

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, 2018

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



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CONSULTING**

State of Illinois
Northern Illinois University
Compliance Examination
For the Year Ended June 30, 2018

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UNIVERSITY OFFICIALS

Acting President (July 1, 2017 through September 19, 2018) President (from September 20, 2018)	Dr. Lisa C. Freeman
Acting Executive Vice President and Provost	Christopher McCord
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 (through January 7, 2018) Associate Vice President for Finance and Budget (January 8, 2018 through April 27, 2018)	Lawrence Pinkelton
Vice President for Research and Innovation Partnerships	Gerald Blazey
Acting Vice President and General Counsel	Gregory A. Brady
Vice President for Enrollment Management, Marketing and Communications	Sol Jensen
Vice President for Outreach, Engagement, and Regional Development	Anne C. Kaplan
Vice President for University Advancement	Catherine Squires
Director of Internal Audit	Danielle Schultz

Financial Staff

Controller (through April 30, 2018) Acting Associate Vice President for Finance and Treasury (May 1, 2018 – July 31, 2018) Associate Vice President for Finance and Treasury (from August 1, 2018)	Shyree Sanan
Deputy Controller (through April 30, 2018) Acting Controller (May 1, 2018 through July 27, 2018)	Raul Garcia
Financial Reporting Manager (from May 1, 2018)	Kathy Marshall

NIU Office is located at:

300 Altgeld Hall
DeKalb, Illinois 60115



NORTHERN ILLINOIS UNIVERSITY

**Division of Administration
and Finance**

March 15, 2019

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, 2018. Based on this evaluation, we assert that during the year ended June 30, 2018, 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
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
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For the Year Ended June 30, 2018

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

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

SUMMARY OF FINDINGS

Number of	Current report	Prior report
Findings	13	14
Repeated findings	7	5
Prior recommendations implemented or not repeated	7	7

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FINDINGS (GOVERNMENT AUDITING STANDARDS)

Item No.	Page	Description	Finding Type
2018-001	16	Financial Reporting Process	Material weakness
2018-002	20	Untimely Cash Reconciliations	Significant deficiency

FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)

2018-003	21	Enrollment Status Reporting	Noncompliance and significant deficiency
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State of Illinois
Northern Illinois University
Compliance Examination
For the Year Ended June 30, 2018

COMPLIANCE REPORT (continued)

SUMMARY (continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FINDINGS (STATE COMPLIANCE)

Item No.	Page	Description	Finding Type
2018-004	22	Inadequate Internal Controls over Contracts	Noncompliance and significant deficiency
2018-005	25	Failure to Submit Proper Time Reporting	Noncompliance and significant deficiency
2018-006	26	Noncompliance with Campus Security Enhancement Act of 2008	Noncompliance and significant deficiency
2018-007	27	Lack of Annual Performance Reviews	Noncompliance and significant deficiency
2018-008	28	Inadequate Controls Over I-9 Forms	Noncompliance and significant deficiency
2018-009	29	Noncompliance with Tuition and Fee Waiver Requirements	Noncompliance and significant deficiency
2018-010	31	Noncompliance with the Reporting Requirements over Capital Projects	Noncompliance and significant deficiency
2018-011	33	Subsidies between Accounting Entities	Noncompliance and significant deficiency
2018-012	34	Inadequate Controls over Property and Equipment	Noncompliance and significant deficiency
2018-013	36	Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems	Noncompliance and significant deficiency

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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
2018-001	16	Financial Reporting Process	Material weakness and material noncompliance
2018-002	20	Untimely Cash Reconciliations	Noncompliance and significant deficiency

PRIOR FINDINGS NOT REPEATED

Item No.	Page	Description
A	37	Inadequate Controls over Reporting Restricted Accounts
B	37	Noncompliance with Debt Covenants
C	37	Return of Title IV Funds Errors
D	37	Outstanding Refund Checks
E	38	Noncompliance with the Higher Education Veterans Service Act
F	38	Inadequate Procedures over Maintenance of the Accounts Payable Master Vendor File
G	38	Noncompliance with Open Meetings Act

EXIT CONFERENCE

In correspondence received from Shyree Sanan, Associate Vice President for Finance and Treasury, on March 5, 2019, the University elected to waive a formal exit conference. The responses to the recommendations were provided by Ms. Sanan, on March 14, 2019.



**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, 2018. 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 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.

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

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 item 2018-001 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 material 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, 2018. 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 2018-002, and 2018-004 through 2018-013.

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 the University's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

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

internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-004 through 2018-013 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 result 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 aggregate discretely presented component units of Northern Illinois University as of and for the year ended June 30, 2018 and have issued our report thereon dated February 13, 2019. Our report was modified to include a reference to other auditors and to include an emphasis of matter paragraphs. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprises Northern Illinois University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to February 13, 2019. The accompanying supplementary information for the year ended June 30, 2018 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 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, 2018 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, 2018.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Northern Illinois University's basic financial statements as of and for the year ended June 30, 2017, and have issued our report thereon dated February 26, 2018, which contained unmodified opinions on the respective financial statements. The accompany supplementary information for the year ended June 30, 2017, 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, 2017 financial statements. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 2, 3, 5, and 6 has been subjected to the auditing procedures applied in the audit of the June 30, 2017 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2017 in Schedules 2, 3, 5, and 6 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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CliftonLarsonAllen LLP

Oak Brook, Illinois
March 15, 2019, except for our report on the Supplementary Information
for State Compliance Purposes, as to which the date is February 13, 2019



**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 (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, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 13, 2019.

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. The financial statements of the Northern Illinois University Foundation and the Northern Illinois University Alumni Association (discretely presented component units) were not audited in accordance with Government Auditing Standards.

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 a material weakness and a significant deficiency.

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

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 deficiency described in the accompanying schedule as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2018-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Northern Illinois University's Response to Findings

The University's 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.

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CliftonLarsonAllen LLP

Oak Brook, Illinois
February 13, 2019



**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**

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 (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2018. The 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 the 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 the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit 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). Those standards and 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 the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northern Illinois University's compliance.

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

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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-003. Our opinion on each major federal program is not modified with respect to this matter.

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

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 the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be a significant deficiency.

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

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

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, 2018, 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 13, 2019. Our report was modified to include a reference to other auditors and to include an emphasis of matter paragraph. Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprises Northern Illinois University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent February 13, 2019. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
March 15, 2019, except for the Schedule of Expenditures
of Federal Awards, as to which the date is February 13, 2019

State of Illinois
Northern Illinois University
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements

audited were prepared in accordance with GAAP: 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? _____ Yes _____ X _____ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes _____ X _____ No
- Significant deficiency(ies) identified that are not considered to be material weakness? _____ X _____ Yes _____ No

Type of auditors' report issued on compliance

for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 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
84.010	Title 1 Grants to Local Education Agencies

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, 2018

Finding 2018-001 - 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 Capital Asset Recognition and Reporting

During testing over the University's balance of construction project expenditures capitalized as construction-in-progress as of June 30, 2018 (totaling \$57,908,960 prior to any audit adjustments), we noted six projects, totaling \$9,098,946, which were completed and placed in-service, but not appropriately transferred to a depreciable asset. It was determined that each of these projects were completed during the fiscal years ended June 30, 2013, 2014, or 2015.

The results of these errors in the University's financial records as of June 30, 2018 were as follows (amounts rounded to 000's):

- Overstatement of capital assets, construction-in-progress totaling \$9,099,000
- Understatement of capital assets, buildings totaling \$7,714,000
- Understatement of capital assets, land improvements totaling \$1,223,000
- Overstatement of net position, unrestricted totaling \$162,000
- Understatement of accumulated depreciation totaling \$1,548,000
- Overstatement of net position, net investment in capital assets totaling \$1,548,000

The University recorded an audit adjustment to correct this matter in the financial statements as of and for the year ended June 30, 2018.

The errors noted above also understated depreciation expense in prior year financial statements for the years ended June 30, 2013 through 2017. The result of these errors is an overstatement of opening net position as of July 1, 2017 totaling \$1,102,000. The University did not record an audit adjustment to correct this matter in its fiscal year 2018 financial statements as it was not considered to be material to the users of the financial statements.

Accounting principles generally accepted in the United States of America require entities to begin depreciating capital assets when they are ready for their intended use and placed in service.

During the fiscal year 2018 audit, University officials made us aware of an asset impairment totaling \$1,396,000, recognized in the University's financial statements for the fiscal year ending June 30, 2018. Although the University appropriately identified a residence hall (Lincoln Hall) in need of an impairment analysis, an impairment trigger occurred during fiscal year 2014, which should have prompted the University to perform an impairment test at that time.

State of Illinois
Northern Illinois University
Current Findings – Government Auditing Standards
For the Year Ended June 30, 2018

Finding 2018-001 - Financial Reporting Process (continued)

An internal memo regarding the future use of Lincoln Hall was issued in August 2013 by University management stating that academic and academic-related services would be relocated to other campus facilities beginning with the 2013-2014 academic year because the Lincoln Hall facilities are dated and demand for housing is significantly less than other residential options.

The result of this error is a likely understatement of accumulated depreciation and an overstatement of net position in the University's fiscal year 2014 financial statements. The result of this error is a likely overstatement of opening net position as of July 1, 2017 totaling \$1,396,000. The University did not record an audit adjustment to correct this matter in its fiscal year 2018 financial statements as it was not considered to be material to the users of the financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, paragraph 5, defines asset impairment as a significant, unexpected decline in the service utility of a capital asset. Governments generally hold capital assets because of the services the capital asset provide; consequently, capital asset impairments affect the service utility of the assets. Further, GASB Statement No. 42, paragraph 10, states a change in demand for the services of a capital asset associated with a change in the manner or expected duration of use of a capital asset should be tested for impairment.

Effective internal controls should include procedures to ensure timely identification and evaluation of impairment triggers.

II. Errors and Deficiencies Related to Inter-Entity Transactions

During testing over the University's implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (OPEB)*, specifically as to whether the Northern Illinois University Foundation (the Foundation), the Northern Illinois University Alumni Association (the Alumni Association), and the Northern Illinois Research Foundation (the Research Foundation) (collectively, the University Related Organizations, or UROs) should be allocated a portion of the University's share of its net OPEB liability, it was determined that the UROs, discretely presented component units of the University, were not preparing their financial statements under the appropriate financial reporting framework.

The UROs, non-profit corporations and separate legal entities from the University, do not meet the definition of a governmental entity under accounting principles generally accepted in the United States of America and should prepare their financial statements in accordance with financial reporting standards issued by the Financial Accounting Standards Board (FASB). Historically, the UROs have prepared their financial statements in accordance with financial reporting standards issued by GASB. The Foundation and the Alumni Association changed their financial reporting framework and prepared financial statements in accordance with financial reporting standards issued by FASB for the year ended June 30, 2018, for inclusion in the University's financial statements as discretely presented component units. The Research Foundation chose to continue presentation of their financial statements in accordance with financial reporting standards issued by GASB.

State of Illinois
Northern Illinois University
Current Findings – Government Auditing Standards
For the Year Ended June 30, 2018

Finding 2018-001 - Financial Reporting Process (continued)

During the Foundation's process to convert its financial records to accommodate the change in its financial reporting framework, the Foundation identified 24 gift accounts with gift dates occurring from 1983 through 2018 totaling \$3,347,000 previously considered to be resources owned by the Foundation and included in its net assets, which should have been reported as resources owned by the University and included in the University's net position. The Foundation recorded audit adjustments to recognize a liability for the resources owned by the University in the gift accounts mentioned above.

The results of this error in the University's financial records as of June 30, 2018 were as follows (amounts rounded to 000s):

- Understatement of due from component units totaling \$3,347,000
- Understatement of net position (beginning balance) totaling \$3,093,000
- Understatement of private gifts, grants, and contracts totaling \$248,000
- Understatement of non-operating revenues totaling \$115,000
- Understatement of operating expenses totaling \$109,000

The University recorded an audit adjustment to correct this matter in the financial statements as of and for the year ended June 30, 2018.

Effective internal controls should include procedures to ensure gifts and other resources are allocated to the appropriate components of the financial reporting entity.

III. Errors and Deficiencies Related to Revenue Recognition

During testing over the University's process to estimate its allowance for doubtful student accounts and implementation of corrective actions related to a prior year finding, we noted the University has not fully implemented planned corrective actions over this area.

During the prior year audit, we noted the University's process to estimate its allowance for doubtful student accounts included assumptions over collection rates that had been used and unchanged since fiscal year 2009, and were not considered reasonable given the conditions noted during the prior year audit. An audit adjustment totaling \$8.5 million was proposed and recorded for the fiscal year ended June 30, 2017.

The University's corrective action plan related to the prior year condition was to utilize the accounts receivable analysis developed during the prior year audit and to perform collections analysis to determine if an adjustment to its allowance for doubtful student accounts is necessary.

State of Illinois
Northern Illinois University
Current Findings – Government Auditing Standards
For the Year Ended June 30, 2018

Finding 2018-001 - Financial Reporting Process (continued)

We noted that the University did update their overall estimate for its allowance for doubtful student accounts; specifically, the University updated percentages applied to its aging buckets (Current: 1%; 1-180 days past due: 45%; 181-364 days past due: 75%; 365+ days past due: 80%). We also noted the University did contract with a consultant to assist with analyzing collections. The University, however, was unable to complete its analysis over collection trends to support its current allowance estimate for doubtful student accounts for the preparation of its fiscal year 2018 financial statements. No audit adjustments were proposed in relation to the University's estimate for its allowance for doubtful student accounts reported in its statement of net position as of June 30, 2018.

Effective internal controls should include procedures to ensure estimates made during the preparation of the financial statements are supported by relevant and reliable assumptions.

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 related to capital asset recognition and reporting were the result of insufficient communications between project managers and financial accounting personnel regarding the status of capital projects due to employee retirements and turnover. The errors related to inter-entity transactions were the result of insufficient oversight by employees during the gift agreement review process. The deficiency related to revenue recognition was the result of insufficient time and University resources, which did not allow the University to finalize its collections analysis prior to preparation of the fiscal year 2018 financial statements.

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. 2018-001, 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 accounting principles generally accepted in the United States of America.

University Response

Accepted. Management has conducted a comprehensive review of each component of this finding and has taken corrective action to redesign related business practices and processes to continue improving its controls over financial reporting.

State of Illinois
Northern Illinois University
Current Findings – Government Auditing Standards
For the Year Ended June 30, 2018

Finding 2018-002 - 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, 2018.

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 noted cash reconciliations were being completed and reviewed between 1 to 3 months after the close of the monthly general ledger for the period of July through December 2017.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system or systems of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and 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 include timely preparation and review of cash account reconciliations.

University officials stated that delays in the preparation and review of cash reconciliations were due to employee turnover and training of a new hire during the first half of the fiscal year.

