

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**

**FINANCIAL AUDIT**

**For the Year Ended June 30, 2025**

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

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

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Other Reports Issued Under a Separate Cover:

The Northern Illinois University's Federal Single Audit and State Compliance Examination for the year ended June 30, 2025, will be issued under separate covers. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required under *Government Auditing Standards* for the year ended June 30, 2025, on our consideration of the Northern Illinois University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this 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 on the effectiveness of the Northern Illinois 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* and should be considered in assessing the results of the audit.

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**UNIVERSITY OFFICIALS**

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President	Lisa C. Freeman
Executive Vice President and Provost	Laurie Elish-Piper
Vice President for Administration and Finance and Chief Financial Officer	George Middlemist
Vice President for Research and Innovation Partnerships	Richard MocarSKI
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 (through 6/30/25)	Catherine Squires
Vice President for Philanthropy and Alumni Engagement (7/1/25 to present)	Ray Earl-Jackson
Director of Internal Audit (through 8/31/24)	Danielle Schultz
Internal Audit Volunteer Agreement for Interim Period / Assistant Director of Internal Audit (9/1/24 to 9/30/24)	Daniel Schultz / Natalie Hoyt
Executive Director of Internal Audit and Chief Internal Auditor (10/1/24 to present)	Christine Monteiro

**Financial Management**

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

**NIU Board Members**

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Chair	Montel Gayles
Vice Chair	John R. Butler
Secretary	Rita Athas
Trustees	Eric Wasowicz Dennis L. Barsema Veronica Herrero Leland Strom
Student Trustee (7/1/24 to 6/30/25)	Aiden O'Brien
Student Trustee (7/1/25 to present)	James Innis

**University Office is located at:**  
300 Altgeld Hall  
DeKalb, Illinois 60115

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**FINANCIAL STATEMENT REPORT**

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**Summary**

The audit of the accompanying financial statements of Northern Illinois University (University) was performed by RSM US 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 Auditor's Report

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Northern Illinois University

### Report on the Audit of the Financial Statements

#### **Opinions**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, fiduciary activities and the aggregate discretely presented component units of the Northern Illinois University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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 the University, as of June 30, 2025, 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.

We did not audit the financial statements of the Northern Illinois University Foundation and the Northern Illinois Research Foundation, which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2025. 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the University's proportionate share of the net pension liability, the schedule of University contributions, the schedule of the University's proportionate share of the collective total OPEB liability, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The table of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the table of operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in this report. The other information comprises the University Officials page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2026, 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 on 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**

Schaumburg, Illinois  
February 18, 2026

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**INTRODUCTION**

Northern Illinois University (NIU or University) is a comprehensive public institution of higher learning with approximately 16,100 students as of Fall 2025. The University offers a wide range of academic programs through its colleges and schools; and through its research enterprise has state, 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, 2025 with summarized comparative totals for the year ended June 30, 2024. 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 2025 in order to illustrate increases and decreases from Fiscal Year 2024 data. This MD&A focuses on the University, excluding the discretely presented component units, also known as University Related Organizations (UROs). Information regarding the component units is summarized in Note 23 to the basic 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 88% 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 25.0% of the University's operating revenue sources in Fiscal Year 2025. The most significant Fiscal Year 2025 expense categories were those directly related to the University's academic, research, and public service missions.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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During Fiscal Year 2025, the University issued Certificates of Participation to finance the costs of various energy conservation improvements related to heating and cooling systems as well as lighting and water system efficiency improvements across approximately fifty buildings on campus. These infrastructure and energy saving measures are estimated to lead to an avoidance of approximately 12,000 metric tons of CO2 emissions (11% overall reduction) and represent an approximate reduction in energy consumption of 26.4%. The energy savings associated with these improvements are guaranteed under the contract to help ensure that the debt service costs associated with this financing are covered by the cost savings associated with the related energy improvements. As of June 30, 2025, work on the project commenced and the project and energy improvements have an anticipated completion date of June 30, 2026. The specific terms of the financing are disclosed in Note 13.

During Fiscal Year 2025, the University moved to present net student tuition and fees and auxiliary revenues in alignment with the National Association of College and University Business Officers' (NACUBO) Advisory Report 2023-01, Public Institutions: Accounting for and Reporting Financial Aid as a Discount. This provides an updated methodology for more accurately presenting how financial aid is awarded at the University. The revenue and expense items impacted by this change in methodology are student net tuition and fees, sales and services of educational activities, net auxiliary enterprises, and scholarships and fellowships. The revenue and expense change between these items from June 30, 2024, to June 30, 2025 as a result of current period activity and the methodology change is as follows: tuition and fees \$4.8 million, sales and services of educational activities (\$6.3) million, auxiliary enterprises (\$22.9) million, and scholarship & fellowship expense (\$24.3) million.

**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, 2025, and June 30, 2024 follows:

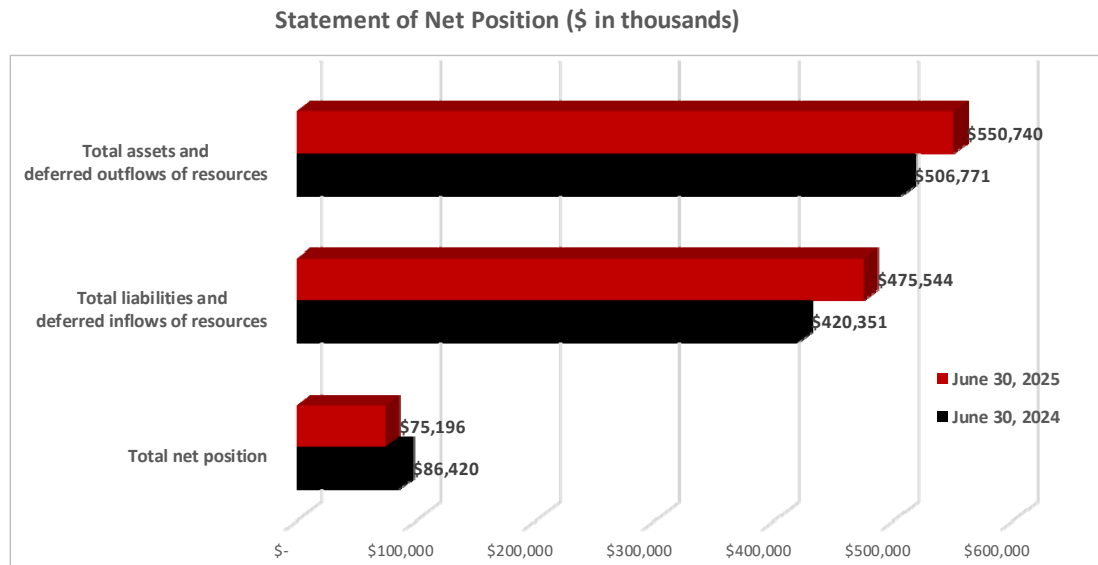
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	June 30, 2025	June 30, 2024	\$ Change	% Change
Current assets	\$ 131,346	\$ 110,761	\$ 20,585	18.6%
Noncurrent assets:				
Capital assets, nondepreciable	72,299	-	72,299	0.0%
Depreciable and amortizable capital assets, net	307,267	362,470	(55,203)	-15.2%
Other noncurrent assets	26,130	18,663	7,467	40.0%
Total assets	<u>537,042</u>	<u>491,894</u>	<u>45,148</u>	<u>9.2%</u>
Deferred outflows of resources	13,698	14,877	(1,179)	-7.9%
Current liabilities	78,219	67,807	10,412	15.4%
Noncurrent liabilities	373,164	327,159	46,005	14.1%
Total liabilities	<u>451,383</u>	<u>394,966</u>	<u>56,417</u>	<u>14.3%</u>
Deferred inflows of resources	24,161	25,385	(1,224)	-4.8%
Total net position	<u>\$ 75,196</u>	<u>\$ 86,420</u>	<u>\$ (11,224)</u>	<u>-13.0%</u>

The following chart summarizes the University's statement of net position as of June 30, 2025 and the previous fiscal year-end:



**Fiscal Year 2025 Compared to 2024**

The University's net position decreased \$11.2 million during Fiscal Year 2025, compared to a \$17.9 million decrease the previous year. The State's general appropriation increased by \$2.0 million to \$100.6 million. State

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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appropriations – capital increased from \$11.3 million in Fiscal Year 2024 to \$17.9 million in Fiscal Year 2025 due to an increase in state funded capital projects.

Current assets including cash and investments increased \$20.6 million (18.6%) over prior year which was due primarily to project funds held in connection with the issuance of the Certificates of Participation (Energy Savings Projects), Series 2024.

Current liabilities increased \$10.4 million (15.4%) at year-end due to an increase in construction related payables in connection with the Energy Savings Projects. Noncurrent liabilities increased \$46.0 million (14.1%) at year-end primarily due to the issuance of the Certificates of Participation (Energy Savings Projects), Series 2024.

**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 increase in capital assets, totaling \$17.1 million (4.7%), was primarily a result of an increase in buildings and construction in process. Capital asset additions totaled \$46.3 million, while depreciation expense totaled \$27.7 million in Fiscal Year 2025. The most significant capital additions included construction in progress additions related to the Energy Savings Project work and campus boiler replacement. Current year capital asset additions were funded with capital appropriations, grants from the State of Illinois and the federal government, debt proceeds, gifts, and unrestricted net position, which were designated for capital purposes. See Note 5 for additional information on capital assets.

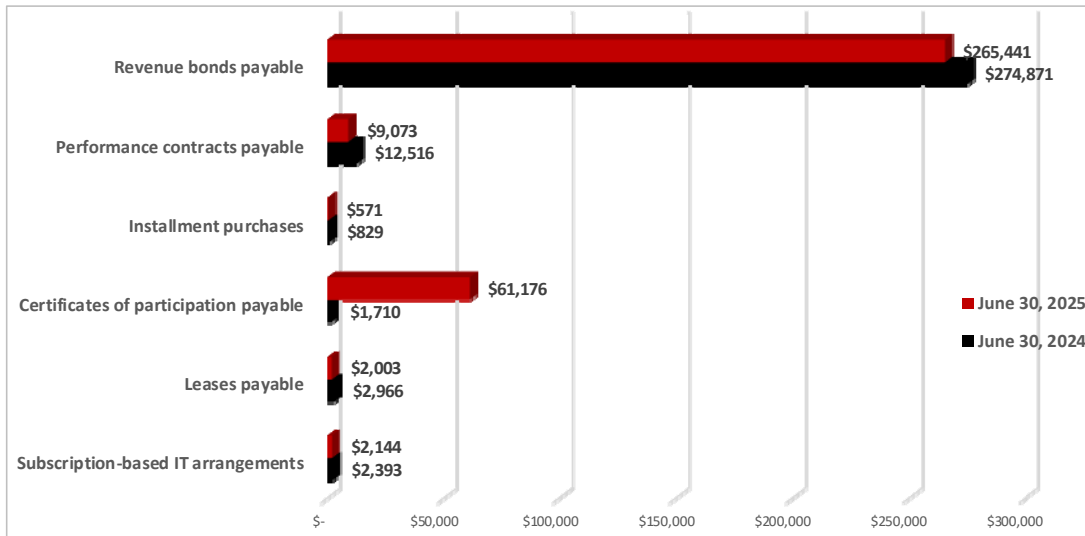
The University's long-term debt obligations relate to the financing of capital asset additions. At June 30, 2025, bonds payable totaled \$265.4 million, installment purchases totaled \$571,000, and leases payable totaled \$2.0 million. The University also has four separate performance contracts outstanding, totaling \$9.1 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 \$61.2 million at year-end, which included the issuance of the \$58.6 million of the Certificates of Participation (Energy Savings Projects), Series 2024. Subscription-based IT Arrangements (SBITA) totaled \$2.1 million. See Notes 7, 11, 12, 13, 16, and 17 for additional information on long-term debt obligations.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following chart summarizes the University's bonds payable, leases payable, installment purchases payable, certificates of participation payable, performance contracts payable, and SBITAs outstanding as of June 30, 2025, 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, 2025, and June 30, 2024, follows:

