NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois

FINANCIAL AUDIT

For the Year Ended June 30, 2021

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

NORTHERN ILLINOIS UNIVERSITY
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FINANCIAL AUDIT
For the Year Ended June 30, 2021

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NORTHERN ILLINOIS UNIVERSITY
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FINANCIAL AUDIT
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UNIVERSITY OFFICIALS

President	Dr. Lisa C. Freeman
Executive Vice President and Provost	Beth Ingram
Vice President for Administration and Finance and Chief Financial Officer	Sarah Chinniah
Associate Vice President for Finance and Treasury	Shyree Sanan
Vice President for Research and Innovation Partnerships	Gerald Blazey
Vice President and General Counsel	Bryan Perry
Vice President for Enrollment Management, Marketing and Communications	Sol Jensen
Vice President for Outreach, Engagement and Regional Development	Rena Cotsones
Vice President for University Advancement	Catherine Squires
Director of Internal Audit	Danielle Schultz

Financial Staff

Controller	Jason Askin
Deputy Controller	Greg Martyn
Financial Reporting Manager	Kathy Marshall

NIU Board Members

Chair	Dennis L. Barsema
Vice Chair	Eric Wasowicz
Secretary	Robert W. Pritchard
Trustees	Rita Athas John R. Butler Montel Gayles Veronica Herrero
Student Trustee	Aidan Shields

NIU Office is located at:

300 Altgeld Hall

DeKalb, Illinois 60115

FINANCIAL STATEMENT REPORT

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, fiduciary activities, and the aggregate discretely presented component units of Northern Illinois University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2021, 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 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 and the Northern Illinois Research Foundation, component units of the University, 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.

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

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, fiduciary activities, and the aggregate discretely presented component units of Northern Illinois University as of June 30, 2021, 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 Matter

Further, as discussed in Note 25 to the financial statements, in Fiscal Year 2021, the University adopted new accounting guidance GASB 84 Fiduciary Activities which resulted in a restatement of opening net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information such as management's discussion and analysis on pages 6 through 18, the schedule of the University's proportionate share of the net pension liability and the schedule of University contributions on page 68, the schedule of the University's proportionate share of the collective total OPEB liability on page 69, and the related notes to required supplementary information on page 70, 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 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.

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

The table of operating expenses (accompanying supplementary information) on page 71 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated May 3, 2022, 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
May 3, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Northern Illinois University (NIU, or the University) is a comprehensive public institution of higher learning with approximately 16,000 students as of Fall 2021. 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, 2021 with summarized comparative totals for the year ended June 30, 2020. 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 five financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; the statement of cash flows; the statement of fiduciary net position; and the statement of changes in fiduciary net position. 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 Annual Comprehensive Financial Report.

The following MD&A presents condensed versions of the financial statements with comparative financial information for fiscal year 2021 in order to illustrate increases and decreases from fiscal year 2020 data. This MD&A focuses on the University, excluding the discretely presented component units, also known as University Related Organizations, or UROs. 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 respective 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 17% of University operating revenue sources in fiscal year 2021. The most significant fiscal year 2021 expense categories were those directly related to the University's academic, research, and public service missions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The COVID-19 global pandemic has presented university leadership with mounting uncertainties, while adversely impacting the University's financial position. The University will continue to incorporate lessons learned from the COVID-19 pandemic and continue to implement the multiyear budget and financial planning efforts in support of university priorities. NIU will continue to make financial decisions that both protect strategic priorities and provide for long-term sustainability. This will mean investing in some areas and cutting back in others. NIU's immediate and longer-term strategic goals address these challenges.

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 using the accrual basis of accounting. 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 at cost with the exception of investments which are reported at fair value. Capital assets are reported at cost less accumulated depreciation.

A summary comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021, and June 30, 2020 follows:

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

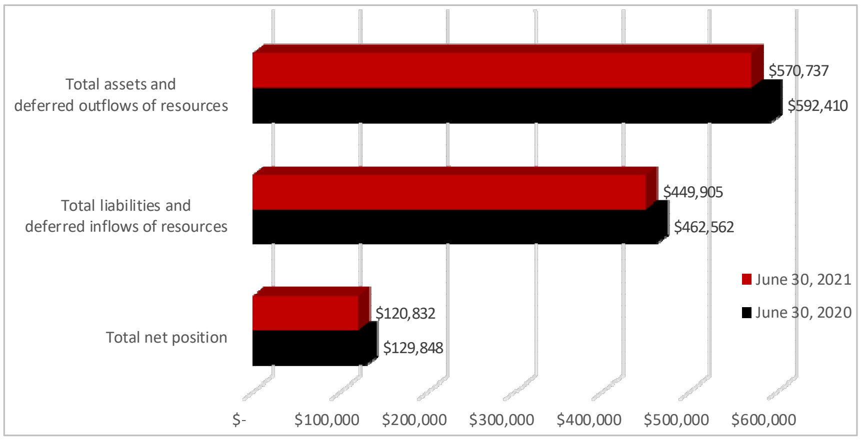
	June 30, 2021	June 30, 2020		$ Change	% Change
Current assets	$ 111,408	$ 121,445		$ (10,037)	-8.3%
Noncurrent assets:					
Restricted cash and investments	56,674	43,404	(1)	13,270	30.6%
Capital assets, net	382,663	405,906		(23,243)	-5.7%
Other	16,202	14,519		1,683	11.6%
Total assets	566,947	585,274		(18,327)	-3.1%
Deferred outflows of resources	3,790	7,136		(3,346)	-46.9%
Current liabilities	60,171	57,458		2,713	4.7%
Noncurrent liabilities	383,389	396,004		(12,615)	-3.2%
Total liabilities	443,560	453,462	(1)	(9,902)	-2.2%
Deferred inflows of resources	6,345	9,100		(2,755)	-30.3%
Total net position	$ 120,832	$ 129,848		$ (9,016)	-6.9%

(1) In order to implement GASB Statement No. 84, assets and liabilities of $4,368 were removed from the June 30, 2020 amounts previously reported.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart summarizes the University's statement of net position as of June 30, 2021 and the previous fiscal year-end:

Statement of Net Position ($ in thousands)



Fiscal Year 2021 Compared to 2020

The University's net position decreased $9.0 million (-6.9%) during fiscal year 2021, compared to a $38.0 million decrease the previous year. The $9.0 million decrease in net position consisted of the fiscal 2021 decrease in net position of $10.5 million offset by a restatement of $1.5 million that was related to the University's other post-employment benefit obligation. This restatement is further discussed in footnote 25. The Unrestricted Net Position decreased $6.8 million (-26.1%) in fiscal year 2021, primarily as a result of the ongoing impacts of the global COVID-19 pandemic, which resulted in lost operating revenues and additional unbudgeted expenditures. The State's general appropriation funding remained relatively flat at $87.8M in fiscal years 2020 and 2021. State appropriations – capital decreased from $1.1 million in fiscal year 2020 to $0.3 million in fiscal year 2021 due to fewer large state funded capital projects in fiscal year 2021.

Current assets including cash and investments decreased $10.0 million (-8.3%) over prior year and was due primarily to the ongoing impacts of the COVID-19 pandemic, which resulted in a decrease in operating revenues in fiscal year 2021. The decrease in operating revenue was partially offset by HEERF (Higher Education Emergency Relief Funding) institutional funding and expense reduction initiatives.

Current liabilities increased $2.7 million (4.7%) at year-end due to increased accounts payable and accrued liabilities and unearned tuition and fees. Noncurrent liabilities decreased $12.6 million (-3.2%) at year-end primarily due to current year principal payments on long-term debt obligations as well as a decrease in the other post-employment benefits obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

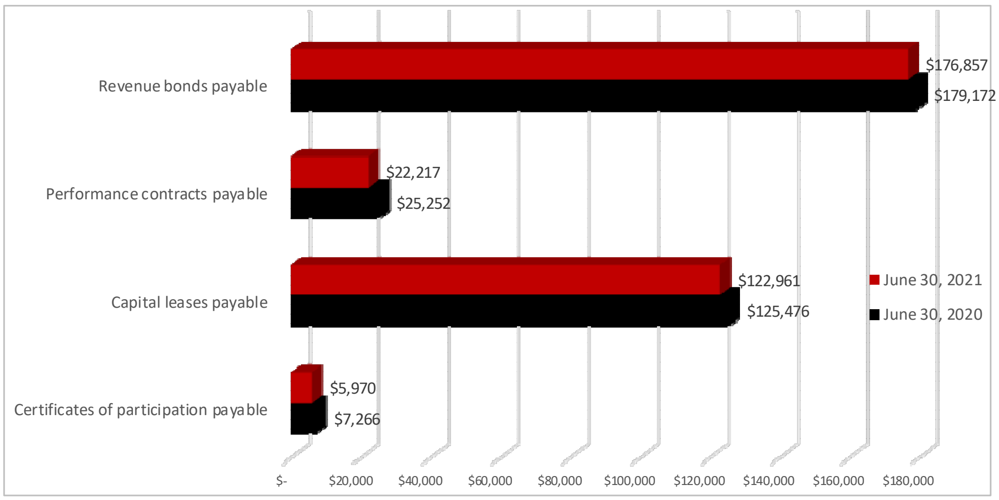
The decrease in capital assets, totaling $23.2 million (-5.7%), was primarily a result of current period depreciation exceeding current year additions. Capital asset additions totaled $4.0 million, while depreciation expense totaled $27.2 million in fiscal 2021. Significant capital additions included construction work on the Neptune complex upgrades, Huskie Den, steam, and chilled water infrastructure, 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. At June 30, 2021, bonds payable totaled $176.9 million. Capitalized leases payable, which are considered installment purchases, totaled $123.0 million. The University also has four separate performance contracts outstanding, totaling $22.2 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 $6.0 million at year-end and were used to finance the acquisition of academic and administrative facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021 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, 2021 and June 30, 2020 follows:

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

	2021	2020	$ Change	% Change
Operating revenues	$ 217,823	$ 241,169	$ (23,346)	-9.7%
Operating expenses	557,165	515,382	41,783	8.1%
Operating gain/(loss)	(339,342)	(274,213)	(65,129)	-23.8%
Nonoperating revenues/(expenses)	327,930	234,793	93,137	39.7%
Other revenues and changes in net position	853	1,423	(570)	-40.1%
Increase/(decrease) in net position	$ (10,559)	$ (37,997)	$ 27,438	72.2%

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021, and changes from the previous fiscal year follows:

Summary of Revenues ($ In Thousands)

	2021	2020	$ Change	% Change
Operating revenues:				
Student tuition and fees, net	$ 107,935	$ 115,965	$ (8,030)	-6.9%
Auxiliary enterprises	48,164	66,334	(18,170)	-27.4%
Sponsored programs	37,371	32,239	5,132	15.9%
Other	24,353	26,631	(2,278)	-8.6%
Operating revenues	217,823	241,169	(23,346)	-9.7%
Nonoperating revenues:				
State appropriations:				
General	87,823	87,825	(2)	0.0%
On-Behalf for Fringe Benefits	33,399	25,062	8,337	33.3%
Special Funding for Fringe Benefits	140,284	75,461	64,823	85.9%
Pell grants	25,236	25,344	(108)	-0.4%
Illinois MAP Grants	23,253	22,377	876	3.9%
Build America bonds subsidies	-	2,509	(2,509)	-100.0%
Federal Supplemental Educational Opportunity Grants	1,283	853	430	50.4%
Federal and state grants and other contracts	28,961	12,911	16,050	124.3%
Net investment income	1,847	2,386	(539)	-22.6%
Net nonoperating revenues	342,086	254,728	87,358	34.3%
Other revenues:				
State appropiations - capital	343	1,120	(777)	-69.4%
Gifts and contributions	521	342	179	52.3%
Gain/(loss) on disposal of capital assets	(11)	(39)	28	-71.8%
Other revenues	853	1,423	(570)	-40.1%
Total revenues	$ 560,762	$ 497,320	$ 63,442	12.8%

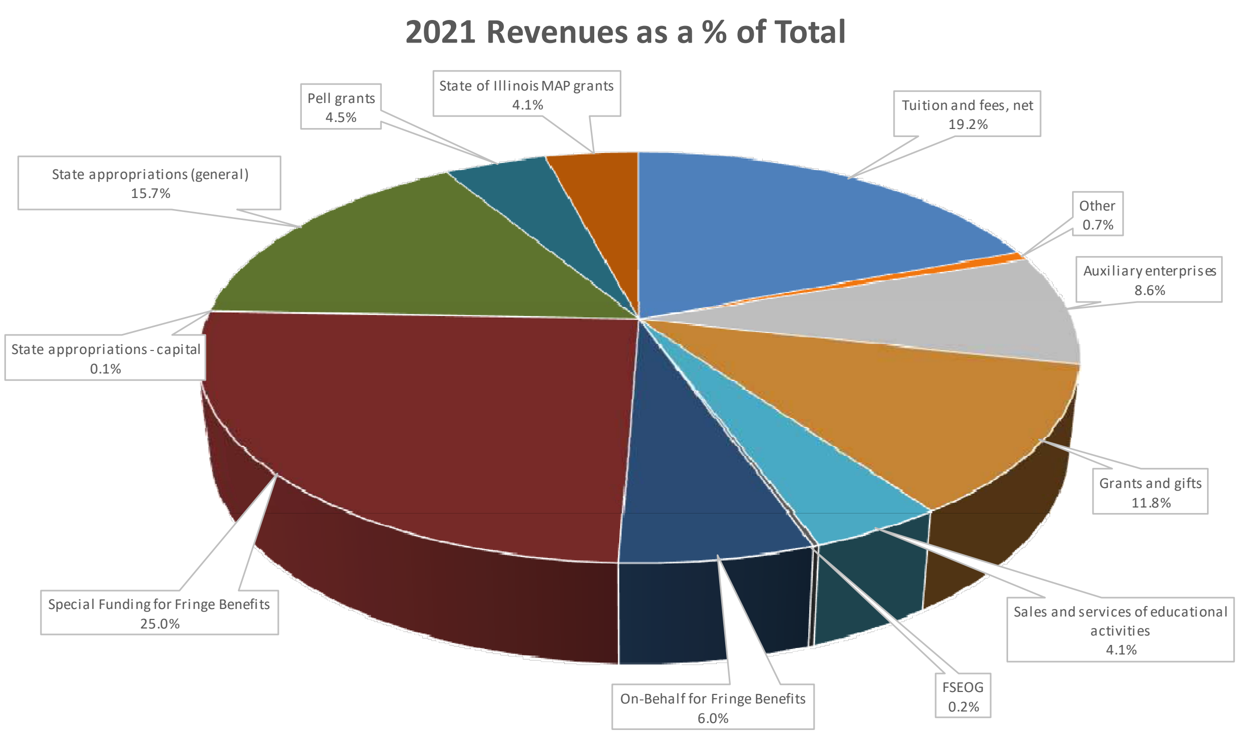
Due to the required classification of some of these significant funding sources as nonoperating revenues, operating expenses will typically exceed operating revenues for public universities, resulting in an operating loss. Nonoperating revenue sources include State appropriations, Pell grants, State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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2021 Compared to 2020

The University's total revenues increased by $63.4 million, or 12.8%. Revenues increased primarily due to an increase in special funding for fringe benefits and on-behalf for fringe benefits of $73.2 million, and an increase in nonoperating grant revenues of $16.0 million, which was related to additional Higher Education Emergency Relief Fund (HEERF) revenue recognized in FY21 in response to the COVID-19 pandemic. These revenue increases were offset by decreases in operating revenues of $23.3 million, which was primarily due to a decrease in Auxiliary revenues of $18.2 million primarily attributable to decreased housing density on campus as a result of the COVID-19 pandemic. Additionally, student tuition and fees, net decreased $8.0 million, which was primarily due to an increase in the scholarship allowance of $4.1 million.

The following is a graphic illustration of revenues by source (both operating and nonoperating), as a percentage of total revenues, which are used to fund the University's operating activities for the year ended June 30, 2021:



MANAGEMENT'S DISCUSSION AND ANALYSIS

Notable changes in revenues during fiscal year 2021 compared to 2020 included:

- Tuition and Fees, net decreased by $8.0 million in fiscal year 2021, or -6.9%, due to an increase in the scholarship allowance.
- Auxiliary enterprise revenues decreased by $18.2 million, or -27.4%, due to decreased housing density on campus as a result of the continued impacts of the COVID-19 pandemic.
- Sponsored programs revenue increased by $5.1 million, or 15.9%, due to an increase in federal and state grants and other contracts.
- State appropriations increased $73.2 million, or 38.8%, during fiscal 2021 to $261.5 million. Included in this total is general appropriations which remained flat at $87.8 million, in fiscal year 2021, 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 increased $73.2 million, or 72.8%, in fiscal year 2021 to $173.7 million. 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.
- Federal and state grants and other contracts - nonoperating increased by $16.0 million, or 124.3%, during fiscal 2021. This was due to additional federal HEERF funding awarded and recognized in fiscal 2021 as well as funds received for AIM high scholarships.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary of Expenses

The summary of expenses presents the University's results of expenses incurred by functional classification during the fiscal year.