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. 2018-002, 2017-004)

Recommendation

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

University Response

Accepted. During the first half of fiscal year 2018, the University implemented corrective action by finalizing critical hires and providing staff training to level workloads. This action is expected to yield an enhancement to the quality and timeliness of the work product.

State of Illinois
Northern Illinois University
Current Findings – Federal Compliance
For the Year Ended June 30, 2018

Finding 2018-003 - Enrollment Status Reporting

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 (\$142,612,909)

Award Numbers: Various

Questioned Costs: None

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 3 of 25 students whose enrollment status was not reported timely to the National Student Loan Data System (NSLDS). The enrollment status changes were submitted between 70 and 80 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.

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 the errors identified were a result of a misinterpretation of attendance dates for the individual students which led to a delay in reporting enrollment status change to NSLDS.

If the NSLDS system is not updated timely with correct enrollment status this can cause students to not properly enter the repayment period. (Finding Code No. 2018-003, 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

Accepted. The University has initiated corrective actions to revise its current processes and reporting schedule for enrollment reporting to ensure all reporting timeframes are met.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-004 - 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 the year ending June 30, 2018, we noted the following:

- Two (2) contracts (5%) were missing one or more of the below certifications/clauses:
 - Appropriation Contingency Clause
 - Bribery Act Certification
 - Drug Free Workplace Act Certification
 - Environment Protection Act Certification
 - Felons Act Certification
 - Prohibited Bidders and Contractors Certification
 - Illinois Use Tax Certification
 - International Anti-Boycott Certification
 - Access to & Right to Audit Records Clause
 - State Board of Elections Certification
 - Contractor's/Lessor's Federal taxpayer Identification Number and Legal Status Disclosure Certification
 - Child Labor Act Certification
 - Forced Labor Act Certification
 - Domestic Products Certification
 - Conflict of Interest Certifications
 - Transportation Sustainability Procurement Program Act

- Three (3) contracts (8%) in which the University obtained the required certifications after contract approval. The certifications were obtained between 10 and 283 days after the contracts were executed.
- Ten (10) contracts (25%) with a total value of \$4,046,637 were not approved prior to goods or services being provided. These contracts were executed between 14 and 302 days after the commencement of services or the receipt of the goods.
- Five (5) contracts (13%) totaling approximately \$1,620,890 contained contract obligation documents that were not filed within 30 days of execution of the contract. The contract obligation documents were filed between 4 to 22 days late.
- Two (2) contracts (5%) totaling approximately \$59,300 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. The contract obligation documents were not filed as of June 30, 2018.
- Two (2) contracts of 20 contracts (10%) in our sample of 40 with a total value of \$165,290 did not contain the Financial/Conflict of Interest Disclosure prior to the approval of contract. Late disclosures were obtained between 1 and 6 days late.
- One (1) contract (3%) totaling approximately \$31,395 lacked proper approval from management based on the threshold amount.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-004 - Inadequate Internal Controls over Contracts (continued)

During our review of 3 contracts over \$3 million for the year ending June 30, 2018, we noted the following:

- One (1) contract (33%) with a total value of \$4,182,430, in which the contract obligation document was not submitted within 30 days of the contract execution. The contract obligation document was filed 13 days late.

During our review of 2 real property lease contracts for the year ending June 30, 2018, we noted the following:

- One (1) contract (50%) with a total obligation of \$247,650, lacked the Real Estate Disclosure Statement.

During our testing over 225 expenditures totaling \$210,629, we noted the following:

- One (1) purchase order (with an obligation amount of \$27,500) associated with 1 expenditure (totaling \$11) did not receive the appropriate level of approval.
- Twelve (12) expenditures (totaling \$13,361) in which the purchase order (with a total obligation amount \$260,586) were not properly approved prior the expenditures being incurred.
- Five purchase orders (with a total obligation amount of \$7,881) associated with five (5) expenditures (totaling \$2,302) had a buyer that was not authorized as there was no signature card for the buyer on file with the Comptroller's Office.

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.

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.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-004 - Inadequate Internal Controls over Contracts (continued)

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. Effective internal controls should ensure that contracts and leases have all of the required certifications and disclosures, contracts are executed prior to the receipt of goods and services, approvals for expenditures are obtained where required and that the University ensure compliance with State laws and regulations and University policies and procedures.

University officials stated that the errors and deficiencies noted above were due to several factors: a) the lack of financial disclosures and certifications was due to an employee oversight; b) resource availability contributed to contract obligation document delays and oversight, along with approval date discrepancies identified during the audit review; c) departments/divisions did not follow University policies and procedures to ensure services/deliveries were not received prior to issuance of contracts; d) Real Estate Disclosure Statement was due to an employee retirement and transition of workflow responsibilities; and e) late submission of signature card has been corrected to eliminate expenditures deemed unauthorized.

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 results noncompliance with State regulations. 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 and/or real estate disclosure statements could result in the University procuring goods or services at a higher rate than would have been otherwise paid. (Finding Code No. 2018-004, 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 and leases complete and properly approved prior to performance. We also recommend the University adhere to State laws, regulations, and University policies and procedures.

University Response

Accepted. The University has conducted a comprehensive review of each component of this finding and continues to implement corrective actions designed to ensure contracts and leases are complete and properly approved prior to performance, and adheres to State laws, regulations and University policies and procedures. When campus departments receive goods or services for a single contract prior to the contract being fully executed, it creates noncompliance in several of the different noted areas. The University will take the following steps: (1) continue to educate campus departments through direct communications, training, reminders, and Procurement Services' website, to mitigate performance prior to purchase order; (2) refill critical Procurement Services' positions to provide the necessary campus communication, training, reminders, and timely filing of documents; (3) meet with auditors prior to next audit cycle to understand testing criteria for various contract dates and other required elements.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-005 - 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 54 payroll transactions, we noted 22 employees (19 faculty and 3 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. Effective internal controls should ensure compliance with the Act.

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. 2018-005, 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

Accepted. The University continues to engage in 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, 2018

Finding 2018-006 - Noncompliance with Campus Security Enhancement Act of 2008

Northern Illinois University (the University) did not have adequate controls in place to ensure that required criminal background investigations were conducted prior to employment for those employees hired for security sensitive positions.

During our testing over the hiring of 25 employees in security sensitive positions, we noted the following:

- Three (3) employees were hired prior to the completion of the criminal background investigation. These background investigations were performed between 2 and 13 days after the employee was hired.
- One (1) employee has not had a criminal background check performed at all since their date of hire.

The Campus Security Enhancement Act of 2008 (Act) (110 ILCS 12/5) requires that each public institution of higher education shall, through written policy and procedures, identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.

Additionally, University policy states no offer of employment may be extended to a candidate prior to completion of the pre-employment criminal background investigation and approval by Human Resource 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. Effective internal controls should include procedures to ensure that all employees hired for security sensitive positions have a completed criminal background investigation prior to their employment with the University in accordance with the Act and University policies.

University officials stated the responsible departments did not follow the requirements of the Act and Human Resource Service policies and procedures.

Failure to obtain the required criminal background investigations prior to the employment of individuals in security sensitive positions results in noncompliance with the Act and University policy and may result in the University allowing access to security sensitive information to individuals who otherwise should not be trusted. (Finding Code No. 2018-006)

Recommendation

We recommend the University comply with the requirements of the Act and existing University policies and procedures.

University Response

Accepted. The University implemented policy in 2011 that designated all positions to be security sensitive requiring a background check. The University will update its policy to appropriately designate security sensitive positions, as required in the Campus Security Enhancement Act of 2008. The one employee noted as not having a criminal background check performed is a graduate assistant initially hired in 2014. The University took immediate action and has performed a background check for this employee.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-007 - Lack of Annual Performance Reviews

Northern Illinois University (the University) did not conduct annual performance reviews for all its employees.

During our testing of 75 employees we noted 14 employees (19%) that did not have an annual evaluation during the year.

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. Effective internal controls would ensure that all employees receive an evaluation on an annual basis.

University officials stated these evaluations were not completed timely due to management turnover, shortage of staff, and competing priorities campus-wide.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as the foundation for salary adjustments, promotion, demotion, discharge, recall, and reinstatement decisions. (Finding Code No. 2018-007)

Recommendation

We recommend the University take appropriate measures to ensure employee performance reviews are conducted annually.

University Response

Accepted. The University will place additional resources on reminding supervisors to conduct and submit performance evaluations timely.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-008 - Inadequate Controls Over I-9 Forms

Northern Illinois University (the University) has not established adequate controls over the completion of I-9 forms for employees hired by the University.

During our review of fifty (50) employees I-9 forms, we noted the following:

- Seventeen (17) I-9 forms (34%) in which the employee's hire date was not documented.
- Seven (7) I-9 forms (14%) where the University did not timely perform the verification of the employee's eligibility.
- Five (5) I-9 forms (10%) in which the employee did not complete section 1 on or before the hire date.
- Two (2) I-9 forms (4%) in which the University failed to date their verification of the employee's eligibility.
- One (1) I-9 form (2%) in which the date of hire did not agree to the employee's personnel file.

U.S. Citizenship and Immigration Services (USCIS) instructions for Form I-9 require Section 1 be completed no later than the first day of employment. After completing Section 1, the employee is to sign their name and document the date signed. Employers are to examine evidence of identity and employment authorization within 3 business days of the employee's first day of employment. The employer is to document the hire date and their signature and date of their review in Section 2 of the I-9 form.

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. Effective internal controls should ensure that the forms are properly completed and adequately reviewed.

University officials stated the hiring process is decentralized with the exception of civil service employees. The exceptions noted within this finding are the result of the various hiring departments not following University procedures.

The failure to properly complete I-9 forms results in a violation of USCIS requirements and could expose the University to penalties. (Finding Code No. 2018- 008)

Recommendation

We recommend the University enhance their controls over the process for preparing and reviewing the I-9 Forms to ensure compliance with USCIS requirements.

University Response

Accepted. The University has reviewed each component of this finding and has initiated corrective action to educate and establish training sessions for hiring departments on how to complete the I-9 forms.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-009 - Noncompliance with Tuition and Fee Waiver Requirements

Northern Illinois University (the University) did not comply with certain statutory and regulatory requirements regarding the administration of tuition and fee waiver programs.

During testing over the University's compliance with various statutory and regulatory requirements pertaining to the administration of tuition and fee waiver programs, we noted the following:

- The University granted \$1,797,000 in tuition waivers for the purpose of attaining gender equity in intercollegiate athletics during the year ended June 30, 2018. This amount (\$1,797,000), exceeded the 1% limit (\$1,508,000) of all tuition income (\$150,780,000) by \$289,000. The Board of Higher Education Act (110 ILCS 205/9.24) requires the amount of tuition waivers granted for the purpose of attaining gender equity in intercollegiate athletics not to exceed 1% of all tuition income.
- The University did not establish written policies governing the cutoff of tuition and fee waiver adjustments as of August 31 following the close of the fiscal year. University officials stated cutoff for tuition and fee waiver adjustments occurs at June 30 with any adjustments occurring in the subsequent fiscal year. The Illinois Administrative Code (23 Ill. Admin Code 1075.400) requires public universities to establish a cutoff date of August 31 to facilitate fiscal year waiver reporting. Adjustments made after the cutoff date will be allocated to the following fiscal year. Public universities will develop appropriate written procedures to implement the cutoff date.
- The University did not establish written procedures designed to provide assurance the total amount of budgeted and expended tuition and fee waivers are fully disclosed to the University's Board of Trustees. University officials provided handwritten notes used by an employee to ensure information is disclosed to the University's Board of Trustees in the required timeframe. The Illinois Administrative Code (23 Ill. Admin Code 1075.600) requires public universities to develop written procedures to assure that the total amount of budgeted tuition and fee waivers and the amount of expended tuition and fee waivers, by type, academic or administrative unit, and instructional level, are fully disclosed to the university's board of trustees.
- Mandatory waivers are included in the Illinois Board of Higher Education (IBHE) formatted report submitted to IBHE and the General Assembly. However, 3 mandatory waivers were not included in the University's Listing of Waiver Policies Reviewed and Approved within the University's narrative submission to IBHE on September 14, 2018: Illinois Veteran Grants, Illinois National Guard Grants, and MIA/POW Scholarships. The Illinois Administrative Code (23 Ill. Admin Code 1075.600) requires public universities to adopt an official list of waiver programs in which the university has chosen to participate. Allowable waiver programs include only those in accordance with Section 1075.500. The Illinois Administrative Code (23 Ill. Admin Code 1075.500) includes Illinois Veteran Grants, Illinois National Guard Grants, and MIA/POW Scholarships as 'Mandatory Waivers.'

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-009 - Noncompliance with Tuition and Fee Waiver Requirements (continued)

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 internal fiscal and administrative controls. Effective internal controls should include procedures to ensure compliance with applicable statutory and regulatory requirements.

University officials stated the conditions noted were due to a combination of employee turnover, shortage of staff, and lack of written policies and procedures.

Inadequate and ineffective internal controls resulted in noncompliance with statutory and regulatory requirements. (Finding Code No. 2018-009)

Recommendation

We recommend the University adopt written procedures and establish internal controls to ensure compliance with applicable statutory and regulatory requirements.

University Response

Accepted. The University has conducted a comprehensive review of each component of this finding and has initiated corrective action to refill critical positions, and document written policies and procedures. The University has taken action to update its formatted waiver report to include mandatory waivers.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-010 - Noncompliance with the Reporting Requirements over Capital Projects

Northern Illinois University (the University) did not meet all of the reporting and documentation requirements of its non-instructional capital projects submitted to the Illinois Board of Higher Education (IBHE) for approval.

During our review of construction or capital projects exceeding \$2 million, we noted the University had 3 active projects during the year ended June 30, 2018. State-supported institutions are required to submit a 'Notice of Intent' and 'Request for Approval' for all 'Non-instructional Capital Projects' if the total cost of the project as approved by the institution's board of control is in excess of \$2 million. Each project was approved by the IBHE.

