



A public university governed by the
Board of Regents, State of Iowa

An enterprise fund of the State of Iowa

2013-2014 Comprehensive Annual Financial Report

For the fiscal years ended
June 30, 2014 and June 30, 2013



A public university
governed by the
Board of Regents,
State of Iowa

An Enterprise Fund
of the State of Iowa

2013-2014 Comprehensive Annual Financial Report

For the fiscal years ended June 30, 2014
and June 30, 2013

Prepared by:
Financial Accounting
and Reporting Services

Table of Contents

	Page
Introductory	
Letter of Transmittal.....	1-7
Certificate of Achievement.....	9
The Governing Board.....	10
Administrative Organizational Chart.....	11
Financial	
Independent Auditor's Report	13-15
Management's Discussion and Analysis	17-29
Financial Statements	
University Statement of Net Position.....	31
Foundation Combined Statements of Financial Position.....	32
University Statement of Revenues, Expenses and Changes in Net Position.....	33
Foundation Combined Statements of Activities.....	34-35
University Statement of Cash Flows.....	36-37
Notes to Financial Statements.....	38-76
Required Supplementary Information	77
Statistical	
Statistical Section Contents	79
Financial Trends	Schedule
Higher Education Price Index (HEPI)/Full Year FTE.....	1 81
Change in Net Position/Net Position by Classification.....	2 82
Revenues.....	3 83
Expenses.....	4 84
Revenue Capacity	
Tuition & Fees per Full Time Equivalent (FTE) Student/Tuition & Fees Rates	5 85
State Appropriations/Capital Appropriations.....	6 86
Debt Capacity	
Outstanding Debt per Full Time Equivalent (FTE) Student.....	7 87
Revenue Bond Coverage.....	8 88-89
Demographic and Economic Information	
State of Iowa-Total Personal Income, Population, Per Capita Personal Income, Unemployment Percentage.....	9 90
State of Iowa Principal Non-Governmental Employers.....	10 91
Operating Information	
Full Time Employees and Faculty Data.....	11 92
Enrollment and Freshman Class Data.....	12 93
Degrees Granted.....	13 94
Cost per Full Time Equivalent (FTE) Student.....	14 95
Scholarships & Fellowships per Full Time Equivalent (FTE) Student.....	15 96
Capital Assets by Major Class Less Accumulated Depreciation.....	16 97
Enrollment Projections (Headcount Basis).....	17 98
Acknowledgements	99



2013-2014
Introductory Section



December 8, 2014

To President Ruud,
Members of the Board of Regents, State of Iowa,
and Citizens of the State of Iowa

In accordance with Code of Iowa Sections 262.23 and 262.25, we are pleased to submit the Comprehensive Annual Financial Report of the University of Northern Iowa for the year ended June 30, 2014. The audit opinion letter of the Auditor of State appears in the Financial Section and expresses an unmodified opinion on the University's financial statements.

Responsibility for the accuracy of the information and for the completeness and fairness of its presentation, including all disclosures, rests with the management of the University. We believe the information presented is accurate in all material respects and necessary disclosures have been made which enable the reader to obtain an understanding of the University's financial activity.

This report has been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for governmental colleges and universities as promulgated by the Governmental Accounting Standards Board (GASB). See accompanying Notes to Financial Statements for a full disclosure of the accounting principles observed.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE UNIVERSITY

Description of the Institution. The University of Northern Iowa serves Iowa through a tripartite mission of education, research and service. The University of Northern Iowa has served Iowa continuously for 137 years. Founded in 1876 as Iowa State Normal School, the School became Iowa State Teacher's College in 1909 and State College of Iowa in 1961. In 1967, the College achieved full university status and was renamed the University of Northern Iowa.

The University of Northern Iowa is a comprehensive university with 11,928 students and 1,861 full-time faculty and staff. Eighty-eight percent of the students are from the State of Iowa. The student body represents 97 counties in Iowa, 47 states and 63 foreign countries.

The University of Northern Iowa provides transformative learning experiences that inspire students to embrace challenge, engage in critical inquiry and creative thought and contribute to society. It is committed to being an intellectually and culturally diverse community. The University focuses both on undergraduate education and on selected master's, doctoral and other graduate programs. It is characterized by excellence in three areas: teaching and learning; research, scholarship and creative work; and service. Through its varied endeavors, UNI shares its expertise with, and provides service to individuals, communities, and organizations throughout the state, the nation and the world. Building on its traditional strength in teacher education, the University of Northern Iowa offers nationally recognized programs in its colleges of Business Administration; Education; Humanities, Arts and Sciences; Social and Behavioral Sciences; and Graduate College.

The University is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. Individual programs are accredited by several national accrediting agencies. The University is a member of the American Association of State Colleges and Universities (AASCU), the American Association of Colleges for Teacher Education (AACTE) and the Council of Graduate Schools in the United States.

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook for 2014-2015

Real Gross Domestic Product (GDP) quarter-over-quarter growth has remained sluggish since the end of the recession in June 2009. Real GDP was 1.6% in 2011, 2.3% in 2012 and 2.2% in 2013. The rate of growth was -2.1%, 4.6% and 3.9% during the first three quarters for 2014. The Wells Fargo Economics Group predicts Real GDP growth will be 1.6% for the fourth quarter of 2014, 2.7% during 2015 and 3.0% during 2016.

Employment had been on a decline in the United States starting in calendar year 2007 when only 1.1 million new jobs were created. Job losses were experienced in 2008, with 3.6 million jobs lost. In 2009, an additional 5.1 million jobs were lost. Job growth was very slow in 2010 with only 1.0 million jobs added. Job growth continued at a slow pace in 2011 with 2.1 million jobs added, in 2012 with 2.2 million jobs added and in 2013 with 2.3 million jobs added. The pace of job growth increased in 2014 with 2.3 million jobs added during the first ten months of the year.

The official unemployment rate, U-3, has fallen since the end of the recession. Unfortunately, a large portion of the jobs created over the past four years have been part-time. Unemployment was 8.1% in 2012, 7.4% in 2013 and 6.7%, 6.2% and 6.1% during the first three quarters of 2014. The Wells Fargo Economics Group predicts unemployment will average 5.8% for the fourth quarter of 2014, 5.6% in 2015 and 5.2% in 2016. U-3 declined from 7.0% in October 2013 to 5.8% in October 2014. U-6, which includes the total unemployed, plus all persons marginally attached to the labor force, plus total employed part-time for economic reasons, as a percent of the civilian labor force, plus all persons marginally attached to the labor force, declined from 13.2% in October 2013 to 11.5% in October 2014.

Inflation remains controlled. The Consumer Price Index was 1.4%, 2.1% and 1.8% during the first three quarters of 2014. The "Core" Consumer Price Index, which excludes food and energy, was 1.6%, 1.9% and 1.8% for the same time period. The Wells Fargo Economics Group predicts core inflation will continue to be modest, averaging 1.9% in 2015 and 2.1% in 2016.

Housing starts have added strength to the economy. Housing starts increased each year following the recession, but they are much lower than pre-recession levels. Housing starts were 0.93 million, 0.99 million and 1.02 million units during the first three quarters of 2014. The Wells Fargo Economics Group predicts housing starts will average 1.01 million in 2014 and increase to 1.16 million units in 2015 and 1.26 million units in 2016.

The auto industry is also adding strength to the economy. Light vehicle sales have increased each year following the recession, but the growth of light vehicles is close to peaking. Light vehicle sales were 15.7 million units, 16.5 million units and 16.7 million units during the first three quarters of 2014. The Wells Fargo Economics Group predicts light vehicle sales will average 16.4 million units for 2014 and increase to 17.1 million units in both 2015 and 2016.

Interest rates have remained exceptionally low since the fourth quarter of 2008. The Federal Reserve Bank recently discontinued its quantitative easing program, which appears to have created volatility in the capital markets. The prime rate has been at 3.25% and the Federal Funds Target Rate has been at 0.0% to 0.25% since the fourth quarter of 2008. The Wells Fargo Economics Group predicts both will remain at those levels through the first quarter of 2015 and then increase. Mortgages averaged 3.66% in 2012 and 3.98% in 2013. During the first three quarters of 2014, the rate was 4.34%, 4.16% and 4.16%. The Wells Fargo Economics Group predicts the conventional mortgage rate will be 4.26% during the fourth quarter of 2014 and increase to 4.46% in 2015 and 5.32% in 2016. The Wells Fargo Economics Group predicts steep increases in interest rates on Treasury securities in 2015 and in 2016.

State and Local Economy

Introduction. Iowa's economy is supported by a diverse mix of agricultural, manufacturing, trade, service and governmental employment. During the past ten years, manufacturing decreased from 20.7% to 17.1% of the state's GDP. Wholesale and retail trade decreased from 12.1% to 11.7%, government decreased from 11.9% to 11.2%, finance and insurance decreased from 11.2% to 10.2% and real estate, rental and leasing increased from 10.1% to 10.4%. Agriculture became more significant, increasing from 3.8% to 9.7% of the state's GDP.

Agriculture. According to Iowa Agriculture Quick Facts for 2013, there were 88,500 farms in the state comprising 30.6 million acres. The average farm size was 346 acres and the average dollar value per acre was \$8,716. Corn production was 2.16 billion bushels, soybean production was 421 million bushels, oats production was 4.0 million bushels, hay production was 3.75 million tons, wheat production was 2.2 million bushels, total annual cattle and calves marketed were 3.85 million head, total annual hogs marketed were 41.1 million head, milk production was 4.61 billion pounds and total annual egg production was 14.5 billion eggs. The 2013 production values of corn were \$9.94 billion, soybeans were \$5.3 billion, cattle and calves were \$3.8 billion, hogs were \$7.0 billion, dairy products were \$944.2 million, eggs were \$990.5 million, hay and haylage were \$705.8 million, oats were \$15.0 million and wheat was \$12.3 million.

Farmland Values. According to The Agricultural Newsletter published by the Federal Reserve Bank of Chicago, the annual percentage change in the dollar value of "good" Iowa farmland was -1% in 2013-14, 18% in 2012-13, 24% in 2011-12, 20% in 2010-11, 8% in 2009-10 and -5% in 2008-09. Location was a major factor for land values this year, with regional price increases varying from a low of -4% to a high of 3%. Iowa was the only state in the Fed's Seventh District that experienced a year-over-year decline in agricultural land values. The last time there was a decrease in agricultural land values was in 2009. The recent decrease in land values is attributed to lower commodity prices. From second quarter 2013 to second quarter 2014, corn prices were down 34% and soybean prices were down 2.9%. During the period July 1 to September 30, 2014, Iowa farmland declined an additional 6% in value. It was the sentiment of agricultural lenders that Iowa farm prices have plateaued. According to the 2013 Farmland Value Survey conducted by Iowa State University, the average value of an acre of Iowa farmland was \$8,716 in 2013, \$8,296 in 2012, \$6,708 in 2011, \$5,064 in 2010, \$4,371 in 2009 and \$4,468 in 2008.

Ethanol Production. According to the Iowa Renewable Fuels Association, there are 44 ethanol refineries in production in the state. These refineries have 3.90 billion gallons of annual production capacity and require over one billion bushels of corn annually. In addition, there are 12 biodiesel refineries in production. They have 315 million gallons of annual production capacity and require 175 million bushels of soybeans and 250 million pounds of animal fats. There are 191 E85 stations and 260 biodiesel stations across Iowa. One-half of the state's corn crop is utilized for ethanol production.

Wind Energy. According to the American Wind Energy Association, Iowa leads the nation in the percentage of electricity generated by wind energy in 2013 producing 27.4% of its electricity by wind. It ranked second for total wind generation in megawatt hours. This wind energy provides the electricity for the equivalent of 1.5 million Iowa homes. Iowa is home to a major turbine manufacturer, two major blade manufacturers and a major tower manufacturer. The Iowa wind industry supports 3 to 4 thousand jobs, ranking the state second in the nation in wind energy-related jobs. The capital investment in wind energy exceeds \$10 billion through 2013 and annual land lease payments for tower ground rent exceeded \$16 million.

Per-Capita Personal Income. Iowa's average per-capita income, as reported by the Bureau of Economic Analysis, was \$44,763 in 2013 and \$43,935 in 2012. The average per-capita income in the nation was \$44,765 in 2013 and \$44,200 in 2012. Iowa's per-capita personal income increased 1.9% from 2012 to 2013, while the nation's increased 1.3%.

Median Household Income. According to the U.S. Census Bureau, Iowa median household income was \$51,129 in 2013 and \$50,957 in 2012. The national median household income was reported as \$53,046 in 2013 and \$51,371 in 2012.

Employment. According to the Bureau of Labor Statistics, Iowa's seasonally adjusted percent unemployed for the State was 4.4% for June 2014 compared with 4.8% in June 2013, 5.3% in June 2012, 6.0% in June 2011 and 6.2% in June 2010. For the nation, seasonally adjusted percent unemployed was 6.1% in June 2014, compared with 7.5% in June 2013, 8.2% in June 2012, 9.1% in June 2011 and 9.4% in June 2010. Over the past five years, Iowa's unemployment rate has been between 1.79 and 3.2 percentage points below the national average. In June 2014, there were 1,624,667 employed Iowans compared with 1,592,477 in June 2013, an increase of 32,190 persons. There were 74,296 unemployed Iowans in June 2014 compared with 80,501 in June 2013, a decrease of 6,205.

Manufacturing. According to the Bureau of Economic Analysis, Iowa's GDP from manufacturing increased by 28.5% in current dollars between 2003 and 2013 while the nation's GDP from manufacturing increased by 35.8%. According to the Bureau of Labor Statistics, Iowa's manufacturing employment decreased by 3.4% while the nation's manufacturing employment decreased by 15.4% during the same period of time. According to the Bureau of Labor Statistics, manufacturing employment in Iowa averaged 202,833 in 2009, 200,525 in 2010, 205,800 in 2011, 210,575 in 2012 and 214,467 in 2013.

Exports. According to the Foreign Trade Division of the U.S. Department of Census, Iowa's export shipments of merchandise totaled \$13.9 billion in 2013 and \$14.6 billion in 2012. Iowa's export shipments grew 53.6% from 2009 to 2013. In 2013, Iowa exported merchandise valued at \$4.4 billion to Canada, \$2.2 billion to Mexico, \$980 million to Japan, \$679 million to Germany, \$611 million to China, \$602 million to Brazil, \$406 million to Australia and \$333 million to France. Other top markets included South Korea, United Kingdom, the Netherlands, Russia, Hong Kong, South Africa and Singapore. Iowa's leading export category was tractors. Other top export categories were pork, corn, soybeans, herbicide and aircraft parts.

Real Gross Domestic Product. The real gross domestic product is the U.S. Commerce Department's measure of the value of all goods and services produced in a given year. It is expressed in base-year prices for the year 2009. According to the Bureau of Economic Analysis, Iowa's real GDP was \$150.5 billion in 2013, \$146.3 billion in 2012, \$142.8 billion in 2011, \$140.5 billion in 2010 and \$136.5 billion in 2009. Iowa's real GDP increased 10.3% between 2009 and 2013. The nation's real GDP was \$15.5 trillion in 2013, \$15.2 trillion in 2012, \$14.9 trillion in 2011, \$14.6 trillion in 2010 and \$14.3 trillion in 2009. The growth rate in the nation's real gross domestic product between 2009 and 2012 was 8.4%. Iowa's real GDP increased 2.9% between 2012 and 2013 while the nation's real GDP increased 2.0%.

Nonagricultural Economy. Over the past 10 years, significant changes have occurred in the mix of nonfarm wage and salary employment. According to the Bureau of Labor Statistics, Iowa's total nonfarm employment experienced a 6.4% increase in jobs. Jobs in professional and business services grew 23.0%, jobs in education and health services grew 17.3%, jobs in mining and logging grew 14.3%, jobs in leisure and hospitality grew 10.6%, jobs in financial activities grew 7.0%, jobs in government grew 6.1%, jobs in other services grew 4.1% and jobs in trade, transportation and utilities grew 3.6%. Jobs in information services decreased 24.2%, jobs in manufacturing decreased 3.4% and jobs in construction decreased 2.8%.

Waterloo-Cedar Falls Metropolitan Statistical Area. The Waterloo-Cedar Falls Metropolitan Statistical Area (MSA) consists of Black Hawk, Bremer and Grundy counties. According to the Bureau of Economic Analysis BEARFACTS, in 2012 its population was 168,747. In 2012, the MSA had a per capita personal income (PCPI) of \$41,339, which was 95% of the national average of \$43,735. The 2012 PCPI of the MSA reflected an increase of 4.4% from 2011. The 2012 PCPI of the nation reflected a 3.4% change from 2011. In 2002, the PCPI of the MSA was \$27,910. The 2002 to 2012 compound annual growth rate of PCPI was 4.0%. The compound annual growth rate for the nation was 3.2%. As of June 2014, the Waterloo-Cedar Falls MSA had a seasonally adjusted unemployment rate of 4.5% while the nation had an unemployment rate of 6.1%.

State of Iowa's Economic Outlook for 2014-2015

The State of Iowa's net General Fund revenues decreased from \$6.769 billion in Fiscal 2013 to \$6.489 billion in Fiscal 2014, a decrease of \$280 million or 4.1%. This decrease was primarily due to legislation moving \$120 million of cigarette and tobacco tax revenue and \$40 million of racing and gaming revenue to other funds, increasing the Iowa earned income credit and establishing a Taxpayer Trust Fund. Revenues were also down in fiscal 2014 due to federal income tax changes beginning in 2013. Some taxpayers chose to realize gains in 2013 rather than pay taxes at a later date in 2014 or later. Actual Fiscal 2014 net General Fund revenues were \$193.2 million less than projected by the March 2014 Revenue Estimating Conference

(REC), indicating economic growth had slowed. The effects of the mentioned legislative changes and federal income tax changes have worked their way through the revenue cycle. Going forward, net General Fund receipts should be much more reflective of actual economic conditions.

When the REC met in March 2014, it estimated net General Fund revenues for Fiscal 2015 would be \$6.983 billion. At the October 2014 meeting, the REC lowered the estimate to \$6.850 billion, realizing the economy was not growing as fast as initially assumed. The estimate for 2015 of \$6.850 billion is a 5.6% increase over Fiscal 2014 actual net General Fund revenues.

The State of Iowa's net General Fund revenues have increased in 8 of the past 13 months based on twelve-month total net tax receipts through September 30, 2013. During that period, total cash basis tax revenue credited to state funds totaled \$7.429 billion, a decrease of \$166.5 million, or 2.2%. Contributors to the year-over-year dollar changes include: sales/use tax (positive \$135.6 million), fuel tax (positive \$13.1 million), inheritance tax (positive \$1.7 million), insurance tax (positive \$1.3 million), beer and wine tax (positive \$0.4 million), individual income tax (negative \$247.3 million), corporate tax (negative \$40.6 million), banking tax (negative \$12.2 million), gambling tax (negative \$9.3 million), cigarette and tobacco tax (negative \$8.0 million) and real estate transfer tax (negative \$1.2 million).

July through October 2014, net General Fund revenues increased \$84.9 million, or 4.2%, compared to the same four months of the previous year. The 4.2% increase in net General Fund revenues represents respectable, but slower than anticipated, growth. Major sources of tax revenue and their contribution to the fiscal year to date change include: personal income tax (positive \$39.0 million), sales/use tax (positive \$54.9 million), corporate income tax (negative \$18.8 million), other taxes (negative \$2.9 million), other receipts (negative \$0.4 million), tax refunds (positive \$4.3 million) and school infrastructure sales/use tax refunds (positive \$8.8 million).

Iowa Workforce Development reported Iowa nonfarm employment at 1,556,200 jobs for the month of September 2014 (seasonally adjusted), 22,100 higher (1.4%) than September 2013. Growth has been experienced in jobs in government (8,900), education and health services (4,600), construction (3,700), professional and business services (2,100), leisure and hospitality (1,600), financial activities (1,100), other services (600), trade (300) and mining (200). Jobs in information declined 600 and jobs in manufacturing declined 400.

The Iowa Leading Indicators Index (ILII) provides a monthly signal about the direction of the economy by combining the monthly changes in each of eight components. ILII signaled a recession when it decreased rapidly each month from March 2008 to the September 2009 trough, an 18 month period. ILII signaled improvement in the economy when it increased rapidly each month from the September 2009 trough through April 2011, a 19 month period. ILII decreased slightly between May 2011 and November 2011, signaling the economy was not growing. From December 2011 through October 2012, ILII increased every month except one, signaling the Iowa economy is growing again, but at a slow pace. ILII was flat from November 2012 to April 2013, signaling the economy was not growing. The ILII has increased again from April 2013 to June 2014, signaling the economy is growing again. Finally, from July to September 2014, the index decreased slightly suggesting growth has slowed.

The State of Iowa's economic outlook for Fiscal 2015 is best described as an economy that is growing, but at a slower than expected rate. The slower than expected growth is due, in part, to falling corn and soybean prices paid to farmers. While state revenues have grown compared to the previous fiscal year, the gains have been more modest than originally anticipated.

Financial Policies

The Governor and General Assembly have statutory responsibility to balance the budget. Spending is limited to 99.0% of adjusted revenues, 95.0% of any new revenue implemented in the fiscal year and any carry-over from the previous year. The Governor and General Assembly are required to use the revenue estimates agreed to by the December Revenue Estimating Conference, or the spring estimate if it is lower, as a basis to determine the State General Fund budget for the following year. Two reserve funds have been created: the Cash Reserve Fund and the Economic Emergency Fund. Expenditures from these funds are limited by statute for nonrecurring emergency expenditures.

MAJOR INITIATIVES

Performance-based Funding Model. At the June 2014 meeting of the Board of Regents, State of Iowa, the Performance-based Revenue Task Force, led by David Miles, recommended the Board move over time from its traditional “base-plus” budgeting methodology to a performance-based model weighted initially 60% for resident enrollment and 40% to outcome metrics. The Board adopted a three-year maximum time period for implementation and the maximum amount that can be redistributed in one year based on 2% of Fiscal 2013 revenues. The model is designed to provide essential funding to educate Iowa students, support the unique missions of each university and incent the institutions to align their activities with the priorities of the State and the Board and reward them for accomplishing those objectives. The following metrics will be used to determine annual general fund appropriation requests to the Governor and the Legislature: 60% based on resident enrollment, 5% based on graduate and professional student full-time equivalent enrollment, 5% based on achieving student credit hour thresholds, 10% based on the number of current graduates, 10% based on access, 5% based on sponsored research and 5% based on Regent selected metrics. The University would receive a funding increment of \$6,605,600 under the model in Fiscal 2016 and 2017. The funds would be used to offset the loss of \$4 million of one-time funds granted to mitigate the financial impact of funding cuts during the recent recession. The balance would be used strategically to enhance financial aid, fund enrollment management initiatives, partially restore building repair funding and invest in the infrastructure required to implement the Transparent, Inclusive Efficiency Review study recommendations.

Transparent, Inclusive Efficiency Review (TIER). The Board of Regents, State of Iowa engaged Deloitte Consulting to do an independent, comprehensive administrative and academic review of Iowa’s three public universities. The goal is to transform the universities so they are sustainable for the long term and true to their core academic missions of education, research and service. The efficiencies implemented will create savings that will be reinvested into programs that strengthen teaching, research and service, improve administrative processes and keep high-quality public education affordable to Iowans. In June 2014, Deloitte completed Phase I of the review and identified seventeen primary areas to continue to review and develop business cases for consideration in Phase II. In October, Deloitte presented recommendations on eight business cases in the areas of facilities, finance, human resources and information technology and in November the Board voted to implement the business cases. The universities will implement five of the business cases without assistance and have requested consulting assistance in implementing three of the business cases. This ends Deloitte’s work on Phase 1 and 2 of the administrative review. The Board will now issue a RFP for a consultant to complete Phase 2 of the academic review, as well as a RFP for assistance with the sourcing and procurement business case.

FINANCIAL INFORMATION

Internal Controls. Management of the University is responsible for establishing and maintaining a system of internal controls. In fulfilling this responsibility, estimates and judgments are routinely made to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal control is to provide reasonable, but not absolute, assurance assets are safeguarded against loss from unauthorized use or disposition and transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with United States generally accepted accounting principles. No matter how well internal controls are designed, they can only provide reasonable assurance that objectives have been achieved. Some limitations are inherent in all internal control systems. These include: judgment, breakdowns, management override and collusion. Executive management of the University is committed to the establishment of internal controls and adherence to the controls. The Office of Auditor of State reviews our internal control procedures as an integral part of the annual audit.

Budgetary Controls. The objective of budgetary control is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Regents, State of Iowa. Budgetary control is established by account and function. A position control system is used to manage the staff salary budget. Budgetary control is also exercised over sponsored projects as defined in grant and contract agreements with external agencies. In addition, capital projects are controlled by Board approved budgets. The University also maintains an encumbrance accounting system as a significant element of the budgetary control system.

Long-Term Financial Planning. The success of the University's strategic plan is closely tied to the development of long-term financial plans at all levels of the organization. University officials are continually seeking ways to increase revenue from public and private sources, as well as identifying internal reallocations and cost containment ideas to meet the goals and objectives of the University's strategic plan.

OTHER INFORMATION

Independent Audit. State law, federal guidelines and certain bond indentures require the University's accounting and financial records be audited each year. The Auditor of State is required by Chapter 11 of the Code of Iowa to annually audit all departments of the State. The accompanying financial statements of the University of Northern Iowa have been audited by the Auditor of State in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Her report appears in the Financial Section of this report.

As a recipient of federal financial awards, the University is responsible for ensuring compliance with all applicable laws and regulations relating to such assistance. A combination of State and University policies and procedures, integrated with the University's internal controls, provides for this compliance. The Auditor of State conducts an annual single audit under the requirements set forth in the Single Audit Act of 1984, the Single Audit Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Additionally, University of Northern Iowa internal auditors perform fiscal and compliance audits. The reports resulting from these audits are shared with the University's management, the Board of Regents, State of Iowa and the Office of Auditor of State.