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

	2025	2024	\$ Change	% Change
Operating revenues	\$ 231,240	\$ 246,066	\$ (14,826)	-6.0%
Operating expenses	521,763	516,952	4,811	0.9%
Operating gain/(loss)	(290,523)	(270,886)	(19,637)	-7.2%
Nonoperating revenues/(expenses)	260,126	223,872	36,254	16.2%
Other revenues and changes in net position	19,173	29,092	(9,919)	-34.1%
Increase/(decrease) in net position	<u>\$ (11,224)</u>	<u>\$ (17,922)</u>	<u>\$ 6,698</u>	<u>37.4%</u>

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**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, 2025, and changes from the previous fiscal year follows:

**Summary of Revenues (\$ In Thousands)**

	2025	2024	\$ Change	% Change
<b>Operating revenues:</b>				
Student tuition and fees, net	\$ 73,487	\$ 73,809	\$ (322)	-0.4%
Auxiliary enterprises	73,403	89,911	(16,508)	-18.4%
Sponsored programs	57,803	52,839	4,964	9.4%
Other	26,547	29,507	(2,960)	-10.0%
Operating revenues	<u>231,240</u>	<u>246,066</u>	<u>(14,826)</u>	<u>-6.0%</u>
<b>Nonoperating revenues:</b>				
State appropriations:				
General	100,643	98,670	1,973	2.0%
On-Behalf for Fringe Benefits	45,802	37,589	8,213	21.8%
Special Funding for Fringe Benefits	33,935	17,993	15,942	88.6%
Pell grants	36,287	30,353	5,934	19.5%
Illinois MAP Grants	35,272	37,370	(2,098)	-5.6%
Federal Supplemental Educational Opportunity Grants	672	993	(321)	-32.3%
Federal and state grants and other contracts	2,781	2,993	(212)	-7.1%
Net investment income	5,701	6,547	(846)	-12.9%
Other nonoperating	8,688	-	8,688	100.0%
Net nonoperating revenues	<u>269,781</u>	<u>232,508</u>	<u>37,273</u>	<u>16.0%</u>
<b>Other revenues:</b>				
State appropriations - capital	17,854	11,342	6,512	57.4%
Gifts and contributions	1,404	17,763	(16,359)	-92.1%
Gain/(loss) on disposal of capital assets	(85)	(13)	(72)	553.8%
Other revenues	<u>19,173</u>	<u>29,092</u>	<u>(9,919)</u>	<u>-34.1%</u>
Total revenues	<u>\$ 520,194</u>	<u>\$ 507,666</u>	<u>\$ 12,528</u>	<u>2.5%</u>

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

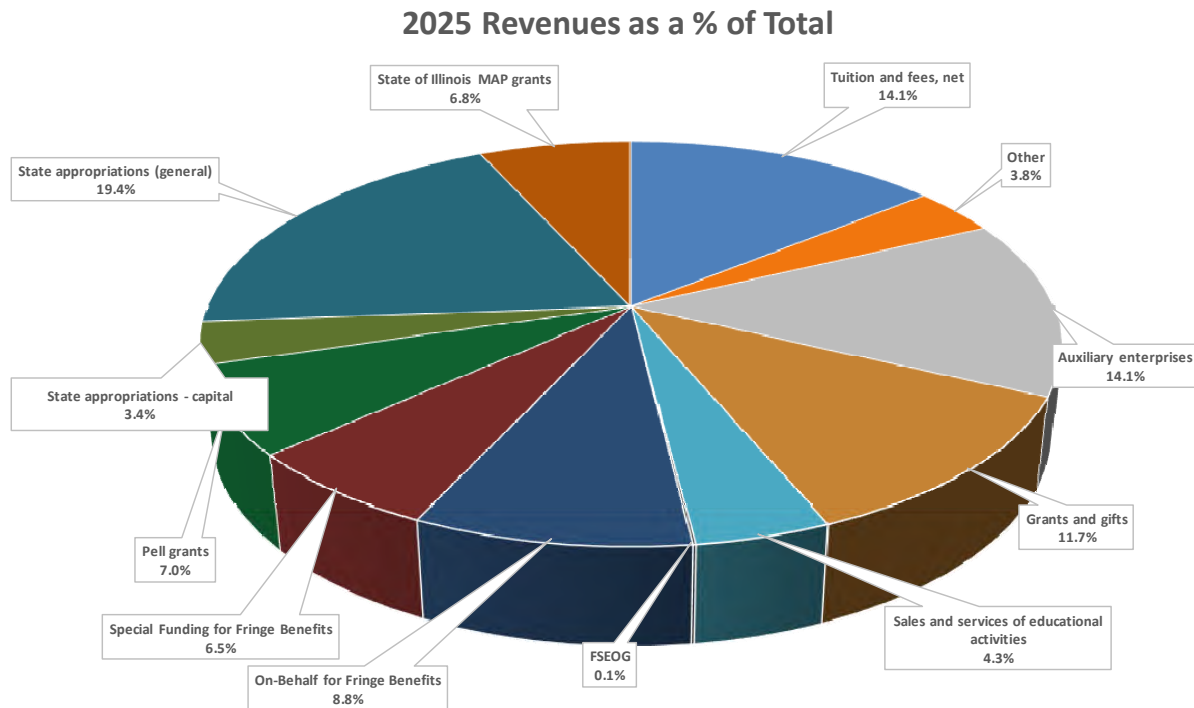
**NORTHERN ILLINOIS UNIVERSITY**  
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**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fiscal Year 2025 Compared to 2024**

The University's total revenues increased by \$12.5 million, or 2.5%, primarily due to increases in State appropriations (general, capital, on-behalf, and special funding). The University also saw increases in Pell grants. Lastly, gift and contributions decreased significantly due to the transfer of the Yordon and Chessick Centers from the Foundation during Fiscal Year 2024. See discussion below for explanations of significant increases and decreases in specific revenue categories.

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, 2025:



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**For the Year Ended June 30, 2025**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Notable changes in revenues during Fiscal Year 2025 compared to 2024 included:

- Tuition and Fees, net decreased by \$322,000 in Fiscal Year 2025, or 0.4%, due to an increase in enrollment offset by an increase in the scholarship allowance.
- Federal and State grants - operating and other contracts increased by \$4.1 million in Fiscal Year 2025, or 8.9% due to an increase in sponsored funding related to federal and state awards.
- Auxiliary enterprise revenues decreased by \$16.5 million, or 18.4%, due to an increase in auxiliary occupancy headcount as well as an increase in room and board rates. These increases were offset by the increase in the scholarship allowance as a result of the change in the scholarship allowance methodology previously mentioned.
- State operating appropriations increased by \$2.0 million, or 2.0% in Fiscal Year 2025 as a result of an increase in state support.
- State appropriations – capital increased by \$6.5 million, or 57.4% in Fiscal Year 2025 due to increases in State funded capital projects.
- Special funding for fringe benefits increased \$15.9 million in Fiscal Year 2025, or 88.6% due to an increase in 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). The University does not participate in the design, selection of vendors, or implementation of either the retirement or group insurance plans for employees. The on-behalf expense is a result of the changes in the underlying state retirement and other post-employment benefit plan liabilities. These liabilities are actuarially calculated and can fluctuate drastically from year to year resulting in significant year-over-year changes in the on-behalf revenues.
- Net investment income decreased \$846,000 due to market conditions and decreases in interest rates.
- State of IL Monetary Award Program (MAP) decreased \$2.1 million, or 5.6%, during Fiscal Year 2025 due to a decrease in MAP fund awards by the Illinois Student Assistance Commission.
- Gifts and contributions decreased by \$16.4 million in Fiscal Year 2025 due to the one-time donation and transfer of the Yordon and Chessick Practice center buildings from the Foundation to the University during Fiscal Year 2024.
- Other nonoperating revenue increased by \$8.7 million due to the one-time receipt of funds from iFiber. See related Note 24 for additional discussion.

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**For the Year Ended June 30, 2025**

**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, 2025, and June 30, 2024, follows:

**Summary of Expenses (\$ In Thousands)**

	2025	2024	\$ Change	% Change
Operating expenses:				
Instruction	\$ 176,238	\$ 168,194	\$ 8,044	4.8%
Research	26,269	23,377	2,892	12.4%
Public service	37,829	34,150	3,679	10.8%
Academic support	42,217	36,732	5,485	14.9%
Student services	22,872	21,312	1,560	7.3%
Operations and maintenance of plant	28,017	29,204	(1,187)	-4.1%
Depreciation	27,644	31,036	(3,392)	-10.9%
Institutional support	57,301	51,899	5,402	10.4%
Scholarships and fellowships	14,546	39,210	(24,664)	-62.9%
Auxiliary enterprises	88,830	81,838	6,992	8.5%
Operating expenses	<u>521,763</u>	<u>516,952</u>	<u>4,811</u>	<u>0.9%</u>
Nonoperating expenses:				
Nonoperating expenses	<u>9,655</u>	<u>8,636</u>	<u>1,019</u>	<u>11.8%</u>
Total expenses	<u>\$ 531,418</u>	<u>\$ 525,588</u>	<u>\$ 5,830</u>	<u>1.1%</u>

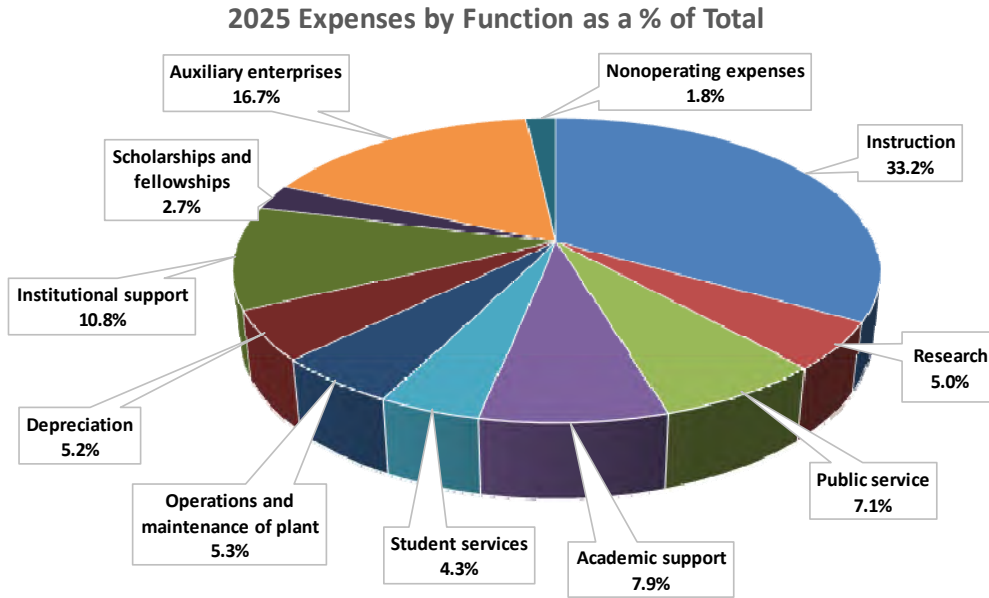
**Fiscal Year 2025 Compared to 2024**

The University's total operating expenses increased \$4.8 million to \$521.8 million during the year ended June 30, 2025, an increase of 0.9% from 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 \$19.3 million, or 4.2%, during the year ended June 30, 2025.

