



# Northern Illinois University

## **Audited Financial Statements and Financial Results for the Year Ended June 30, 2018 (University Only)**

**Finance, Audit, Compliance, Facilities  
and Operations Committee**  
May 9, 2019

# FY18 Audited Financial Results



- Received “Unqualified” audit opinion (best outcome)
- Net position decreased by \$2.5 million
- Focus on adjusted net working capital
- Summary of long-term debt position
- Progress towards continued commitment to transparency

# 2018 Change in Net Position Summary



The following comparative summary illustrates the lingering impact of a two-year State budget impasse and the declining tuition revenue on net position:

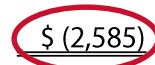
	2018 (\$000's)	2017 (\$000's)	\$ change	% change
<u>Operating Activities:</u>				
Tuition and fees, net	\$ 104,152	\$ 127,256	\$ (23,104)	-18.2%
Net revenues	147,271	148,312	(1,041)	-0.7%
Net expenses	<u>(582,957)</u>	<u>(559,239)</u>	23,718	4.2%
Operating loss	\$ (331,534)	\$ (283,671)	\$ (47,863)	-16.9%
<u>Nonoperating &amp; Other Activities:</u>				
State appropriation – general	\$ 124,806	\$ 48,316	\$ 76,490	158.3%
State appropriation - on behalf payments	183,539	179,204	4,335	2.4%
Net other revenues (expenses)	52,605	17,940	34,665	193.2%
Other revenues	9,297	7,810	1,487	19.0%
Nonoperating & Other Revenues	<u>\$ 370,247</u>	<u>\$ 253,270</u>	<u>\$ 116,977</u>	<u>46.19%</u>
Increase (Decrease) in net position	\$ 38,713	\$ (30,401)	\$ 69,114	227.3%
Net Position, Beginning of Year	\$ 194,837	\$ 225,238	\$ (30,401)	-13.5%
Change in accounting principle (OPEB)	(44,390)	-	(44,390)	
Restatement for gift agreements	3,092	-	3,092	
Net Position, Beginning of Year, as restated	<u>\$ 153,539</u>	<u>\$ 225,238</u>	<u>\$ (71,699)</u>	<u>-31.8%</u>
Net Position, End of Year	<u>\$ 192,252</u>	<u>\$ 194,837</u>	<u>\$ (2,585)</u>	<u>-1.3%</u>

# 2018 Statement of Net Position Summary



A high level summary comparison of the University's assets, liabilities and net position at June 30, 2018 and June 30, 2017:

	2018 (\$000's)	2017 (\$000's)	\$ change	% change
Current Assets:				
Cash and investments	75,802	8,401	67,401	802.3%
Restricted cash and investments	45,402	14,775	30,627	207.3%
Other current assets	30,555	50,094	(19,539)	-39.0%
Noncurrent Assets:				
Cash and investments	-	2,991	(2,991)	-100.0%
Restricted cash and investments	63,880	92,888	(29,008)	-31.2%
Other assets	449,857	460,034	(10,177)	-2.2%
<b>Total Assets</b>	<b>\$ 665,496</b>	<b>\$ 629,183</b>	<b>\$ 36,313</b>	<b>5.8%</b>
 Deferred Outflows of Resources	 \$8,564	 \$1,894	 \$6,670	 352.2%
Current liabilities	63,376	62,208	1,168	1.9%
Noncurrent liabilities	413,700	374,032	39,668	10.6%
<b>Total Liabilities</b>	<b>\$ 477,076</b>	<b>\$ 436,240</b>	<b>\$ 40,836</b>	<b>9.4%</b>
 Deferred Inflows of Resources	 \$4,732	 -	 \$4,732	 100.0%
 <b>Net Position</b>	 <b>\$ 192,252</b>	 <b>\$ 194,837</b>	 <b>\$ (2,585)</b>	 <b>-1.3%</b>



# 2018 Working Capital Focus



Working capital is one common measure of liquidity, and measures an organization's ability to meet its short-term obligations. A comparative summary of adjusted working capital follows:

	2018 (\$000's)	2017 (\$000's)	\$ change
Working Capital:			
Current Assets	\$ 151,759	\$ 73,270	\$ 78,489
Current Liabilities	<u>\$ 63,376</u>	<u>\$ 62,208</u>	<u>\$ (1,168)</u>
Total	\$ 88,383	\$ 11,062	\$ 77,321
Adjustments:			
Current Restricted Cash & Investments	\$ (45,402)	\$ (14,775)	\$ (30,627)
Noncurrent Cash & Investments	<u>\$ -</u>	<u>\$ 2,991</u>	<u>\$ (2,991)</u>
Total Adjustments:	\$ (45,402)	\$ (11,784)	\$ (33,618)
Adjusted Working Capital	42,981	\$ (722)	43,703
Adjusted Working Capital Ratio (adjusted current assets/current liabilities)	<u>1.68</u>	-0.99	2.67

***A good working capital is considered anything between 1.2 and 2.0.***

# Long-term Debt Position



The following table provides a summary of the University's debt obligations, including performance contracts, notes and revenue bonds, and capital leases for the past five years (excludes new Other Post-Employment Benefits liability) :

	*FY19	FY18	FY17	FY16	FY15
	(\$000's)	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Debt obligation payable, beginning of year	\$351,752	\$359,365	\$369,796	\$372,608	\$380,244
Current year changes:					
New borrowing	-	\$ 2,527	-	\$ 5,600	-
Principal repayment	\$ (10,502)	\$ (9,973)	\$ (10,264)	\$ (9,346)	\$ (7,926)
Change in unamortized bond (premium) discount	\$ (167)	\$ (167)	\$ (167)	\$ 934	\$ 290
Net change	\$ (10,669)	\$ (7,613)	\$ (10,431)	\$ (2,812)	\$ (7,636)
Debt obligation payable, end of year	<u>\$341,083</u>	<u>\$351,752</u>	<u>\$359,365</u>	<u>\$369,796</u>	<u>\$372,608</u>

\* FY19 amounts are unaudited

# Progress Towards Continued Commitment to Transparency



√ Completed reconciliation from FY18 budget results to FY18 audited financials

√ Reviewed FY18 budget results to FY18 audited financials to test assumptions

√ Applied assumptions and assessed impact to the FY19 budget to project year end results.

√ Applied assumptions to inform FY20 budget build process

- Improved Management Reporting
  - ✓ Quarterly budget analysis and GAAP reconciliation
  - Consideration of quarterly dashboard of financial KPIs on a full GAAP basis beginning Q1 – FY2020