STATE OF ILLINOIS

NORTHERN ILLINOIS UNIVERSITY

FINANCIAL AUDIT

For the Year Ended June 30, 2019

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

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STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY

FINANCIAL AUDIT
For the Year Ended June 30, 2019

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STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY

UNIVERSITY OFFICIALS
For the Year Ended June 30, 2019

Acting President (July 1, 2018 through September 19, 2018) President (from September 20, 2018)	Dr. Lisa C. Freeman
Acting Executive Vice President and Provost (July 1, 2018 through May 15, 2019)	Christopher McCord
Executive Vice President and Provost (from May 16, 2019)	Beth Ingram
Vice President for Administration and Finance and Chief Financial Officer	Sarah McGill
Acting Associate Vice President for Finance and Treasury (July 1, 2018 – July 31, 2018) Associate Vice President for Finance and Treasury (from August 1, 2018)	Shyree Sanan
Vice President for Research and Innovation Partnerships	Gerald Blazey
Acting Vice President and General Counsel (July 1, 2018 through June 30, 2019)	Gregory A. Brady
Vice President and General Counsel (from July 1, 2019)	Bryan Perry
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 (from March 18, 2019)	Jason Askin
Deputy Controller (from April 15, 2019)	Greg Martyn
Financial Reporting Manager	Kathy Marshall

NIU Office is located at:

300 Altgeld Hall

DeKalb, Illinois 60115

Summary

The audit of the accompanying financial statements of Northern Illinois University (University) was performed by CliftonLarsonAllen LLP, as special assistant auditors to the Illinois Office of the Auditor General.

Based on their audit, the auditors expressed unmodified opinions on the University's basic financial statements.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Northern Illinois University (the University), a component unit of the State of Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University's aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Northern Illinois University and its aggregate discretely presented component units as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 24 to the financial statements, the Northern Illinois Research Foundation (a discretely presented component unit) changed its financial reporting framework from standards promulgated by the Governmental Accounting Standards Board to standards promulgated by the Financial Accounting Standards Board in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited the University's June 30, 2018 financial statements, and we and the reports of the other auditors expressed unmodified audit opinions on the respective financial statements of the business-type activities and aggregate discretely presented component units of the University in our report dated February 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information such as the Management's Discussion and Analysis on pages 6-18, the Schedule of the University's Proportionate Share of the Net Pension Liability and the Schedule of University Contributions on page 66, the Schedule of the University's Proportionate Share of the Collective Total OPEB Liability on page 67, and the related Notes to Required Supplementary Information on page 68, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements.

The Table of Operating Expenses for Fiscal Year 2019 on page 69 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

In addition, the Table of Operating Expenses for Fiscal Year 2018 on page 70 are presented for purposes of additional analysis and are 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 of provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated December 20, 2019 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

CliftonLarsonAllen LLP

Oak Brook, Illinois
December 20, 2019

INTRODUCTION

Northern Illinois University (NIU, or the University) is a comprehensive public institution of higher learning with approximately 17,000 students as of Fall 2019. The University offers a wide range of academic programs through its colleges and schools; and through its research enterprise has Illinois, national, and global impacts. The following discussion and analysis provides an overview of the financial position and activities of NIU for the year ended June 30, 2019 with summarized comparative totals for the year ended June 30, 2018. This discussion is prepared by management and should be read in conjunction with the accompanying financial statements and the notes.

USING THE FINANCIAL STATEMENTS

The University's financial report includes three financial statements: The statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements include the University and its discretely presented component units. The financial statements and notes, along with Management's Discussion and Analysis (MD&A), have been prepared in accordance with accounting principles generally accepted in the United States as defined by the Governmental Accounting Standards Board (GASB) for public colleges and universities. The University is a component unit of the state of Illinois and is included in the State's Comprehensive Annual Financial Report (CAFR).

The following MD&A presents condensed versions of the financial statements with comparative financial information for fiscal year 2019 in order to illustrate increases and decreases from fiscal year 2018 data. This MD&A focuses on the University, excluding the discretely presented component units. Information regarding the component units is summarized in Note 22 to the basic financial statements. The MD&A for the component units is included in their separately issued financial statements.

FINANCIAL HIGHLIGHTS

As a premier, student-centered, research-focused public university in the Midwest, revenues from tuition and fees, auxiliary enterprises, and sponsored programs represent approximately 89% of NIU's operating revenue; these are supplemented by sales and services of educational activities, investment income, and other non-operating revenues. NIU continues to gain global recognition as a major research university, with grants and contracts comprising 12% of University operating revenue sources in fiscal year 2019. The most significant fiscal year 2019 expense categories were those directly related to the University's academic, research and public service missions.

The University has taken strategic measures through its Program Prioritization process to reallocate resources in a way that will provide the most benefit for current and future students. For example, the Division of Enrollment Management, Marketing and Communications is better aligned to improve recruitment; process re-engineering has occurred across multiple divisions to reduce costs; and staffing and space utilization modeling is ongoing, all in an effort to maximize financial resources. While the University remained cognizant of efforts to control costs in fiscal 2019, it also continued to invest in initiatives aimed at growing enrollment and promoting its brand.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of the University as of the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University. The difference between total assets plus deferred outflows of resources, and total liabilities plus deferred inflows of resources—net position—is one indicator of the current financial condition of the University, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values.

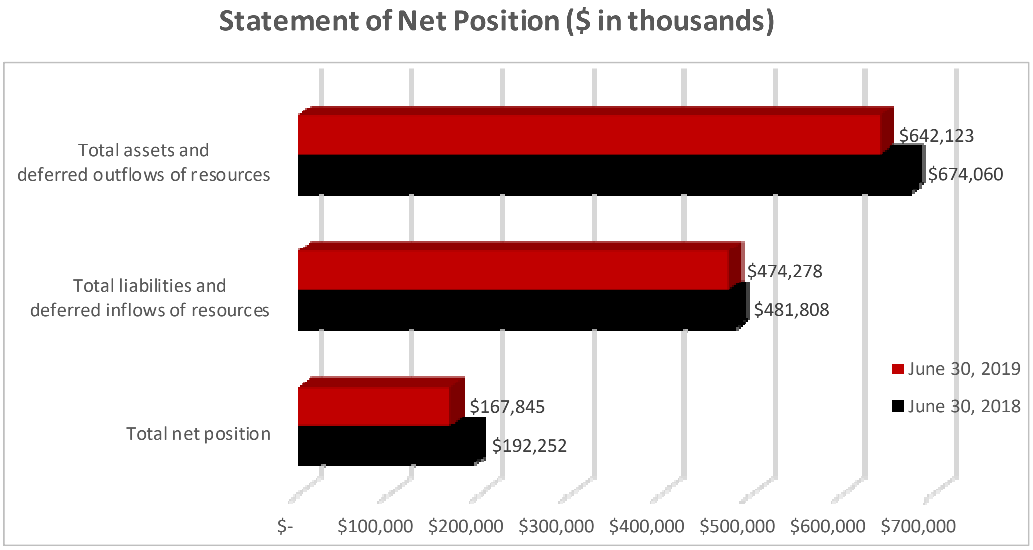
A summary comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2019, and June 30, 2018 follows:

Condensed Summary of Statement of Net Position ($ In Thousands)

	June 30, 2019	June 30, 2018	$ Change	% Change
Current assets	$ 137,383	$ 151,759	$ (14,376)	-9.5%
Noncurrent assets:				
Restricted cash and investments	63,000	63,880	(880)	-1.4%
Capital assets, net	419,634	434,872	(15,238)	-3.5%
Other	15,050	14,985	65	0.4%
Total assets	635,067	665,496	(30,429)	-4.6%
Deferred outflows of resources	7,056	8,564	(1,508)	-17.6%
Current liabilities	69,699	64,480	5,219	8.1%
Noncurrent liabilities	394,270	412,596	(18,326)	-4.4%
Total liabilities	463,969	477,076	(13,107)	-2.7%
Deferred inflows of resources	10,309	4,732	5,577	117.9%
Total net position	$ 167,845	$ 192,252	$ (24,407)	-12.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

The following chart summarizes the University's Statement of Net Position as of June 30, 2019 and the previous fiscal year-end:



Fiscal Year 2019 Compared to 2018

The University's net position decreased $24.4 million (-12.7%) during fiscal year 2019, compared to a $38.7 million increase the previous year. The State's general appropriation funding decreased from $124.8 million in fiscal 2018 to $83.6 million in fiscal year 2019. In fiscal 2018, the State general appropriation included $42.7 million related to the fiscal year 2017 appropriation, which was received and recognized as revenue in fiscal 2018. Additionally, State appropriations – capital decreased from $8.5 million in fiscal 2018 to $1.7 million in fiscal 2019 due to the completion of large state funded capital project in late 2018.

Current assets including cash and investments decreased $14.4 million (-9.5%) over prior year and was due primarily to the timing of the State budget approval, which resulted in a cash infusion in July 2017.

Current liabilities increased $5.2 million (8.1%) at year-end due to higher accounts payable and accrued liabilities. Non current liabilities decreased $18.3 million (-4.4%) at year-end due primarily to the paydown of long-term debt obligations as detailed in the related footnotes and a decrease of $7.2 million (-14.9%) in the OPEB liability required under GASB Statement No. 75 and the decrease in long-term debt.

Capital Assets, Net and Debt Obligations

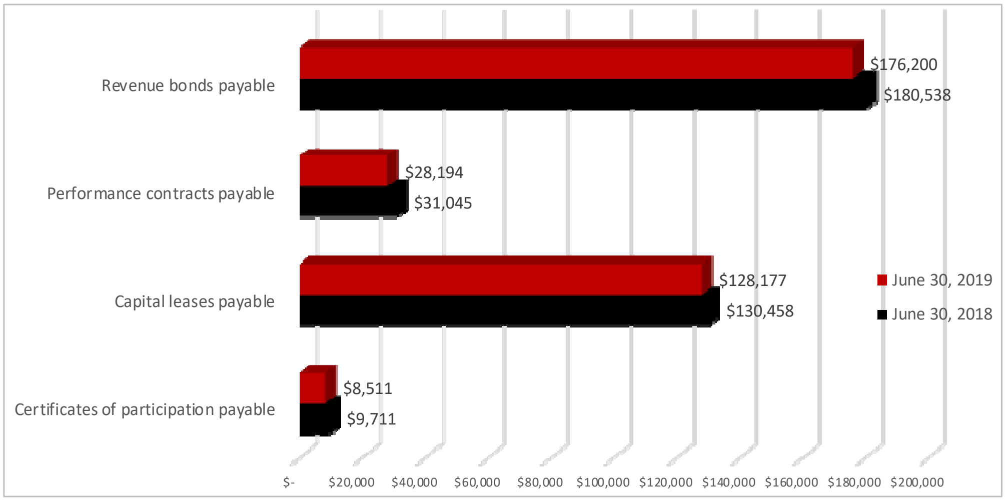
One of the critical factors in continuing the quality of the University's academic programs and student life is the development and renewal of its capital assets. Capital assets, net, represent the University's capital assets less accumulated depreciation; debt obligations represent outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

The decrease in capital assets, totaling $15.2 million (-3.5%), was a result of increased retirements of equipment, and current period depreciation. Capital asset additions totaled $18.1 million, while depreciation expense totaled $28.2 million in fiscal 2019. Significant capital additions included construction work on the renovation of the Holmes Student Center, Neptune complex upgrades, as well as new investments in equipment, including information technology. Current year capital asset additions were funded with capital appropriations, grants from the state of Illinois and federal government, debt proceeds, gifts, and unrestricted net position, which were designated for capital purposes.

The University's long-term debt obligations relate to the financing of capital asset additions. No new long-term bond debt was issued in fiscal year 2019. At June 30, 2019, bonds payable totaled $176.2 million, which mostly financed construction of new non-academic facilities and improvements. Capitalized leases payable, which are considered installment purchases, totaled $128.2 million. No new capital leases were entered into during FY2019. The University also has four separate performance contracts outstanding, totaling $28.2 million, for the upgrading of lighting and heating/air conditioning affecting approximately 70 buildings on campus. Performance guarantees are in place for each contract. Certificates of participation payable totaled $8.5 million at year-end and were used to finance the acquisition of academic and administrative facilities.