During our testing of the documentation and reporting related to these 3 projects, we noted the following:

- The 'Notice for Intent' for 1 project was not filed with IBHE immediately after the University's Board of Trustees approved the project; the University's Board of Trustees approved the project on June 15, 2017 and the Notice of Intent was filed with IBHE on January 26, 2018 (225 days later). The Illinois Administrative Code (23 Ill. Admin Code 1040.21) requires any State-supported institution to complete a notice of intent form and submit it to the IBHE immediately after the Governing Board takes official action to authorize the planning or financing of a non-instructional capital project.
- The 'Request of Approval' submitted by the University to IBHE for 2 projects did not include information describing the assignable square feet to be remodeled by room use classification. The Illinois Administrative Code (23 Ill. Admin Code 1040.22(a)(2)) requires all requests for approval to contain quantified information, including the assignable square feet to be remodeled by room use classifications.
- The 'Request for Approval' submitted by the University to IBHE for 2 projects did not include sufficient detail regarding the description of the allocation of completed space, by type. The Illinois Administrative Code (23 Ill. Admin Code 1040.22(a)(5)) requires all requests for approval to contain a description of the allocation of completed space, by type, using classifications identified in the Postsecondary Education Facilities Inventory and Classification Manual (FICM).
- The 'Request for Approval' submitted by the University to IBHE for 3 projects did not include sufficient detail regarding project cost allocation and cost per square foot, including date and source of cost estimates, and whether cost per square foot exceeds industry averages. The Illinois Administrative Code (23 Ill. Admin Code 1040.22(c)(1)) requires all requests for approval to provide the total project cost allocated by major component, including land acquisition, building, remodeling, renovation, planning and design, utilities, equipment purchase, and financing.
- The 'Request for Approval' submitted by the University to IBHE for 2 projects did not include sufficient detail regarding projected annual revenues and/or expenses. The Illinois Administrative Code (23 Ill. Admin Code 1040.22(c)(5)) requires all requests for approval to provide a summary of projected annual revenues and expenses for the programs that will be housed in the space completed by the project.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-010 - Noncompliance with the Reporting Requirements over Capital Projects (continued)

- The ‘Request for Approval’ submitted by the University to IBHE for 3 projects was not accompanied with copies of the minutes supporting University Board of Trustee project approvals. The Illinois Administrative Code (23 Ill. Admin Code 1040.22(d)(2)) requires all requests for approval to provide a copy of the governing board’s resolutions and minutes reflecting approval of the project scope, project financing, including total project cost, and source of funds. Documentation should reflect approval dates.

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 internal fiscal and administrative controls. Effective internal controls should include procedures to ensure timely and complete submissions in accordance the Illinois Administrative Code.

University officials stated there were insufficient project management employees during the preparation and submission of these project requests to the Illinois Board of Higher Education to ensure all data requirements were appropriately considered.

Untimely and insufficient details in submissions to oversight agencies diminishes that agency’s ability to make informed decisions and manage State resources effectively. (Finding Code No. 2018-010)

Recommendation

We recommend the University establish internal controls to ensure timely and complete submissions to the Illinois Board of Higher Education.

University Response

Accepted. The University has conducted a comprehensive review of each component of this finding and will initiate the following actions: 1) Review the details of the administrative code with appropriate personnel to ensure full awareness of the subjective submission timelines and financial details required for project documentation; and 2) Plan for project documentation submissions to occur as soon as practical after obtaining NIU Board approval on applicable projects.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-011 - Subsidies between Accounting Entities

Northern Illinois University (the University) had subsidies between accounting entities during the current fiscal year.

During our testing of the University Guidelines, we noted the “Student Programs and Services” had negative cash balances (a negative cash balance is in effect an unbooked interfund payable/receivable), along with negative current funds balances at the beginning and the end of the fiscal year, thereby causing a subsidy between funds to occur.

The University Guidelines (Chapter III, Section D, Part 1) state: “there shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables, outstanding for more than one year.”

University officials stated the Student Programs and Services activity was in a subsidy position for the first time last year due to the lingering impacts of a two-year budget impasse and declining enrollment.

The subsidy between accounting entities is a violation of the University Guidelines. (Finding Code No. 2018- 011)

Recommendation

We recommend the University review the activities of the accounting entities and ensure fees charged for services are sufficient to cover expenditures and ensure subsidies between accounting entities do not occur.

University Response

Accepted. The Student Programs and Services activity was in a subsidy position for the first time last year. The University has initiated a plan to balance revenues and expenses of this activity; however, due to the lingering impacts of a two-year budget impasse and declining enrollment, the plan requires longer than the University Guidelines allowable one year timeframe for subsidies.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-012 – 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, 2017, which was submitted to the Illinois Department of Central Management Services (DCMS). The inventory certification to DCMS reported 272 items (\$268,788) of equipment that could not be located by the University. These assets were acquired by the University during prior fiscal years. Included in this listing were approximately 272 chairs, sofas, computers, servers, CPUs, or other electronic storage devices.

Also, during our equipment observation, we noted the following:

- One (1) sofa located in Lincoln Hall, was damaged and obsolete. In addition to the one (1) sofa noted, Lincoln Hall currently contains other damaged and obsolete inventory due to mold that has not been completely removed from the building. As reported in Finding 2018-001, an internal memo regarding the future use of Lincoln Hall was issued in August 2013 by University management stating that academic and academic-related services would be relocated to other campus facilities beginning with the 2013-2014 academic year because the Lincoln Hall facilities are dated and demand for housing is significantly less than other residential options. During 2018, University management made the decision to discontinue routine maintenance to Lincoln Hall.
- One (1) inventory item (monitor flat panel) with a value of \$600 on the University's listing could not be located on campus.

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 Illinois Administration Code (44 Ill. Admin Code 5000.770) requires a complete inventory of all equipment of a facility scheduled for closure to be taken by the operating agency six (6) months prior to the scheduled date of closure. An inventory of the facility shall be taken again by the operating agency as close as possible to the date of closure. All changes in inventory, including transfers and deletion, shall be accounted for with sufficient documentation to support the action. Failure to make such inventory shall constitute a lack of proper and orderly shutdown as required by the code.

NIU's Surplus or Scrap Equipment Policy states: "Equipment owned by the University which has become obsolete, damaged or broke, worn out, or is no longer needed by a department should be surplused in a timely manner."

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. 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.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-012 – Inadequate Controls over Property and Equipment (continued)

University officials stated responsible officers assigned across the campus did not follow state laws and regulations, as well as University policies and procedures.

The lack of proper controls over equipment may result in theft and misuse of assets, resulting in a loss to the University, as well as additional spending to replace those assets. Not properly accounting for inventory due to facility closure results in noncompliance with state regulations. (Finding Code No. 2018-012, 2017-010, 2016-011, 2015-010)

Recommendation

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

University Response

Accepted. The University has implemented corrective action over its property and equipment, which has yielded a significant reduction in unlocated equipment compared to prior fiscal years. In addition, these corrective actions allowed the University to appropriately identify and impair Lincoln Hall and its related equipment. The University salvaged property stored in this facility for use in other facilities, and the remaining property items are considered non-salvageable, including the one noted sofa. The University will adjust its inventory records to record these items as non-salvageable, in accordance with CMS procedures.

State of Illinois
Northern Illinois University
Current Findings – State Compliance
For the Year Ended June 30, 2018

Finding 2018-013 - 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 high staff turnover, including personnel responsible for maintaining the Plan, had impacted the University's ability to update its disaster recovery plan and to perform recovery testing.

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. 2018-013, 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

Accepted. The University has reviewed and updated its disaster recovery (DR) plan, performed a network DR test, and has initiated plans for annual review/tabletop exercise of DR plan going forward. The University will continue testing its plan and documenting results of these tests. The University will modify the DR plan as significant changes occur.

State of Illinois
Northern Illinois University
Prior Findings Not Repeated
For the Year Ended June 30, 2018

GOVERNMENT AUDITING STANDARDS

A. Inadequate Controls 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. During the prior audit, we noted the University's system of internal controls over reporting restricted accounts were inadequate as the University's authoritative guidance was incorrect. (Finding Code No. 2017-002)

In the current year audit, we noted the University strengthened their internal controls over reporting restricted accounts in order to ensure adherence to accounting principles generally accepted in the United States of America.

B. Noncompliance with Debt Covenants

The University did not comply with its revenue bond covenants. During the prior audit, we noted the University violated its revenue bond covenants by transferring resources from restricted revenue bond accounts to its segregated accounts set-up for its public-private partnership. (Finding Code No. 2017-003)

In the current year audit, we noted the University strengthened their internal controls over restricted account transactions to ensure compliance with revenue bond covenants and there were no exceptions noted during our sample tested of restricted account disbursements.

FEDERAL COMPLIANCE

C. Return of Title IV Funds Errors

The University did not accurately calculate amounts due back to the U.S. Department of Education. During the prior year testing of Return of Title IV Funds (R2T4), we noted the University returned more than what was required. (Finding Code No. 2017-005)

In the current year, we noted R2T4 calculations were performed accurately and the proper amounts were refunded to the U.S. Department of Education based on our sample tested.

D. Outstanding Refund Checks

The University did not comply with regulations regarding outstanding refund checks. During prior year testing, we noted the University did not return funds to the U.S. Department of Education within the required time frame. (Finding Code No. 2017-007)

In the current year, outstanding refund checks were returned to the U.S. Department of Education in accordance with program regulations based on our sample tested.

State of Illinois
Northern Illinois University
Prior Findings Not Repeated
For the Year Ended June 30, 2018

STATE COMPLIANCE

E. Noncompliance with the Higher Education Veterans Service Act

The University did not fully comply with the Higher Education Veterans Service Act (the Act). (Finding Code No. 2017-011, 2016-012)

In the current year, the University submitted the fiscal impact report to the Illinois Board of Higher Education in a timely manner in compliance with the Act.

F. Inadequate Procedures over Maintenance of the Accounts Payable Master Vendor File

The University had inadequate internal controls in place to monitor and maintain the accounts payable master vendor file. (Finding Code No. 2017-012)

In the current year, this finding was moved to the immaterial letter as finding IM2018-007.

G. Noncompliance with the Open Meetings Act

The University did not fully comply with the Illinois Open Meetings Act. (Finding Code No. 2017-013)

In the current year, the University provided sufficient detail within agendas provided in advance of the meetings of the Board of Trustees and various committees to evidence compliance with the Illinois Open Meetings Act.

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity Grants	84.007	* P007A161243	\$ 820,320	\$ -
Federal Work-Study Program	84.033	* P033A161243	858,671	-
Federal Pell Grant Program	84.063	* P063P161370	26,488,516	-
Federal Perkins Loan Program, Beginning Loan Balance	84.038	*	7,505,447	-
Federal Perkins Loan Program, New Loans	84.038	*	746,510	-
Federal Perkins Loan Program, Administrative Cost Allowance	84.038	*	161,904	-
Federal Direct Student Loans	84.268	* P268K171370	106,086,814	-
Teacher Education Assistance for College and Higher Education Grants	84.379	* P379T171370	75,031	-
TOTAL DEPARTMENT OF EDUCATION			142,743,213	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			142,743,213	-
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	31,802	-
Grants for Agricultural Research, Special Research Grants				
Passed-Through Kansas State University:				
Family Advocacy Program Quality Assurance Project	10.200	S16034	205,237	-
Department of Defense Family Advocacy Program FASOR	10.200	S18065	124,229	-
			329,466	-
Sustainable Agriculture Research and Education				
Passed-Through University of Illinois				
Agriculture Opportunities and Obstacles	10.215	SARE2018	1,003	-
Integrated Programs				
Passed-Through Michigan State University				
Starting and Managing Community Supported Enterprises	10.303	RC107820D	4,328	-
TOTAL DEPARTMENT OF AGRICULTURE			366,599	-
DEPARTMENT OF COMMERCE				
National Oceanic and Atmospheric Administration				
Weather and Air Quality Research				
Tornadoes and Mobile Homes: An Inter-Science Approach to Reducing Vulnerabilities and Improving Capacities for the Southeast's Most Susceptible Population	11.459	NA17OAR4590192	1,403	-
National Telecommunications and Information Administration				
Broadband Technology Opportunities Program (BTOP)				
Passed-Through DSSA Strategics/My Way Village				
BTOP Evaluation: Training Senior Citizens in Internet Use	11.557	DSSA2018	30,000	-
National Institute of Standards and Technology				
Measurement and Engineering Research and Standards				
Passed-Through the Northwestern University				
Development of Roadmap & Consortium for Innovation in Sheet Metal Forming	11.609	SP0026516-PROJ0007766	1,423	-
Manufacturing Extension Partnership				
Passed-Through Illinois Manufacturing Extension Center				
Regional Host Organization for Illinois Manufacturing Excellence Center	11.611	IMECDOC2017	384,683	-
IMEC 2018	11.611	IMECDOC2018	835,977	-
			1,220,660	-
TOTAL DEPARTMENT OF COMMERCE			1,253,486	-

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
<u>DEPARTMENT OF DEFENSE</u>				
U.S. Army Research Institute (ARI) for the Behavioral and Social Sciences				
Wakefield Study for Superconducting Accelerator Cavities at FAST Facility	12.000	429021	\$ 15,544	\$ -
Passed-Through Polatomic Inc				
Tactical Mine Neutralization Magnetometer	12.000	POLATOMIC2018	41,000	-
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-PROJ00011264	72,801	-
TOTAL DEPARTMENT OF DEFENSE			129,345	-
<u>DEPARTMENT OF INTERIOR</u>				
State Wildlife Grants				
Inventory of Amphibian & Reptile - Green River Conservation Area	15.634	F16AF01282	32,786	-
Great Lakes Restoration				
Status & Population Viability Assessment of the Blanding's Turtle within the Chippewee-Illinois State Beach	15.662	F16AP01040	41,220	-
TOTAL DEPARTMENT OF INTERIOR			74,006	-
<u>DEPARTMENT OF JUSTICE</u>				
Title V Delinquency Prevention Program				
Disproportionate Minority Contact and the Early Risk Assessment Project	16.548	FCSUR03911	2,039	-
National Institute of Justice Research, Evaluation, and Development Project Grants				
Development of Next Generation Fingerprint Lifters and On-the-Spot Visualization Devices	16.560	2017-DN-BX-0167	68,849	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
Passed-Through Winnebago County				
Domestic Violence Homicide Prevention Demonstration Initiative (DVHFDI)	16.590	2016-HI-AX-K002	179,960	-
TOTAL DEPARTMENT OF JUSTICE			250,848	-
<u>DEPARTMENT OF LABOR</u>				
Manufacturing Extension Partnerships				
Passed-Through Illinois Manufacturing Extension Center				
IMEC 2018	17.268		796	-
TOTAL DEPARTMENT OF LABOR			796	-
<u>US OFFICE OF PERSONNEL MANAGEMENT</u>				
Intergovernmental Personnel Act Mobility Program				
U.S. Securities and Exchange Commission Jt appt Lei Zhou	27.011	SECIPA2018	243,094	-
TOTAL US OFFICE OF PERSONNEL MANAGEMENT			243,094	-
<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	23,831	-
Passed-Through University of Nevada, Las Vegas				
Exploration of Biological Dark Matter in Geothermal Springs	43.001	13-725F-03	15,596	-
			39,427	-
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			39,427	-