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**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, 2025:



Notable changes in expenses during Fiscal Year 2025 compared to 2024 included:

- Instruction, which includes expenses for academic programs including community education, increased \$8.0 million in total during Fiscal Year 2025, or 4.8%, due primarily to an increase in the on-behalf and special funding benefit expense allocations for pension and group insurance. After adjusting for on-behalf expense, instruction expense decreased by \$2.4 million, or 1.7%, which was primarily due to a decrease in personnel services costs in Fiscal Year 2025.
- Academic support also saw an increase in expenses of \$5.5 million, or 14.9%, due primarily to an increase in the on-behalf and special funding benefit expense allocations for pension and group insurance. After adjusting for on-behalf expenses, academic support expense increased by \$2.8, or 8.9%, which was primarily due to an increase in personnel services costs and a one-time lease commission payment in Fiscal Year 2025.
- Institutional support, which includes expenses related to the management and long-range planning for the University, support services to faculty and staff, and community and alumni relations activities increased \$5.4 million, or 10.4% due primarily to an increase in the on-behalf and special funding benefit expense allocations for pension and group insurance. After adjusting for on-behalf expense, institutional support expense increased by \$2.1 million, or 4.7%, which was primarily due to an increase in insurance costs in Fiscal Year 2025.
- Scholarships and fellowships decreased \$24.7 million, or 62.9% due to an increase in the scholarship allowance as a result of the change in the scholarship allowance methodology as previously discussed.

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
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**For the Year Ended June 30, 2025**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Auxiliary enterprises, which is primarily comprised of student housing, the student union, intercollegiate athletics, recreational facilities, and parking operations, increased \$7.0 million during Fiscal Year 2025, or 8.5%, due primarily to an increase in the on-behalf and special funding benefit expense allocations for pension and group insurance. After adjusting for on-behalf expense, auxiliary enterprises expense increased by \$2.5 million, or 3.4%, due to increase in personnel services costs.

**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, 2025 and June 30, 2024 follows:

**Condensed Statement of Cash Flows (\$ In Thousands)**

	2025	2024	\$ Change	% Change
Net cash used in operating activities	\$ (184,994)	\$ (197,272)	\$ 12,278	-6.2%
Net cash provided by noncapital financing activities	187,125	174,233	12,892	7.4%
Net cash provided by (used in) capital and related financing activities	13,448	(33,595)	47,043	140.0%
Net cash (used in) provided by investing activities	(15,143)	80,107	(95,250)	-118.9%
Net increase/(decrease) in cash and cash equivalents	436	23,473	(23,037)	-98.1%
Cash and cash equivalents, beginning of year	71,607	48,134	23,473	48.8%
Cash and cash equivalents, end of year	\$ 72,043	\$ 71,607	\$ 436	0.6%

**Fiscal Year 2025 Compared to 2024**

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 2025 compared to 2024 include:

- Net cash used in operating activities decreased \$12.3 million in Fiscal Year 2025, or 6.2% from the previous year. Receipts from federal, state, and private grants and other contracts increased \$10.5 million. Payments to suppliers decreased \$3.5 million due to an increase in accounts payable. Payments to employees increased \$7.1 million due to salary increments.

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
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**For the Year Ended June 30, 2025**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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- Net cash provided by noncapital financing activities increased by \$12.9 million in Fiscal Year 2025, or 7.4%, due primarily to an increase in cash flows from Pell grants totaling \$6.6 million. The University also received one-time noncapital contributions of \$8.7 million in Fiscal Year 2025.
- Net cash provided by capital and related financing activities increased by \$47.3 million, or 140.0% which was primarily due to the issuance of the \$58.6 million of Certificates of Participation (Energy Savings Projects), Series 2024. There was also an increase in purchase of capital assets in Fiscal Year 2025 when compared to Fiscal Year 2024 due to the related energy conservation work.
- Net cash used in investing activities increased \$95.3 million in Fiscal Year 2025, or 118.9% over the previous year. In Fiscal Year 2024, the University let most of its treasury and agency investments mature due to favorable market conditions and interest rates on its demand deposit holdings.

**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 is committed to its mission of empowering students through educational excellence and experiential learning as we pursue knowledge, share its research and artistry, and engage communities for the benefit of the region, state, nation and world while also achieving financial stability through implementation of multi-year planning and budgeting. The University put forward a balanced operating budget for Fiscal Year 2026.

For Fall 2025, the University saw a 22% increase in new freshman enrollment over the previous year. Total enrollment for Fall 2025 was up 4.3% compared to the prior year. The State legislature continues to demonstrate its commitment towards higher education in the State of Illinois. The University received a general appropriation of \$100.6 million in Fiscal Year 2025. For Fiscal Year 2026, the University received a general appropriation budget of \$103.6 million, representing a 3% increase from Fiscal Year 2025. Of the 3% increase, 1% was allocated immediately to the University, with the potential for an additional 2% that can be spent upon approval from the governor.

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**THE UNIVERSITY'S ECONOMIC OUTLOOK (Continued)**

The University continues to take the necessary steps to implement a business model that sustains financial health, better funds appropriate levels of institutional student financial aid, enables investment in dedicated employees, and provides sufficient flexibility to respond to the rapidly changing higher education landscape. In addition, the University continues working to transform relationships into resources, forming new partnerships in Fiscal Year 2025 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 updated Strategic Enrollment Management Plan, implementation of multi-year planning and budgeting, strengthening liquidity, as well as making critical investments in infrastructure and initiatives that support academic excellence, research and artistry, as well as student success.

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 that strategic research development efforts across campus will lead to increases in sponsored funding at or above the Fiscal Year 2025 level.

Private gifts are an important source of funding for University operations. They enable capital acquisitions and construction and are a significant factor in expanding academic excellence. In October 2024, the University received the largest single gift in the University's history. The \$40 million gift from the Baustert Family Foundation will directly support the development of NIU's future home for health professions education and transdisciplinary research. With the help of the Northern Illinois University Foundation, the University continues to develop, support, and encourage a culture of giving throughout the University community, including its strong alumni base.

The University is continuing to pursue supplemental sources of revenue to enhance its outstanding academic reputation. Despite expected challenges, the Northern Illinois University Board of Trustees, University management, and the campus community will be unwavering in their commitment to the mission of instruction, research, and public service. The University will be guided by its core values and will remain committed to strengthening the financial position and future sustainability of NIU.

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, 2025 (In Thousands)**

	University	Component
	2025	Units 2025
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 10,233	\$ 14,221
Restricted cash and cash equivalents	61,810	-
Restricted investments and marketable securities	20,677	-
Accrued interest receivable	237	-
Accounts receivable, net	31,713	11,476
Inventories	2,249	-
Due from component units	2,404	-
Other assets	2,023	2,172
Total current assets	<u>131,346</u>	<u>27,869</u>
Noncurrent assets		
Investments and marketable securities	-	181,541
Student loans receivable, net	745	-
Lease receivable	7,694	-
Due from component units	13,303	-
Other	4,388	21,423
Capital assets:		
Capital assets, nondepreciable	72,299	4,745
Depreciable and amortizable capital assets, net	307,267	-
Total noncurrent assets	<u>405,696</u>	<u>207,709</u>
<b>TOTAL ASSETS</b>	<u><b>537,042</b></u>	<u><b>235,578</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other postemployment benefits	11,781	-
Federal, trust, grant, and other contributions - pensions	1,917	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>13,698</b></u>	<u><b>-</b></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	57,155	1,812
Accrued compensated absences	1,723	-
Other postemployment benefits	1,166	-
Students' deposits	352	-
Due to NIU	-	2,404
Unearned tuition and fees	9,458	-
Unearned revenue and grants	8,365	-
Total current liabilities	<u>78,219</u>	<u>4,216</u>
Noncurrent liabilities		
Other postemployment benefits	26,194	-
Due to NIU	-	13,303
Performance contracts payable	5,519	-
Accrued compensated absences	20,770	-
Government loan fund advances	999	-
Unearned revenue and grants	-	12
Revenue bonds payable	255,847	-
Installment purchase	318	-
Leases payable	1,258	-
Subscription-based IT arrangements	1,148	-
Notes and certificates of participation payable	61,111	-
Total noncurrent liabilities	<u>373,164</u>	<u>13,315</u>
<b>TOTAL LIABILITIES</b>	<u><b>451,383</b></u>	<u><b>17,531</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other postemployment benefits	16,150	-
Leases	8,011	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>24,161</b></u>	<u><b>-</b></u>
<b>NET POSITION</b>		
Net investment in capital assets	75,091	4,745
Restricted:		
Nonexpendable	127	85,243
Expendable	40,537	100,518
Unrestricted	(40,559)	27,541
<b>TOTAL NET POSITION</b>	<u><b>\$ 75,196</b></u>	<u><b>\$ 218,047</b></u>

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, 2025 (In Thousands)**

	<b>University</b>	<b>Component</b>
	<b>2025</b>	<b>Units</b>
<b>REVENUES</b>		
Operating revenues		
Tuition and fees, net	\$ 73,487	\$ -
Federal and state grants and other contracts	50,093	-
Private gifts, grants, and contracts	7,710	55,537
Sales and service of educational activities	22,450	-
Other sources	4,097	1,766
Auxiliary enterprises	73,403	-
Total operating revenues	<u>231,240</u>	<u>57,303</u>
<b>EXPENSES</b>		
Operating expenses		
Instruction	176,238	-
Research	26,269	-
Public service	37,829	-
Academic support	42,217	-
Student services	22,872	-
Operation and maintenance of plant	28,017	-
Depreciation and amortization	27,644	46
Institutional support	57,301	19,734
Scholarships and fellowships	14,546	3,667
Auxiliary enterprises	88,830	-
Total operating expenses	<u>521,763</u>	<u>23,447</u>
<b>Net operating (loss)/income</b>	<u>(290,523)</u>	<u>33,856</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations - general	100,643	-
On-behalf for fringe benefits	45,802	-
Special funding for fringe benefits	33,935	-
Federal and state grants and other contracts	2,781	-
Net investment income	5,701	17,640
Pell grants	36,287	-
Federal Supplemental Educational		
Opportunity Grant (FSEOG)	672	-
State of IL Monetary Award Program (MAP)	35,272	-
Other nonoperating revenues	8,688	-
Interest expense	(9,655)	-
<b>Net nonoperating revenues</b>	<u>260,126</u>	<u>17,640</u>
(Loss)/income before other revenues, gains, or losses	(30,397)	51,496
<b>OTHER REVENUES AND GAINS (LOSSES)</b>		
State appropriations - capital	17,854	-
Gifts and contributions	1,404	-
Loss on disposal of capital assets	(85)	-
<b>(DECREASE)/INCREASE IN NET POSITION</b>	(11,224)	51,496
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>86,420</u>	<u>166,551</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 75,196</u>	<u>\$ 218,047</u>

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, 2025 (In Thousands)**

	<b>University</b>
	<b>2025</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student tuition and fees, net	\$ 71,065
Federal and state grants and other contracts	51,813
Private gifts, grants, and contracts	6,837
Sales and service of educational activities	23,771
Auxiliary enterprises	72,578
Payment to suppliers	(116,581)
Payment to employees	(285,122)
Payments for scholarships	(14,638)
Collection of loans to students and employees	(107)
Other receipts, net	5,390
Net cash used in operating activities	(184,994)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State appropriations	100,643
Pell Grants	36,565
Federal Supplemental Educational Opportunity Grant (FSEOG)	840
State of IL Monetary Award Program (MAP)	35,272
Federal and state grants and other contracts	5,117
Noncapital contributions	8,688
Net cash provided by noncapital financing activities	187,125
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of debt	58,825
Purchase of capital assets	(19,676)
Principal payments on capital debt	(12,971)
Interest payments on capital debt	(12,730)
Net cash provided by capital and related financing activities	13,448
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income on investments, net	5,534
Proceeds from sales and maturities of investments	32,636
Purchase of investments	(53,313)
Net cash used in investing activities	(15,143)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	436
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	71,607
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	\$ 72,043