The following chart summarizes the University's bonds payable, capital leases payable, certificates of participation payable, and performance contracts payable outstanding as of June 30, 2019 and at the previous fiscal year-end:

Current and Long-term Debt Obligations ($ in thousands)



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenue, expenses, and changes in net position presents the change in financial position of the University. A summary comparison of the University's activities for the years ended June 30, 2019, and June 30, 2018 follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Position ($ In Thousands)

	2019	2018	$ Change	% Change
Operating revenues	$ 266,668	$ 251,423	$ 15,245	6.1%
Operating expenses	494,989	582,957	(87,968)	-15.1%
Operating gain/(loss)	(228,321)	(331,534)	103,213	31.1%
Nonoperating revenues/(expenses)	202,254	360,950	(158,696)	-44.0%
Other revenues and changes in net position	1,660	9,297	(7,637)	-82.1%
Increase/(decrease) in net position	$ (24,407)	$ 38,713	$ (63,120)	163.0%

Summary of Revenues

The Summary of Revenues presents the University's results of operating, nonoperating, and other revenue earned during the fiscal year. NIU, and other public universities, depend on state appropriations, gifts, and financial aid grants, which are defined by GASB as nonoperating revenues to support core operations. A summary of the University's revenues for the fiscal year ended June 30, 2019, and changes with the previous fiscal year follows:

Summary of Revenues ($ In Thousands)

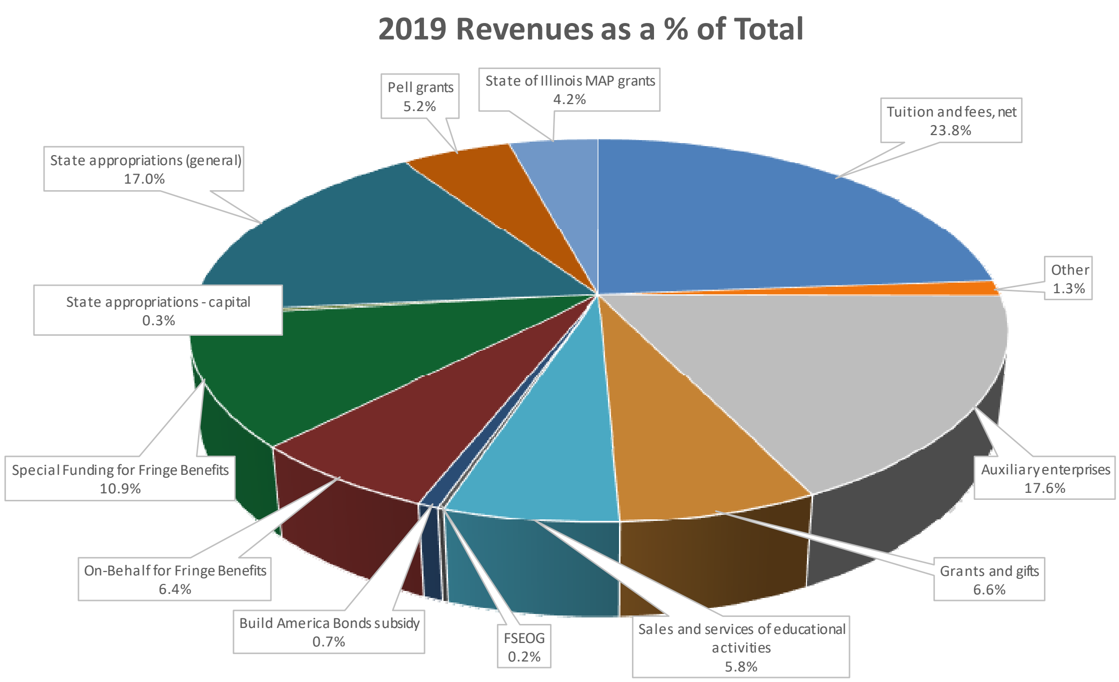
	2019	2018	$ Change	% Change
Operating revenues:				
Student tuition and fees, net	$ 117,278	$ 104,152	$ 13,126	12.6%
Auxiliary enterprises	86,650	87,487	(837)	-1.0%
Sponsored programs	32,503	28,954	3,549	12.3%
Other	30,237	30,830	(593)	-1.9%
Operating revenues	266,668	251,423	15,245	6.1%
Nonoperating revenues:				
State appropriations:				
General	83,647	124,806	(41,159)	-33.0%
On-Behalf for Fringe Benefits	31,679	26,539	5,140	19.4%
Special Funding for Fringe Benefits	53,736	157,000	(103,264)	-65.8%
Pell grants	25,526	27,174	(1,648)	-6.1%
Illinois MAP Grants	20,923	41,479	(20,556)	-49.6%
Build America bonds subsidy	3,316	3,303	13	0.4%
Federal Supplemental Educational Opportunity Grant	837	820	17	2.1%
Net investment income	4,856	2,661	2,195	82.5%
Net nonoperating revenues	224,520	383,782	(159,262)	-41.5%
Other revenues:				
State appropiations - capital	1,652	8,528	(6,876)	-80.6%
Gifts and contributions	285	763	(478)	-62.6%
Gain on disposal of capital assets	(277)	6	(283)	-4716.7%
Other revenues	1,660	9,297	(7,637)	-82.1%
Total revenues	$ 492,848	$ 644,502	$ (151,654)	-23.5%

Due to the required classification of some of these significant funding sources as nonoperating revenues, operating expenses will typically exceed operating revenues for public universities, resulting in an operating loss. Nonoperating revenue sources include State appropriations, Pell grants, State of Illinois Monetary Award Program (MAP) grants, Federal Supplemental Educational Opportunity Grants (FSEOG), gifts, and investment income.

Fiscal Year 2019 Compared to 2018

The University's total revenues decreased by $151.7 million, or -23.5%, due primarily to the timing of the receipt of State appropriations for general, special funding for fringe benefits and on-behalf for fringe benefits, and capital projects in fiscal 2018 that also included a portion of fiscal 2017 State appropriations previously billed that could not be recorded as 2017 revenues under current accounting guidelines. Operating revenues increased by $15.2 million, or 6.1%, due primarily to a decline of $16.7 million in scholarship allowance related to the timing of receipt of MAP appropriations.

The following is a graphic illustration of revenues by source (both operating and non operating), as a percentage of total revenues, which are used to fund the University's operating activities for the year ended June 30, 2019:



Notable changes in operating revenues during fiscal year 2019 compared to 2018 included:

- Tuition and Fees, increased $13.1 million in fiscal year 2019, or 12.6%, as the decline in student enrollment was offset by a decline in the Scholarship Allowance of $16.7 million, or 39.1%, due to passage of the State appropriation funding bill in July 2017, and subsequent receipt and recording of both 2017 and 2018 State of Illinois MAP funding in fiscal 2018.

- The University received $20.9 million in Illinois MAP grants, a decrease of $20.6 million, or 49.6% due to 2017 grants received in fiscal 2018 and required to be reported as 2018 revenues under applicable accounting guidelines.
- The largest component of other revenues, capital appropriations received from the State in 2019, totaled $1.7 million, a decrease of $6.9 million or 80.6% from 2018, and funded specific capital projects at the University, primarily the ongoing work to renovate and expand the Stevens Building, which opened in Fall 2018.
- State appropriations decreased $139.3 million, or 45.2%, during fiscal 2019 to $169.1 million. Included in this total is general appropriations which decreased $41.1 million, or 33%, in fiscal year 2019 to $83.6 million, and supplemental State appropriations, or payments made on-behalf of the University to the Illinois Department of Central Management Services (DCMS) and the State Universities Retirement System (SURS), which decreased $98.1 million, or 53.5%, in fiscal year 2019 to $85.4 million. The decrease was due primarily to the percentage share of the General Revenue Fund (GRF) contribution on behalf of the universities in comparison to total contributions for State Employees Group Insurance Plan (SEGIP). The University does not participate in the design, selection of vendors, or implementation of either the retirement or group insurance plans for employees. Accordingly, attempts to control the rising trend of national healthcare costs is dependent upon DCMS' annual negotiations with the State's American Federation of State, County and Municipal Employees (AFSCME) union on premiums and other costs.

Summary of Expenses

The summary of expenses presents the University's results of expenses incurred by functional classification during the fiscal year. In prior years, State contributions for DCMS and SURS were recorded as staff benefits and presented separately on this statement. Beginning in fiscal year 2017, staff benefits were instead allocated across the various functional expense categories shown below.

A comparative summary of the University's expenses (both operating and nonoperating) for the fiscal years ended June 30, 2019, and June 30, 2018 follows:

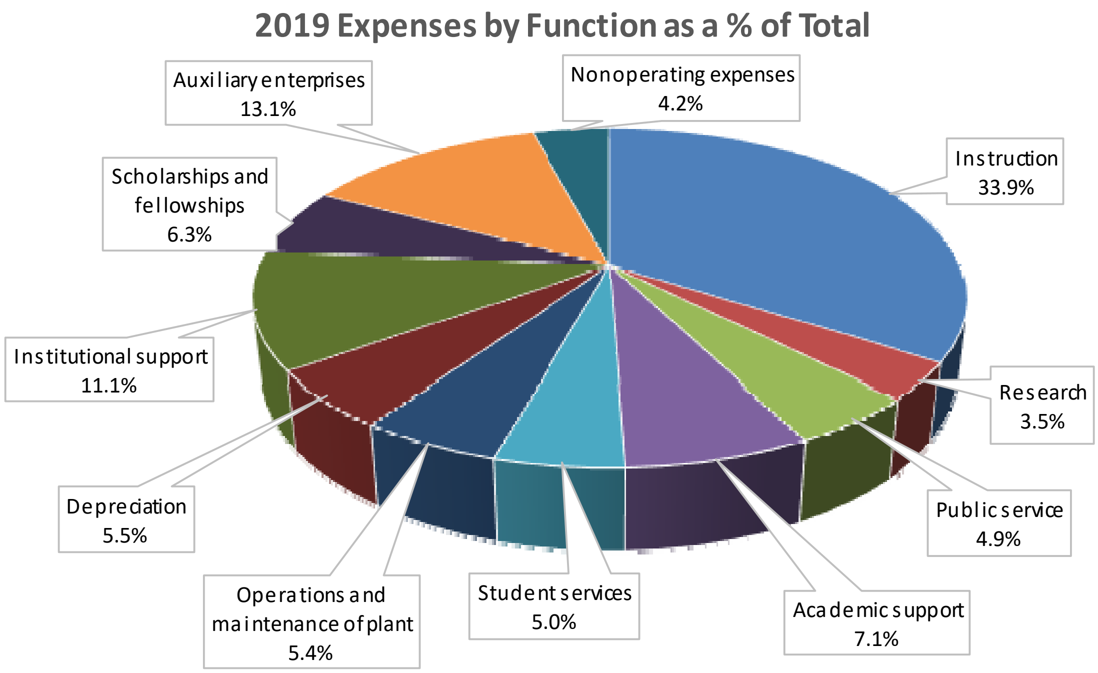
Summary of Expenses ($ In Thousands)

	2019	2018	$ Change	% Change
Operating expenses:				
Instruction	$ 174,691	$ 219,256	$ (44,565)	-20.3%
Research	18,097	19,461	(1,364)	-7.0%
Public service	25,329	26,434	(1,105)	-4.2%
Academic support	36,560	45,887	(9,327)	-20.3%
Student services	26,060	31,587	(5,527)	-17.5%
Operations and maintenance of plant	28,036	30,420	(2,384)	-7.8%
Depreciation	28,232	29,238	(1,006)	-3.4%
Institutional support	57,480	61,691	(4,211)	-6.8%
Scholarships and fellowships	32,733	35,886	(3,153)	-8.8%
Auxiliary enterprises	67,771	83,097	(15,326)	-18.4%
Operating expenses	494,989	582,957	(87,968)	-15.1%
Nonoperating expenses:				
Nonoperating expenses	22,266	22,832	(566)	-2.5%
Total expenses	$ 517,255	$ 605,789	$ (88,534)	-14.6%

Fiscal Year 2019 Compared to 2018

The University's total operating expenses decreased $88.0 million to $495.0 million during the year ended June 30, 2019, a decrease of 15.1% over the prior year. This total includes benefit expenses for the on-behalf payments made by the State for university employer contributions for SEGIP and SURS, which are recorded as both non operating revenues from the State and operating expenditures for staff benefits. The decrease in operating expense is primarily attributable to a decrease of $105.3 million in the SEGIP on behalf payments which is offset by a $7.2 million increase in the SURS on-behalf payments.

The following is a graphic illustration of functional expenses, as a percentage of total expenses, for the year ended June 30, 2019:



Notable changes in operating expenses during fiscal year 2019 compared to 2018 included:

- Instruction, which includes expenses for academic programs including community education, decreased $44.6 million in total during fiscal 2019, or 20.3%, due primarily to a significant decrease in the benefit expense allocation for on-behalf contributions to SEGIP.
- Academic Support also saw a decrease in expenses of $9.3 million, or 20.3%, primarily due to the change in on-behalf benefit expenses. Academic Support decreased $.6 million, or 2.0%, when factoring out the change in on-behalf payment allocations.
- Student Services decreased $5.5 million in total during fiscal 2019, or 17.5%. The decrease was due to a decrease in on-behalf benefit expenses of $7.8 million, which was offset by an increase of 2.2M in other student services expenses.
- Operations and maintenance of plant decreased $2.4 million in total during fiscal 2019, or 7.8% as a result of renovation and improvement projects being completed on campus in fiscal 2018.
- Institutional support, which includes expenses related to the management and long-range planning for the University, support services to faculty and staff, and community and alumni relations activities decreased $4.2 million in total during fiscal 2019, or 6.8%. The decrease was due to a decrease in on-behalf benefit expenses of $11.7million, which was offset by an increase in other university support expenses of $7.4 million.

