceramic Ion Conductors	81.000	*	(556)	-
Synthesis and characterization of Fe-based pnictide superconductors	81.000	*	39,004	-
Materials Development for Energy Efficiency and Renewable Energy Applications	81.000	*	26,672	-
Jt Appt - Swapna Chattopadhyay	81.000	*	135,382	-
Fabrication and Characterization of Superconducting Nanostructures	81.000	*	31,498	-
Summer Support for Andrew Green	81.000	*	825	-
Argonne Adaptive QoS for Wide-area Data Flows	81.000	*	30,217	-
Formation, Manipulations and Applications of Flat and Magnetized Beams at the FAST Facility	81.000	*	31,311	-
Jt Appt - Zhili Xiao	81.000	*	114,560	-
Jt Appt - Andreas Glatz	81.000	*	121,111	-

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<u>DEPARTMENT OF ENERGY (Continued)</u>				
Department of Energy Managed Labs (Continued)				
Structural investigations	81.000	* 4J-30341-0012A	\$ 43,905	\$ -
Engineering design support for Muon g-2 tracker	81.000	* PO 626306	22,629	-
Contributions to the development of a photon detector system	81.000	* 308939	130,607	-
Photodiodes Service Contract with Fermilab	81.000	* PO 626783	33,913	-
Project Controls Specialist Support for the MUON G-2 Project	81.000	* PO 628259	131,112	-
System Software Integration and Development	81.000	* 4J-30341-0013A	163,591	-
Support of Fermilab Precision Time Profile Monitor	81.000	* PO 629899	24,641	-
Design of a MW-class compact SRF accelerator for Energy and Environmental applications.	81.000	* PO 631261	3,591	-
Development & Publication on Theoretical Physics	81.000	* 4J-30341-0014A	22,050	-
Wakefield study for superconducting accelerator cavities at FAST facility	81.000	* 429021	15,554	-
High Luminosity (HL) LHC CMS Detector Upgrade Project - Endcap Calorimeter	81.000	* PO 636821	1,515	-
Jt Appt - Michael Syphers	81.000	* PO 625565 Rev 1	112,704	-
			<u>1,564,933</u>	<u>-</u>
TOTAL DEPARTMENT OF ENERGY			<u>2,011,427</u>	<u>-</u>
<u>DEPARTMENT OF EDUCATION</u>				
Education Research, Development and Dissemination:				
Testing the onPAR Model in Developmental Literacy Education	84.305	* R305A150193	331,552	99,302
Passed-Through University of Illinois at Chicago:				
Reading for Understanding Across Grades 6-12: Evidence-based Argumentation for Disciplinary Learning	84.305	* 2010-01569-01-00	6,433	-
Passed-Through University of Kansas:				
Development and Validation of Online Adaptive Reading Motivation Measures	84.305	* FY2011-103	(2,835)	-
			<u>335,150</u>	<u>99,302</u>
Mathematics and Science Partnerships				
Passed-Through Illinois Prairie CUSD No 204				
Science and Math in Linkage with Engineering	84.366	* 1915205.1	241	-
Statewide Longitudinal Data Systems				
Passed-Through University of Minnesota				
Chicago Longitudinal Survey	84.372	* PO 0000985322	11,687	-
TOTAL DEPARTMENT OF EDUCATION			<u>347,078</u>	<u>99,302</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Maternal and Child Health Federal Consolidated Programs:				
MCH Research	93.110	* 1 R40MC28855-01-00	29,615	10,383
Research on Healthcare Costs, Quality and Outcomes				
Passed-Through Northwestern University				
Healthcare Research and Quality	93.226	* 1 R18 HS023921 - 01	345,965	-
Mental Health Research Grants:				
Biomarkers for Posttraumatic Stress in Women Following a Campus Mass Shooting	93.242	* 1 R15MH099521-01	88,379	-
Automatic 3D Quantification of Synapses Distribution in Complex Dendritic Arbor	93.242	* 1R15MH099569-01A1	33,518	(567)
			<u>121,897</u>	<u>(567)</u>
Occupational Safety and Health Program				
Passed-Through University of Washington				
Multi-tasking to Hyper-tasking: Investigating the Impact of the Next Generation 911	93.262	* UWSC8272	15,876	-
Minority Health and Health Disparities Research				
E-diaries to assess health effects of microaggressions	93.307	* R21MD009585	10,930	-
Passed-Through University of Illinois - Chicago				
E-diaries to assess health effects of microaggressions	93.307	* 16171.000	14,990	-
			<u>25,920</u>	<u>-</u>
Cancer Treatment Research:				
Targeting the tumor microenvironment in B-Cell malignancies	93.395	* IR03CA175872-01A1	12,209	-
Passed-Through ProtonVDA				
Proton Radiography System for Optimization of Proton Therapy	93.395	* R44CA203499	101,361	-
			<u>113,570</u>	<u>-</u>

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<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research Passed-Through University of Illinois Peer Health Navigation for Medicaid Beneficiaries with Physical Disabilities	93.433	* 2015-00701-01-00 JH	\$ 1,574	\$ -
ACA-Transforming Clinical Practice Initiative: Practice Transformation Networks (PTNs) Passed-Through Northwestern University Great Lakes Practice Transformation Network	93.638	* 60041550 NIU	133,248	-
Cardiovascular Diseases Research Mechanisms of Social Isolation and Environmental Enrichment in an Animal Model	93.837	* 1R15EY020995-01	24,882	-
Allergy, Immunology and Transplantation Research: Design and Study of IspF Inhibitors as Antibacterial Agents	93.855	* 1R15I113653-01	69,431	1,087
Orphan Genes in Pathogenic Bacteria G1A62570	93.859	* RGM114706A	103,361	-
Child Health and Human Development Extramural Research: Reactions to Prolonged Infant Crying in Parents at Risk for Child Physical Abuse Passed-Through Global Obesity Prevention Center Assessing the impact of zoning policies on fast-foods around schools	93.865	* RHD080041A	139,607	-
Passed-Through Oregon Health and Science University Cryopreservation and Transplantation of Macaque Ovarian Tissue for Fertility Preservation	93.865	* R01HD083930	22,264	-
			185,940	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,171,279	10,903
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection Department of Homeland Security	97.077	* 2015-DN-077-ARI094	423,520	190,662
TOTAL DEPARTMENT OF HOMELAND SECURITY			423,520	190,662
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			8,750,915	412,176
ECONOMIC DEVELOPMENT CLUSTER				
<u>DEPARTMENT OF COMMERCE</u>				
Economic Adjustment Assistance: Economic Adjustment: The Rockford Area Aerospace Cluster Jobs and Innovation Accelerator	11.307	06-79-05726	96,324	96,324
TOTAL DEPARTMENT OF COMMERCE			96,324	96,324
TOTAL ECONOMIC DEVELOPMENT CLUSTER			96,324	96,324
HIGHWAY SAFETY CLUSTER				
<u>DEPARTMENT OF TRANSPORTATION</u>				
National Priority Safety Programs Sustained Traffic Enforcement Program (STEP)	20.616	AP-16-0161	123	-
TOTAL DEPARTMENT OF TRANSPORTATION			123	-
TOTAL HIGHWAY SAFETY CLUSTER			123	-
SPECIAL EDUCATION CLUSTER (IDEA)				
<u>DEPARTMENT OF EDUCATION</u>				
Special Education_Grants to States Passed-Through Southern Illinois University: IDEA: State Personnel Development Grant-IL IHE Partnership	84.027	763944-007	7,884	-
TOTAL DEPARTMENT OF EDUCATION			7,884	-
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			7,884	-

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TRIO CLUSTER				
<u>DEPARTMENT OF EDUCATION</u>				
TRIO - Upward Bound				
Upward Bound	84.047	P047A121484	\$ 454,594	\$ -
Upward Bound	84.047	P047A171430	<u>44,398</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION			<u>498,992</u>	<u>-</u>
TOTAL TRIO CLUSTER			<u>498,992</u>	<u>-</u>
CCDF CLUSTER				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Child Care and Development Block Grant				
Passed-Through Illinois Department of Human Services	93.575	N/A	<u>1,000</u>	<u>-</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,000</u>	<u>-</u>
TOTAL CCDF CLUSTER			<u>1,000</u>	<u>-</u>
OTHER PROGRAMS				
<u>DEPARTMENT OF AGRICULTURE</u>				
Child and Adult Care Food Program				
Passed-Through Illinois State Board of Education	10.558	N/A	<u>53,000</u>	<u>-</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>53,000</u>	<u>-</u>
<u>DEPARTMENT OF COMMERCE</u>				
Manufacturing Extension Partnership:				
Passed-Through the Illinois Manufacturing Extension Center				
Regional Host Organization for Illinois Manufacturing Extension Center FY12	11.611	FISCAL YEAR 2012	1,633	-
Regional Host Organization for Illinois Manufacturing Extension Center FY13	11.611	FISCAL YEAR 2013	<u>(667)</u>	<u>-</u>
TOTAL DEPARTMENT OF COMMERCE			<u>966</u>	<u>-</u>
<u>DEPARTMENT OF STATE</u>				
Academic Exchange Programs - Undergraduate Programs				
Study of the US Institutes for Student Leaders from SE Asia on Civic Engagement	19.009	S-ECAGD-15-CA-1058	18,481	-
Leading and Organizing for Change in Southeast Asia	19.009	S-ECAGD-15-CA-1058	4,665	-
Leading and Organizing for Change in Southeast Asia	19.009	S-ECAGD-15-CA-1058	83,235	-
Leading and Organizing for Change in Southeast Asia	19.009	S-ECAGD-15-CA-1058	<u>133,683</u>	<u>-</u>
			<u>240,064</u>	<u>-</u>
Academic Exchange Programs - Graduate Students				
2016 Fulbright Gateway Orientation	19.400	3216_NIU_2.19.2016	<u>63,663</u>	<u>-</u>
Professional and Cultural Exchange Programs - Citizen Exchanges				
BYSC for Youth Development and Social Change	19.415	S-ECAGD-13-GR-177	243	-
ECA/PE/C/PY Citizens Exchange Programs: Youth Programs Project: GLOBAL	19.415	S-ECAPY-12-CA-0154	(125)	-
Youth Programs Project: GLOBAL	19.415	S-ECAPY-12-CA-0154	977	-
FY2014 Southeast Asia Youth Leadership Program	19.415	S-ECAGD-14-CA-1039	61,616	-
FY2014 Southeast Asia Youth Leadership Program	19.415	S-ECAGD-14-CA-1039	1,089	-
PYLP 2015	19.415	S-ECAGD-15-CA-1123	4,557	-
PYLP 2015	19.415	S-ECAGD-15-CA-1123	36,070	12,022
Engaging Young Advocates in Environmental Preservation and Peacebuilding	19.415	S-ECAGD-15-CA-1123	29,261	-
PYLP 2015: Engaging Young Advocates in Environmental Preservation and Peacebuilding	19.415	S-ECAGD-15-CA-1123	174,795	108,988
FY 2017: Southeast Asia Youth Leadership Program	19.415	S-ECAGD-17-CA-1025	72,767	-
Southeast Asian Leadership Program	19.415	S-ECAGD-17-CA-1025	<u>244,046</u>	<u>-</u>
			<u>625,296</u>	<u>121,010</u>
TOTAL DEPARTMENT OF STATE			<u>929,023</u>	<u>121,010</u>