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
<u>NATIONAL SCIENCE FOUNDATION</u>				
Engineering Grants				
CAREER: Advanced Photochemical Paradigms for Enhanced Photovoltaics, Photocatalysis and Photocatalysis	47.041	CBET-1150617	\$ 33,996	\$ -
Passed-Through New York University: Causal Relationships Underlying the Collective Dynamic Behavior of Swarms	47.041	1433670	23,606	-
			<u>57,602</u>	<u>-</u>
Mathematical and Physical Sciences				
Synthetic Methodologies Utilizing Superelectrophiles	47.049	CHE-1300878	1,479	-
Unconventional Electrodynamics in Unconventional Solids	47.049	DMR-1310199	25,389	-
Collaborative Research: ATD: Dynamical Sampling and Reconstruction for Sensing Networks	47.049	DMS-1322127	65,074	-
Phenomenology of electroweak Symmetry Breaking, Supersymmetry, and the Frontiers of the Standard Model	47.049	1417028	16,327	-
Creation and Crystallinity Control of Artificial Ices Using Superconducting Vortices	47.049	1407175	16,277	-
Searching for New Phenomena with Leptons	47.049	1506017	231,994	-
Using the Higgs boson to probe and test the Standard Model at ATLAS	47.049	1505989	124,512	-
Development of Ultra-cold Quantum-Degenerate Relativistic Electron Beams for Research and Applications	47.049	1535401	201,390	-
Search for New Phenomena at the Energy Frontier	47.049	1506173	180,319	-
Accelerator Science for Storage Ring measurements of Electric Dipole Moments of Subatomic Particles	47.049	1623691	37,281	-
REU Site: Integrated Experimental and Computational REU Site at NIU	47.049	1659548	92,454	-
Phenomenology of Electroweak Symmetry Breaking, Supersymmetry, and the Frontiers of the Standard Model	47.049	1719273	33,506	-
MRI: Acquisition of Liquid Chromatograph/Mass Spectrometer for Research and Education	47.049	1726931	253,583	-
REU Site: Undergraduate and teacher research in physics at NIU	47.049	1757597	11,610	-
Passed-Through University of Notre Dame The Quarknet Project	47.049	PHY-1219444	7,304	-
Passed-Through Research Foundation for SUNY US ATLAS Operations (Flow-Through Stony Brook)	47.049	PHY-1624739	224,906	-
Passed-Through University of Illinois US ATLAS - Research & Development	47.049	1624739	13,303	-
			<u>1,536,708</u>	<u>-</u>
Geosciences				
Copper & Gold in Sulfur-rich Magmatic-hydrothermal Systems	47.050	1347782	56,106	-
Holocene Precipitation Changes	47.050	1502989	57,555	-
Diatom & Oxygen Isotope Evidence of Pliocene Antarctic Ice Sheet Dynamics & Ross Sea Paleocceanography	47.050	1443420	76,611	-
Collaborative Proposal: REU Site: Water Quality and Tourism in the Riviera Maya, Mexico	47.050	1560045	194,309	-
The Role of Mesoscale Convective System Precipitation in the Hydroclimate of the Conterminous United States	47.050	1637225	34,498	-
Collaborative Research: Observed and Future Dynamically Downscaled Estimates of Precipitation Associated	47.050	1800582	12,735	-
Passed-Through Columbia University U.S. Science Support Program Office Associated with the International Ocean Discovery Program	47.050	OCE1450528	2,981	-
Participation of Justin Dodd on Expedition 374	47.050	1450528	17,610	-
			<u>452,405</u>	<u>-</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
Computers and Information Science and Engineering				
HCC: Collaborative Research: Integrating Cognitive and Computational Models of Narrative	47.070	1319974	\$ 6,465	\$ -
CC-NIE Integration: Collaborative Research: EPSON: Embracing Parallel Networks and Storage for Predictable End-to-End Data Movement	47.070	1440797	18,286	-
Support US-based students to attend Biomage Informatics Conference 2017	47.070	1738925	16,526	-
Inclusive Design for Engaging All Learners (IDEAL) Designing Technology for Cultural Brokering	47.070	1839194	4,975	-
Passed-Through University of Nebraska-Lincoln				
MRT: Development of an Urban Scale Instrument for Interdisciplinary Research (Array of Things (AoT))	47.070	1532133	16,537	-
			<u>62,789</u>	<u>-</u>
Biological Sciences				
Dimensions NASA: Collaborative Research: The Biogeography and Evolution of Drought Tolerance in Grasses	47.074	1342782	34,734	-
Ecosystem Consequences of Management Disturbances: Examining the Community-Trait-Function Relationships of Consumers in a Restored Grassland	47.074	1647502	104,602	-
CAREER: Evolutionary Genomics of Enzymes for Complex Carbohydrate Metabolism	47.074	1652164	144,770	-
			<u>284,106</u>	<u>-</u>
Social, Behavioral, and Economic Sciences				
Cultural Models of Nature Across Cultures: Space, Causality & Primary Food Producers	47.075	BCS-1330637	789	-
CAREER: Assessing Long-Term Social, Cultural, and Political Impacts of the Depart of INGOs in Rural Haiti	47.075	1455142	48,949	11,012
RAPID: Leveraging civil society and rebuilding Haiti following Hurricane Matthew	47.075	1722749	9,497	-
Social Adaptation in a Highly Varied Spatial Environment	47.075	1659015	78,199	-
Passed-Through University of Chicago				
Center for Robust Decision-Making on Climate and Energy Policy	47.075	FP043343-02-C	17,442	-
Passed-Through Temple University				
Understanding and Promoting Spatial Learning Processes in the Geosciences	47.075	259066-IL	10,939	-
			<u>165,815</u>	<u>11,012</u>
Education and Human Resources				
PROMISE: Providing Resources and Opportunities to Maximize Interest in STEM Education	47.076	DUE-1068463	120,747	-
Internet Accessible Remote Laboratories with Collaborative Design	47.076	1140502	2,175	-
Collaborative Research: Learning & Teaching Engineering Dynamics Through Interactive Simulations	47.076	1432289	30,756	-
Interactive Virtual Laboratory: Using Renewable Energy Experiments to Enhance Student Engagement in STEM	47.076	1712146	93,652	-
Passed-Through American Institutes for Research				
STEM Interest and Engagement	47.076	0374300101	115,716	47,409
			<u>363,046</u>	<u>47,409</u>
TOTAL NATIONAL SCIENCE FOUNDATION			<u>2,922,471</u>	<u>58,421</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
DEPARTMENT OF ENERGY				
Office of Science Financial Assistance Program				
Polarized X-Rays as a Probe of Spin Polarization	81.049	DE-FG02-03ER46097	\$ 159,385	\$ -
Studies of Conventional & ERL-Based Recirculator Electron Cooling for an Electron Ion	81.049	DE-SC0008588	9,317	-
Searching for Physics Beyond the Standard Model at the Intensity Frontier	81.049	DE-SC0012231	25,359	-
Nonlinear Dynamics & Phase Space Manipulations of High-Brightness Beams	81.049	DE-SC0011831	80,937	-
DOE Optical Stochastic Cooling	81.049	DE-SC0013761	48,690	-
eSHIVA in IOTA: Experiment on Stochasticity in High Intensity	81.049	DE-SC0015500	199,912	-
Atomic-Scale Structure & Dynamics During Growth	81.049	4J-30341-0015A	21,726	-
Sensor Development for Future e ⁺ te ⁻ Colliders	81.049	DE-SC0018333	4,370	-
Development of a Damping-Ring-Free Electron Injector for the International Linear Collider	81.049	DE-DC0018234	14,492	-
High-Current Electron Sources for Superconducting Radiofrequency Injectors	81.049	DE-SC0018367	19,627	-
Phase Space Tailoring and Cooling of Charged Particle Beams for Energy and Intensity Frontier Applications	81.049	DE-SC0018656	3,528	-
Passed-Through Calabazas Creek Research Inc				
Electron Optics for MeV Ultrafast Electron Microscope	81.049	CCREEK2018	16,102	-
Passed-Through Euclid Techlabs LLC				
Photocathode Laser Shaping for High-Transformer-Ratio Collinear Wakefield Acceleration	81.049	EUCLID2018	17,627	-
Passed-Through RadiaBeam Technologies, LLC				
Nano-Patterned Cathode Surfaces for High Efficiency Injectors	81.049	NPC2a	21,723	-
			<u>642,795</u>	<u>-</u>
Department of Energy Managed Labs				
Jt Appt - Philippe Plot	81.000	PO 589180 Rev 11	59,477	-
Jt Appt - Young-min Shin	81.000	PO 602342 Rev 12	5,175	-
Development of the MUZE Preliminary Design	81.000	PO 608549	106,236	-
Single Crystal Diffuse Xray & Neutron Scattering Experiments	81.000	9J-30261-0042A	33,099	-
Community Dashboard Development	81.000	9J-30261-0049A	34,052	-
Synthesis and Characterization of Fe-Based Pnictide Superconductors	81.000	4J-30341-0002A	29,242	-
Materials Development for Energy Efficiency and Renewable Energy Applications	81.000	4J-30341-0003A	23,658	-
Jt Appt - Swapan Chattopadhyay	81.000	PO 620655 Rev3	139,412	-
Argonne Adaptive QoS for Wide-area Data Flows	81.000	4J-30341-0010A	4,304	-
Formation, Manipulations and Applications of Flat and Magnetized Beams at the FAST Facility	81.000	PO 624333	26,914	-
Jt Appt - Zhili Xiao	81.000	58906-00-105	92,581	-
Jt Appt - Andreas Glatz	81.000	70076-00-105	121,382	-
Structural Investigations	81.000	4J-30341-0012A	27,919	-
Engineering Design Support for Muon G-2 Tracker	81.000	PO 626306	3,140	-
Contributions to the Development of a Photon Detector System	81.000	308939	81,278	-
Project Controls Specialist Support for the MUON G-2 Project	81.000	PO 628259	34,183	-
System Software Integration and Development	81.000	4J-30341-0013A	168,158	-
Support of Fermilab Precision Time Profile Monitor	81.000	PO 629899	6,333	-
Design of a MW-Class Compact SRF Accelerator for Energy and Environmental Applications.	81.000	PO 631261	11,409	-
High Luminosity (HL) LHC CMS Detector Upgrade Project - Endcap Calorimeter	81.000	PO 636821	58,238	-
Fabrication and Characterization of Superconducting Nanostructures	81.000	4J-30341-0017A	31,484	-
Graduate Student Jing Xu ANL Support	81.000	4J-30341-0018A	30,722	-
Support for NIU Grad Student Wei Hu Tan	81.000	4J-30341-0016A	28,140	-
Combinatorial In-Situ SAXS-WAXS-XAS Study of Heterogeneous Catalysts with Prosperity of Greater Insights	81.000	4J-30341-0021A	14,042	-
Joint Appointment - Dr. Tao Li	81.000	PRJ1003447/PT1397	43,777	-
Proxy Applications for Exascale Computing (Student Support)	81.000	4J-30341-0020A	2,196	-
Quantum Computing Student Support	81.000	4J-30341-0019A	5,694	-
Jt Appt - Michael Syphers	81.000	PO 625565 Rev 1	113,600	-
Development of Training Program to Support Warranty & Maintenance of Security	81.000	768743	10,184	-
			<u>1,346,029</u>	<u>-</u>
TOTAL DEPARTMENT OF ENERGY			<u>1,988,824</u>	<u>-</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
<u>DEPARTMENT OF EDUCATION</u>				
Education Research, Development and Dissemination Testing the onPAR Model in Developmental Literacy Education	84.305	R305A150193	\$ 407,904	\$ 126,508
Mathematics and Science Partnerships Passed-Through Illinois Prairie CUSD No 204 Science and Math in Linkage with Engineering	84.366	1915205.1	48,137	-
Statewide Longitudinal Data Systems Passed-Through Illinois State Board of Education Early Childhood - Return on Investment Study	84.372	433-7615	23,525	-
Passed-Through University of Minnesota Chicago Longitudinal Survey	84.372	PO 0000985322	1,950	-
Passed-Through for Illinois State Board of Education FY 18 Illinois Interactive Report Card	84.372	MY 17683	124,879	-
			<u>150,354</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION			<u>606,395</u>	<u>126,508</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed-Through Northwestern University Research on Healthcare Costs, Quality and Outcomes	93.226	1 R18 HS023921 - 01	193,859	-
Mental Health Healthcare Research and Quality Automatic 3D Quantification of Synapse Distribution in Complex Dendritic Arbor	93.242	1R15MH099569-01A1	2,817	-
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	31,014	-
Passed-Through University of Illinois at Chicago Systemic Evaluation of Patient Transfer Devices to Improve Musculoskeletal Health among Caregivers	93.262	16595	17,024	-
			<u>48,038</u>	<u>-</u>
Cancer Treatment Research Passed-Through ProtonVDA Proton Radiography System for Optimization of Proton Therapy	93.395	R44CA203499	182,380	-
ACA-Transforming Clinical Practice Initiative: Practice Transformation Networks (PTNs) Passed-Through Northwestern University Great Lakes Practice Transformation Network	93.638	60041550 NIU	212,317	284,870
Great Lakes Practice Transformation Network	93.638	60041550 NIU	161,755	134,129
			<u>374,072</u>	<u>418,999</u>
Allergy and Infectious Diseases Research Design and Study of IspF Inhibitors as Antibacterial Agents	93.855	1R15I113653-01	65,001	-
Biomedical Research and Research Training Orphan genes in pathogenic bacteria	93.859	RGM114706A	71,110	-
Generation and Biophysical Evaluation of Generic Fab Antibody pH Switches	93.859	R15GM124607	51,932	-
			<u>123,042</u>	<u>-</u>
Child Health and Human Development Extramural Research Reactions to Prolonged Infant Crying in Parents at Risk for Child Physical Abuse	93.865	RHD080041A	143,554	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,132,763</u>	<u>418,999</u>

State of Illinois
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Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
<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	\$ 430,435	\$ 219,952
TOTAL DEPARTMENT OF HOMELAND SECURITY			430,435	219,952
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			9,438,489	823,880
HIGHWAY SAFETY CLUSTER				
<u>DEPARTMENT OF TRANSPORTATION</u>				
National Priority Safety Programs				
Passed-Through Illinois Department of Transportation FY 15 Sustained Traffic Enforcement Program	20.616	AP-15-0202	1,339	-
TOTAL DEPARTMENT OF TRANSPORTATION			1,339	-
TOTAL HIGHWAY SAFETY CLUSTER			1,339	-
TRIO CLUSTER				
<u>DEPARTMENT OF EDUCATION</u>				
TRIO - Upward Bound				
Upward Bound Program	84.047	P047A121484	(724)	-
Upward Bound	84.047	P047A171430	580,054	-
TOTAL DEPARTMENT OF EDUCATION			579,330	-
TOTAL TRIO CLUSTER			579,330	-
CCDF CLUSTER				
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed-Through Illinois Department of Human Services				
Child Care and Development Block Grant	93.575	IDHS2018	2,000	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,000	-
TOTAL CCDF CLUSTER			2,000	-