- Auxiliary expenses decreased $15.3 million in total during fiscal year 2019, or 18.4% due primarily to the decrease in on-behalf expenses of approximately $15.8 million.

STATEMENT OF CASH FLOWS

The statement of cash flows provides additional information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. A summary comparison of cash flows for the University's fiscal year 2019 and fiscal year 2018 activities follows:

Condensed Statement of Cash Flows ($ In Thousands)

	2019	2018	$ Change	% Change
Net cash used in operating activities	$ (107,975)	$ (94,060)	$ (13,915)	-14.8%
Net cash provided by noncapital financing activities	132,460	191,810	(59,350)	-30.9%
Net cash used in capital and related financing activities	(41,239)	(34,217)	(7,022)	-20.5%
Net cash (used in) provided by investing activities	14,604	(45,162)	59,766	-132.3%
Net increase/(decrease) in cash and cash equivalents	(2,150)	18,371	(20,521)	-111.7%
Cash and cash equivalents, beginning of year	68,197	49,826	18,371	36.9%
Cash and cash equivalents, end of year	$ 66,047	$ 68,197	$ (2,150)	-3.2%

Fiscal Year 2019 Compared to 2018

Cash flows from operating activities present the net cash provided or used by the fiscal year activities of the University. Due to the categorization of operating and nonoperating revenues and expenses by GASB, cash flows from operating expenses are typically a net cash use. Major operating funding sources include student tuition and fees, governmental grants and contracts, and auxiliary enterprises revenues. Notable changes in cash flows during fiscal year 2019 compared to 2018 include:

- Net cash used in operating activities decreased $13.9 million in fiscal 2019, or 14.8%, due primarily to a decrease in payments from student tuition and fees of $15.7 million and an increase in payments to suppliers of $12.6 million, which were then offset by an increase in auxiliary enterprise cash inflows of $11.4 million.
- Net cash provided by noncapital financing activities decreased by $59.4 million in fiscal 2019, or 30.9%, due primarily to decreased cash flows from State appropriations totaling $37.6 million, and decreased cash flows from State MAP grants totaling $20.6 million.

- Net cash used in capital and related financing activities decreased $7.0 million in fiscal 2019, or 20.5%, as cash requirements for both the purchases of capital assets and principal payments on capital debt were both more than in fiscal 2018.
- Net cash provided by investing activities increased $59.8 million in fiscal 2019, or almost 132.3% over the previous year, primarily due to the timing of the receipt of the fiscal 2017 State general appropriations in fiscal 2018.

THE UNIVERSITY'S ECONOMIC OUTLOOK

The University's economic outlook remains stable as State appropriations continue to improve signaling the state legislature's commitment towards higher education in the State of Illinois. The University received general State appropriations of $83.6 million in fiscal year 2019, and the University has an approved fiscal year 2020 general appropriation budget of $87.8 million, which represents a 5% increase from fiscal year 2019. The University continues to take the necessary steps to implement a business model that sustains financial health, better funds appropriate levels of institutional student financial aid, enables investment in dedicated employees, and provides sufficient flexibility to respond to the rapidly changing higher education landscape. In addition, the University worked to cultivate relationships into resources, forming several new partnerships in fiscal year 2019 that will allow for greater efficiency, effectiveness, and expertise, as well as enhance student experiences. The long-term success and sustainability of the University are contingent on moving forward with the Strategic Enrollment Plan, and making critical investments in infrastructure and initiatives that support academic excellence, research and artistry, and student success.

The University has initiated a new, multi-year planning and budget process with the goals of investing in key areas identified in our strategic priorities, creating an academically responsive and fiscally responsible budget, and achieving fiscal sustainability as an engaged, public research university serving a diverse student body. In addition, the University continues to see positive financial, structural, curricular and cultural outcomes from the Program Prioritization framework incorporated into a number of tools used to guide internal recommendations for continuous improvement. It is expected that operations will grow, enrollment will stabilize, and ultimately the University's dependency on State appropriations will decline.

Sponsored funds provide direct support for the University's research, artistry, service, and instructional programs and generates indirect revenue to maintain them. External funding is influenced by many factors including faculty funding cycles, competition for federal dollars, award spending schedules, and current funding portfolio. The University anticipates direct and indirect sponsored funding revenue to increase above the fiscal year 2019 levels, and strategic efforts across campus continue to increase direct funding and indirect recovery.

THE UNIVERSITY'S ECONOMIC OUTLOOK (Continued)

Private gifts are an important source of funding for University operations, capital acquisition and construction, and a significant factor in expanding academic units. With State support representing a diminishing percentage of the University's budget, private gifts are an important supplement to the University budget. With the help of the Northern Illinois University Foundation, the University continues to see growth in private support. The University is continuing to pursue supplemental sources of revenue to enhance its outstanding academic reputation. The University will be challenged, but the Board of Trustees, management and the campus community will be unwavering in its commitment to the mission of instruction, research, and public service, its core values, and strengthening the financial position and future sustainability of Northern Illinois University.

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF NET POSITION
June 30, 2019 (In Thousands)

(With Summarized Comparative Information for 2018)

	University		Component Units	
ASSETS	2019	2018	2019	2018
Current assets				
Cash and cash equivalents	$ 7,941	$ 1,388	$ 2,958	$ 4,400
Restricted cash and cash equivalents	43,537	45,402	-	57
Investments	58,550	74,414	-	-
Accrued interest receivable	1,115	957	-	-
Accounts receivable, net	21,237	22,925	1,063	528
Appropriations receivable from state	549	2,096	-	-
Inventories	1,772	1,748	-	-
Due from component units	1,075	798	-	-
Other assets	1,607	2,031	211	368
Total current assets	137,383	151,759	4,232	5,353
Noncurrent assets				
Restricted cash and cash equivalents	14,569	21,407	-	-
Investments	-	-	110,927	106,726
Restricted investments and marketable securities	48,431	42,473	1,422	1,374
Student loans receivable - net	5,649	7,062	-	-
Due from component units	8,100	6,542	-	-
Other	1,301	1,381	2,039	1,875
Capital assets, net of accumulated depreciation	419,634	434,872	23,229	23,887
Total noncurrent assets	497,684	513,737	137,617	133,862
TOTAL ASSETS	**635,067**	**665,496**	**141,849**	**139,215**
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on bond refunding	598	664	-	-
Other postemployment benefits	5,264	6,696	-	-
Federal, trust, grant, and other contributions - pensions	1,194	1,204	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**7,056**	**8,564**	**-**	**-**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	46,809	41,742	1,237	1,526
Accrued compensated absences	2,185	2,402	-	-
Other postemployment benefits	931	1,104	-	-
Students' deposits	335	316	-	-
Due to NIU	-	-	942	678
Due to component unit	133	120	-	-
Agency	6,098	5,238	-	-
Unearned tuition and fees	11,194	11,613	-	-
Unearned revenue and grants	2,014	1,945	-	-
Total current liabilities	69,699	64,480	2,179	2,204
Noncurrent liabilities				
Accounts payable and accrued liabilities	3,249	3,391	-	-
Other postemployment benefits	41,488	48,733	-	-
Due to NIU	-	-	8,100	6,542
Performance contracts payable	25,252	28,194	-	-
Accrued compensated absences	13,241	12,739	-	-
Government loan fund advances	6,650	6,650	-	-
Unearned revenue and grants	-	-	-	57
Revenue bonds payable	171,648	176,201	393	738
Leases payable	125,476	128,177	-	-
Notes and certificates of participation payable	7,266	8,511	-	22
Total noncurrent liabilities	394,270	412,596	8,493	7,359
TOTAL LIABILITIES	**463,969**	**477,076**	**10,672**	**9,563**
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	10,309	4,732	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**10,309**	**4,732**	**-**	**-**
NET POSITION				
Net investment in capital assets	92,049	106,526	22,470	22,725
Restricted:				
Nonexpendable	506	1,389	54,888	52,449
Expendable	82,664	81,925	40,471	42,730
Unrestricted	(7,374)	2,412	13,348	11,748
TOTAL NET POSITION	**$ 167,845**	**$ 192,252**	**$ 131,177**	**$ 129,652**

See accompanying Notes to the Basic Financial Statements.

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2019 (In Thousands)
(With Summarized Comparative Information for 2018)

	University		Component Units	
REVENUES	2019	2018	2019	2018
Operating revenues				
Tuition and fees, net	$ 117,278	$ 104,152	$ -	$ -
Federal and state grants and other contracts	25,795	24,293	-	-
Private gifts, grants, and contracts	6,708	4,661	9,866	7,483
Sales and service of educational activities	28,539	28,995	68	54
Other sources	1,698	1,835	2,963	2,649
Auxiliary enterprises	86,650	87,487	-	-
Total operating revenues	266,668	251,423	12,897	10,186
EXPENSES				
Operating expenses				
Instruction	174,691	219,256	-	-
Research	18,097	19,461	-	-
Public service	25,329	26,434	-	-
Academic support	36,560	45,887	-	-
Student services	26,060	31,587	-	-
Operation and maintenance of plant	28,036	30,420	-	-
Depreciation	28,232	29,238	658	620
Institutional support	57,480	61,691	10,393	9,870
Scholarships and fellowships	32,733	35,886	3,373	3,450
Auxiliary enterprises	67,771	83,097	-	-
Total operating expenses	494,989	582,957	14,424	13,940
Net operating gain/(loss)	(228,321)	(331,534)	(1,527)	(3,754)
NONOPERATING REVENUES/(EXPENSES)				
State appropriations - general	83,647	124,806	-	-
On-Behalf for Fringe Benefits	31,679	26,539	-	-
Special Funding for Fringe Benefits	53,736	157,000	-	-
Build America Bonds subsidy	3,316	3,303	-	-
Federal and state grants and other contracts	-	-	-	218
Net Investment income	4,856	2,661	4,139	6,634
Expendable gifts and other	-	-	302	264
Pell grants	25,526	27,174	-	-
Federal Supplemental Educational Opportunity Grant (FSEOG)	837	820	-	-
State of IL Monetary Award Program (MAP)	20,923	41,479	-	-
Interest expense	(22,266)	(22,832)	-	(3)
Net nonoperating revenues	202,254	360,950	4,441	7,113
Gain/(loss) before other revenues, gains, or losses	(26,067)	29,416	2,914	3,359
OTHER REVENUES AND GAINS/(LOSSES)				
State appropriations - capital	1,652	8,528	-	-
Gifts and contributions	285	763	-	-
Gain on disposal of capital assets	(277)	6	-	-
Gifts to permanent endowments	-	-	-	2,424
INCREASE/(DECREASE) IN NET POSITION	(24,407)	38,713	2,914	5,783
NET POSITION, BEGINNING OF YEAR	192,252	153,539	129,652	123,869
Restatement for University & UROs (Note 24)	-	-	(1,389)	-
NET POSITION, BEGINNING OF YEAR, AS RESTATED	192,252	153,539	128,263	123,869
NET POSITION, END OF YEAR	$ 167,845	$ 192,252	$ 131,177	$ 129,652

See accompanying Notes to the Basic Financial Statements.

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019 (In Thousands)
(With Summarized Comparative Information for 2018)

	University	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees, net	$ 107,814	$ 123,552
Federal and state grants and other contracts	27,250	23,395
Private gifts, grants, and contracts	3,295	4,195
Sales and service of educational activities	26,151	29,832
Auxiliary enterprises	99,427	88,010
Payment to suppliers	(103,114)	(90,486)
Payment to employees	(227,488)	(227,402)
Payments for scholarships	(46,123)	(47,136)
Loans to students and employees	-	(747)
Collection of loans to students and employees	948	637
Other receipts, net	3,865	2,090
Net cash used by operating activities	(107,975)	(94,060)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	85,194	122,732
Pell Grants	25,506	26,776
Federal Supplemental Educational Opportunity Grant (FSEOG)	837	823
State of IL Monetary Award Program (MAP)	20,923	41,479
Net cash provided by noncapital financing activities	132,460	191,810
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(11,334)	(6,886)
Principal payments on capital debt	(10,502)	(7,519)
Interest payments on capital debt	(22,719)	(23,115)
Build America Bond Subsidy	3,316	3,303
Net cash used by capital and related financing activities	(41,239)	(34,217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income on investments, net	4,698	2,495
Proceeds from sales and maturities of investments	90,484	32,921
Purchase of investments	(80,578)	(80,578)
Net cash provided (used) by investing activities	14,604	(45,162)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,150)	18,371
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	68,197	49,826
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 66,047	$ 68,197

See accompanying Notes to the Basic Financial Statements.