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the University of Northern Iowa for its Comprehensive Annual Financial Report for the year ended June 30, 2013. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

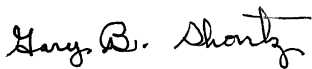
In order to be awarded a Certificate of Achievement, a university must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the twenty-second consecutive year the University of Northern Iowa has received this prestigious award. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA.

Acknowledgements. Appreciation is expressed to the staff of Financial Accounting and Reporting Services, Office of Business Operations, Office of University Relations and other University offices for their efforts in assisting in the preparation of this report.

This report expresses our commitment to maintain our financial statements in conformance with the highest standards of financial accountability. We believe the report clearly conveys the University of Northern Iowa is a fiscally sound and dynamically managed institution that is positioned to meet the educational and service needs of the citizenry.

Respectfully submitted,



Gary B. Shontz
Controller, University Secretary
and Treasurer



Michael Hager, D.B.A.
Senior Vice President for Administration
and Financial Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

University of Northern Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

The Governing Board

2013-14

The University of Northern Iowa, together with the State University of Iowa, Iowa State University of Science and Technology, the Iowa Braille and Sight Saving School, and the Iowa School for the Deaf, is governed by the Board of Regents, State of Iowa consisting of nine members.

Board of Regents, State of Iowa

Officers of the Board

Bruce L. Rastetter, President
Katie S. Mulholland, President Pro Tem
Robert Donley, Executive Director

Members of the Board (As of June 30, 2014)

	<u>Term Expires</u>
Robert N. Downer, Iowa City	April 30, 2015
Ruth R. Harkin, Cumming	April 30, 2015
Hannah M. Walsh, Iowa City	April 30, 2015
Nicole C. Carroll, Carroll	April 30, 2017
Katie S. Mulholland, Marion	April 30, 2017
Bruce L. Rastetter, Alden	April 30, 2017
Milt J. Dakovich, Waterloo	April 30, 2019
Larry E. McKibben, Marshalltown	April 30, 2019
Dr. Subhash C. Sahai, Webster City	April 30, 2019

Officers of the University (As of June 30, 2014)

President of the University
William N. Ruud, B.S., M.B.A., Ph.D.

Executive Vice President and Provost
Gloria J. Gibson, B.A., M.A., Ph.D.

Vice President for Administration and Financial Services
Michael Hager, B.A., M.B.A.

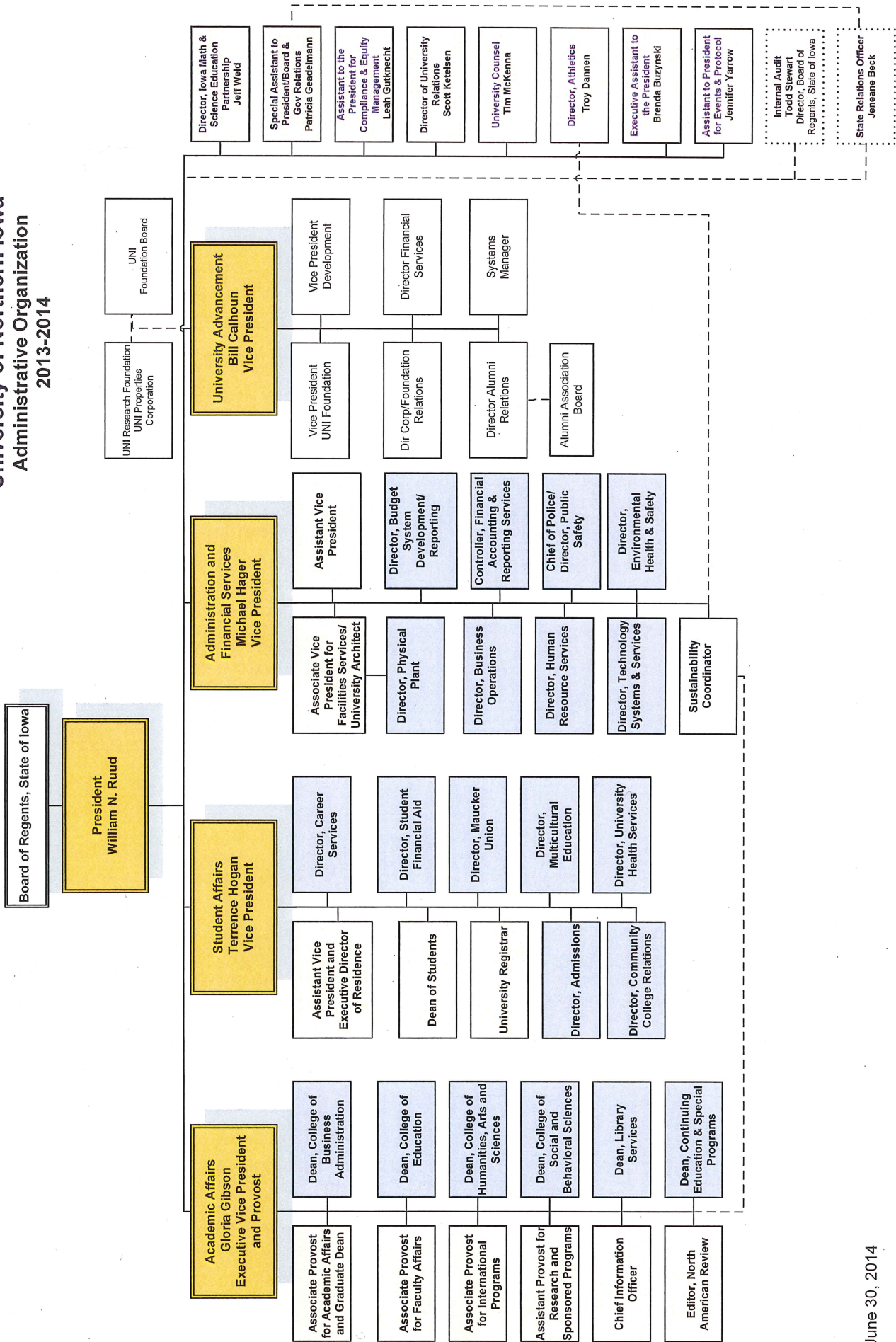
Vice President for Student Affairs
Terrance Hogan, B.S.C., M.A., Ph.D.

Controller, University Secretary and Treasurer
Gary B. Shontz, B.B.A., M.A.E., Ed.S.

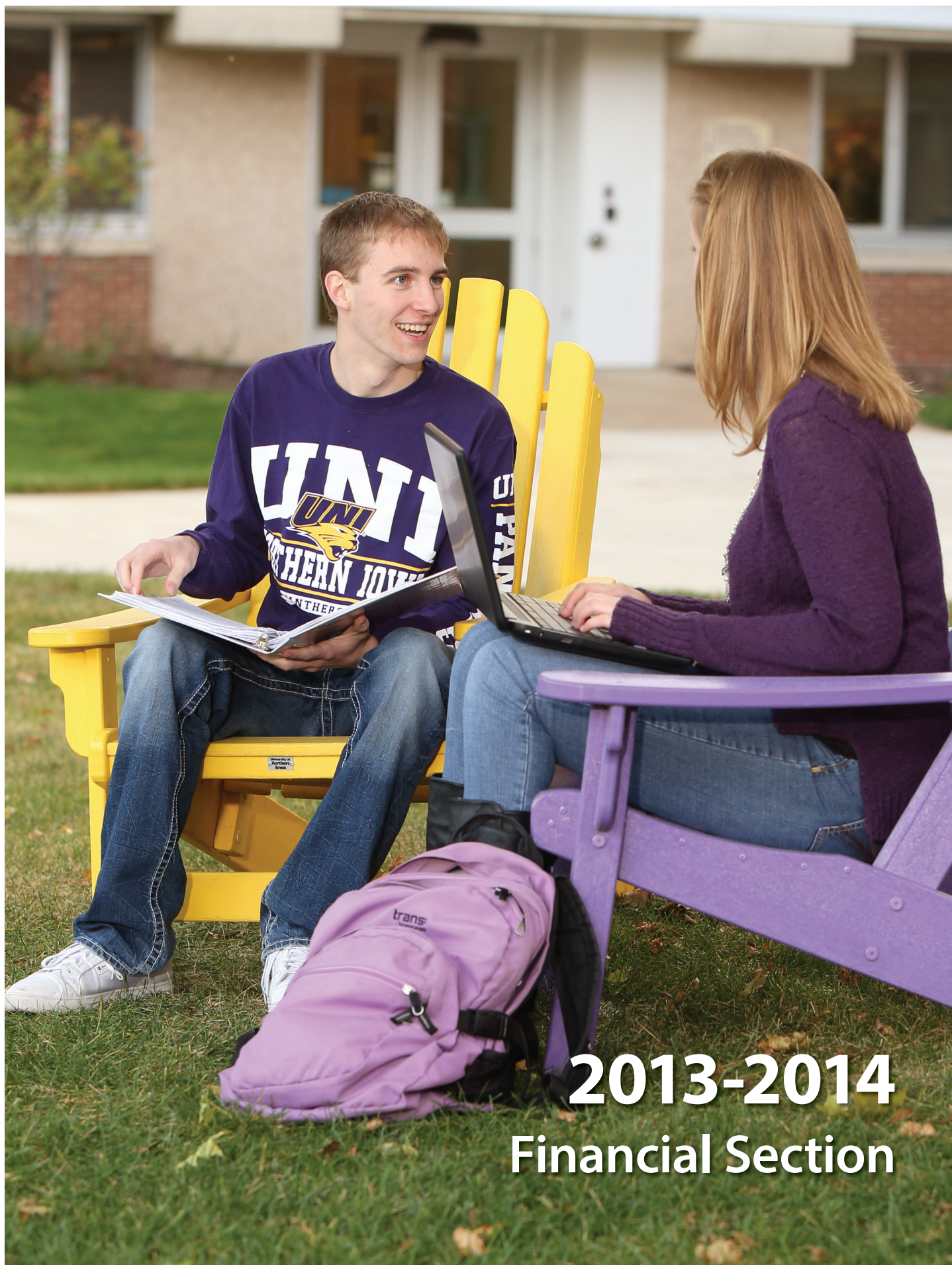
Vice President for University Advancement
William D. Calhoun, Jr., B.A., M.A.

Special Assistant to the President for Board and Governmental Relations
Patricia L. Gadelmann, B.A., M.A., Ed.D.

University of Northern Iowa Administrative Organization 2013-2014



June 30, 2014



2013-2014

Financial Section



OFFICE OF AUDITOR OF STATE STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Members of the
Board of Regents, State of Iowa:

Report on the Financial Statements

We have audited the accompanying Statement of Net Position, and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows, of the University of Northern Iowa, Cedar Falls, Iowa, and its discretely presented component unit as of and for the years ended June 30, 2014 and 2013, and the related Notes to Financial Statements, which collectively comprise the University of Northern Iowa's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, the University of Northern Iowa Foundation, of the University of Northern Iowa discussed in Note A, which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to those financial statements, is based solely on the report of the other auditor. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University of Northern Iowa's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Northern Iowa's internal control. Accordingly, we express no

such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Northern Iowa and its discretely presented component unit as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years ended June 30, 2014 and 2013 in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the University of Northern Iowa. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2014 and 2013 and the changes in its financial position and its cash flows for the years ended June 30, 2014 and 2013 in conformity with U.S. generally accepted accounting principles.

Other Matters

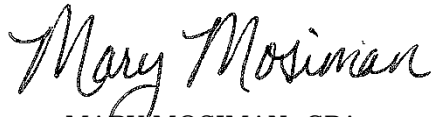
Required Supplementary Information


U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Schedule of Funding Progress for the Retiree Health Plan on pages 17 through 29 and 77 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, 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 financial statements and other knowledge we obtained during our audit of the 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.

The Introductory and Statistical Sections have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

Our report on the University of Northern Iowa's internal control over financial reporting and other tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters required by Government Auditing Standards will be issued under separate cover. The purpose of that report is 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 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 our audits.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2014

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

This section of the University of Northern Iowa's comprehensive annual financial report presents management's discussion and analysis of the financial performance of the University for the two years ended June 30, 2014 and 2013. This discussion should be read in conjunction with the accompanying letter of transmittal, financial statements and notes to financial statements. The financial statements, notes to financial statements and this discussion are the responsibility of University management.

This information is presented to assist the reader in understanding the University's financial position and operating activities, accomplishments and challenges. We are also presenting financial information about the University of Northern Iowa Foundation (the Foundation). The Foundation is a legally separate support organization that raises and holds funds to support the University and its mission. The Foundation is a discretely presented component unit of the University.

2014 FINANCIAL HIGHLIGHTS

- The Iowa General Assembly provided appropriations for the primary General Educational Fund in the amounts of \$89,176,732 for Fiscal 2015, \$83,222,819 for Fiscal 2014 and \$81,113,859 for Fiscal 2013. Primary General Educational Fund appropriations increased 2.6% from Fiscal 2013 to Fiscal 2014 and 7.2% from Fiscal 2014 to Fiscal 2015.
- The 2013 Session of the Iowa General Assembly provided a one-time supplemental appropriation of \$10.0 million for the primary General Educational Fund. Of that amount, \$6.0 million was expended in Fiscal 2014 and \$4.0 million will be expended in Fiscal 2015.
- The Iowa General Assembly provided appropriations for the Science, Technology, Engineering and Mathematics (STEM) program in the amount of \$5,200,000 for Fiscal 2015, \$5,200,000 for Fiscal 2014 and \$4,700,000 for Fiscal 2013. STEM appropriations increased 10.6% from Fiscal 2013 to Fiscal 2014 and 0.0% from Fiscal 2014 to Fiscal 2015.
- The Iowa General Assembly provided special appropriations for economic development in the amounts of \$1,066,419 for Fiscal 2015, \$1,066,419 for Fiscal 2014 and \$574,716 for Fiscal 2013. The increases were for the economic gardening program.
- Special state appropriations for recycling and reuse transfer center, real estate education and the regents' innovation fund were constant over the three year period.
- The 2011 Session of the Iowa General Assembly provided an appropriation of \$21,000,000 for the renovation of Bartlett Hall and the demolition of Baker Hall. The appropriation will be received over four fiscal years. Occupancy of Bartlett Hall took place in January 2014 and Baker Hall was demolished in May 2014.
- The 2014 Session of the Iowa General Assembly provided an appropriation of \$30,900,000 payable over three years for the renovation of Schindler Education Center. That project is in the planning phase.
- In June 2014, the Board of Regents, State of Iowa approved a Performance-based Funding Model that would base 60% of annual appropriations beginning in Fiscal 2016 on the number of resident students enrolled. This equity factor would benefit UNI with approximately \$6.6 million of incremental funds in both Fiscal 2016 and Fiscal 2017.
- The University's headcount enrollments were 13,168 in 2011, 12,273 in 2012, 12,159 in 2013 and 11,928 in 2014. The decreases were 895 students from fall 2011 to 2012, 114 from fall 2012 to 2013 and 231 from 2013 to 2014. The decrease from fall 2011 to 2012 was not unexpected due to publicity associated with closing the Malcolm Price Laboratory School and eliminating programs with extremely low enrollments. Other factors were a declining number of Iowa high school graduates, an unusually large graduating class in May 2012 and fierce competition for students.
- The UNI Foundation's contribution revenue was \$27.8 million in Fiscal 2013 and \$11.3 million in Fiscal 2014, a decrease of \$16.4 million, or 59.2%. Included in Fiscal 2013 gift revenue was a \$15.0 million gift from Richard O. Jacobson, the largest gift in the University's history and a \$2.0 million grant from the Roy J. Carver Charitable Trust. Both contributions were to the College of Education. The Foundation's investment return increased from \$8.7 million in Fiscal 2013 to \$15.1 million in Fiscal 2014. Net assets of the Foundation increased from \$118.5 million in Fiscal 2013 to \$131.9 million in Fiscal 2014. The increases in investment income and net assets are due to strong performance in the capital markets and payment of a large pledge made in Fiscal 2013.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

- The Foundation provided revenues of \$7.2 million to the University in Fiscal 2014, \$4.8 million in Fiscal 2013 and \$6.1 million in Fiscal 2012. Foundation support of the University was unusually large in Fiscal 2012 due to capital asset purchases of a specialized microscope and Gallagher-Bluedorn Performing Arts Center lighting and sound system improvements. Foundation support of the University was unusually large in Fiscal 2014 due to increased draws for the benefit of Intercollegiate Athletics and a wrestling room project funded directly by the Foundation.
- An actuarial valuation of the University's retiree health benefit plan was updated by a consulting actuary. The beginning of year net OPEB obligation was \$7,177,360. The end of year net OPEB obligation was \$9,207,019. The actuarial valuation of the State of Iowa's postretirement medical plan was also updated. University of Northern Iowa merit employees covered by four AFSCME statewide bargaining units receive medical benefits under the State plan. The University of Northern Iowa's prorated share of the State's net OPEB obligation was \$2,177,175 at the beginning of the year and \$2,742,685 at the end of the year. The University's combined net OPEB obligation was \$9,354,535 at the beginning of the year and \$11,949,704 at the end of the year. Both plans are financed on a pay-as-you-go basis.
- The National Agricultural Based Lubricants Center (NABL) ceased operations at the end of 2013 after 22 years of activity due to the loss of federal funds. The nonprofit, university-based research and testing facility has made a significant long-term impact in establishing the bio-based lubricants market within the U.S.
- The University was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended June 30, 2013. The Certificate has been received twenty-two consecutive years.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the University of Northern Iowa's financial statements. The University's financial statements consist of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about the activities of the University as a whole and present a longer-term view of the University's finances. These financial statements also include the Notes to Financial Statements which explain some of the information in the financial statements and provide more detail. Statistical information is also included in schedule form. As explained in Note A of the Notes to Financial Statements, the financial statements have been restated as a result of implementing Governmental Accounting Standards Board Statement No. 65, Items Previously Reported as Assets and Liabilities. Accordingly, the financial information included in the Management's Discussion and Analysis for the years ended June 30, 2013 and 2012 have been restated to expense unamortized bond issuance costs which were previously reported as assets.

THE UNIVERSITY AS A WHOLE

The Statement of Net Position

The University's Statement of Net Position presents the assets, liabilities and net position of the University as a whole as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the University to readers of the financial statements. The Statement of Net Position includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities and net position (assets less liabilities). Over time, readers of the financial statements are able to determine the University's financial position by analyzing the increases and decreases in net position. This statement is also a good source for readers to determine how much the University owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

University			
The Statement of Net Position			
	<u>2014</u>	<u>2013</u> Restated	<u>2012</u> Restated
Current and other assets	\$150,451,536	147,395,990	172,815,785
Capital assets	<u>386,436,448</u>	<u>390,162,500</u>	<u>372,379,169</u>
Total assets	<u>536,887,984</u>	<u>537,558,490</u>	<u>545,194,954</u>
Current liabilities	42,425,883	47,649,239	48,434,837
Noncurrent liabilities	<u>159,011,631</u>	<u>162,987,679</u>	<u>170,686,943</u>
Total liabilities	<u>201,437,514</u>	<u>210,636,918</u>	<u>219,121,780</u>
Net position:			
Net investment in capital assets	254,034,901	251,763,463	225,621,358
Restricted	30,514,024	27,962,910	41,723,364
Unrestricted	<u>50,901,545</u>	<u>47,195,199</u>	<u>58,728,452</u>
Total net position	<u>\$335,450,470</u>	<u>326,921,572</u>	<u>326,073,174</u>

The largest portion of the University's net position (75.7%) is invested in capital assets (e.g., land, land improvements, infrastructure, buildings, equipment, library materials and intangible assets), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. The restricted portion of net position (9.1%) includes resources subject to external restrictions. The remaining net position (15.2%) is unrestricted net position that can be used as working capital to meet the University's obligations as they come due.

Total net position of the University increased \$0.8 million from June 30, 2012 to June 30, 2013 and increased \$8.5 million from June 30, 2013 to June 30, 2014. Total net position increased 0.3% from June 30, 2012 to June 30, 2013 and increased 2.6% from June 30, 2013 to June 30, 2014. Because the Bartlett Hall renovation project was ahead of schedule at the end of Fiscal 2013 and Fiscal 2014 and because the project was funded by a \$21.0 million appropriation payable in four annual amounts, it was necessary for the University to expend \$6.0 million of its funds on a temporary basis in Fiscal 2013 and \$1.2 million in Fiscal 2014 until being reimbursed from the Fiscal 2014 and Fiscal 2015 appropriations. Advancing University funds on a temporary basis resulted in a \$6.0 million decrease in net position in Fiscal 2013 and a \$1.2 million decrease in Fiscal 2014 because accounting principles do not permit recording a receivable against future appropriations. The University was reimbursed for those expenditures from the Fiscal 2013 appropriation in July 2013 and the Fiscal 2014 appropriation in July 2014. Had the University not advanced its own funds on a temporary basis for the project, net position would have been \$332.9 million at June 30, 2013 and \$336.7 million at June 30, 2014.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

Foundation			
The Combined Statements of Financial Position			
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 20,807,220	19,139,352	15,788,710
Noncurrent assets	<u>115,736,636</u>	<u>102,909,267</u>	<u>81,230,484</u>
Total assets	<u>136,543,856</u>	<u>122,048,619</u>	<u>97,019,194</u>
Current liabilities	1,833,113	845,460	1,148,701
Noncurrent liabilities	<u>2,839,392</u>	<u>2,682,288</u>	<u>2,843,888</u>
Total liabilities	<u>4,672,505</u>	<u>3,527,748</u>	<u>3,992,589</u>
Net assets:			
Unrestricted	8,892,299	6,213,459	4,201,302
Temporarily restricted	40,986,283	33,826,387	28,995,819
Permanently restricted	<u>81,992,769</u>	<u>78,481,025</u>	<u>59,829,484</u>
Total net assets	<u>\$ 131,871,351</u>	<u>118,520,871</u>	<u>93,026,605</u>

At June 30, 2014, 93.2% of the Foundation's net assets were donor restricted, either temporarily or permanently. Total net assets of the Foundation increased \$25.5 million from 2012 to 2013 and increased \$13.4 million from 2013 to 2014. The increase in net assets from 2012 to 2013 was due to a \$15.1 million increase in contribution revenue and a \$9.8 million increase in investment return and the increase from 2013 to 2014 was largely due to increases in equity valuations in the capital markets. Total liabilities of the Foundation decreased \$0.5 million from 2012 to 2013 and increased \$1.1 million from 2013 to 2014.

Changes in total net position presented in the University's Statement of Net Position are based on the activity presented in the University's Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, both operating and nonoperating, and any other revenues, expenses, gains and losses received or expended by the University.

The Statement of Revenues, Expenses and Changes in Net Position

In general, public universities, such as the University of Northern Iowa, report an operating loss as the financial reporting model classifies state appropriations, Pell Grant receipts, investment income, capital appropriations, gifts and grants as nonoperating revenues. Operating revenues are received for providing goods and services to the various students, customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation and amortization, which allocates the cost of an asset over its expected useful life.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

University The Statement of Revenues, Expenses and Changes in Net Position			
	<u>2014</u>	<u>2013</u> Restated	<u>2012</u> Restated
Operating revenues:			
Tuition and fees, net	\$ 64,320,008	65,107,140	66,242,804
Federal grants and contracts	16,662,776	18,481,032	21,158,763
State and local grants and contracts	2,053,427	2,102,578	2,182,000
Nongovernmental grants and contracts	3,320,222	3,613,871	4,675,205
Sales, rents and services	6,403,218	4,937,703	8,237,789
Interest on student loans	226,660	245,250	238,655
Other operating revenue	562,860	726,808	501,925
Auxiliary enterprises	<u>57,101,721</u>	<u>56,344,034</u>	<u>58,742,116</u>
Total operating revenues	<u>150,650,892</u>	<u>151,558,416</u>	<u>161,979,257</u>
Operating expenses:			
Instruction	86,505,596	82,764,796	80,291,964
Research	2,982,535	3,138,471	2,951,957
Public service	25,052,740	24,325,404	22,152,465
Academic support	22,489,903	21,731,295	24,855,928
Student services	9,636,281	9,005,372	8,210,073
Institutional support	26,066,570	26,441,182	29,683,285
Operation and maintenance of plant	21,166,860	21,423,526	20,441,078
Scholarships and fellowships	3,381,347	4,983,383	6,470,804
Depreciation/amortization	18,040,748	16,095,251	16,105,032
Loan cancellations and write-offs	193,945	281,264	288,141
Auxiliary enterprises	<u>50,774,324</u>	<u>50,975,515</u>	<u>50,787,350</u>
Total operating expenses	<u>266,290,849</u>	<u>261,165,459</u>	<u>262,238,077</u>
Operating loss	<u>(115,639,957)</u>	<u>(109,607,043)</u>	<u>(100,258,820)</u>
Nonoperating revenues (expenses):			
State appropriations	96,910,269	87,662,815	77,765,014
Federal grants and contracts	10,270,339	10,860,223	11,466,659
Nonfederal gifts, grants and contracts	3,827,149	3,101,932	3,701,740
Investment return	3,644,079	1,464,982	1,683,261
Interest expense	(5,463,353)	(5,529,028)	(6,258,688)
Loss on disposal of capital assets and misc. expense	<u>(2,428,923)</u>	<u>(2,381,912)</u>	<u>(118,360)</u>
Net nonoperating revenues	<u>106,759,560</u>	<u>95,179,012</u>	<u>88,239,626</u>
Income/(loss) before other revenues	(8,880,397)	(14,428,031)	(12,019,194)
State appropriations – capital projects	14,177,141	14,082,733	7,016,578
Capital contributions and grants	<u>3,232,154</u>	<u>1,193,696</u>	<u>1,913,243</u>
Change in net position	8,528,898	848,398	(3,089,373)
Net position, beginning of year	<u>326,921,572</u>	<u>326,073,174</u>	<u>329,162,547</u>
Net position, end of year	<u>\$335,450,470</u>	<u>326,921,572</u>	<u>326,073,174</u>

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

During the three-year period, operating revenues decreased, operating expenses increased, net non-operating revenues increased, the loss before other revenues decreased, state appropriations for operating purposes increased and state appropriations and contributions for capital projects increased. An analysis of the changes by category of elements follows. The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position of \$9.4 million from 2012 to 2014. Had the University not advanced \$6.0 million of its own funds to keep the Bartlett Hall Renovation project going until the Fiscal 2014 appropriation was made available, the ending net position would have been \$332.9 million at June 30, 2013. The University was reimbursed for the funds advanced in 2013 in 2014. Also, had the University not advanced \$1.2 million of its own funds to keeping the project going until the Fiscal 2015 appropriation was made available, the ending net position would have been \$336.7 million at June 30, 2014. The University was reimbursed for the funds advanced in 2014 in 2015.