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
OTHER PROGRAMS				
<u>DEPARTMENT OF AGRICULTURE</u>				
Passed-Through Illinois State Board of Education Child and Adult Care Food Program	10.558	16-019-5430-51	\$ 50,000	\$ -
TOTAL DEPARTMENT OF AGRICULTURE			50,000	-
<u>DEPARTMENT OF STATE</u>				
Academic Exchange Programs - Undergraduate Programs				
Leading and Organizing for Change in Southeast Asia	19.009	S-ECAGD-15-CA-1058	14,956	-
Leading and Organizing for Change in Southeast Asia	19.009	S-ECAGD-15-CA-1058	77,014	-
Leading and Organizing for Change in Southeast Asia	19.009	S-ECAGD-15-CA-1058	137,791	-
			<u>229,761</u>	<u>-</u>
Academic Exchange Programs - Graduate Students				
2017 Fulbright Gateway Orientation	19.400	3216_NIU_3.2.17	54,251	-
Professional and Cultural Exchange Programs - Citizen Exchanges				
SE Asian Youth Leadership Program	19.415	S-ECAPY-09-GR-123-G	119	-
BYSC for Youth Development and Social Change	19.415	S-ECAGD-13-GR-177	(15,594)	-
FY2014 Southeast Asia Youth Leadership Program	19.415	S-ECAGD-14-CA-1039	8	-
PYLP 2015: Engaging Young Advocates in Environmental Preservation and Peacebuilding	19.415	S-ECAGD-15-CA-1123.1	31,632	25,068
FY 2017: Southeast Asia Youth Leadership Program	19.415	S-ECAGD-17-CA-1025	71,849	-
Southeast Asian Leadership Program	19.415	S-ECAGD-17-CA-1025	35,525	-
PYLP 2015: Engaging Young Advocates in Environmental Preservation and Peacebuilding	19.415	S-ECAGD-15-CA-1123	30,266	-
PYLP 2015: Engaging Young Advocates in Environmental Preservation and Peacebuilding	19.415	S-ECAGD-15-CA-1123	198,588	134,056
FY 2017 Southeast Asia Youth Leadership Program	19.415	S-ECAGD-17-CA-1025	35,880	-
SEAYLP	19.415	S-ECAGD-17-CA-1025	301,139	-
Passed-Through Virginia Commonwealth University	19.415	FP00002115_SA001	24,773	-
			<u>714,185</u>	<u>159,124</u>
TOTAL DEPARTMENT OF STATE			998,197	159,124
<u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u>				
Laura Bush 21st Century Librarian Program Professional Development Institutes for Digital Preservation	45.313	RE-85-17-0012-17	123,027	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SCIENCES			123,027	-
<u>DEPARTMENT OF EDUCATION</u>				
Title 1 Grants to Local Education Agencies				
Passed-Through for Illinois State Board of Education				
Enhanced MyIIRC	84.010	* MyIIRC	36,554	-
FY 17 Illinois Interactive Report Card	84.010	* 2017 ISBE IGA	(2,273)	-
FY 18 Illinois Interactive Report Card	84.010	* MY 17683	1,130,035	-
			<u>1,164,316</u>	<u>-</u>
Migrant Education - State Grant Program				
Passed-Through Illinois State Board of Education				
Rochelle Migrant Program - Academic Year	84.011	4340-00-16019543051	277	33,459
Rochelle Migrant Education Program	84.011	4341-00-16019543051	59,833	107,617
Year Round Migrant Education	84.011	4340-00-16019543051	24,496	19,492
FY 18 Summer Migrant Education Program	84.011	4340-01-16019543051	26,936	22,573
			<u>111,542</u>	<u>183,141</u>

State of Illinois
Northern Illinois University
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
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	84.015	P015A140055	\$ 254,874	\$ -
Foreign Language and Area Studies Fellow ships	84.015	P015B140055	337,751	-
			<u>592,625</u>	<u>-</u>
Special Education Grants to States				
Passed-Through for Illinois State Board of Education				
FY 18 Illinois Interactive Report Card	84.027	MY 17683	169,153	-
Career and Technical Education -- Basic Grants to States				
Passed-Through Illinois Community College Board				
Career and Technical Education	84.048	F-NIU-CTE17003	16,669	-
Career and Technical Education	84.048	F-NIU-CTE18003	27,086	-
Early Leading Indicators of Student Success: Evidence from Illinois Community Colleges	84.048	F-NIU-GP18	25,923	-
			<u>69,678</u>	<u>-</u>
Migrant Education_Coordination Program				
Passed-Through Illinois State Board of Education				
Rochelle Migrant Incentive Program	84.144	4341-00-16019543051	2,496	-
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	84.235	H235E140006	126,409	-
Twenty-First Century Community Learning Centers				
Passed-Through Illinois State Board of Education				
FY 18 Illinois Interactive Report Card	84.287	MY 17683	324,410	-
Special Education - State Personnel Development				
Passed-Through Southern Illinois University				
IHE Partnership	84.323	762219-004	3,170	-
IHE Partnership-Regional Office of Education #47	84.323	762224-002	354	-
			<u>3,524</u>	<u>-</u>
Special Education Personnel Development to Improve Services and Results for Children with Disabilities				
Program for Training of Teachers and Orientation and Mobility Instructor	84.325	H325K130217	185,540	-
Project Prevent and Address Bullying (PPAB) for Student with Disabilities: A Multitiered Behavioral Framework	84.325	H325K150309	239,473	-
Preparing new teachers of students with visual impairments	84.325	H325K160016	276,901	-
			<u>701,914</u>	<u>-</u>
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)				
Passed-Through Illinois Community College Board				
Bridging the Gap	84.367	BTGNIU17	5,866	-
Bridging the Gap	84.367	BTGNIU18	67,500	-
			<u>73,366</u>	<u>-</u>
Preschool Development Grants				
Passed-Through Illinois State Board of Education				
Preschool Development Grant - Expansion	84.419	MY 18448	11,747	844
TOTAL DEPARTMENT OF EDUCATION			<u>3,351,180</u>	<u>183,985</u>

State of Illinois
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Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program/Grant Title	CFDA Number	Federal Project or Pass-Through Number	FY 2018 Expenditures	To Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</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	MY 16538	\$ 3	\$ -
Substance Abuse and Mental Health Services_Projects of Regional and National Significance				
B-SAFER at NIU	93.243	SM062531	139,121	-
Passed-Through Winnebago County Regional Planning & Development Winnebago County Adult Drug Court Program	93.243	T1026067	39,246 <u>178,367</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	114,026	-
MACRA: Quality Improvement Direct Technical Assistance	93.519	SC-17-008	100,093 <u>214,119</u>	- <u>-</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>392,489</u>	<u>-</u>
TOTAL OTHER PROGRAMS			<u>4,914,893</u>	<u>343,109</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 157,679,264</u>	<u>\$ 1,166,989</u>

*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, 2018

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.

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, 2018. No federal insurance was received by the University during the year ended June 30, 2018.

Note 3. Cost Allocation

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:

	<u>(in Thousands)</u>
Total expenditures as reported in the Schedule of Expenditures of Federal Awards	\$ 157,679
Remove the following:	
Federal Perkins Loan Program, Beginning Fund Balance	(7,505)
Federal Perkins Loan Program, New Loans	(747)
Federal Direct Loans Program	(106,087)
Add the following:	
Direct state grants/contracts	8,946
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	\$ 52,286

State of Illinois
Northern Illinois University
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Note 5. Federal Student Loan Program

During the fiscal year ended June 30, 2018, 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, 2018.

In addition, the University advanced loans through participation in the Federal Perkins Loan Program through the Department of Education during FY18. Federal authority to extend loans through this program expired for all institutions on June 30, 2018. Only eligible undergraduates with a disbursement of a Perkins Loan before October 1, 2017 were eligible for any subsequent disbursements through June 30, 2018.

This loan program is directly administered by the University and was 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, 2018 was \$7,098,000. The loans issued through the Federal Perkins Loan Program during the year ended June 30, 2018, was \$747,000. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule.

While institutions cannot make new loan advances, institutions may continue servicing their Perkins Loan portfolio and may choose to liquidate by assigning all loans to the Department of Education at any time in the future. NIU has selected to service the portfolio and will re-evaluate not less than annually.

State of Illinois
Northern Illinois University
For the Year Ended June 30, 2018

Supplementary Information for State Compliance Purpose

Summary

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

Summary

Fiscal Schedule:

- 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, 2018 and Statement of Revenues, Expenditures, and Changes in Current and Plant Fund Balances for the Year Ended June 30, 2018 (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:

- 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)

Interest Costs on Fiscal Year 2018 Invoices

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

State of Illinois
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For the Year Ended June 30, 2018

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

Analysis of Operations (continued) (Unaudited):
Comparative Employment Statistics (Unaudited)
Annual Cost Statistics (Unaudited)
Emergency Purchases (Unaudited)
Comparative Enrollment Statistics (Unaudited)
Schedule of Tuition and Fee Waivers (Unaudited)
Debt Financed by University-Related Organization (Unaudited)
Acquisition of Real Estate Costing in Excess of \$250,000 and
Not Funded by a Separate Appropriation (Unaudited)
Bookstore Operations (Unaudited)
Comments on Certain Matters (Unaudited)
Summary of Foundation Payments On Behalf of the University (Unaudited)
Summary of Alumni Association Payments On Behalf of the University (Unaudited)
Summary of Research Foundation Payments On Behalf of the University (Unaudited)
Current Unrestricted Funds – Auxiliary Enterprises – Debt Financed Project –
Occupancy Report of Residence Hall (Unaudited)
Current Unrestricted Funds – Auxiliary Enterprises – Debt Financed Project –
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, 2018

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2018	Lapse Period Expenditures July 1 to August 31, 2018	Total Expenditures	Balances Lapsed
Public Act 100-0021					
EDUCATION ASSISTANCE FUND - 0007					
Public Act 100-0021					
Personal services	\$ 72,500,800	\$ (72,500,800)	\$ -	\$ (72,500,800)	\$ -
Contributions to Social Security and Medicare	777,200	(777,200)	-	(777,200)	-
Group insurance	2,056,200	(2,056,200)	-	(2,056,200)	-
Contractual services	3,730,900	(3,730,900)	-	(3,730,900)	-
Commodities	1,242,600	(892,022)	(350,578)	(1,242,600)	-
Equipment	944,400	(931,320)	(13,080)	(944,400)	-
Telecommunication services	637,500	(66,937)	(570,563)	(637,500)	-
Automotive	93,900	(93,900)	-	(93,900)	-
TOTAL EDUCATION ASSISTANCE FUND	81,983,500	(81,049,279)	(934,221)	(81,983,500)	-
STATE COLLEGE AND UNIVERSITY TRUST FUND - 0417					
Public Act 100-0021					
Scholarship fund	36,000	(22,300)	-	(22,300)	13,700
TOTAL STATE COLLEGE AND UNIVERSITY TRUST FUND	36,000	(22,300)	-	(22,300)	13,700
TOTAL APPROPRIATIONS	\$ 82,019,500	\$ (81,071,579)	\$ (934,221)	\$ (82,005,800)	\$ 13,700

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 28, 2018, 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. Due to GASB financial reporting standards, the recognition of this funding is reported in fiscal year 2018 under the non-operating revenues section. 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 is 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 84 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.

Northern Illinois University

**Comparative Schedule of Net Appropriations, Expenditures,
and Lapsed Balances
For the Year Ended June 30, 2018 and 2017**

	Fiscal Years	
	2018	2017
	PA00-0021	PA99-0524 PA00-0021
General Revenue Fund - 0001		
Appropriations (net after transfers)	\$ -	\$ 30,769,900
Expenditures		
Personal services	-	(30,769,900)
Contractual services	-	-
Total expenditures	-	(30,769,900)
Lapsed balances	\$ -	\$ -
Education Assistance Fund - 0007		
Appropriations (net after transfers)	\$ 81,983,500	\$ 60,322,800
Expenditures		
Personal services	(72,500,800)	(56,712,962)
Contributions to Social Security and Medicare	(777,200)	-
Contractual services	(3,730,900)	(68,538)
CMS health insurance	(2,056,200)	(3,541,300)
Commodities	(1,242,600)	-
Equipment	(944,400)	-
Telecommunication services	(637,500)	-
Automotive	(93,900)	-
Total expenditures	(81,983,500)	(60,322,800)
Lapsed balances	\$ -	\$ -
State College and University Trust Fund - 0417		
Appropriations (net after transfers)	\$ 36,000	\$ 36,000
Expenditures		
Scholarship Grant Awards	(22,300)	(22,575)
Lapsed Balances	\$ 13,700	\$ 13,425
Grand Total - All Funds		
Appropriations (net after transfers)	\$ 82,019,500	\$ 91,128,700
Total expenditures	(82,005,800)	(91,115,275)
Lapse balances	\$ 13,700	\$ 13,425

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 28, 2018, 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 is 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 85 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.

Northern Illinois University

Comparative Schedule of Income Fund Revenues and Expenses
For the Year Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Income Fund Revenues		
Tuition and fees, net of waivers	\$ 145,559,136	\$ 146,618,449
Lab and other fees	1,257,059	1,269,764
Other	75,633	755,660
Transfer in from local funds	-	2,824,599
	<u> </u>	<u> </u>
Total Income Fund Revenues	<u>\$ 146,891,828</u>	<u>\$ 151,468,472</u>
Income Fund Expenses		
Personal services	\$ 39,241,623	\$ 106,084,907
FICA/Medicare	1,377,268	2,184,487
Unemployment compensation benefits	31,151	38,430
Group insurance	3,081,865	2,514,895
Contractual services	36,679,038	34,010,482
Travel	1,106,797	1,119,544
Commodities	1,156,063	2,246,567
Equipment and library books	5,784,160	5,369,618
Telecommunications	174,347	96,070
Automotive	383,299	535,103
Award/grants and matching funds	3,862,653	5,445,382
Permanent improvements	502,254	363,296
Transfers out for non-revenue bond debt service	5,412,078	6,948,863
	<u> </u>	<u> </u>
Expense Subtotal	98,792,596	166,957,644
GASB No. 35 Adjustments		
Depreciation Expense	5,066,299	1,403,954
Capital asset additions/disposals	<u>(1,605,677)</u>	<u>(7,285,144)</u>
GASB No. 35 Adjustments Total	<u>3,460,622</u>	<u>(5,881,190)</u>
Total Income Fund Expenses	<u>\$ 102,253,218</u>	<u>\$ 161,076,454</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.