*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, 2025 (In Thousands)**

	<b>University</b>
	<b>2025</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Operating loss	\$ (290,523)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>	
Depreciation and amortization expense - non-auxiliary enterprises	13,098
Depreciation and amortization expense - auxiliary enterprises	14,546
On-behalf payments for fringe benefits	45,802
Special funding for fringe benefits	33,935
Other nonoperating revenues	(273)
<b>CHANGES IN ASSETS AND LIABILITIES</b>	
Accounts and lease receivable	(4,727)
Inventories	(108)
Student loans receivable	360
Other assets	750
Deferred outflows of resources - pensions	(51)
Deferred outflows of resources - other post-employment benefits	1,230
Due from component units	(440)
Accounts payable and accrued liabilities	(704)
Accrued compensated absences	1,581
Students' deposits	7
Unearned revenue and grants	(847)
Other postemployment benefits	2,594
Deferred inflows of resources - leases	5,984
Deferred inflows of resources - other post-employment benefits	(7,208)
Net cash used in operating activities	\$ (184,994)
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>	
Cash and cash equivalents classified as current assets	\$ 10,233
Restricted cash and cash equivalents classified as current assets	61,810
Total cash and cash equivalents, end of year	\$ 72,043
<b>NONCASH INVESTING, CAPITAL, NONCAPITAL, AND FINANCING ACTIVITIES</b>	
On-behalf payments for fringe benefits	\$ 45,802
Special funding for fringe benefit	33,935
Capital asset contribution	1,404
Other postemployment benefits expenses - employer portion	3,384
Cost of capital assets not being depreciated included in accounts payable	5,251
State expenses for capitalized CDB projects	17,854

*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, 2025 (In Thousands)**

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	<u>Custodial Funds</u>
	<u>June 30, 2025</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,197
Prepaid expenses	<u>17</u>
<b>Total Assets</b>	<u>5,214</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	<u>10</u>
<b>Total Liabilities</b>	<u>10</u>
<b>NET POSITION</b>	
Restricted:	
Illinois Board of Examiners	<u>5,204</u>
<b>Total Net Position</b>	<u>\$ 5,204</u>

*See accompanying Notes to the Basic Financial Statements.*

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Year Ended June 30, 2025 (In Thousands)**

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	<b>Custodial Funds</b>
	<b>June 30, 2025</b>
<b>REVENUES</b>	
Fee income	\$ 893
Sales	200
Interest	253
<b>Total Additions</b>	<b>1,346</b>
<b>DEDUCTIONS</b>	
Personnel services	820
Rent	88
Contractual services	160
Other deductions	13
<b>Total Deductions</b>	<b>1,081</b>
<b>Increase in fiduciary net position</b>	<b>265</b>
 <b>FIDUCIARY NET POSITION, BEGINNING OF YEAR</b>	 <b>4,939</b>
 <b>FIDUCIARY NET POSITION, END OF YEAR</b>	 <b>\$ 5,204</b>

*See accompanying Notes to the Basic Financial Statements.*

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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. 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, with latest changes adopted in 2023, 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, 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.

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**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.

**Cash and Cash Equivalents**

Cash and cash equivalents of the University include all bank accounts and all highly liquid investments with original maturity of three months or less at the date of purchase. Funds invested through the Illinois Funds are considered cash equivalents.

**Restricted Cash and Investments**

Restricted cash, cash equivalents, 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 at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*.

**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, 2025.

**Inventories**

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

**NORTHERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2025**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets/Intangible 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's capitalization thresholds are as follows: Infrastructure - \$250,000; Land - \$100,000; Land improvements - \$50,000; Site improvements - \$50,000; Buildings - \$100,000; Building improvements - \$50,000; Equipment - \$50,000; Works of art, historical treasures - \$50,000; and Intangible assets - \$50,000.

The assets associated with long-term leases have been capitalized. Estimated useful lives for capital assets are as follows:

	<u>Useful life (in years)</u>		<u>Useful life (in years)</u>
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

Intangible assets represent the University's right-to-use a leased asset and the University's right-to-use subscription-based information technology. These intangible assets, as defined by GASB Statements No. 87, *Leases*, and No. 96, *Subscription-Based Information Technology Arrangements*, are for lease contracts of nonfinancial assets including vehicles and equipment and for subscription contracts of nonfinancial assets including software, respectively. The useful life of the right-of-use assets are the shorter of the estimated useful lives or the lease or arrangement term.

**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 fiscal year. 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. 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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences (Continued)**

It is the policy of the University to accrue vacation pay as earned. As of June 30, 2025, the accrued liability for this benefit was \$21,420,000 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.

For Fiscal Year 2025, the University adopted GASB 101, *Compensated Absences*. Accrued compensated absences are recognized when leave (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Unless otherwise specified by a collective bargaining agreement, leave earned in the current fiscal year is considered used before unused leave earned in prior fiscal years (last-in, first-out, LIFO).

Compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees (e.g., jury duty) are recognized as a liability when the leave commences. Holiday leave is recognized when the leave is taken.

The liability for leave that has been used, but not yet paid, has been recognized in accrued payroll. The liability for leave that has not been used is recognized in accrued compensated absences, including the University's share of salary-related payments.

All prior earned benefits will still be paid. As of June 30, 2025, the accrued liability of this benefit was \$1,073,000, 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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Employment Contracts**

Employment contracts for certain academic personnel provide for 12 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 \$6,972,000 at June 30, 2025, 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 2026 rather than the unrestricted net position available at June 30, 2025.

**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 effective interest method.

**Pensions**

For the purpose of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Universities Retirement System (SURS) and additions/deductions to/from SURS fiduciary net position has 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 (State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a nonemployer 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 nonemployer (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 by employees.

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**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. The Illinois Department of Central Management Services (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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Other Postemployment Benefits (OPEB) (Continued)**

During the OPEB measurement period ended June 30, 2024, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$1,017,000 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, 2025.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**On-Behalf Transactions (Continued)**

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

During the year ended June 30, 2025, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises were \$48,414,000. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of \$2,612,000 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 \$45,802,000 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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position**

The University's resources are classified into net position categories and reported in the statement of net position. These categories are defined as (a) net investment in capital assets – capital assets net of accumulated depreciation and amortization along with related outstanding debt balances attributable to the acquisition, construction, or improvement of those assets; (b) restricted nonexpendable – net position restricted by externally imposed stipulations; (c) restricted expendable – net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time, and (d) unrestricted – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board. The University first applies resources in restricted net position when an expense or outlay is incurred for purposes for which resources in both restricted and unrestricted net positions are available.

**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.

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.

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Federal Student Loan Programs**

The University receives proceeds from the Federal Direct Student Loan Program (FDSLPL). 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 FDSLPL meet this exception and are reported as such. Federal student loans received by students were \$65,297,000 and \$64,119,000 for the fiscal years ended June 30, 2025 and 2024, respectively.

**Scholarship Discount and Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as other federal, state or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. In Fiscal Year 2025, a scholarship allowance is netted against student tuition and fees, sales and service of educational activities, and auxiliary enterprises, in the amounts of \$77,337,000, \$6,251,000, and \$23,174,000, respectively

In April 2023, the National Association of College and University Business Officers (NACUBO) issued Advisory Report 2023-01 Public Institutions: Accounting for and Reporting Financial Aid as a Discount. That guidance provides estimation and measurement methodologies that more accurately reflect how financial aid is provided to students at public colleges and universities and applies the basic concepts for dealing with scholarship allowances found in NACUBO Advisory Report (AR) 97-1, Accounting and Reporting Scholarship

Allowances to Tuition and Other Fee Revenues by Higher Education. The amount reported as operating expense continues to represent the portion of aid that was provided to the student in the form of excess of the amounts charged by the University for student tuition and auxiliary services. Scholarship allowances continue to represent the portion of aid provided to the student in the form of reduced tuition.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Scholarship Discount and Allowances (Continued)**

The University adopted NACUBO AR 2023-01 during Fiscal Year 2025, which resulted in use of a new calculation to estimate the scholarship allowance. Previously, the use of pooled student refunds as the basis for allocation of the allowance introduced non-discount transactions into the calculation process, reducing the accuracy of estimate. Technological advancements have created the capacity for more accurate estimates using a methodology that reflects the financial aid process flow. The scholarship allowances for “Tuition and fees”, “Sales and service of educational activities”, “Auxiliary enterprises”, and the “Scholarships and fellowships” line items within the statement of revenues, expenses, and changes in net position are affected by the allocation change described in the methodology.

**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.

**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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New and Pending Accounting Pronouncements**

Newly Implemented Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This was adopted with the June 30, 2025 financial statements and did not have a material effect.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This was adopted with the June 30, 2025 financial statements and had no effect.

Pending Accounting Pronouncements

The GASB has issued the following statements which are effective for periods beginning July 1, 2025, or later which may impact the University:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2026 financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets as an enhancement to GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2026 financial statements.

GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The University has not yet determined the impact of this Statement. It is required to be adopted with the June 30, 2027 financial statements.

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**2. CASH AND CASH EQUIVALENTS**

The University maintains deposits at financial institutions authorized by the Board of Trustees. Cash and cash equivalents consist principally of cash deposits, certificates of deposit, U.S. government securities, money market accounts, and money market fund accounts.

As of June 30, 2025, cash (consisting of demand deposits and certificates of deposit), excluding cash in the fiduciary fund, with a bank balance of \$23,785,000 and a carrying value of \$23,931,000 was held by the University. The 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, 2025, the University held \$20,507,000 in a money market mutual fund, the majority in the Morgan Stanley Government Advance Fund. The fund values its holdings at amortized cost. Interest income is declared daily and paid monthly. Additionally, the University classifies highly liquid investments purchased with a maturity of three months or less to be cash and cash equivalents. Funds invested through the Illinois Funds are considered cash equivalents and carry a balance of \$27,605,000.

**3. INVESTMENTS**

*Policy* – Investments and the investment process are governed by the Illinois Public Funds Investment Act (30 ILCS 235). 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

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**3. INVESTMENTS (Continued)**

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, 2025, the University had the following recurring fair value measurements for investments:

Investments by Level	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 17,859	\$ -	\$ 17,859	\$ -
State and Local Govt (SLGS)	2,818	-	2,818	-
	<u>\$ 20,677</u>	<u>\$ -</u>	<u>\$ 20,677</u>	<u>\$ -</u>

The University held \$27,605,000 in the Illinois Funds which are valued at amortized cost. The State Treasurer maintains the Illinois Funds at amortized cost (2a7 like pool) through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The value of the University's investment in the funds is the same as the value of the pool shares.

The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as cash equivalents. 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 Funds 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, 2025 (\$000s):

	Total	Bank and Custodian		Fair Value	Net Asset Value
		Demand Deposit Accounts			
Cash and cash equivalents	\$ 72,043	\$ 23,931	\$ -	\$ 48,112	
Investments	20,677	-	20,677	-	

*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, 2025, the University was not subject to custodial credit risk as all of the University's investments were held in its name.

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**3. INVESTMENTS (Continued)**

*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 and mutual funds, are greater than 5% of total investments. The University held no such investments as of June 30, 2025.