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
STATEMENT OF CASH FLOWS, CONTINUED
For the Year Ended June 30, 2019 (In Thousands)
(With Summarized Comparative Information for 2018)

	University	
	2019	2018
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating gain/(loss)	$ (228,321)	$ (331,534)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation expense - non-Auxiliary enterprises	13,970	13,891
Depreciation expense - Auxiliary enterprises	14,262	15,347
On behalf payments for fringe benefits	31,679	26,539
Special Funding for Fringe Benefits	53,736	157,000
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable	1,811	20,383
Inventories	(24)	1,193
Student loans receivable	1,414	405
Other assets	569	(128)
Deferred outflows of resources - pensions	10	(42)
Deferred outflows of resources - other post-employment benefits	1,432	(5,389)
Due from/to component units	(1,959)	259
Accounts payable and accrued liabilities	4,452	390
Accrued compensated absences	285	(462)
Students' deposits	19	36
Agency	861	(1,412)
Unearned revenue and grants	(330)	836
Other postemployment benefits	(7,418)	4,206
Government loan fund advances	-	(310)
Deferred inflows of resources - other post-employment benefits	5,577	4,732
Net cash used in operating activities	$ (107,975)	$ (94,060)
NONCASH INVESTING, CAPITAL, NONCAPITAL, AND FINANCING ACTIVITIES		
On-behalf payments for fringe benefits	$ 31,679	$ 183,539
Capital asset contribution	285	763
Other postemployment benefits expenses - employer portion	(522)	(3,483)
Unpaid state appropriation revenue	154	2,096
Capitalized interest	266	121
Cost of capital assets not being depreciated included in accounts payable	257	4,732
Unrealized gain	377	(50)
State expenses for capitalized CDB projects	1,652	8,528

See accompanying Notes to the Basic Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Northern Illinois University (University, or NIU) are presented below to assist the reader in evaluating the financial statements and accompanying notes.

Financial Reporting Entity and Component Unit Disclosures

The University is a component unit of the state of Illinois for financial reporting purposes. These financial statements include all funds and departments over which the University exercises oversight responsibility. Oversight responsibility is defined as including the following considerations: selection of governing authority, ability to significantly influence operations, accountability for fiscal matters, the scope of public services, and/or a special financing relationship. The financial balances and activities included in these financial statements are included in the State's comprehensive annual financial report.

The Northern Illinois University Foundation (Foundation), the Northern Illinois University Alumni Association (Association), and the Northern Illinois Research Foundation (Research Foundation) are Illinois non profit corporations. The Foundation was established to promote and serve the interests and welfare of the University. The Association was established to build relationships between alumni and the University. The Research Foundation was established to benefit and support the teaching, research and service missions of the University. The Foundation, the Association, and the Research Foundation are "University Related Organizations," as defined under the University guidelines adopted by the State of Illinois Legislative Audit Commission in 1982, as amended in 1997, and are component units of the University for financial reporting purposes because of the significance of their operational relationships with the University. These component units are discretely presented in a separate column to emphasize that they are Illinois non-profit corporations, legally separate from the University.

The Foundation, Association, and Research Foundation follow Financial Accounting Standards Board (FASB) standards for financial statement preparation. Consequently, reclassifications have been made to reformat their financial statements to the GASB format for inclusion in the Component Unit's column of the financial statements and certain disclosures.

Complete financial statements for the Foundation and the Association may be obtained by writing to the NIU Foundation Controller, Altgeld Hall 138, Northern Illinois University, DeKalb, Illinois 60115. Financial Statements for the Research Foundation may be obtained by writing to the Northern Illinois Research Foundation President, Lowden Hall 301, DeKalb, Illinois 60115.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Restricted Cash and Investments

Restricted cash and investments are for capital projects and the auxiliary facilities system at the University, funded by an external debt issuance. The University accounts for its investments and marketable securities at fair value.

Accounts and Loans Receivable

The University provides allowances for uncollectible accounts and loans receivable based upon management's best estimate considering type, age, collection history of receivables, and any other factors as considered appropriate. Accounts and loans receivable are reported net of allowances at June 30, 2019.

Inventories

Inventories are carried at the lower of cost (determined by the first-in and first-out (FIFO) or average cost method depending on the nature of the inventory item) or market.

Capital Assets

Capital assets are recorded at cost when purchased or acquisition value at the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives (noted below) of the respective assets. The University follows the state of Illinois policy for capitalization with thresholds as follows: Infrastructure - $250,000; Land - $100,000; Land improvements - $25,000; Site improvements - $25,000; Buildings - $100,000; Building improvements - $25,000; Equipment - $5,000; and Works of art, historical treasures - $5,000. The interest costs associated with construction projects are capitalized and included as part of the project.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capitalization of interest ceases when the project is substantially complete. Interest costs capitalized on construction projects were $266,000 in fiscal year 2019. The assets associated with long-term leases have been capitalized. Estimated Useful lives for capital assets are as follows:

	Useful life (in years)		Useful life (in years)
Site improvements	20	Equipment:	
Buildings	40	Computer and peripherals	5
Building improvements	20	Library books	7
Art work and historical treasures	20	Motor vehicles	5 - 10
Intangible assets	5	Furniture and machines	5 - 10
		Other equipment	5 - 10

Unearned Revenue

Unearned revenue includes amounts received for Summer tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. These revenues are recognized as revenues in the fiscal year earned. The portion of Summer session tuition and fees applicable to the following fiscal year are reported as unearned revenue and totals $11,194,000. Unearned revenue also includes amounts received from grant and contract sponsors that have not yet been earned or for which the University has not yet met the eligibility requirements.

Compensated Absences

It is the policy of the University to accrue vacation pay as earned. As of June 30, 2019, the accrued liability for this benefit was $13,371,000 and is included in accrued compensated absences on the statement of net position.

Accrued compensated absences includes employee earned but unused vacation and sick leave days. In accordance with Illinois Public Act 83-976, the University is required to compensate certain employees, generally civil service and administrative professionals, for sick leave benefits earned after January 1, 1984. Sick leave earned by these employees after this date will accumulate without limit and is payable upon termination of employment for one-half of the unused amount. As of January 1, 1998, per 30 ILCS 105/14a, sick leave benefits earned after that date are no longer compensable upon termination of employment. All prior earned benefits will still be paid. As of June 30, 2019, the accrued liability of this benefit was $2,055,000,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

and is included in accrued compensated absences on the statement of net position. The accrued compensated absences liability will be funded through future State of Illinois General Revenue Fund appropriations as the terminating employees leave the University.

Employment Contracts

Employment contracts for certain academic personnel provide for twelve monthly salary payments, although the contractual services are rendered during a nine-month period. The liability for those employees who have completed their contracted services, but have not yet received final payment, was $5,285,000 at June 30, 2019, and is recorded in the accompanying financial statements as accrued liabilities on the statement of net position. This amount will be paid from amounts specifically included in State appropriations to the University for fiscal year 2020 rather than the unrestricted net position available at June 30, 2019.

Premiums, Discounts, and Prepaid Insurance

Bond premiums and discounts, as well as prepaid insurance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the interest method.

Pensions

For the purpose of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS' plan net position have been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State of Illinois and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

obligation to make contributions directly to a pension plan. The University recognizes its proportionate share of the State's pension expense relative to the University's employees as non-operating revenue and pension expense, with the expense further allocated to the related function performed by the employees.

Other Postemployment Benefits (OPEB)

The State Employees Group Insurance Act of 1971 (SEGIA) (5 ILCS 375), as amended, authorizes the State Employees Group Insurance Program (SEGIP), which includes activity for both active employees and retirees, to provide health, dental, vision and life insurance benefits as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and university component unit employees become eligible for these OPEB plan benefits when they become annuitants of one of the State sponsored pension plans. CMS administers these benefits for the annuitants with the assistance of the public retirement systems sponsored by the State, including the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees Retirement System (SERS), Teachers' Retirement System (TRS), and SURS.

In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

Given the preceding environment, the University has two separate components of OPEB administered within SEGIP. The (1) State of Illinois and its public universities are under a special funding situation for employees paid from the University's Income Fund or auxiliary enterprises, while (2) the University is responsible for OPEB employer contributions for employees paid from trust, federal, and other funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB) (Continued)

Special Funding Situation Portion of OPEB

A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan.

During the OPEB measurement period ended June 30, 2018, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of $1,591,680 to help offset the amount the State needed to provide for retirees under the special funding situation described in the preceding paragraph.

The University recognizes the proportionate share of the State's OPEB expense relative to the University's employees as non-operating revenue and OPEB expense, with the expense further allocated to the related function performed by the employees.

University's Portion of OPEB

The University reports a liability, expense allocated to the related function performed by the employees, and related deferred inflows and outflows of resources for OPEB based on the University's proportionate share of amounts paid to SEGIP pursuant to SEGIA for its employees paid from trust, federal, and other funds compared to the collective amounts paid to SEGIP pursuant to SEGIA. The collective amounts paid to SEGIP pursuant to SEGIA includes (1) payments from State agencies for State employees, (2) the amount calculated by CMS to represent the amount paid by the General Fund related to the special funding situation, (3) the total voluntary appropriation repayment from all of the universities, and (4) the total of all payments from the universities for employees paid from trust, federal, and other funds. This methodology has been determined by the State to be the best estimate of how future OPEB payments will be determined.

Deferred inflows and outflows of resources are recognized in OPEB expense at the beginning of the current period, using a systematic and rational method over a closed period, equal to the average expected remaining service lives of all employees, either active or inactive, provided with OPEB through SEGIP, determined as of the beginning of the measurement period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On-Behalf Transactions

The University had outside sources of financial assistance provided by the State on behalf of the University during the year ended June 30, 2019.

Substantially all active employees participate in group insurance plans provided by the State and administered by CMS, primary providing healthcare benefits. In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

During the year ended June 30, 2019, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises were $33,928,941. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of $2,249,243 to help offset the amount the State needed to provide for current employees under the situation described in the preceding paragraph. As such, the State contributed the estimated remaining balance of $31,679,698 on-behalf of the University to meet this obligation for current employees.

As the University is not legally responsible to pay for the on-behalf support provided by the State, the University recognizes non-operating revenues and operating expenses allocated to the related function performed by the employees within the University's financial statements for its current employees' participation in group insurance.

Classification of Revenue

The statement of revenues, expenses, and changes in net position classifies the University's fiscal year activity as operating and nonoperating. Operating revenues generally result from exchange transactions such as payments received for providing goods and services, including tuition and fees, net of scholarships and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenue (Continued)

fellowships, certain grants and contracts, sales and services of educational activities, and auxiliary enterprise revenues (which are primarily comprised of student housing, the student union, intercollegiate athletics, recreational facilities, and parking operations).

Certain revenue sources that the University relies on to provide funding for operations including State appropriations, gifts, and investment income are defined by GASB Statement No. 35 as nonoperating. In addition, transactions related to capital and financing activities are components of nonoperating revenues. Appropriations made from the State of Illinois General Revenue and Education Assistance Funds for the benefit of the University are recognized as nonoperating revenues when eligibility requirements are satisfied.

Scholarship Discount and Allowances

Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position using the National Association of College and University Business Officers' Advisory Report 2000-05's alternative method calculation. Stipends and other payments made directly to students are reported as scholarship and fellowship expense. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount paid by the students (and/or third parties on the students' behalf). Certain governmental grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenue in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees, the University has recorded a scholarship discount and allowance. In fiscal year 2019, a scholarship allowance of $51,268,000 is netted against student tuition and fees.

Use of Estimates in Preparing the Financial Statements

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Comparative Information

The basic financial statements include prior year comparative information, which has been derived from the University's 2018 financial statements. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2018.

Perkins Loan Program

The Federal Perkins Loan Program, enacted under the Higher Education Act of 1965, ended on September 30, 2015, but was extended with the passing of the Higher Education Extension Act (H.R. 3594) by Congress on December 18, 2015. The act extended the program through September 30, 2017 and was designed to reduce the number of new loans by introducing new eligibility requirements and prohibiting the issuance of new loans determined to be the first disbursed after this date. The act included options with respect to the Federal Perkins Revolving Loan fund administered by institutions of higher learning such as NIU. NIU was required to have a plan of action in effect by March 2018 to either assign the loan portfolio and the revolving fund to the Department of Education, or to continue the management of the Perkins loan portfolio that excludes the act of issuing new loans. Management made a determination to continue management of the loan portfolio.

Perkins Loans represent an average of $1 million dollars (1%) of the annual financial assistance for the University's students that has not been available subsequent to the 2017-2018 academic year. However, management's continued commitment to the students is to identify pathways to make the cost of education affordable that is inclusive of tuition and fee pricing and other sources of student financial assistance funding.

