



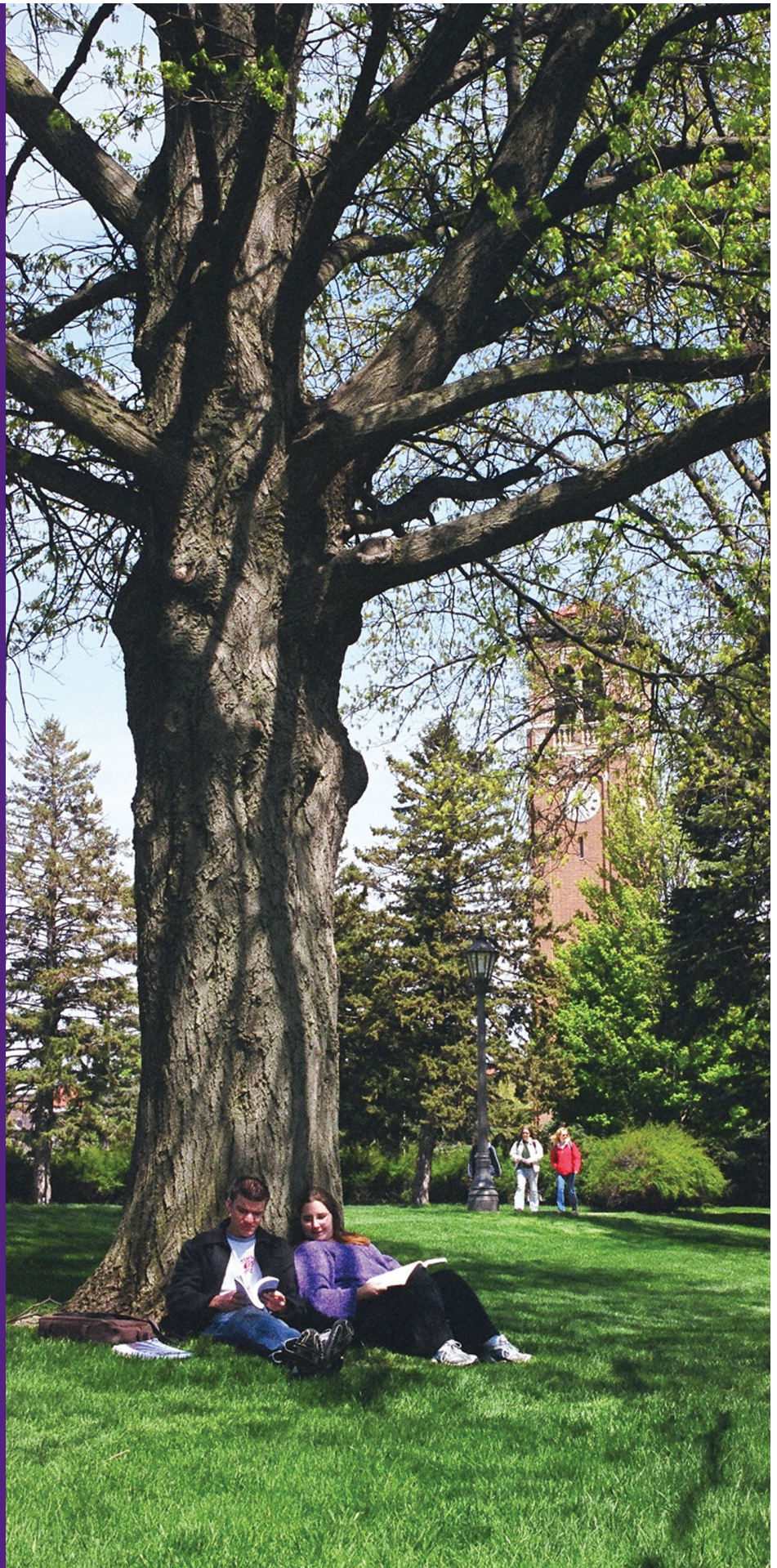
University of Northern Iowa

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

An enterprise fund of the
State of Iowa

2004-2005 Comprehensive Annual Financial Report

For the years ended June 30, 2005
and 2004





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2004-2005 Comprehensive Annual Financial Report

For the years ended June 30, 2005 and 2004

Prepared by
Financial Accounting &
Reporting Services

Table of Contents

	Page
Introductory	
Letter of Transmittal.....	1-4
Certificate of Achievement.....	5
The Governing Board.....	6
Administrative Organizational Chart.....	7
Financial	
Independent Auditor’s Report	9-10
Management’s Discussion and Analysis	11-19
Financial Statements	
University Statement of Net Assets.....	21
Foundation Combined Statements of Financial Position.....	22
University Statement of Revenues, Expenses, and Changes in Net Assets.....	23
Foundation Combined Statements of Activities.....	24-25
University Statement of Cash Flows.....	26-27
Notes to Financial Statements.....	28-61
Statistical	
	Schedule
Financial Trends	
Higher Education Price Index (HEPI)/Full Year FTE.....	1 63
Net Assets by Classification.....	2 64
Revenues.....	3 65
Expenses.....	4 66
Revenue Capacity	
Tuition & Fees per Full Time Equivalent (FTE) Student/Tuition & Fees Rates.....	5 67
State Appropriations/Capital Appropriations.....	6 68
Debt Capacity	
Outstanding Bonded Debt per Full Time Equivalent (FTE) Student.....	7 69
Revenue Bond Coverage.....	8.....70-71
Demographic and Economic Information	
State of Iowa-Population, Total Personal Income, Percapita Personal Income.....	9 72
State of Iowa Principal Employers.....	10 73
Operating Information	
Full Time Employees and Faculty Data.....	11 74
Enrollment and Freshman Class Data.....	12 75
Degrees Granted.....	13 76
Cost per Full Time Equivalent (FTE) Student.....	14 77
Scholarships & Fellowships per Full Time Equivalent (FTE) Student.....	15 78
Capital Assets by Major Class Less Accumulated Depreciation.....	16 79
Enrollment Projections (Headcount Basis).....	17 80
Acknowledgements	81



University of Northern Iowa

A public university
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Board of Regents,
State of Iowa

2004-2005

Introductory

Section





December 2, 2005

To President Koob,
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, 2005. The audit opinion letter of the Auditor of State appears in the Financial Section, and expresses an unqualified opinion on the University's financial statements.

The report is presented in three sections as follows:

- The **Introductory Section** includes this transmittal letter, the Government Finance Officers Association (GFOA) Certificate of Achievement for the fiscal year 2004 Comprehensive Annual Financial Report, a listing of the governing board, and the University's organizational chart.
- The **Financial Section** includes the independent auditor's report on the Financial Statements, Management's Discussion and Analysis (MD&A), the Financial Statements, and Notes to Financial Statements. This transmittal letter is intended to be read with the MD&A.
- The **Statistical Section** includes selected financial and nonfinancial data. The Statistical Section is presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*. Financial information is presented for the last four years to correspond with the implementation of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Ten-year trends are included for operating information. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements and notes to basic financial statements to assess the economic condition of the University. The Higher Education Price Index (HEPI) has been used to convert certain financial data to constant dollars. This conversion eliminates the effect of inflation and facilitates the determination of financial trends.

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 United States 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.

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 129 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 12,513 students and 2,445 employees. Ninety-two percent of the students are from the State of Iowa. Typically, the student body represents every county in Iowa, 48 states, and 75 foreign countries. Approximately 90 percent of UNI's freshmen rank in the top 50 percent of their high school class, with about 56 percent ranking in the top 30 percent.

The University offers over 100 undergraduate majors, and graduate programs at the Master's, Specialist, and Doctoral levels. Building on its traditional strength in teacher education, the University of Northern Iowa offers nationally recognized programs in its colleges of Business Administration, Humanities and Fine Arts, Education, Natural Sciences, Social and Behavioral Sciences, and Graduate College.

The University is accredited by the North Central Association of Colleges and Universities. 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.

For the year ended June 30, 2005, the University adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures--An Amendment to GASB Statement No. 3*, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The University also adopted *Governmental Accounting Standards Board Statement No. 44, Economic Conditions Reporting: The Statistical Section* on an early implementation basis.

ECONOMIC CONDITION AND OUTLOOK

Personal Income. According to the Bureau of Economic Analysis, Iowa's personal income, seasonally adjusted, grew at the rate of 0.9% and 1.3%, respectively, during the last two quarters of the 2004-05 fiscal year. According to the most recent outlook prepared by the University of Iowa Institute for Economic Research, personal income in Iowa will grow by 5.2% in 2005, 4.9% in 2006, and 5.2% in 2007.

Employment. Over the past 10 years, Iowa's unemployment rate has been between one and two percentage points below the national average. The seasonally adjusted percent unemployed for the State was 4.5% in October 2005, compared to 5.0% in October 2004.

Exports. Iowa's diverse exports have experienced steady growth since 2000. Iowa's export of value-added and manufacturing goods has increased by 4.4% in 2001, 2.0% in 2002, 10.1% in 2003 and 22.1% in 2004.

Gross State Product. Iowa's gross state product was \$111.1 billion in 2004, which reflected 8.5% growth over the previous year. The largest shares of the Iowa gross state product were manufacturing (20.6%), services (11.3%), and finance, insurance, and real estate (10.7%). Agriculture accounted for just 4.6% of Iowa's gross state product.

Farmland Values. The most recent survey of area bankers indicates farmland values continue to rise. The Federal Reserve Bank of Chicago determined in their July 2005 survey, Iowa farmland values had risen 11% compared to their July 2004 survey.

MAJOR INITIATIVES

Major initiatives of the University of Northern Iowa are guided by the University's strategic plan. The University's strategic plan, "Focused on Excellence," has eight goals:

1. Provide intellectually stimulating and challenging experiences for students that broaden and deepen their perspective and awareness.
2. Support creative and intellectually rigorous teaching and scholarship.
3. Expand the involvement of the University in addressing creative local, state, national, and global needs that also enrich the educational experiences offered by the University.
4. Strengthen a University culture characterized by diversity, collegiality, and mutual respect.

5. Foster a supportive living, learning, and working environment with services and programs that promote individual well being and organizational effectiveness.
6. Enhance the quality, diversity, and number of human resources available to meet the needs of the University.
7. Continue to improve the capital, physical, and informational resources at the University.
8. Establish strong, mutual beneficial relationships with external constituencies.

Progress toward strategic plan goals and objectives is measured through "performance indicators," or quantitative measures against an established baseline for each goal. Periodic updates of this progress are presented to the Board of Regents, State of Iowa.

FINANCIAL INFORMATION

Internal Control Structure. 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 that assets are safeguarded against loss from unauthorized use or disposition, and that 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. 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.

Cash Management. The cash management function is the responsibility of the University Treasurer. The Vice President for Administration and Finance and the Board of Regents, State of Iowa provide appropriate oversight. University funds may be invested in obligations of the U.S. Government and its agencies, certificates of deposit, bankers acceptances, commercial paper, short-term corporate debt, repurchase agreements, investments authorized for IPERS, open-end management investment companies, and the Common Fund for Non-Profit Organizations. The three goals of the investment policy, in order of importance, are: 1) safety of funds, 2) liquidity, and 3) return.

A custodial bank is utilized to safe-keep investments and to provide payment and collection services for investment transactions. All investment transactions occur on a delivery versus payment basis. University deposits are insured or collateralized in accordance with Chapter 12C of the Code of Iowa.

Debt Administration. Revenue bonds were issued in the amount of \$12.6 million during the year. Academic Building revenue refunding bonds were issued to refund bonds issued in 1995 to take advantage of lower interest rates. Field House revenue refunding bonds were issued to refund bonds issued in 1997. The City of Cedar Falls made non-interest-bearing loan to the University in the amount of \$500,000 to assist with McLeod Center construction costs.

Risk Management. It is the general policy of the University not to purchase commercial insurance, with the exception of coverage required by bond covenants, for the risks of losses to which it is exposed. Instead, University management believes that it is more economical to manage its risks internally and to depend on the State Contingent Fund. For further information refer to the Notes to Financial Statements.

OTHER INFORMATION

Independent Audit. State law, federal guidelines, and certain bond indentures require that 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 audit annually 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. His 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 structure of 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 the 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 and the Board of Regents, State of Iowa.

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, 2004. 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.

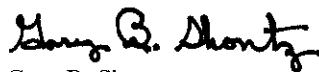
In order to be awarded a Certificate of Achievement, a University must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the thirteenth consecutive year the University of Northern Iowa has received this 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 University Marketing and Public 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 that 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



Thomas G. Schellhardt
Vice President for Administration
and Finance

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, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

The Governing Board

2004-05

The University of Northern Iowa, together with the State University of Iowa, the 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

Michael G. Gartner, President
Robert N. Downer, President Pro Tem
Gregory S. Nichols, Executive Director

Members of the Board (As of June 30, 2005)

	<u>Term Expires</u>
Dr. Amir I. Arbisser, Davenport	April 30, 2007
Mary Ellen Becker, Oskaloosa	April 30, 2007
Teresa A. Wahlert, West Des Moines	April 30, 2007
Robert N. Downer, Iowa City	April 30, 2009
Ruth R. Harkin, Cumming	April 30, 2009
Jenny L. Rokes, Dike	April 30, 2009
Tom W. Bedell, Spirit Lake	April 30, 2011
Michael G. Gartner, Des Moines	April 30, 2011
Rose Vasquez, Des Moines	April 30, 2011

Officers of the University (As of June 30, 2005)

President of the University
Robert D. Koob, B.A., Ph. D.

Vice President and Provost
Aaron M. Podolefsky, B.A., M.A., Ph. D.

Vice President for Administration and Finance
Thomas G. Schellhardt, B.S., M.S.

Vice President for Educational and Student Services
C. Renee Romano, B.A., M.S. Ed., 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. Geadelmann, B.A., M.A., Ed. D.

Board of Regents, State of Iowa

President
Robert D. Koob

Operations Auditor
Tim McKenna

Assistant to the President for Compliance and Equity Management
Leah Gutrecht

Executive Assistant to the President
Brenda Buzynski

Academic Affairs

- Aaron Podolfsky, Provost & VP*
- Associate Provost, Academic Affairs
- Associate Vice President, Academic Affairs
- Associate Vice President, Info Technology Services
- Assistant Vice President, International Programs
- Dean, College of Business Administration
- Dean, College of Education
- Dean, College of Humanities and Fine Arts
- Dean, College of Natural Sciences
- Dean, College of Social and Behavioral Sciences
- Dean, Graduate College
- Dean, Continuing Education & Special Programs
- Dean, Library Services
- Academic Administrative Services Coordinator
- Editor, *North American Review*
- Director, Information Management & Analysis

Educational and Student Services

- C. Renee Romano, Vice President*
- Associate Vice President/Dean of Students
- Advising Director for Advising and Career Services
- Career Services Director for Advising and Career Services
- Coordinator, Information Technology
- Director, Multicultural Education
- Director, Residence
- Director, University Health Services
- Executive Director, Enrollment Management
- Director, Academic Services
- Director, Maucker Union
- Registrar

Administration and Finance

- Tom Schellhardt, Vice President*
- Assistant Vice President
- Budget System Manager
- Associate Vice President for Facilities Management/University Architect
- Director, Physical Plant
- Financial Accounting & Reporting Services
- Director, Human Resource Services
- Director, Business Operations
- Director, Purchasing Services
- Director, Athletics
- Director, Technology Systems & Services
- Director, Public Safety

University Advancement

- Bill Calhoun, Vice President*
- Assistant Vice President Marketing & Public Relations
- Director, Alumni Relations
- Director, Central Development

Board & Governmental Relations

- Patricia Gaeckmann, Special Asst. to the President for Board & Governmental Relations*
- State Relations Officer Board of Regents, State of Iowa

**University of Northern Iowa
Administrative Organization
2004-2005**

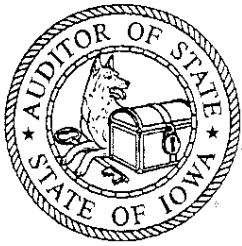


University of Northern Iowa

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

2004-2005
Financial Section





OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, 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:

We have audited the accompanying statement of net assets, and the related statements of revenues, expenses and changes in net assets 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, 2005 and 2004. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit of the University, which represents 100% of the assets and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the component unit, is based on the report of the other auditor.