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

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

	Illinois Public Treasurer's Investment Pool	U.S. Treasury Notes	SLGS	Total
AA+	\$ -	\$ 17,859	\$ 2,818	\$ 20,677
AAAm	27,605	-	-	27,605
Total	<u>\$ 27,605</u>	<u>\$ 17,859</u>	<u>\$ 2,818</u>	<u>\$ 48,282</u>

*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	SLGS	Total
0 - 1 year	<u>\$ 27,605</u>	<u>\$ 17,859</u>	<u>\$ 2,818</u>	<u>\$ 48,282</u>

**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. There are two primary investment strategies that are executed in different investment pools.

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**3. INVESTMENTS (Continued)**

**URO – Foundation Investments (Continued)**

Endowed funds and funds initially received as expendable, but designated as endowment, are invested with a long-term horizon. Expendable gift funds are invested with an intermediate-term strategy based upon historical patterns of usage.

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, 2025, consisted of the following (\$000s):

U.S. Treasury securities	\$	25
Equity:		
Domestic equity - Lrg/Mid-Cap		38,433
Domestic equity - Small-Cap		7,384
International equity		25,116
Hedge funds and alternative investments:		
Hedged strategies		10,733
Public real assets		11,884
Private equity funds:		
Private equity		10,501
Public fixed income		50,867
Private debt		4,125
Private natural resources		5,639
Private real estate		5,561
Land		1,704
Total		171,972
Funds held in trust by others		11,311
Total	\$	183,283

The balance of \$183,283 is reported in Investments and Other current assets.

The Foundation’s investment return for Fiscal Year 2025 is comprised of the following (\$000s):

Interest and dividend income	\$	4,997
Net realized and unrealized gains/(losses) on investments reported at fair value		13,234
Investment fees		(591)
Total	\$	17,640

The Foundation’s permissible investment categories include:

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

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**3. INVESTMENTS (Continued)**

**URO – Foundation Investments (Continued)**

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

**Investments in Entities that Calculate Net Asset Value per Share**

The Foundation holds shares or interests in investment companies at year-end where the fair value of the investment held is estimated based on net asset value (NAV) per share of the investment company. At year-end, the fair value, unfunded commitments, and redemption rules of those investments are as follows (\$000s):

	Fair Value	Unfunded Commitment
Hedged/alternative investments	\$ 17,767	\$ -
Private equity	27,035	7,515
	\$ 44,802	\$ 7,515

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 (U.S.) and outside of the U.S. These funds can be redeemed daily, monthly, quarterly, annually or biennially, depending on the partnership agreement, within redemption notice periods of one to four months.

The private equity funds and international equity class includes funds that invest in the following types of investments in the U.S. and outside the U.S.: 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, 2025.

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**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, 2025:

	Gross Receivables	Allowance for Uncollectible Amounts	Net Receivables
<b>UNIVERSITY (\$000s)</b>			
Student accounts	\$ 39,344	\$ (27,700)	\$ 11,644
Customer accounts	5,090	(313)	4,777
Grants receivable	14,892	-	14,892
Lease receivable - short term	400	-	400
	<u>\$ 59,726</u>	<u>\$ (28,013)</u>	<u>\$ 31,713</u>
<b>COMPONENT UNITS (\$000s)</b>			
Pledges receivable	\$ 34,012	\$ (1,113)	\$ 32,899
Pledges receivable - net*	<u>\$ 34,012</u>	<u>\$ (1,113)</u>	<u>\$ 32,899</u>

\* On the statement of net position, the non-current portion of this number, totaling \$21,423, is classified as other in the noncurrent asset section.

**University Student Loans Receivable**

Student loans made through the Federal Perkins Loan Program comprise substantially all of student loans receivable as of June 30, 2025, totaling \$745,000, net of allowance for uncollectible accounts of \$281,000.

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**5. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2025, is summarized as follows:

<b>University (\$000s)</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 19,142	\$ -	\$ -	\$ -	\$ 19,142
Construction in progress	13,638	43,046	(801)	(2,726)	53,157
Total capital assets not being depreciated	<u>32,780</u>	<u>43,046</u>	<u>(801)</u>	<u>(2,726)</u>	<u>72,299</u>
Tangible capital assets being depreciated:					
Land improvements	104,587	-	-	499	105,086
Leasehold improvements	431	-	-	-	431
Buildings	768,116	372	(140)	2,227	770,575
Equipment	180,487	1,658	(5,747)	-	176,398
Other assets	3,820	-	-	-	3,820
Total tangible capital assets being depreciated:	<u>1,057,441</u>	<u>2,030</u>	<u>(5,887)</u>	<u>2,726</u>	<u>1,056,310</u>
Intangible capital assets being amortized:					
Building space	639	-	(175)	-	464
Other	3,503	-	-	-	3,503
Subscription-based IT arrangements	4,090	1,176	(470)	-	4,796
Total intangible capital assets being amortized:	<u>8,232</u>	<u>1,176</u>	<u>(645)</u>	<u>-</u>	<u>8,763</u>
Less: accumulated depreciation for tangible capital assets					
Land improvements	(74,584)	(3,025)	-	-	(77,609)
Leasehold improvements	(407)	(1)	-	-	(408)
Buildings	(488,072)	(19,176)	74	-	(507,174)
Equipment	(166,259)	(3,595)	5,728	-	(164,126)
Other assets	(3,820)	-	-	-	(3,820)
Total accumulated depreciation for tangible capital assets	<u>(733,142)</u>	<u>(25,797)</u>	<u>5,802</u>	<u>-</u>	<u>(753,137)</u>
Less: accumulated amortization for intangible capital assets					
Building space	(293)	(93)	-	-	(386)
Other	(964)	(720)	-	-	(1,684)
Subscription-based IT arrangements	(1,584)	(1,034)	19	-	(2,599)
Total accumulated for intangible capital assets	<u>(2,841)</u>	<u>(1,847)</u>	<u>19</u>	<u>-</u>	<u>(4,669)</u>
Total tangible and intangible capital assets being depreciated and amortized, net	<u>329,690</u>	<u>(24,438)</u>	<u>(711)</u>	<u>2,726</u>	<u>307,267</u>
Total capital assets, net	<u>\$ 362,470</u>	<u>\$ 18,608</u>	<u>\$ (1,512)</u>	<u>\$ -</u>	<u>\$ 379,566</u>

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**5. CAPITAL ASSETS (Continued)**

<b>URO-Foundation (\$000s)</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 3,861	\$ 75	\$ -	\$ -	\$ 3,936
Construction in progress	858	-	(392)	-	466
Total capital assets not being depreciated	<u>4,719</u>	<u>75</u>	<u>(392)</u>	<u>-</u>	<u>4,402</u>
Capital assets being depreciated:					
Buildings	236	-	-	-	236
Equipment	274	29	-	-	303
Total capital assets being depreciated:	510	29	-	-	539
Less: accumulated depreciation	<u>(150)</u>	<u>(46)</u>	<u>-</u>	<u>-</u>	<u>(196)</u>
Total capital assets being depreciated, net	<u>360</u>	<u>(17)</u>	<u>-</u>	<u>-</u>	<u>343</u>
Total capital assets, net	<u>\$ 5,079</u>	<u>\$ 58</u>	<u>\$ (392)</u>	<u>\$ -</u>	<u>\$ 4,745</u>

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities as of June 30, 2025, are as follows (\$000s):

	<u>University</u>	<u>URO - Foundation</u>
Payable to vendors/suppliers	\$ 29,815	\$ 1,794
Accrued payroll	8,781	-
Current portion of noncurrent liabilities:		
Accrued interest	3,352	-
Performance contracts payable	3,554	-
Revenue bonds payable	9,594	-
Installment purchases	253	-
Notes and certificates of participation payable	65	-
Leases payable	745	-
Subscription-based IT arrangements	996	-
Total accounts payable and accrued liabilities	<u>\$ 57,155</u>	<u>\$ 1,794</u>

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**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, 2025, are as follows (\$000s):

Performance Contract	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Energy Infrastructure Improvement - Phase 10B	\$ 2,837	\$ -	\$ (908)	\$ 1,929	\$ 945
Energy Infrastructure Improvements - Refinance	3,151	-	(1,556)	1,595	1,595
Energy Infrastructure Improvements - Phase 11	3,561	-	(596)	2,965	618
Energy Infrastructure Improvements - Phase 11A	2,967	-	(383)	2,584	396
<b>Total</b>	<b>\$ 12,516</b>	<b>\$ -</b>	<b>\$ (3,443)</b>	<b>\$ 9,073</b>	<b>\$ 3,554</b>

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

Year Ending June 30,	Principal	Interest	Total
2026	\$ 3,554	\$ 283	\$ 3,837
2027	2,033	179	2,212
2028	1,087	112	1,199
2029	1,126	73	1,199
2030	806	33	839
2031	467	12	479
<b>Total</b>	<b>\$ 9,073</b>	<b>\$ 692</b>	<b>\$ 9,765</b>

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**7. PERFORMANCE CONTRACTS PAYABLE (Continued)**

Interest rates range from 2.48% to 4.03%. 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, 2025, are as follows (\$000s):

Balance, beginning of year	\$	20,912
Additions/(Deductions)		1,581
Balance, end of year		22,493
Less: current portion		(1,723)
Balance, end of year, noncurrent portion	\$	20,770

Amounts reported as current are based upon historical trends. The employer portion of Medicare taxes related to accrued compensated absences is \$326,000.

**9. UNEARNED REVENUE**

Unearned revenue represents amounts received from grant and contract sponsors that have not yet been earned. The change in balances as of and for the year ended June 30, 2025, are as follows (\$000s):

Balance, beginning of year	\$	5,561
Additions/(Deductions)		2,804
Balance, end of year	\$	8,365

**10. GOVERNMENT LOAN FUND ADVANCES**

Government loan fund advances represent money received from the federal government for student loan programs. The change in balances as of and for the year ended June 30, 2025, are as follows (\$000s):

Balance, beginning of year	\$	1,395
Additions/(Deductions)		(396)
Balance, end of year	\$	999

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**11. REVENUE BONDS PAYABLE**

Revenue bonds activity and outstanding as of and for the year ended June 30, 2025, 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)
<b>Revenue Bonds Payable - Direct Placement</b>							
Series 2020A	\$ 29,450	\$ -	\$ (1,353)	\$ 28,097	\$ 1,394	\$ 39,932	2.02%
Total Revenue Bonds Payable - Direct Placement	<u>29,450</u>	<u>-</u>	<u>(1,353)</u>	<u>28,097</u>	<u>1,394</u>	<u>39,932</u>	
<b>Revenue Bonds Payable - Other</b>							
Series 2020B	117,475	-	(4,610)	112,865	4,840	158,372	6.91%
Series 2021	99,035	-	-	99,035	3,360	142,697	2.96%
Total Revenue Bonds Payable - Other	<u>216,510</u>	<u>-</u>	<u>(4,610)</u>	<u>211,900</u>	<u>8,200</u>	<u>301,069</u>	
<b>Unamortized Premium - Other</b>							
Series 2020B	14,429	-	(1,847)	12,582			
Series 2021	14,482	-	(1,620)	12,862			
Total Unamortized Premium - Other	<u>28,911</u>	<u>-</u>	<u>(3,467)</u>	<u>25,444</u>			
Total	<u>\$ 274,871</u>	<u>\$ -</u>	<u>\$ (9,430)</u>	<u>\$ 265,441</u>	<u>\$ 9,594</u>	<u>\$ 341,001</u>	

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 SOFR Index 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, 2025 was 4.75%. The bonds mature at varying amounts through 2041. Interest payments are due semi-annually.