New and Pending Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements which are effective for periods beginning July 1, 2018, or later which may impact the university:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and Pending Accounting Pronouncements (Continued)

a liability based on the guidance in this Statement. This statement did not have any impact on the University's June 30, 2019 financial statements.

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2020, financial statements.

GASB Statement No. 87, *Leases.* The objective of this Statement is to improve accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2021, financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, Including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement was implemented during the year ended June 30, 2019. The University expanded its debt footnote disclosures as part of this implementation.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2021 financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2020, financial statements.

GASB Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2022, financial statements.

2. CASH AND CASH EQUIVALENTS

The University considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist principally of cash deposits, certificates of deposit, U.S. government securities, money market accounts, and money market fund accounts (excluding the Illinois Funds investment pool).

As of June 30, 2019, cash (consisting of demand deposits and certificates of deposit) with a bank balance of $54,976,000 and a carrying value of $52,551,000 was held by the University. Cash deposits in excess of (FDIC) limits were insured or collateralized with securities held by the University, or its custodian in the name of the University.

At June 30, 2019, the University held $13,496,000 in a money market mutual fund, the Goldman Sachs Financial Square Government Fund. The fund values its holdings at amortized cost (2a7 like pool). Interest income is declared daily and paid monthly. This money market fund account is not covered by Federal Deposit Insurance Corporation (FDIC) insurance but is rated AAAm.

3. INVESTMENTS

Policy – Investments and the investment process are governed by 30 ILCS 235, *Public Funds Investment Act*. The Board of Trustees maintains a formal Statement of Investment Policy, which addresses the governing provisions of the State law, as well as specifies additional guidelines for the investment process. The allowable investments, per University policy, mirror those specified in State statute. In general terms, these investments include instruments issued by the U.S. Government, federal agencies, high-grade commercial paper, bank deposits, investment pools created under the State Treasurer's Act, and selected money market mutual funds.

The University prohibits foreign investments.

It is the policy of the University to manage the University's cash and investments for the use and benefit of the University in a manner that will:

A. Preserve and maintain the real purchasing power of the principal;
B. Assure an optimal flow of cash to meet university obligations; and
C. Produce a yield which, when compared to the current marketplace, would be described as acceptable by conservative investment managers, while maintaining consistency with applicable State statutes, and/or bond indentures.

Fair value of investments – The University categorizes its fair value measurements in accordance with the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices for identical investments in active markets, Level 2 inputs are other observable inputs, and Level 3 inputs are unobservable. The University has only Level 2 investments which are valued primarily through a multi-dimensional relational model including standard inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. There have been no significant changes in valuation techniques.

As of June 30, 2019, the University had the following recurring fair value measurements for investments ($000s):

	Fair Value Measurements			
Investments by Level	Total	Level 1	Level 2	Level 3
U.S. Treasury Notes	$ 5,482	$ -	$ 5,482	$ -
U.S. Agency Notes	30,517	-	30,517	-
	$ 35,999	$ -	$ 35,999	$ -

3. INVESTMENTS (Continued)

The investments above exclude $70,982,000 held in the Illinois Public Treasurer's Investment Pool which are valued at amortized cost. The State Treasurer maintains the Illinois Public Treasurer's Investment Pool at amortized cost (2a7 like pool) through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The value of the University's investment in the funds is the same as the value of the pool shares.

The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Funds are rated AAAm by Standard & Poor's.

The following details the carrying value of the University's cash and investments as of June 30, 2019 ($000s):

	Total	Bank and Custodian Demand Deposit Accounts	Fair Value	Net Asset Value
Cash and cash equivalents	$ 66,047	$ 52,551	$ -	$ 13,496
Investments	106,981	-	35,999	70,982

Custodial credit risk – Custodial credit risk is the risk that when, in the event a financial institution or counterparty fails, the University would not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, the University was not subject to custodial credit risk as all of the University's investments were held in its name.

Concentration of credit risk – Concentration risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer, other than the U.S. Government. The University is considered to have a concentration of credit risk if its investments in any one single issuer, other than securities explicitly guaranteed by the U.S. Government, are greater than 5% of total investments. The University's investments in federal agencies not explicitly guaranteed by the U.S. Government which comprise more than 5% of investments are ($000s):

3. INVESTMENTS (Continued)

Investment	Total
Federal Farm Credit Bank (FFCB)	$ 7,486
Federal Home Loan Bank (FHLB)	12,430
Federal Home Loan Mortgage Corporation (FHLMC)	3,496
Federal National Mortgage Association (FNMA)	7,105

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The University does not have any investments with foreign currency risk exposure.

Credit risk - Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The University's policy is to invest in high-grade investments. The University's investments are summarized by current credit ratings below ($000s):

	Illinois Public Treasurer's Investment Pool	U.S. Treasury Notes	U.S. Agency Notes	Total
AAA	$ -	$ 5,482	$ -	$ 5,482
AA+	-	-	30,517	30,517
AAAm	70,982	-	-	70,982
Total	$ 70,982	$ 5,482	$ 30,517	$ 106,981

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The following table shows the University's investments categorized by maturity ($000s):

Segmented Time Distribution	Illinois Public Treasurer's Investment Pool	U.S. Treasury Notes	U.S. Agency Notes	Total
0 - 1 year	$ 70,982	$ 5,482	$ 30,517	$ 106,981
1 - 3 years	-	-	-	-
Total	$ 70,982	$ 5,482	$ 30,517	$ 106,981

URO – Foundation Investments

The Foundation's Board is responsible for the management of the Foundation's investments. The Investment Committee formulates an investment policy for funds and assets of the Foundation, provides that policy to the Board for approval, periodically recommends changes in policy as appropriate, interprets the policy to the Foundation's investment managers, and oversees implementation of that policy. Investment performance is reviewed regularly by the Investment Committee.

3. INVESTMENTS (Continued)

The policy indicates the intended use for funds determines how they will be invested. There are two primary investment strategies that are executed in different investment pools. Endowed funds and funds initially received as expendable but acting as endowment are invested with a long-term horizon. Based upon historical patterns of usage, expendable gift funds are invested with an intermediate-term strategy.

In fulfilling its responsibilities, the Board has contracted with an independent investment advisory firm and a number of investment management firms to execute the strategy it has established.

URO – Foundation Investments (Continued)

The Foundation's investments as of June 30, 2019, consisted of the following ($000s):

U.S. Treasuries	$ 977
Equity	
Domestic Equity - Lrg/Mid-Cap	17,733
Domestic Equity - Small-Cap	4,670
International Developed	18,811
Private Equity	5,537
Hedged Strategies	8,321
Public Fixed Income	29,507
Private Debt	329
Real Assets	8,063
Private Natual Resources	4,190
Private Real Estate	2,033
Diversifying Strategy Mutual Funds	10,736
Cash Surrender Value of Life Insurance	20
	110,927
Funds Held in Trust by Others	2,008
Total	$ 112,935

The Foundation's investment return for fiscal year 2019 is comprised of the following ($000s):

Interest and dividend income	$ 2,596
Net realized and unrealized gains/(losses) on investments reported at fair value	1,804
Net realized gains/(losses) on other investments	-
Investment fees	(376)
Total	$ 4,024

The Foundation's permissible investment categories include:

1) Equities
2) Fixed income securities
3) Cash equivalents

3. INVESTMENTS (Continued)

URO – Foundation Investments (Continued)

4) Venture capital/private equity
5) Equity real estate
6) Hedge funds
7) Real assets

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following ($000s):

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedged/alternative investments (A)	$ 15,753	$ -	(A)	(A)
Private equity (B)	12,972	5,920	(B)	(B)
	$ 28,725	$ 5,920		

(A) The partnerships in this category consist of funds that invest in multiple limited partnerships with various investment strategies and long and short positions in equity securities of companies within the United States of America (U.S.A.) and outside of the U.S.A. These funds can be redeemed daily, monthly, quarterly, annually, or bi-annually depending on the partnership agreement within redemption notice periods of one to four months.

(B) The partnerships in this category consist of funds that invest in the following types of investments in the USA and outside of the USA: venture capital partnerships, buy-out partnerships, mezzanine/subordinated debt partnerships, restructuring/distressed debt partnerships and special situation partnerships, and real estate. These investments cannot be redeemed during the life of the partnership, which can be up to 12 years; however, they can be transferred to another eligible investor. Distributions will be received as the underlying investments of the funds are liquidated over time. The fair value of this investment has been estimated using the NAV provided by the fund manager and an adjustment determined by management for the time period between the date of the last available NAV from the investment manager and June 30, 2019.

4. RECEIVABLES

Accounts Receivable

The University and its component units report accounts receivable net of the allowance for uncollectible accounts and includes the following as of June 30, 2019:

	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
UNIVERSITY ($000s)			
Student accounts	$ 33,158	$ (23,702)	$ 9,456
Customer accounts	2,176	(479)	1,697
Grants receivable	10,084	-	10,084
	$ 45,418	$ (24,181)	$ 21,237
URO-FOUNDATION ($000s)			
Gift pledges receivable	$ 3,253	$ -	$ 3,253
Less: Allowance for doubtful pledges	-	(377)	(377)
Total gift pledges outstanding, net	$ 3,253	$ (377)	$ 2,876

University Student Loans Receivable

Student loans made through the Federal Perkins Loan Program comprise substantially all of student loans receivable as of June 30, 2019 totaling $5,649,000, net of allowance for uncollectible accounts of $374,000.

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 is summarized as follows:

University ($000s)	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 19,281	$ -	$ -	$ -	$ 19,281
Construction in progress	48,811	14,632	(4,676)	(39,709)	19,058
Total capital assets not being depreciated	68,092	14,632	(4,676)	(39,709)	38,339
Capital assets being depreciated:					
Land improvements	88,282	-	-	3,929	92,211
Leasehold improvements	431	-	-	-	431
Buildings	678,253	-	-	35,780	714,033
Equipment	193,378	3,481	(5,957)	-	190,902
Other assets	3,820	-	-	-	3,820
Total capital assets being depreciated:	964,164	3,481	(5,957)	39,709	1,001,397
Less: accumulated depreciation	(597,384)	(28,232)	5,514	-	(620,102)
Total capital assets being depreciated, net	366,780	(24,751)	(443)	39,709	381,295
Total capital assets, net	$ 434,872	$ (10,119)	$ (5,119)	$ -	$ 419,634

URO-Foundation ($000s)	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 3,861	$ -	$ -	$ -	$ 3,861
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	3,861	-	-	-	3,861
Capital assets being depreciated:					
Buildings	24,598	-	-	-	24,598
Equipment	93	-	-	-	93
Total capital assets being depreciated:	24,691	-	-	-	24,691
Less: accumulated depreciation	(4,779)	(620)	-	-	(5,399)
Total capital assets being depreciated, net	19,912	(620)	-	-	19,292
Total capital assets, net	$ 23,773	$ (620)	$ -	$ -	$ 23,153

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2019 are as follows ($000s):

	University	URO - Foundation
Payable to vendors/suppliers	$ 22,380	$ 516
Accrued payroll	7,039	-
Current portion of noncurrent liabilities:		
Accrued interest	5,809	-
Performance contracts payable	2,942	-
Revenue bonds payable	4,552	366
Leases payable	2,701	-
Notes and certificates of participation payable	1,245	-
Other liabilities	141	-
Total current accounts payable and accrued liabilities	46,809	882
Noncurrent accounts payable and accrued liabilities	3,249	-
Total accounts payable and accrued liabilities	$ 50,058	$ 882

7. PERFORMANCE CONTRACTS PAYABLE

The University has entered into multiple performance contracts, in accordance with Public Act 90-0486, passed by the State Legislature in 1997. This Public Act allows State universities to negotiate multi-year contracts for the evaluation, design and implementation of facility improvement measures that will pay for themselves via guaranteed energy and/or operational savings over the life of the contract. The University is guaranteed by the provider that the annual energy and/or operational savings realized as a result of the implementation and servicing of the energy conservation measures will equal or exceed the annual expenditures for the term of the financed installation. Sufficient bonding must be posted by the provider to further protect the long-term interests of the University. The underlying expenditure in the performance contracts have been capitalized in accordance with the University capitalization policy. The performance contracts contain a provision that in the event of default, all payments due under the contracts may be declared immediately due and payable.