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<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Promotion of the Humanities_Division of Preservation and Access				
From Theory to Practice: Extending the Reach of Digital Power Preservation Workshops	45.149	PE-50129-15	\$ 69,969	\$ -
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			69,969	-
<u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u>				
Museums for America				
Anthropology Museum Rehousing Project G2B66770	45.301	MA-30-14-0414-14	1,516	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SCIENCES			1,516	-
<u>DEPARTMENT OF EDUCATION</u>				
Migrant Education - State Grant Program				
Passed-Through Illinois State Board of Education				
Migrant Education_State Grant Program	84.011	4340-01	97,942	78,643
Rochelle Migrant Program - Academic Year	84.011	4340-00-16019543051	18,475	14,278
Rochelle Migrant Education Program	84.011	4341-00-16019543051	33,346	30,493
Rochelle Migrant Education Program - Incentive	84.011	4341-00-16019543051	396	-
			<u>150,159</u>	<u>123,414</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 G1B66768	84.015	P015A140055	233,847	-
Foreign Language and Area Studies Fellowships G1B66769	84.015	P015B140055	197,762	-
			<u>431,609</u>	<u>-</u>
Career and Technical Education -- Basic Grants to States				
Passed-Through the Illinois Community College Board				
Career and Technical Education	84.048	F-NIU-CTE17003	8,329	-
Migrant Education_Coordination Program				
Passed-Through Illinois State Board of Education				
Rochelle Migrant Incentive Program	84.144	4341-00	2,813	-
Rehabilitation Services Demonstration and Training Programs:				
Preparing the USA for the UEB: A Massive Open Online Course for Personnel Providing Vocational Rehabilitation Services or Educational Services to You G1B66771	84.235	H235E140006	98,096	-
Special Education - State Personnel Development				
Passed-Through Southern Illinois University				
IHE Partnership	84.323	762219-004	1,906	-
Special Education Personnel Development to Improve Services and				
Program for Training of Teachers and Orientation and Mobility Instructor	84.325	H325K130217	214,302	-
Project Prevent and Address Bullying (PPAB) for Student with Disabilities: A Multitiered Behavioral Framework	84.325	H325K150309	208,676	-
Preparing new teachers of students with visual impairments	84.325	H325K160016	137,394	-
			<u>560,372</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	84.365	T365Z110199-12	1,206	-
Mathematics and Science Partnerships:				
Passed-Through Illinois State Board of Education:				
Integrated Professional Development Using Next Generation Science Exemplar	84.366	NIU G6A64187	2,188	-
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)				
Passed-Through Illinois Community College Board				
Bridging the Gap	84.367	BTGNIU17	14,134	-
TOTAL DEPARTMENT OF EDUCATION			1,270,812	123,414

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Pass-Through Number	FY 2017 Expenditures	To Subrecipients
<u>VIETNAM EDUCATION FOUNDATION</u>				
Fellowship Program				
Vietnam Education Foundation Graduate Fellowship in Biology	85.802	2016-17	\$ 30,770	\$ -
TOTAL VIETNAM EDUCATION FOUNDATION			30,770	-
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES ARRA</u>				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance				
Passed-Through Illinois State Board of Education Youth Risk Behavior Survey - ISBE IGA	93.079	MY16538	10,677	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance				
B-SAFER at NIU	93.243	SM062531	14,082	-
Passed-Through Winnebago County Regional Planning & Development Winnebago County Adult Drug Court Program	93.243	T1026067	7,956	-
			<u>22,038</u>	<u>-</u>
Affordable Care Act (ACA) – Consumer Assistance Program Grants				
Passed-Through Altarum Institute MACRA: Quality Improvement Direct Technical Assistance	93.519	SC-17-008	14,249	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES ARRA			46,964	-
TOTAL OTHER PROGRAMS			2,403,020	244,424
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 164,224,661	\$ 752,924

* Cluster, program, or award tested as a major program

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017**

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. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 U.S. Department of Education has been designated as the University's overall cognizant agency for the audit performed in accordance with the requirements of the Uniform Guidance. The U.S. Department of Health and Human Services has been designated as the University's cognizant agency for the Facilities and Administrative Cost Rates. The University did not receive federal noncash assistance during the fiscal year ended June 30, 2017. No federal insurance was received by the University during the year ended June 30, 2017.

Note 3. Cost Allocation Plan

The University has a plan for allocation of common and indirect costs related to grant programs in accordance with, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The University allocates amounts to grant programs using an indirect cost rate based on a federally negotiated indirect cost rate agreement, and therefore does not use the 10 percent de minimis rate provided for under the Uniform Guidance.

Note 4. 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 non-operating revenue item of Pell grants on the Statement of Revenues, Expenses, and Changes in Net Position included in the University's financial statements:

	(in Thousands)
Total expenditures as reported in the Schedule of Expenditures of Federal Awards	\$ 164,225
Remove the following:	
Federal Perkins Loan Program, Beginning Fund Balance	(7,930)
Federal Perkins Loan Program, New Loans	(1,690)
Federal Direct Loans Program	(114,507)
Add the following:	
Direct state grants/contracts	12,043
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	\$ 52,141

**STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2017**

Note 5. Federal Student Loan Program

During the fiscal year ended June 30, 2017, the University issued new loans to students under the Federal Direct Student Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans, Parents' Loans for Undergraduate Students (PLUS), and PLUS Loans for graduate and professional students. The value of loans issued for the FDLP is based on disbursed amounts. The loan amounts issued during the year are disclosed on the Schedule. The University is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the University's basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of the University at June 30, 2017.

In addition, the University participates in the Federal Perkins Loan Program through the Department of Education. This loan program is directly administered by the University and is considered a revolving loan program whereby collections received on past loans, including interest, is loaned out to current students. The beginning balance on these loans are disclosed in the Schedule. The outstanding balance at June 30, 2017 was \$7,505,000. The loans issued through the Federal Perkins Loan Program during the year ended June 30, 2017, was \$1,690,000. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

**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:

- 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
- Schedule of Federal Expenditures, Nonfederal Expenses, and New Loans
- Auxiliary Enterprises - Debt Financed Projects - Schedule of Revenues, Expenses, and Changes in Net Position

Analysis of Operations (Unaudited):

- Entity Financial Statements and Related Information (Unaudited):
 - Description of Accounting Entities (Unaudited)
 - Condensed Financial Information, Balance Sheet as of June 30, 2017 and Statement of Revenues, Expenditures, and Changes in Current and Plant Fund Balances for the Year Ended June 30, 2017 (Unaudited):
 - Educational Activities (Unaudited)
 - Auxiliary Business Operations, Service Departments, and Indirect Cost Support (Unaudited)
 - Auxiliary Enterprises – Debt Financed Projects (Unaudited)
 - Auxiliary Enterprises – Debt Financed Projects
 - Schedule of Indentured Capital Reserves (Unaudited)
- Calculation Sheet for Current Excess Funds (Unaudited):
 - Educational Activities (Unaudited)
 - Auxiliary Business Operations (Unaudited)
 - Service Departments (Unaudited)
 - Auxiliary Enterprises – Debt Financed Projects (Unaudited)
- Analysis of Indirect Cost Reimbursements (Unaudited):
 - Sources and Application of Indirect Cost Recoveries (Unaudited)
 - Calculation Sheet for Indirect Cost Support Carryforward (Unaudited)
- Cross-Reference Table of Reporting Requirements (Unaudited)
- University Functions and Planning Program (Unaudited)
- Analysis of Significant Lapse Period Spending (Unaudited)
- Analysis of Significant Variations in Account Balances (Unaudited)
- Analysis of Significant Variations in Revenues (Unaudited)
- Analysis of Significant Variations in Expenses (Unaudited)
- Analysis of Receivables and Inventories (Unaudited)
- Matters Related to the Budget Impasse and Its Impact (Unaudited)

Supplementary Information for State Compliance Purposes
Summary (Continued)

Analysis of Operations (continued) (Unaudited):
Comparative Employment Statistics (Unaudited)
Annual Cost Statistics
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 (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 the University (Unaudited)
Current Unrestricted Funds - Auxiliary Enterprises - Debt Financed
Projects - Occupancy Report of Residence Halls (Unaudited)
Current Unrestricted Funds - Auxiliary Enterprises - Debt Financed
Projects - Insured Value Summary (Unaudited)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented on page 8 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.