Note 3: GASB No. 35 expense adjustments are reported separately to allow the University's income fund expenses to be shown on the same basis as other state agencies

Northern Illinois University

Schedule of Changes in Capital Assets

For the Year Ended June 30, 2018 and 2017

	Balance				Balance
	June 30, 2017	Additions	Transfers	Deductions	June 30, 2018
Land	\$ 19,280,619	\$ -	\$ -	\$ -	\$ 19,280,619
Land improvements	83,897,233	8,089	4,631,034	-	88,536,356
Buildings	671,307,143	233,957	9,330,185	-	680,871,285
Leasehold Improvements	431,320	-	-	-	431,320
Equipment	254,860,696	6,085,038	-	(3,527,526)	257,418,208
Intangible assets	3,820,547	-	-	-	3,820,547
Construction in progress	50,380,159	12,630,327	(13,961,219)	(239,251)	48,810,016
Totals	<u>\$ 1,083,977,717</u>	<u>\$ 18,957,411</u>	<u>\$ -</u>	<u>\$ (3,766,777)</u>	<u>\$ 1,099,168,351</u>

Note 1: 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 University Related Organizations)
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash on hand	\$ 76,485	\$ 99,580
Checking accounts (1)		
First Midwest Bank, Sycamore	47,344,488	41,635,206
First National Bank, DeKalb, IL	2,660,431	1,560,709
Illinois Funds Epay Deposit - Illinois National Bank, Springfield, IL	5,000	5,000
Temporary cash investments		
Illinois Funds - U.S. Bancorp Fund Services, Milwaukee, WI	40,913,872	8,314,961
Money market mutual funds:		
Old National Wealth Management		
Evansville, Indiana:		
Performance Contract 11A, Escrow fund	-	284,316
Amalgamated Bank, Chicago, IL	21,341,738	8,647,696
	<u>\$ 112,342,014</u>	<u>\$ 60,547,468</u>

(1) These amounts represent bank balances.

State of Illinois
Northern Illinois University
Comparative Schedule of Investments, at Cost
June 30, 2018 and 2017

Schedule 6

	<u>2018</u>	<u>2017</u>
U.S. Treasury obligations, U.S. agency obligations, treasury notes and strips, 1.875 to 2.375 percent	<u>\$ 76,157,159</u>	<u>\$ 61,088,104</u>

Northern Illinois University

Schedule of Federal Expenditures, Nonfederal Expenses,
and New Loans

For the Year Ended June 30, 2018 (Accrual Basis)

(Expressed in Thousands)

Schedule A - Federal Financial Component

Total federal expenditures reported on SEFA schedule	\$ 157,679
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	<u>\$ 157,679</u>

Schedule B - Total Financial Component

Total operating expenses (from financial statements)	\$ 582,957
Total nonoperating expenses and losses (from financial statements)	22,832
Total new loans made	106,086
Amount of federal loan balances at beginning of year	7,505
Administrative cost allowance on federal loan programs	161,904
Other noncash federal award expenditures	-
Total Schedule B	<u>\$ 881,284</u>

Schedule C	<u>Amount</u>	<u>Percent</u>
Total Schedule A	\$ 157,679	17.9%
Total nonfederal expenses	<u>723,605</u>	<u>82.1%</u>
Total Schedule B	<u>\$ 881,284</u>	<u>100%</u>

* 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.

Northern Illinois University

Auxiliary Enterprises - Debt Financed Projects

Schedule of Revenues, Expenses, and

Changes in Net Position

For the Year Ended June 30, 2018

	Student Housing Public Private Partnership	Student Housing Revenue Bond Funds	Total
Revenues			
Food and other merchandise sales	\$ -	\$ 17,150,008	\$ 17,150,008
Room and other rentals	11,326,174	16,699,121	28,025,295
Parking revenue	-	2,256,263	2,256,263
Student fees	-	14,368,476	14,368,476
Investment income	52,449	508,512	560,961
Other revenues	22,399	4,115,385	4,137,784
On-behalf payments for pension	72,083	6,290,568	6,362,651
On-behalf payments for health insurance	64,976	4,998,090	5,063,066
Total revenues	11,538,081	66,386,423	77,924,504
Expenses			
Cost of food and other merchandise sales	866	6,973,502	6,974,368
Personal services	347,608	15,365,309	15,712,917
Student services	-	130,114	130,114
Employee meals furnished	-	19,120	19,120
Insurance	36,060	453,393	489,453
Laundry	-	91,013	91,013
General and administrative	314,528	1,194,548	1,509,076
Repairs and other services	1,118,612	7,851,721	8,970,333
Utilities	457,412	4,545,124	5,002,536
Interest expense	8,479,000	13,031,902	21,510,902
Depreciation	3,316,565	9,688,055	13,004,620
Pension	72,083	6,290,568	6,362,651
Health insurance	64,976	4,998,090	5,063,066
Total expenses	14,207,710	70,632,459	84,840,169
Transfers	(1,755,736)	1,755,736	-
Change in net position	\$ (4,425,365)	\$ (2,490,300)	\$ (6,915,665)

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
Description of Accounting Entities
June 30, 2018
(Unaudited)

A listing of the University's auxiliary enterprise accounting entities, their purpose, and their sources of revenue as of June 30, 2018 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 fees 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 Apartments (off-campus) and First Year 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

This entity consists of educational activities primarily supported by program fees. The sub-entities are:

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, 2018
(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	\$ 5,122,724	\$ 9,150,737	\$ 8,094,898	\$ -	\$ 22,368,359
Accounts receivable	46,768	839,042	265,469	2,854,777	4,006,056
Inventories	-	-	79,857	-	79,857
Other assets	41,070	128,004	105,080	349,511	623,665
Subtotal current fund	5,210,562	10,117,783	8,545,304	3,204,288	27,077,937
Plant fund:					
Plant fund assets	49,493	531,663	320,799	844,842	1,746,797
Total assets	\$ 5,260,055	\$ 10,649,446	\$ 8,866,103	\$ 4,049,130	\$ 28,824,734
Liabilities					
Accounts payable and accrued expenses	\$ 261,967	\$ 1,473,812	\$ 1,652,918	\$ 29,838,959	\$ 33,227,656
Unearned revenue	-	566,013	29,230	6,516,891	7,112,134
Subtotal liabilities	261,967	2,039,825	1,682,148	36,355,850	40,339,790
Fund balances					
Current fund	4,948,595	8,077,958	6,863,156	(33,151,562)	(13,261,853)
Plant fund	49,493	531,663	320,799	844,842	1,746,797
Subtotal fund balances	4,998,088	8,609,621	7,183,955	(32,306,720)	(11,515,056)
Total liabilities and fund balances	\$ 5,260,055	\$ 10,649,446	\$ 8,866,103	\$ 4,049,130	\$ 28,824,734

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, 2018
(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	\$ 5,138,552	\$ 8,046,503	\$ 8,078,182	\$ (20,500,330)	\$ 762,907
Prior period adjustment for the implementation of GASB No. 75	(255,467)	(847,994)	(762,204)	(1,583,952)	(3,449,617)
Restated beginning current fund balance	4,883,085	7,198,509	7,315,978	(22,084,282)	(2,686,710)
Revenues	3,105,001	14,083,548	7,894,235	30,825,757	55,908,541
Expenditures	(2,986,519)	(13,162,397)	(8,331,919)	(41,933,907)	(66,414,742)
Transfers	(52,972)	(41,702)	(15,138)	40,870	(68,942)
Ending current fund balances	\$ 4,948,595	\$ 8,077,958	\$ 6,863,156	\$ (33,151,562)	\$ (13,261,853)
Plant fund					
Beginning plant fund balances	\$ 60,033	\$ 595,106	\$ 213,914	\$ 922,358	\$ 1,791,411
Revenues	-	6,244	145,220	32,434	183,898
Expenditures	(10,540)	(69,687)	(38,335)	(109,950)	(228,512)
Ending plant fund balances	49,493	531,663	320,799	844,842	1,746,797
Total fund balances	\$ 4,998,088	\$ 8,609,621	\$ 7,183,955	\$ (32,306,720)	\$ (11,515,056)

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Balance Sheet
Auxiliary Business Operations, Service Departments,
and Indirect Cost Support
June 30, 2018
(Unaudited)

	Auxiliary Business Operations	Service Departments	Indirect Cost Support	Total
Assets				
Current fund:				
Cash and cash equivalents	\$ 9,300,061	\$ 9,458,800	\$ -	\$ 18,758,861
Accounts receivable	177,975	188,070	32,335	398,380
Inventories	7,585	1,332,514	-	1,340,099
Other assets	143,758	1,022,565	36,274	1,202,597
Subtotal current fund	9,629,379	12,001,949	68,609	21,699,937
Plant fund:				
Plant fund assets	52,116	7,859,478	1,342,167	9,253,761
Total assets	\$ 9,681,495	\$ 19,861,427	\$ 1,410,776	\$ 30,953,698
Liabilities				
Accounts payable and accrued expenses	\$ 675,237	\$ 10,135,828	\$ 1,109,378	\$ 11,920,443
Unearned revenue	2,786,359	6,996	-	2,793,355
Subtotal liabilities	3,461,596	10,142,824	1,109,378	14,713,798
Fund balances				
Current fund	6,167,783	1,859,125	(1,040,769)	6,986,139
Plant fund	52,116	7,859,478	1,342,167	9,253,761
Subtotal fund balances	6,219,899	9,718,603	301,398	16,239,900
Total liabilities and fund balances	\$ 9,681,495	\$ 19,861,427	\$ 1,410,776	\$ 30,953,698

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, 2018
(Unaudited)

	Auxiliary Business Operations	Service Departments	Indirect Cost Support	Total
Current Fund				
Beginning current fund balances	\$ 5,170,059	\$ 3,853,629	\$ 790,636	\$ 9,814,324
Prior period adjustment for the implementation of GASB No. 75	(625,794)	(5,712,084)	(185,754)	(6,523,632)
Restated beginning current fund balance	4,544,265	(1,858,455)	604,882	3,290,692
Revenues	10,117,039	25,200,357	1,347,609	36,665,005
Expenditures	(8,517,521)	(21,467,250)	(2,873,143)	(32,857,914)
Transfers	24,000	(15,527)	(120,117)	(111,644)
Ending current fund balances	\$ 6,167,783	\$ 1,859,125	\$ (1,040,769)	\$ 6,986,139
Plant Fund				
Beginning plant fund balances	\$ 82,594	\$ 9,137,776	\$ 1,367,277	\$ 10,587,647
Revenues	5,795	701,794	139,594	847,183
Expenditures	(36,273)	(1,988,854)	(155,942)	(2,181,069)
Transfers	-	8,762	(8,762)	-
Ending plant fund balances	52,116	7,859,478	1,342,167	9,253,761
Total fund balances	\$ 6,219,899	\$ 9,718,603	\$ 301,398	\$ 16,239,900

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Balance Sheet
Auxiliary Enterprises - Debt Financed Projects
June 30, 2018
(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	\$ -	\$ 72,948,767	\$ 9,006,535	\$ 729,876	\$ 1,569,554	\$ 84,254,732
Accounts receivable	601,566	89,828	201,078	4,291	2,020	898,783
Inventories	-	289,659	38,388	-	-	328,047
Other assets	5,324	582,781	623,773	275	10,213	1,222,366
Due from plant fund	-	37,884,762	-	-	-	37,884,762
Subtotal current fund	606,890	111,795,797	9,869,774	734,442	1,581,787	124,588,690
Plant fund:						
Accounts receivable	-	748,061	-	-	-	748,061
Prepaid insurance	-	1,370,596	-	-	-	1,370,596
Deferred loss on refunding	-	664,168	-	-	-	664,168
Restricted cash and investments	-	23,406,513	-	-	-	23,406,513
Land, buildings & equipment	110,596,037	71,636,394	17,689,369	34,408,782	1,515,849	235,846,431
Subtotal plant fund	110,596,037	97,825,732	17,689,369	34,408,782	1,515,849	262,035,769
Total assets	\$ 111,202,927	\$ 209,621,529	\$ 27,559,143	\$ 35,143,224	\$ 3,097,636	\$ 386,624,459
Liabilities						
Current fund:						
Accounts payable and accrued expenses	\$ 5,197,285	\$ 4,240,103	\$ 829,704	\$ 69,802	\$ 140,033	\$ 10,476,927
Unearned revenue	245,842	790,132	-	127,262	98,947	1,262,183
Subtotal current fund	5,443,127	5,030,235	829,704	197,064	238,980	11,739,110
Plant fund						
Accounts payable and accrued expenses	2,150,330	3,178,491	-	-	-	5,328,821
Due to current fund	-	37,884,762	-	-	-	37,884,762
Debt	131,662,037	180,465,631	-	-	-	312,127,668
Subtotal plant fund	133,812,367	221,528,884	-	-	-	355,341,251
Total liabilities	139,255,494	226,559,119	829,704	197,064	238,980	367,080,361
Fund balances						
Current fund	(4,836,237)	106,765,562	9,040,070	537,378	1,342,807	112,849,580
Plant fund	(23,216,330)	(123,703,152)	17,689,369	34,408,782	1,515,849	(93,305,482)
Total fund balances	(28,052,567)	(16,937,590)	26,729,439	34,946,160	2,858,656	19,544,098
Total liabilities and fund balances	\$ 111,202,927	\$ 209,621,529	\$ 27,559,143	\$ 35,143,224	\$ 3,097,636	\$ 386,624,459

State of Illinois
Northern Illinois University
Condensed Financial Information (continued)
Balance Sheet
Auxiliary Enterprises - Debt Financed Projects
June 30, 2018
(Unaudited)

Schedule of Revenue, 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	\$ (2,019,147)	\$ 109,790,540	\$ 9,426,250	\$ 196,014	\$ 1,449,538	\$ 118,843,195
Prior period adjustment for the implementation of GASB No. 75	(29,691)	(2,086,139)	(661,887)	(3,532)	(96,007)	(2,877,256)
Restated beginning current fund balance	(2,048,838)	107,704,401	8,764,363	192,482	1,353,531	115,965,939
Revenues	1,380,482	27,549,160	11,209,617	4,838,594	2,134,290	47,112,143
Expenditures	(2,412,145)	(31,029,429)	(11,424,949)	(3,508,575)	(1,853,404)	(50,228,502)
Transfers	(1,755,736)	2,541,430	491,039	(985,123)	(291,610)	-
Ending current fund balances	\$ (4,836,237)	\$ 106,765,562	\$ 9,040,070	\$ 537,378	\$ 1,342,807	\$ 112,849,580
Plant fund:						
Beginning fund balances	\$ (21,578,364)	\$ (125,036,746)	\$ 17,710,502	\$ 33,181,544	\$ 6,216,888	\$ (89,506,176)
Revenues	10,157,599	19,470,016	1,149,086	33,519	2,141	30,812,361
Expenditures	(11,795,565)	(19,788,864)	(961,638)	(1,963,852)	(101,748)	(34,611,667)
Transfers	-	1,652,442	(208,581)	3,157,571	(4,601,432)	-
Ending plant fund balances	(23,216,330)	(123,703,152)	17,689,369	34,408,782	1,515,849	(93,305,482)
Total fund balances	\$ (28,052,567)	\$ (16,937,590)	\$ 26,729,439	\$ 34,946,160	\$ 2,858,656	\$ 19,544,098