Operating revenues totaled \$150.7 million in 2014, \$151.6 million in 2013 and \$162.0 million in 2012. The decrease from 2012 to 2013 was \$10.4 million and the decrease from 2013 to 2014 was \$0.9 million. Net nonoperating revenues totaled \$106.8 million in 2014, \$95.2 million in 2013 and \$88.2 million in 2012. There was a \$6.9 million increase from 2012 to 2013 and an \$11.6 million increase from 2013 to 2014. Reasons for changes in operating, nonoperating and other revenues from 2012 to 2013 and 2013 to 2014 follow:

- Tuition and fee income, net of scholarship allowances, decreased 1.7% from 2012 to 2013 and decreased 1.2% from 2013 to 2014. The Board of Regents, State of Iowa authorized an increase in the University's resident undergraduate tuition and fees of 0.7% from 2013 to 2014 and 3.9% from 2012 to 2013. The decline in enrollment largely negated the effect of the tuition increases.
- Operating grants and contracts revenue decreased \$3.8 million, or 13.6%, from 2012 to 2013 and \$2.2 million, or 8.9%, from 2013 to 2014. Revenue is recognized as expenses are incurred and, accordingly, it varies from year to year. The two-year decrease in operating grants and contracts revenue was due to Congress' decision not to continue issuing congressionally directed research grants.
- Sales, rents and services decreased \$3.3 million, or 40.1%, from 2012 to 2013 and increased \$1.5 million, or 29.7%, from 2013 to 2014. The decrease from 2012 to 2013 is largely due to the closure of the Price Laboratory School. The increase from 2013 to 2014 is partially due to increases in certain non-mandatory student fees and increased sales revenue from the Technology department's materials testing service and the Iowa Waste Reduction Center.
- Auxiliary Enterprise revenue decreased \$2.4 million, or 4.1%, from 2012 to 2013 and increased \$0.8 million, or 1.3%, from 2013 to 2014. From 2012 to 2013, revenue declines were experienced in the Residence System, Student Union, Field House, Gallagher-Bluedorn Performing Arts Center and Student Health Services. From 2013 to 2014, Auxiliary Enterprises, with the exception of the Gallagher-Bluedorn Performing Arts Center, experienced a slight increase in revenues. The decline of 1,273 students from fall 2010 to fall 2014 is largely responsible for decreased Auxiliary Enterprise revenue.
- State operating appropriations increased \$9.9 million, or 12.7%, from 2012 to 2013 and increased \$9.2 million, or 10.5% from 2013 to 2014. The increase from 2012 to 2013 is primarily due to a \$6.4 million increase in the primary General Educational Fund appropriation and a \$3.0 million increase in the Science, Technology, Engineering and Mathematics appropriation. The increase from 2013 to 2014 is largely due to a \$2.1 million increase in the base of the primary General Educational Fund, a \$6.0 million one-time supplemental appropriation to the primary General Educational Fund, a \$0.5 million increase in economic development appropriations and a \$0.5 million increase in the Science, Technology, Engineering and Mathematics appropriation.
- Nonoperating revenue from Pell grants decreased in both 2013 and 2014 due to declines in student enrollment.
- Investment income decreased \$0.2 million from 2012 to 2013 and increased \$2.2 million from 2013 to 2014. During the past two years, the targeted federal funds rate remained at 0.0% to 0.25% and interest rates on Treasury and Agency securities were at unprecedented low levels. The increase in investment income is attributed to investing operating funds in the short-term and intermediate-term diversified operating pools managed by the University of Iowa.
- The loss on disposal of capital assets was \$2.4 million in both 2013 and 2014. The loss in 2013 was attributed to selling Price Laboratory School's capital assets and the cost of demolishing the school, while the loss in 2014 was attributed to selling the capital assets of the National Agriculture Based Lubricants facility, capital assets of Baker Hall and the cost of demolishing Baker Hall.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

- State appropriations for capital projects increased \$7.1 million, or 100.7%, from 2012 to 2013 and \$0.1 million, or 0.7% from 2013 to 2014. Revenue is recognized as expenses are incurred and, accordingly, it varies from year to year. The 2011 Session of the Iowa General Assembly provided an appropriation of \$21,000,000 for the renovation of Bartlett Hall and the demolition of Baker Hall. \$1.0 million of the appropriation was available for expenditure in Fiscal 2012, \$7.8 million was available for expenditure in Fiscal 2013, \$10.3 million was available for expenditure in Fiscal 2014 and \$1.9 million is available for expenditure in Fiscal 2015. The increase in state appropriation revenue for capital projects was primarily due to funds appropriated for Bartlett Hall Renovation.
- Capital contributions and grants decreased \$0.7 million, or 37.6%, from 2012 to 2013 and increased \$2.0 million, or 170.8%, from 2013 to 2014. Capital contributions and grants vary from year to year due to fluctuations in grant funded capital projects.

Operating expenses totaled \$266.3 million in 2014, \$261.2 million in 2013 and \$262.2 million in 2012. Operating expenses decreased 0.4% from 2012 to 2013 and increased 2.0% from 2013 to 2014. The small dollar decrease in operating expenses from 2012 to 2013 and the small dollar increase from 2013 to 2014 are due to conservative spending necessitated by a declining student enrollment. Reasons for changes in operating expenses by object from 2012 to 2013 and 2013 to 2014 follow:

- Expenses for personnel services decreased \$2.6 million, or 1.5%, from 2012 to 2013 and increased \$4.3 million, or 2.5%, from 2014 to 2015. The decrease from 2012 to 2013 was due to closing the Price Laboratory School and Print Services and a return of premium on the University's group life and disability insurance policy. The increase from 2013 to 2014 was due to salary increases and the cost of fringe benefits related to the salary increases.
- Travel expenses increased \$0.02 million, or 0.2%, from 2012 to 2013 and \$0.4 million, or 4.3%, from 2013 to 2014. Travel expenses were negative from 2012 to 2013 due to less travel in the Auxiliary Enterprises function and closing the Price Laboratory School. Travel expenses increased from 2013 to 2014 due to price inflation.
- Expenses for supplies decreased \$0.5 million, or 4.8%, from 2012 to 2013 and increased \$0.5 million, or 5.4%, from 2013 to 2014. The University was able to purchase more supplies in 2014 than 2013 due to incremental state appropriations.
- Expenses for contractual services increased \$1.9 million, or 14.5%, from 2012 to 2013 and decreased \$1.4 million, or 9.4%, from 2013 to 2014.
- Expenses for equipment and repairs increased \$2.6 million, or 31.0%, from 2012 to 2013 and \$0.6 million, or 5.8%, from 2013 to 2014. Changes in equipment and repairs vary from year to year due to whether capital project expenditures are accounted for as repairs or capital expenditures. The increase from 2012 to 2013 was partially due to purchasing furniture and equipment for Panther Village Phase 2 and for the purchase of networking equipment, while the increase from 2013 to 2014 was due to purchasing furniture for the Bartlett Hall Renovation project.
- Expenses for scholarships and fellowships decreased \$0.5 million, or 4.2%, from 2012 to 2013 and \$0.8 million, or 7.9%, from 2013 to 2014. Enrollment declines resulted in decreased scholarship and fellowship expense.
- Depreciation and amortization expense decreased \$0.01 million, or 0.06%, from 2012 to 2013 due to placing Panther Village Phase 1 in service and removing Price Laboratory School and Print Services from service. It increased \$1.9 million, or 12.1%, from 2013 to 2014 due to placing Panther Village Phase 2 and Bartlett Hall in service.

Nonoperating expenses totaled \$7.9 million in 2014, \$7.9 million in 2013 and \$6.4 million in 2012. While nonoperating expenses primarily consist of interest expense, non-operating expenses in 2014 and 2013 included \$2.4 million for the loss on disposal of capital assets each year. The 2013 loss was primarily related to the costs of demolishing the Price Laboratory School and the loss on disposal of the school's capital assets. The 2014 loss was due to disposing of the capital assets of the National Agricultural Based Lubricants facility and demolishing Baker Hall and the loss on disposal of the capital assets of Baker Hall.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

Foundation			
The Combined Statements of Activities			
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Public support and revenue:			
Contribution revenue	\$ 11,349,083	27,783,085	12,727,393
Investment return	15,092,729	8,726,347	(1,037,356)
Miscellaneous income	<u>40,290</u>	<u>37,682</u>	<u>71,944</u>
Total revenue and support	26,482,102	36,547,114	11,761,981
Expenses and adjustments	<u>13,131,622</u>	<u>11,052,848</u>	<u>14,023,364</u>
Change in net assets	13,350,480	25,494,266	(2,261,383)
Net assets, beginning of year	<u>118,520,871</u>	<u>93,026,605</u>	<u>95,287,988</u>
Net assets, end of year	<u><u>\$131,871,351</u></u>	<u><u>118,520,871</u></u>	<u><u>93,026,605</u></u>

Foundation revenue and support was \$26.5 million in 2014, \$36.5 million in 2013 and \$11.8 million in 2012, an increase of \$24.8 million, or 210.7%, from 2012 to 2013 and a decrease of \$10.1 million, or 27.5%, from 2013 to 2014. Contribution revenue included a \$15.0 million gift to benefit the College of Education in 2013 from Des Moines businessman Richard O. Jacobson. The \$15 million gift is the largest in University history. Investment income was \$15.1 million in 2014, \$8.7 million in 2013 and negative \$1.0 million in 2012. Expenses were \$13.1 million in 2014, \$11.1 million in 2013 and \$14.0 million in 2012.

The Foundation provided revenues to the University in the amount of \$7.2 million in 2014, \$4.8 million in 2013 and \$6.1 million in 2012. Contributions restricted for permanent investment in the Foundation's endowment were \$3.3 million in 2014, \$18.4 million in 2013 and \$4.0 million in 2012. The 2013 contributions restricted for permanent investment reflect a \$15.0 million contribution from Richard O. Jacobson for the benefit of the College of Education.

The Statement of Cash Flows

The final statement included in the University of Northern Iowa's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping readers assess the University's ability to generate future cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital and related financing and investing activities.

University			
The Statement of Cash Flows			
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net cash provided (used) by:			
Operating activities	\$ (96,604,910)	(90,160,469)	(91,646,485)
Noncapital financing activities	110,830,565	100,688,769	94,671,617
Capital and related financing activities	(16,399,481)	(33,900,553)	(4,075,247)
Investing activities	<u>(4,420,606)</u>	<u>16,928,156</u>	<u>6,983,906</u>
Net increase in cash and cash equivalents	(6,594,432)	(6,444,097)	5,933,791
Cash and cash equivalents, beginning of year	<u>27,183,314</u>	<u>33,627,411</u>	<u>27,693,620</u>
Cash and cash equivalents, end of year	<u><u>\$ 20,588,882</u></u>	<u><u>27,183,314</u></u>	<u><u>33,627,411</u></u>

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

The largest sources and uses of University cash are operating activities. The following analysis discusses the University's cash flows during Fiscal 2014. Cash provided by operating activities includes receipts from tuition and fees (\$63.7 million), grants and contracts (\$22.7 million) and auxiliary enterprises (\$57.4 million). The largest uses of cash for operating activities include payments for salaries and benefits (\$153.3 million), payments for goods and services (\$40.3 million) and payments for auxiliary enterprises (\$50.8 million). Cash provided by noncapital financing activities includes state appropriations (\$97.0 million). Cash provided by capital and related financing activities includes capital appropriations (\$14.2 million), capital gifts and grants (\$1.2 million) and the proceeds from capital debt (\$5.0 million). Cash used by capital and related financing activities includes the acquisition of capital assets (\$15.3 million) and principal and interest payments on debt (\$21.8 million). Cash used by investing activities totaled \$4.4 million.

Capital Assets

At June 30, 2014, the University had \$645.9 million of capital assets at cost, accumulated depreciation of \$259.4 million and net capital assets of \$386.4 million. Depreciation and amortization charges totaled \$18.0 million for Fiscal 2014, \$16.1 million for Fiscal 2013 and \$16.1 million for Fiscal 2012. Details of the capital assets, net of accumulated depreciation, are shown below.

University Schedule of Capital Assets, Net, at Year-End			
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land	\$ 4,904,493	4,904,493	4,916,643
Construction in progress:	<u>4,241,984</u>	<u>45,977,425</u>	<u>39,059,370</u>
Capital assets not depreciated	<u>9,146,477</u>	<u>50,881,918</u>	<u>43,976,013</u>
Land improvements	4,944,288	5,144,275	5,137,564
Infrastructure	26,131,056	26,046,657	26,275,692
Buildings	317,276,772	277,857,377	264,136,404
Equipment	18,070,906	18,352,953	20,186,714
Intangibles-software	7,314,913	7,745,202	8,175,491
Library materials	<u>3,552,036</u>	<u>4,134,118</u>	<u>4,491,291</u>
Capital assets depreciated	<u>377,289,971</u>	<u>339,280,582</u>	<u>328,403,156</u>
Total capital assets	<u>\$386,436,448</u>	<u>390,162,500</u>	<u>372,379,169</u>

During the past three fiscal years, a number of capital projects were completed or remain in progress. State funded capital projects include the renovation of Bartlett Hall, the demolition of Baker Hall, institutional roads projects, power plant projects and various deferred maintenance projects. Major Residence System projects include construction of Panther Village Phases 1 and 2 and the expansion of the Redeker Center. Other Residence System projects include improvement of restrooms and HVAC systems, installation of electronic door access systems and sprinkler systems, replacement of windows and tuckpointing projects. Student organization offices located in the J.W. Maucker Student Union have been renovated. T12 fluorescent lighting fixtures were replaced with T8 lighting in six academic buildings using proceeds of a loan from the Iowa Energy Bank. Private gifts were used to renovate McLeod Center locker rooms. Institutional funds were used to renovate the President's House, demolish the Price Laboratory School, improve various parking lots and for west campus recreation field lighting. Detailed information about the University's capital assets is presented in Note I of the Notes to Financial Statements.

The Foundation's capital assets consist of a building and related equipment located on land owned by Allen Health Systems, Inc. It is leased by the Foundation for one dollar per year under an agreement expiring June 30, 2016.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

LONG-TERM DEBT

The Board of Regents, State of Iowa did not issue any revenue bonds or conduct any current or advance refundings on the University's behalf in Fiscal 2014. The Board of Regents permitted the University to borrow \$5.0 million in June 2014 to be used for power plant related projects. The principal borrowed will be repaid over 10 years using savings from utility related projects. The University's long-term debt is presented in Note M of the Notes to Financial Statements.

CREDIT RATINGS

Moody's Investors Service has assigned its "A1" credit rating to the University for all outstanding bond issues. Moody's modified its outlook on UNI debt from "stable" to "negative." Standard and Poor's assigned its "A+" credit rating to the University's revenue bonds supported by unlimited student fees and its BBB+ rating for Dormitory Revenue Bonds. Standard and Poor's modified its outlook on the bonds supported by unlimited student fees from "stable" to "negative." They affirmed their "stable outlook" on Dormitory Revenue Bonds. The highest achievable ratings are "Aaa" and "AAA", respectively. The University's capacity to meet its financial obligations is considered strong based upon these ratings.

ECONOMIC FACTORS THAT WILL AFFECT FUTURE BUDGETS AND RATES

The State of Iowa's net General Fund revenue was \$6,489.0 million in Fiscal 2014, a 4.1% decrease from the Fiscal 2013 actual revenue of \$6,768.8 million. The Fiscal 2014 decrease was the first negative growth year since Fiscal 2010. According to Jeff Robinson of the Legislative Services Agency, the decrease was due to a legislated change moving the deposit destination for cigarette and gambling tax revenue outside the State General Fund, an increase in the Iowa earned income tax credit, the creation of a new taxpayer trust fund and taxpayer reaction to the Federal income tax changes implemented starting tax year 2013. The good news for the near future is the payback from the 2013 income surge is over, the Iowa earned income tax credit change is fully implemented, income tax withholding receipts, as well as revenue from sales and use tax, continue to expand at a reasonable pace providing a solid base for the 2015 fiscal year. The decrease in the State's General Fund revenue in Fiscal 2014 was the result of federal and state law changes, changes that have worked their way into the revenue stream. Going forward, net General Fund receipts should be much more reflective of actual economic conditions.

The October 2014 Revenue Estimating Conference (REC) forecast revenue to be \$6,850.3 million for Fiscal 2015, an increase of 5.6% over Fiscal 2014 actual revenue plus transfers. The Fiscal 2015 estimate includes the following assumptions: a 5.9% increase in personal income tax receipts, a 4.0% increase in sales/use tax receipts and a 1.5% increase in corporate income tax receipts. The REC's forecast for Fiscal 2016 revenue plus transfers was \$7,178.5 million, a 4.8% increase over the Fiscal 2015 estimate.

The State of Iowa ended Fiscal 2014 with \$706.8 million in the General Fund, \$489.3 million in the Cash Reserve Fund and \$180.5 million in the Economic Emergency Fund. According to the Legislative Services Agency, the projected Fiscal 2015 year-end balances are as follows: General Fund \$520.4 million, Cash Reserve Fund \$522.3 million and Economic Emergency Fund \$174.1 million. The reader is cautioned the Executive Branch revises the projections from time to time, especially for the state share of the cost of Medicaid.

Beginning in January 2015, the Governor and the General Assembly will jointly establish a Fiscal 2016 budget. Spending is limited to 99% of adjusted revenues, 95% of any new revenue implemented in a fiscal year and any carryover from the previous year. The Governor and the General Assembly are required to use the revenue estimate agreed to by the December 2014 Revenue Estimating Conference, unless the March 2015 estimate is lower.

State General Fund net revenue was \$84.9 million, or 4.2%, greater in the first four months of Fiscal 2015 than in the first four months of Fiscal 2014. Increases from Fiscal 2014 to Fiscal 2015 include personal income tax (positive \$39.0 million), sales/use tax (positive \$54.9 million), corporate income tax (negative \$18.8 million), other taxes (negative \$2.9 million), other receipts (negative \$0.1 million), tax refunds (positive \$4.3 million) and school infrastructure sales/use tax refunds (positive \$8.8 million).

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

Other indicators of Iowa's financial health are Iowa's Leading Indicators Index and its non-farm employment. According to the Iowa Department of Revenue, the Iowa Leading Indicators Index increased 11 out of 12 months in Fiscal 2014. The index increased 2.9% from June 2013 to June 2014 and only slightly from June to September 2014. According to Iowa Workforce Development, Iowa's nonfarm seasonally adjusted employment was reported at 1,556,200 jobs for the month of September 2014, an increase of 22,100, or 1.4%, higher than September 2013. According to the Bureau of Labor Statistics, Iowa's August 2014 unemployment rate was 4.6%, which is lower than the nation's rate of 5.9%. Iowa's leaders believe these indicators demonstrate the state economy is growing at a respectable rate and the economy continues to expand.

As a public institution, the economic health of the University of Northern Iowa is closely tied to that of the State of Iowa since the University relies on state appropriations as a major source of funding. The University also relies on tuition, sponsored programs, investment income and philanthropy to supplement the funds appropriated by the Iowa General Assembly. The availability of these funds relates directly to the state of the economy.

University Challenges

The University of Northern Iowa faces funding and enrollment challenges.

In terms of dollars appropriated to the University for the primary General Educational Fund, the peak amount received was \$95,792,085 for use in Fiscal 2009. State appropriations declined from that point in time to Fiscal 2012 when \$74,734,586 was received. Appropriations increased for the next two years with \$89,222,819 received in Fiscal 2014. The reduction in appropriations created the need for tuition increases in Fiscal 2010, 2011 and 2012. Tuition was not increased for resident undergraduate students in Fiscal 2013 and 2014 due to public policy.

Reductions in state funding have shifted costs from the State to the students. In Fiscal 2009, 57.8% of primary General Fund revenue was from appropriations, 40.3% was from students and 1.9% was from other income. In Fiscal 2014, 53.1% of revenue was from appropriations, 45.3% was from students and 1.6% was from other income. The Fiscal 2015 budget reflects appropriations paying 54.0%, students paying 44.5% and other income paying 1.5%. Keeping education affordable and providing sufficient student aid are major concerns.

In recognition of the University of Northern Iowa's high dependence on state appropriations and in-state tuition revenue, the University received a \$4 million base budget adjustment for Fiscal 2013. During Fiscal 2013, it was determined a \$6 million base adjustment was needed for Fiscal 2014 and a \$4 million base adjustment was needed for Fiscal 2015. The requested \$6 million base budget adjustment for Fiscal 2014 was not received. Instead, the General Assembly combined the Fiscal 2014 and Fiscal 2015 special requests into a \$10,000,000 one-time appropriation that is being expended over two fiscal years. The substitution of one-time money for money added to the base has caused tremendous uncertainty.

The University's base appropriation was increased from \$83,222,819 in Fiscal 2014 to \$89,176,732 in Fiscal 2015. The Fiscal 2014 base appropriation was increased by 4% to assist with inflation and to permit freezing tuition. \$2,625,000 was added to partially assist with equity in funding the University.

In September 2014, the Board of Regents requested a primary General Educational Fund appropriation of \$90,737,325 for Fiscal 2016 for UNI. That request was derived by taking the current base of \$89,176,732 and applying a modest inflationary increase of 1.75%. Strategic uses of the increased funding include preserving and strengthening educational quality and the student experience, continuing improvement of retention and graduation rates, continuing strong financial aid policies, improving administrative efficiency and improving student financial literacy. The Board requested inflationary increases of 1.75% for real estate education and the Recycling and Reuse Technology Transfer Center. Requests for special initiatives included \$5,200,000 for the Governor's STEM Advisory Council Initiative which is housed at UNI, \$1,500,000 to establish a bachelor of applied sciences degree program, \$1,500,000 for Helping Iowa Grow Its Own, an initiative to support entrepreneurs and small businesses, \$1,085,081 for economic development operating appropriations and \$915,750 for programs supported by the Regents Innovation Fund. In addition, the Board requested the universities be included in the state salary bill, should a pool of money exist for salary increase funding.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

The Board also requested supplemental funding for UNI in the amount of \$6,605,600 to implement the Performance-based Funding model approved at the Board's June 2014 meeting. The Performance-based Funding Model Task Force recommended the Board move over time from its traditional "base-plus" budgeting methodology to a model weighted 60% for resident enrollment and 40% for outcome metrics. The recommendation included a maximum time period (3 years) and a maximum amount (2% of Fiscal 2013 operating revenues) that can be redistributed in one year. The University will use the new funds to offset the loss of \$4 million appropriated in one-time funds to mitigate the financial impact of funding cuts during the recent recession. In addition, the University will strategically use these funds to enhance financial aid, improve enrollment management, address deferred maintenance and invest in implementing the recommendations of the Board's cost containment consultant.

The recruitment of students has become very competitive and significant emphasis has been placed on enrollment management. The University's primary competitors are Iowa's community colleges and four-year colleges, the University of Iowa, Iowa State University and for-profit institutions. Students can attend community colleges at a lower cost than the University. Tuition grants are made to Iowa students who attend Iowa's four-year private colleges as a matter of public policy. For-profit institutions have experienced rapid growth due to supportive public policy. Several Iowa colleges and universities are using enrollment management consultants to assist in increasing applicants and matriculants. The Regents newly approved Performance-based Funding model, which awards 60% of state appropriations for enrolling resident students, will further increase competition for students.

The decrease in the University's enrollment from fall 2011 to fall 2012 is a serious concern, as is the further decline from that date to fall 2014. The University's headcount enrollment was 13,168 students in fall 2011, 12,273 students in fall 2012, 12,159 in fall 2013 and 11,928 in fall 2014, a decline over five years of 1,240 students, or 9.4%. That decline reversed the enrollment growth of 908 students, or 7.4%, from fall 2006 to fall 2011. The decrease from fall 2011 to fall 2012 was not unexpected due to publicity associated with closing the Price Laboratory School and eliminating programs with low enrollments. Other factors were an unusually large graduating class in May 2012 and robust competition for students. University officials used a one-time appropriation to make up for the tuition revenue shortfall in Fiscal 2013 and Fiscal 2014. The University has placed additional emphasis on enrollment management during Fiscal 2013 and Fiscal 2014, establishing an enrollment management council, employing additional admissions personnel, substantially increasing advertising, utilizing an enrollment management consulting firm and establishing a new position entitled Associate Vice President of Enrollment Management.

Tuition revenue is another concern. At the December 3, 2014 meeting of the Board of Regents, State of Iowa, the tuition and mandatory fees policy was established for Fiscal 2016. The Board froze tuition for the third consecutive year for undergraduate resident students, but increased it 1.75% for undergraduate non-resident students and graduate resident and non-resident students. Mandatory fees were increased by \$68 for undergraduate and graduate students. The increase for undergraduate tuition and mandatory fees equates to 0.9% for resident students and 2.0% for non-resident students. The increase for graduate students equals 2.3% for residents and 2.0% for non-residents. Board members suggested the relinquished 1.75% increase in tuition for undergraduate resident students can be made up from savings identified in the Transparent, Inclusive Efficiency Review (TIER).