Northern Illinois University

Schedule of Appropriations, Expenditures, and Lapsed Balances

Fourteen Months Ended August 31, 2017

Public Act 100-0021, Public Act 99-0524, and Court-Ordered Expenditures	Expenditure Authority (Net After Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1 to August 31, 2017	Total Expenditures, Fourteen Months Ended August 31, 2017	Balances Lapsed August 31, 2017
GENERAL REVENUE FUND (0001)					
Public Act 100-0021 Lump sum appropriation (Note 2)	\$ 30,769,900	\$ -	\$ (30,769,900)	\$ (30,769,900)	\$ -
TOTAL GENERAL REVENUE FUND	30,769,900	-	(30,769,900)	(30,769,900)	-
EDUCATION ASSISTANCE FUND (0007)					
Public Act 99-0524 Lump sum appropriation (Note 4)	48,293,000	(48,293,000)	-	(48,293,000)	-
Public Act 100-0021 Lump sum appropriation (Note 2)	12,029,800	-	(12,029,800)	(12,029,800)	-
TOTAL EDUCATION ASSISTANCE FUND	60,322,800	(48,293,000)	(12,029,800)	(60,322,800)	-
STATE COLLEGE AND UNIVERSITY TRUST FUND (0417)					
Public Act 99-0524 Scholarship fund	36,000	-	(22,575)	(22,575)	13,425
TOTAL STATE COLLEGE AND UNIVERSITY TRUST FUND	36,000	-	(22,575)	(22,575)	13,425
TOTAL APPROPRIATED FUNDS	\$ 91,128,700	\$ (48,293,000)	\$ (42,822,275)	\$ (91,115,275)	\$ 13,425

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, and have been reconciled to University records.

Note 2: During Fiscal Year 2017, the University operated without enacted appropriations until Public Act 100-0021 signed into law on July 6, 2017, provides funding for operating costs for fiscal year end June 30, 2017. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Furthermore, the University incurred reimbursable payroll and non-payroll expenses within Fund 0007 and 0417; the University was unable to process any reimbursements for these expenditures incurred by the University's Income Fund until the passage of Public Act 100-0021. Due to GASB financial reporting standards, recognition of this funding will be reported in fiscal year 2018 under the Non-operating revenues section.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the University to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 88 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

Note 4: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 and Public Act 99-0524 were signed into law on April 25, 2016, and June 30, 2016 respectively. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Furthermore, the University incurred reimbursable payroll and non-payroll expenses within Fund 0007 and 0417; the University was unable to process any reimbursements for these expenditures incurred by the University's Income Fund until the passage of Public Act 99-0502 and Public Act 99-0524.

Note 5: Public Act 99-0524 authorizes the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 88 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017 appropriation.

State of Illinois
Northern Illinois University
Comparative Schedule of Net Appropriations, Expenditures,
and Lapsed Balances
For the Years Ended June 30, 2017 and 2016

Schedule 2

	Fiscal Years	
	2017	2016
	PA99-0524 PA100-0021	PA99-0502 PA99-0524
General Revenue Fund - 0001		
Appropriations (net after transfers)	\$ 30,769,900	\$ 26,403,200
Expenditures		
Personal services	(30,769,900)	(26,403,150)
Contractual services	-	(50)
Total expenditures	(30,769,900)	(26,403,200)
Lapsed balances	\$ -	\$ -
Education Assistance Fund - 0007		
Appropriations (net after transfers)	\$ 60,322,800	\$ -
Expenditures		
Ordinary and contingent expenses	-	-
Personal services	(56,712,962)	-
Contractual services	(68,538)	-
CMS health insurance	(3,541,300)	-
Total expenditures	(60,322,800)	-
Lapsed balances	\$ -	\$ -
State College and University		
Trust Fund - 0417		
Appropriations (net after transfers)	\$ 36,000	\$ 36,000
Expenditures		
Scholarship Grant Awards	(22,575)	(20,975)
Lapsed Balances	\$ 13,425	\$ 15,025
Grand Total - All Funds		
Appropriations (net after transfers)	\$ 91,128,700	\$ 26,439,200
Total expenditures	(91,115,275)	(26,424,175)
Lapse balances	\$ 13,425	\$ 15,025

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, and have been reconciled to University records.

Note 2: During Fiscal Year 2017, the University operated without enacted appropriations until Public Act 100-0021 signed into law on July 6, 2017, provides funding for operating costs for fiscal year end June 30, 2017. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Furthermore, the University incurred reimbursable payroll and non-payroll expenses within Fund 0007 and 0417; the University was unable to process any reimbursements for these expenditures incurred by the University's Income Fund until the passage of Public Act 100-0021. Due to GASB financial reporting standards, recognition of this funding will be reported in fiscal year 2018 under the Non-operating revenues section.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the University to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 88 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

Note 4: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 and Public Act 99-0524 were signed into law on April 25, 2016, and June 30, 2016 respectively. During the impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Furthermore, the University incurred reimbursable payroll and non-payroll expenses within Fund 0007 and 0417; the University was unable to process any reimbursements for these expenditures incurred by the University's Income Fund until the passage of Public Act 99-0502 and Public Act 99-0524.

Note 5: Public Act 99-0524 authorizes the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 88 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017 appropriation.

Northern Illinois University

Comparative Schedule of Income Fund Revenues and Expenses
For the Years Ended June 30, 2017 and 2016

	2017	2016
Income Fund Revenues		
Tuition and fees, net of waivers	\$ 146,618,449	\$ 164,389,840
Lab and other fees	1,269,764	1,357,257
Other	755,660	667
Transfer in from local funds	2,824,599	-
	<u>\$ 151,468,472</u>	<u>\$ 165,747,764</u>
Income Fund Expenses		
Personal services	\$ 106,084,907	\$ 128,015,872
FICA/Medicare	2,184,487	3,062,839
Unemployment compensation benefits	38,430	35,337
Group insurance	2,514,895	3,541,300
Contractual services	34,010,482	39,440,874
Travel	1,119,544	471,149
Commodities	2,246,567	2,651,375
Equipment and library books	5,369,618	5,586,783
Telecommunications	96,070	1,023,959
Automotive	535,103	302,555
Award/grants and matching funds	5,445,382	8,617,175
Permanent improvements	363,296	1,023,690
Transfers out for non-revenue bond debt service	6,948,863	6,275,728
Expense Subtotal	<u>166,957,644</u>	<u>200,048,636</u>
GASB No. 35 Adjustments		
Depreciation Expense	1,403,954	4,225,354
Capital asset additions/disposals	(7,285,144)	(2,621,962)
GASB No. 35 Adjustments Total	<u>(5,881,190)</u>	<u>1,603,392</u>
	<u>\$ 161,076,454</u>	<u>\$ 201,652,028</u>
Total Income Fund Expenses	<u>\$ 161,076,454</u>	<u>\$ 201,652,028</u>

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

Note 2: The University expanded the number of revenue lines disclosed for added clarity. Fiscal year 2016's numbers have been adjusted for the change for comparison.

Northern Illinois University

Schedule of Changes in Capital Assets

For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Transfers	Deductions	Balance June 30, 2017
Land	\$ 19,280,619	\$ -	\$ -	\$ -	\$ 19,280,619
Land improvements	83,663,913	-	233,320	-	83,897,233
Buildings	673,096,130	144,924	1,299,474	(3,233,385)	671,307,143
Leasehold Improvements	-	398,006	33,314	-	431,320
Equipment	260,008,473	5,558,774	-	(10,706,551)	254,860,696
Intangible assets	3,820,547	-	-	-	3,820,547
Construction in progress	37,655,909	14,435,201	(1,566,108)	(144,843)	50,380,159
Totals	<u>\$ 1,077,525,591</u>	<u>\$ 20,536,905</u>	<u>\$ -</u>	<u>\$ (14,084,779)</u>	<u>\$ 1,083,977,717</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.

Northern Illinois University**Comparative Schedule of Cash and Temporary****Cash Equivalents, at Cost****(Excluding Foundation and Alumni Association)****June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash on hand	\$ 99,580	\$ 101,000
Checking accounts (1)		
First Midwest Bank, Sycamore, IL Formerly National Bank and Trust Co. of Sycamore, Sycamore, IL	41,635,206	25,783,974
First National Bank, DeKalb, IL	1,560,709	3,724,300
Illinois Funds Epay Deposit - Illinois National Bank, Springfield, IL	5,000	1,000
Temporary cash investments (1)		
Illinois Funds - U.S. Bancorp Fund Services, Milwaukee, WI Formerly US Bank, Springfield, IL	8,314,961	43,091,871
Money market mutual funds (1):		
The Bank of New York Mellon Trust Co., NA, Chicago, IL: Hoffman Estates Debt Reserves Fund and Communications Ducts Reserve Fund	-	651,678
Old National Wealth Management Evansville, IN: Performance contact 11A, Escrow fund	284,316	4,820,726
Amalgamated Bank, Chicago, IL	8,647,696	9,997,969
	<u>\$ 60,547,468</u>	<u>\$ 88,172,518</u>

(1) These amounts represent bank balances.