State of Illinois
Northern Illinois University
Auxiliary Enterprises - Debt Financed Projects
Schedule of Indentured Capital Reserves
June 30, 2018
(Unaudited)

Replacement cost of buildings	\$ 820,779,080
Replacement cost of equipment	<u>52,300,171</u>
Total replacement cost of buildings and equipment	<u>\$ 873,079,251</u>
Allowable indentured capital reserves - 5 percent of total replacement cost of buildings and equipment	\$ 43,653,963
Less actual indentured capital reserve at June 30	<u>-</u>
Margin of compliance	<u>\$ 43,653,963</u>

Note 1: 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, 2018
(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. \$ 5,122,724	\$ 9,150,737	\$ 8,094,898	\$ -	\$ 22,368,359
2. Working capital allowance:					
Highest month's expenditures	339,973	1,365,312	775,121	8,252,095	10,732,501
Encumbrances and current liabilities paid in lapse period	261,967	1,473,812	1,652,918	29,838,959	33,227,656
Unearned revenue	-	566,013	29,230	6,516,891	7,112,134
Total working capital allowance	B. <u>601,940</u>	<u>3,405,137</u>	<u>2,457,269</u>	<u>44,607,945</u>	<u>51,072,291</u>
3. Current excess funds:					
Deduct B from A and enter here.	C. 4,520,784	5,745,600	5,637,629	(44,607,945)	(28,703,932)
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>(3,498,121)</u>	<u>(1,590,644)</u>	<u>(2,050,121)</u>	<u>(2,128,419)</u>	<u>(9,267,305)</u>
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the income fund.					<u>\$ (37,971,237)</u>
Excess funds offset calculation					
Buildings	\$ 48,501,953	\$ -	\$ -	\$ -	\$ 48,501,953
Maximum rate	5%	5%	5%	5%	5%
Building capital offset	2,425,098	-	-	-	2,425,098
Equipment	\$ 5,365,117	\$ 7,953,221	\$ 10,250,603	\$ 10,642,097	\$ 34,211,038
Maximum rate	20%	20%	20%	20%	20%
Equipment capital offset	1,073,023	1,590,644	2,050,121	2,128,419	6,842,208
Total excess funds offset	<u>\$ 3,498,121</u>	<u>\$ 1,590,644</u>	<u>\$ 2,050,121</u>	<u>\$ 2,128,419</u>	<u>\$ 9,267,305</u>

State of Illinois
Northern Illinois University
Calculation Sheet for Current Excess Funds (continued)
Auxiliary Business Operations
June 30, 2018
(Unaudited)

1.	Current available funds:		
	Add:		
	Cash and cash equivalents		\$ 9,300,061
	Total current available funds	A.	9,300,061
2.	Working capital allowance:		
	Add:		
	Highest month's expenditures		4,267,317
	Encumbrances and current liabilities paid in lapse period		675,237
	Unearned revenue		<u>2,786,359</u>
	Working capital allowance	B.	<u>7,728,913</u>
3.	Current excess funds:		
	Deduct B from A and enter here	C.	1,571,148
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		(383,442)
	Equipment offset		<u>(155,322)</u>
	Total offset	D.	(538,764)
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.		<u>\$ 1,032,384</u>

State of Illinois
Northern Illinois University
Calculation Sheet for Current Excess Funds (continued)
Service Departments
June 30, 2018
(Unaudited)

1.	Current available funds:	
	Cash and cash equivalents	A. \$ 9,458,800
2.	Working capital allowance:	
	Highest month's expenditures	6,919,773
	Encumbrances and current liabilities paid in lapse period	10,135,828
	Unearned revenue	<u>6,996</u>
	Total working capital allowance	B. <u>17,062,597</u>
3.	Current excess funds:	
	Deduct B from A and enter here	C. (7,603,797)
4.	Calculation of income fund remittance:	
	An entity may offset excess capital or current funds within the entity. Enter the amount to be offset, if any, here.	D. <u>(9,023,397)</u>
	Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund.	<u>\$ (16,627,194)</u>

State of Illinois
Northern Illinois University
Analysis of Indirect Cost Reimbursements (continued)
Sources and Application of Indirect Cost Recoveries
June 30, 2018
(Unaudited)

Balance, beginning of year	\$ 790,636
Prior period adjustment for the implementation of GASB No. 75	<u>(185,754)</u>
Restated beginning current fund balance	\$ 604,882
Sources	
Sales and services of educational activities	11,732
Other sources	432,295
Auxiliary enterprises	206,662
State appropriations - on-behalf payments	<u>696,920</u>
Total sources	1,347,609
Applications	
Research	1,291,439
Instruction	11,240
Public service	521
Academic support	650,198
Student services	-
Operation and maintenance of plant	267,504
Institutional support	613,129
Student aid	<u>39,112</u>
Total applications	<u>2,873,143</u>
Transfers	<u>(120,117)</u>
Net increase	<u>(1,645,651)</u>
Balance, end of year	<u><u>\$ (1,040,769)</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, 2018
(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>\$ -</u>
2.	Allocated reimbursements:	
	Enter the total indirect cost reimbursements allocated for expenditure for the fiscal year completed: \$3,549,978. Enter 30 percent of this amount.	<u>1,064,993</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>354,998</u>
4.	Encumbrances and current liabilities paid in the lapse period:	
	Enter the amount of:	
	Current liabilities	1,109,378
	Indirect cost carryforward:	
	Enter the total of Items 2, 3, and 4	<u>2,529,369</u>
	Subtract from Item 1	(2,529,369)
	If a positive number results, enter here and remit for deposit in the Income Fund	<u><u>\$ (2,529,369)</u></u>

State of Illinois
Northern Illinois University
Cross-Reference Table of Reporting Requirements
June 30, 2018
(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, 2018, where such special data is found.

Reference Number from T. Loobey's Memorandum Dated July 25, 2000, on <i>University Guidelines</i>	Report and Page Number Where Information is Disclosed Supplementary Information for State Compliance Purposes
13a. Violation of University Guidelines, 1982 as Amended	N/A
13b. Sources and Application of Indirect Cost Recoveries	74
13c. Calculation Sheet for Indirect Cost Support Carryforward	75
13d. Amount of Tuition Diverted to Auxiliary Enterprise Operations	96
13e. List of Accounting Entity and Description of Sources and Purpose of Revenues	61-62
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13j. Conformity of Bond Fund Accounting to Terms of Bond Issues	69, 96
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13l. List of Organizations Recognized as University Related Organizations (UROs)	96
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NIU Vision, Mission, and Values

The vision of Northern Illinois University is to be the premier student-centered, research-focused public university in the Midwest, 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.

In pursuing our vision and fulfilling our mission, the university values:

- A community of diverse people, ideas, services, and scholarly endeavors in a climate of respect for the intrinsic dignity of each individual
- Access for a broad spectrum of students to high quality undergraduate, graduate, and professional programs that prepare them to be lifelong learners and productive, socially conscious citizens
- Engaged teaching and learning that evolves from the synergy of research, artistry, and service
- Research and artistry in creating, transmitting, expanding, and applying knowledge
- Student success supported through academic and co-curricular programming and activities
- The application of current technology in enhancing and broadening all institutional endeavors
- A system of shared governance that incorporates input from faculty, staff and students in decision- and policy-making
- Commitment to a public purpose addressing regional, state, national and global challenges and opportunities

These statements, approved by the NIU Board of Trustees in 2012, were in place for all of fiscal year 2018. They are being reviewed, and approval of revisions is anticipated during fiscal year 2019.

Governing Board Priorities/Presidential Goals

The processes associated with university shared governance and resource allocation are most effective, when the institutional mission, the priorities of the governing board, and the goals of the president are in alignment. Moreover, sharing such priorities and goals with the university community encourages a culture of transparency and accountability. Accordingly, the Board of Trustees of Northern Illinois University articulated five priorities for FY18 [https://www.niu.edu/board/_pdf/priorities-fy-2018.pdf]. In collaboration, the Board and the Acting President used these priorities to establish six presidential goals, and associated criteria for success [<https://www.niu.edu/president/about/goals.shtml>]. These priorities and goals are shown in the text box below. They provided a strategic framework to guide university planning and budget functions in FY18.

Board of Trustees Priorities	Presidential Goals
<ol style="list-style-type: none"> 1. Develop and execute a thoughtful and strategic presidential search 2. Grow our student enrollment and enhance student success 3. Distinguish NIU among IL public universities by advancing excellence in all aspects of the University’s mission: teaching and learning, research and scholarship, creativity and artistry, engagement and outreach 4. Achieve a stronger, more self-sustainable financial model, by supporting the university’s efforts to: identify and support opportunities for revenue generation; increase operational efficiency and effectiveness; reduce administrative costs; increase faculty, staff and student satisfaction, as well as invest in our human resources. 5. Foster a culture of operational, fiscal and ethical excellence 	<ol style="list-style-type: none"> 1. Grow Student Enrollment & Success <ul style="list-style-type: none"> • Increase Recruitment • Increase Retention • Enhance Student Success 2. Enhance Fiscal Sustainability of NIU <ul style="list-style-type: none"> • Increase Tuition Revenue • Increase Philanthropy • Align Budget with Mission 3. Implement Program Prioritization <ul style="list-style-type: none"> • Implement President’s Report Recommendations Regarding Administrative Programs • Implement President’s Report Recommendations Regarding Academic Programs • Advance data-informed culture 4. Foster an organizational culture that is ethical and accountable <ul style="list-style-type: none"> • Increase transparent practices • Decrease critical audit findings 5. Increase capacity for research, innovation and regional engagement <ul style="list-style-type: none"> • Initiate Research Cluster Strategy • Increase Regional Engagement 6. Enhance Student Experience <ul style="list-style-type: none"> • Increase student satisfaction with support services • Increase student engagement

Program Prioritization

Northern Illinois University (NIU) initiated a systemic Program Prioritization process in the Fall of 2014. The NIU’s Board of Trustees endorsed Program Prioritization as a strategic measure to align resources with mission in a way that would provide the most benefit for our current and future students.

Program prioritization at NIU included five 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 motivated campus feedback, divisional action planning and a series of binding Presidential recommendations. These recommendations have been implemented to the extent allowed by our resource constraints.

State of Illinois
Northern Illinois University
University Functions and Planning Program
June 30, 2018
(Unaudited)

Program Prioritization’s recommendations and action plans continued to guide and inform campus decisions during FY18, consistent with the third presidential goal and its subgoals (see above). As noted in the President’s annual performance review (https://www.niu.edu/board/_pdf/2018-acting-presidential-evaluation.pdf) and the Program Prioritization reports (<https://www.niu.edu/program-prioritization/>), Program Prioritization recommendations have been implemented for 92% of administrative programs. Moreover, Program Prioritization action plans have been implemented for 88% of the academic programs recommended for transformation or elimination.

The Higher Learning Commission team that reviewed NIU in 2018 commended NIU on Program Prioritization saying, “NIU developed and implemented a comprehensive Program Prioritization process which has shaped and guided the institution, and tied strategic planning and budgeting together.” Further, the team noted, “Program Prioritization has confirmed NIU’s commitment to continuous improvement focused on mission through a systematic self-evaluation process.”

Location, Address, and Head of the University

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

State of Illinois
Northern Illinois University
 Analysis of Significant Lapse Period Spending
 June 30, 2018 and 2017
 (in Thousands)
 (Unaudited)

	<u>2018</u>	<u>2017</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%-
<p>The decrease attributed to the late approval of Public Act 100 -0021 occurring days after the fiscal year ending June 30, 2017. The Act provides funding for operating cost for fiscal year 30, 2017.</p>				
Education Assistance Fund - 0007 (PA 100-0021)				
Personal services	\$ -	\$ 12,029,800	\$ (12,029,800)	100%-
Commodities	350,578	-	350,578	100%+
Equipment	13,080	-	13,080	100%+
Telecommunication services	570,563	-	570,563	100%+

The decrease in lapse period spending is attributed to Public Act 100-0021, signed into law on July 6, 2017, which provided funding for operating costs for fiscal year 2018 and allowed timely vouchering of expenditures to the State.

State of Illinois

Northern Illinois University

Analysis of Significant Variations in Account Balances

June 30, 2018 and 2017

(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%:

	2018	2017	Increase (Decrease)	Percent Changes	Explanation
Current Assets:					
Restricted cash and cash equivalents	\$ 45,402	\$ 14,775	\$ 30,627	207%	The increase is attributed to the reclassification of unrestricted cash to restricted cash, per revenue bond covenants, resulting in a corresponding decrease in non-current unrestricted cash and cash equivalents.
Investments	75,802	8,401	67,401	802%	The increase is attributed to the receipt of cash for operations related to the timing of the State budget approval in July 2017.
Accounts receivable-net	22,925	43,312	(20,387)	-47%	The decrease is attributed to a reduction in student receivables as a result of the timing of the FY17 MAP funding approval in July 2017.
Appropriations receivable from state	2,096	23	2,073	9013%	The increase is attributed to balance receivable from Capital Development Board after restarting the Stevenson project following a two-year State budget impasse.
Noncurrent Assets:					
Cash and investments (Unrestricted)	-	2,991	(2,991)	-100%	The increase is attributed to the reclassification of unrestricted cash to restricted cash, per revenue bond covenants, resulting in a corresponding increase in current restricted cash and cash equivalents.
Cash and investments (Restricted)	63,880	92,888	(29,008)	-31%	The decrease is attributed to the use of cash and investments for auxiliary operations and projects.
Noncurrent Liabilities:					
Other post-employment benefits	49,837	-	49,837	100%	The increase is attributed to implementation of a new reporting requirement under GASB Statement No. 75, related to other post-employment benefits.

Note 1: The current assets represent assets that will be used in current operations.

State of Illinois
Northern Illinois University
Analysis of Significant Variations in Revenues
June 30, 2018 and 2017
(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%:

	2018	2017	Increase (Decrease)	Percent Changes	Explanation
Tuition and fees, net	\$ 104,152	\$ 127,256	\$ (23,104)	-18%	The decrease is attributed primarily to a larger scholarship allowance as a result of the timing of the FY17 State of Illinois MAP funding approval, and a decline in student tuition revenue.
State appropriations - general	124,806	48,316	76,490	158%	The increase is attributed to the timing of the FY17 State budget approval that is required to be recognized as revenue in FY18.
State of IL Monetary Award Program (MAP)	41,479	8,660	32,819	379%	The increase is attributed to the timing of the FY17 MAP funding approval that is required to be recognized as revenue in FY18.