University officials are monitoring the enrollment and fiscal situations very closely. University officials are working with the executive and legislative branches of government asking them to be supportive of the Board's recommended operating appropriation requests and to be supportive of the Performance-based Funding model. The Board of Regents is committed to working with the State to secure the requested additional appropriations. Based on funding actions of the legislature, tuition rates may be adjusted subsequent to the 2015 legislative session. UNI has placed additional emphasis on the recruitment and retention of students during the past few years. University officials are committed to doing everything possible to maintain affordability and accessibility, ensuring program quality and timely graduation, maintaining a safe campus and making strategic changes. In addition, officials are committed to taking the necessary actions to maintain the fiscal health of the University and to honor the "Students First" motto.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

In summary, the University faces demographic, enrollment, competitive and state and federal funding challenges. A number of these challenges have been caused, at least partially, by the national recession that began in 2007 and ended in 2009 and the slow economic recovery that followed. The State of Iowa's net General Fund revenue remained below the October 2008 high point until Fiscal 2012. State revenues were only 6.6% higher in Fiscal 2014 than in Fiscal 2008, but that is not reflective of economic conditions since cigarette and gambling tax revenues are now deposited in another fund, the earned income credit was expanded and a taxpayer trust fund credit was created. During the first four months of 2015, state revenues are 4.2% greater than in the first four months of 2014. Iowa's Leading Indicators Index increased 11 out of 12 months in 2014. Iowa non-farm employment increased from 1,462,800 jobs from the December 2009 low point in employment to 1,556,200 jobs in September 2014, an increase of 6.4%. State General Fund receipts and other economic indicators signal the Iowa economy is now experiencing satisfactory growth. The Board of Regents has recommended a 1.75% increase to the University of Northern Iowa's base appropriation and implementation of the Performance-based Funding model, which together would provide incremental funds of \$8,166,193 to the University. The University will use the new funds to offset the loss of \$4 million granted in one-time funds to mitigate the financial impact of funding cuts during the recent recession and fund price increases resulting from inflation. In addition, the University will strategically use these funds to enhance financial aid, improve enrollment management, address deferred maintenance and invest in TIER recommendations. University officials are optimistic the Governor will recommend supporting the Board's funding requests for operating appropriations and the Performance-based Funding model and the General Assembly will fund those requests and also be supportive of the model. Fulfilling the mentioned funding requests will assist in dealing with the University's challenges.

CONTACTING THE UNIVERSITY

This financial report is designed to provide our customers, our donors, our creditors and the taxpayers of the State of Iowa with a general overview of the University's finances and to demonstrate the University's accountability for the resources it receives. If you have questions about this report or if you would like additional financial information about the University, write to Financial Accounting and Reporting Services, 122 Lang Hall, Cedar Falls, Iowa 50614-0009 or phone 319-273-3576.



2013-2014 Financial Statements

UNIVERSITY OF NORTHERN IOWA
Statement of Net Position
June 30, 2014 and 2013

	2014	2013 Restated
ASSETS		
Current Assets:		
Cash and cash equivalents-Note B	\$ 20,588,882	27,183,314
Investments-Note B	55,591,450	52,702,131
Accounts receivable, net-Note C	9,882,201	7,891,332
Notes receivable, net-Note E	1,906,269	1,922,902
Interest receivable	543,356	543,063
Due from government agencies-Note F	5,144,840	5,582,212
Prepaid expenses and other current assets-Note G	4,704,216	4,400,707
Inventories-Note H	2,338,194	3,874,453
Total Current Assets	<u>100,699,408</u>	<u>104,100,114</u>
Noncurrent Assets:		
Investments-Note B	41,075,265	35,506,824
Accounts receivable, net-Note C	962,328	10,400
Notes receivable, net-Note E	7,600,153	7,691,608
Prepaid expenses-Note G	114,382	87,044
Capital assets, Nondepreciable-Note I	9,146,477	50,881,918
Capital assets, Depreciable, net-Note I	377,289,971	339,280,582
Total Noncurrent Assets	<u>436,188,576</u>	<u>433,458,376</u>
Total Assets	<u>536,887,984</u>	<u>537,558,490</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	10,566,918	12,984,534
Salaries and wages payable-Note J	736,803	718,157
Unpaid claims and contingent liabilities-Note Q	1,783,788	1,580,470
Unearned revenue-Note G	5,477,006	3,862,246
Interest payable	3,076,806	2,899,419
Long-term debt-Note M	10,912,763	16,518,242
Other long-term liabilities-Note K	5,481,989	5,248,865
Deposits held in custody for others	4,389,810	3,837,306
Total Current Liabilities	<u>42,425,883</u>	<u>47,649,239</u>
Noncurrent Liabilities:		
Accounts payable	-	565,755
Other long-term liabilities-Note K	26,662,561	24,075,365
Long-term debt-Note M	132,349,070	138,346,559
Total Noncurrent Liabilities	<u>159,011,631</u>	<u>162,987,679</u>
Total Liabilities	<u>201,437,514</u>	<u>210,636,918</u>
NET POSITION		
Net investment in capital assets	254,034,901	251,763,463
Restricted-Note P		
Nonexpendable	615,895	615,895
Expendable	29,898,129	27,347,015
Unrestricted	50,901,545	47,195,199
Total Net Position	<u>\$ 335,450,470</u>	<u>326,921,572</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Financial Position
June 30, 2014 and 2013

ASSETS

	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 621,966	299,641
Investments	18,404,719	15,699,751
Pledges receivable, net-Note D	1,498,326	2,900,814
Other receivables	158,291	119,215
Other	123,918	119,932
	<hr/>	<hr/>
Total Current Assets	20,807,220	19,139,353
Noncurrent Assets:		
Pledges receivable, less current portion	4,559,364	11,898,503
Long-term investments	108,887,771	88,721,097
Life insurance cash value	1,444,554	1,377,593
Building and equipment, net	693,865	786,465
Other	151,082	125,608
	<hr/>	<hr/>
Total Noncurrent Assets	115,736,636	102,909,266
Total Assets	\$ <u>136,543,856</u>	<u>122,048,619</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 1,384,947	400,564
Annuities payable	275,581	273,270
Annuity trusts payable	103,676	103,676
Unitrusts payable	68,909	67,950
	<hr/>	<hr/>
Total Current Liabilities	1,833,113	845,460
Noncurrent Liabilities:		
Annuities payable, less current portion	1,686,824	1,483,688
Annuity trusts payable, less current portion	770,464	796,971
Unitrusts payable, less current portion	382,104	401,629
	<hr/>	<hr/>
Total Noncurrent Liabilities	2,839,392	2,682,288
Total Liabilities	<hr/> 4,672,505	<hr/> 3,527,748
Net Assets:		
Unrestricted	8,892,299	6,213,459
Temporarily restricted-Note P	40,986,283	33,826,387
Permanently restricted-Note P	81,992,769	78,481,025
	<hr/>	<hr/>
Total Net Assets	131,871,351	118,520,871
Total Liabilities and Net Assets	\$ <u>136,543,856</u>	<u>122,048,619</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA
Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2014 and 2013

	2014	2013 Restated
REVENUES		
Operating Revenues:		
Tuition and fees, net of scholarship allowances of \$25,424,620 for 2014 and \$25,334,812 for 2013	\$ 64,320,008	65,107,140
Federal grants and contracts	16,662,776	18,481,032
State and local grants and contracts	2,053,427	2,102,578
Nongovernmental grants and contracts	3,320,222	3,613,871
Sales and services of educational activities	6,403,218	4,937,703
Interest on student loans	226,660	245,250
Other operating revenue	562,860	726,808
Auxiliary enterprises	57,101,721	56,344,034
Total Operating Revenues	<u>150,650,892</u>	<u>151,558,416</u>
EXPENSES		
Operating Expenses:		
Instruction	86,505,596	82,764,796
Research	2,982,535	3,138,471
Public service	25,052,740	24,325,404
Academic support	22,489,903	21,731,295
Student services	9,636,281	9,005,372
Institutional support	26,066,570	26,441,182
Operation and maintenance of plant	21,166,860	21,423,526
Scholarships and fellowships	3,381,347	4,983,383
Depreciation/amortization	18,040,748	16,095,251
Other operating expenses	193,945	281,264
Auxiliary enterprises	50,774,324	50,975,515
Total Operating Expenses	<u>266,290,849</u>	<u>261,165,459</u>
Operating (Loss)	<u>(115,639,957)</u>	<u>(109,607,043)</u>
NONOPERATING REVENUES (EXPENSES):		
State appropriations	96,910,269	87,662,815
Federal grants and contracts	10,270,339	10,860,223
Nonfederal gifts, grants and contracts	3,827,149	3,101,932
Investment income	3,644,079	1,464,982
Interest on indebtedness	(5,463,353)	(5,529,028)
Loss on disposal of capital assets	(2,428,923)	(2,381,912)
Net Nonoperating Revenues	<u>106,759,560</u>	<u>95,179,012</u>
(Loss) Before Other Revenues	<u>(8,880,397)</u>	<u>(14,428,031)</u>
OTHER REVENUES:		
Capital appropriations	14,177,141	14,082,733
Capital gifts, grants and contracts	3,232,154	1,193,696
Total Other Revenues	<u>17,409,295</u>	<u>15,276,429</u>
Change in Net Position	<u>8,528,898</u>	<u>848,398</u>
NET POSITION		
Net position, beginning of year, restated - Note A	<u>326,921,572</u>	<u>326,073,174</u>
Net position, end of year	<u>\$ 335,450,470</u>	<u>326,921,572</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Activities
Years Ended June 30, 2014 and 2013

	2014			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Revenue, support and reclassifications:				
Contribution revenue	\$ 1,218,826	6,858,754	3,271,503	11,349,083
Investment return	3,960,925	10,509,485	622,319	15,092,729
Miscellaneous income	24,212	16,078	-	40,290
Reclassifications attributed to underwater endowments	(676,588)	676,588	-	-
Net assets released from restrictions	10,710,093	(10,710,093)	-	-
Total revenue, support and reclassifications	<u>15,237,468</u>	<u>7,350,812</u>	<u>3,893,822</u>	<u>26,482,102</u>
Expenses and adjustments:				
Scholarship expenses	4,557,282	-	-	4,557,282
Programming expenses	4,593,058	-	-	4,593,058
Administrative expenses	911,902	-	-	911,902
Fundraising expenses	2,225,306	-	-	2,225,306
Uncollectible pledges (recoveries)	22,280	173,811	54,385	250,476
Depreciation expense	92,600	-	-	92,600
Present value liability actuarial adjustment	156,200	17,105	327,693	500,998
Total expenses and adjustments	<u>12,558,628</u>	<u>190,916</u>	<u>382,078</u>	<u>13,131,622</u>
Change in net assets	2,678,840	7,159,896	3,511,744	13,350,480
Net assets, beginning of year	<u>6,213,459</u>	<u>33,826,387</u>	<u>78,481,025</u>	<u>118,520,871</u>
Net assets, end of year	<u>\$ 8,892,299</u>	<u>40,986,283</u>	<u>81,992,769</u>	<u>131,871,351</u>

The notes are an integral part of the financial statements.

2013

Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
1,977,972	7,372,808	18,432,305	27,783,085
3,404,515	4,937,329	384,503	8,726,347
25,600	12,082	-	37,682
(458,732)	458,732	-	-
7,950,895	(7,950,895)	-	-
12,900,250	4,830,056	18,816,808	36,547,114
3,557,135	-	-	3,557,135
4,083,296	-	-	4,083,296
952,470	-	-	952,470
2,150,803	-	-	2,150,803
40,535	(17,706)	(38,982)	(16,153)
92,601	-	-	92,601
11,253	17,194	204,249	232,696
10,888,093	(512)	165,267	11,052,848
2,012,157	4,830,568	18,651,541	25,494,266
4,201,302	28,995,819	59,829,484	93,026,605
6,213,459	33,826,387	78,481,025	118,520,871

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013 Restated
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 63,699,063	65,023,543
Grants and contracts receipts	22,715,923	23,486,916
Collections of loans from students	1,867,217	1,942,424
Auxiliary enterprise receipts	57,445,885	56,726,230
Payments for salaries and benefits	(153,286,305)	(146,566,463)
Payments for goods and services	(40,255,576)	(39,385,145)
Scholarships	(3,269,564)	(4,753,974)
Loans issued to students	(1,674,133)	(2,002,004)
Auxiliary enterprise payments	(50,797,775)	(50,610,728)
Interest on loans to students	215,804	203,168
Other operating receipts	6,734,551	5,775,564
Net Cash Used by Operating Activities	<u>(96,604,910)</u>	<u>(90,160,469)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State appropriations	96,968,644	87,771,867
William D. Ford direct lending and plus loans receipts	58,551,372	61,718,237
William D. Ford direct lending and plus loans made	(58,586,203)	(61,754,965)
Agency receipts	3,334,949	2,572,995
Agency payments	(3,426,106)	(3,336,070)
Noncapital gifts	13,987,909	13,716,705
Net Cash Provided by Noncapital Financing Activities	<u>110,830,565</u>	<u>100,688,769</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital appropriations received	14,177,141	14,107,438
Capital gifts and grants received	1,167,716	3,236,021
Acquisition of capital assets	(15,288,930)	(33,753,051)
Proceeds from sale of capital assets	359,380	115,845
Principal paid on capital debt	(16,467,891)	(27,394,171)
Interest paid on capital debt	(5,349,219)	(6,448,905)
Proceeds from capital debt	5,000,000	16,052,512
Other capital and related financing receipts	2,322	326,198
Other capital and related financing payments	-	(142,440)
Net Cash Used by Capital and Related Financing Activities	<u>(16,399,481)</u>	<u>(33,900,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends on investments	463,833	677,483
Proceeds from sale and maturities of investments	38,990,007	76,909,661
Purchase of investments	(43,874,446)	(60,658,988)
Net Cash Provided/(Used) by Investing Activities	<u>(4,420,606)</u>	<u>16,928,156</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,594,432)	(6,444,097)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>27,183,314</u>	<u>33,627,411</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 20,588,882</u>	<u>27,183,314</u>

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013 Restated
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (115,639,957)	(109,607,043)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation/amortization	18,040,748	16,095,251
(Increase)/Decrease in accounts receivable	385,596	(61,869)
(Increase)/Decrease in notes receivable	108,089	484,499
(Increase)/Decrease in due from government agencies	(180,746)	(146,701)
(Increase)/Decrease in inventories	1,536,259	832,809
(Increase)/Decrease in prepaid expenses	(398,476)	(388,087)
(Increase)/Decrease in other assets	16,907	(23,458)
Increase/(Decrease) in accounts payable	(2,479,983)	2,794,136
Increase/(Decrease) in salaries and wages payable	(67,645)	(45,552)
Increase/(Decrease) in unearned revenue	1,615,008	(231,824)
Increase/(Decrease) in other liabilities	459,290	137,370
Net Cash Used By Operating Activities	\$ (96,604,910)	(90,160,469)

Noncash Capital, Financing and Investing Activities:

Equipment with a fair value of \$1,605,842 was donated to the University in 2014.

Net unrealized gain increased the fair value of the University's investments \$3,928,656 in 2014 and \$481,974 in 2013.

The notes are an integral part of the financial statements.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note A – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

The University of Northern Iowa, founded in 1876 and located in Cedar Falls, Iowa, is owned and operated by the State of Iowa under the governance of the Board of Regents, State of Iowa. The Board of Regents is appointed by the Governor and confirmed by the State Senate. Because the Board of Regents holds the corporate powers of the University, the University is not deemed to be legally separate. The University is an integral part of the State of Iowa, the primary government. As such, the University is included in the State of Iowa's Comprehensive Annual Financial Report as one of the State's universities. This Comprehensive Annual Financial Report presents only the University Funds of the University of Northern Iowa.

The University is classified as a state instrumentality under Internal Revenue Code Section 115 and it is exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles for governmental colleges and universities, as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements have been prepared on the accrual basis of accounting. Under GASB, the University reports as a Business Type Activity, an activity financed in whole or in part by fees charged to external parties for goods or services.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

Net Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted:

Nonexpendable – Net position subject to externally imposed stipulations are maintained in perpetuity by the University, including the University's permanent endowment funds.

Expendable – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted: Net position not subject to externally imposed stipulations. Examples include: student tuition and fees, state appropriations and sales and services of educational departments and auxiliary enterprises. Resources may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially, all unrestricted net position is designated for academic and general programs of the University.

GASB Statement No. 35 also requires the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows be reported on a consolidated basis. In June 2011, GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement was implemented for the year ended June 30, 2013.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note A – Organization and Summary of Significant Accounting Policies (continued)

In November 2010, GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus. This statement was implemented for the year ended June 30, 2013. The GASB classification of these entities for the University's financial reporting purposes does not affect their respective legal or organizational relationships to the University. The financial statements of all component units are included in the University's financial statements.

Discretely Presented Component Unit

The University of Northern Iowa Foundation (Foundation) is a legally separate, tax-exempt 501(c)(3) corporation. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The University does not control the Foundation or the timing or amount of receipts from the Foundation. The majority of the Foundation's resources are restricted to the activities of the University by UNI Foundation donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. During the years ended June 30, 2014 and 2013, the Foundation provided \$7,191,343 and \$4,762,383, respectively, to the University.

The accompanying combined financial statements of the Foundation include the accounts of the University of Northern Iowa Foundation, the University of Northern Iowa Properties Corporation and the University of Northern Iowa Research Foundation. All material transactions between these organizations have been eliminated. Combined financial statements are presented because the organizations have common Trustees, common management and common objectives of promoting and benefiting the University of Northern Iowa.

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

The Foundation is a non-profit organization that reports according to standards prescribed by the Financial Accounting Standards Board (FASB). The Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, Financial Statements of Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting for these differences. A copy of the Foundation's financial statements may be obtained by contacting the University of Northern Iowa Foundation at Cedar Falls, Iowa.

Affiliated Organization

Affiliated organizations not controlled by the University, such as the UNI Alumni Association, are not included in the University's financial statements.

Cash and Cash Equivalents

In accordance with GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, Paragraph 11, the Board of Regents, State of Iowa established a policy defining cash equivalents as investments purchased by the institutions through Board-authorized brokerage firms that meet the GASB definition of cash equivalents. Cash equivalents are both readily convertible to known amounts of cash and mature within three months from the purchase date. The Board of Regents has established, by policy, that all funds held by external investment managers shall be reported as investments. Any cash or cash equivalents in the diversified operating portfolio, diversified intermediate term portfolio and the endowment portfolio

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note A – Organization and Summary of Significant Accounting Policies (continued)
is reported as an investment.

Investments and Investment Income

Investments in marketable securities are recorded at their fair value, as established by the major securities markets. Purchases and sales of investments are accounted for on the settlement date basis. Investment income is recorded on the accrual basis. Realized and unrealized gains and losses are reported as investment income. The University is not permitted to invest in derivative instruments. Investments acquired and classified as gift revenue are recorded at fair value or appraised value as of the date of the gift.

The University discloses the Credit Risk, Concentration of Credit Risk and Interest Rate Risk in accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures, in Note B.

Credit Risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations to the University. To reduce the University's exposure to credit risk, the weighted average credit quality of the University's operating portfolio must be AA or Aa as rated by Standard & Poor's or Moody's, respectively.

Concentration of Credit Risk is the risk of loss that may be attributed to the magnitude of a University's investment in a single issue or issuer. Except for Treasury or Agency debentures, no more than 5% of the operating portfolio can be invested in securities of a single issuer.

Interest Rate Risk is the possibility changes in interest rates will adversely affect the fair value of a fixed income investment. This risk is managed within the portfolio using duration. Duration analysis is widely used in the management of fixed income portfolios to quantify the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk to price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. The maximum duration of the University's operating portfolio may not exceed the duration of the Merrill 1-3 year Government/Corporate Index by more than 20%. At the time of purchase, the maturity of securities in the operating portfolio cannot exceed sixty-three months.

Interest on the Perkins Student Loan Fund is recorded on the accrual basis while interest on other Loan Funds is reported on the cash basis due to immateriality.

With the exception of funds specifically invested for bond issues and endowment funds, all other monies are pooled in an investment pool entitled "Treasurer's Temporary Investments". Investment income on the investment pool is allocated to the activities that participate in the pool. In fiscal years 2014 and 2013, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$2,725,896 and \$576,933, respectively.

Investments (Foundation)

The Foundation has adopted FASB No. 157, Fair Value Measurements. FASB No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in its principal market, or in the absence of a principal market the most advantageous market for the investment or liability. The Foundation categorizes its investments into a three-level fair value hierarchy.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note A – Organization and Summary of Significant Accounting Policies (continued)

Capital Assets

Property, buildings, equipment and library materials are stated at cost at the date of acquisition or fair value at date of donation. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets and it is recorded in the Plant Accounts.

The following useful lives are used:

Infrastructure	20-40 years
Buildings	40-50 years
Improvements other than buildings	20-30 years
Equipment	5-20 years
Vehicles	5-10 years
Library	10 years
Software	5-30 years

The following thresholds are used to define capital assets:

Infrastructure	\$ 25,000
Land improvements	\$ 25,000
Building and building improvements	\$100,000
Equipment	\$ 5,000
Intangible assets	\$500,000

The University does not capitalize works of art or historical treasures held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any manner. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

The University implemented GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, as of July 1, 2009. Intangible assets are recorded at cost at the date of acquisition or estimated fair value at the date of donation. A state government-wide capitalization threshold of \$500,000 was established by the Iowa Department of Administrative Services. Once intangible assets are placed in service, they are amortized on the straight-line basis over their estimated useful life.

Termination Benefits

The University accounts for its termination benefit plans in accordance with GASB Statement No. 47, Accounting for Termination Benefits. Disclosure of the Early Retirement Incentive Programs (ERIP) is presented in Note S.

Endowment Appreciation

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act permits management of the University to allocate the amount of realized and unrealized endowment appreciation it determines to be prudent. It is the University's policy to retain realized and unrealized appreciation within the endowment after spending rule distributions.

Distributions are made from the endowments to the departments which benefit from the endowment funds. The endowment spending rule provides for an annual distribution of five percent of the three-year moving average of the fair value of the fund.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note A – Organization and Summary of Significant Accounting Policies (continued)

Unearned Revenue

Unearned revenue consists of revenue received in advance of an academic session or an event, such as student tuition, student housing or ticket sales related to future fiscal years. It also includes amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement.

Auxiliary Enterprise Revenues

Auxiliary enterprise revenues primarily represent revenues generated by the Residence System, Intercollegiate Athletics, Student Union, Fieldhouse System, Wellness and Recreation Center, Student Health System and the Gallagher-Bluedorn Performing Arts Center.

Summer Session

The University operates summer sessions during May, June and July. Tuition and Mandatory Student Fee revenues and expenditures for the summer sessions are recorded in the appropriate fiscal year. Residence System revenues and expenditures for the noted summer sessions are also recorded in the appropriate fiscal year.

Inventories

Inventories, consisting mainly of coal, fuel oil, foodstuffs and supplies, are primarily valued at cost (first in, first out).

Tuition and Fees

Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Nonoperating Activities

Operating activities reported in the Statement of Revenues, Expenses and Changes in Net Position are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating revenues include state appropriations, gifts, grants and contracts, and investment return. Nonoperating expenses include interest expense and loss on disposal of capital assets.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Restatement

As a result of adopting GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, unamortized bond issuance costs which were previously reported as assets have been expensed, as follows:

Net position at June 30, 2012, as previously reported	\$328,314,388
Unamortized bond issuance costs expensed	<u>(2,241,214)</u>
Net position at July 1, 2012, as restated	<u>\$326,073,174</u>

Also, certain amounts presented for the prior year have been reclassified to be consistent with the current year's presentation.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note B – Cash Deposits and Investments

(1) Cash and cash equivalents:

The bank deposits of the University were covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. In the unlikely event a bank fails, the State Treasurer first determines the amount of the loss and validates the amount of applicable FDIC insurance. He is empowered by this chapter to cover the remaining loss from the State Sinking Fund for public deposits in banks. If the balance in the sinking fund is inadequate to pay the entire loss, he is empowered to make assessments against other banks to ensure there will be no loss of public funds. Cash and cash equivalents at June 30, 2014 and 2013 are:

	<u>2014</u>	<u>2013</u>
Carrying values of cash and cash equivalents	\$20,588,882	27,183,314
The carrying values include:		
Cash-on-hand	171,706	147,243
Uninsured and uncollateralized money market funds	7,684,884	2,311,206
Bank balances	\$15,707,490	27,917,148

(2) Investments:

In accordance with the Code of Iowa, the University's operating portfolio may be invested in obligations of the U.S. government and its agencies, certificates of deposit, prime bankers' acceptances, investment grade commercial paper, repurchase agreements, investments authorized for the Iowa Public Employees' Retirement System in Section 97B.7 of the Code of Iowa, investment grade corporate debt, mortgage pass-through and asset-backed securities with an A rating at time of purchase and an open-end management investment company organized in trust form registered with the S.E.C. under the Investment Company Act of 1940. The University's endowment portfolio may invest in all of the above as well as certain international and listed domestic equities. A portion of the University's operating portfolio is invested in the State University of Iowa's diversified pool. In addition, the University's endowments are pooled with the State University of Iowa's endowments to achieve economies of scale.