Northern Illinois University

Comparative Schedule of Investments, at Cost

June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
U.S. Treasury obligations, U.S. agency obligations, treasury notes and strips, 0.625 to 1.875 percent	<u>\$ 61,088,104</u>	<u>\$ 69,196,328</u>

Northern Illinois University

Schedule of Federal Expenditures, Nonfederal Expenses,
and New Loans

For the Year Ended June 30, 2017 (Accrual Basis)

(Expressed in Thousands)

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA schedule	\$	164,225	
Total new loans made not included on SEFA schedule		-	*
Amount of federal loan balances at beginning of the year (not included on the SEFA schedule) and continued compliance required		-	*
Administrative cost allowance on federal loan programs (not included on SEFA schedule)		-	*
Other noncash federal award expenditures (not included on SEFA schedule)		-	
Total Schedule A	\$	164,225	

Schedule B - Total Financial Component

Total operating expenses (from financial statements)	\$	559,239
Total nonoperating expenses and losses (from financial statements)		23,314
Total new loans made		116,197
Amount of federal loan balances at beginning of year		7,930
Administrative cost allowance on federal loan programs		-
Other noncash federal award expenditures		-
Total Schedule B	\$	706,680

Schedule C

	Amount	Percent
Total Schedule A	\$ 164,225	23.2%
Total nonfederal expenses	542,455	76.8%
Total Schedule B	\$ 706,680	100%

* Loan amounts and associated cost allowances (which reduced expense amounts reported in the financial statements) are included on the SEFA schedule

These schedules are used to determine the University's single audit costs in accordance with the Uniform Grant Guidance.

State of Illinois
Northern Illinois University
Auxiliary Enterprises - Debt Financed Projects
Schedule of Revenues, Expenses, and
Changes in Net Position
For the Year Ended June 30, 2017

Schedule 8

	Student Housing Public Private Partnership	Student Housing Revenue Bond Funds	Total
Revenues			
Food and other merchandise sales	\$ -	\$ 17,298,434	\$ 17,298,434
Room and other rentals	11,288,020	16,841,251	28,129,271
Parking revenue	-	2,330,613	2,330,613
Student fees	-	15,209,573	15,209,573
Other revenues	54,109	4,217,000	4,271,109
On-behalf payments for pension	67,125	6,986,558	7,053,683
On-behalf payments for health insurance	47,398	4,545,790	4,593,188
	<u>11,456,652</u>	<u>67,429,219</u>	<u>78,885,871</u>
Total revenues			
Expenses			
Cost of food and other merchandise sales	235	7,712,840	7,713,075
Personal services	362,763	16,496,119	16,858,882
Student services	-	130,138	130,138
Employee meals furnished	-	21,615	21,615
Insurance	80,599	461,536	542,135
Laundry	-	126,520	126,520
General and administrative	4,704,629	(919,333)	3,785,296
Repairs and other services	1,755,166	7,071,692	8,826,858
Utilities	488,790	4,892,542	5,381,332
Interest expense	8,550,750	13,301,711	21,852,461
Depreciation	-	12,632,073	12,632,073
Pension	67,125	6,986,558	7,053,683
Health insurance	47,398	4,545,790	4,593,188
	<u>16,057,455</u>	<u>73,459,801</u>	<u>89,517,256</u>
	<u>16,057,455</u>	<u>73,459,801</u>	<u>89,517,256</u>
Change in net position	<u>\$ (4,600,803)</u>	<u>\$ (6,030,582)</u>	<u>\$ (10,631,385)</u>

Note 1: In fiscal year 2017, the University began allocating the State's on-behalf payment revenue and offsetting expenses to the departments benefiting from the payments. The University also expanded the number of revenue lines disclosed for added clarity. Fiscal year 2016's numbers have been adjusted for the change for comparison.

State of Illinois
Northern Illinois University
Description of Accounting Entities
June 30, 2017
(Unaudited)

A listing of the University's auxiliary enterprise accounting entities, their purpose, and their sources of revenue as of June 30, 2017 is provided below:

AUXILIARY ENTERPRISES

Debt Financed Projects

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. The combined net revenues of these facilities, plus activity fees and surcharges that are assessed to all enrolled students, are pledged as security for the Bondholders under the terms of the Bond Agreement. Accordingly, the facilities related to this entity are considered restricted assets in accordance with GASB 34.

Student Housing - Public Private Partnership

This entity represents the operations of two additional alternative housing facilities, the Northern View Community (off-campus) and New Residence Hall (on-campus) both of which are currently managed by the University, but leased from the facilities owner, CHF-DeKalb, L.L.C., through July 1, 2048. The facilities owner financed construction of these two housing facilities with the proceeds of tax exempt revenue bonds issued by the Illinois Finance Authority, and determines the annual lease payments based on an annual operating budget submitted by the University. This entity is operated separately from the activity of the Auxiliary Enterprises Revenue Bond Funds.

A Revenue Fund has been established to deposit receipts from the rental operations of the facilities as collected, and amounts then disbursed to fund debt service, repairs and maintenance, Trustee expenses, and operational contingencies. Accordingly, the facilities related to this entity are considered restricted assets in accordance with GASB 34.

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.

EDUCATIONAL ACTIVITIES

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.

State of Illinois
Northern Illinois University
Condensed Financial Information
Balance Sheet
Educational Activities
June 30, 2017
(Unaudited)

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services	Total
Assets					
Current fund:					
Cash and cash equivalents	\$ 4,913,725	\$ 7,888,136	\$ 7,896,074	\$ -	\$ 20,697,935
Accounts receivable	396,610	1,073,118	1,012,234	2,631,360	5,113,322
Inventories	-	-	84,668	-	84,668
Other assets	2,255	5,671	13,300	76,336	97,562
Subtotal current fund	5,312,590	8,966,925	9,006,276	2,707,696	25,993,487
Plant fund					
Plant fund assets	60,033	595,106	213,914	922,358	1,791,411
Total Assets	\$ 5,372,623	\$ 9,562,031	\$ 9,220,190	\$ 3,630,054	\$ 27,784,898
Liabilities					
Accounts payable and accrued expenses	\$ 42,149	\$ 412,864	\$ 897,740	\$ 16,756,618	\$ 18,109,371
Unearned revenue	131,889	507,558	30,354	6,451,408	7,121,209
Subtotal liabilities	174,038	920,422	928,094	23,208,026	25,230,580
Fund balances					
Current fund	5,138,552	8,046,503	8,078,182	(20,500,330)	762,907
Plant fund	60,033	595,106	213,914	922,358	1,791,411
Subtotal fund balances	5,198,585	8,641,609	8,292,096	(19,577,972)	2,554,318
Total liabilities and fund balances	\$ 5,372,623	\$ 9,562,031	\$ 9,220,190	\$ 3,630,054	\$ 27,784,898

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Schedule of Revenues, Expenditures, and Changes
in Current and Plant Fund Balances
Educational Activities (continued)
For the Year Ended June 30, 2017
(Unaudited)

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services	Total
Current fund					
Beginning current fund					
balances	\$ 4,663,450	\$ 8,383,635	\$ 8,261,587	\$ (12,062,165)	\$ 9,246,507
Revenues	4,382,094	11,704,901	9,106,022	30,652,836	55,845,853
Expenditures	(3,815,392)	(12,226,462)	(9,232,938)	(39,115,090)	(64,389,882)
Transfers	(91,600)	184,429	(56,489)	24,089	60,429
Ending current fund balances	\$ 5,138,552	\$ 8,046,503	\$ 8,078,182	\$ (20,500,330)	\$ 762,907
Plant fund					
Beginning plant fund balances	\$ 57,587	\$ 637,672	\$ 264,937	\$ 994,710	\$ 1,954,906
Revenues	10,692	2,652	34,925	34,362	82,631
Expenditures	(8,246)	(45,218)	(85,948)	(106,714)	(246,126)
Ending plant fund balances	\$ 60,033	\$ 595,106	\$ 213,914	\$ 922,358	\$ 1,791,411
Total fund balances	\$ 5,198,585	\$ 8,641,609	\$ 8,292,096	\$ (19,577,972)	\$ 2,554,318

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Balance Sheet
Auxiliary Business Operations, Service Departments,
and Indirect Cost Support
June 30, 2017
(Unaudited)

	Auxiliary Business Operations	Service Departments	Indirect Cost Support	Total
Assets				
Current fund:				
Cash and cash equivalents	\$ 8,004,336	\$ 6,454,216	\$ 871,461	\$ 15,330,013
Accounts receivable	150,039	166,763	-	316,802
Inventories	8,626	853,662	-	862,288
Other assets	13,320	595,954	7,681	616,955
Subtotal current fund	8,176,321	8,070,595	879,142	17,126,058
Plant fund				
Plant fund assets	82,594	9,137,776	1,367,277	10,587,647
Total assets	\$ 8,258,915	\$ 17,208,371	\$ 2,246,419	\$ 27,713,705
Liabilities				
Accounts payable and accrued expenses	\$ 50,772	\$ 4,216,966	\$ 88,506	\$ 4,356,244
Unearned revenue	2,955,490	-	-	2,955,490
Subtotal liabilities	3,006,262	4,216,966	88,506	7,311,734
Fund balances				
Current fund	5,170,059	3,853,629	790,636	9,814,324
Plant fund	82,594	9,137,776	1,367,277	10,587,647
Subtotal fund balances	5,252,653	12,991,405	2,157,913	20,401,971
Total liabilities and fund balances	\$ 8,258,915	\$ 17,208,371	\$ 2,246,419	\$ 27,713,705

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Schedule of Revenues, Expenditures, and Changes
in Current and Plant Fund Balances
Auxiliary Business Operations, Service Departments,
and Indirect Cost Support (continued)
For the Year Ended June 30, 2017
(Unaudited)

	Auxiliary Business Operations	Service Departments	Indirect Cost Support	Total
Current Fund				
Beginning current fund balances	\$ 4,107,125	\$ 6,686,603	\$ 4,540,807	\$ 15,334,535
Revenues	10,542,900	27,253,407	1,499,589	39,295,896
Expenditures	(9,503,966)	(30,086,381)	(2,364,733)	(41,955,080)
Transfers	24,000	-	(2,885,027)	(2,861,027)
Ending current fund balances	\$ 5,170,059	\$ 3,853,629	\$ 790,636	\$ 9,814,324
Plant Fund				
Beginning plant fund balances	\$ 126,000	\$ 10,030,502	\$ 947,123	\$ 11,103,625
Revenues	-	1,751,982	604,054	2,356,036
Expenditures	(43,406)	(2,644,708)	(183,900)	(2,872,014)
Ending plant fund balances	\$ 82,594	\$ 9,137,776	\$ 1,367,277	\$ 10,587,647
Total fund balances	\$ 5,252,653	\$ 12,991,405	\$ 2,157,913	\$ 20,401,971