We conducted our audits 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 of material misstatement. The financial statements of the component unit were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits and the report of the other auditor provide a reasonable basis for our opinions.

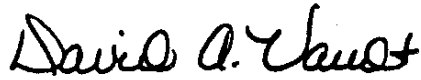
As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position and the changes in financial position and cash flows of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions 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, 2005 and 2004, and the changes in its financial position and its cash flows for the years ended June 30, 2005 and 2004 in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audits 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 at June 30, 2005 and 2004, and the respective changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.


Management's Discussion and Analysis on pages 11 through 19 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

We did not audit the data included in the statistical section and, accordingly, express no opinion thereon.

Our report on the University of Northern Iowa's internal control over financial reporting and our 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. 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 2, 2005

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

This section of the University of Northern Iowa comprehensive annual financial report presents management's discussion and analysis of the financial performance of the University for the two years ended June 30, 2005 and 2004. This discussion should be read in conjunction with the accompanying letter of transmittal, financial statements, and footnotes. The financial statements, footnotes, 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. In addition, we are presenting deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk, as required by Statement No. 40 of the Governmental Accounting Standards Board.

FINANCIAL HIGHLIGHTS

- Fiscal conditions of the State of Iowa have improved since November 1, 2003 when the Governor last reduced operating appropriations due to revenue shortfalls. The University received its full operating appropriation for fiscal year 2005.
- The Board of Regents, State of Iowa requested an increase in operating appropriations totaling 40 million dollars for the universities and special schools for fiscal year 2006. Approximately half of that increase was funded. It is noteworthy that part of the increase was funded from one-time sources.
- In fiscal year 2004, the Iowa General Assembly granted the Board of Regents, State of Iowa permission to issue Academic Building Revenue Bonds in 2005 and 2007 for renovations of Science Buildings and Russell Hall. The General Assembly did not appropriate any capital funds for University capital projects in fiscal year 2005.
- Construction bids were received for the McLeod Center, a multi-purpose arena, in October 2004. When the bids were opened, the project was substantially over budget. The Foundation agreed to provide an additional \$2,660,000 to fund the additional cost. Construction began in November 2004, with completion anticipated in Fall 2006. The project budget for the McLeod Center was subsequently increased by \$1,365,000 to permit the construction of a "Hall of Fame" connector between the UNI-Dome and the McLeod Center.
- Shull Hall was renovated in fiscal year 2005 and brought back on line in Fall 2005.
- Peak University headcount enrollment was 14,070 in fall 2001. A series of double-digit tuition increases has caused the University's enrollment to decline to 13,926 in 2002, 13,441 in 2003, 12,824 in 2004, and 12,513 in 2005. The overall decline was 1,557 students, a decrease of 11.1 percent.
- The University implemented Oracle human resources and payroll software in January 2005.
- The Foundation had a strong financial year, raising \$15.1 million of public support and revenue. It provided revenues of \$5.5 million to the University during the year. Net assets of the Foundation increased from \$61.5 million to \$65.8 million.
- The Foundation completed its "Students First" capital campaign on June 30, 2005. The \$100 million goal was exceeded by \$12 million.
- 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, 2004. The Certificate has been received thirteen consecutive years.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the University of Northern Iowa's basic financial statements. The University's basic financial statements consist of a series of financial statements. The Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, 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 basic financial statements also include the Notes to Financial Statements which explain some of the information in the statements and provide more detail. Statistical information is also included in schedule form.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

THE UNIVERSITY AS A WHOLE

The Statement of Net Assets

The University's Statement of Net Assets presents the assets, liabilities, and net assets of the University as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the University to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities, and net assets (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 assets. 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		
	The Statement of Net Assets		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$142,066,737	132,224,995	121,665,670
Capital assets	<u>251,346,933</u>	<u>236,158,853</u>	<u>226,945,335</u>
Total assets	<u>393,413,670</u>	<u>368,383,848</u>	<u>348,611,005</u>
Current liabilities	42,589,730	26,119,883	36,464,444
Noncurrent liabilities	<u>117,661,616</u>	<u>123,149,569</u>	<u>115,162,043</u>
Total liabilities	<u>160,251,346</u>	<u>149,269,452</u>	<u>151,626,487</u>
Net assets:			
Invested in capital assets, net of related debt	145,910,769	136,014,735	136,364,186
Restricted	48,704,236	44,346,227	25,186,725
Unrestricted	<u>38,547,319</u>	<u>38,753,434</u>	<u>35,433,607</u>
Total net assets	<u>\$233,162,324</u>	<u>219,114,396</u>	<u>196,984,518</u>

The largest portion of the University's net assets (62.6 percent) is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Invested in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net assets (20.9 percent) includes resources subject to external restrictions. The remaining net assets (16.5 percent) are the unrestricted net assets that can be used to meet the University's obligations as they come due.

Total net assets of the University increased by \$22.1 million from 2003 to 2004 and by \$14.0 million from 2004 to 2005. Increases in total net assets, then, were 11.2 percent from 2003 to 2004 and 6.4 percent from 2004 to 2005.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

Foundation			
The Combined Statements of Financial Position			
	<u>2005</u>	<u>2004 (Restated)</u>	<u>2003 (Restated)</u>
Current assets	\$33,263,323	29,793,067	19,139,545
Noncurrent assets	<u>52,950,518</u>	<u>50,483,062</u>	<u>49,558,051</u>
Total assets	<u>86,213,841</u>	<u>80,276,129</u>	<u>68,697,596</u>
Current liabilities	11,505,834	1,469,007	32,442
Noncurrent liabilities	<u>8,933,605</u>	<u>17,298,023</u>	<u>3,569,838</u>
Total liabilities	<u>20,439,439</u>	<u>18,767,030</u>	<u>3,602,280</u>
Net assets:			
Unrestricted	5,881,590	6,415,456	4,501,017
Temporarily restricted	29,249,298	26,289,848	34,012,333
Permanently restricted	<u>30,643,514</u>	<u>28,803,795</u>	<u>26,581,966</u>
Total net assets	<u>\$65,774,402</u>	<u>61,509,099</u>	<u>65,095,316</u>

The largest portion of the Foundation's net assets (91.1 percent) is donor restricted. The unrestricted portion of the Foundation's net assets (8.9 percent) includes resources that are free of external restrictions. Unrestricted net assets can be used to meet the Foundation's operating obligations as they come due.

Total net assets of the Foundation decreased by \$3.6 million from 2003 to 2004 and increased by \$4.3 million from 2004 to 2005. Total liabilities of the Foundation increased by \$15.2 million from 2003 to 2004 and increased by \$1.7 million from 2004 to 2005. The increase in total liabilities and the decrease in total net assets from 2003 to 2004 were the result of providing a funding contract to the University for \$17,000,000 for the construction of the McLeod Center. Likewise, the increase in liabilities from 2004 to 2005 was the result of providing a second funding contract to the University for \$2,660,000, also for the McLeod Center.

Changes in total net assets presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. 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, 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 Assets

In general, public universities, such as the University of Northern Iowa, report an operating loss as the financial reporting model classifies state appropriations, investment income, and gifts 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, which allocates the cost of an asset over its expected useful life.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

University			
The Statement of Revenues, Expenses, and			
Changes in Net Assets			
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating revenue:			
Tuition and fees	\$ 51,880,396	49,078,469	42,832,005
Receipts from other entities	82,965	991,345	852,445
Grants and contracts	30,743,893	29,123,374	27,838,504
Sales, rents and services	7,313,541	6,821,839	6,518,849
Miscellaneous	784,868	2,279,986	2,176,483
Auxiliary	<u>38,523,713</u>	<u>36,856,387</u>	<u>36,927,912</u>
Total operating revenue	<u>129,329,376</u>	<u>125,151,400</u>	<u>117,146,198</u>
Operating expenses:			
Instruction	64,417,699	64,082,106	62,067,503
Research	2,518,265	2,567,947	2,512,582
Public service	22,165,366	19,978,192	18,381,946
Academic support	19,401,042	19,793,658	20,658,691
Student services	6,459,570	6,130,096	6,067,391
Institutional support	23,561,674	22,827,463	22,716,306
Operation and maintenance of plant	16,740,161	20,471,446	19,716,928
Scholarships and fellowships	5,454,063	6,414,569	6,562,983
Depreciation	12,646,438	12,833,136	12,511,725
Loan cancellations and write-offs	471,003	479,003	484,390
Auxiliary enterprises	<u>38,219,649</u>	<u>36,486,127</u>	<u>34,275,029</u>
Total operating expenses	<u>212,054,930</u>	<u>212,063,743</u>	<u>205,955,474</u>
Operating loss	<u>(82,725,554)</u>	<u>(86,912,343)</u>	<u>(88,809,276)</u>
Nonoperating revenues (expenses)			
State appropriations	79,128,080	79,256,054	83,106,612
Investment income	1,887,657	869,417	2,847,144
Gifts, grants and contracts	2,385,758	2,212,714	1,492,118
Interest expense	(5,140,767)	(5,179,283)	(5,179,863)
Amortization and misc. expense	<u>(65,720)</u>	<u>(204,602)</u>	<u>(101,239)</u>
Net nonoperating revenues	<u>78,195,008</u>	<u>76,954,300</u>	<u>82,164,772</u>
Loss before other revenues	(4,530,546)	(9,958,043)	(6,644,504)
State appropriations – capital projects	14,307,549	15,439,528	20,411,720
Capital contributions and grants	4,005,674	15,850,868	945,584
Other revenue (expense)	<u>265,251</u>	<u>797,525</u>	<u>(55,626)</u>
Change in net assets	14,047,928	22,129,878	14,657,174
Net assets, beginning of year	<u>219,114,396</u>	<u>196,984,518</u>	<u>182,327,344</u>
Net assets, end of year	<u>\$233,162,324</u>	<u>219,114,396</u>	<u>196,984,518</u>

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

The Statement of Revenues, Expenses, and Changes in Net Assets reflects three positive years. Net assets increased by \$22.1 million from 2003 to 2004 and by \$14.0 million from 2004 to 2005.

Operating revenue totaled \$129.3 million in 2005, \$125.1 million in 2004, and \$117.1 million in 2003. The increase from 2003 to 2004 was \$8.0 million and from 2004 to 2005 it was \$4.2 million. Net nonoperating revenue totaled \$78.2 million in 2005, \$77.0 million in 2004, and \$82.2 million in 2003. There was a \$5.2 million decrease from 2003 to 2004 and a \$1.2 million increase from 2004 to 2005. Changes in operating and nonoperating revenue from 2004 to 2005 follow:

- Tuition and fee income increased \$2.8 million, or 5.7 percent, due to a 9.6 percent increase in undergraduate tuition and mandatory fees and a 4.6 percent decrease in enrollment.
- Sales and services of educational activities increased by \$0.5 million, or 7.2 percent.
- Operating grants and contracts revenue increased by \$1.6 million, or 5.6 percent.
- Investment income increased by \$1.0 million, or 117.1 percent, due to an increase in the targeted federal funds rate.

Operating expenses totaled \$212.1 million in 2005, \$212.1 million in 2004, and \$206.0 million in 2003. Operating expenses that reflect significant changes from 2004 to 2005 follow:

- Expenditures for equipment and repairs decreased by \$4.0 million, or 33.3 percent.
- Expenditures for licenses, permits, and refunds decreased \$0.4 million, or 19.2 percent.
- Travel expense increased by \$0.7 million, or 9.1 percent.
- Expenditures for claims and miscellaneous increased by \$0.8 million, or 5.1 percent.

Significant changes in operating expenses by function for 2004 to 2005 follow:

- Operation and maintenance of plant expenditures decreased by \$3.7 million, or 18.2 percent.
- Scholarships and fellowships expenditures decreased by \$1.0 million, or 15.0 percent.
- Public service expenditures increased by \$2.2 million, or 10.9 percent.
- Student services expenditures increased by \$0.3 million, or 5.4 percent.
- Auxiliary enterprise expenditures increased by \$1.7 million, or 4.8 percent.

Foundation			
The Combined Statements of Activities			
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Public support and revenue:			
Gifts and contributions	\$ 9,602,331	10,028,353	7,632,693
Investment income	5,337,864	8,607,496	684,738
Other operating revenues	<u>124,876</u>	<u>85,885</u>	<u>111,165</u>
Total public support and revenue	15,065,071	18,721,734	8,428,596
Expenses	<u>10,799,768</u>	<u>22,307,951</u>	<u>7,078,179</u>
Change in net assets	4,265,303	(3,586,217)	1,350,417
Net assets, beginning of year	<u>61,509,099</u>	<u>65,095,316</u>	<u>63,744,899</u>
Net assets, end of year	<u>\$65,774,402</u>	<u>61,509,099</u>	<u>65,095,316</u>

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

Foundation public support and revenue was \$15.1 million in 2005, \$18.7 million in 2004, and \$8.4 million in 2003, an increase of 122.1 percent from 2003 to 2004 and a decrease of 19.5 percent from 2004 to 2005. Investment income was \$5.3 million in 2005, \$8.6 million in 2004, and \$0.7 million in 2003. The increase from 2003 to 2004 is largely due to the recovery of the equity market. Gifts and contributions were \$9.6 million in 2005, \$10.0 million in 2004, and \$7.6 million in 2003. Expenses were \$10.8 million in 2005, \$22.3 million in 2004, and \$7.1 million in 2003.

The Foundation provided revenues to the University in the amount of \$5.5 million in 2005 and \$18.1 million in 2004. The decrease in Foundation support is attributed to the one-time recording of a \$17.0 million dollar liability to the University for the construction of the McLeod Center in 2004. Contributions restricted for permanent investment in the Foundation's endowment were \$1.3 million in 2005 and \$1.7 million in 2004.

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 users to 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 financing, and investing activities.

University			
The Statement of Cash Flows			
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash provided (used) by:			
Operating activities	\$(69,216,060)	(76,304,549)	(76,399,911)
Noncapital financing activities	80,806,400	81,203,495	81,309,643
Capital and related financing activities	(8,534,619)	1,935,214	(8,441,396)
Investing activities	<u>10,942,939</u>	<u>(962,176)</u>	<u>159,940</u>
Net increase (decrease) in cash and cash equivalents	13,998,660	5,871,984	(3,371,724)
Cash and cash equivalents, beginning of year	<u>9,035,357</u>	<u>3,163,373</u>	<u>6,535,097</u>
Cash and cash equivalents, end of year	<u>\$ 23,034,017</u>	<u>9,035,357</u>	<u>3,163,373</u>

The largest sources of University cash are provided for operating activities. Cash provided for operating activities includes revenues from tuition and fees (\$51.8 million), grants and contracts (\$30.1 million), and auxiliary enterprise receipts (\$38.0 million). The largest uses of cash for operating activities includes payments for salaries and benefits (\$122.1 million), payments for goods and services (\$14.6 million), and auxiliary enterprise payments (\$40.3 million). Cash provided by noncapital financing activities includes state appropriations (\$79.2 million). Cash received from capital and related financing activities represents capital appropriations (\$12.3 million), and the proceeds from the issuance of revenue bonds (\$13.0 million). Cash used by capital and related financing activities includes principal and interest payments on debt (\$10.1 million) and the acquisition of capital assets (\$26.5 million). Cash provided by investing activities was \$10.9 million.