Chapter 540A of the Code of Iowa permits the University to spend endowment income and to appropriate within certain limitations an amount of realized and unrealized endowment appreciation as the University determines to be prudent considering the University's long-term and short-term needs, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The University's policy is to retain the realized and unrealized appreciation with the endowment pursuant to the spending rule of the University. The University's spending rule is that five percent (5%) of the three year moving average of the fair value of the endowment will be calculated and distributed. The net appreciation on true endowments available for expenditure at June 30, 2014 and 2013 was \$723,470 and \$601,922, respectively. The net appreciation is classified in the Statement of Net Position as follows:

	<u>2014</u>	<u>2013</u>
Restricted Expendable:		
Scholarships and fellowships	\$ 173,411	148,610
Loans	152,262	135,357
Other-Chair	397,797	317,955
Total	\$ <u>723,470</u>	<u>601,922</u>

The University's investments are recorded at fair value, as determined by quoted market price. At June 30, 2014, the University had the following investments and quality credit ratings by investment type:

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note B – Cash Deposits and Investments (continued)

Invested Assets	
Operating Portfolio:	Fair Value
Fixed Income:	
U.S. Government Securities:	
U.S. Government Treasuries	\$ 14,962,706
U.S. Government Agencies	31,577,413
Short-Term Securities:	
Commercial Paper	2,999,593
Fixed Income Mutual Funds	16,944,467
Total Fixed Income Securities	<u>66,484,179</u>
Equity and Other Securities:	
Domestic Equity Mutual Funds	3,331,648
International Equity Mutual Funds	2,168,314
REIT Mutual Funds	3,488,750
Senior Secured, Floating Rate Leveraged Loans	2,847,872
Total Equity and Other Securities	<u>11,836,584</u>
Cash and Cash Equivalents:	
Money Market Fund Shares	9,687,515
Total Cash and Cash Equivalents	<u>9,687,515</u>
Total Operating Portfolio	<u>88,008,278</u>
Endowment Portfolio (UNI Equity in SUI Endowment Pool):	
Fixed Income:	
U.S. Government Securities:	
U.S. Government Treasuries	602,839
U.S. Government Agencies	359,974
Mortgage-Backed Securities	142,777
Credit:	
Corporate Bonds	306,733
Corporate Asset-Backed	21,231
Private Placements	45,514
Fixed Income Mutual Funds	530,590
Total Fixed Income Securities	<u>2,009,658</u>
Equity and Other Securities:	
Domestic Equity Mutual Funds	2,989,754
International Equity Mutual Funds	2,482,786
REIT Mutual Funds	722,431
Senior Secured, Floating Rate Leveraged Loans	413,359
Total Equity and Other Securities	<u>6,608,330</u>
Cash and Cash Equivalents:	
Money Market Fund Shares	40,449
Total Cash and Cash Equivalents	<u>40,449</u>
Total Endowment Portfolio	<u>8,658,437</u>
Total Invested Assets	<u>\$ 96,666,715</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note B – Cash Deposits and Investments (continued)

Credit Risk Concentration

Issuers that represent 5% or more of total operating portfolio fixed income assets.

Investment	Fair Value	% of Total Operating Portfolio Fixed Income Assets
Federal National Mortgage Association	\$12,779,117	19%
Federal Home Loan Bank	9,376,256	14%
Federal Farm Credit Bank	5,242,548	8%
Federal Home Loan Mortgage Corporation	4,542,466	7%

(The remainder of this page was intentionally left blank)

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note B – Cash Deposits and Investments (continued)

The following table reflects the interest rate sensitivity as measured by duration of the University's fixed income securities:

Interest Rate Sensitivity – Duration		Fair Value	Duration (in years)
Operating Portfolio:			
Fixed Income:			
U.S. Government Securities:			
U.S. Government Treasuries		\$ 14,962,706	2.69
U.S. Government Agencies		31,577,413	2.74
Short-Term Securities:			
Commercial Paper		2,999,593	0.06
Fixed Income Mutual Funds		<u>16,944,467</u>	4.55
Operating Portfolio-Total Fixed Income Securities		<u>66,484,179</u>	
Operating Portfolio Duration			3.07
Endowment Portfolio:			
Fixed Income:			
U.S. Government Securities:			
U.S. Government Treasuries		602,839	2.20
U.S. Government Agencies		359,974	1.24
Mortgage-Backed Securities		142,777	1.41
Credit:			
Corporate Bonds		306,733	2.10
Corporate Asset-Backed		21,231	0.65
Private Placements		45,514	1.97
Fixed Income Mutual Funds		<u>530,590</u>	3.10
Endowment Portfolio-Total Fixed Income Securities		<u>2,009,658</u>	
Endowment Portfolio Duration			2.17
Total All Portfolios		<u>\$ 68,493,837</u>	

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note B – Cash Deposits and Investments (continued)

	Credit Risk – Quality Ratings			
	<u>Treasury</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
Fixed Income Securities:				
U.S. Government Guaranteed:				
U.S. Government Treasuries	\$15,565,545	-	-	-
U.S. Government Non-Guaranteed:				
Federal National Mortgage Association	-	12,776,117	-	-
Federal Home Loan Mortgage Corporation	-	4,542,466	-	-
Federal Home Loan Bank	-	9,376,256	-	-
Federal Farm Credit Bank	-	5,242,548	-	-
Mortgage-Backed Securities	-	142,777	-	-
Credit:				
Corporate Bonds	-	2,885	14,705	163,094
Corporate Asset-Backed	-	21,231	-	-
Private Placements	-	29,948	-	2,598
Commercial Paper	-	-	-	-
Fixed Income Mutual Funds	-	9,395,149	1,326,240	1,567,945
Total Fixed Income Securities	<u>\$15,565,545</u>	<u>41,529,377</u>	<u>1,340,945</u>	<u>1,733,637</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>Below B</u>	<u>A1+P1</u>	<u>A1+P2</u>	<u>NR</u>	<u>Total</u>
-	-	-	-	-	-	-	15,565,545
-	-	-	-	-	-	-	12,776,117
-	-	-	-	-	-	-	4,542,466
-	-	-	-	-	-	-	9,376,256
-	-	-	-	-	-	-	5,242,548
-	-	-	-	-	-	-	142,777
126,049	-	-	-	-	-	-	306,733
-	-	-	-	-	-	-	21,231
12,968	-	-	-	-	-	-	45,514
-	-	-	-	1,499,995	1,499,598	-	2,999,593
<u>1,761,297</u>	<u>1,833,794</u>	<u>1,177,220</u>	<u>349,909</u>	<u>-</u>	<u>-</u>	<u>63,503</u>	<u>17,475,057</u>
<u>1,900,314</u>	<u>1,833,794</u>	<u>1,177,220</u>	<u>349,909</u>	<u>1,499,995</u>	<u>1,499,598</u>	<u>63,503</u>	<u>68,493,837</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note C – Accounts Receivable

Accounts receivable are summarized as follows:

	<u>2014</u>	<u>2013</u>
Student accounts	\$ 4,762,528	4,653,997
University of Northern Iowa Foundation	127,308	127,308
Sponsoring agencies	1,013,674	570,033
Other	<u>4,941,019</u>	<u>2,550,394</u>
Total	<u>\$10,844,529</u>	<u>7,901,732</u>

Note D – Pledges Receivable (Foundation)

Unconditional promises are included in the combined financial statements as pledges receivable and revenue of the appropriate net assets category. Unconditional promises are recorded at their net realizable value at the time the promise is made. Those promises expected to be collected in more than one year are discounted at various rates based on the length of time the payments are to be received. Unconditional promises are expected to be realized in the following periods:

	<u>2014</u>	<u>2013</u>
In one year or less	\$ 1,726,766	2,988,725
Between one year and five years	3,423,745	10,827,229
More than five years	<u>1,573,579</u>	<u>1,809,150</u>
	6,724,090	15,625,104
Less discounts to net present value	(438,070)	(564,688)
Less allowance for uncollectible pledges	<u>(228,330)</u>	<u>(261,099)</u>
Total	<u>\$ 6,057,690</u>	<u>14,799,317</u>

Pledges receivable at June 30, 2014 and 2013 have the following restrictions:

	<u>2014</u>	<u>2013</u>
Unrestricted:		
Undesignated	\$ 159,069	178,870
Temporarily Restricted:		
Scholarships and department programs	3,545,864	5,048,663
Plant	1,708,472	1,099,126
Permanently Restricted:		
Endowments-Scholarships and department programs	<u>644,285</u>	<u>8,472,658</u>
Total	<u>\$ 6,057,690</u>	<u>14,799,317</u>

Note E – Notes Receivable

Notes receivable are summarized as follows:

	<u>2014</u>	<u>2013</u>
Student loans:		
Federal loan programs	\$10,579,296	10,993,399
University loan funds	<u>110,553</u>	<u>130,742</u>
	10,689,849	11,124,141
Less allowance for uncollectible loans	<u>(1,183,427)</u>	<u>(1,509,631)</u>
Total	<u>\$ 9,506,422</u>	<u>9,614,510</u>

Notes receivable from students bear interest primarily at 5% and are generally repayable over a one to ten year period commencing six to nine months from the date of separation from the University.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note F – Due From Government Agencies

Due from Government Agencies is summarized as follows:

	<u>2014</u>	<u>2013</u>
Federal Government	\$3,512,148	3,046,354
State Government	1,616,674	2,500,765
Local Governments	<u>16,018</u>	<u>35,093</u>
Total	<u>\$5,144,840</u>	<u>5,582,212</u>

Note G – Prepaid Expenses/Unearned Revenue

Prepaid expenses at June 30, 2014 and 2013 totaled \$4,728,598 and \$4,382,751, respectively, and unearned revenue at June 30, 2014 and 2013 totaled \$5,477,006 and \$3,862,246, respectively. The summer session portion for unearned tuition and fees for 2014 and 2013 was \$2,662,604 and \$2,045,360, respectively. Students sign housing contracts with the Department of Residence for the following Fall semester. Unearned revenue on housing contracts was \$584,600 and \$587,400 at June 30, 2014 and 2013, respectively. Season ticket sales for the Gallagher-Bluedorn Performing Arts Center Artist Series and for Athletic football games begin in the Spring for the following year. Unearned ticket sale revenues were \$1,031,291 and \$612,920 at June 30, 2014 and 2013, respectively.

Note H – Inventories

Inventories at June 30, 2014 and 2013, consisting mainly of supplies and merchandise, primarily valued at cost, had values of \$2,338,194 and \$3,874,453, respectively.

(The remainder of this page was intentionally left blank)

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note I – Capital Assets

Capital assets activity for the year ended June 30, 2014 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation/ Amortization</u>	<u>Book Value</u>
Land	\$ 4,904,493	-	-	4,904,493	-	4,904,493
Construction in Progress	45,977,425	10,891,720	(52,627,161)	4,241,984	-	4,241,984
Capital Assets, Nondepreciable/ Amortizable	50,881,918	10,891,720	(52,627,161)	9,146,477	-	9,146,477
Land Improvements	14,158,538	268,215	-	14,426,753	(9,482,465)	4,944,288
Infrastructure	38,832,401	1,235,716	-	40,068,117	(13,937,061)	26,131,056
Buildings	439,069,241	51,375,649	(2,344,043)	488,100,847	(170,824,075)	317,276,772
Equipment	50,668,213	4,289,596	(3,603,230)	51,354,579	(33,283,673)	18,070,906
Intangibles	8,605,780	-	-	8,605,780	(1,290,867)	7,314,913
Library Materials	34,612,204	325,379	(764,318)	34,173,265	(30,621,229)	3,552,036
Capital Assets, Depreciable/ Amortizable	585,946,377	57,494,555	(6,711,591)	636,729,341	(259,439,370)	377,289,971
Total Capital Assets	\$636,828,295	68,386,275	(59,338,752)	645,875,818	(259,439,370)	386,436,448

Depreciation and amortization activity for the year ended June 30, 2014 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 9,014,263	468,202	-	9,482,465
Infrastructure	12,785,744	1,151,317	-	13,937,061
Buildings	161,211,864	10,974,187	(1,361,976)	170,824,075
Equipment	32,315,260	4,109,292	(3,140,879)	33,283,673
Intangibles	860,578	430,289	-	1,290,867
Library Materials	30,478,086	907,461	(764,318)	30,621,229
Total	\$246,665,795	18,040,748	(5,267,173)	259,439,370

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note I – Capital Assets (continued)

Capital assets activity for the year ended June 30, 2013 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation/ Amortization</u>	<u>Book Value</u>
Land	\$ 4,916,643	-	(12,150)	4,904,493	-	4,904,493
Construction in Progress	<u>39,059,370</u>	<u>32,154,115</u>	<u>(25,236,060)</u>	<u>45,977,425</u>	<u>-</u>	<u>45,977,425</u>
Capital Assets, Nondepreciable/ Amortizable	<u>43,976,013</u>	<u>32,154,115</u>	<u>(25,248,210)</u>	<u>50,881,918</u>	<u>-</u>	<u>50,881,918</u>
Land Improvements	13,691,028	467,510	-	14,158,538	(9,014,263)	5,144,275
Infrastructure	38,098,141	734,260	-	38,832,401	(12,785,744)	26,046,657
Buildings	418,008,089	24,169,668	(3,108,516)	439,069,241	(161,211,864)	277,857,377
Equipment	55,340,202	2,712,527	(7,384,516)	50,668,213	(32,315,260)	18,352,953
Intangibles	8,605,780	-	-	8,605,780	(860,578)	7,745,202
Library Materials	<u>35,253,334</u>	<u>726,447</u>	<u>(1,367,577)</u>	<u>34,612,204</u>	<u>(30,478,086)</u>	<u>4,134,118</u>
Capital Assets, Depreciable/ Amortizable	<u>568,996,574</u>	<u>28,810,412</u>	<u>(11,860,609)</u>	<u>585,946,377</u>	<u>(246,665,795)</u>	<u>339,280,582</u>
Total Capital Assets	<u>\$612,972,587</u>	<u>60,964,527</u>	<u>(37,108,819)</u>	<u>636,828,295</u>	<u>(246,665,795)</u>	<u>390,162,500</u>

Depreciation and amortization activity for the year ended June 30, 2013 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 8,553,464	460,799	-	9,014,263
Infrastructure	11,822,449	963,295	-	12,785,744
Buildings	153,871,685	9,628,771	(2,288,592)	161,211,864
Equipment	35,153,488	3,609,098	(6,447,326)	32,315,260
Intangibles	430,289	430,289	-	860,578
Library Materials	<u>30,762,043</u>	<u>1,002,999</u>	<u>(1,286,956)</u>	<u>30,478,086</u>
Total	<u>\$240,593,418</u>	<u>16,095,251</u>	<u>(10,022,874)</u>	<u>246,665,795</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note J – Salaries and Wages Payable

All non-student University employees are paid the last working day of each month. Certain bargaining unit employees submit time sheets verifying hours worked up to the middle of the month. Student employees submit time sheets verifying hours worked and are paid bi-weekly. Accrued salaries and wages payable at June 30, 2014 and 2013 were \$736,803 and \$718,157, respectively.

Note K – Other Long-Term Liabilities

Other long-term liabilities at June 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>	<u>2013</u>
Other Long-Term Liabilities:		
Compensated absences payable	\$11,094,658	11,031,185
Net OPEB liability	11,949,704	9,354,535
Refundable advances on student loans	<u>9,100,188</u>	<u>8,938,510</u>
Total Other Long-Term Liabilities	<u>\$32,144,550</u>	<u>29,324,230</u>

Compensated Absences

University employees accumulate vacation and sick leave under provisions of Chapter 70A of the Code of Iowa. These accumulated benefits may be liquidated under specific circumstances. Accumulated vacation is paid at the employee's hourly rate upon retirement, death or termination.

With certain exceptions, accumulated sick leave is paid at the employee's hourly rate to a maximum of \$2,000 on retirement.

The following schedule presents the changes in the liability for compensated absences, including accrued retirement and FICA contributions, for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Amount of accrued compensated absences at beginning of year	\$11,031,185	10,429,458
Amount of compensated absences accrued during the fiscal year	7,617,849	7,925,329
Payments on compensated absences during the fiscal year	<u>(7,554,376)</u>	<u>(7,323,602)</u>
Amount of accrued compensated absences at end of year	<u>\$11,094,658</u>	<u>11,031,185</u>

As of June 30, 2014 and 2013, the current liabilities for compensated absences payable were \$5,481,989 and \$5,248,865, respectively.

OPEB (Other Postemployment Benefits)

Plan Description. The University operates a single-employer retiree benefit plan which provides medical, dental and life insurance benefits for retirees and their spouses. There are 1,446 active and 1,001 retired members in the plan. Retired members must be age 55 or older at retirement.

The medical benefit, which is a self-funded indemnity medical plan, is administered by Wellmark Blue Cross/Blue Shield of Iowa. The dental benefit, which is also self-funded, is administered by Delta Dental of Iowa and the life insurance benefit is administered by Principal Financial Group. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note K – Other Long-Term Liabilities (continued)

Funding Policy. The contribution requirements of plan members are established and may be amended by the University. The University currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost is calculated based on the annual required contribution of the University (ARC), an amount actuarially determined in accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the University's annual OPEB cost as of June 30, 2014, the amount actually contributed to the plan and changes in the University's net OPEB obligation:

Annual required contribution	\$ 3,008,000
Interest on net OPEB obligation	323,000
Adjustment to annual required contribution	(274,000)
Annual OPEB cost (expense)	3,057,000
Contributions made	(1,027,341)
Increase in net OPEB obligation	2,029,659
Net OPEB obligation beginning of year	7,177,360
Net OPEB obligation end of year	\$ 9,207,019

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plan's actual contributions for the year ended June 30, 2014.

For fiscal year 2014, the University contributed \$1,027,341 to the medical plan. Plan members receiving benefits contributed \$2.7 million, or 72% of the premium costs.

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations are summarized as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$3,339,000	33.8%	\$4,649,922
6/30/2013	3,506,000	27.9	7,177,360
6/30/2014	3,057,000	33.6	9,207,019

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$32.4 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$32.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$136.9 million and the ratio of the UAAL to the covered payroll was 23.6%. As of June 30, 2014, there were no trust fund assets.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note K – Other Long-Term Liabilities (continued)

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2013 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate based on the University's funding policy. The projected annual health care trend rate is 9.0%. The ultimate health care trend rate is 5%. The health care trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. The inflation rate is assumed to increase at a rate of 5%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed by adjusting the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2013 to reflect the University's experienced retirement age of 62 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2013.

Projected claim costs of the medical plan are \$920 per month for retirees age 69 or less and \$427 per month for retirees who have attained age 70. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Details of the University's OPEB plan may be obtained by writing Financial Accounting and Reporting Services, 122 Lang Hall, Cedar Falls, IA 50614-0009 or phone 319-273-3576.

Allocated Other Postemployment Benefits Liability.

The University's merit employees are participants in the State of Iowa's postretirement medical plan (OPEB Plan). The State of Iowa recognizes the implicit rate subsidy for the OPEB Plan as required by GASB Statement No. 45.

The annual valuation of liabilities under the OPEB Plan is calculated using the entry age normal cost method. The method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$233,209,000 for the State of Iowa at June 30, 2014. The University's allocation of the unfunded liability is not separately determinable.

Details of the OPEB Plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2014. The report may be obtained by writing the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note K – Other Long-Term Liabilities (continued)

The University recognized a net OPEB liability of \$2,742,685 for other postemployment benefits, which represents the University's allocated portion of the State's net OPEB liability. The University's portion of the net OPEB liability was calculated using the ratio of full time equivalent University merit employees compared to all full time equivalent employees of the State of Iowa.

In summary, the University has recognized a net OPEB liability of \$9,207,019 for its retiree benefit plan and a liability of \$2,742,685 for its allocated portion of the State's net OPEB liability, for a total net OPEB liability of \$11,949,704.

Refundable Advances on Student Loans

The Perkins Federal Loan program requires a return of Federal Capital Contribution if the United States Government terminates the program. The accumulated Federal Capital Contribution received by the University over the lifetime of the Perkins Loan program is \$9,100,188 and \$8,938,510 at June 30, 2014 and 2013, respectively.

Note L – Retirement Programs

Teachers Insurance and Annuity Association - The University contributes to the Teachers Insurance and Annuity Association (TIAA) retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Regents, State of Iowa establishes and amends the plan's provision and contribution requirements. As required by the Board of Regents, State of Iowa policy, all eligible University employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified in the contract with TIAA, each employee through the fifth year of employment contributes 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings. The University, through the fifth year of employment, is required to contribute 6 2/3% of the first \$4,800 of earnings and 10% on earnings above \$4,800. Upon completion of five years of service, the participant contributes 5% and the University 10% on all earnings. During fiscal years 2014 and 2013, the University's required and actual contribution amounted to \$11,109,967 and \$11,003,152, respectively. During fiscal years 2014 and 2013, the employees' required and actual contribution amounted to \$5,270,083 and \$5,208,018, respectively.

Iowa Public Employees' Retirement System - The University contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members were required to contribute 5.95% of their annual covered earnings and the University was required to contribute 8.93% of annual covered earnings for the year ended June 30, 2014. For the years ended June 30, 2013 and 2012, plan members were required to contribute 5.78% and 5.38%, respectively, of the annual covered earnings and the University was required to contribute 8.67% and 8.07%, respectively, of annual covered earnings. Contribution requirements are established by State statute. The University's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$1,386,177, \$1,169,233 and \$1,046,545, respectively, equal to the annual required contributions.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note M – Long-Term Debt

Long-term debt at June 30, 2014, consisted of the following:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Original Value</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Academic Bldg. Revenue Bonds:								
Series 1994-Refunding	4.50 – 6.00	2015	\$ 2,180,000	530,000	-	170,000	360,000	180,000
Series 1994	5.00 – 8.25	2015	9,201,461	732,085	-	149,222	582,863	291,126
Series 1996-Refunding	4.55 – 6.00	2013	7,600,000	655,000	-	655,000	-	-
Series 2002-Refunding	4.00 – 5.50	2015	4,890,000	1,390,000	-	440,000	950,000	465,000
Series 2003-Refunding	3.00 – 3.80	2015	8,465,000	2,690,000	-	860,000	1,830,000	895,000
Series 2005-Refunding	5.75 – 6.20	2020	5,110,000	2,810,000	-	410,000	2,400,000	300,000
Series 2005	2.90 – 4.25	2027	12,800,000	11,330,000	-	560,000	10,770,000	585,000
Series 2007	4.00 – 4.25	2027	8,000,000	7,500,000	-	370,000	7,130,000	385,000
Series 2008	4.00 – 5.00	2035	12,000,000	11,925,000	-	75,000	11,850,000	100,000
Series 2009	3.00 – 5.00	2035	13,860,000	13,860,000	-	-	13,860,000	50,000
Residence System Bonds:								
Series 2010-Refunding	2.00 – 3.13	2020	4,255,000	3,505,000	-	405,000	3,100,000	410,000
Series 2010A	3.25 – 5.00	2030	16,790,000	15,580,000	-	630,000	14,950,000	650,000
Series 2010B-Refunding	2.50 – 4.00	2021	10,160,000	9,260,000	-	925,000	8,335,000	940,000
Series 2011	2.00 – 4.00	2033	24,870,000	24,870,000	-	-	24,870,000	1,380,000
Series 2012	1.00 – 2.75	2023	13,810,000	13,810,000	-	950,000	12,860,000	1,440,000
Field House Bonds:								
Series 2004	2.50 – 4.40	2024	10,000,000	5,495,000	-	5,495,000	-	-
Series 2005-Refunding	3.00 – 4.20	2022	7,465,000	4,995,000	-	415,000	4,580,000	430,000
Series 2011-Refunding	2.00 – 3.50	2022	3,685,000	3,325,000	-	290,000	3,035,000	295,000
Series 2013-Refunding	2.00 – 3.00	2024	4,815,000	4,815,000	-	-	4,815,000	385,000
Student Union Bonds:								
Series 2011-Refunding	2.00 – 3.00	2022	8,425,000	7,670,000	-	690,000	6,980,000	705,000
Student Health System Bonds:								
Series 2004	3.00 – 4.40	2024	3,875,000	2,640,000	-	2,640,000	-	-
Series 2013-Refunding	2.00 – 2.25	2024	2,435,000	2,435,000	-	-	2,435,000	195,000
Premiums-Reoffering:								
Residence-Series 2011			-	469,626	-	23,481	446,145	23,481
Field House-Series 2013			-	284,452	-	25,859	258,593	25,859
Student Health System-Series 2013			-	34,513	-	3,138	31,375	3,138
Total Bonds Payable			<u>194,691,461</u>	<u>152,610,676</u>	<u>-</u>	<u>16,181,700</u>	<u>136,428,976</u>	<u>10,133,604</u>
Notes Payable:								
City of Cedar Falls	0.00	2027	500,000	425,000	-	15,000	410,000	15,000
Wells Fargo	4.25	2016	2,150,000	706,736	-	225,743	480,993	235,440
Iowa Finance Authority	1.25	2023	1,217,000	1,122,389	-	180,525	941,864	98,061
Wells Fargo	3.06	2024	5,000,000	-	5,000,000	-	5,000,000	430,658
Total Notes Payable			<u>8,867,000</u>	<u>2,254,125</u>	<u>5,000,000</u>	<u>421,268</u>	<u>6,832,857</u>	<u>779,159</u>
Total Long-Term Debt Payable			<u>\$203,558,461</u>	<u>154,864,801</u>	<u>5,000,000</u>	<u>16,602,968</u>	<u>143,261,833</u>	<u>10,912,763</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note M – Long-Term Debt (continued)

Long-term debt at June 30, 2013, consisted of the following:

	Interest Rates %	Maturity Date	Original Value	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Academic Bldg. Revenue Bonds:								
Series 1994-Refunding	4.50 – 6.00	2015	\$ 2,180,000	690,000	-	160,000	530,000	170,000
Series 1994	5.00 – 8.25	2015	9,201,461	1,045,197	-	313,112	732,085	149,222
Series 1996-Refunding	4.55 – 6.00	2013	7,600,000	1,275,000	-	620,000	655,000	655,000
Series 2002-Refunding	4.00 – 5.50	2015	4,890,000	1,810,000	-	420,000	1,390,000	440,000
Series 2003-Refunding	3.00 – 3.80	2015	8,465,000	3,520,000	-	830,000	2,690,000	860,000
Series 2003A-Refunding	2.00 – 3.40	2012	4,225,000	495,000	-	495,000	-	-
Series 2005-Refunding	5.75 – 6.20	2020	5,110,000	3,105,000	-	295,000	2,810,000	410,000
Series 2005	2.90 – 4.25	2027	12,800,000	11,875,000	-	545,000	11,330,000	560,000
Series 2007	4.00 – 4.25	2027	8,000,000	7,600,000	-	100,000	7,500,000	370,000
Series 2008	4.00 – 5.00	2035	12,000,000	11,975,000	-	50,000	11,925,000	75,000
Series 2009	3.00 – 5.00	2035	13,860,000	13,860,000	-	-	13,860,000	-
Residence System Bonds:								
Series 2002-Refunding	3.00 – 4.50	2018	9,535,000	4,430,000	-	4,430,000	-	-
Series 2003	3.50 – 4.75	2023	9,210,000	6,590,000	-	6,590,000	-	-
Series 2010-Refunding	2.00 – 3.13	2020	4,255,000	3,900,000	-	395,000	3,505,000	405,000
Series 2010A	3.25 – 5.00	2030	16,790,000	16,190,000	-	610,000	15,580,000	630,000
Series 2010B-Refunding	2.50 – 4.00	2021	10,160,000	10,160,000	-	900,000	9,260,000	925,000
Series 2011	2.00 – 4.00	2033	24,870,000	24,870,000	-	-	24,870,000	-
Series 2012	1.00 – 2.75	2023	13,810,000	13,810,000	-	-	13,810,000	950,000
Field House Bonds:								
Series 2004	2.50 – 4.40	2024	10,000,000	5,850,000	-	355,000	5,495,000	5,495,000
Series 2005-Refunding	3.00 – 4.20	2022	7,465,000	5,395,000	-	400,000	4,995,000	415,000
Series 2011-Refunding	2.00 – 3.50	2022	3,685,000	3,610,000	-	285,000	3,325,000	290,000
Series 2013-Refunding	2.00 – 3.00	2024	4,815,000	-	4,815,000	-	4,815,000	-
Student Union Bonds:								
Series 2011-Refunding	2.00 – 3.00	2022	8,425,000	8,425,000	-	755,000	7,670,000	690,000
Student Health System Bonds:								
Series 2004	3.00 – 4.40	2024	3,875,000	2,810,000	-	170,000	2,640,000	2,640,000
Series 2013-Refunding	2.00 – 2.25	2024	2,435,000	-	2,435,000	-	2,435,000	-
Premiums-Reoffering:								
Residence-Series 2011			-	493,107	-	23,481	469,626	23,481
Field House-Series 2013			-	-	288,762	4,310	284,452	25,859
Student Health System-Series 2013			-	-	35,036	523	34,513	3,138
Total Bonds Payable			<u>217,661,461</u>	<u>163,783,304</u>	<u>7,573,798</u>	<u>18,746,426</u>	<u>152,610,676</u>	<u>16,181,700</u>
Notes Payable:								
City of Cedar Falls	0.00	2027	500,000	440,000	-	15,000	425,000	15,000
Wells Fargo	4.25	2016	2,150,000	923,184	-	216,448	706,736	225,744
Iowa Finance Authority	1.25	2024	<u>1,217,000</u>	<u>1,217,000</u>	<u>-</u>	<u>94,611</u>	<u>1,122,389</u>	<u>95,798</u>
Total Notes Payable			<u>3,867,000</u>	<u>2,580,184</u>	<u>-</u>	<u>326,059</u>	<u>2,254,125</u>	<u>336,542</u>
Total Long-Term Debt Payable			<u>\$221,528,461</u>	<u>166,363,488</u>	<u>7,573,798</u>	<u>19,072,485</u>	<u>154,864,801</u>	<u>16,518,242</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note M – Long-Term Debt (continued)

Bonds Payable

The above bonds were issued for the following purposes:

Academic Building Revenue Bonds were issued primarily for the construction, renovation and equipping of academic buildings, libraries, administrative and service buildings.

Residence System Revenue Bonds were issued for the construction, renovation and equipping of residence halls, food service buildings and apartment housing.

Field House System Revenue Bonds were issued in 1997 to replace the air-supported roof of the UNI-Dome with a self-supported roof. Bonds were issued in 2001 to make repairs to the roof and to the structure of the UNI-Dome. Bonds were issued in 2004 for the construction of the McLeod Center and to remodel the UNI-Dome. The 1997 bonds were refunded in 2005 and the 2001 bonds were refunded in 2011.

Student Union Revenue Bonds were issued to construct additions to, remodel, refurbish and equip the J. W. Maucker Student Union.

Student Health System Revenue Bonds were issued to construct additions to, remodel, refurbish and equip the UNI Student Health Center.

All of the bond issues included funding for a pre-funded debt service reserve and for issuance costs. A number of the bond issues refinanced previous issues to take advantage of lower interest rates.

The bonds mature as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 10,133,604	5,328,237	15,461,841
2016	10,249,214	5,613,898	15,863,112
2017	9,142,478	4,123,060	13,265,538
2018	9,507,479	3,875,299	13,382,778
2019	9,802,478	3,598,783	13,401,261
2020-2024	44,742,391	13,288,588	58,030,979
2025-2029	22,887,406	7,110,251	29,997,657
2030-2034	16,143,926	2,711,600	18,855,526
2035-2039	<u>3,820,000</u>	<u>193,750</u>	<u>4,013,750</u>
Total	<u>\$136,428,976</u>	<u>45,843,466</u>	<u>182,272,442</u>

The changes in Bonds Payable for fiscal years 2014 and 2013 are detailed below:

	<u>2014</u>	<u>2013</u>
Bonds payable beginning of year	\$152,610,676	163,783,304
Bonds retired during the fiscal year	(16,181,700)	(18,746,426)
Bonds issued during the fiscal year	-	<u>7,573,798</u>
Bonds payable end of year	<u>\$136,428,976</u>	<u>152,610,676</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note M – Long-Term Debt (continued)

Notes Payable

At its September 15, 2004 meeting, the Board of Regents, State of Iowa approved a 28E Agreement between the University of Northern Iowa and the City of Cedar Falls, Iowa. Under the terms of the Agreement, the City of Cedar Falls transferred \$500,000 of City funds received from the Black Hawk County Landfill to the University to assist with construction costs of the McLeod Center. Of the amount transferred, \$300,000 is repayable and \$200,000 is forgivable if all the conditions in the Agreement are met. The \$300,000 portion is repayable in the amount of \$15,000 per year for twenty years. The \$200,000 portion, if not forgiven, is repayable in the amount of \$10,000 per year for twenty years. The note is not interest bearing. The University agreed to transfer to the City \$15,000 of its annual rebate from the Black Hawk County Landfill to make the required payments. The City and the University simultaneously executed a Joint Use 28E Agreement permitting City use of University facilities, which may include the Wellness and Recreation Center Complex and outdoor athletic field.

The University has an equipment master lease agreement to finance the acquisition of certain equipment and real property. The University entered into a capital lease agreement with Wells Fargo Brokerage Services, LLC. Funds provided were to be used for the construction of a Human Performance Complex on campus to support the academic, research and public service programs of the School of Health, Physical Education and Leisure Services. The original lease agreement provided funding for costs of \$2,150,000, with payments due semi-annually through fiscal year 2016 and bore an interest rate of 6.60%. In fiscal year 2011, the interest rate was renegotiated to 4.25%. At the point of the interest rate change, both Wells Fargo and the University reclassified the agreement as a note payable.

At its March 21, 2012 meeting, the Board of Regents, State of Iowa authorized the University to enter into a loan agreement with the Iowa Department of Administrative Services to finance energy management improvements in six academic buildings. The note principal of \$1,217,000 was to be repaid in 24 semi-annual payments ending on June 30, 2024. Upon completion of the project it was determined that an amount less than the original principal was owed. The remaining principal will be repaid in 19 semi-annual payments ending on December 30, 2023. The nominal interest rate remains 1.25%, consisting of a 1.00% interest rate and a 0.25% annual servicing fee.

At its June 4, 2014 meeting, the Board of Regents, State of Iowa authorized the University to enter into a master lease financing agreement with Wells Fargo Municipal Capital Strategies, LLC. The original lease agreement provided funding for costs of \$5 million for power plant air regulations compliance, power plant boiler #3 wall panel replacement and power plant storage facility projects. Payments are due semi-annually through fiscal year 2024 and bears an interest rate of 3.06%.

(The remainder of this page was intentionally left blank)

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note N – Endowments

Prior to the establishment of the Foundation in 1959, the University accepted \$615,895 from donors to be invested in perpetuity with only the agreed upon spending rule payout to be made available for annual expenditures according to the donor's restrictions. The revenue and appreciation on the non-expendable donations in excess of the spending rule is retained as an inflationary hedge. The net position retained by the University from these endowments as of June 30, 2014 and 2013 is classified as follows:

	<u>2014</u>	<u>2013</u>
Restricted-Nonexpendable	\$ <u>615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships	\$ 173,411	148,610
Loans	152,262	135,357
Other-Chair	<u>397,797</u>	<u>317,955</u>
Total	\$ <u>723,470</u>	<u>601,922</u>

Note O – Related Party Organization

The University of Northern Iowa Alumni Association is a related party organization to the University because of common management. The separate board of this organization includes members who are also officers of the University. The significant revenues for the Alumni Association are royalties, membership dues and investment income. The material expenses of the Alumni Association are alumni programming costs.

Significant Alumni Association financial data as of and for the years ended June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Total Assets	\$ 1,056,434	1,014,731
Total Liabilities	53,379	66,622
Total Equity	1,003,055	948,109
Due from the University	-	-
Due to the University	30,614	20,461
Total Support and Revenues	394,108	409,387
Total Expenses	339,162	310,305

(The remainder of this page was intentionally left blank)

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note P – Restricted Net Position

The University's restricted net position is classified according to externally imposed restrictions. A summary of restricted net position as of June 30, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Restricted-Nonexpendable:		
Permanent endowment	\$ <u>615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships and fellowships	\$ 208,848	320,513
Student loans	2,926,953	2,803,289
Capital projects	5,137,336	-
Reserve for debt service	20,787,461	23,734,636
Research and gifts	<u>837,531</u>	<u>488,577</u>
Total	<u>\$29,898,129</u>	<u>27,347,015</u>

Foundation Restrictions on Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the years ended June 30, 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Purpose restrictions accomplished (Restated):		
Scholarships and department programs	\$10,064,900	7,815,352
Plant	<u>645,193</u>	<u>135,543</u>
Total Restrictions Released	<u>\$10,710,093</u>	<u>7,950,895</u>

Temporarily restricted net assets as of June 30, 2014 and 2013 are available for the following purposes or periods:

	<u>2014</u>	<u>2013</u>
Program activities:		
Scholarships and department programs	\$38,841,600	32,196,572
Plant	1,479,724	1,062,466
Charitable gift annuities	41,383	21,048
Charitable remainder unitrusts	<u>623,576</u>	<u>546,301</u>
Total Temporarily Restricted Net Assets	<u>\$40,986,283</u>	<u>33,826,387</u>

Permanently restricted net assets as of June 30, 2014 and 2013 are restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Endowment	\$77,857,592	75,757,789
Charitable gift annuities	183,357	188,705
Charitable remainder trust annuities	282,967	203,386
Charitable remainder unitrusts	1,273,429	1,129,212
Life insurance fund	884,730	841,647
Beneficial interest in trust	<u>1,510,694</u>	<u>360,286</u>
Total Permanently Restricted Net Assets	<u>\$81,992,769</u>	<u>78,481,025</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note Q – Risk Management

It is the policy of the University not to purchase commercial insurance for the risks of certain losses to which it is exposed. Instead, management believes it is more economical to manage certain risks internally. It is also the policy of the Board of Regents, State of Iowa and the State of Iowa not to purchase commercial insurance for the risks of certain losses to which they are exposed.

Losses are reported when it is probable a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The University is exposed to various risks of loss related to a number of matters enumerated below.

Business Income. The University purchased business income insurance for the McLeod Center, Field House, Residence System, Maucker Union, Student Health Center, Human Performance Center, Gallagher-Bluedorn Performing Arts Center, Multimodal Transportation Center and the radio towers. The University self-funds business income losses for other buildings.

Errors and Omissions. The University self-funds errors and omissions losses.

Extra Expense. The University purchased \$10,000,000 in extra expense insurance for all buildings on campus.

Fidelity Bond. The State purchased an employee fidelity bond whereby the first \$100,000 of losses are the responsibility of the University. Losses between \$100,000 and \$2,000,000 are insured. The University also purchased a \$500,000 employee fidelity bond with a \$10,000 deductible.

General Liability and Property Loss. The State of Iowa self-funds, on behalf of the University, losses related to general liability (tort claims) and property (casualty losses) with the exception of property belonging to auxiliary enterprises. Claims for torts are filed with the State Appeal Board, while casualty losses are filed with the Executive Council.

The Board of Regents, State of Iowa entered into an agreement with the Department of Management, the State Appeal Board and the Attorney General for resolution of tort claims of \$5,000 or less. The University is authorized to approve claims of \$5,000 or less, paying for the claims from institutional funds up to an annual limit of \$50,000. When a tort claim is filed against the State, the State Appeal Board has the authority to approve or reject ordinary claims less than ten years from occurrence and tort claims not over \$5,000. Tort claims settled or allowed in excess of \$5,000 must have the unanimous approval of all the members of the State Appeal Board, the Attorney General and the District Court of the State of Iowa for Polk County. Torts may be paid without limit from the State's general fund.

A contingent fund exists under Section 29C.20 of the Code of Iowa to provide compensation for loss or damage to state property (casualty losses). By agreement with the State, claims in excess of \$5,000 or an annual aggregate of \$10,000 may be submitted to the Executive Council for consideration. If a loss exceeds \$500,000, it is necessary to seek an appropriation from the General Assembly.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note Q – Risk Management (continued)

The University has purchased commercial property insurance, including earthquake and flood coverage, for its facilities. There is a \$2,000,000 deductible on general University buildings. Additional coverage is provided for Auxiliary Enterprises, such as the Residence System, Maucker Union and the Field House System, with deductibles of \$100,000 per occurrence.

The University purchased commercial insurance to cover the collection of the Art Gallery. The University also purchased commercial insurance to cover media perils of libel and slander for the University's student newspaper.

Group Life, LTD and Accidental Death and Disability Insurance. The University purchased commercial insurance for group term life insurance and long-term disability insurance. The University purchased commercial insurance on a pooled basis for accidental death and disability.

Medical and Dental-Commercial Insurance. The State of Iowa purchased commercial health and dental insurance for general service staff of the University. The University and employees share the cost of the premium.

Medical and Dental-Self Insured. The University self-funds the medical and dental claims of its professional employees. The University and employees share the cost of the coverage. The University insures its medical claims with 120% aggregate stop-loss insurance.

The following schedule presents the changes in claims liabilities for medical and dental insurance for professional staff and unemployment compensation for the years ended June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Amount of claims and contingent liabilities accrued beginning of year	\$ 1,580,470	1,733,112
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	18,248,367	18,007,978
Payments on claims during the fiscal year	<u>(18,045,049)</u>	<u>(18,160,620)</u>
Amount of claims liabilities end of year	\$ <u>1,783,788</u>	<u>1,580,470</u>

Motor Vehicle Liability. Institutions governed by the Board of Regents, State of Iowa cooperatively self-fund collision, comprehensive, property damage and liability losses related to motor vehicle liability up to \$250,000 per claim in an insurance pool. Each Regents' institution is assessed a premium of \$33 to \$59 per rated vehicle per month. Losses in excess of \$250,000 are self-funded by the State, as provided in Chapter 669 of the Code of Iowa.

Unemployment Compensation. The University self-funds unemployment compensation claims received from Iowa Workforce Development on a reimbursement basis.

Workers' Compensation. The State of Iowa self-funds on behalf of the University losses related to workers' compensation for all University employees. The University pays a quarterly assessment for this coverage.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note Q – Risk Management (continued)

In all the above instances of commercial insurance, claims settled have not exceeded coverage for the last three years.

Note R – Operating Leases

The University has leased various buildings, tower space and equipment. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. These leases expire between June 30, 2014 and June 30, 2019 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some leases also require the payment of normal maintenance and insurance on the properties and equipment. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2015	\$ 324,263
2016	227,021
2017	56,280
2018	15,321
2019	<u>15,321</u>
Total	\$ <u>638,206</u>

All leases contain non-appropriation clauses indicating continuation of the lease is subject to funding by the Legislature.

Rental expense for the years ended June 30, 2014 and 2013, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$649,689 and \$727,686, respectively.

Note S – Retirement Incentive Programs and Termination Benefits

Early Retirement Incentive Program of 2009

The Early Retirement Incentive Program of 2009 was approved by the Board of Regents, State of Iowa in April, 2009. The 2009 Program was a one-time program which expired on July 31, 2009. Eligible for participation were faculty, professional-scientific employees, institutional officials and merit system employees who had attained the age of 57 and whose age plus years of service equaled 70 or more on his or her retirement date. Employees participating in the program were required to retire between June 1 and December 31, 2009.

The following benefits are applicable during participation in the 2009 Program:

- 1) Health and Dental Insurance - The employer's and employee's contributions are made for the employee and spouse/domestic partner for five years.
- 2) TIAA/CREF - The employer's contributions are made to TIAA/CREF for five years based on the employee's annual salary as of May 1, 2009.

The employee may have elected, prior to approval of participation in the program, to accept the present value of the health and dental incentives as a lump sum payment on the beginning date of participation in the program.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note S – Retirement Incentive Programs and Termination Benefits (continued)

The University is funding the 2009 Program on a pay-as-you-go basis using ARRA Education Stimulus funds, health and dental insurance reserves and operating funds. At June 30, 2014 and 2013, the present value of future benefits was \$609,009 and \$2,081,382, respectively. The liabilities are included in Accounts Payable in the Statement of Net Position. The interest rate utilized to calculate the present value was 0.06% at June 30, 2014 and 0.04% at June 30, 2013. During fiscal year 2014, benefit payments for 109 participants totaled \$1,595,221. During fiscal year 2013, benefit payments for 111 participants totaled \$1,557,823.

Note T – Funds Held in Trust by Others

The University is a beneficiary of the Joseph S. Wright Trust, which is held by others and had an aggregate fair value of \$741,095 and \$658,978 at June 30, 2014 and 2013, respectively. The income received by the University from this trust was \$29,248 in fiscal year 2014 and \$29,736 in fiscal year 2013.

Note U – Other Commitments, Claims and Contingencies

Commitments: Changes to the University's outstanding construction contract commitments for Plant construction for the year ended June 30, 2014 are as follows:

Construction commitments beginning of year	\$ 6,240,120
Increases in commitments	6,416,243
Payments and decreases in commitments	<u>(10,016,569)</u>
Construction commitments end of year	\$ <u>2,639,794</u>

There were no material claims or contingencies as of June 30, 2014.

Contingencies: In July 2012, a company of a major donor to the UNI Foundation declared bankruptcy. The donor's pledge receivable of \$500,000 was written off as of June 30, 2012. As of the date of the release of the Foundation's fiscal 2014 financial statements, there was not enough information to assess the likelihood of a contingent liability for return of contributions related to this event. As a result, no amounts have been recorded in the Foundation's financial statements as of June 30, 2014 and 2013.

(The remainder of this page was intentionally left blank)

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note V – Segment Reporting

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bond issues are outstanding. Investors in Academic Building Revenue Bonds rely on pledged tuition and fees revenues generated by the University for repayment. Investors in bonds of all other bond enterprises rely solely on the revenue generated by the individual activities for repayment. A segment has a specifically identifiable revenue stream pledged in support of revenue bonds and has related expenses, assets and liabilities that are required by an external party to be accounted for separately. The University's segments are described as follows:

Academic Building Revenue Bonds were issued to defray the costs of constructing, renovating and equipping academic buildings, libraries and administrative and service buildings of the University.

Residence System Revenue Bonds were issued for the construction, renovation, and equipping of residence halls, food service buildings and apartment housing. The bonds are payable from the net rents, profits and income derived from operation of the system. Primary sources of revenue include: room and board contracts, apartment rents, retail food sales, catering sales and investment income.

Field House Revenue Bonds were issued in 1997 for the replacement of the air-supported fabric roof with a self-supported roof. In 2001, bonds were issued to make repairs to the roof and the structure of the building. In 2004, bonds were issued to construct the McLeod Center, an integral part of the Field House Enterprise. The bonds are payable from student fees and the net revenues of the Field House System. Primary sources of revenue include: concession stand sales, facility rentals to the University and the public, investment income and mandatory student fees.

Student Union Revenue Bonds were issued to construct additions to, remodel, refurbish and equip the J. W. Maucker Student Union. The bonds are payable from mandatory student fees and the net revenues of the Student Union System. Primary sources of revenue include: retail sales, commissions, meeting room rentals to the University and the public, investment income and mandatory student fees.

Student Health System Revenue Bonds were issued in 2004 for constructing, furnishing and equipping the Student Health Center building and to improve, remodel and repair the existing Student Health Center building. The bonds are payable from student fees and the net revenues of the Student Health System. Primary sources of revenue include: student receipts and health insurance revenues for health care provided to UNI students and mandatory student fees.

(The remainder of this page was intentionally left blank)

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note V – Segment Reporting (continued)
Academic Buildings

Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u> Restated
Assets:		
Current assets	\$ 5,811,606	5,237,668
Capital assets	63,056,678	65,690,814
Other noncurrent assets	<u>3,548,486</u>	<u>6,430,629</u>
Total assets	<u>72,416,770</u>	<u>77,359,111</u>
Liabilities:		
Current liabilities	5,037,414	5,175,349
Noncurrent liabilities	<u>46,481,736</u>	<u>49,732,862</u>
Total liabilities	<u>51,519,150</u>	<u>54,908,211</u>
Net position:		
Net investment in capital assets	16,574,942	15,957,952
Restricted, expendable	<u>4,322,678</u>	<u>6,492,948</u>
Total net position	<u>\$ 20,897,620</u>	<u>22,450,900</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 66,802,547	68,432,135
Depreciation expense	<u>(2,633,801)</u>	<u>(2,647,479)</u>
Net operating income (loss)	64,168,746	65,784,656
Nonoperating revenues (expenses)	1,167,911	3,459,677
Transfers from (to) University funds	<u>(66,889,937)</u>	<u>(68,541,385)</u>
Change in net position	(1,553,280)	702,948
Net position, beginning of year, restated	<u>22,450,900</u>	<u>21,747,952</u>
Net position, end of year	<u>\$ 20,897,620</u>	<u>22,450,900</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 66,802,547	68,427,135
Net cash provided (used) by capital and related financing activities	<u>(69,253,559)</u>	<u>(69,159,676)</u>
Net cash provided (used) by investing activities	<u>2,263,223</u>	<u>167,716</u>
Net increase (decrease) in cash	(187,789)	(564,825)
Cash and cash equivalents, beginning of year	<u>5,224,207</u>	<u>5,789,032</u>
Cash and cash equivalents, end of year	<u>\$ 5,036,418</u>	<u>5,224,207</u>

Debt Service Coverage

Debt service coverage – required	1.25	1.25
Debt service coverage – actual	11.74	11.98

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 6,127,828	6,339,698
Net operating income *	66,802,547	68,432,135
Annual debt service/net operating income (%)	9.2%	9.3%

As of June 30, 2014, revenue pledged for future principal and interest payments was \$74,988,713.

* Net operating income plus depreciation added back per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note V – Segment Reporting (continued)
Residence System

Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u> Restated
Assets:		
Current assets	\$ 17,421,568	18,284,920
Capital assets	88,495,549	87,585,705
Other noncurrent assets	9,222,803	8,196,171
Total assets	<u>115,139,920</u>	<u>114,066,796</u>
Liabilities:		
Current liabilities	7,454,842	6,366,680
Noncurrent liabilities	60,201,566	65,061,865
Total liabilities	<u>67,656,408</u>	<u>71,428,545</u>
Net position:		
Net investment in capital assets	28,754,404	23,001,078
Restricted, expendable	14,303,886	14,737,353
Unrestricted	4,425,222	4,899,820
Total net position	<u>\$ 47,483,512</u>	<u>42,638,251</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 37,117,642	36,542,089
Depreciation expense	(2,932,625)	(1,732,256)
Other operating expenses	<u>(28,107,239)</u>	<u>(27,920,247)</u>
Net operating income (loss)	6,077,778	6,889,586
Nonoperating revenues (expenses)	<u>(1,232,517)</u>	<u>(1,926,814)</u>
Change in net position	4,845,261	4,962,772
Net position, beginning of year, restated	<u>42,638,251</u>	<u>37,675,479</u>
Net position, end of year	<u>\$ 47,483,512</u>	<u>42,638,251</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 8,926,317	10,089,670
Net cash provided (used) by capital and related financing activities	(9,643,619)	(31,981,097)
Net cash provided (used) by investing activities	<u>658,593</u>	<u>7,359,769</u>
Net increase (decrease) in cash	(58,709)	(14,531,658)
Cash and cash equivalents, beginning of year	<u>16,418,214</u>	<u>30,949,872</u>
Cash and cash equivalents, end of year	<u>\$ 16,359,505</u>	<u>16,418,214</u>

Debt Service Coverage

Debt service coverage – required	1.35	1.35
Debt service coverage – actual	1.82	1.66

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 6,769,415	4,959,380
Net operating income *	12,287,380	11,266,888
Annual debt service/net operating income (%)	55.1%	44.0%

As of June 30, 2014, revenue pledged for future principal and interest payments was \$81,363,116.