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Balance Sheet
Auxiliary Enterprises - Debt Financed Projects
June 30, 2017
(Unaudited)

	Student Housing Public Private Partnership		Student Housing Revenue Bond Funds			Total
	Residence Halls	Residence Halls	Student Services	Recreation Facilities	Parking	
Assets						
Current fund						
Cash and cash equivalents	\$ 91,989	\$ 70,992,349	\$ 7,775,212	\$ 193,301	\$ 1,568,785	\$ 80,621,636
Accounts receivable	549,292	(144,485)	118,891	7,937	149	531,784
Inventories	-	774,614	1,217,588	-	-	1,992,202
Other assets	-	94,799	-	-	-	94,799
Due from plant fund	-	41,088,855	-	-	-	41,088,855
Subtotal Current fund	641,281	112,806,132	9,111,691	201,238	1,568,934	124,329,276
Plant fund						
Accounts receivable	-	742,223	-	-	-	742,223
Prepaid insurance	-	1,526,804	-	-	-	1,526,804
Deferred loss on refunding	-	730,585	-	-	-	730,585
Restricted cash and investments	-	26,587,123	-	-	-	26,587,123
Land, buildings & equipment	113,874,246	74,267,917	17,710,502	33,181,544	6,216,888	245,251,097
Subtotal Plant fund	113,874,246	103,854,652	17,710,502	33,181,544	6,216,888	274,837,832
Total assets	\$ 114,515,527	\$ 216,660,784	\$ 26,822,193	\$ 33,382,782	\$ 7,785,822	\$ 399,167,108
Liabilities						
Accounts payable and accrued expenses	\$ 2,566,159	\$ 2,021,260	\$ (314,559)	\$ 5,224	\$ 13,323	\$ 4,291,407
Unearned revenue	94,269	994,332	-	-	106,073	1,194,674
Subtotal Current fund	2,660,428	3,015,592	(314,559)	5,224	119,396	5,486,081
Plant fund						
Accounts payable and accrued expenses	2,310,573	3,127,328	-	-	-	5,437,901
Due to current fund	-	41,088,855	-	-	-	41,088,855
Debt	133,142,037	184,675,215	-	-	-	317,817,252
Subtotal Plant fund	135,452,610	228,891,398	-	-	-	364,344,008
Total liabilities	138,113,038	231,906,990	(314,559)	5,224	119,396	369,830,089
Fund balances						
Current fund	(2,019,147)	109,790,540	9,426,250	196,014	1,449,538	118,843,195
Plant fund	(21,578,364)	(125,036,746)	17,710,502	33,181,544	6,216,888	(89,506,176)
Total fund balances	(23,597,511)	(15,246,206)	27,136,752	33,377,558	7,666,426	29,337,019
Total liabilities and fund balances	\$ 114,515,527	\$ 216,660,784	\$ 26,822,193	\$ 33,382,782	\$ 7,785,822	\$ 399,167,108

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Schedule of Revenues, Expenditures, and Changes
in Current and Plant Fund Balances
Auxiliary Enterprises - Debt Financed Projects (continued)
For the Year Ended June 30, 2017
(Unaudited)

Schedule of Revenues, Expenditures and Changes in Current and Plant Fund Balances	Student Housing Public Private Partnership	Student Housing Revenue Bond Funds				Total
	Residence Halls	Residence Halls	Student Services	Recreation Facilities	Parking	
Current fund						
Beginning fund balances	\$ 575,764	\$ 76,280,359	\$ 8,756,916	\$ 153,615	\$ 1,136,941	\$ 86,903,595
Revenues	4,911,793	62,968,755	14,193,966	4,325,020	2,314,347	88,713,881
Expenditures	(7,506,704)	(29,458,574)	(13,524,632)	(4,282,621)	(2,001,750)	(56,774,281)
Ending current fund balances	<u>\$ (2,019,147)</u>	<u>\$ 109,790,540</u>	<u>\$ 9,426,250</u>	<u>\$ 196,014</u>	<u>\$ 1,449,538</u>	<u>\$ 118,843,195</u>
Plant fund						
Beginning fund balances	\$ (19,572,474)	\$ (90,580,166)	\$ 18,611,260	\$ 38,026,410	\$ 6,579,779	\$ (46,935,191)
Revenues	6,544,860	(16,475,856)	92,178	4,473	6,335	(9,828,010)
Expenditures	(8,550,750)	(17,980,724)	(992,936)	(4,849,339)	(369,226)	(32,742,975)
Ending plant fund balances	<u>(21,578,364)</u>	<u>(125,036,746)</u>	<u>17,710,502</u>	<u>33,181,544</u>	<u>6,216,888</u>	<u>(89,506,176)</u>
Total fund balances	<u>\$ (23,597,511)</u>	<u>\$ (15,246,206)</u>	<u>\$ 27,136,752</u>	<u>\$ 33,377,558</u>	<u>\$ 7,666,426</u>	<u>\$ 29,337,019</u>

State of Illinois
Northern Illinois University
Auxiliary Enterprises - Debt Financed Projects
Schedule of Indentured Capital Reserves
June 30, 2017
(Unaudited)

Replacement cost of buildings	\$ 796,198,973
Replacement cost of equipment	<u>50,721,546</u>
Total replacement cost of buildings and equipment	<u>\$ 846,920,519</u>
Allowable indentured capital reserves - 5 percent of total replacement cost of buildings and equipment	\$ 42,346,026
Less actual indentured capital reserve at June 30	<u>-</u>
Margin of compliance	<u>\$ 42,346,026</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."

State of Illinois
Northern Illinois University
Calculation Sheet for Current Excess Funds
Educational Activities
June 30, 2017
(Unaudited)

	Continuing Education Contract Courses	Continuing Education and Public Service	Sales and Services of Educational Activities	Student Programs and Services	Totals
1. Current available funds:					
Cash	A. \$ 4,913,725	\$ 7,888,136	\$ 7,896,074	\$ -	\$ 20,697,935
2. Working capital allowance:					
Highest month's expenditures	457,565	1,265,164	933,104	7,674,917	10,330,750
Encumbrances and current liabilities paid in lapse period	42,149	412,864	897,740	16,756,618	18,109,371
Unearned revenue	131,889	507,558	30,354	6,451,408	7,121,209
Total working capital allowance	B. 631,603	2,185,586	1,861,198	30,882,943	35,561,330
3. Current excess funds:					
Deduct B from A and enter here.	C. 4,282,122	5,702,550	6,034,876	(30,882,943)	(14,863,395)
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. (3,420,139)	(1,577,372)	(2,042,485)	(2,084,869)	(9,124,865)
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the income fund.					\$ (23,988,260)
Excess funds offset calculation					
Buildings	\$ 47,043,321	\$ -	\$ -	\$ -	\$ 47,043,321
Maximum rate	5%	5%	5%	5%	5%
Building capital offset	2,352,166	-	-	-	2,352,166
Equipment	\$ 5,339,865	\$ 7,886,860	\$ 10,212,426	\$ 10,424,345	\$ 33,863,496
Maximum rate	20%	20%	20%	20%	20%
Equipment capital offset	1,067,973	1,577,372	2,042,485	2,084,869	6,772,699
Total excess funds offset	\$ 3,420,139	\$ 1,577,372	\$ 2,042,485	\$ 2,084,869	\$ 9,124,865

State of Illinois
Northern Illinois University
Calculation Sheet for Current Excess Funds (continued)
Auxiliary Business Operations
June 30, 2017
(Unaudited)

1.	Current available funds:		
	Add:		
	Cash and cash equivalents		\$ 8,004,336
	Total current available funds	A.	8,004,336
2.	Working capital allowance:		
	Add:		
	Highest month's expenditures		4,192,923
	Encumbrances and current liabilities paid in lapse period		50,772
	Unearned revenue		<u>2,955,490</u>
	Working capital allowance	B.	<u>7,199,185</u>
3.	Current excess funds:		
	Deduct B from A and enter here	C.	805,151
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.		
	Building offset		(371,910)
	Equipment offset		<u>(155,475)</u>
	Total offset	D.	(527,385)
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.		
			<u><u>\$ 277,766</u></u>

State of Illinois
Northern Illinois University
Calculation Sheet for Current Excess Funds (continued)
Service Departments
June 30, 2017
(Unaudited)

1.	Current available funds:	
	Cash and cash equivalents	A. \$ 6,454,216
2.	Working capital allowance:	
	Highest month's expenditures	8,008,486
	Encumbrances and current liabilities paid in lapse period	4,216,966
	Unearned revenue	<u>-</u>
	Total working capital allowance	B. <u>12,225,452</u>
3.	Current excess funds:	
	Deduct B from A and enter here	C. (5,771,236)
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>(8,826,436)</u>
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<u><u>\$ (14,597,672)</u></u>

State of Illinois
Northern Illinois University
Analysis of Indirect Cost Reimbursements
Sources and Application of Indirect Cost Recoveries
For the Year Ended June 30, 2017
(Unaudited)

Balance, beginning of year	\$ 4,540,807
Sources	
Sales and services of educational activities	4,602
Other sources	554,472
Auxiliary enterprises	157,807
State appropriations - on-behalf payments	<u>782,708</u>
Total sources	1,499,589
Applications	
Research	741,808
Instruction	-
Public service	1,506
Academic support	547,987
Student services	99
Operation and maintenance of plant	126,035
Institutional support	898,141
Student aid	46,665
Loss on capital asset disposal	<u>2,492</u>
Total applications	<u>2,364,733</u>
Transfers	<u>(2,885,027)</u>
Net increase	<u>(3,750,171)</u>
Balance, end of year	<u><u>\$ 790,636</u></u>

Note 1: In fiscal year 2017, the University began allocating the State's on-behalf payment revenue and offsetting expenses to the departments benefiting from the payments. The University also expanded the number of revenue lines disclosed for added clarity.