7. PERFORMANCE CONTRACTS PAYABLE (Continued)

Performance contracts payable activity and outstanding balances as of and for the year ended June 30, 2019 are as follows ($000s):

Performance Contract	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Energy Infrastructure Improvement - Phase 10B	$ 7,585	$ -	$ (715)	$ 6,870	$ 744
Energy Infrastructure Improvements - Refinance	11,722	-	(1,342)	10,380	1,375
Energy Infrastructure Improvements - Phase 11	6,720	-	(480)	6,240	498
Energy Infrastructure Improvements - Phase 11A	5,018	-	(314)	4,704	325
Total	$ 31,045	$ -	$ (2,851)	$ 28,194	$ 2,942

Future minimum payments on these performance contracts payable are ($000s):

Year Ending June 30,	Principal	Interest	Total
2020	$ 2,942	$ 895	$ 3,837
2021	3,035	801	3,836
2022	3,132	704	3,836
2023	3,233	604	3,837
2024	3,336	501	3,837
2025-2029	11,243	1,041	12,284
2030-2031	1,273	45	1,318
Total	$ 28,194	$ 4,591	$ 32,785

Interest rates range from 2.48% to 4.16%. The guaranteed savings will be recognized as a reduction of expense over the life of the contract as payments are made.

8. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences includes employee earned but unused vacation and sick leave days. The changes in balances as of and for the year ended June 30, 2019 are as follows ($000s):

Balance, beginning of year	$ 15,141
Additions/(Deductions)	285
Balance, end of year	15,426
Less: current portion	(2,185)
Balance, end of year, noncurrent portion	$ 13,241

Amounts reported as current are based upon historical trends. The employer portion of Medicare taxes related to accrued compensated absences is $224,000.

9. UNEARNED REVENUE AND GRANTS

Unearned revenue and grants represent funds received in advance on grants not expended. The change in balances as of and for the year ended June 30, 2019 are as follows ($000s):

Balance, beginning of year	$ 1,945
Additions/(Deductions)	69
Balance, end of year	$ 2,014

10. GOVERNMENT LOAN FUND ADVANCES

Government loan fund advances represents money received from the federal government for student loan programs. The change in balances as of and for the year ended June 30, 2019 are as follows ($000s):

Balance, beginning of year	$ 6,650
Additions/(Deductions)	-
Balance, end of year	$ 6,650

11. REVENUE BONDS PAYABLE

Revenue bonds activity and outstanding as of and for the year ended June 30, 2019 are as follows ($000s):

Issue	Beginning Balance	Issued/ Accreted	Retired/ Defeased	Ending Balance	Current Portion	Future Revenues Pledged	Debt Service to Pledged Revenue (Current Year)
Series 2010	$ 126,025	$ -	$ -	$ 126,025	$ -	$ 295,150	5.96%
Series 2011	53,790	-	(4,265)	49,525	4,480	63,405	4.16%
	179,815	-	(4,265)	175,550	4,480	358,555	
Unamortized Premium	723	-	(72)	650	72	N/A	
Total	$ 180,538	$ -	$ (4,337)	$ 176,200	$ 4,552	$ 358,555	
URO-Foundation	$ 1,098	$ -	$ (339)	$ 759	$ 366	$ -	

In December 2010, the University issued $126,025,000 of taxable Auxiliary Facilities Systems Revenue Bonds (Series 2010) under the Build America Program. Taxable interest rates range from 7.75% to 8.15%, with the University receiving an amount up to 35% of the interest expense back from the U.S. Treasury. The bonds mature at varying amounts from 2028 through 2041. Interest payments are due semi-annually.

In January 2011, the University issued $67,135,000 of Auxiliary Facilities System Revenue Bonds (Series 2011). Stated interest rates range from 3.0% to 5.50%. The bonds mature at varying amounts from 2012 through 2028. Interest payments are due semi-annually.

The Series 2010 and Series 2011 bonds are also payable from and secured by the net revenues of the System and pledged fees. The Series 2010 and Series 2011 bonds are further secured by a pledge of and lien on pledged tuition, which equaled $128,961,000 in the current year. The Series 2010 and Series 2011 bonds contain a provision that in the event of a default in the payment of principal or interest on the Bonds, and to the extent there are no other available funds held under the Bond Resolution to make such payment, any funds remaining in the Series 2010 Project Construction Fund shall be used to make such payment All bond series are also secured by non cancelable policies of municipal bond insurance.

11. REVENUE BONDS PAYABLE (Continued)

Aggregate payments required on the bonds for the next five years and in later years are as follows ($000s):

University

Year Ending June 30,	Principal	Interest	Total
2020	$ 4,480	$ 12,713	$ 17,193
2021	4,705	12,488	17,193
2022	4,960	12,230	17,190
2023	5,210	11,982	17,192
2024	5,470	11,721	17,191
2025-2029	32,015	53,945	85,960
2030-2034	41,210	41,612	82,822
2035-2039	53,090	23,344	76,434
2040-2041	24,410	2,970	27,380
Total	$ 175,550	$ 183,005	$ 358,555

URO-Foundation

Year Ending June 30,	Principal	Interest	Total
2020	$ 366	$ 12	$ 378
2021	393	6	399
Total	$ 759	$ 18	$ 777

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

12. CAPITALIZED LEASES

Certain leases, in which the University's governing board is the lessee, are considered to be equivalent to installment purchases for accounting presentation. The assets recorded under these leases have been capitalized at the present value of future lease payments, measured at lease inception date. These assets totaled $108,302,000, net of accumulated depreciation of $26,148,000, at June 30, 2019.

12. CAPITALIZED LEASES (Continued)

Capital leases activity and outstanding principal balances as of and for the year ended June 30, 2019 are as follows ($000s):

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
IASBO Building	$ 356	$ -	$ (53)	$ 303	$ 56
CHF - DeKalb Northern View	18,479	-	(255)	18,224	312
CHF - DeKalb First Year Residence	109,651	-	(1,515)	108,136	1,853
Dell Equipment and Software	1,972	-	(458)	1,514	480
Net Present Value	$ 130,458	$ -	$ (2,281)	$ 128,177	$ 2,701

Future minimum lease payments for the above assets under capital leases at June 30, 2019 on originally scheduled minimum payments and estimated interest are as follows ($000s):

Year Ending June 30,	Principal	Interest	Total
2020	$ 2,701	$ 8,600	$ 11,301
2021	2,838	8,462	11,300
2022	2,986	8,318	11,304
2023	2,595	8,150	10,745
2024	2,752	7,989	10,741
2025-2029	16,285	37,083	53,368
2030-2034	22,605	30,771	53,376
2035-2039	31,500	21,880	53,380
2040-2044	43,915	9,459	53,374
Total	$ 128,177	$ 140,712	$ 268,889

During fiscal year 2007, the University entered an agreement with CHF – DeKalb, L.L.C. to develop, finance, design, construct, equip, and operate an approximately 240 bed student housing facility. The Northern View Community opened in Fall 2007, replacing the existing University Family Apartments. The facility is owned by CHF, but managed by NIU Housing and Residential Services. The agreement required no capital outlay from the University, but accounting principles generally accepted in the United States of America require the University to report the transaction as a capital lease. The facility and offsetting capital lease were recorded at $19,400,000. In fiscal year 2011, the University entered into another agreement with CHF, with two separate components. The first was to refinance the existing Northern View capital lease. The second was to build and equip New Residence Hall, an approximately 1,008 bed student housing facility consisting of two five-story residential buildings and a community center and dining hall. New Residence Hall was recorded as an asset and as a capital lease upon its substantial completion during fiscal year 2012, with future payments beginning in fiscal year 2014. The total capital lease was recorded at $132,225,000.

13. CERTIFICATES OF PARTICIPATION PAYABLE

Certificates of participation and outstanding principal balances as of June 30, 2019 are as follows ($000s):

Issue	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Certificates of Participation:					
Series 2014 - Capital Improvement Project	$ 8,950	$ -	$ (1,105)	$ 7,845	$ 1,150
	8,950	-	(1,105)	7,845	1,150
Unamortized Debt Premium	761	-	(95)	666	95
Total	$ 9,711	$ -	$ (1,200)	$ 8,511	$ 1,245

Series 2014 – Capital Improvement Project: On April 22, 2014, the University issued a Certificate of Participation (COP) 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 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 COP is payable through installments commencing in 2015, for a period of eleven years. The interest rate is 4%-5%. The Series 2014 COP contains a provision that in the event of default, the outstanding principal and any accrued interest may become immediately due and payable.

Future minimum payments on these certificates of participation payable are ($000s):

Year Ending June 30,	Principal	Interest	Total
2020	$ 1,150	$ 357	$ 1,507
2021	1,200	304	1,504
2022	1,260	243	1,503
2023	1,325	178	1,503
2024	1,390	110	1,500
2025-2026	1,520	40	1,560
Total	$ 7,845	$ 1,232	$ 9,077

14. NET POSITION

The University's net position is classified for accounting and reporting purposes into one of three categories according to the nature of the restrictions, if any, imposed on usage. University policy is to apply restricted resources first when an expense or outlay is incurred for purposes for which both restricted and unrestricted resources are available. The following tables include detail of the net position balances for the University and the URO-Foundation:

University ($000s)

Net investment in capital assets	$	92,049
Restricted:		
Nonexpendable		506
Expendable:		
Auxiliary Facilities System		74,564
Endowments		8,100
Unrestricted		(7,374)
Total	$	167,845

URO-Foundation ($000s)

Net investment in capital assets	$	22,394
Restricted:		
Nonexpendable		54,809
Expendable		40,055
Unrestricted		10,801
Total	$	128,059

Net investment in capital assets represent the University's capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted-nonexpendable net position represents endowment funds, where the donor has provided a gift for which the principal must remain invested in perpetuity and only the income may be utilized to support the restricted purpose the donor indicated. It also includes the University's capital contributions to the Perkins Loan Program fund.

Restricted-expendable net position represents resources with legal or contractual obligations to spend in accordance with restrictions imposed by external third parties.

14. NET POSITION (Continued)

The unrestricted classification is not subject to externally imposed stipulations; however, substantially all of the University's unrestricted funds have been designated for various academic, research and public service programs and initiatives, as well as capital projects. Additionally, legislative restrictions exist on these funds as outlined in the University Guidelines 1982, as amended in 1997.

15. TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2019, the University engaged the Foundation, under contract, to provide fundraising services. As provided by the contract agreement, the University paid $744,000 for fundraising services. Additionally, the University provided services to the Foundation valued at $677,000. As required by the contract, the Foundation fully repaid the University for the services provided, using funds considered unrestricted. 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. As provided by the contract, the Research Foundation provided $229,000 of services during fiscal year 2019, of which $63,000 was payable from the University at year-end.

The University entered into a 10-year lease with the Foundation for the rental of space in the Jeffrey and Kimberly Yordon Center in 2007. The Yordon Center lease has been extended through March 2023. The building houses state of the art strength and conditioning facilities, academic and tutoring support, coaches' offices, locker rooms, and medical treatment and rehabilitation services. The lease calls for the University to be responsible for insurance and maintenance of the building. The lease amount is included in the Operating Leases disclosure (Footnote 16).

The University entered into an 89-month lease with the Foundation for the rental of space in the Kenneth and Ellen Chessick Practice Center in 2013. The center features an artificial turf field with full NCAA football playing field dimensions, a four-lane sprint track, batting cages, and long jump pits. The facility serves 16 intercollegiate teams and a variety of intramural sports at NIU. The lease calls for the University to be responsible for insurance and maintenance of the building. The lease amount is included in the Operating Leases disclosure (Footnote 16).

15. TRANSACTIONS WITH COMPONENT UNITS (Continued)

The University, with its discretely presented component units, are presented within the State's Comprehensive Annual Financial Report (CAFR) as a consolidated discretely presented component unit. As the transactions and balances between the University and its UROs are not eliminated as presented in the statement of net position and statement of revenues, expenses, and changes in net position, additional disclosure identifying the eliminating entries necessary for presentation in the State's CAFR follows.

As of and for the year ended June 30, 2019, the University and its component units had the following inter-entity transactions ($000s):

Northern Illinois University	NIU Foundation					Alumni Association	Research Foundation	
	Operating Revenue	Operating Expense	Current Assets	Current Liabilities	Noncurrent Liabilities		Operating Revenue	Current Assets
Operating revenues	$ -	$ 5,093	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	1,849	-	-	-	-	-	229	-
Other nonoperating revenues	-	380	-	-	-	-	-	-
Current assets	-	-	-	942	-	-	-	-
Noncurrent assets	-	-	-	-	8,100	-	-	-
Current liabilities	-	-	-	-	-	-	-	63

16. OPERATING LEASES

The University leases various buildings under operating lease agreements. Total rental expense under these agreements for the year ended June 30, 2019 was $732,000.

Future minimum lease payments are ($000s):

Year Ending June 30,	Amount
2020	$ 729
2021	640
2022	111
2023	37
2024	16
Total	$ 1,533

17. RETIREMENT PLAN

General Information about the Pension Plan

Plan Description. The University contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees.

SURS is considered a component unit of the state of Illinois' financial reporting entity and is included in the State's Financial Reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2018 can be found in the System's comprehensive annual financial report (CAFR), Notes to the Financial Statements.