A comparative summary of the University's expenses (both operating and nonoperating) for the fiscal years ended June 30, 2021, and June 30, 2020 follows:

Summary of Expenses ($ In Thousands)

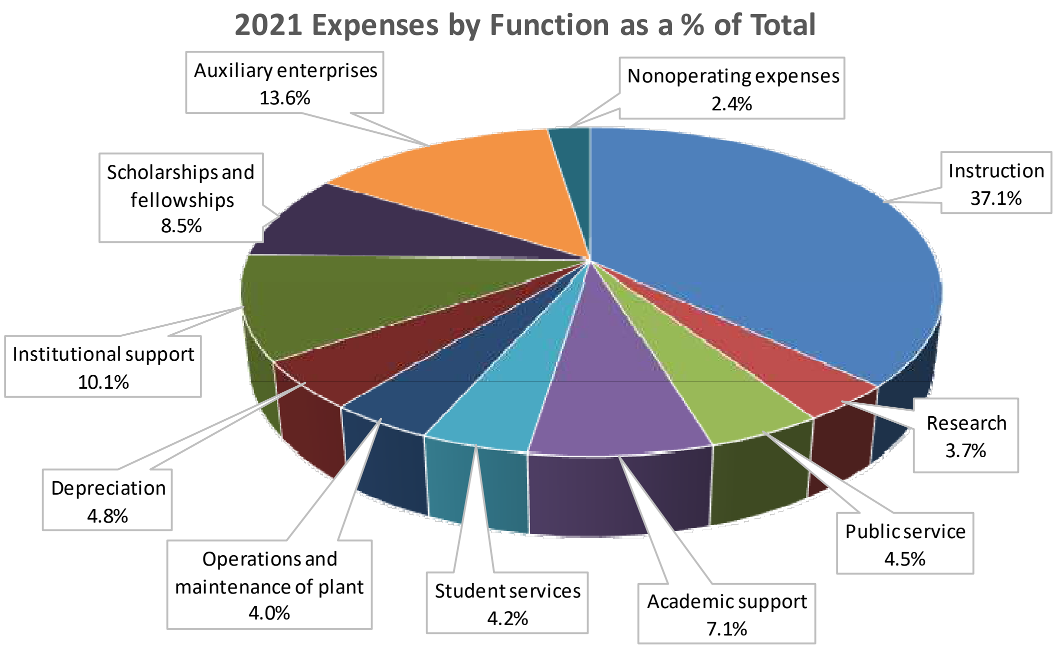
	2021	2020	$ Change	% Change
Operating expenses:				
Instruction	$ 212,028	$ 187,566	$ 24,462	13.0%
Research	21,022	18,915	2,107	11.1%
Public service	25,896	24,951	945	3.8%
Academic support	40,783	37,572	3,211	8.5%
Student services	23,985	24,023	(38)	-0.2%
Operations and maintenance of plant	22,700	21,772	928	4.3%
Depreciation	27,222	28,365	(1,143)	-4.0%
Institutional support	57,582	55,169	2,413	4.4%
Scholarships and fellowships	48,373	44,783	3,590	8.0%
Auxiliary enterprises	77,574	72,266	5,308	7.3%
Operating expenses	557,165	515,382	41,783	8.1%
Nonoperating expenses:				
Nonoperating expenses	14,156	19,935	(5,779)	-29.0%
Total expenses	$ 571,321	$ 535,317	$ 36,004	6.7%

Fiscal Year 2021 Compared to 2020

The University's total operating expenses increased $41.8 million to $557.2 million during the year ended June 30, 2021, an increase of 8.1% over the prior year. This total includes fringe benefit expenses for the on-behalf payments made by the State for university employer contributions for State Employees Group Insurance Program (SEGIP) and SURS, which are recorded as both nonoperating revenues from the State and operating expenditures for staff benefits. The University's total operating expenses when factoring out the employer contributions for SEGIP and SURS decreased by $31.4 million, or -7.6% during the year ended June 30, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a graphic illustration of functional expenses, as a percentage of total expenses, for the year ended June 30, 2021:



Notable changes in expenses during fiscal year 2021 compared to 2020 included:

- Instruction, which includes expenses for academic programs including community education, increased $24.5 million in total during fiscal 2021, or 13.0%, due primarily to an increase in the benefit expense allocation for on-behalf contributions to SEGIP. After adjusting for on-behalf expense, instruction expense decreased by $11.8 million, or -8.6%, which was primarily due to a decrease in personnel services costs in fiscal 2021.
- Auxiliary enterprises, which is primarily comprised of student housing, the student union, intercollegiate athletics, recreational facilities, and parking operations, increased $5.3 million during fiscal 2021, or 7.3%, due primarily to an increase in the benefit expense allocation for on-behalf contributions to SEGIP. After adjusting for on-behalf expense, auxiliary enterprises expense decreased by $7.6M, or -13.9%, due to decrease housing density on campus as a result of the continued impacts of the COVID-19 pandemic.
- Nonoperating expenses consist of interest expense and decreased $5.8 million in total during fiscal 2021, or -29.0%. The decrease was primarily due to savings in interest expense as a result of the bond refunding that occurred in April 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 years ended June 30, 2021 and June 30, 2020 follows:

Condensed Statement of Cash Flows ($ In Thousands)

	2021	2020	$ Change	% Change
Net cash used in operating activities	$ (143,859)	$ (147,415)	$ 3,556	2.4%
Net cash provided by noncapital financing activities	173,752	135,652	38,100	28.1%
Net cash used in capital and related financing activities	(26,707)	(39,050)	12,343	31.6%
Net cash provided by investing activities	9,509	44,656	(35,147)	-78.7%
Net increase/(decrease) in cash and cash equivalents	12,695	(6,157)	18,852	306.2%
Cash and cash equivalents, beginning of year	59,890	66,047	(6,157)	-9.3%
Cash and cash equivalents, end of year	$ 72,585	$ 59,890	$ 12,695	21.2%

Fiscal Year 2021 Compared to 2020

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 2021 compared to 2020 include:

- Net cash used in operating activities decreased $3.6 million in fiscal 2021, or -2.4%, due primarily to a decrease in receipts from auxiliary enterprise revenues of $14.7 million. Receipts from student tuition and fees also decreased by $10.0 million. Payments to suppliers and payments to employees decreased by $17.1 million and $13.7 million, respectively, due to cost efforts that were implemented to offset the decline in operating revenues as a result of the COVID-19 pandemic.
- Net cash provided by noncapital financing activities increased by $38.1 million in fiscal 2021, or 28.1%, due primarily to an increase in cash flows from State appropriations totaling $31.2 million. In fiscal year 2020 there were appropriations receivable of $15.9 million which were received in fiscal year 2021. All fiscal year 2021 state appropriations were received during the fiscal year. Additionally, there

was an increase in Federal and State grants and other contracts cash flows of $4.6 due to additional HEERF funding received in fiscal year 2021.

- Net cash used in capital and related financing activities decreased $12.3 million in fiscal 2021, or -31.6%, as cash requirements for both the purchases of capital assets and principal payments on capital debt decreased from the previous year.
- Net cash provided by investing activities decreased $35.1 million in fiscal 2021, or -78.7% over the previous year. This was primarily due to an increase in proceeds from sales and maturities of investments of $31.7 million and an increase in purchases of investments of $65.3 million in fiscal 2021.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government, whereby the University's role is that of a custodian. Fiduciary assets and activities are not reflected in the University's statement of net position or statement of revenues, expenses, and changes in net position. Fiduciary assets are restricted in purpose and do not represent discretionary assets of the University. Fiduciary assets are not available to support the University's own programs or activities.

THE UNIVERSITY'S ECONOMIC OUTLOOK

The University's economic outlook remains stable despite the financial impact the COVID-19 global pandemic has had on its current financial resources. In fiscal year 2022, the University issued $99.0M of Auxiliary Facilities System Revenue Bonds. The bonds were issued to refinance $121.9 million of capital lease obligations and acquire New Residence Hall, a 1,000-bed capacity residential facility, and Northern View Community, a 24-unit apartment style facility for non-traditional students. The transaction resulted in a present value savings of $65.5 million. The University outperformed expectations of national enrollment modeling and saw a 1% increase in total enrollment for Fall 2020. Driving that growth is a freshman class up 8%, and a 6% improvement in retention of first-year students. For Fall 2021, the University saw a 12% increase in new freshmen enrollment the largest year-over-year percentage increase in the freshman class in more than two decades and the fifth straight year of growth among incoming freshmen. Total enrollment for Fall 2021 saw a modest decrease of 3% from 2020 that is largely attributed to disruptions caused by the global pandemic and its impact felt by college students nationwide. The state legislature continues to demonstrate its commitment towards higher education in the State of Illinois, holding appropriations for fiscal year 2022 flat and designating a total of $3.9 million of federal Governor's Emergency Education Relief (GEER) funds to NIU. The University received general State appropriations of $87.8 million in fiscal year 2021, and the University has an approved fiscal year 2022 general appropriation budget of $87.8 million. The University continues to take the necessary

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE UNIVERSITY'S ECONOMIC OUTLOOK (Continued)

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 continues working to cultivate relationships into resources, forming new partnerships in fiscal year 2021 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 Management 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 Strategic Action Planning framework incorporated into a number of tools used to guide internal recommendations for continuous improvement.

Sponsored funds provide direct support for the University's research, artistry, service, and instructional programs and generate 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 sponsored funding revenue to increase above the fiscal year 2021 levels given various strategic research development efforts across campus.