State of Illinois
Northern Illinois University
Analysis of Indirect Cost Reimbursements (continued)
Calculation Sheet for Indirect Cost Support Carryforward
June 30, 2017
(Unaudited)

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>\$ 871,461</u>
2.	Allocated reimbursements:	
	Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$3,550,446. Enter 30 percent of this amount.	<u>1,065,134</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>355,045</u>
4.	Encumbrances and current liabilities paid in the lapse period:	
	Enter the amount of:	
	Current liabilities	88,506
	Indirect cost carryforward:	
	Enter the total of Items 2, 3, and 4	<u>1,508,685</u>
	Subtract from Item 1	(637,224)
	If a positive number results, enter here and remit for deposit in the Income Fund	<u><u>\$ (637,224)</u></u>

State of Illinois
Northern Illinois University
Cross-Reference Table of Reporting Requirements
June 30, 2017
(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, 2017, where such special data is found.

Reference Number from T. Loobey's Memorandum Dated July 25, 2000, on <u>University Guidelines</u>	Report and Page Number Where Information is Disclosed Supplementary Information for State Compliance Purposes
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State of Illinois
Northern Illinois University
University Functions and Planning Program
For the Year Ended June 30, 2017
(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

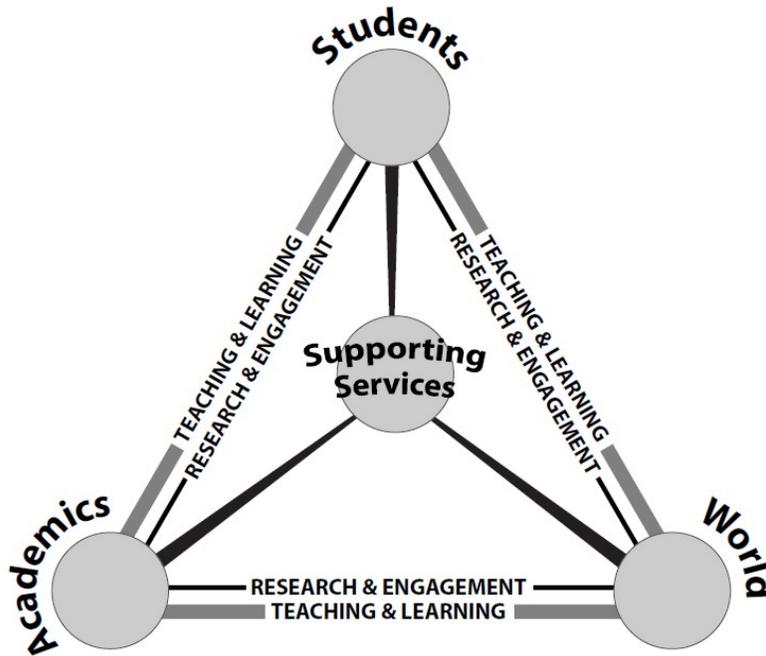
Our strategic planning process is designed to achieve an institutional norm of ongoing, aligned strategic thinking that ensures NIU's continued relevancy and leadership during a time of unprecedented change in higher education. We build on our previous planning initiatives as well as our current knowledge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

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, 2017
(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.
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.

State of Illinois
Northern Illinois University
University Functions and Planning Program (continued)
For the Year Ended June 30, 2017
(Unaudited)

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.

Program Prioritization

Northern Illinois University (NIU) initiated a systemic Program Prioritization process in the Fall of 2014 in response to a variety of factors. Leadership transitions in Fall 2014 at the positions of President, Executive Vice President and Provost, and Chief Financial Officer catalyzed institutional evaluation of the alignment of resources with institutional priorities and mission, and a commitment to strengthen that alignment. In addition, the Higher Learning Commission Site Team that completed NIU's 10-year comprehensive accreditation site visit in Spring 2014 noted weak linkage between budgets and the institutional mission, and urged the university to consider a process such as program prioritization to correct this deficit. Finally, the national and regional economic declines associated with the great recession, and continued reductions in state appropriations, created conditions that required the university to identify priorities and reallocate resources to achieve strategic balance. NIU's Board of Trustees endorsed Program Prioritization as a strategic measure to identify and direct resources in a way that will provide the most benefit for our current and future students.

Program prioritization at NIU included six distinct phases with distinct purposes: planning and launch; process development; data platform development and population; program narrative writing; task force scoring and report development; and implementation. Through these efforts, two task forces, each made up of approximately 20 members of NIU's faculty and staff, evaluated 223 academic programs and 236 administrative programs, and issued comprehensive reports that identified programs as candidates for enhanced, unchanged, or reduced resources; candidates for transformation; or candidates for review and possible phase-out. Release of these reports in May 2016 motivated campus feedback, divisional action planning, targeted cross-divisional "complex conversations" and a series of binding Presidential recommendations. All of these implementation steps are being carried out to the extent allowed by our current resource constraints.

State of Illinois
Northern Illinois University
University Functions and Planning Program (continued)
For the Year Ended June 30, 2017
(Unaudited)

As indicated above, Program Prioritization at NIU was undertaken to better align resource allocation with the University's mission and proprieties, and not as a cost-cutting exercise. However, recommendations resulting from this comprehensive, data-informed process came to play a critical role in guiding the university during the 25-month Illinois budget impasse. Notably, Illinois' failure to pass a budget resulted in a failure of the State to appropriate operating funds for higher education or the need-based grants associated with the IL Monetary Award Program. As a result, NIU received only 30% of FY15 funding for FY16, and managed through the uncertainty associated with an initial stopgap budget for FY17 that guaranteed only six months of FY17 funding. Program Prioritization's recommendations and action plans continue to guide campus decisions regarding investments, budget reductions, and program consolidation or elimination.

Location, Address, and Head of the University

Lisa C. Freeman, Acting President
Northern Illinois University
DeKalb, Illinois 60115

State of Illinois
Northern Illinois University
Analysis of Significant Lapse Period Spending
For the Years Ended June 30, 2017 and 2016
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percentage Changes</u>
General Revenue Fund - 0001 (PA 100-0021)				
Personal services	\$ 30,769,900	\$ -	\$ 30,769,900	100%+

The increase is attributed the late approval of Public Act 100 -0021 occurring days after the fiscal year ending June 30, 2017. The Act provides funding for operating costs for the fiscal year ended June 30, 2017.

Education Assistance Fund - 0007 (PA 100-0021)

Personal services	\$ 12,029,800	\$ -	\$ 12,029,800	100%+
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The increase is attributed the late approval of Public Act 100 -0021 occurring days after the fiscal year ending June 30, 2017. The Act provides funding for operating costs for the fiscal year ended June 30, 2017.

State of Illinois
Northern Illinois University
Analysis of Significant Variations in Account Balances
June 30, 2017 and 2016
(in Thousands)
(Unaudited)

Following are explanations for significant variances between asset and liability accounts reported in the Statement of Net Position in the financial audit report exceeding \$2,000,000 and 10%:

	2017	2016	Increase (Decrease)	Percent Changes	Explanation
Current Assets:					
Cash & Investments (Unrestricted)	8,401	14,076	(5,675)	-40%	The decrease is attributed to the use of cash for operations related to the timing of the State budget approval in July 2017, resulting in a corresponding decrease in non-current assets at year-end.
Noncurrent Assets:					
Cash & Investments (Unrestricted)	2,991	29,326	(26,335)	-90%	The decrease is attributed to some proceeds from investment maturities being transferred to cash rather than re-invested in order to cover operational needs during resolution of the State budget impasse at year end.
Current Liabilities:					
Accounts payable and accrued liabilities	40,317	45,420	(5,103)	-11%	The decrease is attributed to 2017 reduced expenditures at year end caused by the uncertainty with State appropriations funding.
Agency payable	6,650	4,276	2,374	56%	The increase is attributed to a 2017 change in accounting treatment of agency funds held for distribution to other agencies of the University.
Unearned tuition and fees	11,262	8,914	2,348	26%	The increase is attributed to the early timing of tuition and fee collections related to the upcoming Summer and Fall terms, compared to prior year.

Note: The current assets represent assets that will be used in current operations.

State of Illinois
Northern Illinois University
Analysis of Significant Variations in Revenues
For the Years Ended June 30, 2017 and 2016
(in Thousands)
(Unaudited)

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 \$2,000,000 and 10%:

	2017	2016	Increase (Decrease)	Percent Changes	Explanation
State appropriations - general	\$ 48,316	\$ 26,424	\$ 21,892	83%	Due to the 2016 and 2017 State Budget impasse, the University did not receive the full state appropriation. The amount received for 2017 was appropriated during FY16 lapse as an emergency stop-gap and recognized in FY17.
State appropriations - on-behalf payments	179,204	158,477	20,727	13%	Increase due to state funding for employer required contributions to CMS and SURS.
State Appropriations-Capital	6,995	1,823	5,172	284%	The increase is attributed to incremental state capital funding relative to prior year's decline in funding due to the budget impasse.

State of Illinois
Northern Illinois University
Analysis of Significant Variations in Expenses
For the Years Ended June 30, 2017 and 2016
(in Thousands)
(Unaudited)

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 \$2,000,000 and 10%:

	2017	2016	Increase (Decrease)	Percent Changes	Explanation
Public Service	\$ 26,122	\$ 23,600	\$ 2,522	11%	Increase is attributed to non-instructional services and research relating to bullying assessment, prevention and intervention funded by a federal grant.
Student services	31,039	24,514	6,525	27%	Increase is mainly attributed to increased employee benefit costs.
Institutional support	54,720	47,685	7,035	15%	Increase is attributed to expanded marketing efforts to grow enrollment, better identification of IT support expenses, and increased employee benefit costs.