Contributions. The state of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2018 and 2019 respectively, was 12.46% and 12.29% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings.

17. RETIREMENT PLAN (Continued)

The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

Pension Liabilities, Expense, and Deferred Inflows and Outflows of Resources Related to Pensions

Net Pension Liability. The net pension liability (NPL) was measured as of June 30, 2018. At June 30, 2018, SURS reported a net pension liability (NPL) of $27,494,557,000.

University's Proportionate Share of Net Pension Liability. The amount of the proportionate share of the net pension liability to be recognized for the University is $0. The proportionate share of the State's net pension liability associated with the University is $1,115,729,000 or 4.0580%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2018 was determined based on the June 30, 2017 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2018.

Pension Expense. At June 30, 2018, SURS reported a collective net pension expense of $2,685,323,000.

University's Proportionate Share of Pension Expense. The University's proportionate share of collective pension expense should be recognized similarly to on- behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2018. As a result, the University recognized revenue and pension expense of $108,970,000 from this special funding situation during the year ended June 30, 2019.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

17. RETIREMENT PLAN (Continued)

SURS Collective Deferred Outflows of Resources and Deferred Inflows of Resources by sources ($000s):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 65,522	$ 181,032
Change in assumptions	1,286,257	123,218
Net difference between projected and actual earnings on pension plan investments	26,811	-
Total	$ 1,378,590	$ 304,250

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses ($000s):

Year Ending June 30,	Net Deferred Outflows/ (Deferred Inflows) of Resources
2019	$ 763,172
2020	540,443
2021	(192,612)
2022	(36,663)
Total	$ 1,074,340

University Deferral of Fiscal Year 2019 Pension Expense

The University paid $1,194,000 in federal, trust or grant contributions for the fiscal year ended June 30, 2019. These contributions were made subsequent to the pension liability date of June 30, 2018, and are recognized as Deferred Outflows of Resources as of June 30, 2019.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014 – 2017. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.25% to 12.25%, including inflation
Investment rate of return	6.75% beginning with the actuarial valuation as of June 30, 2018

17. RETIREMENT PLAN (Continued)

Mortality rates were based on the RP2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.00%
Private Equity	6%	8.50%
Non-U.S. Equity	19%	6.45%
Global Equity	8%	6.00%
Fixed Income	19%	1.50%
Treasury-Inflation Protected Securities	4%	0.75%
Emerging Market Debt	3%	3.65%
Real Estate REITS	4%	5.45%
Direct Real Estate	6%	4.75%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
Total	100%	4.55%
Inflation		2.75%
Expected Geometrical Normal Return		7.30%

Discount Rate. A single discount rate of 6.65% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.62% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the SURS's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the

17. RETIREMENT PLAN (Continued)

benefit payments through the year 2075. As a result, the long- term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.65%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

1% Decrease 5.65%	Current Single Discount Rate Assumpton 6.65%	1% Increase 7.65%
$33,352,188,584	$27,494,556,682	$22,650,651,520

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

18. POSTEMPLOYMENT BENEFITS

Plan Description: SEGIA, as amended, authorizes SEGIP to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the University's full-time employees are members of SEGIP. Members receiving monthly benefits from the GARS, JRS, SERS, TRS, and SURS are eligible for these OPEB. The eligibility provisions for SURS are defined within Note 17.

CMS administers OPEB for annuitants with the assistance of GARS, JRS, SERS, TRS, and SURS. The State recognizes SEGIP as a single-employer defined benefit plan, which does not issue a stand-alone financial report.

Benefits Provided: The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with limitations established in SEGIA. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. SEGIA requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

18. POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy and Annual OPEB Cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, SEGIP contributions pursuant to SEGIA (5 ILCS 375/11), and Federal government subsidies from the Medicare Part D program. These contributions are deposited in the Health Insurance Reserve Fund, which covers both active employees and retired members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in GARS, JRS, SERS, TRS, and SURS do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. CMS' Director, on an annual basis, determines the amount of contributions necessary to fund the basic program of group benefits. The State's contributions are made primarily from the State's General Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree benefits and a separate trust has not been established for the funding of OPEB.

For fiscal year 2019, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $11,269 ($6,699 if Medicare eligible) per member if the annuitant chose benefits provided by a health maintenance organization and $13,824 ($4,984 if Medicare eligible) per member if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

CMS' Changes in Estimates: For the measurement date of June 30, 2018, CMS experienced two significant changes within its estimation process. The OPEB for both the special funding situation and the portion of OPEB where the University is responsible for employer contributions are both significantly impacted by (1) the University's number of participants in SEGIP, and (2) the average cost per employee within SEGIP. CMS made changes to its estimation methodology that resulted in significant differences within its estimates which represent an outcome of estimation uncertainty that, as time has passed and new sources of better data have become available, continued to be refined to achieve a more representative reflection of the actual outcome of the estimate in future periods. As such, the University experienced a significant decrease in its own OPEB liability and expense and in the non-operating revenue and operating expenses recognized from the special funding situation.

18. POSTEMPLOYMENT BENEFITS (Continued)

Special Funding Situation Portion of OPEB: The proportionate share of the State's OPEB expense relative to the University's employees totaled ($55,234,296) during the year ended June 30, 2019. This amount was recognized by the University as non-operating special funding situation revenue and operating expense allocated to the related function performed by the employees during the year ended June 30, 2019.

While the University is not required to record the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation, the University is required to disclose this amount. The following chart displays the proportionate share of the State's contributions related to the University's special funding situation relative to all employer contributions during the years ended June 30, 2018 and 2017, each based on the June 30, 2017 and 2016, respectively, actuarial valuation rolled forward:

Measurement Date	June 30, 2018	June 30, 2017
State of Illinois' OPEB liability related to the University under the Special Funding Situation	$ 893,354,014	$ 1,358,810,097
SEGIP total OPEB liability	40,093,248,494	41,323,858,855
Proportionate share of the total OPEB liability	2.2282%	3.2882%

University's Portion of OPEB and Disclosures Related to SEGIP Generally:

Total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense related to OPEB: The University's total OPEB liability, as reported at June 30, 2019, was measured as of the measurement date on June 30, 2018, with an actuarial valuation as of June 30, 2017, which was rolled forward to the measurement date. The following chart displays the proportionate share of the University's contributions relative to all employer contributions during the years ended June 30, 2018 and 2017, each based on the June 30, 2017 and 2016, respectively, actuarial valuation rolled forward:

Measurement Date	June 30, 2018	June 30, 2017
University's OPEB liability	$ 42,418,657	$ 49,836,574
SEGIP total OPEB liability	40,093,248,494	41,323,858,855
Proportionate share of the total OPEB liability	0.1058%	0.1206%

The University's portion of the OPEB liability was based on the University's proportion share amount determined under the methodology described in Note 1 during the year ended June 30, 2018. As of the current year measurement date of June 30, 2018, the University's proportion declined 0.0148% from its proportion measured as of the prior year measurement date of June 30, 2017.

18. POSTEMPLOYMENT BENEFITS (Continued)

The University recognized OPEB expense for the year ended June 30, 2019, of $1,591,436. At June 30, 2019, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2018, from the following sources:

Deferred outflows of resources	
Differences between expected and actual experience	$ 10,864
Changes in proportion	4,322,507
University contributions subsequent to the measurement date	930,886
Total deferred outflows of resources	$ 5,264,257
Deferred inflows of resources	
Differences between expected and actual experience	$ 934,046
Changes of assumptions	3,983,536
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,391,872
Total deferred inflows of resources	$ 10,309,454

The amounts reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total Amount Recognized of Deferred Inflows and Outflows over the Remaining Service Life of All Employees
2019	$ (1,390,032)
2020	(1,390,032)
2021	(1,390,032)
2022	(1,568,402)
2023	(237,592)
Total	$ (5,976,090)

Actuarial methods and assumptions: The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2017, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2017.

The valuation date of June 30, 2017, below was rolled forward to June 30, 2018.

18. POSTEMPLOYMENT BENEFITS (Continued)

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.75%
Projected Salary Increases*	3.00% - 15.00%
Discount Rate	3.62%
Healthcare Cost Trend Rate: Medical (Pre-Medicare)	8.0 % grading down 0.5% in the first year to 7.5%, then grading down 0.08% in the second year to 7.42%, followed by grading down of 0.5% per year over 5 years to 4.92% in year 7
Medical (Post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental and Vision	6.0% grading down 0.5% per year over 3 years to 4.5%
Retirees' Share of Benefit-Related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5% for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100% of the required dependent premium. Premiums for plan year 2018 and 2019 are based on actual premiums. Premiums after 2019 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.

*Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2017, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

18. POSTEMPLOYMENT BENEFITS (Continued)

	Retirement age experience study^	Mortality^^
GARS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward one year for males and set back one year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
JRS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward one year for males and set back one year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
SERS	July 2009 - June 2013	105% of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added
TRS	July 2014 - June 2017	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2017
SURS	July 2014 - June 2017	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants

^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the three-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remained unchanged.

^^ Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Since the last measurement date on June 30, 2018, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. Further, no changes have occurred since the measurement date and the University's fiscal year end on June 30, 2019, that are expected to have a significant impact on the University's proportionate share of the total collective OPEB liability.

Discount rate: Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56% at June 30, 2017, and 3.62% as of June 30, 2018, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate: The following presents the University's proportionate share of the plan's total OPEB liability measured as of June 30, 2018, calculated using a Single Discount Rate of 3.62%, as well as what the University's proportionate share of the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.62%) or lower (2.62%) than the current rate:

18. POSTEMPLOYMENT BENEFITS (Continued)

	1% Decrease (2.62%)	Current Single Discount Rate Assumption (3.62%)	1% Increase (4.62%)
Total OPEB liability	$ 49,730,702	$ 42,418,657	$ 36,614,099

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate: The following presents the University's proportionate share of the plan's total OPEB liability measured as of June 30, 2018, calculated using the healthcare cost trend rates as well as what the University's proportionate share of the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. For calculating the healthcare cost trend rates assumption, the key trend rates are 8% in 2019 decreasing to an ultimate trend rate of 4.92% in 2026 for non-Medicare coverage, and 9.0% decreasing to an ultimate trend rate of 4.5% in 2028 for Medicare coverage. For the 1% decrease for calculating the healthcare cost trend rates assumption, the key trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.92% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage. For the 1% increase for calculating the healthcare cost trend rates assumption, the key trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.92% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Total OPEB liability	$ 35,827,189	$ 42,418,657	$ 50,981,944

Total OPEB Liability Associated with the University, Regardless of Funding Source: The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation the University is not required to record and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds. The following chart displays the proportionate share of contributions, regardless of funding source, associated with the University's employees relative to all employer contributions during the years ended June 30, 2018 and 2017, each based on the June 30, 2017 and 2016, respectively, actuarial valuation rolled forward:

18. POSTEMPLOYMENT BENEFITS (Continued)

Measurement Date	June 30, 2018	June 30, 2017
State of Illinois' OPEB liability related to the University under the Special Funding Situation	$ 893,354,014	$ 1,358,810,097
University's OPEB liability	42,418,657	49,836,574
Total OPEB liability associated with the University	935,772,671	1,408,646,671
SEGIP total OPEB liability	40,093,248,494	41,323,858,855
Proportionate share of the OPEB liability associated with the University	2.3340%	3.4088%

19. OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating expenses by natural classification for the year ended June 30, 2019 are summarized as follows ($000s):

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
University					
Instruction	$ 158,680	$ 16,011	$ -	$ -	$ 174,691
Research	14,599	3,498	-	-	18,097
Public service	19,394	5,935	-	-	25,329
Academic support	28,289	8,271	-	-	36,560
Student services	17,369	8,691	-	-	26,060
O&M	10,665	17,371	-	-	28,036
Depreciation	-	-	-	28,232	28,232
Inst. support	33,690	23,790	-	-	57,480
Scholarships and fellowships	-	-	32,733	-	32,733
Auxiliary enterprises	53,100	14,671	-	-	67,771
Total	$ 335,786	$ 98,238	$ 32,733	$ 28,232	$ 494,989

20. INSURANCE

The University participates in an insurance cooperative as part of the Illinois Public Higher Education Cooperative (IPHEC). Through IPHEC, the University has contracted with commercial carriers to provide various excess liability insurance coverages, including educators' legal and other general liability insurance. The University's liability coverages have a general $350,000 deductible per occurrence, which may be partially funded by a self-insurance fund authorized by the NIU Board of Trustees. Additionally, the University purchases property insurance coverage for replacement value of University real property and, in certain instances, contents. Settled claims have not exceeded commercial coverage limits in any of the three preceding years.