Private gifts are an important source of funding for University operations, capital acquisition and construction, and a significant factor in expanding academic excellence. With the help of the Northern Illinois University Foundation, the University continues to develop, support, and encourage a culture of giving throughout the NIU community including its strong alumni base. 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 their commitment to the mission of instruction, research, and public service, their core values, and strengthening the financial position and future sustainability of Northern Illinois University.

Users of these financial statements with additional questions or requests for additional financial information should contact, Northern Illinois University, Division of Administration and Finance, 1425 W. Lincoln Hwy, DeKalb, IL 60115.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF NET POSITION
June 30, 2021 (In Thousands)

	University 2021	Component Units 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 17,112	$ 5,535
Restricted cash and cash equivalents	43,839	-
Investments	13,092	-
Accrued interest receivable	34	-
Accounts receivable, net	31,370	1,521
Appropriations receivable from state	19	-
Inventories	1,791	-
Due from component units	895	-
Other assets	3,256	1,500
Total current assets	111,408	8,556
Noncurrent assets		
Restricted cash and cash equivalents	11,634	-
Investments	-	136,951
Restricted investments and marketable securities	45,040	-
Student loans receivable - net	3,302	-
Due from component units	10,956	-
Other	1,944	3,332
Capital assets, net of accumulated depreciation	382,663	22,009
Total noncurrent assets	455,539	162,292
TOTAL ASSETS	**566,947**	**170,848**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on bond refunding	-	-
Other postemployment benefits	2,425	-
Federal, trust, grant, and other contributions - pensions	1,365	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**3,790**	**-**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	40,773	1,425
Accrued compensated absences	2,029	-
Other postemployment benefits	1,042	-
Students' deposits	340	-
Due to NIU	-	895
Due to component unit	-	-
Unearned tuition and fees	11,250	-
Unearned revenue and grants	4,737	-
Total current liabilities	60,171	2,320
Noncurrent liabilities		
Accounts payable and accrued liabilities	2,967	-
Other postemployment benefits	40,881	-
Due to NIU	-	10,956
Performance contracts payable	19,084	-
Accrued compensated absences	16,524	-
Government loan fund advances	4,593	-
Unearned revenue and grants	-	32
Revenue bonds payable	174,486	-
Leases payable	120,239	-
Notes and certificates of participation payable	4,615	-
Total noncurrent liabilities	383,389	10,988
TOTAL LIABILITIES	**443,560**	**13,308**
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	6,345	-
TOTAL DEFERRED INFLOWS OF RESOURCES	**6,345**	**-**
NET POSITION		
Net investment in capital assets	54,938	22,009
Restricted:		
Nonexpendable	-	59,589
Expendable	85,290	58,049
Unrestricted	(19,396)	17,893
TOTAL NET POSITION	**$ 120,832**	**$ 157,540**

See accompanying Notes to the Basic Financial Statements.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021 (In Thousands)

	University 2021	Component Units 2021
REVENUES		
Operating revenues		
Tuition and fees, net	$ 107,935	$ -
Federal and state grants and other contracts	30,603	-
Private gifts, grants, and contracts	6,768	16,457
Sales and service of educational activities	23,072	-
Other sources	1,281	1,474
Auxiliary enterprises	48,164	-
Total operating revenues	217,823	17,931
EXPENSES		
Operating expenses		
Instruction	212,028	-
Research	21,022	-
Public service	25,896	-
Academic support	40,783	-
Student services	23,985	-
Operation and maintenance of plant	22,700	-
Depreciation	27,222	647
Institutional support	57,582	10,355
Scholarships and fellowships	48,373	2,687
Auxiliary enterprises	77,574	-
Total operating expenses	557,165	13,689
Net operating income/(loss)	(339,342)	4,242
NONOPERATING REVENUES (EXPENSES)		
State appropriations - general	87,823	-
On-Behalf for Fringe Benefits	33,399	-
Special Funding for Fringe Benefits	140,284	-
Build America Bonds subsidy	-	-
Federal and state grants and other contracts	28,961	-
Net Investment income	1,847	29,191
Expendable gifts and other	-	-
Pell grants	25,236	-
Federal Supplemental Educational Opportunity Grant (FSEOG)	1,283	-
State of IL Monetary Award Program (MAP)	23,253	-
Interest expense	(14,156)	-
Net nonoperating revenues	327,930	29,191
Income/(loss) before other revenues, gains, or losses	(11,412)	33,433
OTHER REVENUES AND GAINS (LOSSES)		
State appropriations - capital	343	-
Gifts and contributions	521	-
Loss on disposal of capital assets	(11)	-
(DECREASE) INCREASE IN NET POSITION	(10,559)	33,433
NET POSITION, BEGINNING OF YEAR	129,848	124,132
Restatement	1,543	(25)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	131,391	124,107
NET POSITION, END OF YEAR	$ 120,832	$ 157,540

See accompanying Notes to the Basic Financial Statements.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021 (In Thousands)

	University 2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees, net	$ 115,181
Federal and state grants and other contracts	28,829
Private gifts, grants, and contracts	1,513
Sales and service of educational activities	19,627
Auxiliary enterprises	46,595
Payment to suppliers	(76,905)
Payment to employees	(222,139)
Payments for scholarships	(56,446)
Collection of loans to students and employees	172
Other receipts, net	(286)
Net cash used by operating activities	(143,859)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	103,691
Pell Grants	25,708
Federal Supplemental Educational Opportunity Grant (FSEOG)	1,283
State of IL Monetary Award Program (MAP)	23,253
Federal and state grants and other contracts	19,817
Net cash provided by noncapital financing activities	173,752
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(3,126)
Principal payments on capital debt	(7,971)
Interest payments on capital debt	(15,610)
Net cash used by capital and related financing activities	(26,707)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income on investments, net	1,901
Proceeds from sales and maturities of investments	177,704
Purchase of investments	(170,096)
Net cash provided by investing activities	9,509
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,695
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	59,890
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 72,585

See accompanying Notes to the Basic Financial Statements.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021 (In Thousands)

	University 2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating gain/(loss)	$ (339,342)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Depreciation expense - non-auxiliary enterprises	13,790
Depreciation expense - auxiliary enterprises	13,432
On behalf payments for fringe benefits	33,399
Special funding for fringe benefits	140,284
Other nonoperating revenues	(4,451)
CHANGES IN ASSETS AND LIABILITIES	
Accounts receivable	(1,002)
Inventories	52
Student loans receivable	1,083
Other assets	(1,192)
Deferred outflows of resources - pensions	(35)
Deferred outflows of resources - other post-employment benefits	295
Due from/to component units	(2,507)
Accounts payable and accrued liabilities	718
Accrued compensated absences	704
Students' deposits	4
Agency	22
Unearned revenue and grants	1,594
Other postemployment benefits	(2,107)
Deferred inflows of resources - other post-employment benefits	1,400
Net cash used by operating activities	$ (143,859)
RECONCILIATION OF CASH AN CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents classified as current assets	17,112
Restricted cash and cash equivalents classified as current assets	43,839
Restricted cash and cash equivalents classified as noncurrent assets	11,634
Total cash and cash equivalents, end of year	$ 72,585
NONCASH INVESTING, CAPITAL, NONCAPITAL, AND FINANCING ACTIVITIES	
On-behalf payments for fringe benefits	$ 33,399
Special funding for fringe benefit	140,284
Capital asset contribution	521
Other postemployment benefits expenses - employer portion	412
Unpaid state appropriation revenue	19
Capitalized interest	-
Cost of capital assets not being depreciated included in accounts payable	126
Unrealized gain/(loss)	(17)
State expenses for capitalized CDB projects	343

See accompanying Notes to the Basic Financial Statements.

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2021 (In Thousands)

	Custodial Funds June 30, 2021
ASSETS	
Cash and cash equivalents	$ 4,451
Prepaid expenses	18
Total Assets	4,469
LIABILITIES	
Accounts payable and accrued liabilities	39
Total Liabilities	39
NET POSITION	
Restricted:	
Illinois Board of Examiners	4,430
Total Net Position	$ 4,430

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021 (In Thousands)

		Custodial Funds
		June 30, 2021
REVENUES		
Fee income	$	851
Sales		235
Interest		14
Total Additions		1,100
DEDUCTIONS		
Personnel services		762
Rent		82
Contractual services		155
Other deductions		20
Total Deductions		1,019
Increase (decrease) in fiduciary net position		81
FIDUCIARY NET POSITION, BEGINNING OF YEAR		4,349
FIDUCIARY NET POSITION, END OF YEAR	$	4,430

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 Annual Comprehensive Financial Report.

The Northern Illinois University Foundation (Foundation) and the Northern Illinois Research Foundation (Research Foundation) are Illinois nonprofit corporations. Effective as of July 1, 2020, the Foundation and the Northern Illinois University Alumni Association merged into a single corporation resulting in the Foundation being the surviving organization of the merger. The Foundation was established to promote and serve the interests and welfare of the University and 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 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 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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged in business-type activities, as defined by GASB Statement No. 35, as well as fiduciary custodial funds. 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, 2021.