Capital Assets

At June 30, 2005, the University had \$251.3 million invested in capital assets, net of accumulated depreciation of \$169.1 million. Depreciation charges totaled \$12.6 million for the 2005 fiscal year. Details for the capital assets net of accumulated depreciation are shown below.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

University			
Schedule of Capital Assets, Net, at Year-End			
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Land	\$ 4,235,050	4,235,050	4,202,550
Construction in progress	<u>34,727,023</u>	<u>23,533,538</u>	<u>31,709,157</u>
Capital assets not depreciated	<u>38,962,073</u>	<u>27,768,588</u>	<u>35,911,707</u>
Land improvements	6,581,187	5,752,626	6,861,928
Infrastructure	7,358,454	7,160,512	7,569,406
Buildings	177,682,037	174,070,276	154,634,917
Equipment	13,415,427	13,606,108	14,291,311
Library materials	<u>7,347,755</u>	<u>7,800,743</u>	<u>7,676,066</u>
Capital assets depreciated	<u>212,384,860</u>	<u>208,390,265</u>	<u>191,033,628</u>
Total capital assets	<u>\$251,346,933</u>	<u>236,158,853</u>	<u>226,945,335</u>

State funded capital projects for the fiscal year ended June 30, 2005 and beyond include completion of the McCollum Science Building addition, updating the Steam Distribution System, converting the East Gym into an Innovative Teaching and Technology Center, renovation of science buildings and Russell Hall. Auxiliary Enterprise capital projects include the renovation of Shull Hall, and addition to and renovation of the Student Health Clinic, and construction of the McLeod Center and the Human Performance Center. A Business and Community Services Center and a Multimodal Transportation Facility will be constructed with grant funds and local matching funds. Detailed information about the University's capital assets is presented in Note J of the Notes to Financial Statements.

The Foundation's capital assets consist of a building and related equipment used for the Early Childhood Education Program. The net carrying value of the building and equipment was \$1.6 million in 2005 and \$1.7 million in 2004.

LONG-TERM DEBT

During the fiscal year ended June 30, 2005, the Board of Regents, State of Iowa, on behalf of the University of Northern Iowa, issued two series of revenue bonds. Academic Building Revenue Refunding Bonds were issued for \$5,110,000 to refund bonds issued in 1995 to take advantage of lower interest rates. Similarly, Field House Revenue Bonds were issued for \$7,465,000 to refund bonds issued in 1997. Revenue bonds of \$4,842,128 were retired during the year. The City of Cedar Falls made non-interest-bearing loan to the University in the amount of \$500,000 to assist with McLeod Center construction costs. Detailed information about the University's long-term debt is presented in Notes O and U of the Notes to Financial Statements.

CREDIT RATINGS

Moody's Investors Service continued its "A2" credit rating for all University bonds. The Standard and Poor's credit rating of the University remains an "A" for all bonds supported by unlimited student fees. Both ratings services assigned a "stable outlook" to University 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 THE FUTURE

The fiscal health of the State of Iowa improved in fiscal year 2005, as was the case in most other states. A strong rebound in General Fund revenue collections was noted during July-December 2004. This growth leveled out during January-June 2005. The State of Iowa experienced a 4.2 percent increase of General Fund revenue collections in fiscal 2004 and a 5.2 percent increase in fiscal 2005, reversing a two year decline in collections. This was the trend nationally as well, with revenue collections for all states increasing 13.3 percent for the April-June 2005 quarter,

UNIVERSITY OF NORTHERN IOWA
Management's Discussion and Analysis
Years Ended 2005 and 2004

according to the Rockefeller Institute of Government, which was the highest quarterly growth rate since the Institute began tracking state revenue collections in 1991.

Revenue was available for fiscal 2006 appropriations in the amount of \$4,990.2 million. Actual fiscal 2006 General Fund appropriations totaled \$4,938.5 million, an increase of \$332.4 million from the fiscal 2005 budget.

At the State of Iowa Revenue Estimating Conference meeting in October 2005, fiscal year 2006 revenue was estimated to be \$5,024.1 million. The revised estimate reflects projected revenue growth of 2.0 percent. Recent revenue collections are encouraging despite hurricanes Katrina and Rita. The State of Iowa's unemployment rate was 4.5 percent in October 2005, which is tied for the lowest monthly unemployment rate during calendar year 2005.

Nationally, the effects of the hurricanes do not appear to have as big an impact on the economy as first forecast. Growth in the gross domestic product for the third quarter of calendar year 2005 is now estimated at 4.3 percent, a full percentage point ahead of the previous quarter. Economy.com, a national economic forecasting service, expects the gross domestic product to slow to 3.5 percent in the fourth quarter of calendar year 2005, reflecting a pause in hiring by companies in reaction to the hurricanes. The nation's underlying economy appears to be stable and growth is expected to reaccelerate early next year, with gross domestic product estimated to grow at the rate of 4.2 percent during the first half of calendar year 2006.

The economic position of the University of Northern Iowa is closely tied to the economy and legislative priorities of the State of Iowa. The University relies heavily on state appropriations. Funding from the State is fundamental to sustaining quality educational services since state appropriations normally provide for base operating dollars, salary increases, and strategic initiatives.

As a result of on-going economic pressures affecting the State and changing legislative priorities, University appropriations peaked in fiscal year 2001 at \$91.8 million. Appropriations declined in the four fiscal years that followed and bottomed out at \$78.4 million in fiscal year 2005. Operating appropriations, then, have declined a total of \$13.4 million, or 14.6 percent, since the peak in fiscal year 2001. During the same period of time, the State negotiated employee salary increases through the collective bargaining process, but it did not fund them. The General Assembly appropriated \$82.9 million for fiscal year 2006, the first increase since fiscal year 2001. It did not make any capital appropriations to the University for fiscal year 2006.

To partially counterbalance declining state appropriations and increasing salaries, the Board of Regents, State of Iowa increased undergraduate tuition and mandatory fees by 19.7 percent for fiscal year 2003, 19.4 percent for fiscal year 2004, 9.6 percent for fiscal year 2005, and 4.0 percent for fiscal year 2006. As of the 2004-2005 fiscal year, the University of Northern Iowa's resident undergraduate tuition and mandatory fee rate was 96.2 percent of its peer group average and 94.1 percent of the national average.

University enrollment peaked in Fall 2001 at 14,070. Due to large tuition increases in University tuition and mandatory fees, and smaller increases in community college tuition and fees, enrollment declined to 13,441 in Fall 2003, 12,824 in Fall 2004, and 12,513 in Fall 2005. The total decline was 1,557 students, or 11.1 percent. A recapitulation of state appropriations to the University, tuition and fee rates, and student headcount follows:

	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
State Appropriation- Operating	\$91,829,144	\$84,828,889	\$82,815,878	\$78,556,299	\$78,377,656	\$82,908,587
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Mandatory Tuition and Fees, per Head	\$3,130	\$3,440	\$4,118	\$4,916	\$5,387	\$5,602
	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Fall Head Count	13,774	14,070	13,926	13,441	12,824	12,513

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2005 and 2004

University officials anticipate the 2005-06 fiscal year will be much like the 2004-05 fiscal year. They remain cautiously optimistic the Iowa General Assembly will be able to restore operating appropriations to the level experienced prior to the national recession which occurred in calendar year 2001.

As a result of reductions in state appropriations, the University is placing greater emphasis on fundraising. The UNI Foundation concluded its Students First capital campaign, which raised funds for scholarships, facilities, programs, and unrestricted support.

In spite of recent economic hardships resulting from reductions in state appropriations, the University is in a strong financial position. Like many state-assisted universities, the University faces the following financial challenges:

- Increased reliance on tuition and fees has placed additional reliance on student financial aid.
- Salary and fringe benefit expenses continue to increase.
- Facilities of the University require constant maintenance and upkeep.
- Technology continues to advance rapidly and current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- The reduction in funding has slowed the University's progress in meeting the goals established in its Strategic Plan.

Future challenges will be countered with cost containment and revenue initiatives. The University will protect the quality of the academic programs and attempt to counteract the impact of higher tuition and mandatory fees with student financial aid. At the same time, it will strive to achieve a high level of customer service. While it is not possible to predict the ultimate results, management believes the University's financial condition will remain strong.

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, 125 Gilchrist Hall, Cedar Falls, Iowa 50614-0009 or phone 319-273-3576.



University of Northern Iowa

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

2004-2005

Financial Statements



UNIVERSITY OF NORTHERN IOWA
Statement of Net Assets
June 30, 2005 and 2004

	2005	2004
ASSETS		
Current Assets		
Cash and cash equivalents-Note B	\$ 23,034,017	9,035,357
Investments-Notes B	27,319,172	24,540,588
Deposits with bond paying agents-Note C	20,000	46,093
Accounts receivable, net-Note D	14,964,864	4,607,552
Loans receivable, net-Note F	2,323,146	2,335,509
Interest receivable	354,747	424,756
Due from governmental agencies-Note G	18,307,323	16,248,916
Prepaid expenses-Note H	2,561,271	2,731,150
Inventories-Note I	1,509,880	1,092,349
Debt issuance costs-Note U	1,133,161	1,019,836
Other assets	90,000	91,000
Total Current Assets	91,617,581	62,173,106
Noncurrent Assets		
Investments-Note B	35,440,484	46,984,060
Accounts receivable, net-Note D	5,690,128	13,719,672
Loans receivable, net-Note F	9,292,586	9,342,036
Prepaid expenses-Note H	25,958	6,121
Capital assets-Note J	420,448,609	395,049,051
Accumulated depreciation-Note J	(169,101,676)	(158,890,198)
Total Noncurrent Assets	301,796,089	306,210,742
Total Assets	393,413,670	368,383,848
LIABILITIES		
Current Liabilities		
Accounts payable	10,098,768	7,906,758
Salaries and wages payable-Note K	422,363	394,986
Compensated absences payable-Note L	4,102,039	4,101,446
Unpaid claims-Note T	1,754,624	1,494,338
Deferred revenue-Note H	3,118,644	3,051,215
Accrued interest payable	2,873,069	2,992,343
Long-term debt-Note O	18,532,306	4,862,128
Deposits	1,682,671	1,311,728
Other current liabilities	5,246	4,941
Total Current Liabilities	42,589,730	26,119,883
Noncurrent Liabilities		
Accounts payable	1,102,857	1,964,719
Compensated absences payable-Note L	3,490,865	2,872,547
Refundable advances on student loans-Note P	10,175,146	9,982,249
Long-term debt-Note O	102,892,748	108,330,054
Total Noncurrent Liabilities	117,661,616	123,149,569
Total Liabilities	160,251,346	149,269,452
NET ASSETS		
Invested in capital assets, net of related debt	145,910,769	136,014,735
Restricted		
Nonexpendable		
Scholarships and fellowships	615,895	615,895
Expendable		
Scholarships and fellowships	337,654	319,227
Loans	2,940,131	2,833,939
Capital projects	23,681,489	15,669,752
Debt service	20,388,895	23,683,332
Other	740,172	1,224,082
Unrestricted	38,547,319	38,753,434
Total Net Assets	\$ 233,162,324	219,114,396

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Financial Position
June 30, 2005 and 2004

	2005	2004
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,924,079	1,923,559
Investments-Note B	27,363,447	23,563,805
Pledges receivable, net-Note E	3,793,603	4,156,365
Interest receivable	151,745	109,357
Other receivables	7,157	16,205
Prepaid expenses	23,292	23,776
Total Current Assets	33,263,323	29,793,067
Pledges receivable, less current portion-Note E	7,135,022	7,655,402
Long-term investments-Note B	41,466,897	38,843,465
Life insurance cash value	778,831	715,746
Donated assets	1,942,740	1,519,861
Building and equipment, net	1,627,028	1,748,588
Total Assets	86,213,841	80,276,129
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	381,033	167,383
Pledge payable, current-Note N	11,124,162	1,300,098
Deposits held in custody for others	639	1,526
Total Current Liabilities	11,505,834	1,469,007
Pledge payable, less current portion-Note N	5,690,128	13,719,672
Annuities payable	1,477,295	1,664,994
Annuity trusts payable	1,156,738	1,236,792
Unitrusts payable	609,444	676,565
Total Liabilities	20,439,439	18,767,030
Net Assets		
Unrestricted		
Designated	3,674,391	3,130,080
Plant	1,627,028	1,748,588
Undesignated	580,171	1,536,788
Total Unrestricted	5,881,590	6,415,456
Temporarily Restricted	29,249,298	26,289,848
Permanently Restricted	30,643,514	28,803,795
Total Net Assets	65,774,402	61,509,099
Total Liabilities and Net Assets	\$ 86,213,841	80,276,129

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA
Statement of Revenues, Expenses, and Changes In Net Assets
Years Ended June 30, 2005 and 2004

	2005	2004
REVENUES		
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$13,688,964 for 2005, \$13,052,007 for 2004)	\$ 51,880,396	49,078,469
Receipts from other entities	82,965	991,345
Grants and contracts	30,743,893	29,123,374
Sales, rents and services	7,313,541	6,821,839
Miscellaneous	784,868	2,279,986
Auxiliary enterprises	38,523,713	36,856,387
Total Operating Revenues	129,329,376	125,151,400
EXPENSES		
Operating Expenses		
Instruction	64,417,699	64,082,106
Research	2,518,265	2,567,947
Public service	22,165,366	19,978,192
Academic support	19,401,042	19,793,658
Student services	6,459,570	6,130,096
Institutional support	23,561,674	22,827,463
Operation and maintenance of plant	16,740,161	20,471,446
Scholarships and fellowships	5,454,063	6,414,569
Depreciation	12,646,438	12,833,136
Loan cancellations and write-offs	471,003	479,003
Auxiliary enterprises	38,219,649	36,486,127
Total Operating Expenses	212,054,930	212,063,743
Operating (Loss)	(82,725,554)	(86,912,343)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	79,128,080	79,256,054
Investment income	1,887,657	869,417
Gifts, grants and contracts	2,385,758	2,212,714
Interest expense	(5,140,767)	(5,179,283)
Amortization expense	(65,720)	(107,545)
Miscellaneous expense	-	(97,057)
Net Nonoperating Revenues (Expenses)	78,195,008	76,954,300
(Loss) Before Other Revenues	(4,530,546)	(9,958,043)
OTHER REVENUES		
Capital appropriations	14,307,549	15,439,528
Capital contributions and grants	4,005,674	15,850,868
Other revenue (expense)	265,251	797,525
Total Other Revenues	18,578,474	32,087,921
Change in Net Assets	14,047,928	22,129,878
NET ASSETS		
Net assets, beginning of year	219,114,396	196,984,518
Net assets, end of year	\$ 233,162,324	219,114,396

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Activities
Years Ended June 30, 2005 and 2004

	2005			Total Net Assets
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	
Public Support, Revenue and Reclassifications				
Contributions and grants				
Cash and cash equivalents	\$ 510,825	7,434,368	1,296,645	9,241,838
Property	86,584	273,909	-	360,493
Investment income	546,871	4,400,348	390,645	5,337,864
Miscellaneous income	9,023	115,520	333	124,876
Redesignation of funds	329,726	(515,482)	185,756	-
Net assets released from restrictions	8,761,315	(8,758,512)	(2,803)	-
Total Public Support, Revenue and Reclassifications	<u>10,244,344</u>	<u>2,950,151</u>	<u>1,870,576</u>	<u>15,065,071</u>
Expenses and Adjustments				
Program				
Scholarships	2,081,097	-	-	2,081,097
Designated projects	2,508,285	-	-	2,508,285
Capital projects	3,838,774	-	-	3,838,774
Administrative	794,689	-	-	794,689
Fundraising	1,438,576	-	-	1,438,576
Bad debt adjustments	(4,771)	(26,955)	(11,361)	(43,087)
Depreciation	121,560	-	-	121,560
Annuities payable actuarial liability adjustment	-	17,290	44,110	61,400
Unitrusts payable actuarial liability adjustment	-	366	(1,892)	(1,526)
Retained life estate present value adjustment	-	-	-	-
Total Expenses and Adjustments	<u>10,778,210</u>	<u>(9,299)</u>	<u>30,857</u>	<u>10,799,768</u>
Change in Net Assets	(533,866)	2,959,450	1,839,719	4,265,303
Net Assets, beginning of year	<u>6,415,456</u>	<u>26,289,848</u>	<u>28,803,795</u>	<u>61,509,099</u>
Net Assets, end of year	<u>\$ 5,881,590</u>	<u>29,249,298</u>	<u>30,643,514</u>	<u>65,774,402</u>

The notes are an integral part of the financial statements.