* Net operating income plus investment income minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note V – Segment Reporting (continued)
Field House System

Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u> Restated
Assets:		
Current assets	\$ 2,798,195	9,318,653
Capital assets	34,106,924	34,056,766
Other noncurrent assets	<u>7,241,524</u>	<u>6,623,614</u>
Total assets	<u>44,146,643</u>	<u>49,999,033</u>
Liabilities:		
Current liabilities	1,426,256	6,569,043
Noncurrent liabilities	<u>11,979,339</u>	<u>13,132,928</u>
Total liabilities	<u>13,405,595</u>	<u>19,701,971</u>
Net position:		
Net investment in capital assets	22,133,331	20,932,314
Restricted, expendable	1,603,616	2,145,754
Unrestricted	<u>7,004,101</u>	<u>7,218,994</u>
Total net position	<u>\$ 30,741,048</u>	<u>30,297,062</u>

Condensed Statement of Changes in Net Position

Operating revenues	\$ 3,785,458	3,774,248
Depreciation expense	(1,452,053)	(1,432,135)
Other operating expenses	<u>(2,701,833)</u>	<u>(2,780,088)</u>
Net operating income (loss)	(368,428)	(437,975)
Nonoperating revenues (expenses)	<u>812,415</u>	<u>(559,653)</u>
Change in net position	443,987	(997,628)
Net position, beginning of year, restated	<u>30,297,061</u>	<u>31,294,689</u>
Net position, end of year	<u>\$ 30,741,048</u>	<u>30,297,061</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 1,003,484	1,042,076
Net cash provided (used) by capital and related financing activities	(7,903,781)	3,938,156
Net cash provided (used) by investing activities	<u>128,254</u>	<u>423,736</u>
Net increase (decrease) in cash	(6,772,043)	5,403,968
Cash and cash equivalents, beginning of year	<u>8,222,594</u>	<u>2,818,626</u>
Cash and cash equivalents, end of year	<u>\$ 1,450,551</u>	<u>8,222,594</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	5.42	5.43

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 1,536,916	1,589,391
Net operating revenue *	1,313,546	1,324,925
Annual debt service/net operating income (%)	117.0%	120.0%

As of June 30, 2014, revenue pledged for future principal and interest payments was \$14,939,654.

* Net operating income plus investment income, student fee income, casualty reimbursement and transfers-in of University funds minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note V – Segment Reporting (continued)
Student Union

Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u> Restated
Assets:		
Current assets	\$ 1,243,223	1,445,887
Capital assets	13,261,119	13,428,897
Other noncurrent assets	<u>2,373,545</u>	<u>2,346,158</u>
Total assets	<u>16,877,887</u>	<u>17,220,942</u>
Liabilities:		
Current liabilities	889,887	867,618
Noncurrent liabilities	<u>6,320,850</u>	<u>7,022,885</u>
Total liabilities	<u>7,210,737</u>	<u>7,890,503</u>
Net position:		
Net investment in capital assets	6,986,119	6,448,897
Restricted, expendable	842,500	842,500
Unrestricted	<u>1,838,531</u>	<u>2,039,042</u>
Total net position	<u>\$ 9,667,150</u>	<u>9,330,439</u>

Condensed Statement of Changes in Net Position

Operating revenues	\$ 1,411,657	1,583,251
Depreciation expense	(460,506)	(462,505)
Other operating expenses	<u>(1,199,981)</u>	<u>(1,180,384)</u>
Net operating income (loss)	(248,830)	(59,638)
Nonoperating revenues (expenses)	(109,284)	(221,507)
Transfers from (to) University funds	<u>694,825</u>	<u>676,292</u>
Change in net position	336,711	395,147
Net position, beginning of year, restated	<u>9,330,439</u>	<u>8,935,292</u>
Net position, end of year	<u>\$ 9,667,150</u>	<u>9,330,439</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 230,253	437,793
Net cash provided (used) by capital and related financing activities	(478,530)	(421,466)
Net cash provided (used) by investing activities	<u>54,630</u>	<u>31,478</u>
Net increase (decrease) in cash	(193,647)	47,805
Cash and cash equivalents, beginning of year	<u>1,402,237</u>	<u>1,354,432</u>
Cash and cash equivalents, end of year	<u>\$ 1,208,590</u>	<u>1,402,237</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	3.44	3.61

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 896,425	895,225
Net operating revenue *	1,048,104	1,118,438
Annual debt service/net operating income (%)	85.53%	80.0%

As of June 30, 2014, revenue pledged for future principal and interest payments was \$7,932,613.

* Net operating income plus investment income and transfers-in of University funds minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note V – Segment Reporting (continued)
Student Health System

Condensed Statement of Net Position

	<u>2014</u>	<u>2013</u> Restated
Assets:		
Current assets	\$ 655,326	3,106,215
Capital assets	3,140,554	3,283,512
Other noncurrent assets	<u>1,814,348</u>	<u>1,796,221</u>
Total assets	<u>5,610,228</u>	<u>8,185,948</u>
Liabilities:		
Current liabilities	337,313	2,817,402
Noncurrent liabilities	<u>2,346,516</u>	<u>2,545,907</u>
Total liabilities	<u>2,683,829</u>	<u>5,363,309</u>
Net position:		
Net investment in capital assets	869,178	813,999
Restricted, expendable	243,500	246,394
Unrestricted	<u>1,813,721</u>	<u>1,762,246</u>
Total net position	<u>\$ 2,926,399</u>	<u>2,822,639</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 3,248,642	3,140,333
Depreciation expense	(142,958)	(136,346)
Other operating expenses	<u>(3,220,301)</u>	<u>(3,129,194)</u>
Net operating income (loss)	(114,617)	(125,207)
Nonoperating revenues (expenses)	4,704	(123,122)
Transfers from (to) University funds	<u>213,673</u>	<u>200,554</u>
Change in net position	103,760	(47,775)
Net position, beginning of year, restated	<u>2,822,639</u>	<u>2,870,414</u>
Net position, end of year	<u>\$ 2,926,399</u>	<u>2,822,639</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 12,262	49,455
Net cash provided (used) by capital and related financing activities	(2,512,579)	2,361,701
Net cash provided (used) by investing activities	<u>41,354</u>	<u>75,530</u>
Net increase (decrease) in cash	(2,458,963)	2,486,686
Cash and cash equivalents, beginning of year	<u>2,928,005</u>	<u>441,319</u>
Cash and cash equivalents, end of year	<u>\$ 469,042</u>	<u>2,928,005</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	9.35	7.20

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 252,881	281,354
Net operating revenue *	546,312	240,188
Annual debt service/net operating income (%)	46.3%	117.1%

As of June 30, 2014, revenue pledged for future principal and interest payments was \$2,722,231.

* Net operating income plus investment income and transfers-in of University funds minus capital additions from operating fund per the bond indenture.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note W – Operating Expenses by Function

Operating expenses by natural classification for the year ended June 30, 2014 are summarized as follows:

	<u>Personnel Services</u>	<u>Travel</u>	<u>Supplies</u>	<u>Contractual Services</u>	<u>Equipment and Repairs</u>
Operating Expenses:					
Instruction	\$ 80,359,919	1,846,505	793,245	1,274,954	668,980
Research	1,840,723	99,429	69,490	780,092	77,088
Public Service	10,687,300	3,194,839	1,174,512	5,281,129	365,693
Academic Support	16,418,137	676,766	457,922	494,439	3,256,378
Student Services	7,383,859	546,204	230,789	418,276	107,107
Institutional Support	21,337,760	298,780	359,118	2,157,068	239,000
Operation and Maintenance of Plant	11,583,024	34,692	505,169	108,819	5,405,166
Scholarships and Fellowships	637,118	405	-	109,903	-
Depreciation	-	-	-	-	-
Other Operating Expenses	-	-	-	117,262	-
Auxiliary Enterprises	<u>28,041,226</u>	<u>2,002,995</u>	<u>6,734,871</u>	<u>2,828,053</u>	<u>1,629,618</u>
Total Operating Expenses	<u>\$178,289,066</u>	<u>8,700,615</u>	<u>10,325,116</u>	<u>13,569,995</u>	<u>11,749,030</u>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits & Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
Operating Expenses: (continued)					
Instruction	473,921	111,912	976,160	-	\$ 86,505,596
Research	56,227	9,696	49,790	-	2,982,535
Public Service	1,288,620	978,563	2,082,084	-	25,052,740
Academic Support	268,139	842,431	75,691	-	22,489,903
Student Services	391,325	558,721	-	-	9,636,281
Institutional Support	493,828	1,126,220	54,796	-	26,066,570
Operation and Maintenance of Plant	3,596,971	(66,981)	-	-	21,166,860
Scholarships and Fellowships	-	-	2,633,921	-	3,381,347
Depreciation	-	-	-	18,040,748	18,040,748
Other Operating Expenses	(84,996)	161,679	-	-	193,945
Auxiliary Enterprises	<u>5,383,267</u>	<u>538,705</u>	<u>3,615,589</u>	-	<u>50,774,324</u>
Total Operating Expenses	<u>11,867,302</u>	<u>4,260,946</u>	<u>9,488,031</u>	<u>18,040,748</u>	<u>\$266,290,849</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note W – Operating Expenses by Function

Operating expenses by natural classification for the year ended June 30, 2013 are summarized as follows:

	<u>Personnel Services</u>	<u>Travel</u>	<u>Supplies</u>	<u>Contractual Services</u>	<u>Equipment and Repairs</u>
Operating Expenses:					
Instruction	\$ 77,001,910	1,540,216	707,263	1,381,117	346,545
Research	1,911,576	95,012	146,258	832,360	30,287
Public Service	11,172,610	3,390,541	1,091,937	5,224,899	304,537
Academic Support	15,742,748	630,304	520,645	434,468	3,471,721
Student Services	6,974,072	504,176	227,736	582,853	68,436
Institutional Support	20,846,975	229,188	339,554	3,172,849	528,957
Operation and Maintenance of Plant	11,436,764	31,640	145,938	243,417	4,187,314
Scholarships and Fellowships	684,740	6,832	-	149,501	-
Depreciation	-	-	-	-	-
Other Operating Expenses	-	-	-	53,550	-
Auxiliary Enterprises	<u>28,185,817</u>	<u>1,911,047</u>	<u>6,621,436</u>	<u>2,902,066</u>	<u>2,165,564</u>
Total Operating Expenses	<u>\$173,957,212</u>	<u>8,338,956</u>	<u>9,800,767</u>	<u>14,977,080</u>	<u>11,103,361</u>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits & Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
Operating Expenses: (continued)					
Instruction	558,180	138,373	1,091,192	-	\$ 82,764,796
Research	39,527	16,641	66,810	-	3,138,471
Public Service	1,288,642	476,018	1,376,220	-	24,325,404
Academic Support	351,419	545,512	34,478	-	21,731,295
Student Services	394,744	252,998	357	-	9,005,372
Institutional Support	493,965	805,439	24,255	-	26,441,182
Operation and Maintenance of Plant	5,254,366	124,087	-	-	21,423,526
Scholarships and Fellowships	171	-	4,142,139	-	4,983,383
Depreciation	-	-	-	16,095,251	16,095,251
Other Operating Expenses	544,080	(316,366)	-	-	281,264
Auxiliary Enterprises	<u>4,905,325</u>	<u>719,019</u>	<u>3,565,241</u>	<u>-</u>	<u>50,975,515</u>
Total Operating Expenses	<u>13,830,419</u>	<u>2,761,721</u>	<u>10,300,692</u>	<u>16,095,251</u>	<u>\$261,165,459</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2014

Note X – Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the University's proportionate share of the employee pension plan.



University of Northern Iowa
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress
for the Retiree Health Plan
(In Thousands)

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b – a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b – a) / c)</u>
2012	07/01/11	-	\$37,697	37,697	0.0%	\$137,768	27.4%
2013	07/01/12	-	39,497	39,497	0.0	129,092	30.6
2014	07/01/13	-	32,364	32,364	0.0	136,899	23.6

See Note K in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost, Net OPEB Obligation, funded status and funding progress.



2013-2014 Statistical Section

University of Northern Iowa Statistical Section

The University's statistical section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the University's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help understand how the University's financial performance has changed over time.	81-84
Revenue Capacity	
These schedules provide information on the University's most significant revenue sources, tuition and fees, and state appropriations.	85-86
Debt Capacity	
These schedules present the University's bonded debt obligation and the revenue bond coverage.	87-89
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help understand the environment within which the University's financial activities take place.	90-91
Operating Information	
These schedules contain information about the University's operations and resources to help the reader understand how the University's financial information relates to the students and services the University provides.	92-98

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

University of Northern Iowa

Schedule 1

HIGHER EDUCATION PRICE INDEX (HEPI)/FULL YEAR FTE

For the Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Higher Education Price Index	7.285	7.074	6.964	6.850	6.694	6.637	6.406	6.183	5.983	5.689
Normalized HEPI	1.281	1.243	1.224	1.204	1.177	1.167	1.126	1.087	1.052	1.000
Full Year FTE	10,024	10,425	11,379	11,431	11,391	11,141	10,979	10,783	10,969	11,351

HIGHER EDUCATION PRICE INDEX (HEPI). The HEPI deflates financial data to provide a Constant Dollar comparison. The HEPI has been applied to facilitate in the interpretation of certain financial information. The HEPI uses 1971 as a base year. The following table provides the HEPI in a base year format with normalized amounts for this ten year period.

FULL TIME EQUIVALENT STUDENT (FTE). Certain financial data in this section is presented per FTE student. The FTE is based on a weighted full year FTE.

Source: Commonfund; HEPI Index; 2005 through 2014 Updates

University of Northern Iowa
Schedule 2
**CHANGE IN NET POSITION/
NET POSITION BY CLASSIFICATION**
For the Last Ten Years
(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
CHANGE IN NET POSITION										
Total Revenues - Schedule 3	\$ 282,711	269,925	265,525	269,678	284,297	278,283	256,846	255,306	239,105	231,310
Total Expenses - Schedule 4	274,183	269,076	268,615	262,528	258,286	266,760	242,746	227,586	226,612	217,196
Change in Net Position	8,528	849	(3,090)	7,150	26,011	11,523	14,100	27,720	12,493	14,114
Net Position - July 1 Restated	326,922	326,073	329,163	322,013	296,002	284,479	270,379	242,659	230,166	216,052
Net Position - June 30	\$ 335,450	326,922	326,073	329,163	322,013	296,002	284,479	270,379	242,659	230,166
NET POSITION BY CLASSIFICATION										
Net investment in capital assets	\$ 254,035	251,764	225,622	226,533	219,730	205,107	194,237	180,720	158,553	145,911
Restricted										
Nonexpendable										
Scholarships and fellowships	615	615	615	615	615	615	615	615	615	615
Expendable										
Scholarships and fellowships	209	321	333	389	408	274	340	391	371	338
Loans	2,927	2,803	2,876	2,979	2,901	2,817	2,996	2,976	2,962	2,940
Capital projects	5,137	-	13,185	5,707	102	429	4,576	14,936	17,828	23,682
Debt service	20,787	23,735	24,351	24,204	22,813	23,780	20,912	19,719	27,548	20,389
Other	838	489	362	356	1,168	318	846	1,034	635	740
Unrestricted	50,902	47,195	58,729	68,380	74,276	62,662	59,957	49,988	34,147	35,551
Net Position - June 30	\$ 335,450	326,922	326,073	329,163	322,013	296,002	284,479	270,379	242,659	230,166

Net position for all periods presented was restated to expense unamortized bond issuance costs as required by GASB Statement No. 65.

University of Northern Iowa
Schedule 3
REVENUES
For the Last Ten Years
(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING										
Gross Tuition & Fees	\$ 89,745	90,442	91,726	87,554	81,867	77,260	73,394	70,721	65,855	65,569
Less: Scholarship Allowance	25,425	25,335	25,483	24,139	21,202	17,226	15,871	14,290	13,351	13,689
Net Tuition & Fees	64,320	65,107	66,243	63,415	60,665	60,034	57,523	56,431	52,504	51,880
Federal grants and contracts	16,663	18,481	21,158	23,427	23,206	19,837	18,217	18,468	17,338	18,367
State and local grants and contracts	2,053	2,102	2,182	2,271	2,634	2,945	2,961	3,703	3,376	3,284
Nongovernmental grants and contracts	3,320	3,614	4,675	5,097	5,851	6,514	4,002	2,771	2,254	2,152
Sales and services of educational activities	6,403	4,938	8,238	7,998	7,688	5,775	7,421	6,192	8,476	7,313
Interest on student loans	227	245	239	237	227	191	169	148	141	165
Other operating revenue	563	727	502	993	2,869	608	720	805	772	785
Auxiliary enterprises	57,102	56,344	58,742	56,156	55,193	54,859	50,177	47,559	41,967	38,524
Total Operating Income	150,651	151,558	161,979	159,594	158,333	150,763	141,190	136,077	126,828	122,470
NONOPERATING										
State appropriations	96,910	87,663	77,765	82,684	97,862	101,686	95,364	86,531	83,585	79,128
Federal grants and contracts	10,270	10,860	11,467	12,213	10,913	7,654	7,037	6,007	6,232	7,024
Nonfederal gifts, grants and contracts	3,827	3,102	3,701	3,180	3,333	3,385	2,601	2,954	2,433	2,386
Investment income	3,644	1,465	1,683	2,786	2,763	(802)	1,518	5,099	2,553	1,989
Total Nonoperating Revenue	114,651	103,090	94,616	100,863	114,871	111,923	106,520	100,591	94,803	90,527
CAPITAL AND OTHER REVENUES										
Capital appropriations	14,177	14,083	7,017	5,808	5,928	5,752	5,018	8,650	6,188	14,307
Capital gifts, grants and contracts	3,232	1,194	1,913	3,413	5,165	9,845	4,118	9,988	4,311	4,006
Casualty reimbursement	-	-	-	-	-	-	-	-	3,170	# -
Extraordinary gain on asset impairment	-	-	-	-	-	-	-	-	3,805	# -
Total Capital and Other Revenues	17,409	15,277	8,930	9,221	11,093	15,597	9,136	18,638	17,474	18,313
Total Revenues	\$ 282,711	269,925	265,525	269,678	284,297	278,283	256,846	255,306	239,105	231,310
Constant Dollar Revenues	\$ 220,696	217,156	216,932	223,985	241,544	238,460	228,105	234,872	227,286	231,310
Revenues per FTE (Actual)	\$ 28,203	25,892	23,335	23,592	24,958	24,978	23,394	23,677	21,798	20,378
Constant Dollar Revenues per FTE (Actual)	\$ 22,016	20,830	19,065	19,595	21,205	21,404	20,776	21,782	20,721	20,378

Gilchrist arson October 16, 2005.

University of Northern Iowa
Schedule 4
EXPENSES
For the Last Ten Years
(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING EXPENSES BY FUNCTION										
Instruction	\$ 86,506	82,765	80,292	78,571	71,168	76,485	72,605	68,768	67,145	64,418
Research	2,982	3,139	2,952	3,106	2,507	1,793	2,455	3,232	1,428	2,518
Public service	25,053	24,325	22,153	25,396	31,497	31,097	24,185	23,488	22,589	22,165
Academic support	22,490	21,731	24,856	25,414	23,895	22,730	22,050	19,771	19,904	19,401
Student services	9,636	9,005	8,210	7,280	6,205	7,077	6,558	6,278	5,973	6,460
Institutional support	26,067	26,441	29,683	23,536	26,714	29,348	20,231	19,163	23,311	23,562
Operation and maintenance of plant	21,167	21,424	20,441	21,884	20,178	22,186	21,396	20,687	20,576	16,740
Scholarships and fellowships	3,381	4,983	6,471	7,150	6,760	5,712	4,884	4,495	4,861	5,454
Depreciation	18,041	16,095	16,105	15,271	14,461	13,975	13,292	12,517	11,469	12,646
Other operating expenses	194	281	288	137	172	514	252	279	277	471
Auxiliary enterprises	50,774	50,976	50,787	48,859	48,447	50,078	49,043	43,779	41,066	38,220
Total Operating Expenses	266,291	261,165	262,238	256,604	252,004	260,995	236,951	222,457	218,599	212,055
NONOPERATING EXPENSES										
Interest on indebtedness	5,463	5,529	6,259	5,924	6,275	5,743	5,765	5,014	5,010	5,141
Miscellaneous expense	2,429	2,382	118	-	7	22	30	115	3,003 *	-
Total Nonoperating Expenses	7,892	7,911	6,377	5,924	6,282	5,765	5,795	5,129	8,013	5,141
Total Expenses	\$ 274,183	269,076	268,615	262,528	258,286	266,760	242,746	227,586	226,612	217,196
Constant Dollar Expenses	\$ 214,038	216,473	219,457	218,047	219,444	228,586	215,583	209,371	215,411	217,196
Expenses per FTE (Actual)	\$ 27,353	25,811	23,606	22,966	22,675	23,944	22,110	21,106	20,659	19,135
Constant Dollar										
Expenses per FTE (Actual)	\$ 21,353	20,765	19,286	19,075	19,265	20,518	19,636	19,417	19,638	19,135

* Includes unrealized loss on increase in equipment capitalization threshold of \$3,001,533.

Nonoperating expenses have been restated to eliminate amortization expense for bond issuance costs because all periods presented have been restated to expense unamortized bond issuance costs as of the beginning of the first year presented as required by GASB Statement No. 65.

University of Northern Iowa
Schedule 5

***TUITION & FEES PER FULL TIME EQUIVALENT (FTE) STUDENT/
TUITION & FEES RATES***

For the Last Ten Years

(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
TUITION & FEES										
Total Tuition & Fees	\$ 89,745	90,442	91,726	87,554	81,867	77,260	73,394	70,721	65,855	65,569
Less: Other Funds Unrestricted	12,271	11,341	9,465	9,578	8,895	8,781	8,298	7,565	6,496	6,743
Unrestricted Scholarships & Fellowships	13,066	13,222	13,920	12,745	12,183	10,541	9,851	9,324	9,438	9,415
Net Tuition & Fees	\$ 64,408	65,879	68,341	65,231	60,789	57,938	55,245	53,832	49,921	49,411
Constant Dollar Net Tuition & Fees	\$ 50,279	53,000	55,834	54,179	51,647	49,647	49,063	49,523	47,453	49,411
Tuition & Fees per FTE Student (Actual)	\$ 6,425	6,319	6,006	5,706	5,337	5,200	5,032	4,992	4,551	4,353
Constant Dollar Tuition & Fees per FTE Student (Actual)	\$ 5,016	5,084	4,907	4,740	4,534	4,456	4,469	4,593	4,326	4,353
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
TUITION & FEES RATES										
Resident Undergraduate	\$ 7,685	7,635	7,350	7,008	6,636	6,376	6,190	6,112	5,602	5,387
Non-resident Undergraduate	17,181	16,721	16,106	15,348	14,900	14,596	14,282	14,028	13,214	12,705
Resident Graduate	8,793	8,743	8,418	8,026	7,596	7,298	7,084	6,962	6,420	6,173
Non-resident Graduate	18,507	18,013	17,352	16,534	16,052	15,726	15,392	15,100	14,244	13,697
FULL ROOM & BOARD RATE	\$ 7,820	7,597	7,426	7,140	6,980	6,790	6,280	5,740	5,519	5,261
TOTAL COST OF ATTENDANCE										
Resident Undergraduate	\$ 15,505	15,232	14,776	14,148	13,616	13,166	12,470	11,852	11,121	10,648
Non-resident Undergraduate	25,001	24,318	23,532	22,488	21,880	21,386	20,562	19,768	18,733	17,966
CONSTANT DOLLAR TUITION & FEE RATES										
Resident Undergraduate	\$ 5,999	6,142	6,005	5,821	5,638	5,464	5,497	5,623	5,325	5,387
Non-resident Undergraduate	13,412	13,452	13,158	12,748	12,659	12,507	12,684	12,905	12,561	12,705
Resident Graduate	6,864	7,034	6,877	6,666	6,454	6,254	6,291	6,405	6,103	6,173
Non-resident Graduate	14,447	14,492	14,176	13,733	13,638	13,476	13,670	13,891	13,540	13,697
CONSTANT DOLLAR FULL ROOM & BOARD RATE	\$ 6,105	6,112	6,067	5,930	5,930	5,818	5,577	5,281	5,246	5,261
CONSTANT DOLLAR COST OF ATTENDANCE										
Resident Undergraduate	\$ 12,104	12,254	12,072	11,751	11,568	11,282	11,074	10,904	10,571	10,648
Non-resident Undergraduate	19,517	19,564	19,225	18,678	18,589	18,325	18,261	18,186	17,807	17,966

University of Northern Iowa
Schedule 6
STATE APPROPRIATIONS
For the Last Ten Years
CAPITAL APPROPRIATIONS
For the Last Ten Years
(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
STATE APPROPRIATIONS										
Total	\$ 96,910	87,663	77,765	82,684	97,862	101,686	95,364	86,531	83,585	79,128
Less: Non-General Funds	<u>1,121</u>	<u>974</u>	<u>420</u>	<u>956</u>	<u>1,023</u>	<u>993</u>	<u>1,606</u>	<u>1,544</u>	<u>677</u>	<u>723</u>
Net State Appropriations	\$ <u>95,789</u>	<u>86,689</u>	<u>77,345</u>	<u>81,728</u>	<u>96,839</u>	<u>100,693</u>	<u>93,758</u>	<u>84,987</u>	<u>82,908</u>	<u>78,405</u>
Constant Dollar Unrestricted State Appropriations	\$ 74,777	69,742	63,190	67,880	82,276	86,284	83,266	78,185	78,810	78,405
State Appropriations per FTE Student (Actual)	\$ 9,556	8,315	6,797	7,150	8,501	9,038	8,540	7,882	7,558	6,907
Constant Dollar State Appropriations per FTE Student (Actual)	\$ 7,460	6,690	5,553	5,938	7,223	7,745	7,584	7,251	7,185	6,907
CAPITAL APPROPRIATIONS	\$ 14,177	14,083	7,017	5,808	5,928	5,752	5,018	8,650	6,188	14,307
Constant Dollar Restricted Capital Appropriations	\$ 11,067	11,330	5,733	4,824	5,037	4,929	4,456	7,958	5,882	14,307
Capital Appropriations per FTE Student (Actual)	\$ 1,414	1,351	617	508	520	516	457	802	564	1,260
Constant Dollar Capital Appropriations per FTE Student (Actual)	\$ 1,104	1,087	504	422	442	442	406	738	536	1,260