Inventories

Inventories are carried at the lower of cost (determined by the first-in, 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 $40,000 in fiscal year 2021. 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 $7,720,000. 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, 2021, the accrued liability for this benefit was $17,217,000 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, 2021, the accrued liability of this benefit was $1,336,000,

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 terminated 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, is $5,991,000 at June 30, 2021, 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 2022 rather than the unrestricted net position available at June 30, 2021.

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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB)

The State Employees Group Insurance Act of 1971 (SEGIA) (5 ILCS 375), as amended, authorizes the 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.

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, 2020, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits (OPEB) (Continued)

of $1,581,057 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.

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, 2021.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On-Behalf Transactions (continued)

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, 2021, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises were $35,715,000. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of $2,316,000 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 $33,399,000 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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenue (Continued)

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.

Federal Student Loan Programs

The University receives proceeds from the Federal Direct Student Loan Program (FDSLP). GASB Statement No. 84 allows business-type activities to report activities that would otherwise be considered custodial funds in the Statement of Net Position and Statement of Cash Flows as an operating activity if, upon receipt, the funds are normally expected to be held for three months or less. Funds associated with the FDSLP meet this exception and are reported as such. Federal student loans received by students but not reported in operations were $76,028,483 and $89,666,500 for the fiscal years ended June 30, 2021 and 2020, respectively.

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 2021, a scholarship allowance of $52,606,000 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)

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 Accounting Pronouncements

The University implemented GASB Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities and guidance on how to report activities meeting the criteria in a fiduciary fund in the basic financial statements. This statement requires that fiduciary activities be reported in a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Position (“Fiduciary Statements”).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

The University holds funds for an external entity. These funds are reported as Custodial Funds in the Fiduciary Statements.

GASB Statement No. 84 allows business-type activities to report activities that would otherwise be considered custodial funds in the Statement of Net Position and State of Cash Flows as an operating activity if, upon receipt, the funds are normally expected to be held for three months or less. These fiduciary activities were reclassified to the operating activities portion of the Statement of Cash Flows at June 30,2021 and 2020, respectively.

GASB Statement No. 98, *The Annual Comprehensive Financial Report,* establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in accounting principles generally accepted in the United States of America for state and local governments. The requirements of this statement are effective for fiscal year 2023, however, the university has chosen to apply the requirements beginning in fiscal year 2021.

Pending Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements which are effective for periods beginning July 1, 2020, or later which may impact the university :

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. The timeline has been extended and it is now required to be adopted with the June 30, 2022, financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pending Accounting Pronouncements (Continued)

before the end of a construction period. The University has not yet determined the impact of this Statement. The timeline has been extended and it is now required to be adopted with the June 30, 2022 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.

GASB Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2022, financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates.* The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2022, financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2023, financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2024, financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* The primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pending Accounting Pronouncements (Continued)

component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The University has not yet determined the impact of this Statement. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plan and (2) paragraph 5 of this Statement are effective immediately. All other sections are 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, 2021, cash (consisting of demand deposits and certificates of deposit), excluding cash in the fiduciary fund, with a bank balance of $63,421,000 and a carrying value of $62,466,000 was held by the University. Cash deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits were insured or collateralized with securities held by the University, or its custodian in the name of the University.

At June 30, 2021, the University held $10,119,000 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 FDIC insurance but is rated AAAm.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2021, 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	$ 10,093	$ -	$ 10,093	$ -
U.S. Agency Notes	5,060	-	5,060	-
	$ 15,153	$ -	$ 15,153	$ -

The investments above exclude $42,979,000 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

3. INVESTMENTS (Continued)

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, 21 ($000s):

	Total	Bank and Custodian Demand Deposit Accounts	Fair Value	Net Asset Value
Cash and cash equivalents	$ 72,585	$ 62,466	$ -	$ 10,119
Investments	58,132	-	15,153	42,979

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, 2021, 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 as follows ($000s):

Investment	Total
Federal Home Loan Bank (FHLB)	$ 5,060

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. INVESTMENTS (Continued)

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
AA+	$ -	$ 10,093	$ 5,060	$ 15,153
AAAm	42,979	-	-	42,979
Total	$ 42,979	$ 10,093	$ 5,060	$ 58,132

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	$ 42,979	$ 10,093	$ 5,060	$ 58,132
Total	$ 42,979	$ 10,093	$ 5,060	$ 58,132

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.

The policy indicates the intended use for funds and 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.

The Foundation's investments as of June 30, 2021, consisted of the following ($000s):

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. INVESTMENTS (Continued)

URO – Foundation Investments (continued)

U.S. Treasuries	$ 908
Equity	
Domestic Equity - Lrg/Mid-Cap	25,579
Domestic Equity - Small-Cap	7,102
International Developed	26,970
Private Equity	8,235
Hedged Strategies	10,576
Public Fixed Income	35,300
Private Debt	2,312
Real Assets	10,209
Private Natual Resources	4,735
Private Real Estate	2,783
Diversifying Strategy Mutual Funds	910
	135,619
Funds Held in Trust by Others	2,279
Total	$ 137,898

The Foundation's investment return for fiscal year 2021 is comprised of the following ($000s):

Interest and dividend income	$ 2,018
Net realized and unrealized gains/(losses) on investments reported at fair value	27,321
Investment fees	(147)
Total	$ 29,192

The Foundation's permissible investment categories include:

1) Equities
2) Fixed income securities
3) Cash equivalents
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
Hedged/alternative investments	$ 13,055	$ -
Private equity	21,863	5,628
	$ 34,918	$ 5,628

3. INVESTMENTS (Continued)

URO – Foundation Investments (Continued)

The hedge fund and alternative investments class includes investments in 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 (USA) and outside of the USA. 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.

The private equity funds class includes funds that invest in the following types of investments in the USA and outside the USA: venture capital partnerships, buyout 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, 2021.

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, 2021:

	Gross Receivables	Allowance for Uncollectible Accounts	Net Receivables
UNIVERSITY ($000s)			
Student accounts	$ 32,204	$ (21,000)	$ 11,204
Customer accounts	1,500	(725)	775
Grants receivable	19,391	-	19,391
	$ 53,095	$ (21,725)	$ 31,370
URO-FOUNDATION ($000s)			
Gift pledges receivable	$ 4,869	$ -	$ 4,869
Less: Allowance for doubtful pledges	-	(165)	(165)
Total gift pledges outstanding, net	$ 4,869	$ (165)	$ 4,704

University Student Loans Receivable

Student loans made through the Federal Perkins Loan Program comprise substantially all of student loans receivable as of June 30, 2021 totaling $3,302,000, net of allowance for uncollectible accounts of $783,000.

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 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	7,508	1,964	(48)	(5,400)	4,024
Total capital assets not being depreciated	26,789	1,964	(48)	(5,400)	23,305
Capital assets being depreciated:					
Land improvements	92,798	-	-	184	92,982
Leasehold improvements	431	-	-	-	431
Buildings	737,198	351	(135)	5,216	742,630
Equipment	191,229	1,722	(2,529)	-	190,422
Other assets	3,820	-	-	-	3,820
Total capital assets being depreciated:	1,025,476	2,073	(2,664)	5,400	1,030,285
Less: accumulated depreciation	(646,359)	(27,222)	2,654	-	(670,927)
Total capital assets being depreciated, net	379,117	(25,149)	(10)	5,400	359,358
Total capital assets, net	$ 405,906	$ (23,185)	$ (58)	$ -	$ 382,663

URO-Foundation ($000s)	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 3,861	$ -	$ -	$ -	$ 3,861
Construction in progress	58	-	-	(58)	-
Total capital assets not being depreciated	3,919	-	-	(58)	3,861
Capital assets being depreciated:					
Buildings	24,598	20	-	58	24,676
Equipment	93	-	-	-	93
Total capital assets being depreciated:	24,691	20	-	58	24,769
Less: accumulated depreciation	(6,019)	(617)	-	-	(6,636)
Total capital assets being depreciated, net	18,672	(597)	-	58	18,133
Total capital assets, net	$ 22,591	$ (597)	$ -	$ -	$ 21,994

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2021 are as follows ($000s):

	University	URO - Foundation
Payable to vendors/suppliers	$ 19,394	$ 1,343
Accrued payroll	7,563	-
Current portion of noncurrent liabilities:		
Accrued interest	4,094	-
Performance contracts payable	3,133	-
Revenue bonds payable	2,371	-
Leases payable	2,722	-
Notes and certificates of participation payable	1,355	-
Other liabilities	141	-
Total current accounts payable and accrued liabilities	40,773	1,343
Noncurrent accounts payable and accrued liabilities	2,967	-
Total accounts payable and accrued liabilities	$ 43,740	$ 1,343

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.