2004

Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
709,058	7,403,801	1,739,079	9,851,938
6,000	170,415	-	176,415
1,636,135	6,488,994	482,367	8,607,496
19,663	66,222	-	85,885
1,413,375	(1,792,556)	379,181	-
<u>20,104,103</u>	<u>(20,088,484)</u>	<u>(15,619)</u>	<u>-</u>
<u>23,888,334</u>	<u>(7,751,608)</u>	<u>2,585,008</u>	<u>18,721,734</u>
1,894,749	-	-	1,894,749
1,814,122	-	-	1,814,122
15,970,602	-	-	15,970,602
797,808	-	-	797,808
1,380,127	-	-	1,380,127
(4,877)	(69,638)	(27,795)	(102,310)
121,364	-	-	121,364
-	75,282	391,498	466,780
-	(34,767)	33,386	(1,381)
-	-	(33,910)	(33,910)
<u>21,973,895</u>	<u>(29,123)</u>	<u>363,179</u>	<u>22,307,951</u>
1,914,439	(7,722,485)	2,221,829	(3,586,217)
<u>4,501,017</u>	<u>34,012,333</u>	<u>26,581,966</u>	<u>65,095,316</u>
<u>6,415,456</u>	<u>26,289,848</u>	<u>28,803,795</u>	<u>61,509,099</u>

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 51,845,232	48,866,270
Grants and contracts receipts	30,060,507	28,270,022
Collections of loans from students	3,381,864	3,577,690
Auxiliary enterprise receipts	38,033,384	36,768,246
Payments for salaries and benefits	(122,092,430)	(119,689,705)
Payments for goods and services	(14,561,799)	(17,517,284)
Scholarships	(5,285,032)	(6,053,779)
Loans issued to students	(3,320,050)	(4,031,949)
Auxiliary enterprise payments	(40,304,803)	(38,619,799)
Other operating receipts (payments)	(6,972,933)	(7,874,261)
Net Cash Used by Operating Activities	(69,216,060)	(76,304,549)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	79,214,339	79,077,411
William D. Ford direct lending and plus loans receipts	55,931,372	54,241,090
William D. Ford direct lending and plus loans made	(55,872,720)	(54,350,312)
Agency receipts	10,828,657	10,427,902
Agency payments	(11,558,595)	(10,076,573)
Non-capital gifts	2,263,347	1,883,977
Net Cash Provided by Non-Capital Financing Activities	80,806,400	81,203,495
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations received	12,318,464	11,967,894
Capital gifts and grants received	2,648,179	832,050
Acquisition of capital assets	(26,486,562)	(22,392,971)
Proceeds from sale of capital assets	55,599	39,480
Principal paid on capital debt	(4,832,128)	(45,925)
Interest paid on capital debt	(5,280,198)	(2,217,299)
Proceeds from capital debt	13,015,934	13,575,830
Other capital and related financing receipts (payments)	26,093	176,155
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,534,619)	1,935,214
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	1,837,347	1,668,404
Proceeds from sale and maturities of investments	42,822,140	52,333,492
Purchase of investments	(33,716,548)	(54,964,072)
Net Cash Provided (Used) by Investing Activities	10,942,939	(962,176)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,998,660	5,871,984
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,035,357	3,163,373
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 23,034,017	9,035,357

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2005 and 2004

	2005	2004
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (82,725,554)	(86,912,343)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	12,646,438	12,833,136
Increase in compensated absences	618,910	265,721
(Increase) in accounts receivable	(536,143)	(334,347)
(Increase)/Decrease in loans receivable	61,813	(454,259)
(Increase) in due from governmental agencies	(782,689)	(993,272)
(Increase)/Decrease in inventories	(417,531)	395,079
Decrease in prepaid expenses	183,301	329,918
(Increase)/Decrease in other assets	36,405	(66,457)
Increase/(Decrease) in accounts payable	1,301,414	(1,045,826)
(Decrease) in salaries and wages payable	(141,077)	(8,681)
Increase/(Decrease) in deferred revenue	67,430	(368,769)
Increase in other liabilities	471,223	55,551
	<u>\$ (69,216,060)</u>	<u>(76,304,549)</u>
Net Cash Used By Operating Activities	\$ (69,216,060)	(76,304,549)

Noncash Capital, Financing and Investing Activities:

Equipment with a fair market value of \$43,975 was donated to the University during 2005

Equipment with a fair market value of \$116,550 was donated to the University during 2004

\$5,070,000 of capital debt was refinanced with the issuance of the \$5,110,000 Academic Building Revenue Refunding Bonds, Series UNI 2005.

Bond issuance costs of \$38,631 deducted from the bond proceeds were capitalized and will be amortized over the debt repayment period.

\$7,380,000 of capital debt was refinanced with the issuance of the \$7,465,000 Field House Revenue Refunding Bonds, Series UNI 2005.

Bond issuance costs of \$140,414 deducted from the bond proceeds were capitalized and will be amortized over the debt repayment period.

\$4,190,000 of capital debt was refinanced with the issuance of the \$4,225,000 Academic Building Revenue Refunding Bonds, Series UNI 2003A.

Bond issuance costs of \$171,113 deducted from the bond proceeds were capitalized and will be amortized over the debt repayment period.

A net unrealized loss decreased the fair market value of the University's investments \$531,329 in 2005

A net unrealized loss decreased the fair market value of the University's investments \$436,132 in 2004

The notes are an integral part of the financial statements.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

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 United States 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.

The University applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins.

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 asset categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained in perpetuity by the University, including the University's permanent endowment funds.

Expendable – Net assets 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 assets 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 assets are designated for academic and general programs of the University.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

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

GASB Statement No. 35 also requires the statements of net assets, revenues, expenses, and changes in net assets, and cash flows be reported on a consolidated basis.

In May 2002, GASB issued Statement No. 39, Determining Whether Certain Organizations are Component Units. This statement was implemented for the year ended June 30, 2004. 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.

Blended Component Unit

The University's only blended component unit is The Friends of KHKE/KUNI, an Iowa non-profit corporation governed by a self-appointed 18-member board. The Friends of KHKE/KUNI is included in the University's financial statements because of the station's fiscal dependency upon the corporation. A copy of Friends' financial statements may be obtained by contacting the Broadcasting Services department at the University of Northern Iowa.

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. Although the University does not control the Foundation or the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests 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.

The accompanying combined financial statements include the accounts of the University of Northern Iowa Foundation, University of Northern Iowa Properties Corporations and 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 under 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 that are not controlled by the University, such as the UNI Alumni Association, are not included in the University's financial statements.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

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

Encumbrances

The University utilizes encumbrance accounting for budgetary compliance purposes. Each June 30th, the University is required to expend or encumber any cash balances remaining from the appropriations it receives for operating purposes, reverting any unencumbered funds. According to Section 8.33 of the Code of Iowa, the University is permitted to carry encumbrances for specialized equipment and building repairs forward to the next fiscal year. The cash balance of \$676,974 was fully committed with purchase orders and contracts, including items recognized as accounts payable totaling \$26,991.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

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 market value or appraised value as of the date of the gift.

In March 2003, GASB issued Statement No. 40, Deposit and Investment Risk Disclosures. This statement has been implemented for the year ended June 30, 2005. Disclosure of Credit Risk, Concentration of Credit Risk and Interest Rate Risk is presented in Note B.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the University.

Concentration of Credit Risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue or issuer.

Interest Rate Risk is the possibility that 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.

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 2005 and 2004, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$976,049 and \$315,807, respectively.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

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

Investments (Foundation)

The Foundation has adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, to present more fairly the realizabilty of its assets. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets.

Capital Assets

Property, buildings, equipment, and library materials are stated at cost at the date of acquisition or fair market 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	7-10 years
Library	10 years

The following thresholds are used to define capital assets:

Infrastructure	\$10,000
Land, Buildings, and Improvements	\$25,000
Equipment	\$ 2,000

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.

Deferred Revenue

Deferred revenue consists of revenue received in advance of an event, such as student tuition 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.

Endowment Appreciation

For donor-restricted endowments, the Uniform Management of Institutional Funds Act permits management of the University to allocate the amount of realized and unrealized endowment appreciation that 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 entities that 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 market value of the fund.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

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

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. Revenues and expenditures for the summer sessions are recorded in the appropriate fiscal year. Designated tuition and mandatory student fees are allocated based on the load study distributions supplied by the University Registrar. Residence System revenues and expenditures for the noted summer sessions are also recorded in the appropriate fiscal year.

Inventories

Inventories, consisting mainly of supplies and merchandise, are primarily valued at the lower of cost (first in, first out) or market.

Debt Issuance Costs

Upon the sale of revenue bonds, debt issuance costs are amortized by the straight-line method over the term of the bond issuance.

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 as reported on the statement of revenues, expenses, and changes in net assets are transactions that result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nonoperating Activities include state appropriations, gifts, and investment income.

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.

Note B – Cash Deposits and Investments

(1) Cash and deposits with bond paying agents:

The deposits of the University, except for \$24,849 as of June 30, 2004 from its component unit, 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 that sinking fund is inadequate to pay the entire loss, he is empowered to make assessments against other banks to insure there will be no loss of public funds. The carrying values at June 30, 2005 and June 30, 2004, were \$23,034,017 and \$9,035,357, respectively. The bank balances at June 30, 2005 and June 30, 2004, were \$25,116,478 and \$13,115,109, respectively. The carrying value at June 30, 2005 and June 30, 2004 includes cash-on-hand of \$123,175 and \$104,830, respectively.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note B – Cash Deposits and Investments (continued)

Deposits with bond paying agents consist of carrying values and bank balances on deposit with the trust department of the Bank of New York at June 30, 2005 and June 30, 2004 were \$20,000 and \$46,093, respectively. The bond paying agent cash at the Bank of New York is fully insured.

The deposits with the Bank of New York were covered by federal depository insurance.

(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, commercial paper, repurchase agreements, investments authorized for the Iowa Public Employees' Retirement System in Section 97B.7 of the Code of Iowa, an open-end management investment company organized in trust form registered with the S.E.C. under the Investment Company Act of 1940, and the Common Fund for Non-Profit Corporations. The University's endowment portfolio may be invested in all of the above as well as certain listed investment grade securities, certain shares of investment companies, and new issues of investment grade common stock. The University's endowments are pooled with the State University of Iowa's endowments to achieve economies of scale.

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note B – Cash Deposits and Investments (continued)

Investment Type	Invested Assets	Fair Value
Operating portfolio:		
Fixed Income:		
U.S. Government		
U.S. Government Treasuries, Notes, and Bonds		\$11,898,037
U.S. Government Agency		25,198,401
Mortgage Backed		
Government Pass-Through		1,196,350
Collateralized Mortgage Obligations		
Corporate CMO's		647,973
Corporate		
Corporate Bonds		3,311,189
Corporate Asset Backed		6,397,055
Private Placements		148,594
Municipals		79,036
Short Term		
Commercial Paper		990,640
Certificates of Deposit (Friends of KHKE/KUNI)		1,306,730
Fixed Income Mutual Funds (Friends of KHKE/KUNI)		412,730
Total Fixed Income Securities		<u>51,586,735</u>
Equity and Other Securities:		
Equity Mutual Funds (Friends of KHKE/KUNI)		<u>735,719</u>
Total Equity and Other Securities		<u>735,719</u>
	Total Operating Portfolio	<u>52,322,454</u>
Endowment portfolio:		
Fixed Income:		
U.S. Government		
U.S. Government Treasuries, Notes, and Bonds		160,390
U.S. Government Agency		4,149
Mortgage Backed		
Government Pass-Through		889,344
Corporate		
Corporate Bonds		406,677
Short Term		
Fixed Income Mutual Funds		1,506,082
Cash & Cash Equivalents		<u>59,350</u>
Total Fixed Income Securities		<u>3,025,992</u>
Equity and Other Securities (UNI Equity in SUI Endowment Pool):		
U.S. Equities		6,682,316
International Equity Mutual Fund		<u>728,894</u>
Total Equity and Other Securities		<u>7,411,210</u>
	Total Endowment Portfolio	<u>10,437,202</u>
	Total Invested Assets	<u>\$62,759,656</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note B – Cash Deposits and Investments (continued)

Credit Risk Concentration

Issuers that represent 5% or more of total assets (except for U.S. Government, Pooled and Mutual Funds)

Investment Type	Fair Value	% of assets
Federal Home Loan Bank	\$9,613,754	18%
Federal National Mortgage Association	9,419,532	17%
Federal Home Loan Mortgage Corporation	5,338,683	10%

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note B – Cash Deposits and Investments (continued)

Investment Type	Interest Rate Sensitivity – Duration	Fair Value	Duration
Operating portfolio:			
Fixed Income:			
U.S. Government			
U.S. Government Treasuries, Notes, and Bonds		\$11,898,037	1.94
U.S. Government Agency Mortgage Backed		25,198,401	1.31
Government Pass-Through Collateralized Mortgage Obligations		1,196,350	1.95
Corporate CMO's		647,973	0.42
Corporate			
Corporate Bonds		3,311,189	1.85
Corporate Asset Backed Private Placements		6,397,055	1.20
Private Placements		148,594	2.58
Municipals		79,036	0.94
Short Term:			
Commercial Paper		990,640	0.28
Certificates of Deposit		1,306,730	1.57
Other Short Term		<u>412,730</u>	4.68
Operating Portfolio-Total Fixed Income Securities		<u>51,586,735</u>	
Operating Portfolio Duration			<u>1.50</u>
Endowment Portfolio:			
Fixed Income:			
U.S. Government			
U.S. Government Treasuries, Notes, and Bonds		160,390	9.72
U.S. Government Agency		4,149	11.70
Mortgage Backed			
Government Pass-Through		889,344	2.67
Corporate			
Corporate Bonds		406,677	3.81
Short Term:			
Other Short Term		1,506,082	3.54
Cash & Cash Equivalents		<u>59,350</u>	
Total Fixed Income Securities		<u>3,025,992</u>	
Endowment Portfolio Duration			<u>3.59</u>
Total All Portfolios		<u>\$54,612,727</u>	
Overall Duration			<u>1.61</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note B – Cash Deposits and Investments (continued)

Credit Risk – Quality Ratings

<u>Investment Type</u>	<u>Treasury</u>	<u>Agency</u>	<u>AAA</u>	<u>AA</u>	<u>AA-</u>
Fixed Income Securities:					
U.S. Government					
U.S. Government Treasuries, Notes, and Bonds	\$12,058,427	-	-	-	-
U.S. Government Agency	-	25,202,550	-	-	-
Mortgage Backed					
Government Pass-Through Collateralized Mortgage Obligations	-	1,196,350	889,344	-	-
Corporate CMO's	-	-	537,083	-	-
Corporate					
Corporate Bonds	-	-	844,929	-	840,346
Corporate Asset Backed Private Placements	-	-	6,326,730	-	-
Municipals	-	-	-	79,036	-
Short Term					
Commercial Paper	-	-	-	-	-
Certificates of Deposit	-	-	-	-	-
Other Short Term	-	-	-	-	-
Cash and Cash Equivalents	-	-	-	-	-
Total Fixed Income Investments	<u>\$12,058,427</u>	<u>26,398,900</u>	<u>8,598,086</u>	<u>79,036</u>	<u>840,346</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