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 through 2041. Interest payments are due semi-annually.

In July 2021, the University issued \$99,035,000 of Auxiliary Facilities System Revenue Bonds (Series 2021) with interest rates ranging from 4.00% to 5.00%. The bonds mature at varying amounts through 2044. 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, Series 2020B, and Series 2021 bonds are further secured by a pledge of and lien on pledged tuition, which equaled \$121,930,000 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.

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**11. REVENUE BONDS PAYABLE (Continued)**

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
2026	\$ 1,394	\$ 1,317	\$ 2,711
2027	1,436	1,250	2,686
2028	1,479	1,182	2,661
2029	1,523	1,111	2,634
2030	1,569	1,038	2,607
2031-2035	8,579	4,019	12,598
2036-2040	9,945	1,841	11,786
2041	2,172	77	2,249
Total Revenue Bonds Payable - Direct Placement	<u>\$ 28,097</u>	<u>\$ 11,835</u>	<u>\$ 39,932</u>

Year Ending June 30,	Principal	Interest	Total
2026	\$ 8,200	\$ 9,201	\$ 17,401
2027	8,615	8,787	17,402
2028	9,050	8,351	17,401
2029	9,510	7,894	17,404
2030	9,995	7,413	17,408
2031-2035	57,840	29,193	87,033
2036-2040	71,400	15,672	87,072
2041-2044	37,290	2,658	39,948
Total Revenue Bonds Payable - Other	<u>\$ 211,900</u>	<u>\$ 89,169</u>	<u>\$ 301,069</u>

As a requirement of issuing certain revenue bonds, the University is subject to specific covenants, which includes the sum of net revenues, pledged fees and pledged tuition collected in each fiscal year to be at least two times the maximum annual debt service. The University monitors its compliance with these covenants.

**12. INSTALLMENT PURCHASES**

The assets recorded under installment purchase agreements have been capitalized at the present value of future installment purchase payments, measured at the inception date. These assets totaled \$842,000, net of accumulated depreciation of \$548,000, at June 30, 2025.

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**12. INSTALLMENT PURCHASES (Continued)**

Installment purchase activity and outstanding principal balances as of and for the year ended June 30, 2025, are as follows (\$000s):

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Ford Vehicles	\$ 101	\$ -	\$ (38)	\$ 63	\$ 25
HP Supercomputer	728	-	(220)	508	228
Net Present Value	<u>\$ 829</u>	<u>\$ -</u>	<u>\$ (258)</u>	<u>\$ 571</u>	<u>\$ 253</u>

Future minimum payments for the above assets under installment purchase agreements at June 30, 2025, on originally scheduled minimum payments and estimated interest are as follows (\$000s):

Year Ending June 30,	Principal	Interest	Total
2026	\$ 253	\$ 22	\$ 275
2027	253	13	266
2028	65	3	68
Total	<u>\$ 571</u>	<u>\$ 38</u>	<u>\$ 609</u>

**13. CERTIFICATES OF PARTICIPATION PAYABLE**

Certificates of participation and outstanding principal balances as of and for the year ended June 30, 2025, are as follows (\$000s):

Issue	Beginning Balance	Issued	Retired	Ending Balance	Current Portion
Certificates of Participation:					
Series 2014 - Capital Improvement Project	\$ 1,520	\$ -	\$ (1,455)	\$ 65	\$ 65
Series 2024 - Energy Savings Project	-	58,605	-	58,605	-
Total Certificate of Participation	<u>1,520</u>	<u>58,605</u>	<u>(1,455)</u>	<u>58,670</u>	<u>65</u>
Unamortized Debt Premium					
Series 2014 - Capital Improvement Project	190	-	(95)	95	
Series 2024 - Energy Savings Project	-	2,494	(83)	2,411	
Total Unamortized Premium	<u>190</u>	<u>2,494</u>	<u>(178)</u>	<u>2,506</u>	
Total	<u>\$ 1,710</u>	<u>\$ 61,099</u>	<u>\$ (1,633)</u>	<u>\$ 61,176</u>	<u>\$ 65</u>

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**13. CERTIFICATES OF PARTICIPATION PAYABLE (Continued)**

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 the 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.

Series 2024 – Energy Savings Project: On December 1, 2024, the University issued a Certificate of Participation (COP) in the amount of \$58,605,000 at a premium of \$2,494,000. The proceeds were used to finance and/or reimburse the costs of various energy conservation improvements related to heating and cooling systems, lighting and water system efficiency improvements across approximately 50 buildings located on the campus of Northern Illinois University. The Series 2024 COP is payable through installments commencing in 2025, for a period of 25 years. The interest rate is 4.25%-5.50%. The Series 2024 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):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 65	\$ 2,931	\$ 2,996
2027	-	2,930	2,930
2028	-	2,930	2,930
2029	995	2,930	3,925
2030	1,135	2,880	4,015
2031-2035	7,495	13,404	20,899
2036-2040	11,375	11,215	22,590
2041-2045	17,510	8,128	25,638
2046-2049	20,095	2,875	22,970
Total	<u>\$ 58,670</u>	<u>\$ 50,223</u>	<u>\$ 108,893</u>

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**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	\$	75,091
Restricted:		
Nonexpendable		127
Expendable:		
Auxiliary Facilities System		27,234
Endowments		13,303
Unrestricted		(40,559)
Total	\$	75,196

**URO-Foundation (\$000's):**

Net investment in capital assets	\$	4,745
Restricted:		
Nonexpendable		85,243
Expendable		100,518
Unrestricted		27,450
Total	\$	217,956

Net investment in capital assets represents 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.

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**14. NET POSITION (Continued)**

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

**15. TRANSACTIONS WITH COMPONENT UNITS**

During Fiscal Year 2025, 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 \$5,130,000 during Fiscal Year 2025. 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 \$188,000 of services during Fiscal Year 2025, of which \$39,000 was payable from the University at year-end.

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**16. LEASES**

In accordance with GASB Statement No. 87, *Leases*, the University's lessee activity is as follows:

The University has entered into various leases for office facilities, equipment, and communication towers. The University makes fixed lease payments on a monthly, quarterly, or annual basis depending on the lease terms. Right-to-use assets are reported in capital assets, net of accumulated depreciation on the statement of net position. See Note 5 for right-to-use lease assets and related accumulated depreciation.

The following is a summary of changes in leases payable, net as of and for the year ended June 30, 2025 (\$000s):

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Buildings	\$ 353	\$ -	\$ (273)	\$ 80	\$ 39
Equipment	2,535	-	(663)	1,872	690
Communication Towers	78	-	(27)	51	16
Net Present Value	<u>\$ 2,966</u>	<u>\$ -</u>	<u>\$ (963)</u>	<u>\$ 2,003</u>	<u>\$ 745</u>

Future minimum lease payments for leases payable, including future interest payments at June 30, 2025, were as follows (\$000s):

Year Ending June 30,	Total
2026	\$ 846
2027	716
2028	619
Total minimum lease payments	2,181
Less amounts representing Interest costs	(178)
<b>TOTAL</b>	<u><u>\$ 2,003</u></u>

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**16. LEASES (Continued)**

In accordance with GASB Statement No. 87, *Leases*, the University's lessor activity is as follows:

The University leases building space to various third parties. At June 30, 2025, the receivable balance was \$8,094,000. The current portion of \$400,000 is included in accounts receivable. The long-term portion of \$7,694,000 is included in noncurrent assets. The deferred inflow balance was \$8,011,000. The University recognized \$249,000 in lease revenue for the year ended June 30, 2025. Fixed lease payments were received on a monthly, quarterly, or annual basis depending on the lease terms.

The following table represents expected future minimum collections the University will receive under lessor lease arrangements:

Year Ending June 30,	Total
2026	\$ 722
2027	708
2028	635
2029	640
2030	655
2031-2035	3,447
2036-2040	3,782
2041-2045	415
Total minimum lease payments	11,004
Less amounts representing interest costs	(2,910)
Current portion	400
Long-term portion	7,694
TOTAL	\$ 8,094

**17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The University has entered into various SBITAs for software with terms lasting more than twelve months. The University's SBITAs include both academic and administrative technologies. The University did not have any variable payment SBITAs during Fiscal Year 2025. Subscription-Based Information Technology Arrangements are capitalized and amortized over the life of the arrangement. See Note 5 for SBITA assets and related accumulated amortization.

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**17. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS  
(Continued)**

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, the University's SBITA activity is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Subscription-Based IT Arrangements	\$ 2,393	\$ 1,176	\$ (1,425)	\$ 2,144	\$ 996
Net Present Value	\$ 2,393	\$ 1,176	\$ (1,425)	\$ 2,144	\$ 996

Obligations under SBITA payable, including future interest payments at June 30, 2025, were as follows (\$000s):

Year Ending June 30,	Principal	Interest
2026	\$ 996	\$ 129
2027	527	68
2028	414	36
2029	74	13
2030	42	8
2031-2035	91	9
Total minimum lease payments	\$ 2,144	\$ 263

**18. RETIREMENT PLAN**

**Defined Benefit Pension Plans**

**General Information about the Pension Plan**

*Plan Description.* The University contributes to the SURS, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, and provides retirement annuities and other benefits for staff members and employees of state universities and community colleges, 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's financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) 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](http://www.surs.org).

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**18. RETIREMENT PLAN (Continued)**

*Benefits Provided.* A traditional benefit plan was established in 1941. Public Act 90-0448 (effective January 1, 1998) established an alternative defined benefit program known as the portable benefit package. Tier 1 of the traditional and portable plan 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 began participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. 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 whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2024, can be found in the financial section of SURS ACFR.

*Contributions.* The State is primarily responsible for funding SURS 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 within SURS 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 2024 and 2025, respectively, was 12.53% and 11.98% 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 Outflows and Deferred Inflows of Resources Related to Defined Benefit Pensions**

*Net Pension Liability.* The net pension liability (NPL) was measured as of June 30, 2024. At June 30, 2024, SURS defined benefit plan reported a NPL of \$30,230,907,727.



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**18. RETIREMENT PLAN (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
2025	\$ 126,531,380
2026	756,545,086
2027	(49,545,529)
2028	(72,184,762)
2029	-
Thereafter	-
Total	\$ 761,346,175

**University Deferral of Fiscal Year 2025 Contributions**

The University paid \$1,902,793 in federal, trust or grant contributions to SURS defined benefit pension plan during the fiscal year ended June 30, 2025. These contributions were made subsequent to the pension liability measurement date of June 30, 2024, and are recognized as deferred outflows of resources as of June 30, 2025.

**Assumptions and Other Inputs**

*Actuarial assumptions.* The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the period from June 30, 2020, through June 30, 2023. The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15% to 15.00%, including inflation
Investment rate of return	6.50%

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

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**18. RETIREMENT PLAN (Continued)**

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return
<b>Traditional Growth</b>		
Global Public Equity	36.00%	7.13%
<b>Stabilized Growth</b>		
Core Real Assets	8.00%	5.06%
Public Credit Fixed Income	6.50%	4.10%
Private Credit	2.50%	7.36%
<b>Non-Traditional Growth</b>		
Private Equity	11.00%	10.92%
Non-Core Real Assets	4.00%	9.09%
<b>Inflation Sensitive</b>		
U.S. TIPS	5.00%	2.12%
<b>Principal Protection</b>		
Core Fixed Income	10.00%	1.34%
<b>Crisis Risk Offset</b>		
Systematic Trend Following	10.00%	2.90%
Alternative Risk Premia	3.00%	2.62%
Long Duration	2.00%	2.84%
Long Volatility/Tail Risk	2.00%	-1.22%
Total	100%	5.63%
Inflation		2.80%
Expected Arithmetic Return		8.43%

*Discount Rate.* A single discount rate of 6.35% 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 6.50% and a municipal bond rate of 3.97% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2024). 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 SURS 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.