Performance contracts payable activity and outstanding balances as of and for the year ended June 30, 2021 are as follows ($000s):

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. PERFORMANCE CONTRACTS PAYABLE (Continued)

Performance Contract	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Energy Infrastructure Improvement - Phase 10B	$ 6,126	$ -	$ (774)	$ 5,352	$ 806
Energy Infrastructure Improvements - Refinance	9,005	-	(1,410)	7,595	1,445
Energy Infrastructure Improvements - Phase 11	5,742	-	(516)	5,226	535
Energy Infrastructure Improvements - Phase 11A	4,379	-	(335)	4,044	347
Total	$ 25,252	$ -	$ (3,035)	$ 22,217	$ 3,133

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

Year Ending June 30,	Principal	Interest	Total
2022	$ 3,133	$ 704	$ 3,837
2023	3,233	604	3,837
2024	3,336	501	3,837
2025	3,443	394	3,837
2026	3,554	283	3,837
2027-2031	5,518	409	5,927
Total	$ 22,217	$ 2,895	$ 25,112

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, 2021 are as follows ($000s):

Balance, beginning of year	$ 17,848
Additions/(Deductions)	705
Balance, end of year	18,553
Less: current portion	(2,029)
Balance, end of year, noncurrent portion	$ 16,524

Amounts reported as current are based upon historical trends. The employer portion of Medicare taxes related to accrued compensated absences is $269,000.

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, 2021 are as follows ($000s):

Balance, beginning of year	$	4,973
Additions/(Deductions)		(236)
Balance, end of year	$	4,737

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, 2021 are as follows ($000s):

Balance, beginning of year	$	5,464
Additions/(Deductions)		(871)
Balance, end of year	$	4,593

11. REVENUE BONDS PAYABLE

Revenue bonds activity and outstanding as of and for the year ended June 30, 2021 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)
Revenue Bonds Payable - Direct Placement							
Series 2020A	$ 30,000	$ -	$ (100)	$ 29,900	$ 100	$ 34,548	0.36%
Total Revenue Bonds Payable - Direct Placement	30,000	-	(100)	29,900	100	34,548	
Revenue Bonds Payable - Other							
Series 2020B	126,435	-	(1,120)	125,315	1,175	192,937	4.83%
Total Revenue Bonds Payable - Other	126,435	-	(1,120)	125,315	1,175	192,937	
Unamortized Premium - Other							
Series 2020B	22,737	-	(1,095)	21,642	1,096	N/A	
Total Unamortized Premium - Other	22,737	-	(1,095)	21,642	1,096	N/A	
Total	$ 179,172	$ -	$ (2,315)	$ 176,857	$ 2,371	$ 227,485	
URO-Foundation	$ 441	$ -	$ (441)	$ -	$ -	$ -	

In April 2020, the University issued $30,000,000 of Auxiliary Facilities Systems Refunding Revenue Bonds (Series 2020A). The interest rate is determined by the Bank Index Rate. The Bank Index Rate is equal to the sum of (a) the applicable factor times the one-month LIBOR rate plus (b) the applicable margin, but in no event in excess of the maximum rate of interest permitted by law. The interest rate in effect at June 30, 2021 was 1.2637% The bonds mature at varying amounts from 2021 through 2041. Interest payments are due semi-annually.

NOTES TO THE BASIC FINANCIAL STATEMENTS

11. REVENUE BONDS PAYABLE (Continued)

In April 2020, the University issued $126,435,000 of Auxiliary Facilities Systems Refunding Revenue Bonds (Series 2020B) with interest rates ranging from 4.00% to 5.00%. The bonds mature at varying amounts from 2021 through 2041. Interest payments are due semi-annually.

The Series 2020A and Series 2020B bonds are payable from and secured by the net revenues of the System and pledged fees. The Series 2020A and Series 2020B bonds are further secured by a pledge of and lien on pledged tuition, which equaled $125,690,000 in the current year. The Series 2020A bonds contain a provision that in the event of a default the bonds shall bear interest at a floating rate equal to the default rate so long as the event of default has not been cured. All bond series are also secured by non-cancelable policies of municipal bond insurance.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, information related to direct borrowings and direct placements of debt are disclosed separately from other debt. Direct borrowings and direct placements have terms negotiated directly with the investor or lender and are not offered for public sale. Aggregate payments required on the bonds for the next five years and in later years are as follows ($000s):

Year Ending June 30,	Principal	Interest	Total
2022	$ 100	$ 378	$ 478
2023	100	376	476
2024	250	374	624
2025	1,353	368	1,721
2026	1,394	351	1,745
2027-2031	7,623	1,476	9,099
2032-2036	8,836	961	9,797
2037-2041	10,244	364	10,608
Total Revenue Bonds Payable - Direct Placement	$ 29,900	$ 4,648	$ 34,548

Year Ending June 30,	Principal	Interest	Total
2022	$ 1,175	$ 5,671	$ 6,846
2023	1,240	5,613	6,853
2024	5,425	5,551	10,976
2025	4,610	5,279	9,889
2026	4,840	5,049	9,889
2027-2031	28,110	21,361	49,471
2032-2036	35,820	13,668	49,488
2037-2041	44,095	5,430	49,525
Total Revenue Bonds Payable - Other	$ 125,315	$ 67,622	$ 192,937

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 $101,441,000, net of accumulated depreciation of $33,009,000, at June 30, 2021.

Capital leases activity and outstanding principal balances as of and for the year ended June 30, 2021 are as follows ($000s):

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
IASBO Building	$ 247	$ -	$ (58)	$ 189	$ 62
CHF - DeKalb Northern View	17,912	-	(329)	17,583	339
CHF - DeKalb First Year Residence	106,283	-	(1,946)	104,337	2,056
Dell Equipment and Software	1,034	-	(240)	794	252
Food Vehicles	-	75	(17)	58	13
Net Present Value	$ 125,476	$ 75	$ (2,590)	$ 122,961	$ 2,722

Future minimum lease payments for the above assets under capital leases at June 30, 2021 on originally scheduled minimum payments and estimated interest are as follows ($000s):

Year Ending June 30,	Principal	Interest	Total
2022	$ 2,722	$ 8,265	$ 10,987
2023	2,873	8,101	10,974
2024	3,045	7,920	10,965
2025	2,871	7,729	10,600
2026	3,035	7,536	10,571
2027-2031	18,555	34,187	52,742
2032-2036	25,805	26,688	52,493
2037-2041	35,975	16,164	52,139
2042-2044	28,080	2,981	31,061
Total	$ 122,961	$ 119,571	$ 242,532

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

12. CAPITALIZED LEASES (Continued)

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 and for the year ended June 30, 2021 are as follows ($000s):

Issue	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Certificates of Participation:					
Series 2014 - Capital Improvement Project	$ 6,695	$ -	$ (1,200)	$ 5,495	$ 1,260
	6,695	-	(1,200)	5,495	1,260
Unamortized Debt Premium	571	-	(96)	475	95
Total	$ 7,266	$ -	$ (1,296)	$ 5,970	$ 1,355

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
2022	$ 1,260	$ 243	$ 1,503
2023	1,325	178	1,503
2024	1,390	110	1,500
2025	1,455	39	1,494
2026	65	1	66
Total	$ 5,495	$ 571	$ 6,066

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 Net Position ($000's):

Net investment in capital assets	$ 54,938
Restricted:	
Nonexpendable	-
Expendable:	
Auxiliary Facilities System	74,334
Endowments	10,956
Unrestricted	(19,396)
Total	$ 120,832

URO-Foundation ($000's):

Net investment in capital assets	$ 21,994
Restricted:	
Nonexpendable	59,589
Expendable	58,035
Unrestricted	17,779
Total	$ 157,397

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.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. TRANSACTIONS WITH COMPONENT UNITS

During fiscal year 2021, 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. Under the terms of the agreement, the University provided in-kind support in the form of personnel, office space, information technology support, and human resources services estimated at $3,539,000 during fiscal year 2021. During this year the direct and /or indirect support of the Foundation, as well as the scholarships provided by the Foundation exceeded the value provided by the University under the agreement. 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 $216,000 of services during fiscal year 2021, of which $88,000 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 Kenneth and Ellen Chessick Practice Center lease has been extended through March 2023. 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).

The University, with its discretely presented component units, are presented within the State's Annual Comprehensive Financial Report 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 Annual Comprehensive Financial Report follows.

As of and for the year ended June 30, 2021, the University and its component units had the following inter-entity transactions ($000s):

NOTES TO THE BASIC FINANCIAL STATEMENTS

15. TRANSACTIONS WITH COMPONENT UNITS (Continued)

Northern Illinois University	NIU Foundation					Research Foundation	
	Operating Revenue	Operating Expense	Current Assets	Current Liabilities	Noncurrent Liabilities	Operating Revenue	Current Assets
Operating revenues	$ -	$ 6,374	$ -	$ -	$ -	$ -	$ -
Operating expenses	1,672	-	-	-	-	216	-
Other nonoperating revenues	-	592	-	-	-	-	-
Current assets	-	-	-	895	-	-	-
Noncurrent assets	-	-	-	-	10,956	-	-
Current liabilities	-	-	-	-	-	-	88

16. OPERATING LEASES

The University leases various buildings under operating lease agreements. Total rental expense under these agreements for the year ended June 30, 2021 was $664,000.