<u>A+</u>	<u>A</u>	<u>BBB+</u>	<u>BBB</u>	<u>BBB-</u>	<u>A-1</u>	<u>NR</u>	<u>Total</u>
-	-	-	-	-	-	-	12,058,427
-	-	-	-	-	-	-	25,202,550
-	-	-	-	-	-	-	2,085,694
-	-	-	-	-	-	110,890	647,973
826,047	423,498	513,197	181,027	88,822	-	-	3,717,866
-	-	-	-	-	-	70,325	6,397,055
-	-	-	-	-	-	148,594	148,594
-	-	-	-	-	-	-	79,036
-	-	-	-	-	990,640	-	990,640
-	-	-	-	-	-	1,306,730	1,306,730
-	-	-	-	-	-	1,918,812	1,918,812
-	-	-	-	-	-	59,350	59,350
<u>826,047</u>	<u>423,498</u>	<u>513,197</u>	<u>181,027</u>	<u>88,822</u>	<u>990,640</u>	<u>3,614,701</u>	<u>54,612,727</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note C – Deposits with Bond Paying Agents

As of June 30, 2005 and June 30, 2004, cash and investments were on deposit with various paying agents for the purpose of paying current obligations on bond principal and interest as follows:

	<u>2005</u>	<u>2004</u>
Residence System:		
Unredeemed bonds from prior periods	\$ 20,000	30,000
Unredeemed interest coupons from prior periods	<u>-</u>	<u>16,093</u>
Total	\$ <u>20,000</u>	<u>46,093</u>

Note D – Accounts Receivable

Accounts receivable is summarized as follows:

	<u>2005</u>	<u>2004</u>
Student accounts	\$ 1,689,157	1,722,393
University of Northern Iowa Foundation	17,153,814	15,019,770
Sponsoring agencies	369,318	341,162
Other	<u>1,904,624</u>	<u>1,724,456</u>
	21,116,913	18,807,781
Less allowance for doubtful accounts	<u>(461,921)</u>	<u>(480,557)</u>
Total	\$ <u>20,654,992</u>	<u>18,327,224</u>

Note E – Pledges Receivable (Foundation)

Unconditional promises are included in the combined financial statements as pledges receivable and revenue of the appropriate net asset category. Unconditional promises are expected to be realized in the following periods:

	<u>2005</u>	<u>2004</u>
In one year or less	\$ 3,942,030	4,315,214
Between one year and five years	6,736,050	7,303,743
More than five years	<u>1,378,039</u>	<u>1,469,091</u>
	12,056,119	13,088,048
Less discounts to net present value	(570,490)	(676,190)
Less allowance for uncollectible pledges	<u>(557,004)</u>	<u>(600,091)</u>
Total	\$ <u>10,928,625</u>	<u>11,811,767</u>

Pledges receivable at June 30, 2005 and 2004 have the following restrictions:

	<u>2005</u>	<u>2004</u>
Operations	\$ 257,130	340,309
Scholarships	346,433	138,898
Departmental programs	1,493,522	1,562,978
Grants	70,034	577,555
Special purpose	1,341	-
Endowments	750,264	1,111,245
Functioning as endowments	53,636	48,502
Plant	<u>7,956,265</u>	<u>8,032,280</u>
Total	\$ <u>10,928,625</u>	<u>11,811,767</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note F – Loans Receivable

Loans receivable is summarized as follows:

	<u>2005</u>	<u>2004</u>
Student loans:		
Federal loan programs	\$ 11,991,703	12,136,126
University loan funds	<u>138,225</u>	<u>133,639</u>
	12,129,928	12,269,765
Less allowance for uncollectible loans	<u>(514,196)</u>	<u>(592,220)</u>
Total	<u>\$ 11,615,732</u>	<u>11,677,545</u>

Loans 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.

Note G – Due From Governmental Agencies

Due from Governmental Agencies is summarized as follows:

	<u>2005</u>	<u>2004</u>
Federal Government	\$ 6,276,434	6,038,651
State Government	11,967,381	9,970,899
Local Government	46,245	239,366
Other	<u>17,263</u>	<u>-</u>
Total	<u>\$ 18,307,323</u>	<u>16,248,916</u>

Note H – Prepaid Expense/Deferred Revenue

Prepaid expenses at June 30, 2005 and 2004 totaled \$2,587,229 and \$2,737,271, respectively, and deferred revenue at June 30, 2005 and 2004 totaled \$3,118,644 and \$3,051,215, respectively. The summer session portion for deferred tuition and fees for 2005 and 2004 was \$692,664 and \$802,655, respectively. Students sign housing contracts with the Department of Residence for the following Fall semester. Deferred revenue on housing contracts were \$604,800 and \$577,000 at June 30, 2005 and 2004, respectively. Season ticket sales for the Gallagher Bluedorn Performing Arts Center Artist Series begin in the Spring for the following year. Deferred ticket sale revenues were \$527,440 and \$476,167 at June 30, 2005 and 2004, respectively.

Note I – Inventories

Inventories at June 30, 2005 and 2004, consisting mainly of supplies and merchandise, primarily valued at lower of cost or market (first in, first out) had values of \$1,509,880 and \$1,092,349, respectively.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note J – Capital Assets

Capital assets activity for the year ended June 30, 2005 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 4,235,050	12,074	(12,074)	4,235,050	-	4,235,050
Construction in Progress	<u>23,533,538</u>	<u>19,325,383</u>	<u>(8,131,898)</u>	<u>34,727,023</u>	<u>-</u>	<u>34,727,023</u>
Capital Assets Not Depreciated	<u>27,768,588</u>	<u>19,337,457</u>	<u>(8,143,972)</u>	<u>38,962,073</u>	<u>-</u>	<u>38,962,073</u>
Land Improvements	11,131,726	1,314,366	(314,298)	12,131,794	(5,550,607)	6,581,187
Infrastructure	13,455,549	615,002	-	14,070,551	(6,712,097)	7,358,454
Buildings	263,732,180	10,761,155	(595,575)	273,897,760	(96,215,723)	177,682,037
Equipment	48,672,424	3,690,660	(2,141,280)	50,221,804	(36,806,377)	13,415,427
Library Materials	<u>30,288,584</u>	<u>1,044,656</u>	<u>(168,613)</u>	<u>31,164,627</u>	<u>(23,816,872)</u>	<u>7,347,755</u>
Capital Assets Depreciated	<u>367,280,463</u>	<u>17,425,839</u>	<u>(3,219,766)</u>	<u>381,486,536</u>	<u>(169,101,676)</u>	<u>212,384,860</u>
Total Capital Assets	<u>\$395,049,051</u>	<u>36,763,296</u>	<u>(11,363,738)</u>	<u>420,448,609</u>	<u>(169,101,676)</u>	<u>251,346,933</u>

Depreciation activity for the year ended June 30, 2005 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 5,379,100	430,421	(258,914)	5,550,607
Infrastructure	6,295,037	417,060	-	6,712,097
Buildings	89,661,904	6,569,024	(15,205)	96,215,723
Equipment	35,066,316	3,732,289	(1,992,228)	36,806,377
Library Materials	<u>22,487,841</u>	<u>1,497,644</u>	<u>(168,613)</u>	<u>23,816,872</u>
Total	<u>\$158,890,198</u>	<u>12,646,438</u>	<u>(2,434,960)</u>	<u>169,101,676</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note J – Capital Assets (continued)

Capital assets activity for the year ended June 30, 2004 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 4,202,550	32,500	-	4,235,050	-	4,235,050
Construction in Progress	<u>31,709,157</u>	<u>12,836,140</u>	<u>(21,011,759)</u>	<u>23,533,538</u>	<u>-</u>	<u>23,533,538</u>
Capital Assets Not Depreciated	<u>35,911,707</u>	<u>12,868,640</u>	<u>(21,011,759)</u>	<u>27,768,588</u>	<u>-</u>	<u>27,768,588</u>
Land Improvements	11,861,046	28,844	(758,164)	11,131,726	(5,379,100)	5,752,626
Infrastructure	13,455,549	-	-	13,455,549	(6,295,037)	7,160,512
Buildings	237,998,095	25,734,085	-	263,732,180	(89,661,904)	174,070,276
Equipment	46,901,816	3,611,025	(1,840,417)	48,672,424	(35,066,316)	13,606,108
Library Materials	<u>28,801,278</u>	<u>1,638,620</u>	<u>(151,314)</u>	<u>30,288,584</u>	<u>(22,487,841)</u>	<u>7,800,743</u>
Capital Assets Depreciated	<u>339,017,784</u>	<u>31,012,574</u>	<u>(2,749,895)</u>	<u>367,280,463</u>	<u>(158,890,198)</u>	<u>208,390,265</u>
Total Capital Assets	<u>\$374,929,491</u>	<u>43,881,214</u>	<u>(23,761,654)</u>	<u>395,049,051</u>	<u>(158,890,198)</u>	<u>236,158,853</u>

Depreciation activity for the year ended June 30, 2004 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 4,999,118	379,982	-	5,379,100
Infrastructure	5,886,143	408,894	-	6,295,037
Buildings	83,363,178	6,298,726	-	89,661,904
Equipment	32,610,505	4,231,591	(1,775,780)	35,066,316
Library Materials	<u>21,125,212</u>	<u>1,513,943</u>	<u>(151,314)</u>	<u>22,487,841</u>
Total	<u>\$147,984,156</u>	<u>12,833,136</u>	<u>(1,927,094)</u>	<u>158,890,198</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note K – Salaries and Wages Payable

With the implementation of the Oracle Payroll Module in January 2005, 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. Prior to the Oracle implementation, students were paid on the last day of the month based on time sheets verifying hours worked to the middle of the month. Accrued salaries and wages payable at June 30, 2005 and 2004 were \$422,363 and \$394,986, respectively.

Note L – Compensated Absences Payable

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 fiscal years ended June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Amount of accrued compensated absences at beginning of year	\$ 6,973,993	6,820,042
Claims incurred and liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	6,188,164	5,923,387
Payments on claims during the fiscal year	<u>(5,569,253)</u>	<u>(5,769,436)</u>
Amount of accrued compensated absences at end of year	<u>\$ 7,592,904</u>	<u>6,973,993</u>

The accumulated vacation and sick leave estimated to be paid from the year-end balance during the next twelve months for fiscal years 2005 and 2004 is \$4,102,039 and \$4,101,446, respectively

Note M – Retirement Programs

Teachers Insurance and Annuity Association - The University of Northern Iowa contributes to the Teachers Insurance and Annuity Association (TIAA) retirement program, a defined contribution plan administered by TIAA. The 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 Board 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 contributes 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings through the fifth year of employment. Likewise, the University is required to contribute 6 2/3% of the first \$4,800 of earnings and 10% of earnings above the \$4,800 through the fifth year of employment. Upon completion of five years of service, the participant contributes 5% and the University 10% of all earnings. During fiscal years 2005 and 2004, the University's required and actual contributions amounted to \$9,233,552 and \$9,129,734, respectively. Employees' required and actual contributions amounted to \$4,616,558 and \$4,680,161 for the same two fiscal periods.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note M – Retirement Programs (continued)

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 are required to contribute 3.7% of their annual covered salary and the University is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by State statute.

The University's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$336,977, \$310,463 and \$309,095, respectively, equal to the annual required contributions.

Note N – Pledge Payable (Foundation)

On February 27, 2004, the Foundation entered into an agreement with the Board of Regents, State of Iowa, to make gifts to the University of Northern Iowa of at least \$17,000,000, to be used solely and only to pay costs of constructing and equipping the McLeod Center on the University campus. Those costs could include principal and interest payments on \$10,000,000 of Field House Revenue Bonds, Series UNI 2004, which the Board of Regents has issued. As of June 30, 2005 and June 30, 2004, \$2,357,973 and \$1,057,875, respectively, of the \$17,000,000 had been paid to the University.

On October 29, 2004, the Foundation signed an amendment to the original agreement promising additional gifts in the amount of \$2,660,000, due to increased construction costs for the McLeod Center.

The unconditional promise to pay is included on the Foundation's combined financial statements as a pledge payable and expense of the Foundation.

The remaining payments are scheduled as follows:

	<u>2005</u>	<u>2004</u>
In one year or less	\$ 11,124,162	1,300,098
Between one year and five years	4,708,670	12,587,008
More than five years	<u>1,469,195</u>	<u>2,055,019</u>
	17,302,027	15,942,125
Less discounts to net present value	<u>(487,737)</u>	<u>(922,355)</u>
Total	<u>\$ 16,814,290</u>	<u>15,019,770</u>

Subsequent to year end, on September 15, 2005, the Foundation has signed a second amendment to the agreement promising additional gifts to the University of Northern Iowa in the amount of \$1,165,000, to fund a Hall of Fame entrance hall between the UNI-Dome and the McLeod Center. This additional pledge has not been recorded at June 30, 2005.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note O – Long-Term Debt

Long-Term Debt consists of:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>2005 Total</u>	<u>2004 Total</u>
Academic Bldg. Revenue Bonds:						
Series 1992	5.40 – 6.90	2015	\$ -	-	-	190,000
Series 1993	4.15 – 5.65	2015	-	-	-	360,000
Series 1994-Refunding	4.50 – 6.00	2015	120,000	1,500,000	1,620,000	1,730,000
Series 1994	5.00 – 8.25	2015	562,306	3,707,748	4,270,054	5,202,182
Series 1995	5.75 – 7.25	2020	5,360,000	-	5,360,000	5,460,000
Series 1996-Refunding	4.55 – 6.00	2013	490,000	4,465,000	4,955,000	5,450,000
Series 2002-Refunding	4.00 – 5.50	2015	320,000	4,005,000	4,325,000	4,625,000
Series 2003-Refunding	3.00 – 3.80	2015	640,000	7,825,000	8,465,000	8,465,000
Series 2003A-Refunding	2.00 – 3.40	2012	460,000	3,325,000	3,785,000	4,225,000
Series 2005-Refunding	5.75 – 6.20	2020	-	5,110,000	5,110,000	-
Residence System Bonds:						
Series 1967-C	3.75 – 5.00	2004	20,000	-	20,000	30,000
Series 1999	4.05 – 5.55	2020	260,000	5,825,000	6,085,000	6,330,000
Series 2000	5.00 – 6.50	2021	280,000	13,660,000	13,940,000	13,990,000
Series 2002-Refunding	3.00 – 4.50	2018	390,000	7,290,000	7,680,000	8,400,000
Series 2003	3.50 – 4.75	2023	330,000	8,880,000	9,210,000	9,210,000
Field House Bonds:						
Series 1997	3.90 – 5.15	2022	7,645,000	-	7,645,000	7,895,000
Series 2001	3.75 – 4.75	2022	205,000	5,025,000	5,230,000	5,430,000
Series 2004	2.50 – 4.40	2024	850,000	9,150,000	10,000,000	10,000,000
Series 2005-Refunding	3.00 – 4.20	2022	-	7,465,000	7,465,000	-
Student Union Bonds:						
Series 2002	1.80 – 5.00	2022	455,000	11,430,000	11,885,000	12,325,000
Student Health Bonds:						
Series 2004	3.00 – 4.40	2024	<u>145,000</u>	<u>3,730,000</u>	<u>3,875,000</u>	<u>3,875,000</u>
Total Bonds Payable			<u>18,532,306</u>	<u>102,392,748</u>	<u>120,925,054</u>	<u>113,192,182</u>
Notes Payable	0.00	2026	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total Long-Term Debt			<u>\$18,532,306</u>	<u>102,892,748</u>	<u>121,425,054</u>	<u>113,192,182</u>

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 for the replacement of the air-supported fabric roof with a self-supported roof. In 2002, additional bonds were issued to make repairs to the roof and the structure of the building. Bonds were issued in 2004 for the construction of the McLeod Center.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2005

Note O – Long-Term Debt (continued)

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

The Student Union Revenue Bonds resolution legally requires that the net operating revenues be equal or greater than 1.20 times the annual debt service for the fiscal year. The actual coverage for the Maucker Union Revenue Bonds at June 30, 2005 and June 30, 2004 were 1.09 and 1.05, respectively. The coverage ratio for each year was less than the required legal coverage of 1.20. The University is in the process of seeking Board of Regents, State of Iowa approval to increase mandatory student fee rates.