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**18. RETIREMENT PLAN (Continued)**

*Sensitivity of SURS Net Pension Liability to Changes in the Discount Rate.* Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State’s NPL, calculated using a single discount rate of 6.35%, as well as what the State’s NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<b>5.35%</b>	<b>6.35%</b>	<b>7.35%</b>
\$36,700,168,358	\$30,230,907,727	\$24,839,790,537

Additional information regarding the SURS basic financial statements including the plan’s net position can be found in the SURS Annual Comprehensive Financial Report by accessing the website at [www.surs.org](http://www.surs.org).

**Defined Contribution Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The University contributes to the Retirement Savings Plan (RSP) administered by SURS, a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State makes substantially all required contributions on behalf of the participating employers. SURS was established July 21, 1941, and provides retirement annuities and other benefits for staff members and employees of state universities and community colleges, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. 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](http://www.surs.org). The RSP and its benefit terms were established and may be amended by the State’s General Assembly.

*Benefits Provided.* A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448, effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2024, can be found in SURS Annual Comprehensive Financial Report – Notes to the Financial Statements.

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**18. RETIREMENT PLAN (Continued)**

*Contributions.* All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from the “trust, federal, and other funds” as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State’s General Assembly.

*Forfeitures.* Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee’s RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee’s own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State’s contributions on behalf of individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State’s General Assembly.

**Pension Expense Related to Defined Contribution Pensions**

*Defined Contribution Pension Expense.* For the year ended June 30, 2024, the State’s contributions to the RSP on behalf of individual employers totaled \$96,741,887. Of this amount, \$89,857,115 was funded via an appropriation from the State and \$6,884,772 was funded from previously forfeited contributions.

*Employer Proportionate Share of Defined Contribution Pension Expense.* The employer proportionate share of collective defined contribution pension expense is recognized as non-operating revenue with matching operating expenses (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during Fiscal Year 2024. The University’s share of pensionable contributions was 4.9691%. As a result, the University recognized revenue and defined contribution pension expense of \$4,807,175 from this special funding situation during the year ended June 30, 2025, of which \$342,109 constituted forfeitures.

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**19. 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 18.

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 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 20 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.

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**19. POSTEMPLOYMENT BENEFITS (Continued)**

For Fiscal Year 2025, the annual cost of the basic program of group health, dental, and vision benefits before the State’s contribution was \$16,299 (\$9,068 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$16,799 (\$6,781 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.

*Special Funding Situation Portion of OPEB:* The proportionate share of the State’s OPEB expense relative to the University’s employees totaled (\$45,336,501) during the year ended June 30, 2025. 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, 2025.

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 year ended June 30, 2024, based on the June 30, 2023 actuarial valuation rolled forward:

	Measurement Date <u>June 30, 2024</u>
State of Illinois’ OPEB liability related to the University under the Special Funding Situation	\$ 436,340,046
SEGIP total OPEB liability	<u>20,206,593,585</u>
Proportionate share of the total OPEB liability	2.1594%

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**19. POSTEMPLOYMENT BENEFITS (Continued)**

**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, 2025, was measured as of the measurement date on June 30, 2024, with an actuarial valuation as of June 30, 2023, which was rolled forward to the measurement date. The University's portion of the OPEB liability was based on the University's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2024. The University's proportionate share of the total OPEB liability as of the June 30, 2024 measurement date is shown in the table below:

	Measurement Date <u>June 30, 2024</u>
University's OPEB liability	\$ 27,359,728
SEGIP total OPEB liability	<u>20,206,593,585</u>
Proportionate share of the total OPEB liability	0.1354%

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, 2024. As of the current year measurement date of June 30, 2024, the University's proportion decreased 0.0584% from its proportion measured as of the prior year measurement date of June 30, 2023.

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**19. POSTEMPLOYMENT BENEFITS (Continued)**

The University recognized OPEB expense for the year ended June 30, 2025, of \$2,089,255. At June 30, 2025, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2024, from the following sources:

<b>Deferred outflows of resources</b>		
Differences between expected and actual experience	\$	1,461,537
Changes in assumptions		1,276,432
Changes in proportion and differences between employer contributions and proportionate share of contributions		7,876,604
University contributions subsequent to the measurement date		<u>1,166,020</u>
<b>Total deferred outflows of resources</b>	<b>\$</b>	<b><u><u>11,780,593</u></u></b>
<b>Deferred inflows of resources</b>		
Differences between expected and actual experience	\$	3,344,763
Changes of assumptions		10,542,322
Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>2,263,017</u>
<b>Total deferred inflows of resources</b>	<b>\$</b>	<b><u><u>16,150,102</u></u></b>

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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Total Amount Recognized of Deferred Inflows and Outflows over the Remaining Service Life of All Employees</u>
2026	\$ (3,431,695)
2027	(2,663,771)
2028	179,975
2029	363,317
2030	<u>16,643</u>
Total	<b><u><u>\$ (5,535,531)</u></u></b>

*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, 2023 for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2023.

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**19. POSTEMPLOYMENT BENEFITS (Continued)**

The valuation date of June 30, 2023, below was rolled forward to June 30, 2024:

<b>Valuation Date</b>	June 30, 2023
<b>Measurement Date</b>	June 30, 2024
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial assumption: Inflation Rate</b>	2.25%
<b>Projected Salary Increases*</b>	2.50% - 12.75%

**Healthcare Cost Trend Rate:**

Medical and RX (QCHP**)	10.02% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 4.25% in year 2041.
Medical and RX (MAPD***)	Based on actual increase in 2025, 15.00% from 2026 through 2030, 7.00% in 2031 decreasing ratably to an ultimate trend of 4.25% in 2041.
Retiree Premium (QCHP)	16.84% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate trend of 4.25% in year 2041.
Retiree Premium (MAPD)	Based on actual increase in 2025, 15.00% from 2026 through 2030, 7.00% in 2031 decreasing ratably to an ultimate trend of 4.25% in 2041.
<b>Retirees' share of benefit-related costs</b>	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5% for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100% of the required dependent premium. Premiums for plan year 2024 and 2025 are based on actual premiums. Premiums after 2025 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:

**Healthcare Cost Trend Rate:**

Medical and RX (QCHP**)	9.63% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040.
Medical and RX (MAPD**)	0% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate trend of 4.25% in 2040.
Retiree Premium (QCHP)	8.04% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040.
Retiree Premium (MAPD)	0% from 2024 to 2028, 19.42% from 2029 to 2033, 5.75% in 2034 decreasing ratably to an ultimate trend of 4.25% in 2040.

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

\*\*Quality Care Health Plan

\*\*\*Medicare Advantage Prescription Drug

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**19. POSTEMPLOYMENT BENEFITS (Continued)**

Since the last measurement date on June 30, 2023, 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, 2023, for GARS, JRS, SERS, TRS, and SURS as follows:

	<b>Retirement age experience study<sup>^</sup></b>	<b>Mortality<sup>^^</sup></b>
<b>GARS</b>	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional generational mortality improvements scales
<b>JRS</b>	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional generational mortality improvements scales
<b>SERS</b>	July 2018 - June 2021	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
<b>TRS</b>	July 2017 - June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
<b>SURS</b>	July 2017 - June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General Employees table was used for Non-Academic members

<sup>^</sup> The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

<sup>^^</sup> 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, 2023, 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, 2024, 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 3.86% at June 30, 2023 and 3.97% at June 30, 2024 was used to measure the total OPEB liability.

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**19. 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, calculated using a Single Discount Rate of 3.97%, as well as what the University's proportionate share of the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.97%) or lower (2.97%) than the current rate.

	<b>1% Decrease (2.97%)</b>	<b>Current Single Discount Rate Assumption (3.97%)</b>	<b>1% Increase (4.97%)</b>
Total OPEB liability	\$ 30,305,053	\$ 27,359,728	\$ 24,831,567

*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 percent point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2026 decreasing to an ultimate trend rate of 4.25% in 2041. A one percentage point decrease in healthcare trend rates are 7.00% in plan year end 2026 decreasing to an ultimate trend rate of 3.25% in plan year end 2041. A one percentage point increase in healthcare trend rates are 9.00% in plan year end 2026 decreasing to an ultimate trend rate of 5.25% in plan year 2041:

	<b>1% Decrease** (7.00%)</b>	<b>Healthcare Cost Trend Rates* (8.00%)</b>	<b>1% Increase*** (9.00%)</b>
Total OPEB liability	\$ 24,251,598	\$ 27,359,728	\$ 31,136,804

\* Current healthcare trend rates - Pre-Medicare per capita costs: 10.02% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 15.00% from 2026 to 2030, 7.00% in 2031 decreasing ratably to an ultimate trend rate of 4.25% in 2041.

\*\* One percentage point decrease in current healthcare trend rates - Pre-Medicare per capita costs: 9.02% in 2025, 7.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2041. Post-Medicare per capita costs: Based on actual increases in 2025, 14.00% from 2026 to 2030, 6.00% in 2031 decreasing ratably to an ultimate trend rate of 3.25% in 2041.

\*\*\* One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 11.02% in 2025, 9.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 16.00% from 2026 to 2030, 8.00% in 2031 decreasing ratably to an ultimate trend rate of 5.25% in 2041.

*Total OPEB Liability Associated with the University, Regardless of Funding Source:* The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation the University is not required to record, and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds. The following chart displays the proportionate share of contributions, regardless of funding

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**19. POSTEMPLOYMENT BENEFITS (Continued)**

source, associated with the University's employees relative to all employer contributions during the years ended June 30, 2024, based on the June 30, 2023 actuarial valuation rolled forward:

	Measurement Date June 30, 2024
State of Illinois' OPEB liability related to the University under the Special Funding Situation	\$ 436,340,046
University's OPEB liability	27,359,728
Total OPEB liability associated with the University	463,699,774
SEGIP total OPEB liability	20,206,593,585
Proportionate share of the OPEB liability associated with the University	2.2948%

**20. OPERATING EXPENSES BY NATURAL CLASSIFICATION**

Operating expenses by natural classification for the year ended June 30, 2025, are summarized as follows (\$000s):

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
<b>University</b>					
Instruction	\$ 160,015	\$ 16,223	\$ -	\$ -	\$ 176,238
Research	19,429	6,840	-	-	26,269
Public service	30,456	7,373	-	-	37,829
Academic support	33,422	8,795	-	-	42,217
Student services	15,957	6,915	-	-	22,872
O&M	10,131	17,886	-	-	28,017
Depreciation and amortization	-	-	-	27,644	27,644
Inst. support	43,088	14,213	-	-	57,301
Scholarships and fellowships	-	-	14,546	-	14,546
Auxiliary enterprises	64,092	24,738	-	-	88,830
Total	\$ 376,590	\$ 102,983	\$ 14,546	\$ 27,644	\$ 521,763

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**21. 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. Additionally, the University purchases property insurance coverage for the replacement value of University real property and, in certain instances, contents. Settled liability claims have not exceeded commercial coverage limits in any of the three preceding years, though there have been sustained and paid losses under the property insurance policy.

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.

**22. COMMITMENTS AND CONTINGENCIES**

At June 30, 2025, the University had commitments on various services, products, grants, projects, and contracts for repairs and renovations of facilities of approximately \$21.5 million.

**Grants and Contracts**

The University receives funding from federal and state government agencies under grants and contracts for research and other activities. The funds cover both direct and indirect costs charged to these grants and contracts and 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.