Future minimum lease payments are as follows ($000s):

Year Ending June 30,	Amount
2022	$ 331
2023	86
2024	13
2025	11
Total	$ 441

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 multiemployer 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.

17. RETIREMENT PLAN (Continued)

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, 2020 can be found in the System's annual comprehensive financial report, 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 2020 and 2021 respectively, was 13.02% and 12.70% 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. 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), 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, 2020. At June 30, 2020, SURS reported a net pension liability (NPL) of $30,619,504,321.

NOTES TO THE BASIC FINANCIAL STATEMENTS

17. RETIREMENT PLAN (Continued)

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

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 $1,202,707,422 or 3.9279%. The University's proportionate share changed by (0.0320%) from 3.9599% since the last measurement date of June 30, 2019. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2020 was determined based on the June 30, 2019 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 2020.

Pension Expense. At June 30, 2020, SURS reported a collective net pension expense of $3,364,411,021.

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 2020. As a result, the University recognized revenue and pension expense of $132,151,130 from this special funding situation during the year ended June 30, 2021.

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.

SURS Collective Deferred Outflows of Resources and Deferred Inflows of Resources by sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 170,987,483	$ -
Change in assumptions	473,019,629	-
Net difference between projected and actual earnings on pension plan investments	474,659,178	-
Total	$ 1,118,666,290	$ -

17. RETIREMENT PLAN (Continued)

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses:

Year Ending June 30,	Net Deferred Outflows/(Inflows) of Resources
2021	$ 435,271,667
2022	346,428,171
2023	183,483,935
2024	153,482,517
Total	$ 1,118,666,290

University Deferral of Fiscal Year 2021 Pension Expense

The University paid $1,331,016 in federal, trust or grant contributions for the fiscal year ended June 30, 2021. These contributions were made subsequent to the pension liability date of June 30, 2020, and are recognized as Deferred Outflows of Resources as of June 30, 2021.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2020 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, 2020 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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

17. RETIREMENT PLAN (Continued)

Assumptions and Other Inputs (continued)

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, 2020, these best estimates are summarized in the following table:

Defined Benefit Plan	Strategic Policy Allocation	Weighted Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	44.00%	6.67%
Stabalized Growth		
Credit Fixed Income	14.00%	2.39%
Core Real Estate	5.00%	4.14%
Options Strategies	6.00%	4.44%
Non-Traditional Growth		
Private Equity	8.00%	9.66%
Non-Core Real Assets	3.00%	8.70%
Inflation Sensitive		
U.S. TIPS	6.00%	0.13%
Principal Protection		
Core Fixed Income	8.00%	-0.45%
Crisis Risk Offset		
Systematic Trend Following	2.10%	2.16%
Alternative Risk Premia	1.80%	1.60%
Long Duration	2.10%	0.86%
Total	100%	4.84%
Inflation		2.25%
Expected Geometrical Normal Return		7.09%

Discount Rate. A single discount rate of 6.49% 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 2.45% (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 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.

17. RETIREMENT PLAN (Continued)

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 6.49%, 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 5.49%	Current Single Discount Rate Assumpton 6.49%	1% Increase 7.49%
$36,893,469,884	$30,619,504,321	$25,441,837,592

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS annual comprehensive 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 the Act. 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. The Act 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.

Funding policy and annual other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State 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

18. POSTEMPLOYMENT BENEFITS (Continued)

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. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the State's General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2021, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $12,261 ($6,910 if Medicare eligible) per member if the annuitant chose benefits provided by a health maintenance organization and $15,224 ($6,449 if Medicare eligible) 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 were 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, this change in estimate was amortized for subsequent recognition in the University's OPEB expense over a period of approximately five years, which began in Fiscal Year 2019.

Special Funding Situation Portion of OPEB: The proportionate share of the State's OPEB expense relative to the University's employees totaled $8,133,000 during the year ended June 30, 2021. 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, 2021.

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, 2020 and 2019, each

18. POSTEMPLOYMENT BENEFITS (Continued)

based on the June 30, 2019 and 2018, respectively, actuarial valuation rolled forward:

Measurement Date	June 30, 2020	June 30, 2019
State of Illinois' OPEB liability related to the University under the Special Funding Situation	$ 811,550,480	$ 921,752,756
SEGIP total OPEB liability	42,366,626,302	43,889,169,017
Proportionate share of the total OPEB liability	1.9155%	2.1002%

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, 2021, was measured as of the measurement date on June 30, 2020, with an actuarial valuation as of June 30, 2019, 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, 2020 and 2019, each based on the June 30, 2019 and 2018, respectively, actuarial valuation rolled forward:

Measurement Date	June 30, 2020	June 30, 2019
University's OPEB liability	$41,922,501	$44,029,500
SEGIP total OPEB liability	42,366,626,302	43,889,169,017
Proportionate share of the total OPEB liability	0.0990%	0.1003%

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, 2020. As of the current year measurement date of June 30, 2020, the University's proportion declined 0.0024% from its proportion measured as of the prior year measurement date of June 30, 2019.

NOTES TO THE BASIC FINANCIAL STATEMENTS

18. POSTEMPLOYMENT BENEFITS (Continued)

The University recognized OPEB expense for the year ended June 30, 2021, of $662,776. At June 30, 2021, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2020, from the following sources:

Deferred outflows of resources		
Differences between expected and actual experience	$	237,242
Changes in assumptions		1,145,651
Changes in proportion and differences between employer contributions and proportionate share of contributions		-
University contributions subsequent to the measurement date		1,042,098
Total deferred outflows of resources	$	2,424,991

Deferred inflows of resources		
Differences between expected and actual experience	$	451,428
Changes of assumptions		4,210,053
Changes in proportion and differences between employer contributions and proportionate share of contributions		1,684,011
Total deferred inflows of resources	$	6,345,492

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, 2021. 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
2022	$	(1,951,099)
2023		(1,471,368)
2024		(750,457)
2025		(698,980)
2026		(90,695)
Total	$	(4,962,599)

NOTES TO THE BASIC FINANCIAL STATEMENTS

18. POSTEMPLOYMENT BENEFITS (Continued)

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, 2019, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2019.

The valuation date of June 30, 2019, below was rolled forward to June 30, 2020.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.25%
Discount Rate	2.45%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.25 % grading down 0.25% per year over 16 years to 4.25% in year 2037. The Excise Tax has been repealed and no longer affects the trent rates.
Medical (Post-Medicare)	8.25% grading down 0.25% per year over 16 year to 4.25% in year 2037
Dental and Vision	4.00% grading up 0.25% in the first year 4.25%
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 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 20120 and 2021 are based on actual premiums. Premiums after 2021 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

18. POSTEMPLOYMENT BENEFITS (Continued)

Since the last measurement date on June 30, 2019, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability. On December 20, 2019, the *Further Consolidated Appropriations Act, 2020* (Public Law 116-94) was signed into law repealing the federal excise taxes of 40% on total employer premium spending in excess of specified dollar amounts, also known as the "Cadillac Tax." The impact of this repeal to the University's financial statements, which could be significant, is not known at this time.

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2018, valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	Retirement age experience study^	Mortality^^
GARS	July 2012 - June 2015	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 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 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales
SERS	July 2012 - June 2015	105 percent 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, 2019, 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, 2020, 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 3.13% at June 30, 2019, and 2.45% at June 30, 2020, was used to measure the total OPEB liability.

NOTES TO THE BASIC FINANCIAL STATEMENTS

18. POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of total OPEB liability to changes in the single discount rate: The following presents the University's proportionate share of the total OPEB liability measured as of June 30, 2020, calculated using a Single Discount Rate of 2.45%, 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 (3.45%) or lower (1.45%) than the current rate.

	1% Decrease (1.45%)	Current Single Discount Rate Assumption (2.45%)	1% Increase (3.45%)
Total OPEB liability	$ 49,346,531	$ 41,922,501	$ 36,001,570

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what 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 (amounts in table expressed in thousands). The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

	1% Decrease (7.25%)	Current Healthcare Cost Trent Rates Assumption (8.25%)	1% Increase (9.25%)
Total OPEB liability	$ 35,095,347	$ 41,922,501	$ 50,874,734

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,

18. POSTEMPLOYMENT BENEFITS (Continued)

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, 2020 and 2019, each based on the June 30, 2019 and 2018, respectively, actuarial valuation rolled forward:

Measurement Date	June 30, 2020	June 30, 2019
State of Illinois' OPEB liability related to the University under the Special Funding Situation	$ 811,550,480	$ 921,752,756
University's OPEB liability	41,922,501	44,029,500
Total OPEB liability associated with the University	853,472,981	965,782,256
SEGIP total OPEB liability	42,366,626,302	43,889,169,017
Proportionate share of the OPEB liability associated with the University	2.0145%	2.2005%

19. OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating expenses by natural classification for the year ended June 30, 2021 are summarized as follows ($000s):

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
University					
Instruction	$ 199,687	$ 12,341	$ -	$ -	$ 212,028
Research	17,632	3,390	-	-	21,022
Public service	22,777	3,119	-	-	25,896
Academic support	34,675	6,108	-	-	40,783
Student services	17,794	6,191	-	-	23,985
O&M	12,598	10,102	-	-	22,700
Depreciation	-	-	-	27,222	27,222
Inst. support	42,908	14,674	-	-	57,582
Scholarships and fellowships	-	-	48,373	-	48,373
Auxiliary enterprises	67,281	10,293	-	-	77,574
Total	$ 415,352	$ 66,218	$ 48,373	$ 27,222	$ 557,165

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 a broker to secure various excess liability insurance coverages from commercial carriers, 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.