20. INSURANCE (Continued)

The University is afforded coverage by the State for general liability, automobile liability, workers' compensation, employers' liability, and employee indemnity by a number of State of Illinois Self-Insured Plans administered by the Illinois Department of Central Management Services. Contract and tort claims are also subject to the Illinois Court of Claims Act, under which proven claims may be satisfied by appropriations by the General Assembly to the Secretary of State.

21. COMMITMENTS AND CONTINGENCIES

At June 30, 2019, the University had commitments on various services, products, grants, projects, and contracts for repairs and renovations of facilities of approximately $14.9 million.

Grants and Contracts

The University receives monies from federal and state government agencies under grants and contracts for research and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and disallowance by the granting agency. The University administration believes that any disallowance or adjustment would not have a material effect on the University's financial position.

Legal Actions

Although the University is a defendant in various lawsuits, most of the actions are personnel or administrative in nature, and the University's legal exposure is either limited or virtually non-existent. University officials are of the opinion, based upon the advice of legal counsel, that any ultimate liability which could result from such litigation would not have a material adverse effect on the University's financial position or its future operations.

22. UNIVERSITY RELATED ORGANIZATIONS

The University's financial statements include the activity of the University Related Organizations (UROs) which represent the University's discretely presented component units. Below are condensed financial statements by organization as of and for the year ended June 30, 2019 ($000s):

	Foundation	Alumni Association	Northern IL Research Foundation	Eliminations	Combined Totals
Condensed Statement of Net Position					
ASSETS:					
Current assets					
Cash and cash equivalents	$ 2,700	$ 239	$ 258	$ (239)	$ 2,958
Accounts receivable	837	-	226	-	1,063
Other current assets	134	70	7	-	211
Noncurrent assets					
Capital assets, net of accumulated depreciation	23,153	-	76	-	23,229
Investments administered by NIU Foundation	112,349	2,597	-	(2,597)	112,349
Other noncurrent assets	2,039	-	-	-	2,039
TOTAL ASSETS	$ 141,212	$ 2,906	$ 567	$ (2,836)	$ 141,849
LIABILITIES:					
Current liabilities					
Accounts payable and accrued liabilities	$ 882	$ 270	$ 85	$ -	$ 1,237
Due to NIU	942	-	-	-	942
Noncurrent liabilities					
Deposits held for NIU Alumni Association	2,836	-	-	(2,836)	-
Deposits held for NIU	8,100	-	-	-	8,100
Bonds and notes payable	393	-	-	-	393
TOTAL LIABILITIES	13,153	270	85	(2,836)	10,672
NET POSITION:					
Invested in capital assets	$ 22,394	$ -	$ 76	$ -	$ 22,470
Restricted					
Nonexpendable	54,809	79	-	-	54,888
Expendable	40,055	329	87	-	40,471
Unrestricted	10,801	2,228	319	-	13,348
Total net position	128,059	2,636	482	-	131,177
TOTAL LIABILITIES AND NET POSITION	$ 141,212	$ 2,906	$ 567	$ (2,836)	$ 141,849
Condensed Statement of Revenues, Expenses, and Changes in Net Position					
Operating revenues	$ 10,237	$ 1,439	$ 1,220	$ -	$ 12,896
Operating expenses	11,361	1,825	1,237	-	14,423
Operating gain (loss)	(1,124)	(386)	(17)	-	(1,527)
Nonoperating revenue	4,024	417	-	-	4,441
Increase (decrease) in net position	2,900	31	(17)	-	2,914
Net position, beginning of year	126,578	2,605	469	-	129,652
Restatement	(1,419)	-	30	-	(1,389)
Net position, beginning of year, as restated	125,159	2,605	499	-	128,263
Net position, end of year	$ 128,059	$ 2,636	$ 482	$ -	$ 131,177

23. BUDGET IMPASSE

General State appropriations decreased $41.2 million (-33.0%) in fiscal year 2019 as compared with fiscal 2018, primarily due to Article 8 of Public Act 100-0021, enacted July 6, 2017, which authorized additional fiscal year 2018 appropriations for operational expenditures, totaling $42.7 million. This appropriation is recognized as revenue in fiscal year 2018 because the appropriation did not exist as of the June 30, 2017 fiscal year-end, as required by GASB Statement No. 33, Paragraph 74. As of June 30, 2018, the State Comptroller had disbursed the entire $42.7 million appropriation to the University.

24. RESTATEMENT

URO – Foundation

During 2018, the Foundation and the Association determined that they met the criteria to report their statements of financial position, activities and cash flows on the basis of the Financial Accounting Standards Board's (FASB) financial accounting standards. As a result, the July 1, 2017 net assets were converted to the FASB financial accounting standards from the GASB financial accounting standards. During 2019, additional net assets were determined to be held by the Foundation on behalf of NIU.

Additionally, the Research Foundation reported its financial statements under the standards for governmental entities promulgated by the Governmental Accounting Standards Board for the year ended June 30, 2018 During 2019, the Research Foundation determined that it did not meet the criteria to report as a governmental entity and instead should have been reporting on the basis of the Financial Accounting Standards Board's (FASB) financial accounting standards. As a result, the July 1, 2018 net assets were converted to the FASB financial accounting standards from the Government Accounting Standards resulting in and adjustment to grant revenue recognition.

The restatements included the following adjustments to total net assets for the component units ($000s):

NET ASSETS, JUNE 30, 2018		
AS PREVIOUSLY REPORTED	$	129,652
Reclassification of donor funds managed for NIU		(1,419)
Adjustments to grant revenue recognition		30
NET ASSETS AS ADJUSTED, JUNE 30, 2018	$	128,263

Required Supplementary Information

Schedule of the University's Proportionate Share of the Net Pension Liability

State Universities Retirement System

Last 10 Fiscal Years* (000's)

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
(a) Proportion percentage of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
(b) Proportion amount of the collective net pension liability	$ -	$ -	$ -	$ -	$ -
(c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer	$ 1,115,729	$ 1,075,201	$ 1,096,228	$ 1,016,084	$ 994,334
Total (b) + (c)	$ 1,115,729	$ 1,075,201	$ 1,096,228	$ 1,016,084	$ 994,334
Employer defined benefit covered-employee payroll	$ 144,789	$ 148,710	$ 152,243	$ 154,994	$ 164,728
Proportion of collective net pension liability associated with employer as a percentage of covered-employee payroll	771%	723%	720%	656%	604%
SURS plan net position as a percentage of total pension liability	41.72%	42.04%	39.57%	42.37%	44.39%

Schedule of University Contributions

Last 10 Fiscal Years* (000's)

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Federal, trust, grant and other contribution	$ 1,194	$ 1,204	$ 1,163	$ 1,029	$ 963	$ 945
Contribution in relation to required contribution	1,194	1,204	1,163	1,029	963	945
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Employer covered payroll	$ 142,898	$ 144,789	$ 148,710	$ 152,243	$ 154,994	$ 164,728
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.78%	0.68%	0.62%	0.57%

*Note: The University implemented GASB Statement No. 68 in fiscal year 2015. The schedule is intended to show information for previous 10 years. The information above comprises the information as was available.

Schedule of the University's Proportionate Share of the Collective Total OPEB Liability

Benefit Liability State Employees Group Insurance Program

Last 10 Fiscal Years* (000's)

	Fiscal Year 2018	Fiscal Year 2017
Proportion percentage of the collective total OPEB liability	0.11%	0.12%
Proportion amount of the collective total OPEB liability	$ 42,419	$ 49,837
Estimated proportionate amount of collective total OPEB liability associated with the University - State supported portion	893,354	1,358,810
Total	$ 935,773	$ 1,408,647
Employer defined benefit covered-employee payroll	$ 144,789	$ 148,710
Proportion of collective total OPEB liability as a percentage of covered-employee payroll	29.30%	33.51%

*Note: The University implemented GASB Statement No. 75 in fiscal year 2018. The schedule is intended to show information for previous 10 years. The information above comprises the information as was available.

Notes to Required Supplementary Information

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2018.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018:

- *Salary increase*. Decrease in the overall assumed salary increase rates, ranging from 3.25% to 12.25% based on years of service, with underlying wage inflation of 2.25%.
- *Investment Return*. Decrease the investment return assumption to 6.75%. This reflects maintaining an assumed real rate of return of 4.50% and decreasing the underlying assumed price inflation to 2.25%.
- *Effective rate of interest*. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75% (effective July 2, 2019).
- *Normal retirement rates*. A slight increase in retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50% if the member has 40 or more years of service and is younger than age 80.
- *Early retirement rates*. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- *Turnover rates*. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- *Mortality rates*. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- *Disability rates*. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Supplementary Information

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
TABLE OF OPERATING EXPENSES
For the Year Ended June 30, 2019

The following table presents a break-down of the various types of expenses which collectively comprise the University's functional operating expense accounts ($000's):

	Compensation and Benefits										
	Northern Illinois University's Expenses				State of Illinois' Expenses						Total
	Salaries[1]	Benefits[2]	OPEB[3]	Sub-Total	Benefits[2]	OPEB[3]	Pension	Sub-Total	Total	Other Expenses	Operating Expenses
Educational and general:											
Instruction	$ 106,419	$ 10,812	$ (190)	$ 117,041	$ -	$(11,243)	$ 52,882	$ 41,639	$ 158,680	$ 16,011	$ 174,691
Research	10,885	1,783	(8)	12,660	-	(538)	2,477	1,939	14,599	3,498	18,097
Public service	13,652	3,445	(11)	17,086	-	(584)	2,892	2,308	19,394	5,935	25,329
Academic support	19,609	940	(36)	20,513	-	(2,221)	9,997	7,776	28,289	8,271	36,560
Student services	11,989	1,075	(24)	13,040	-	(1,130)	5,459	4,329	17,369	8,691	26,060
Operation and maintenance of plant	7,290	204	(14)	7,480	-	(910)	4,095	3,185	10,665	17,371	28,036
Depreciation	-	-	-	-	-	-	-	-	-	28,232	28,232
Institutional support	23,503	842	(47)	24,298	-	(2,740)	12,132	9,392	33,690	23,790	57,480
Scholarships and fellowships	-	-	-	-	-	-	-	-	-	32,733	32,733
Auxiliary enterprises	37,252	1,080	(79)	38,253	-	(4,189)	19,036	14,847	53,100	14,671	67,771
Total	$ 230,599	$ 20,181	$ (409)	$ 250,371	$ -	$(23,555)	$ 108,970	$ 85,415	$ 335,786	$ 159,203	$ 494,989

[1] Salaries includes employer contributions for Social Security, Medicare, and unemployment.

[2] Benefits includes certain group insurance costs, such as healthcare and life insurance.

[3] OPEB refers to other postemployment benefits.

Other Information

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
TABLE OF OPERATING EXPENSES
For the Year Ended June 30, 2018

The following table presents a break-down of the various types of expenses which collectively comprise the University's functional operating expense accounts ($000's):

	Compensation and Benefits										
	Northern Illinois University's Expenses				State of Illinois' Expenses						Total Operating
	Salaries[1]	Benefits[2]	OPEB[3]	Sub-Total	Benefits[2]	OPEB[3]	Pension	Sub-Total	Total	Other Expenses	Expenses
Educational and general:											
Instruction	$ 106,242	$ 9,375	$ 1,635	$ 117,252	$ -	$ 38,641	$ 49,028	$ 87,669	$ 204,921	$ 14,335	$ 219,256
Research	10,413	1,486	74	11,973	-	1,738	2,144	3,882	15,855	3,606	19,461
Public service	13,148	2,928	90	16,166	-	2,117	2,708	4,825	20,991	5,443	26,434
Academic support	19,333	1,118	320	20,771	-	7,499	9,034	16,533	37,304	8,583	45,887
Student services	12,766	1,051	184	14,001	-	4,258	5,415	9,673	23,674	7,913	31,587
Operation and maintenance of plant	4,013	175	129	4,317	-	2,995	3,610	6,605	10,922	19,498	30,420
Depreciation	-	-	-	-	-	-	-	-	-	29,238	29,238
Institutional support	23,537	678	399	24,614	-	9,453	11,738	21,191	45,805	15,886	61,691
Schloarships and fellowships	-	-	-	-	-	-	-	-	-	35,886	35,886
Auxiliary enterprises	41,786	1,075	652	43,513	-	15,022	18,139	33,161	76,674	6,423	83,097
Total	$ 231,238	$ 17,886	$ 3,483	$ 252,607	$ -	$ 81,723	$ 101,816	$ 183,539	$ 436,146	$ 146,811	$ 582,957

[1] Salaries includes employer contributions for Social Security, Medicare, and unemployment.

[2] Benefits includes certain group insurance costs, such as healthcare and life insurance.

[3] OPEB refers to other postemployment benefits.

Note: Certain reclassifications have been made to prior period amounts to conform with current reporting. On the Statement of revenues, expenses, and changes in net position, exchange based tuition and fee waivers have been reclassified from scholarships and fellowships to compensation and benefits within the applicable functional expense categories.

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