The bonds mature as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 18,532,306	4,973,242	23,505,548
2007	6,558,621	4,537,594	11,096,215
2008	6,663,066	4,168,527	10,831,593
2009	6,307,302	4,539,538	10,846,840
2010	6,495,227	3,983,351	10,478,578
2011-2015	33,686,796	15,931,454	49,618,250
2016-2020	27,171,736	7,949,754	35,121,490
2021-2025	<u>15,510,000</u>	<u>1,258,580</u>	<u>16,768,580</u>
Total	<u>\$120,925,054</u>	<u>47,342,040</u>	<u>168,267,094</u>

The changes in Bonds Payable for fiscal years 2005 and 2004 are detailed below:

	<u>2005</u>	<u>2004</u>
Bonds payable beginning of year	\$113,192,182	113,047,718
Bonds retired during the fiscal year	(4,842,128)	(17,955,536)
Bonds issued during the fiscal year	<u>12,575,000</u>	<u>18,100,000</u>
Bonds payable at end of year	<u>\$120,925,054</u>	<u>113,192,182</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note O – Long-Term Debt (continued)

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.

Note P – 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 of Northern Iowa over the lifetime of the Perkins Loan program is \$10,175,146 and \$9,982,249 at June 30, 2005 and 2004, respectively.

Note Q – Subsequent Events

On July 1, 2005, the Board of Regents, State of Iowa called Academic Building Revenue Bonds, Series U.N.I. 1995 of \$5,070,000 and Field House Revenue Bonds, Series U.N.I. 1997 of \$7,380,000 to take advantage of lower interest rates.

In September 2005, the Board of Regents, State of Iowa issued \$12,800,000 of Academic Building Revenue Bonds, Series U.N.I. 2005. Proceeds of the sale of the bonds will be used to partially fund Science Buildings Renovation and Russell Hall Renovation projects. An additional bond issue, tentatively scheduled for calendar year 2007, will finance additional costs of these projects. In addition to project costs, bond proceeds will be used for a debt service reserve, underwriters discount, and issuance costs.

On September 15, 2005, an agreement was signed between the Board of Regents, State of Iowa and the University of Northern Iowa Foundation. In the agreement, the Foundation agreed to transfer \$1,165,000 of gift income to the University to assist with the construction of the McLeod Center. This Amendment #2 is in addition to the initial \$17,000,000 gift funding agreement that was signed on February 27, 2004 and Amendment # 1 in the amount of \$2,660,000 that was signed on October 29, 2004.

On October 16, 2005, a fire damaged Gilchrist Hall which houses administrative offices. Damage is estimated to exceed the University's self-insurance maximum of \$2,000,000.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note R – Related Party Organization

The University of Northern Iowa Alumni Association is a related party organization to the University of Northern Iowa 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 for the years ended June 30, 2005 and 2004 follows:

	<u>2005</u>	<u>2004</u>
Total Assets	\$ 967,877	1,028,257
Total Liabilities	376,875	477,455
Total Equity	591,002	550,802
Total Support and Revenues	349,601	386,919
Total Expenses	309,401	289,753

Note S – Component Unit Restricted Net Assets (Foundation)

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2005</u>	<u>2004</u>
Periods After June 30:		
Scholarships	\$ 2,705,403	2,081,052
Department programs	6,543,297	6,475,602
Grants	528,336	1,152,703
Other	746,607	748,765
Term endowments	35,622	35,622
Plant	5,378,085	4,696,501
Annuity restrictions	135,785	221,649
Unitrust restrictions	294,281	267,629
Functioning as endowments	<u>12,881,882</u>	<u>10,610,325</u>
Total Temporarily Restricted Net Assets	\$ <u>29,249,298</u>	<u>26,289,848</u>

Net assets were permanently restricted for the following purposes at June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Endowments	\$ 28,476,513	26,688,031
Annuity and annuity trust endowments	789,129	865,684
Unitrust endowments	<u>1,377,872</u>	<u>1,250,080</u>
Total Permanently Restricted Net Assets	\$ <u>30,643,514</u>	<u>28,803,795</u>

Note T – Risk Management

It is the policy of the University of Northern Iowa 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.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note T – Risk Management (continued)

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 Interruption. The University purchased business interruption insurance for the Field House, Residence System and the Performing Arts Center. It self-funds business interruption insurance for other buildings.

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

Fidelity Bond. The State purchased an employee fidelity bond whereby the first \$100,000 in losses are the responsibility of the University. Losses between \$100,000 and \$2,000,000 are insured. The University also purchased a \$550,000 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.

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, with deductibles ranging from \$10,000 to \$150,000 per occurrence.

The University purchased commercial insurance to cover the collection of the Art Gallery. The University has purchased commercial insurance to cover media perils of libel and slander for the University's two public radio stations, KHKE/KUNI, and the student newspaper, Northern Iowan.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note T – Risk Management (continued)

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 and reimburse the State for the coverage.

Medical and Dental-Self Insured. The University self-funds on behalf of its departments for losses related to its professional employees. 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 fiscal years ended June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Amount of claims and contingent liabilities accrued at beginning of year	\$ 1,494,338	1,434,521
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	14,822,396	12,078,186
Payments on claims during the fiscal year	<u>(14,562,110)</u>	<u>(12,018,369)</u>
Amount of claims liabilities at end of year	<u>\$ 1,754,624</u>	<u>1,494,338</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 person in an insurance pool. Each Regents' institution is assessed a premium of \$28 to \$36 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.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note U – Debt Issuance Costs

Debt issuance costs at June 30, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Debt issuance costs	\$1,410,511	1,342,066
Less accumulated amortization	<u>(277,350)</u>	<u>(322,230)</u>
Net debt issuance costs	<u>\$1,133,161</u>	<u>1,019,836</u>

Amortization expense for fiscal years 2005 and 2004 was \$65,720 and \$107,545, respectively.

Note V – 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, 2006 and June 30, 2014, 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, 2005:

<u>Year ending</u> <u>June 30,</u>	
2006	\$ 290,818
2007	282,171
2008	191,509
2009	143,892
2010	110,585
2011-2014	<u>135,405</u>
Total	<u>\$1,154,380</u>

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

Rental expense for the years ended June 30, 2005 and 2004, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$818,249 and \$765,149, respectively. One of the tower leases is subject to a 5% increase in future years.

Note W – Retirement Incentive Programs and Termination Benefits

An Early Retirement Program was approved by the Board of Regents, State of Iowa in June, 1986, and modified in July, 1990 and July, 1992. Eligible for participation are faculty, professional-scientific employees, institutional officials and all merit system employees employed by the Board for a period of at least fifteen years and who have attained the age of 57 but are not older than 63. The employee's department head and the appropriate administrative officers must approve the employee's participation. The Early Retirement Program for new participants was discontinued on July 1, 2004.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

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

The following benefits are applicable during participation in the Early Retirement Program:

- 1) Health and Dental Insurance - The employer's contributions are made until the employee is eligible for Medicare coverage.
- 2) Group Life Insurance - The employer provides a \$4,000 paid-up life insurance policy for faculty and a \$2,000 policy for all other employees.
- 3) TIAA/CREF and/or IPERS Contributions - The employer's and employee's contributions are made for up to three (3) years; the employer's contributions are made for up to an additional two (2) years; the employer's contributions are payable for a maximum of five (5) years or until the employee is eligible for full Social Security benefits, whichever occurs first.

The employee may elect to accept the present value of all or part of the incentives as a lump sum payment on the beginning date of participation in the program. The Board establishes the rate of interest used to calculate the present value annually. The rate used for this fiscal year was 2.46%.

University policy requires departments to fully fund the ERIP liability upon signing ERIP contracts. No contracts were signed or funded during the fiscal year ended June 30, 2005. The funded contributions during the fiscal year ended June 30, 2004 was \$943,269. At June 30, 2005 and 2004, the present value of future benefits was \$2,013,003 and \$3,209,610. During fiscal 2005, benefit payments for 110 participants totaled \$1,225,619. During fiscal 2004, benefit payments for 115 participants totaled \$1,206,500.

Note X – 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 market value of approximately \$649,110 and \$611,561 at June 30, 2005 and 2004, respectively. The income received by the University from this trust was \$9,043 for fiscal year 2005 and \$9,366 for fiscal year 2004.

Note Y – Other Commitments, Claims, and Contingencies

Commitments: Changes to the University's outstanding construction contract commitments for Plant construction for the fiscal year ended June 30, 2005 are as follows:

Construction Commitments beginning of year	\$ 21,930,081
Increases in Commitments	23,638,641
Payments and Decreases in Commitments	<u>(21,597,052)</u>
Construction Commitments at end of year	<u>\$ 23,971,670</u>

There were no material claims or contingencies outstanding as of June 30, 2005. Also, there were no known contingent liabilities of a material nature at the date of this report.

Note Z – Segment Reporting

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bond issues are outstanding. 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 has four segments that meet the reporting requirement of GASB Statement No. 35. The segments are the Residence System, J. W. Maucker Student Union, Field House System, and the Student Health System. The University is required to present the following condensed statements: statement of net assets, statement of revenues, expenses, and changes in net assets, and statement of cash flows for each segment.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note Z – Segment Reporting (continued)

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.

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.

Field House Revenue Bonds were issued in 1997 for the replacement of the air-supported fabric roof with a self-supported roof. In 2002, bonds were issued to make repairs to the roof and the structure of the building. In 2004, bonds were issued to construct an arena addition to the Field House. 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 Health System Revenue Bonds were issued in 2004 for the construction, furnishing, and equipping of 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 Clinic. Primary sources of revenue include: student receipts and health insurance revenues for health care provided to UNI students and mandatory student fees.

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note Z – Segment Reporting (continued)

Residence System

Condensed Statement of Net Assets

	<u>2005</u>	<u>2004</u>
Assets:		
Current assets	\$ 7,058,167	8,924,830
Capital assets	31,398,872	30,346,539
Other noncurrent assets	<u>3,752,785</u>	<u>4,462,835</u>
Total assets	<u>42,209,824</u>	<u>43,734,204</u>
Liabilities:		
Current liabilities	3,579,102	3,947,531
Noncurrent liabilities	<u>35,919,748</u>	<u>36,915,000</u>
Total liabilities	<u>39,498,850</u>	<u>40,862,531</u>
Net assets:		
Invested in capital assets, net of related debt	(4,103,070)	(5,607,115)
Restricted, expendable	<u>6,814,044</u>	<u>8,478,788</u>
Total net assets	<u>\$ 2,710,974</u>	<u>2,871,673</u>

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets**

Operating revenues:		
Sales and services	\$24,556,762	23,696,121
Income from investments	<u>279,337</u>	<u>78,586</u>
Total operating revenues	24,836,099	23,774,707
Operating expenses	20,092,374	18,945,474
Depreciation	<u>1,559,009</u>	<u>1,363,564</u>
Operating income	3,184,716	3,465,669
Nonoperating revenues	3,873	18,844
Nonoperating expenses and losses	<u>3,344,016</u>	<u>12,279,138</u>
Excess of expenses over revenues	(155,427)	(8,794,625)
Transfer from (to) other University units	<u>(5,272)</u>	<u>7,435,767</u>
Decrease in net assets	(160,699)	(1,358,858)
Net assets, beginning of year	<u>2,871,673</u>	<u>4,230,531</u>
Net assets, end of year	<u>\$ 2,710,974</u>	<u>2,871,673</u>

Condensed Statement of Cash Flows

Net cash flows provided by operating activities	\$ 2,348,983	3,108,464
Net cash flows provided by investing activities	1,389,717	7,447,080
Net cash flows used in capital and related financing activities	<u>(5,425,995)</u>	<u>(9,928,227)</u>
Net increase (decrease) in cash and cash equivalents	(1,687,295)	627,317
Cash and cash equivalents, beginning of year	<u>6,281,072</u>	<u>5,653,755</u>
Cash and cash equivalents, end of year	<u>\$ 4,593,777</u>	<u>6,281,072</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note Z – Segment Reporting (continued)

Student Union

Condensed Statement of Net Assets

	<u>2005</u>	<u>2004</u>
Assets:		
Current assets	\$ 2,788,927	3,035,422
Capital assets	13,735,764	13,605,621
Other noncurrent assets	<u>978,438</u>	<u>1,181,405</u>
Total assets	<u>17,503,129</u>	<u>17,822,448</u>
Liabilities:		
Current liabilities	792,801	792,455
Noncurrent liabilities	<u>11,456,992</u>	<u>11,885,000</u>
Total liabilities	<u>12,249,793</u>	<u>12,677,455</u>
Net assets:		
Invested in capital assets, net of related debt	2,498,341	1,924,526
Restricted, expendable	<u>2,754,995</u>	<u>3,220,467</u>
Total net assets	<u>\$ 5,253,336</u>	<u>5,144,993</u>

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets**

Operating revenues:		
Sales and services	\$ 331,268	202,538
Income from investments	<u>84,419</u>	<u>3,584</u>
Total operating revenues	415,687	206,122
Operating expenses	1,236,377	1,018,525
Depreciation	<u>424,701</u>	<u>373,216</u>
Operating loss	(1,245,391)	(1,185,619)
Nonoperating revenues	1,015,402	1,109,468
Nonoperating expenses and losses	<u>554,580</u>	<u>2,446,660</u>
Excess of expenses over revenues	(784,569)	(2,522,811)
Transfer from other University units	<u>892,912</u>	<u>2,215,164</u>
Increase (decrease) in net assets	108,343	(307,647)
Net assets, beginning of year	<u>5,144,993</u>	<u>5,452,640</u>
Net assets, end of year	<u>\$ 5,253,336</u>	<u>5,144,993</u>

Condensed Statement of Cash Flows

Net cash flows provided (used) by operating activities	\$ 983,996	(186,497)
Net cash flows provided by investing activities	83,481	3,072,159
Net cash flows used in capital and related financing activities	<u>(1,512,853)</u>	<u>(2,938,697)</u>
Net decrease in cash and cash equivalents	(445,376)	(53,035)
Cash and cash equivalents, beginning of year	<u>3,020,225</u>	<u>3,073,260</u>
Cash and cash equivalents, end of year	<u>\$ 2,574,849</u>	<u>3,020,225</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note Z – Segment Reporting (continued)

Field House System

Condensed Statement of Net Assets

	<u>2005</u>	<u>2004</u>
Assets:		
Current assets	\$29,561,618	9,029,696
Capital assets	20,872,343	15,418,576
Other noncurrent assets	<u>9,767,408</u>	<u>21,541,136</u>
Total assets	<u>60,201,369</u>	<u>45,989,408</u>
Liabilities:		
Current liabilities	11,821,950	1,069,037
Noncurrent liabilities	<u>22,165,080</u>	<u>22,875,000</u>
Total liabilities	<u>33,987,030</u>	<u>23,944,037</u>
Net assets:		
Invested in capital assets, net of related debt	7,210,688	8,096,171
Restricted, expendable	<u>19,003,651</u>	<u>13,949,200</u>
Total net assets	<u>\$26,214,339</u>	<u>22,045,371</u>