University of Northern Iowa
Schedule 7

OUTSTANDING DEBT PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Bonded Debt										
Academic Building Revenue Bonds	\$ 49,733	53,422	57,250	61,017	64,419	67,704	57,066	47,854	42,738	37,890
Residence System Bonds	64,561	67,495	80,443	43,170	33,005	30,590	32,355	34,040	35,655	36,935
Field House Bonds	12,689	18,914	14,855	19,470	16,815	17,735	18,630	20,190	21,640	30,340
Student Union Bonds	6,980	7,670	8,425	8,915	9,460	9,980	10,480	10,965	11,430	11,885
Student Health Center Bonds	2,466	5,110	2,810	2,975	3,135	3,290	3,440	3,585	3,730	3,875
Total Bonded Debt	<u>136,429</u>	<u>152,611</u>	<u>163,783</u>	<u>135,547</u>	<u>126,834</u>	<u>129,299</u>	<u>121,971</u>	<u>116,634</u>	<u>115,193</u>	<u>120,925</u>
Notes Payable										
City of Cedar Falls	410	425	440	455	470	485	500	500	500	500
Wells Fargo	481	707	923	-	-	-	-	-	-	-
Iowa Finance Authority	942	1,122	1,217	-	-	-	-	-	-	-
Wells Fargo	5,000	-	-	-	-	-	-	-	-	-
Total Notes Payable	<u>6,833</u>	<u>2,254</u>	<u>2,580</u>	<u>455</u>	<u>470</u>	<u>485</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Capital Leases Payable										
Human Performance Center	-	-	-	1,131	1,432	1,621	1,799	1,965	-	-
McLeod Center Video Boards	-	-	-	-	-	-	-	717	-	-
Total Capital Leases Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,131</u>	<u>1,432</u>	<u>1,621</u>	<u>1,799</u>	<u>2,682</u>	<u>-</u>	<u>-</u>
Total Debt	\$ <u>143,262</u>	<u>154,865</u>	<u>166,363</u>	<u>137,133</u>	<u>128,736</u>	<u>131,405</u>	<u>124,270</u>	<u>119,816</u>	<u>115,693</u>	<u>121,425</u>
Constant Dollar										
Outstanding Debt	\$ 111,836	124,590	135,917	113,898	109,376	112,601	110,364	110,226	109,974	121,425
Outstanding Debt										
per FTE Student (Actual)	\$ 14,292	14,855	14,620	11,997	11,302	11,795	11,319	11,112	10,547	10,697
Constant Dollar Debt										
per FTE Student (Actual)	\$ 11,157	11,951	11,945	9,964	9,602	10,107	10,052	10,222	10,026	10,697

University of Northern Iowa
Schedule 8
REVENUE BOND COVERAGE
For the Last Ten Years
(Dollars in Thousands)

ACADEMIC BUILDING REVENUE BONDS

Legal coverage = 1.25 of Maximum Debt Service Requirements

Fiscal Year Ended June 30	Pledged General Fund Tuition	Maximum Debt Service	Actual Coverage
2014	76,246	6,493	11.74
2013	77,792	6,493	11.98
2012	80,776	6,493	12.44
2011	76,542	6,905	11.09
2010	71,581	7,116	10.06
2009	67,272	7,116	9.45
2008	63,771	6,287	10.14
2007	61,801	5,901	10.47
2006	58,158	5,392	10.79
2005	57,836	4,772	12.12

RESIDENCE SYSTEM REVENUE BONDS

Legal coverage = 1.35 of Maximum Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	Maximum Debt Service	Actual Coverage
2014	37,746	25,459	12,287	6,769	1.82
2013	36,642	25,375	11,267	6,769	1.66
2012	38,512	25,809	12,703	6,769	1.88
2011	37,511	24,906	12,605	4,473	2.82
2010	36,585	25,008	11,577	3,288	3.52
2009	36,099	25,559	10,540	3,347	3.15
2008	32,650	24,151	8,499	3,347	2.54
2007	30,323	22,701	7,622	3,347	2.28
2006	27,344	21,165	6,179	3,347	1.85
2005	24,836	20,092	4,744	3,347	1.42

Maximum Debt Service is defined as the largest amount of both principal and interest that will become due in any fiscal year during the life of the bonds. Legal coverage for the above bond issues is computed utilizing Maximum Debt Service.

University of Northern Iowa
Schedule 8 (continued)
REVENUE BOND COVERAGE
For the Last Ten Years
(Dollars in Thousands)

FIELD HOUSE REVENUE BONDS

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2014	3,952	2,638	1,314	6,932	1,110	412	1,522	5.42
2013	3,827	2,502	1,325	7,215	1,070	504	1,574	5.43
2012	4,230	2,603	1,627	7,652	1,055	542	1,597	5.81
2011	4,319	2,386	1,933	7,620	986	638	1,624	5.88
2010	3,886	2,126	1,760	8,638	955	669	1,624	6.40
2009	4,029	2,156	1,873	6,627	920	697	1,617	5.26
2008	4,062	2,345	1,717	5,938	895	725	1,620	4.73
2007	4,419	1,916	2,503	6,751	1,560	769	2,329	3.97
2006	3,577	1,701	1,876	2,903	1,450	855	2,305	2.07
2005	3,162	1,567	1,595	2,423	1,320	956	2,276	1.76

Note: Gross revenues consist of Operating Fund revenue, student fees and interest income.

STUDENT UNION REVENUE BONDS

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2014	2,296	1,141	1,155	1,925	705	191	896	3.44
2013	2,245	1,126	1,119	2,109	690	205	895	3.61
2012	2,410	1,089	1,321	1,961	755	202	957	3.43
2011	2,397	1,005	1,392	2,937	565	428	993	4.36
2010	2,402	897	1,505	2,907	545	451	996	4.43
2009	2,860	1,299	1,561	2,951	520	472	992	4.55
2008	2,704	1,313	1,391	3,089	500	491	991	4.52
2007	2,874	1,071	1,803	2,768	485	508	993	4.59
2006	2,357	1,121	1,236	1,991	465	523	988	3.26
2005	2,299	1,236	1,063	1,799	455	537	992	2.89

STUDENT HEALTH SYSTEM REVENUE BONDS

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2014	3,751	3,205	546	1,820	195	58	253	9.35
2013	3,440	3,200	240	1,784	175	106	281	7.20
2012	3,476	3,248	228	1,872	170	112	282	7.45
2011	3,533	3,063	470	2,061	165	117	282	8.98
2010	3,542	2,955	587	2,130	160	121	281	9.67
2009	3,546	3,012	534	1,898	155	126	281	8.65
2008	3,445	2,725	720	1,689	150	131	281	8.57
2007	3,247	2,650	597	1,263	145	135	280	6.64
2006	3,069	2,493	576	986	145	139	284	5.50
2005	2,489	1,838	651	1,166	145	144	289	6.30

**STATE OF IOWA - TOTAL PERSONAL INCOME, POPULATION,
PER CAPITA PERSONAL INCOME, UNEMPLOYMENT PERCENTAGE**

For the Last Ten Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Personal Income (expressed in millions)	\$ 138,337	135,063	130,131	119,080	117,411	118,980	110,484	103,072	97,827	95,269
Population (expressed in thousands)	3,090	3,074	3,062	3,046	3,008	3,003	2,988	2,982	2,966	2,954
Per Capita Personal Income (expressed in dollars)	\$ 44,763	43,935	42,470	39,038	38,713	39,440	36,838	34,557	33,000	32,255
Unemployment Percentage	4.5%	4.6%	5.3%	6.0%	6.0%	4.1%	3.8%	3.7%	4.6%	4.5%
Constant Dollar										
Per Capita Personal Income	\$ 34,944	35,346	34,698	32,424	32,891	33,796	32,716	31,791	31,369	32,255
Net UNI Appropriations (expressed in thousands)	\$ 86,689	77,345	81,728	96,839	100,693	93,758	84,987	82,908	78,405	78,579
UNI Appropriations per Capita	\$ 28.05	25.16	26.69	31.79	33.48	31.22	28.44	27.80	26.43	26.60
Constant Dollar										
UNI Appropriations per Capita	\$ 21.90	20.24	21.81	26.41	28.44	26.75	25.26	25.58	25.13	26.60

Source: State of Iowa Comprehensive Annual Financial Report, most recent audited report

STATE OF IOWA PRINCIPAL NON-GOVERNMENTAL EMPLOYERS

Current Year and Nine Years Prior

Rank	Employer	Type of Business
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Wells Fargo Bank NA	Finance
5	Rockwell Collins, Inc.	Equipment Manufacturing
6	Tyson Fresh Meats, Inc.	Food Manufacturing
7	Casey's General Store	Convenience Stores
8	Fareway Food Stores, Inc.	Retail Food
9	Principal Life Insurance Company	Life Insurance
10	Unitypoint Health	Health Services

Source: Iowa Workforce Development

Rank	Employer	Type of Business
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Principal Financial Group	Finance & Insurance
5	Tyson Fresh Meats, Inc.	Food Manufacturing
6	Rockwell Collins, Inc.	Equipment Manufacturing
7	Wells Fargo Bank NA	Finance
8	Fareway Food Stores, Inc.	Retail Food
9	Pella Corporation	Wood Products Manufacturing
10	Iowa Health - Des Moines	Health Services

Source: Iowa Workforce Development

The Code of Iowa defines employee counts as confidential data; as such, this information is not available.

University of Northern Iowa
Schedule 11
FULL TIME EMPLOYEES AND FACULTY DATA
For the Last Nine Fiscal Years

STAFF POSITIONS (Full Time)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Executive/Managerial									
Institutional Officials	13	13	13	13	15	15	16	15	15
Academic Administrators	44	47	46	50	57	53	50	44	47
Professional & Scientific	36	35	35	35	40	42	37	35	34
Faculty									
Professor	170	169	177	174	176	166	163	165	160
Associate Professor	202	200	207	205	202	204	209	209	205
Assistant Professor	120	114	123	119	121	127	122	133	143
Instructor	33	36	45	48	47	53	51	50	48
Faculty-Term/Renewable Term									
Professor	0	0	0	0	1	1	1	1	1
Associate Professor	0	0	0	0	0	0	0	0	1
Assistant Professor	0	2	3	2	1	2	1	0	0
Instructor	36	35	60	39	38	37	38	41	49
Professional/Scientific	609	592	603	578	577	570	541	530	523
Secretarial/Clerical									
Merit Supervisory	16	17	18	42	42	43	45	46	46
Merit Confidential	17	16	16	4	4	5	5	7	9
Merit AFSCME	216	221	230	210	226	227	230	229	232
Technical-AFSCME	20	20	22	24	27	30	31	31	33
Skilled Crafts-AFSCME									
Merit AFSCME	59	56	55	55	56	59	58	64	64
Merit Supervisory	0	0	0	0	4	4	4	4	4
Service/Maintenance									
Merit AFSCME	204	203	214	219	223	223	218	213	215
Merit Supervisory	24	25	27	25	26	29	27	26	22
Total	<u>1,819</u>	<u>1,801</u>	<u>1,894</u>	<u>1,842</u>	<u>1,883</u>	<u>1,890</u>	<u>1,847</u>	<u>1,843</u>	<u>1,851</u>

Note: Staff counts are as of September. The data starts in 2005 when the new human resources system was implemented.

FACULTY POSITIONS (FTE)

Total Faculty	667.0	664.0	710.0	690.0	691.3	711.3	684.3	689.3	703.7
Percent Tenured	56.2%	57.5%	56.0%	56.2%	57.7%	54.1%	56.6%	56.3%	53.8%
Students per Faculty Member	16.0	17.0	16.0	17.0	16.7	16.0	16.5	15.8	15.8

University of Northern Iowa
Schedule 12
ENROLLMENT AND FRESHMAN CLASS DATA
For the Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ENROLLMENT (Fall Headcount)										
Undergraduate - Lower	4,149	4,329	4,713	4,780	4,841	4,865	4,719	4,427	4,433	4,363
Undergraduate - Upper	6,231	6,326	6,695	6,611	6,453	6,182	6,291	6,275	6,519	6,857
Graduate - Masters	1,283	1,161	1,236	1,289	1,300	1,369	1,157	1,113	1,112	1,100
Graduate - Advanced	496	457	524	521	486	492	442	445	449	504
Total	12,159	12,273	13,168	13,201	13,080	12,908	12,609	12,260	12,513	12,824
Residents	10,842	11,095	11,915	11,978	11,896	11,562	11,444	11,129	11,400	11,793
Nonresidents	1,317	1,178	1,253	1,223	1,184	1,346	1,165	1,131	1,113	1,031
ENROLLMENT (FTE)										
Full Year FTE	10,024	10,425	11,379	11,431	11,391	11,141	10,979	10,783	10,969	11,351
Fall FTE	10,616	10,873	11,393	11,681	11,571	11,365	11,107	10,835	11,016	11,006
ADMISSIONS (Freshmen)										
Applications	4,109	4,322	4,666	4,092	4,133	4,584	4,722	4,585	4,360	4,216
Accepted	3,392	3,350	3,607	3,411	3,505	3,841	3,759	3,572	3,422	3,360
Acceptance Ratio	82.6%	77.5%	77.3%	83.4%	84.8%	83.8%	79.6%	77.9%	78.5%	79.7%
Enrolled	1,722	1,704	1,942	1,978	1,946	2,015	1,991	1,768	1,737	1,700
Enrollment Ratio	50.8%	50.9%	53.8%	58.0%	55.5%	52.5%	53.0%	49.5%	50.8%	50.6%
Average ACT Score	22.8	23.1	23.3	23.1	23.0	22.9	23.0	23.0	22.8	22.9
Percent in Upper 30% of High School Class	55.2%	57.2%	56.2%	51.5%	52.3%	50.6%	53.8%	57.5%	56.7%	57.3%
Percent in Upper 10% of High School Class	18.1%	20.0%	18.5%	17.3%	16.9%	16.6%	17.6%	18.2%	19.0%	19.1%

University of Northern Iowa
Schedule 13
DEGREES GRANTED
For the Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
DEGREES GRANTED (Summary)										
Baccalaureate	2,357	2,349	2,440	2,198	2,347	2,268	2,221	2,259	2,423	2,669
Masters	512	483	572	509	561	467	474	471	485	494
Specialists	8	13	10	5	6	6	9	10	7	3
Doctorates	20	30	13	14	22	11	17	8	21	11
Total	2,897	2,875	3,035	2,726	2,936	2,752	2,721	2,748	2,936	3,177
DEGREES GRANTED (Detail)										
Doctor of Industrial Technology	1	2	1	1	2	1	1	-	3	1
Doctor of Technology	5	2	1	1	2	1	1	-	3	1
Doctor of Education	14	26	11	12	18	9	15	8	15	9
Specialist in Education	8	13	10	5	6	6	9	10	7	3
Professional Science Master's	12	21	17	17	19	19	5	-	-	-
Master of Arts in Education	118	104	121	105	147	99	119	129	103	147
Master of Arts	242	235	284	255	243	204	208	231	237	206
Master of Business Administration	36	28	27	31	40	42	42	35	62	52
Master of Music	15	11	26	10	24	14	22	13	12	19
Master of Public Policy	11	9	11	10	4	10	16	11	5	6
Master of Science	23	22	21	19	15	16	10	10	20	21
Master of Accounting	18	20	25	21	29	36	23	11	19	13
Master of Social Work	37	33	40	41	40	27	29	31	27	30
Bachelor of Arts	2,209	2,227	2,293	2,079	2,201	2,148	2,121	2,148	2,272	2,514
Bachelor of Fine Arts	11	11	11	6	8	3	8	8	15	9
Bachelor of Music	34	18	22	15	27	22	14	19	19	22
Bachelor of Science	86	79	98	84	84	76	64	64	93	90
Bachelor of Liberal Studies	17	14	16	14	27	19	14	20	24	34
Total	2,897	2,875	3,035	2,726	2,936	2,752	2,721	2,748	2,936	3,177

University of Northern Iowa

Schedule 14

COST PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Educational Fund										
Expenditures	\$ 165,628	157,323	149,953	146,885	149,001	156,951	143,263	136,384	132,257	128,373
Less Separately Budgeted										
Expenditures:										
Research	657	564	651	506	504	656	628	581	487	499
Public Service	6,851	5,899	2,632	3,232	4,798	6,048	1,905	1,616	1,611	2,207
Scholarships/Fellowships	13,066	13,222	13,920	12,745	12,183	10,547	9,845	9,324	9,438	9,415
General Educational Fund										
Instructional Expenditures	\$ 145,054	137,638	132,750	130,402	131,516	139,700	130,885	124,863	120,721	116,252
Cost per FTE Student (Actual)	\$ 14,471	13,203	11,666	11,408	11,546	12,539	11,921	11,580	11,006	10,242
Constant Dollar Cost										
per FTE Student (Actual)	\$ 11,296	10,622	9,531	9,475	9,809	10,745	10,587	10,653	10,462	10,242

University of Northern Iowa

Schedule 15

SCHOLARSHIPS & FELLOWSHIPS PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
SCHOLARSHIPS & FELLOWSHIPS										
Unrestricted	\$ 13,066	13,222	13,920	12,745	12,183	10,541	9,851	9,324	9,438	9,415
Restricted	15,740	17,096	18,034	18,544	15,779	12,397	10,904	9,461	8,774	9,728
Total	<u>\$ 28,806</u>	<u>30,318</u>	<u>31,954</u>	<u>31,289</u>	<u>27,962</u>	<u>22,938</u>	<u>20,755</u>	<u>18,785</u>	<u>18,212</u>	<u>19,143</u>

**CONSTANT DOLLAR
SCHOLARSHIPS &
FELLOWSHIPS**

Unrestricted	\$ 10,200	10,637	11,373	10,586	10,351	9,033	8,749	8,578	8,971	9,415
Restricted	12,287	13,754	14,734	15,402	13,406	10,623	9,684	8,704	8,340	9,728
Total	<u>\$ 22,487</u>	<u>24,391</u>	<u>26,107</u>	<u>25,988</u>	<u>23,757</u>	<u>19,656</u>	<u>18,433</u>	<u>17,282</u>	<u>17,311</u>	<u>19,143</u>

**SCHOLARSHIPS &
FELLOWSHIPS PER
FTE STUDENT (Actual)**

Unrestricted	\$ 1,303	1,268	1,223	1,115	1,070	946	897	865	860	829
Restricted	1,570	1,640	1,585	1,622	1,385	1,113	993	877	800	857
Total	<u>\$ 2,873</u>	<u>2,908</u>	<u>2,808</u>	<u>2,737</u>	<u>2,455</u>	<u>2,059</u>	<u>1,890</u>	<u>1,742</u>	<u>1,660</u>	<u>1,686</u>

**CONSTANT DOLLAR
SCHOLARSHIPS &
FELLOWSHIPS PER
FTE STUDENT (Actual)**

Unrestricted	\$ 1,017	1,020	999	926	909	811	797	796	817	829
Restricted	1,226	1,319	1,295	1,347	1,177	954	882	807	760	857
Total	<u>\$ 2,243</u>	<u>2,339</u>	<u>2,294</u>	<u>2,273</u>	<u>2,086</u>	<u>1,765</u>	<u>1,679</u>	<u>1,603</u>	<u>1,577</u>	<u>1,686</u>

University of Northern Iowa
Schedule 16

**CAPITAL ASSETS BY MAJOR CLASS LESS
ACCUMULATED DEPRECIATION/AMORTIZATION**

For the Last Ten Years

(Expressed in Thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Land	\$ 4,905	4,905	4,917	4,917	4,917	4,917	4,580	4,305	4,235	4,235
Construction in Progress	4,242	45,977	39,059	16,165	11,354	23,590	13,423	19,461	24,979	34,727
Software in Progress	-	-	-	8,606	4,576	-	-	-	-	-
Capital Assets Not Depreciated	<u>9,147</u>	<u>50,882</u>	<u>43,976</u>	<u>29,688</u>	<u>20,847</u>	<u>28,507</u>	<u>18,003</u>	<u>23,766</u>	<u>29,214</u>	<u>38,962</u>
Land Improvements	14,426	14,159	13,691	13,492	13,056	12,499	12,447	12,250	12,233	12,132
Infrastructure	40,068	38,832	38,098	37,041	36,167	27,523	27,403	27,043	27,040	14,070
Buildings	488,101	439,069	418,008	410,710	391,501	368,086	355,148	326,437	292,846	273,898
Equipment	51,354	50,668	55,340	51,625	48,217	45,193	43,812	41,060	37,655	50,222
Intangibles	8,606	8,606	8,606	-	-	-	-	-	-	-
Library Materials	34,173	34,612	35,253	35,125	34,807	34,844	33,969	33,075	32,158	31,165
Capital Assets Depreciated	<u>636,728</u>	<u>585,946</u>	<u>568,996</u>	<u>547,993</u>	<u>523,748</u>	<u>488,145</u>	<u>472,779</u>	<u>439,865</u>	<u>401,932</u>	<u>381,487</u>
Total Capital Assets	<u>645,875</u>	<u>636,828</u>	<u>612,972</u>	<u>577,681</u>	<u>544,595</u>	<u>516,652</u>	<u>490,782</u>	<u>463,631</u>	<u>431,146</u>	<u>420,449</u>
Less: Accumulated Depreciation/ Amortization	<u>259,439</u>	<u>246,666</u>	<u>240,593</u>	<u>225,980</u>	<u>213,060</u>	<u>201,521</u>	<u>190,294</u>	<u>178,466</u>	<u>168,232</u>	<u>169,102</u>
Net Book Value	<u>\$ 386,436</u>	<u>390,162</u>	<u>372,379</u>	<u>351,701</u>	<u>331,535</u>	<u>315,131</u>	<u>300,488</u>	<u>285,165</u>	<u>262,914</u>	<u>251,347</u>

ACCUMULATED DEPRECIATION/AMORTIZATION

Land Improvements	\$ 9,482	9,014	8,554	8,110	7,683	7,264	6,844	6,413	5,992	5,551
Infrastructure	13,937	12,786	11,822	10,901	9,999	9,293	8,605	7,901	7,159	6,712
Buildings	170,824	161,212	153,872	144,359	135,418	126,498	117,918	109,819	102,524	96,216
Equipment	33,284	32,315	35,153	32,462	30,569	29,581	29,326	27,986	27,451	36,807
Intangibles	1,291	861	430	-	-	-	-	-	-	-
Library Materials	30,621	30,478	30,762	30,148	29,391	28,885	27,601	26,347	25,106	23,816
Total Accumulated Depreciation/ Amortization	<u>\$ 259,439</u>	<u>246,666</u>	<u>240,593</u>	<u>225,980</u>	<u>213,060</u>	<u>201,521</u>	<u>190,294</u>	<u>178,466</u>	<u>168,232</u>	<u>169,102</u>

University of Northern Iowa

Schedule 17

ENROLLMENT PROJECTIONS (Headcount Basis)

For the Next Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Undergraduate - Lower	4,065	4,148	4,198	4,232	4,274	4,296	4,311	4,333	4,363	4,443
Undergraduate - Upper	5,712	5,629	5,633	5,681	5,737	5,788	5,840	5,879	5,902	5,931
Unclassified - Special	360	399	414	420	422	423	423	423	423	423
Graduate	1,791	1,811	1,834	1,870	1,904	1,942	1,956	1,957	1,960	1,971
Total	11,928	11,987	12,079	12,203	12,337	12,449	12,530	12,592	12,648	12,768

Note: Enrollment projections are based primarily on high school graduate projections provided by the Iowa Department of Education. Historical trends are used to project other student pools for non-traditional, out-of-state, and new transfers. The overall historical yield is also adjusted for current recruiting factors.

Acknowledgements

Report Prepared by The University of Northern Iowa Financial Accounting and Reporting Services

Gary B. Shontz, Controller, University Secretary and Treasurer
Tonya Gerbracht, Assistant Controller
Mark Fober, Accounting Manager
Jeanne Alcantara, CPA, Accountant
Yvonne Buehner, Secretary

Additional Assistance Provided by Office of University Relations

*The University of Northern Iowa Comprehensive
Annual Financial Report is available
on the World Wide Web at:*

<http://access.uni.edu/reports/cafr/index.shtml>

No person shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination in employment, any educational program, or any activity of the University, on the basis of age, color, creed, disability, gender identity, national origin, race, religion, sex, sexual orientation, veteran status, or on any other basis protected by federal and/or state law.

The University of Northern Iowa prohibits discrimination and promotes affirmative action in its educational and employment policies and practices as required by Title IX of the Educational Amendments of 1972, the Americans with Disabilities Act of 1990, Section 504 of the Rehabilitation Act of 1973, Title VII of the Civil Rights Act of 1964 and other applicable laws and University policies. The University of Northern Iowa prohibits sexual harassment, including sexual violence.

The following person has been designated to handle inquiries regarding the non-discrimination policies and serves as the University Title IX Officer: Leah Gutknecht, Assistant to the President for Compliance and Equity Management, Office of Compliance and Equity Management, 117 Gilchrist Hall, UNI, Cedar Falls, IA 50614-0028, 319-273-2846, leah.gutknecht@uni.edu.



Financial Accounting and Reporting Services
122 Lang Hall
Cedar Falls, Iowa 50614-0009
319-273-3576