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, 2021, the University had commitments on various services, products, grants, projects, and contracts for repairs and renovations of facilities of approximately $15.8 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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2021 ($000s):

	Foundation	Northern IL Research Foundation	Combined Totals
Condensed Statement of Net Position			
ASSETS:			
Current assets			
Cash and cash equivalents	$ 5,416	$ 119	$ 5,535
Accounts receivable	1,406	115	1,521
Other current assets	1,492	8	1,500
Noncurrent assets			
Capital assets, net of accumulated depreciation	21,994	15	22,009
Investments administered by NIU Foundation	136,951	-	136,951
Other noncurrent assets	3,332	-	3,332
TOTAL ASSETS	$ 170,591	$ 257	$ 170,848
LIABILITIES:			
Current liabilities			
Accounts payable and accrued liabilities	$ 1,343	$ 82	$ 1,425
Due to NIU	895	-	895
Noncurrent liabilities			
Due to NIU	10,956	-	10,956
Unearned revenue and grants	-	32	32
TOTAL LIABILITIES	$ 13,194	$ 114	$ 13,308
NET POSITION:			
Invested in capital assets	$ 21,994	$ 15	$ 22,009
Restricted			
Nonexpendable	59,589	-	59,589
Expendable	58,035	14	58,049
Unrestricted	17,779	114	17,893
Total net position	157,397	143	157,540
TOTAL LIABILITIES AND NET POSITION	$ 170,591	$ 257	$ 170,848
Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Operating revenues	$ 17,256	$ 675	$ 17,931
Operating expenses	12,844	845	13,689
Operating gain (loss)	4,412	(170)	4,242
Nonoperating revenue	29,191	-	29,191
Increase (decrease) in net position	33,603	(170)	33,433
Net position, beginning of year	123,794	338	124,132
Restatement	-	(25)	(25)
Net position, beginning of year, as restated	123,794	313	124,107
Net position, end of year	$ 157,397	$ 143	$ 157,540

NOTES TO THE BASIC FINANCIAL STATEMENTS

23. HIGHER EDUCATION EMERGENCY RELIEF FUNDING

The University has received three separate awards (consisting of an initial award and two supplemental awards) from the Higher Education Emergency Relief Fund as part of the federal government's response to the COVID-19 pandemic. The University's period of availability for using these federal funds is set to expire on May 20, 2022, but this can be extended for up to one additional year.

The following chart reflects the remaining balance of this activity on June 30, 2021, which the University intends to claim and recognize as non-operating revenue during Fiscal Year 2022 ($000's):

	Original Award		Remaining Balance	
	University's Portion	Student Aid Portion	University's Portion	Student Aid Portion
HEERF 1	$ 7,413	$ 7,413	$ -	$ -
HEERF 2	16,316	7,413	2,697	1,225
HEERF 3	21,034	21,079	21,034	21,079
Total	$ 44,763	$ 35,905	$ 23,731	$ 22,304

24. SUBSEQUENT EVENTS

On July 7, 2021, the University issued $99,035,000 Auxiliary Facilities System Revenue Bonds, Series 2021. The proceeds were used to finance a portion of the cost of acquiring the five three-story residential buildings and community center known as Northern View Community and the two five-story residential buildings, community center, and dining hall known as New Residence Hall and pay the costs of the issuing the Series 2021 Bonds.

25. RESTATEMENT

During Fiscal Year 2021, an error correction resulted in a restatement to beginning net position, as follows ($000s):

	Northern Illinois University Business-Type Activities
07/01/2020, as previously reported	**$ 129,848**
Error Correction (A)	1,543
07/01/2020, as restated	**$ 131,391**

(A) This error correction occurred due to the Illinois State Toll Highway Authority (Tollway) and the State of Illinois, Department of Central Management Services not separately stating OPEB balances for Tollway employees who only partake in the State Employees Group Insurance Program (SEGIP) upon their retirement from the Tollway from other employees accounted for within SEGIP's cost-

25. RESTATEMENT (Continued)

sharing proportionate share allocation of OPEB balances. This error impacted SEGIP's cost-sharing proportionate share allocation, which is used by the State of Illinois' agencies and public universities to record their OPEB activity. At the university, this correction also impacted the beginning OPEB liability and the related deferred inflows of resources and deferred outflows of resources.

Required Supplementary Information

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 2020	Fiscal Year 2019	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%	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	$ 1,202,707	$ 1,137,286	$ 1,115,729	$ 1,075,201	$ 1,096,228	$ 1,016,084	$ 994,334
Total (b) + (c)	$ 1,202,707	$ 1,137,286	$ 1,115,729	$ 1,075,201	$ 1,096,228	$ 1,016,084	$ 994,334
Employer defined benefit covered-employee payroll	$ 145,347	$ 142,898	$ 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	827%	796%	771%	723%	720%	656%	604%
SURS plan net position as a percentage of total pension liability	39.05%	40.71%	41.72%	42.04%	39.57%	42.37%	44.39%

Schedule of University Contributions

Last 10 Fiscal Years* (000's)

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Federal, trust, grant and other contribution	$ 1,365	$ 1,330	$ 1,194	$ 1,204	$ 1,163	$ 1,029	$ 963	$ 945
Contribution in relation to required contribution	1,365	1,330	1,194	1,204	1,163	1,029	963	945
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer covered payroll	$ 139,257	$ 145,347	$ 142,898	$ 144,789	$ 148,710	$ 152,243	$ 154,994	$ 164,728
Contributions as a percentage of covered-employee payroll	0.98%	0.92%	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 available.

REQUIRED SUPPLEMENTARY INFORMATION

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 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Proportion percentage of the collective total OPEB liability	0.10%	0.10%	0.11%	0.12%
Proportion amount of the collective total OPEB liability	$ 41,923	$ 44,030	$ 42,419	$ 49,837
Estimated proportionate amount of collective total OPEB liability associated with the University - State supported portion	811,550	921,753	893,354	1,358,810
Total	$ 853,473	$ 965,783	$ 935,773	$1,408,647
Employer defined benefit covered-employee payroll	$ 145,347	$ 142,898	$ 144,789	$ 148,710
Proportion of collective total OPEB liability as a percentage of covered-employee payroll	28.84%	30.81%	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 available.

REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2020.

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

SUPPLEMENTARY INFORMATION

STATE OF ILLINOIS
NORTHERN ILLINOIS UNIVERSITY
TABLE OF OPERATING EXPENSES
For the Year Ended June 30, 2021

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										Total
	Northern Illinois University's Expenses				State of Illinois' Expenses					Other	Operating
	Salaries[1]	Benefits[2]	OPEB[3]	Sub-Total	Benefits[2]	OPEB[3]	Pension	Sub-Total	Total	Expenses	Expenses
Educational and general:											
Instruction	$ 106,122	$ 7,806	$ (201)	$ 113,727	$ -	$ 20,259	$ 65,701	$ 85,960	$ 199,687	$ 12,341	$ 212,028
Research	11,652	1,359	(10)	13,001	-	1,057	3,574	4,631	17,632	3,390	21,022
Public service	14,742	3,888	(10)	18,620	-	967	3,190	4,157	22,777	3,119	25,896
Academic support	18,157	890	(38)	19,009	-	3,813	11,853	15,666	34,675	6,108	40,783
Student services	9,597	704	(17)	10,284	-	1,787	5,723	7,510	17,794	6,191	23,985
Operation and maintenance of plant	6,513	156	(14)	6,655	-	1,396	4,547	5,943	12,598	10,102	22,700
Depreciation	-	-	-	-	-	-	-	-	-	27,222	27,222
Institutional support	22,546	968	(49)	23,465	-	4,891	14,552	19,443	42,908	14,674	57,582
Scholarships and fellowships	-	-	-	-	-	-	-	-	-	48,373	48,373
Auxiliary enterprises	35,669	1,312	(73)	36,908	-	7,362	23,011	30,373	67,281	10,293	77,574
Total	$ 224,998	$ 17,083	$ (412)	$ 241,669	$ -	$ 41,532	$ 132,151	$ 173,683	$ 415,352	$ 141,813	$ 557,165

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.