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets**

Operating revenues:		
Sales and services	\$ 1,949,519	1,673,478
Income from investments	<u>222,112</u>	<u>25,351</u>
Total operating revenues	2,171,631	1,698,829
Operating expenses	1,567,310	1,449,077
Depreciation	<u>574,354</u>	<u>563,032</u>
Operating revenue (loss)	29,967	(313,280)
Nonoperating revenues	4,085,460	18,645,858
Nonoperating expenses and losses	<u>946,459</u>	<u>1,819,129</u>
Excess of revenues over expenses	3,168,968	16,513,449
Transfer from other University units	<u>1,000,000</u>	<u>1,009,368</u>
Increase in net assets	4,168,968	17,522,817
Net assets, beginning of year	<u>22,045,371</u>	<u>4,522,554</u>
Net assets, end of year	<u>\$26,214,339</u>	<u>22,045,371</u>

Condensed Statement of Cash Flows

Net cash flows provided by operating activities	\$ 3,340,359	3,658,890
Net cash flows provided (used) by investing activities	4,246,646	(11,737,547)
Net cash flows provided in capital and related financing activities	<u>1,923,665</u>	<u>7,895,157</u>
Net increase (decrease) in cash and cash equivalents	9,510,670	(183,500)
Cash and cash equivalents, beginning of year	<u>2,049,889</u>	<u>2,233,389</u>
Cash and cash equivalents, end of year	<u>\$11,560,559</u>	<u>2,049,889</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note Z – Segment Reporting (continued)

Student Health System

Condensed Statement of Net Assets

	<u>2005</u>	<u>2004</u>
Assets:		
Current assets	\$ 1,456,616	3,296,860
Capital assets	3,686,086	437,623
Other noncurrent assets	<u>687,313</u>	<u>1,569,918</u>
Total assets	<u>5,830,015</u>	<u>5,304,401</u>
Liabilities:		
Current liabilities	500,181	260,324
Noncurrent liabilities	<u>3,920,178</u>	<u>3,875,000</u>
Total liabilities	<u>4,420,359</u>	<u>4,135,324</u>
Net assets:		
Invested in capital assets, net of related debt	107,998	(238,768)
Restricted, expendable	<u>1,301,658</u>	<u>1,407,845</u>
Total net assets	<u>\$ 1,409,656</u>	<u>1,169,077</u>

**Condensed Statement of Revenues, Expenses,
and Changes in Net Assets**

Operating revenues:		
Sales and services	\$ 588,661	745,520
Income from investments	<u>86,851</u>	<u>(7,143)</u>
Total operating revenues	675,512	738,377
Operating expenses	1,838,230	2,295,444
Depreciation	<u>10,629</u>	<u>13,237</u>
Operating loss	(1,173,347)	(1,570,304)
Nonoperating revenues	1,813,914	2,757,709
Nonoperating expenses and losses	<u>388,187</u>	<u>478,135</u>
Excess of revenues over expenses	252,380	709,270
Transfer from (to) other University units	<u>(11,801)</u>	<u>459,807</u>
Increase in net assets	240,579	1,169,077
Net assets, beginning of year	<u>1,169,077</u>	-
Net assets, end of year	<u>\$ 1,409,656</u>	<u>1,169,077</u>

Condensed Statement of Cash Flows

Net cash flows provided by operating activities	\$ 456,490	212,853
Net cash flows provided (used) by investing activities	3,019,353	(3,908,507)
Net cash flows provided (used) by capital and related financing activities	<u>(3,378,737)</u>	<u>4,488,599</u>
Net increase in cash and cash equivalents	97,106	792,945
Cash and cash equivalents, beginning of year	<u>792,945</u>	-
Cash and cash equivalents, end of year	<u>\$ 890,051</u>	<u>792,945</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note AA – Operating Expenses by Function

Operating expenses by natural classification for the year ended June 30, 2005 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	\$ 60,449,055	946,128	544,053	936,278	306,284
Research	1,219,619	64,693	82,677	976,543	33,434
Public Service	12,586,454	4,280,113	1,367,957	1,487,366	470,073
Academic Support	15,372,534	457,215	469,534	169,419	2,141,103
Student Services	5,103,604	370,196	290,571	267,510	47,394
Institutional Support	18,198,903	335,320	414,744	572,763	270,020
Operation and Maintenance of Plant	8,914,894	68,437	255,941	122,411	3,251,962
Scholarships and Fellowships	885,363	-	-	-	-
Depreciation	-	-	-	-	-
Loan cancellations and write-offs	-	-	-	86,854	-
Auxiliary Enterprises	<u>19,719,464</u>	<u>1,365,418</u>	<u>5,222,750</u>	<u>1,940,757</u>	<u>1,423,656</u>
Total Operating Expenses	<u>\$142,449,890</u>	<u>7,887,520</u>	<u>8,648,227</u>	<u>6,559,901</u>	<u>7,943,926</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	766,714	75,852	393,335	-	\$ 64,417,699
Research	75,871	6,296	59,132	-	2,518,265
Public Service	1,724,244	77,515	171,644	-	22,165,366
Academic Support	421,522	299,878	69,836	-	19,401,041
Student Services	326,670	32,880	20,745	-	6,459,570
Institutional Support	3,075,479	691,817	2,630	-	23,561,676
Operation and Maintenance of Plant	4,138,243	(11,960)	232	-	16,740,160
Scholarships and Fellowships	26	-	4,568,674	-	5,454,063
Depreciation	-	-	-	12,646,438	12,646,438
Loan cancellations and write-offs	191,252	192,897	-	-	471,003
Auxiliary Enterprises	<u>5,125,726</u>	<u>258,287</u>	<u>3,163,591</u>	<u>-</u>	<u>38,219,649</u>
Total Operating Expenses	<u>15,845,747</u>	<u>1,623,462</u>	<u>8,449,819</u>	<u>12,646,438</u>	<u>\$212,054,930</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2005

Note AA – Operating Expenses by Function (continued)

Operating expenses by natural classification for the year ended June 30, 2004 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	\$ 60,190,260	881,361	661,001	708,401	373,634
Research	1,432,072	125,095	88,299	719,794	61,559
Public Service	11,350,667	3,583,421	1,328,444	1,369,643	480,871
Academic Support	15,851,183	511,403	466,737	201,073	1,931,819
Student Services	4,811,177	334,611	283,052	271,738	57,390
Institutional Support	17,480,449	237,366	371,089	728,997	239,352
Operation and Maintenance of Plant	8,640,931	84,276	185,943	165,298	7,347,468
Scholarships and Fellowships	989,551	-	-	-	-
Depreciation	-	-	-	-	-
Loan cancellations and write-offs	-	-	-	52,970	125
Auxiliary Enterprises	<u>18,748,267</u>	<u>1,472,062</u>	<u>5,066,711</u>	<u>2,174,681</u>	<u>1,423,064</u>
Total Operating Expenses	<u>\$139,494,557</u>	<u>7,229,595</u>	<u>8,451,276</u>	<u>6,392,595</u>	<u>11,915,282</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	864,219	95,045	308,185	-	\$ 64,082,106
Research	93,625	(1,527)	49,030	-	2,567,947
Public Service	1,473,613	187,898	203,635	-	19,978,192
Academic Support	444,396	308,868	78,179	-	19,793,658
Student Services	310,070	17,199	44,859	-	6,130,096
Institutional Support	2,812,711	939,313	18,186	-	22,827,463
Operation and Maintenance of Plant	4,022,339	25,191	-	-	20,471,446
Scholarships and Fellowships	-	-	5,425,018	-	6,414,569
Depreciation	-	-	-	12,833,136	12,833,136
Loan cancellations and write-offs	381,064	44,844	-	-	479,003
Auxiliary Enterprises	<u>4,670,450</u>	<u>391,631</u>	<u>2,539,261</u>	-	<u>36,486,127</u>
Total Operating Expenses	<u>15,072,487</u>	<u>2,008,462</u>	<u>8,666,353</u>	<u>12,833,136</u>	<u>\$212,063,743</u>



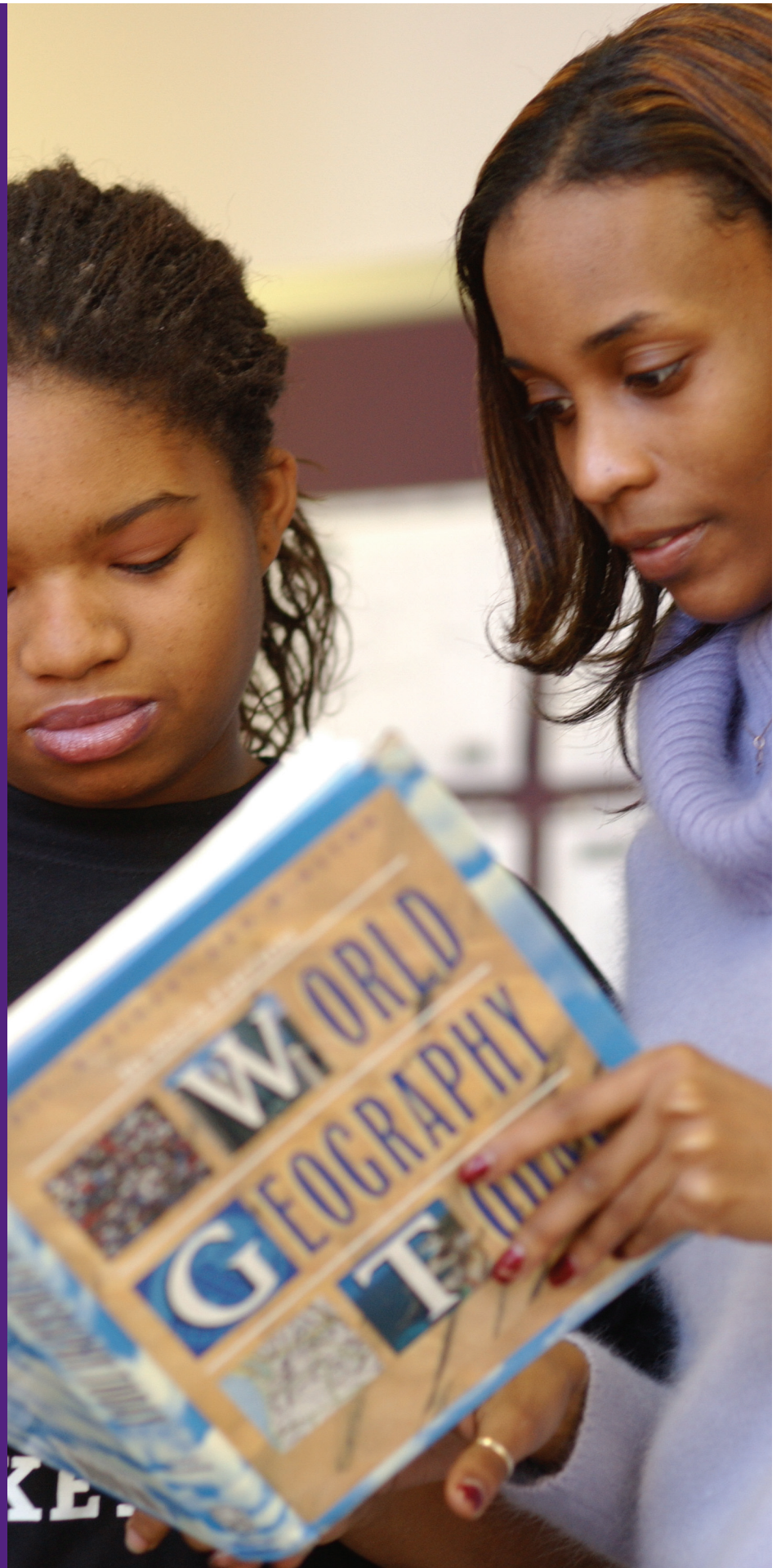
**University of
Northern
Iowa**

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

2004-2005

Statistical

Section



University of Northern Iowa
 Schedule 1

HIGHER EDUCATION PRICE INDEX (HEPI)/FULL YEAR FTE

For the Last Ten Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Higher Education Price Index	5.689	5.499	5.254	5.107	4.905	4.667	4.492	4.387	4.238	4.109
Normalized HEPI	1.385	1.338	1.279	1.243	1.194	1.136	1.093	1.068	1.031	1.000
Full Year FTE	11,351	11,477	11,959	12,186	11,947	11,804	11,589	11,577	11,541	11,405

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 Update

Source: Research Associates of Washington; HEPI Index; 1996 through 2004 Updates

University of Northern Iowa
Schedule 2
NET ASSETS BY CLASSIFICATION
For the Last Four Years
(Expressed in Thousands)

	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 145,911	136,015	136,364	119,586
Restricted				
Nonexpendable				
Scholarships and fellowships	615	615	615	615
Expendable				
Scholarships and fellowships	338	319	416	230
Loans	2,940	2,834	2,622	2,527
Capital projects	23,682	15,670	3,783	6,010
Debt service	20,389	23,683	16,832	14,327
Other	740	1,224	919	696
Unrestricted	38,547	38,754	35,434	38,336
Total Net Assets	\$ 233,162	219,114	196,985	182,327

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

	2005	2004	2003	2002
OPERATING				
Gross Tuition & Fees	\$ 65,569	62,130	54,886	47,695
Less: Scholarship Allowance	13,689	13,052	12,054	10,361
Net Tuition & Fees	<u>51,880</u>	<u>49,078</u>	<u>42,832</u>	<u>37,334</u>
Receipts from other entities	83	991	852	2,823
Grants and contracts	30,744	29,123	27,839	28,150
Sales, rents and services	7,313	6,822	6,519	5,351
Miscellaneous	785	2,280	2,176	811
Auxiliary enterprises	38,524	36,857	36,928	34,577
Total Operating Income	\$ 129,329	125,151	117,146	109,046
NONOPERATING				
State appropriations	\$ 79,128	79,256	83,107	85,103
Investment income	1,888	869	2,847	1,775
Gifts, grants and contracts	2,386	2,213	1,492	2,782
Other revenue	-	-	-	6,881 *
Total Nonoperating Revenue	\$ 83,402	82,338	87,446	96,541
CAPITAL AND OTHER REVENUES				
Capital appropriations	\$ 14,307	15,440	20,412	16,542
Capital contributions and grants	4,006	15,851	945	485
Other revenue	265	797	-	-
Total Capital and Other Revenue	\$ 18,578	32,088	21,357	17,027
Total Revenues	<u>\$ 231,309</u>	<u>239,577</u>	<u>225,949</u>	<u>222,614</u>
Constant Dollar Revenues	\$ 167,010	179,056	176,661	179,094
Revenues per FTE (Actual)	\$ 20,378	20,875	18,894	18,268
Constant Dollar				
Revenues per FTE (Actual)	\$ 14,713	15,602	14,772	14,697

* Principal Insurance Company Demutualization \$12,816,904 less Principal Demutualization proceeds remitted to State of Iowa \$5,936,000 during the fiscal year ending June 30, 2002

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

	2005	2004	2003	2002
OPERATING EXPENSES BY FUNCTION				
Instruction	\$ 64,418	64,082	62,067	58,352
Research	2,518	2,568	2,513	2,961
Public service	22,165	19,978	18,382	20,394
Academic support	19,401	19,794	20,659	20,846
Student services	6,460	6,130	6,067	5,915
Institutional support	23,562	22,828	22,716	20,211
Operation and maintenance of plant	16,740	20,471	19,717	25,293
Scholarships and fellowships	5,454	6,415	6,563	5,922
Depreciation	12,646	12,833	12,512	12,631
Loan cancellations and write-offs	471	479	484	790
Auxiliary enterprises	38,220	36,486	34,275	33,383
Total Operating Expenses	\$ 212,055	212,064	205,955	206,698
NONOPERATING EXPENSES				
Interest expense	\$ 5,141	5,179	5,180	4,504
Amortization expense	66	107	101	54
Miscellaneous expense	-	97	-	-
Total Nonoperating Expenses	\$ 5,207	5,383	5,281	4,558
CAPITAL AND OTHER EXPENSES				
Other expense	-	-	56	-
Total Capital and Other Revenue	-	-	56	-
Total Expenses	\$ 217,262	217,447	211,292	211,256
Constant Dollar Expenses	\$ 156,868	162,516	165,201	169,957
Expenses per FTE (Actual)	\$ 19,140	18,946	17,668	17,336
Constant Dollar				
Expenses per FTE (Actual)	\$ 13,819	14,160	13,814	13,947