State of Illinois
Northern Illinois University
Analysis of Receivables and Inventories
As of June 30, 2017 and 2016
(Unaudited)

	<u>2017</u> <u>000's</u>	<u>2016</u> <u>000's</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Changes</u>
RECEIVABLES				
Accrued interest receivable	\$ 791	\$ 998	\$ (207)	-20.7%
Accounts receivable - net				
Accounts receivable	69,191	58,109	11,082	19.1%
Less allowance for doubtful accounts	<u>(25,879)</u>	<u>(16,138)</u>	<u>(9,741)</u>	60.4%
Total Accounts receivable - net	43,312	41,971	1,341	3.2%
Appropriations receivable from state	23	42	(19)	-45.2%
Student loans receivable	7,506	7,930	(424)	-5.3%
Less allowance for doubtful accounts	<u>(39)</u>	<u>(50)</u>	<u>11</u>	-22.0%
Net student loans receivable	7,467	7,880	(413)	-5.2%
Due from component units	4,384	3,584	800	22.3%
TOTAL ACCOUNTS RECEIVABLES	<u>\$ 55,977</u>	<u>\$ 54,475</u>	<u>\$ 1,502</u>	2.8%

Note 1: The accounts receivable year over year net increase of \$1.5 million (2.8%) is mainly attributable to the following: (1) Gross accounts receivable increased \$11.1 million primarily due to untimely State appropriations of the student assistance Monetary Award Program (MAP). Fiscal year 2017 funding was approved in Q1 of fiscal year 2018 in which the University subsequently collected an applied \$19.1 million of the award to the applicable students' accounts. (2) The allowance/reserve for doubtful accounts increase of \$9.7 million due to a more robust assessment of the collectability of the over 365-day outstanding student receivables category. (3) the due from component units increased by \$800,000 primarily due to equipment transferred to the Foundation.

	<u>2017</u> <u>000's</u>	<u>2016</u> <u>000's</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Changes</u>
INVENTORIES:				
Food	\$ 666	\$ 661	\$ 5	0.8%
Books	1,193	1,761	(568)	-32.3%
Inventories for resale	872	746	126	16.9%
Commodities and supplies	186	217	(31)	-14.3%
Other miscellaneous items	<u>24</u>	<u>21</u>	<u>3</u>	14.3%
TOTAL INVENTORIES	<u>\$ 2,941</u>	<u>\$ 3,406</u>	<u>\$ (465)</u>	-13.7%

Note 2: The inventories year-over-year net decrease of \$467 thousand (13.7%) is mainly attributed to a decrease in bookstore inventories driven by an increase in online competition and declining student enrollment.

State of Illinois
Northern Illinois University
Matters Related to the Budget Impasse and Its Impact
For the Year Ended June 30, 2017
(Unaudited)

Budget Impasse Disclosure

Payment of Fiscal Year 2017 Costs in Future Fiscal Years

Article 8 of Public Act 100-0021, effective July 6, 2017, authorized the University to pay fiscal year 2017 costs using the University's fiscal year 2017 appropriations to meet its operational expenses. The following chart shows the University's plan to expend its fiscal year 2017 appropriations received during lapse period to cover its fiscal year 2017 costs:

Fund #	Fund Name	Number	Dollar Value
001	General Revenue Fund	11	\$30,769,900
007	Education Assistance Fund	4	\$12,029,800
	Totals:	15	\$42,799,700

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the University to pay Fiscal Year 2016 costs using the University's Fiscal Year 2017 appropriations for operational expenditures. The following chart shows the University's plan to expend its Fiscal Year 2017 appropriations to cover its Fiscal Year 2016 costs:

Fund #	Fund Name	Number	Dollar Value
007	Education Assistance Fund	17	\$48,158,000
	Totals:	15	\$48,158,000

Prompt Payment Interest Costs

The University did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The University's vendors were paid from funds and accounts that are ineligible for prompt payment interest due to vendors under the Act.

Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors

Transactions Involving the Illinois Finance Authority

The University and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the University's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2015, Fiscal Year 2016 and Fiscal Year 2017.

State of Illinois
Northern Illinois University
Comparative Employment Statistics
June 30, 2017 and 2016
(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, 2017:									
Appropriated funds:									
Facility/administrative	1,294.3	14.4	21.3	145.4	92.9	109.4	5.4	-	1,683.1
Civil service	231.6	10.9	8.2	141.0	61.8	160.3	179.2	-	793.0
Student employees	35.7	0.3	-	18.1	10.7	3.5	6.7	-	75.0
Miscellaneous contracts	12.0	0.6	0.3	5.1	5.5	6.3	5.7	-	35.5
	<u>1,573.6</u>	<u>26.2</u>	<u>29.8</u>	<u>309.6</u>	<u>170.9</u>	<u>279.5</u>	<u>197.0</u>	<u>-</u>	<u>2,586.6</u>
Nonappropriated funds:									
Facility/administrative	87.8	97.3	156.7	25.5	107.0	11.9	2.1	36.5	524.8
Civil service	16.1	10.9	25.1	19.5	71.7	46.6	222.7	193.4	606.0
Student employees	13.7	13.7	11.6	1.9	82.0	14.7	3.8	189.1	330.5
Miscellaneous contracts	9.7	14.9	10.5	4.0	4.3	13.5	8.8	27.8	93.5
	<u>127.3</u>	<u>136.8</u>	<u>203.9</u>	<u>50.9</u>	<u>265.0</u>	<u>86.7</u>	<u>237.4</u>	<u>446.8</u>	<u>1,554.8</u>
Total All Funds	<u>1,700.9</u>	<u>163.0</u>	<u>233.7</u>	<u>360.5</u>	<u>435.9</u>	<u>366.2</u>	<u>434.4</u>	<u>446.8</u>	<u>4,141.4</u>
Year ended June 30, 2016:									
Appropriated funds:									
Facility/administrative	1,317.3	10.6	21.3	148.8	96.7	116.8	6.6	-	1,718.1
Civil service	258.0	9.9	11.9	140.4	56.9	155.3	236.2	-	868.6
Student employees	42.9	0.3	-	20.3	10.2	3.9	10.5	-	88.1
Miscellaneous contracts	18.7	-	0.1	6.0	5.4	5.1	3.3	-	38.6
	<u>1,636.9</u>	<u>20.8</u>	<u>33.3</u>	<u>315.5</u>	<u>169.2</u>	<u>281.1</u>	<u>256.6</u>	<u>-</u>	<u>2,713.4</u>
Nonappropriated funds:									
Facility/administrative	90.0	115.4	134.2	25.2	114.2	10.7	1.5	42.0	533.2
Civil service	9.4	9.2	24.0	21.1	75.1	37.8	68.9	237.0	482.5
Student employees	26.6	12.1	11.2	1.4	101.0	8.3	0.5	189.7	350.8
Miscellaneous contracts	9.7	15.5	101.1	5.5	4.4	2.5	1.3	33.1	173.1
	<u>135.7</u>	<u>152.2</u>	<u>270.5</u>	<u>53.2</u>	<u>294.7</u>	<u>59.3</u>	<u>72.2</u>	<u>501.8</u>	<u>1,539.6</u>
Total All Funds	<u>1,772.6</u>	<u>173.0</u>	<u>303.8</u>	<u>368.7</u>	<u>463.9</u>	<u>340.4</u>	<u>328.8</u>	<u>501.8</u>	<u>4,253.0</u>

Amounts calculated by methods determined by the Illinois Board of Higher Education. Amounts are based on time actually worked. Amounts are Full-Time Equivalents. One FTE equals 1,950 hours worked in a Fiscal Year.

State of Illinois
Northern Illinois University
Annual Cost Statistics
June 30, 2017 and 2016
(Unaudited)

Following is a computation of cost per full-time equivalent student:

	<u>2017</u>	<u>2016</u>
Total education and general expenses/expenditures from current appropriated funds	\$ 48,315,575 *	\$ 26,424,075 *
Expenses/expenditures from locally held University Income Fund	<u>166,957,644</u>	<u>200,048,636</u>
Total expenses from current appropriated and locally held funds	215,273,219	226,472,711
Twelve month full-time equivalent (FTE) students	÷ <u>16,281</u> **	÷ <u>17,165</u> **
COST PER FULL-TIME EQUIVALENT STUDENT	<u>\$ 13,222</u>	<u>\$ 13,194</u>

* Amount represents direct State appropriations made to the University and does not include payments made on behalf of the University.

** This figure is the final unduplicated FTE enrollment for fiscal year (Summer, Fall, and Spring semesters) as reported to the Integrated Postsecondary Education Data System (IPEDS) using the specific federal definitions.

State of Illinois
Northern Illinois University
Emergency Purchases
For the Year Ended June 30, 2017
(Unaudited)

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

Charles J. Shepard – Actual Cost: \$22,661

A 90-day emergency purchase was issued to this vendor for the purpose of a real estate lease. This short-term award allowed the State adequate time to review the renewal of an existing lease agreement and allowed for the required 60-day advertisement of the renewal award prior to the renewal/purchase order issuance.

Urban Equity Properties LLC – Actual Cost: \$26,622

A 90-day emergency purchase was issued to this vendor for the purpose of a real estate lease. This short-term award allowed the State adequate time to review the renewal of an existing lease agreement and allowed for the required 60-day advertisement of the renewal award prior to the renewal/purchase order issuance.