The University received notifications from various federal agencies indicating certain grant and contract awards were cancelled, suspended, or made ineligible for continued funding due to changes in federal laws, regulations, and Executive Orders enacted since January 2025. Additionally, the University's indirect cost rate included in new grants and contracts entered into with various federal agencies may be impacted by ongoing legal proceedings, which attempted to limit the indirect cost rate to 15%. In April 2025, a federal judge permanently barred the indirect cost rate from being limited to 15%. Certain federal agencies filed a Notice of

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**22. COMMITMENTS AND CONTINGENCIES (Continued)**

Appeal to overturn the district court's ruling. As of the date of this report, the courts have not ruled on the appeal. Management is actively monitoring the situation and will continue to assess the potential impact.

**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.

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**23. 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, 2025 (\$000s):

	<u>Foundation</u>	<u>Northern IL Research Foundation</u>	<u>Combined Totals</u>
<b>Condensed Statement of Net Position</b>			
<b>ASSETS:</b>			
Current assets			
Cash and cash equivalents	\$ 14,139	\$ 82	\$ 14,221
Accounts receivable	11,438	38	11,476
Other current assets	2,171	1	2,172
Noncurrent assets			
Capital assets, net of accumulated depreciation	4,745	-	4,745
Investments administered by NIU Foundation	181,541	-	181,541
Other noncurrent assets	21,423	-	21,423
<b>TOTAL ASSETS</b>	<u><u>\$ 235,457</u></u>	<u><u>\$ 121</u></u>	<u><u>\$ 235,578</u></u>
<b>LIABILITIES:</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 1,794	\$ 18	\$ 1,812
Due to NIU	2,404	-	2,404
Noncurrent liabilities			
Due to NIU	13,303	-	13,303
Unearned revenue and grants	-	12	12
<b>TOTAL LIABILITIES</b>	<u><u>\$ 17,501</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ 17,531</u></u>
<b>NET POSITION:</b>			
Invested in capital assets	\$ 4,745	\$ -	\$ 4,745
Restricted			
Nonexpendable	85,243	-	85,243
Expendable	100,518	-	100,518
Unrestricted	27,450	91	27,541
Total net position	217,956	91	218,047
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 235,457</u></u>	<u><u>\$ 121</u></u>	<u><u>\$ 235,578</u></u>
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>			
Operating revenues	\$ 57,036	\$ 267	\$ 57,303
Operating expenses	23,185	262	23,447
Operating gain (loss)	33,851	5	33,856
Nonoperating revenue	17,640	-	17,640
Gifts and contributions	-	-	-
Increase (decrease) in net position	51,491	5	51,496
Net position, beginning of year	166,465	86	166,551
Net position, end of year	<u><u>\$ 217,956</u></u>	<u><u>\$ 91</u></u>	<u><u>\$ 218,047</u></u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**24. OTHER NONOPERATING REVENUES – Illinois Fiber Resources Group, NFP**

Illinois Fiber Resources Group, NFP (iFiber) was established in 2011 to build, support and maintain infrastructure for the provision of high-speed internet to certain areas located in the State of Illinois and to provide high-speed internet services to certain governmental and not-for-profit entities and members of the public. The University, along with three other governmental entities, participates in the governance of iFiber. On November 14, 2023, the iFiber Board of Directors approved the sale of substantially all of iFiber’s assets to a third-party commercial provider. The proposed sale was approved by U.S. Department of Commerce on May 28, 2024. As part of that approval, the U.S. Department of Commerce authorized the distribution of the proceeds among the four participating governmental entities.

During the year ended June 30, 2025, the University received \$8,687,784 from iFiber. As the distribution represented a nonrecurring transaction and no further eligibility requirements existed upon receipt, the proceeds were recognized as other nonoperating revenues in the accompanying financial statements.

## **Required Supplementary Information**

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**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 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
(a) Proportion percentage of the collective net pension liability	0.00%	0.00%	0.00%	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	<u>\$ 1,127,667</u>	<u>\$ 1,096,235</u>	<u>\$ 1,088,843</u>	<u>\$ 1,113,510</u>	<u>\$ 1,199,705</u>	<u>\$ 1,137,286</u>	<u>\$ 1,115,729</u>	<u>\$ 1,075,201</u>	<u>\$ 1,096,228</u>	<u>\$ 1,016,084</u>
Total (b) + (c)	<u>\$ 1,127,667</u>	<u>\$ 1,096,235</u>	<u>\$ 1,088,843</u>	<u>\$ 1,113,510</u>	<u>\$ 1,199,705</u>	<u>\$ 1,137,286</u>	<u>\$ 1,115,729</u>	<u>\$ 1,075,201</u>	<u>\$ 1,096,228</u>	<u>\$ 1,016,084</u>
Employer defined benefit covered-employee payroll	\$ 161,824	\$ 148,732	\$ 141,650	\$ 139,257	\$ 145,347	\$ 142,898	\$ 144,789	\$ 148,710	\$ 152,243	\$ 154,994
Proportion of collective net pension liability associated with employer as a percentage of covered-employee payroll	697%	737%	769%	800%	825%	796%	771%	723%	720%	656%
SURS plan net position as a percentage of total pension liability	44.60%	44.06%	43.65%	45.45%	39.05%	40.71%	41.72%	42.04%	39.57%	42.37%

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of University Contributions for Pensions**

**Last 10 Fiscal Years (000's)**

	Fiscal Year 2025	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Federal, trust, grant and other contribution	\$ 1,917	\$ 1,866	\$ 1,739	\$ 1,486	\$ 1,365	\$ 1,330	\$ 1,194	\$ 1,204	\$ 1,163	\$ 1,029
Contribution in relation to required contribution	1,917	1,866	1,739	1,486	1,365	1,330	1,194	1,204	1,163	1,029
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer covered payroll	\$ 167,377	\$ 161,824	\$ 148,732	\$ 141,650	\$ 139,257	\$ 145,347	\$ 142,898	\$ 144,789	\$ 148,710	\$ 152,243
Contributions as a percentage of covered-employee payroll	1.15%	1.15%	1.17%	1.05%	0.98%	0.92%	0.84%	0.83%	0.78%	0.68%

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**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 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Proportion percentage of the collective total OPEB liability	0.14%	0.14%	0.13%	0.12%	0.10%	0.10%	0.11%	0.12%
Proportion amount of the collective total OPEB liability	\$ 27,360	\$ 24,766	\$ 21,606	\$ 40,299	\$ 41,923	\$ 44,030	\$ 42,419	\$ 49,837
Estimated proportionate amount of collective total OPEB liability associated with the University - State supported portion	436,340	389,582	381,731	727,158	811,550	921,753	893,354	1,358,810
Total	<u>\$ 463,700</u>	<u>\$ 414,348</u>	<u>\$ 403,337</u>	<u>\$ 767,457</u>	<u>\$ 853,473</u>	<u>\$ 965,783</u>	<u>\$ 935,773</u>	<u>\$ 1,408,647</u>
Employer defined benefit covered-employee payroll	\$ 161,824	\$ 148,732	\$ 141,650	\$ 139,257	\$ 145,347	\$ 142,898	\$ 144,789	\$ 148,710
Proportion of collective total OPEB liability as a percentage of covered-employee payroll	16.91%	16.65%	15.25%	28.94%	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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Notes to Required Supplementary Information**

These pension schedules are presented to illustrate the requirements of the GASB Statement No. 68 to show information for 10 years.

*Changes of benefit terms.* Public Act 103-0548, effective August 11, 2023, made changes to the calculation of service and eliminated the part-time adjustment for participants on or after September 1, 2024. This change was first reflected in the Total Pension Liability as of June 30, 2024.

*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, 2020 to June 30, 2023, was performed in Spring 2024, resulting in the adoption of new assumptions as of June 30, 2024. These assumptions are listed below.

- *Salary increase.* The overall assumed rates of salary increase range from 3.15% to 15.00% based on years of service, with an underlying wage inflation rate of 2.40%. Separate rates of increase are assumed for members in academic and non-academic positions.
- *Investment Return.* The investment return is assumed to be 6.50%. This reflects an assumed real rate of return to 4.10% and assumed price inflation of 2.40%.
- *Effective rate of interest.* The long-term assumption for the effective rate of interest for crediting the money purchase accounts is 7.00%.
- *Normal retirement rates.* Separate rates are assumed for members in academic positions, non-academic positions, and public safety positions. Rates are generally highest for public safety positions and lowest for academic positions.
- *Early retirement rates.* Separate rates are assumed for members in academic positions and non-academic positions. Rates are generally higher for non-academic positions.
- *Turnover rates.* Assumed rates maintain the pattern of decreasing termination rates as years of service increase, with separate rates for academic and non-academic positions.
- *Mortality rates.* Use of Pub-2010 mortality tables reflects its high applicability to public pensions. The projection scale utilized is the MP-2021 scale, with separate rates for academic, non-academic, and public safety members.
- *Disability rates.* Separate rates are assumed for members in academic positions, non-academic positions and public safety positions, as well as for males and females. Public safety disability incidence is assumed to be 50% line-of-duty related and 50% ordinary.
- *Plan election.* For non-academic members, assumed plan election rates are 75% for Tier 2 and 25% for Retirement Saving Plan (RSP). For new academic members, assumed plan election rates are 55% for Tier 2 and 45% for RSP.
- *Cost of living adjustment.* Annual annuity increases are assumed to be 3% for Tier 1 members and 1.2% for Tier 2 members.

## **Supplementary Information**

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**SUPPLEMENTARY INFORMATION**

STATE OF ILLINOIS  
NORTHERN ILLINOIS UNIVERSITY  
TABLE OF OPERATING EXPENSES  
For the Year Ended June 30, 2025

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	Other Expenses	Total Operating Expenses
	Northern Illinois University's Expenses				State of Illinois' Expenses						
	Salaries <sup>1</sup>	Benefits <sup>2</sup>	OPEB <sup>3</sup>	Sub-Total	Benefits <sup>2</sup>	OPEB <sup>3</sup>	Pension	Sub-Total			
Educational and general:											
Instruction	\$ 117,863	\$ 7,079	\$ (1,545)	\$ 123,397	\$ -	\$ 212	\$ 36,406	\$ 36,618	\$ 160,015	\$ 16,223	\$ 176,238
Research	15,746	1,539	(92)	17,193	-	13	2,223	2,236	19,429	6,840	26,269
Public service	22,622	5,523	(100)	28,045	-	14	2,397	2,411	30,456	7,373	37,829
Academic support	24,757	1,107	(347)	25,517	-	48	7,857	7,905	33,422	8,795	42,217
Student services	12,093	706	(135)	12,664	-	19	3,274	3,293	15,957	6,915	22,872
Operation and maintenance of plant	7,463	149	(111)	7,501	-	15	2,615	2,630	10,131	17,886	28,017
Depreciation	-	-	-	-	-	-	-	-	-	27,644	27,644
Institutional support	32,129	873	(460)	32,542	-	63	10,483	10,546	43,088	14,213	57,301
Scholarships and fellowships	-	-	-	-	-	-	-	-	-	14,546	14,546
Auxiliary enterprises	46,819	3,770	(595)	49,994	-	81	14,017	14,098	64,092	24,738	88,830
Total	\$ 279,492	\$ 20,746	\$ (3,385)	\$ 296,853	\$ -	\$ 465	\$ 79,272	\$ 79,737	\$ 376,590	\$ 145,173	\$ 521,763

<sup>1</sup> Salaries includes employer contributions for Social Security, Medicare, and unemployment.

<sup>2</sup> Benefits includes certain group insurance costs, such as healthcare and life insurance.

<sup>3</sup> OPEB refers to other postemployment benefits.