State of Illinois

Northern Illinois University

Analysis of Significant Variations in Expenses

June 30, 2018 and 2017

(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%:

	2018	2017	Increase (Decrease)	Percent Changes	Explanation
Depreciation	\$29,238	\$25,052	\$ 4,186	17%	The increase is attributed to the impairment of Lincoln Hall, and an overall increase in depreciable assets.
Institutional support	61,423	54,720	6,703	12%	The increase is attributed to the purchase of software licensing, upgrades, and support fees, Stevenson Building expenses to furnish and equip the building upon completion, and increased employee benefit costs.
Student aid	46,563	36,865	9,698	26%	The increase is a result of increased student tuition discounts related to the timing of the FY17 State of Illinois MAP funding
Auxiliary enterprises	82,678	93,731	(11,053)	-12%	The decrease is attributed to a reduction in staff through attrition and resulting payroll costs, plus a decrease in contractual services.

State of Illinois
Northern Illinois University
Analysis of Receivables and Inventories
As of June 30, 2018 and 2017
(Unaudited)

	2018	2017	Increase	Percent
	000's	000's	(Decrease)	Changes
Receivables				
Accrued interest receivable	\$ 957	\$ 791	\$ 166	21.0%
Accounts receivable - net				
Accounts receivable	47,387	69,191	(21,804)	-31.5%
Less allowance for doubtful accounts	(24,462)	(25,879)	1,417	-5.5%
Total Accounts receivable - net	<u>22,925</u>	<u>43,312</u>	<u>(20,387)</u>	-47.1%
Appropriations receivable from state	2,096	23	2,073	9013.0%
Student loans receivable	7,098	7,506	(408)	-5.4%
Less allowance for doubtful accounts	(36)	(39)	3	-7.7%
Net student loans receivable	<u>7,062</u>	<u>7,467</u>	<u>(405)</u>	-5.4%
Due from foundations	<u>7,340</u>	<u>4,384</u>	<u>2,956</u>	67.4%
Total accounts receivables	<u>\$ 40,380</u>	<u>\$ 55,977</u>	<u>\$ (15,597)</u>	-27.9%

Note 1: The accounts receivable year over year net decrease of \$15.6 million (-27.9%) is mainly attributed to the following: (1) Gross student receivables decreased \$21.8 million primarily due to receipt of state appropriations of the student assistance Monetary Award Program fiscal year 2017. Funding was approved in Q1 of fiscal year 2018 in which the University subsequently collected and applied \$19.1 of the award to the June 30, 2017 student receivable. (2) Appropriations receivable from the state increased \$2.1 million due to the restart of the Stevenson Hall project and subsequent billings to the State for reimbursement.

	2018	2017	Increase	Percent
	000's	000's	(Decrease)	Changes
Inventories				
Food	\$ 334	\$ 666	\$ (332)	-49.8%
Books	32	1,193	(1,161)	-97.3%
Inventories for resale	1,331	872	459	52.6%
Commodities and supplies	29	186	(157)	-84.4%
Other miscellaneous items	<u>22</u>	<u>24</u>	<u>(2)</u>	-8.3%
Total inventories	<u>\$ 1,748</u>	<u>\$ 2,941</u>	<u>\$ (1,193)</u>	-40.6%

Note 2: The inventories year-over-year net decrease of \$1.2 million (40.6%) is mainly attributed to the following: (1) a decrease in bookstore inventories driven by an increase in online competition and declining student enrollment, and (2) a decrease in food inventories due to restructuring service offerings at Stevenson Hall as a result of alignment with demand.

State of Illinois
Northern Illinois University
Matters Related to the Budget Impasse and Its Impact
For the Year Ended June 30, 2018
(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

State of Illinois
Northern Illinois University
Interest Costs on Fiscal Year 2018 Invoices
For the Year Ended June 30, 2018
(Unaudited)

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.

State of Illinois

Northern Illinois University

**Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors
For the Year Ended June 30, 2018
(Unaudited)**

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 2018.

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 2016, Fiscal Year 2017 and Fiscal Year 2018.

State of Illinois
Northern Illinois University
Comparative Employment Statistics
June 30, 2018 and 2017
(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, 2018:									
Appropriated funds:									
Facility/administrative	1,419.4	22.9	21.8	133.3	87.5	102.8	3.9	-	1,791.6
Civil service	224.4	12.3	9.0	138.7	69.6	174.4	47.6	-	676.0
Student employees	32.7	0.4	0.1	14.7	9.7	4.3	2.9	-	64.8
Miscellaneous contracts	8.9	0.6	-	3.0	6.1	7.1	-	-	25.7
	<u>1,685.4</u>	<u>36.2</u>	<u>30.9</u>	<u>289.7</u>	<u>172.9</u>	<u>288.6</u>	<u>54.4</u>	<u>-</u>	<u>2,558.1</u>
Nonappropriated funds:									
Facility/administrative	71.3	92.3	145.6	29.3	105.8	26.1	2.2	34.8	507.4
Civil service	8.7	7.6	21.9	16.7	61.3	96.5	312.1	176.2	701.0
Student employees	9.9	14.8	8.8	2.8	77.9	11.7	5.3	132.5	263.7
Miscellaneous contracts	4.3	11.9	11.3	6.7	3.2	6.9	15.3	25.6	85.2
	<u>94.2</u>	<u>126.6</u>	<u>187.6</u>	<u>55.5</u>	<u>248.2</u>	<u>141.2</u>	<u>334.9</u>	<u>369.1</u>	<u>1,557.3</u>
Total All Funds	<u>1,779.6</u>	<u>162.8</u>	<u>218.5</u>	<u>345.2</u>	<u>421.1</u>	<u>429.8</u>	<u>389.3</u>	<u>369.1</u>	<u>4,115.4</u>
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>

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, 2018 and 2017
 (Unaudited)

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

	<u>2018</u>		<u>2017</u>
Total education and general expenses /expenditures from current appropriated funds	\$ 124,805,500 *		\$ 48,315,575 *
Expenses /expenditures from locally held University Income Fund	<u>98,792,596</u>		<u>166,957,644</u>
Total expenses from current appropriated and locally held funds	223,598,096		215,273,219
Twelve month full-time equivalent (FTE) students	÷ <u>15,483</u> **	÷	<u>16,281</u> **
COST PER FULL-TIME EQUIVALENT STUDENT	<u>\$ 14,442</u>		<u>\$ 13,222</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, 2018
(Unaudited)

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

Ballard Companies, Inc. – Actual Cost: \$45,990

This emergency purchase was required due to a situation in which public health or safety was threatened. The University awarded a contract for electric service and steam tunnel repairs after a source outside of NIU damaged the underground electrical power service to Faraday and LaTourette Halls on campus and the adjacent steam tunnel adjacent to the street right-of way in front of LaTourette Hall.

State of Illinois
Northern Illinois University
Comparative Enrollment Statistics
June 30, 2018
(Unaudited)

	<u>On Campus</u>		<u>Off Campus</u>		<u>Totals</u>	
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
Undergraduate						
Summer	2,615	2,774	424	496	3,039	3,270
Fall	13,139	13,728	315	351	13,454	14,079
Spring	12,002	12,568	336	326	12,338	12,894
Undergraduate Total	27,756	29,070	1,075	1,173	28,831	30,243
Graduate						
Summer	1,629	1,906	1,209	1,144	2,838	3,050
Fall	2,960	3,275	1,359	1,397	4,319	4,672
Spring	2,789	3,050	1,293	1,308	4,082	4,358
Graduate Total	7,378	8,231	3,861	3,849	11,239	12,080
Professional						
Summer	75	56	3	1	78	57
Fall	269	264	-	-	269	264
Spring	253	245	-	-	253	245
Professional Total	597	565	3	1	600	566
Total	35,731	37,866	4,939	5,023	40,670	42,889

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>FY 2018</u>	<u>FY 2017</u>
Undergraduate	11,601	12,136
Graduate	2,751	2,846
Total	14,352	14,982

Note:

1. Full time equivalents include 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 2018</u>	<u>FY 2017</u>
Bachelors	3,502	3,561
Masters	1,406	1,515
Law--J.D.	77	70
Doctorate	159	176
	<u>5,144</u>	<u>5,322</u>

Note:

1. FY 2018 includes Summer 2017, Fall 2017 and Spring 2018.
 2. FY 2017 includes Summer 2016, Fall 2016 and Spring 2017.
- * 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, 2018
(In Thousands)
(Unaudited)

	Tuition Waivers			Fee Waivers		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
Mandatory waivers:						
Teacher/special education	547.9	64.1	612.0	188.4	0.2	188.6
ROTC	297.1	-	297.1	2.2	-	2.2
DCFS	196.5	-	196.5	24.3	-	24.3
Children of employees	538.6	-	538.6	-	-	-
Senior citizens	19.7	2.1	21.8	-	-	-
Veterans grants and scholarships	1,046.7	233.6	1,280.3	9.8	0.1	9.9
Mandatory waivers total	2,646.5	299.8	2,946.3	224.7	0.3	225.0
Discretionary waivers:						
Faculty/administrative	8.9	434.3	443.2	3.5	-	3.5
Civil service	236.1	288.3	524.4	71.0	-	71.0
Academic/other talent	1,569.5	2,174.2	3,743.7	-	-	-
Athletic	1,844.0	-	1,844.0	-	-	-
Gender equity in intercollegiate athletics	1,797.1	-	1,797.1	-	-	-
Foreign students	-	117.7	117.7	-	-	-
Cooperating professionals	33.9	872.3	906.2	-	-	-
Research assistants	-	2,849.5	2,849.5	-	-	-
Teaching assistants	-	5,445.8	5,445.8	-	-	-
Interinstitutional/related agencies	34.0	74.9	108.9	-	-	-
Retired university employees	5.2	24.3	29.5	2.1	-	2.1
Children of deceased employees	10.3	-	10.3	1.2	-	1.2
Student need - financial aid	10.5	-	10.5	-	-	-
Student need - special programs	-	21.4	21.4	-	-	-
Other assistants	37.1	1,392.7	1,429.8	-	-	-
Fellowships	-	61.4	61.4	-	-	-
Contract/training grants	-	187.4	187.4	-	-	-
Discretionary waivers total	5,586.6	13,944.2	19,530.8	77.8	-	77.8
Grand Total	8,233.1	14,244.0	22,477.1	302.5	0.3	302.8

State of Illinois
Northern Illinois University
Debt Financed by University-Related Organization
For the Year Ended June 30, 2018
(Unaudited)

The Northern Illinois University Foundation issued bonds in connection with the construction of the Kenneth and Ellen Chessick Practice Center. At June 30, 2018, the amount of outstanding bonds were \$1,098,423. 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 has issued a \$200,000 note payable for the acquisition of EIGERlab. At June 30, 2018, the amount of the note outstanding was \$64,246. 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, 2018
(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, 2018
(Unaudited)

Contracted/rents to students/University operated	University operated
Contractor	N/A
Contract term	N/A
Amount of gross sales for Bookstore in FY18	\$3,364,665
Amount (if any) to be paid to Bookstore for FY18 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 \$15,384,114 and \$18,160,977 for the years ended June 30, 2018 and June 30, 2017, respectively.
2. The University's governing board has established no non-instructional facilities (development) reserves.

TUITION, CHARGES, AND FEES

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

BOND COVENANTS

There were no violations of revenue bond covenants noted during the audit of Northern Illinois University for the year ended June 30, 2018.

UNIVERSITY RELATED ORGANIZATIONS

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 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, 2018 is \$8,950,000.

State of Illinois
Northern Illinois University
Summary of Foundation Payments
On Behalf of the University
For the Year Ended June 30, 2018
(Unaudited)

During fiscal year 2018, 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 \$590,539. 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 provided on behalf of the University during fiscal year 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Program Services				
Scholarships	3,291,901			3,291,901
University Departments and Programs	5,925,981			5,925,981
Total Program Services	<u>9,217,882</u>	-	-	<u>9,217,882</u>
Foundation Operations				
Grants for Scholarships and University	130,680	-	-	130,680
Management and General Expenses	1,016,617	-	-	1,016,617
Fundraising Expenses	1,305,540	-	-	1,305,540
Total Foundation Operations	<u>2,452,837</u>	-	-	<u>2,452,837</u>
Total funds provided on behalf of the University by the Foundation	<u>\$ 11,670,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,670,719</u>

State of Illinois
Northern Illinois University
Summary of Alumni Association Payments
On Behalf of the University
For the Year Ended June 30, 2018
(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 2018. There were no amounts paid by the University to the Alumni Association.

Presented below is a summary of all funds that the Association provided on behalf of the University during fiscal year 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Program Services				
Scholarships	26,750	-	-	26,750
Events/Programs	374,955	-	-	374,955
Travel Programs	743,011	-	-	743,011
Total Program Services	<u>1,144,716</u>	-	-	<u>1,144,716</u>
Alumni Association Operations				
Management and General Expenses	293,395	-	-	293,395
Total Alumni Association Operations	<u>293,395</u>	-	-	<u>293,395</u>
Total funds provided on behalf of the University by the Alumni Association	<u>\$ 1,438,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,438,111</u>

State of Illinois
Northern Illinois University
Summary of Research Foundation Payments
On Behalf of the University
For the Year Ended June 30, 2018
(Unaudited)

During fiscal year 2018, 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 provided on behalf of the University during fiscal year 2018:

**Funds considered unrestricted for purposes of the
Guidelines computations:**

Total unrestricted - administrative services	\$ 68,572
Support for University programs and departments	<u>762,129</u>
Total funds considered unrestricted	<u>\$ 830,701</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, 2018
 (Unaudited)

	Design Capacity	Fall Semester Occupancy	Spring Semester Occupancy	Average Occupancy
Neptune Complex	1,138	528	507	518
Gilbert Hall	280	210	199	205
Northern View	239	213	198	206
Grant Towers	1,660	582	529	556
Stevenson Towers	1,280	1,108	972	1,040
New Hall	1,008	952	891	922
Total Residence Halls	5,605	3,593	3,296	3,447

Student Residence Hall:	Single	Double	Suite w/Bath	Suite w/o Bath
Neptune Complex ^{1,2}	11,042	9,784	-	-
Gilbert Hall ^{1,2}	12,138	10,880	-	-
Northern View ^{1,2}	11,075	9,914	-	-
Grant Towers ^{1,2}	12,138	10,880	-	-
Stevenson Towers ^{1,2}	12,138	10,880	10,880	10,880
New Hall ^{1,2,3}	13,500	-	-	-

1. Assumes 9-month occupancy rate
2. Price includes 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, 2018
(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. | CliftonLarsonAllen LLP