State of Illinois
Northern Illinois University
Comparative Enrollment Statistics
June 30, 2017
(Unaudited)

Headcount Enrollment, All Students

<u>Fiscal Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2017	30,012	12,455	42,467
2016	27,736	9,190	36,926

Note:

1. Headcounts as of the 10th day of each semester.
 2. Graduate includes Masters, Law (JD), and Doctorate
-

Full-time Equivalent Enrollment, All Students

<u>Fiscal Year</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
2017	12,136	2,846	14,982
2016	12,649	3,063	15,712

Note:

1. Full time equivalents includes full-time plus the full-time equivalent of part-time students. The full-time equivalent of the part-time students is estimated using different factors depending on the type of student enrollment and level of student. The credit hours per semesters baseline for a full-time equivalent of the part-time student enrolled as Undergraduate is 12.0 or more; Graduate is 9.0 or more; and Law is 13.0 or more.
 2. Graduate includes Masters, Law (JD), and Doctorate.
-

Degrees Awarded

	<u>FY 2016</u>	<u>FY2015</u>
Bachelors	3,525	3,507
Masters	1,567	1,451
Law--J.D.	88	100
Doctorate	162	153
	<u>5,342</u>	<u>5,211</u>

Note:

1. FY 2016 includes Summer 2015, Fall 2015 and Spring 2016.
 2. FY 2015 includes Summer 2014, Fall 2014 and Spring 2015.
 3. FY 2017 data not available
- * Information 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, 2017
(In Thousands)
(Unaudited)

	Tuition Waivers			Fee Waivers		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
Mandatory Waivers:						
Teacher/special Education	498.8	94.9	593.7	175.5	1.1	176.6
ROTC	370.0	10.9	380.9	3.7	-	3.7
DCFS	213.3	-	213.3	31.4	-	31.4
Children of employees	578.7	-	578.7	-	-	-
Senior citizens	21.6	-	21.6	-	-	-
Veterans grants and scholarships	-	-	-	-	-	-
	2,073.5	684.0	2,757.5	401.1	222.9	624.0
Mandatory Waivers Total	3,755.9	789.8	4,545.7	611.7	224.0	835.7
Discretionary Waivers:						
Faculty/administrative	19.9	479.2	499.1	7.3	-	7.3
Civil service	227.6	233.8	461.4	66.9	-	66.9
Academic/other talent	1,605.0	2,275.6	3,880.6	-	0.1	0.1
Athletic	1,726.5	-	1,726.5	-	-	-
Gender equity in intercollegiate athletics	1,569.6	-	1,569.6	-	-	-
Foreign students	-	182.6	182.6	-	-	-
Cooperating professionals	22.4	1,002.1	1,024.5	-	-	-
Research Asst	-	2,738.2	2,738.2	-	-	-
Teaching Asst	-	5,689.1	5,689.1	-	-	-
Interinstitutional/related agencies	16.4	53.1	69.5	-	-	-
Retired University employees	9.4	22.4	31.8	3.4	-	3.4
Children of deceased employees	21.9	-	21.9	7.1	-	7.1
Student need - special programs	15.5	2.1	17.6	-	-	-
Other assistants	27.2	1,520.3	1,547.5	-	-	-
Fellowships	-	45.6	45.6	-	-	-
Contract/training grants	-	723.6	723.6	-	-	-
Discretionary Waivers Total:	5,261.4	14,967.7	20,229.1	84.7	0.1	84.8
Grand Total	9,017.3	15,757.5	24,774.8	696.4	224.1	920.5

State of Illinois
Northern Illinois University
Debt Financed by University-Related Organization
For the Year Ended June 30, 2017
(Unaudited)

The Northern Illinois University Foundation issued bonds in connection with the construction of the Jeffrey and Kimberly Yordon Center. At June 30, 2017 the amount of outstanding bonds was \$0. In August 2016, the bonds were retired. The bonds were issued at an effective interest rate of 4.66% for a 10-year period. In March 2013, the rate was renegotiated to 1.875%. A ten-year operating lease with the University secured these bonds. Lease payments were discontinued in early fiscal 2017 (August 2016).

The Northern Illinois University Foundation issued bonds in connections with the construction of the Kenneth and Ellen Chessick Practice Center. At June 30, 2017, the amount of outstanding bonds were \$1,697,083. The bonds were issued at an interest rate of 1.62% and are due March 2021. An 89-month operating lease with the University secured these bonds.

The Northern Illinois Research Foundation issued a \$200,000 note payable for the acquisition of EIGERlab. At June 30, 2017, the amount of the note outstanding was \$104,987. The note was issued at an interest rate of 4% with monthly payments to be made until December 2019.

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, 2017
(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, 2017
(Unaudited)

Contracted/rents to students/University operated	University operated
Contractor	N/A
Contract term	N/A
Amount of gross sales for Bookstore in FY 17	\$3,499,615
Amount (if any) to be paid to Bookstore for FY 17 by University	N/A
Commissions	N/A
Commission terms	N/A
Given exclusive rights	No
Competition/"other" nearby/on-campus bookstores	Yes

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 \$18,160,977 and \$13,838,060 for the years ended June 30, 2017 and June 30, 2016, 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

As a requirement of issuing certain revenue bonds, the University is subject to specific covenants. The University monitors its compliance with these covenants.

During the time period, beginning January 2012 through June 2017, the University transferred \$2,560,000 (net) from the University's Auxiliary Facilities System to the University's segregated accounts related to its Public Private Partnership with CHF-DeKalb II, LLC. During fiscal year 2018, it was determined the non-capital assets associated with the University's Auxiliary Facilities System should have been classified as restricted assets not subject to transfer for Public Private Partnership activities. As such, the associated cash within the University's financial statements were reclassified to eliminate these transfers, resulting in the return of funds to the System. These transfers were recorded in the University's financial statements as having occurred during fiscal year 2017. With consideration given to the return of the funds to the System during fiscal year 2018, the University was not in default as of June 30, 2017.

State of Illinois
Northern Illinois University
Comments on Certain Matters (continued)
For the Year Ended June 30, 2017
(Unaudited)

UNIVERSITY RELATED ORGANIZAITONS

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.
3. There are no unreimbursed subsidies between the University and its related organizations.

COMMENTS 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, 2017 is \$0. The final principal payment for \$1,305,000 was made during fiscal year 2017.
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 that commenced in 2015, for a period of eleven years. The interest is 4%-5%; the principal balance at June 30, 2017 is \$10,010,000.

State of Illinois
Northern Illinois University
Summary of Foundation Payments
To/From the University
For the Year Ended June 30, 2017
(Unaudited)

During fiscal year 2017, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University paid \$630,052 for fundraising services. Additionally, the University provided services to the Foundation valued at \$519,029. 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 2017:

Funds considered unrestricted for purposes of the Guidelines computations:

Totally unrestricted - administrative services	\$ 644,207
Restricted only as to campus, college, or department and generally available for ongoing University operations:	
Support for University programs and departments	5,172,417
Administrative and office expense	1,045,336
Provided for library books, equipment, and property and improvements	<u>77,075</u>
Total funds considered unrestricted	<u>6,939,035</u>

Funds considered restricted for purposes of the Guidelines computations:

Provided for scholarships and awards	2,670,145
Provided for library books, equipment, and property and improvements	37,857
Other restricted funds provided to the University:	
Restricted fund	1,347,403
Endowment fund	<u>665,269</u>
Total funds considered restricted	<u>4,720,674</u>

Total funds provided to the University by the Foundation	<u><u>\$ 11,659,709</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, 2017
(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 did not make any contributions during 2017. 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 2017:

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 \$ 186,429

Total funds considered unrestricted 186,429

Funds considered restricted for purposes of the Guidelines computations:

Endowment fund - provided for scholarships and awards 25,000

Total funds considered restricted 25,000

Total funds provided to the University by the Association \$ 211,429

State of Illinois
Northern Illinois University
Summary of Research Foundation Payments
To/From the University
For the Year Ended June 30, 2017
(Unaudited)

During fiscal year 2017, 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. Presented below is a summary of all funds that the Research Foundation gave to the University during fiscal year 2017:

Funds considered unrestricted for purposes of the

Guidelines computations:

Total unrestricted - administrative services	\$220,457
Support for University programs and departments	<u>891,999</u>
Total funds considered unrestricted	<u>\$1,112,456</u>

State of Illinois
Northern Illinois University
Current Unrestricted Funds - Auxiliary Enterprises -
Debt Financed Projects - Occupancy Report
of Residence Halls
For the Year Ended June 30, 2017
(Unaudited)

Student Residence Hall:	Design Capacity	Fall Semester Occupancy	Spring Semester Occupancy	Average Occupancy
Neptune Complex	1,117	611	541	576
Gilbert Hall	270	207	198	203
Northern View	240	199	170	185
Grant Towers	1,660	599	537	568
Stevenson Towers	1,280	1,132	983	1,058
New Hall	1,008	933	902	918
Total Residence Halls	5,575	3,681	3,331	3,508

Student Residence Hall:	Single	Double	Suite w/Bath	Suite w/o Bath
Neptune Complex 1, 2	12,178	9,690	N/A	N/A
Gilbert Hall 1, 2	12,020	10,776	N/A	N/A
Northern View 1, 2	N/A	9,604	N/A	N/A
Grant Towers 1, 2	12,020	10,776	N/A	N/A
Stevenson Towers 1, 2	12,020	10,776	10,776	10,776
New Hall 1, 2, 3	13,370	N/A	N/A	N/A

1. Based on 9-month occupancy.
2. Amounts include a 21 meal-per-week plan.
3. New Hall is quoted at the single rate since residents each have their own room.

State of Illinois
Northern Illinois University
Current Unrestricted Funds - Auxiliary Enterprises -
Debt Financed Projects - Insured Value Summary
For the Year Ended June 30, 2017
(Unaudited)

The University obtains its property insurance, including boiler and machinery, through the Midwestern Higher Education Compact's Master Property Program (MHEC MPP). This program provides comprehensive property coverage that is tailored specifically for college campuses while reducing cost and risk for the college's assets. 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 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.

Insured Value		
Building	Contents	Business Interruption
Total: \$ 616,533,350	\$ 39,353,604	\$ 48,319,921



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.