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)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
TUITION & FEES										
Total Tuition & Fees	\$ 65,569	62,130	54,886	47,695	42,963	39,829	37,447	35,485	33,398	32,160
Less: Other Funds Unrestricted	6,743	6,600	6,087	7,767	4,640	3,907	3,563	3,112	2,751	2,512
Unrestricted Scholarships & Fellowships	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489	5,209	4,735
Net Tuition & Fees	\$ 49,411	46,593	40,721	33,391	31,908	29,692	27,786	26,884	25,438	24,913
Constant Dollar Net Tuition & Fees	\$ 35,676	34,823	31,838	26,863	26,724	26,137	25,422	25,180	24,664	24,913
Tuition & Fees per FTE Student (Actual)	\$ 4,353	4,060	3,405	2,740	2,671	2,515	2,398	2,322	2,204	2,184
Constant Dollar Tuition & Fees per FTE Student (Actual)	\$ 3,143	3,034	2,662	2,204	2,237	2,214	2,194	2,175	2,137	2,184
TUITION & FEES RATES										
Resident Undergraduate	\$ 5,387	4,916	4,118	3,440	3,130	2,988	2,860	2,752	2,650	2,558
Non-resident Undergraduate	12,705	11,874	10,426	8,762	8,094	7,748	7,415	7,136	6,868	6,634
Resident Graduate	6,173	5,612	4,814	4,028	3,676	3,510	3,360	3,232	3,112	3,006
Non-resident Graduate	13,697	12,686	11,238	9,446	8,732	8,358	7,999	7,698	7,410	7,158
FULL ROOM & BOARD RATE	\$ 5,261	5,018	4,640	4,398	4,149	3,914	3,624	3,444	3,272	3,120
TOTAL COST OF ATTENDANCE										
Resident Undergraduate	\$ 10,648	9,934	8,758	7,838	7,279	6,902	6,484	6,196	5,922	5,678
Non-resident Undergraduate	17,966	16,892	15,066	13,160	12,243	11,662	11,039	10,580	10,140	9,754
CONSTANT DOLLAR TUITION & FEE RATES										
Resident Undergraduate	\$ 3,890	3,674	3,219	2,767	2,621	2,630	2,617	2,578	2,569	2,558
Non-resident Undergraduate	9,173	8,874	8,151	7,049	6,779	6,820	6,784	6,684	6,659	6,634
Resident Graduate	4,457	4,194	3,763	3,241	3,079	3,090	3,074	3,027	3,017	3,006
Non-resident Graduate	9,890	9,481	8,786	7,599	7,313	7,357	7,318	7,210	7,184	7,158
CONSTANT DOLLAR FULL ROOM & BOARD RATE	\$ 3,799	3,750	3,628	3,538	3,475	3,445	3,316	3,226	3,172	3,120
CONSTANT DOLLAR COST OF ATTENDANCE										
Resident Undergraduate	\$ 7,689	7,424	6,847	6,305	6,096	6,075	5,933	5,804	5,741	5,678
Non-resident Undergraduate	12,972	12,624	11,779	10,587	10,254	10,265	10,100	9,910	9,831	9,754

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
STATE APPROPRIATIONS										
Total	\$ 79,128	79,256	83,107	85,102	96,898	93,239	88,924	84,531	80,194	75,615
Less: Non-General Funds	723	677	291	272	117	114	201	108	106	74
Tuition Replacement *	-	-	-	-	4,951	4,627	4,725	4,579	4,180	3,867
Net State Appropriations	\$ 78,405	78,579	82,816	84,830	91,830	88,498	83,998	79,844	75,908	71,674
Constant Dollar Unrestricted State Appropriations	\$ 56,610	58,729	64,751	68,246	76,910	77,903	76,851	74,784	73,597	71,674
State Appropriations per FTE Student (Actual)	\$ 6,907	6,847	6,925	6,961	7,686	7,497	7,248	6,897	6,577	6,284
Constant Dollar State Appropria- tions per FTE Student (Actual)	\$ 4,987	5,117	5,414	5,600	6,438	6,600	6,631	6,460	6,377	6,284
CAPITAL APPROPRIATIONS										
Constant Dollar Restricted Capital Appropriations	\$ 10,330	15,440	20,412	16,542						
Capital Appropriations per FTE Student (Actual)	\$ 1,260	1,345	1,707	1,357						
Constant Dollar Capital Appropria- tions per FTE Student (Actual)	\$ 910	1,005	1,335	1,092						

*Tuition Replacement was considered to be an operating appropriation through 2002. It is now considered to be a capital appropriation.

University of Northern Iowa
Schedule 7

OUTSTANDING BONDED DEBT PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Academic Building Revenue Bonds	\$ 37,890	35,707	46,963	46,326	44,308	46,964	49,633	52,126	54,356	56,566
Residence System Bonds	36,935	37,960	39,570	31,140	32,250	33,045	19,790	13,555	14,275	14,960
Field House Bonds	30,340	23,325	13,760	13,990	8,585	8,795	8,995	9,200	1,265	1,365
Maucker Union Bonds	11,885	12,325	12,755	12,755	-	-	-	-	50	95
Student Health Center Bonds	3,875	3,875	-	-	-	-	-	-	-	-
Total Bonded Debt	\$ <u>120,925</u>	<u>113,192</u>	<u>113,048</u>	<u>104,211</u>	<u>85,143</u>	<u>88,804</u>	<u>78,418</u>	<u>74,881</u>	<u>69,946</u>	<u>72,986</u>
Constant Dollar										
Outstanding Bonded Debt	\$ 87,310	84,598	88,388	83,838	71,309	78,173	71,746	70,136	67,817	72,986
Outstanding Bonded Debt										
per FTE Student (Actual)	\$ 10,653	9,863	9,453	8,552	7,127	7,523	6,767	6,468	6,061	6,399
Constant Dollar Bonded Debt										
per FTE Student (Actual)	\$ 7,692	7,371	7,391	6,880	5,969	6,623	6,191	6,058	5,876	6,399

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
2005	59,925	4,772	12.56
2004	54,447	4,824	11.29
2003	47,670	5,031	9.48
2002	39,934	5,135	7.78
2001	36,506	5,199	7.02
2000	34,171	5,199	6.57
1999	32,354	5,199	6.22
1998	30,874	5,199	5.94
1997	29,196	5,199	5.62
1996	28,270	5,199	5.44

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
2005	24,836	20,092	4,744	3,347	1.42
2004	23,775	18,946	4,829	3,347	1.44
2003	24,158	18,491	5,667	3,347	1.69
2002	24,818	19,282	5,536	2,816	1.97
2001	24,522	18,018	6,504	2,816	2.31
2000	21,061	16,692	4,369	2,816	1.55
1999	19,162	15,290	3,872	2,005	1.93
1998	18,323	14,820	3,503	1,466	2.39
1997	17,718	14,624	3,094	1,476	2.10
1996	16,845	13,650	3,195	1,476	2.16

Maximum Debt Service is defined as the largest sum of principal and interest payable in any subsequent fiscal year. 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	Debt Service Requirements			Actual Coverage
				Principal	Interest	Total	
2005	4,462	1,567	2,895	450	956	1,406	2.06
2004	3,840	1,449	2,391	450	730	1,180	2.03
2003	3,062	1,661	1,401	435	643	1,078	1.30
2002	2,675	1,670	1,005	230	554	784	1.28
2001	2,731	1,365	1,366	220	425	645	2.12
2000	2,147	938	1,209	210	434	644	1.88
1999	1,974	859	1,115	200	443	643	1.73
1998	2,419	885	1,534	155	449	604	2.54
1997	1,680	1,077	603	105	89	194	3.11
1996	1,442	918	524	100	96	196	2.67

Note: Gross revenues consist of Operating Fund revenue, student fees, interest income and cash receipts from the UNI Foundation on the McLeod Center Note Receivable.

MAUCKER 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	Debt Service Requirements			Actual Coverage
				Principal	Interest	Total	
2005	2,299	1,236	1,063	440	537	977	1.09
2004	2,060	1,019	1,041	440	548	988	1.05
2003	2,223	968	1,255	430	555	985	1.27
2002	2,185	988	1,197	-	139	139	8.61

STUDENT HEALTH CENTER REVENUE BONDS

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	Debt Service Requirements			Actual Coverage
				Principal	Interest	Total	
2005	2,440	1,838	602	-	144	144	4.18

University of Northern Iowa
 Schedule 9

**STATE OF IOWA - POPULATION, TOTAL PERSONAL INCOME,
 PERCAPITA PERSONAL INCOME**
 For the Last Ten Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Total Personal Income (expressed in millions)	\$ 90,289	85,506	83,051	79,753	78,200	73,500	68,473	65,896	63,597	59,158
Population (expressed in thousands)	2,954	2,944	2,937	2,923	2,926	2,869	2,862	2,852	2,848	2,841
Per Capita Personal Income (expressed in dollars)	\$ 30,560	29,043	28,240	27,283	26,723	25,615	23,925	23,102	22,330	20,826
Constant Dollar Per Capita Personal Income	\$ 22,840	22,708	22,719	22,850	23,524	23,435	22,409	22,399	22,330	N/A
Net UNI Appropriations (expressed in thousands)	\$ 78,579	82,816	84,830	91,830	88,498	83,998	79,844	75,908	71,674	68,124
UNI Appropriations per Capita	\$ 26.60	28.13	28.88	31.42	30.25	29.28	27.90	26.62	25.17	23.98
Constant Dollar UNI Appropriations per Capita	\$ 19.88	21.99	23.24	26.31	26.62	26.79	26.13	25.81	25.17	N/A

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

University of Northern Iowa
 Schedule 10
STATE OF IOWA PRINCIPAL 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 Manufacturer
4	Principal Financial Group	Finance and Insurance
5	Tyson Fresh Meats, Inc.	Manufacturer
6	Rockwell Collins	Machinery Manufacturer
7	Fareway Stores, Inc.	Retail Food
8	Pella Corporation	Windows Products
9	Maytag Corporation	Machinery Manufacturer
10	Central Iowa Health Systems	Hospital/Des Moines

Based on 2004 calendar year annual average employment.

Source: Iowa Workforce Development

Rank	Employer	Type of Business
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Deere and Company	Machinery Manufacturer
3	Wal-Mart Stores, Inc.	Retail General Merchandise
4	Principal Financial Group	Finance and Insurance
5	Rockwell Collins	Machinery Manufacturer
6	Iowa Beef Processors, Inc.	Meat Packer
7	Central Iowa Hospital Corporation	Hospital/Des Moines
8	APAC Teleservices, Inc.	Telemarketing
9	Mercy Hospital Medical Center	Hospital/Des Moines
10	United Parcel Service	Courier Service

Based on 1995 calendar year annual average employment.

Source: Iowa Department of Employment Services

The Code of Iowa defines employee counts as confidential data; as such, this information is unavailable.

University of Northern Iowa
 Schedule 11

FULL TIME EMPLOYEES AND FACULTY DATA

For the Last Ten Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
STAFF POSITIONS (Full Time)										
General Operating Fund:										
Faculty	618	632	649	648	671	644	641	644	655	643
Administrative	296	288	265	279	289	288	265	259	251	241
Library Professional	24	24	26	24	25	26	26	28	28	27
Clerical/Secretarial	163	191	191	212	219	221	218	206	207	203
Technical	17	17	17	19	19	15	20	20	21	19
Craftsmen & Custodial	123	141	152	161	168	178	180	175	178	180
Security	12	12	14	12	15	16	15	15	15	13
All Other Funds	515	481	520	515	484	458	407	372	373	375
Total	1,768	1,786	1,834	1,870	1,890	1,846	1,772	1,719	1,728	1,701
FACULTY POSITIONS (FTE)										
Total Faculty	741.6	746.3	760.0	804.9	785.9	789.6	778.4	787.4	783.5	773.0
Percent Tenured	57.0%	56.8%	55.2%	50.7%	50.2%	49.7%	53.7%	56.1%	54.6%	50.5%
Students per Faculty Member	15.3	15.3	15.6	15.0	15.1	14.7	14.7	14.4	14.3	14.4

University of Northern Iowa
 Schedule 12

ENROLLMENT AND FRESHMAN CLASS DATA

For the Last Ten Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
ENROLLMENT (Fall Headcount)										
Undergraduate - Lower	4,363	4,619	5,112	5,425	5,495	5,306	5,132	5,093	5,238	5,107
Undergraduate - Upper	6,857	7,155	7,170	7,049	6,723	6,678	6,632	6,561	6,349	6,305
Graduate - Masters	1,100	1,173	1,163	1,174	1,144	1,133	1,154	1,081	1,004	987
Graduate - Advanced	504	494	481	422	412	436	411	373	366	403
Total	12,824	13,441	13,926	14,070	13,774	13,553	13,329	13,108	12,957	12,802
Residents	11,793	12,356	12,781	13,010	12,790	12,630	12,403	12,209	12,122	12,059
Nonresidents	1,031	1,085	1,145	1,060	984	923	926	899	835	743
ENROLLMENT (FTE)										
Full Year FTE	11,351	11,477	11,959	12,186	11,947	11,804	11,589	11,577	11,541	11,405
Fall FTE	11,006	11,424	11,879	12,081	11,868	11,628	11,415	11,309	11,209	11,094
ADMISSIONS (Freshmen)										
Applications	4,360	4,216	4,350	4,446	4,688	4,700	4,479	4,489	4,498	4,658
Accepted	3,422	3,360	3,518	3,554	3,786	3,851	3,776	3,707	3,781	3,867
Acceptance Ratio	78.5%	79.7%	80.9%	79.9%	80.8%	81.9%	84.3%	82.6%	84.1%	83.0%
Enrolled	1,737	1,700	1,785	1,865	2,104	2,177	2,023	1,957	2,051	2,044
Enrollment Ratio	50.8%	50.6%	50.7%	52.5%	55.6%	56.5%	53.6%	52.8%	54.2%	52.9%
Average ACT Score	22.8	22.9	22.9	22.8	22.9	23.0	23.3	23.6	23.2	23.0
Percent in Upper 30% of High School Class	56.7%	57.3%	58.4%	57.0%	57.9%	60.2%	59.3%	59.1%	59.5%	57.8%
Percent in Upper 10% of High School Class	19.0%	19.1%	19.2%	17.7%	18.1%	19.1%	18.0%	17.5%	18.9%	17.7%

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
DEGREES GRANTED (Summary)										
Baccalaureate	2,669	2,584	2,592	2,420	2,266	2,386	2,324	2,214	2,175	2,135
Masters	494	434	405	415	383	426	429	353	425	357
Specialists	3	11	9	4	3	10	6	2	3	8
Doctorates	10	10	12	12	13	8	7	10	10	12
Total	3,176	3,039	3,018	2,851	2,665	2,830	2,766	2,579	2,613	2,512
DEGREES GRANTED (Detail)										
Doctor of Industrial Technology	1	2	2	5	11	2	2	2	6	4
Doctor of Education	9	8	10	7	2	6	5	8	4	8
Specialist in Education	3	11	9	4	3	10	6	2	3	8
Masters of Arts in Education	147	127	114	107	92	127	121	126	125	140
Master of Arts	206	198	215	217	211	244	242	172	253	184
Master of Business Administration	52	21	5	36	55	35	37	33	27	20
Master of Music	19	11	12	11	6	5	13	6	7	7
Master of Public Policy	6	11	8	10	1	3	7	7	5	2
Master of Science	21	13	17	16	18	12	9	9	8	4
Master of Accounting	13	23	7	2	-	-	-	-	-	-
Master of Social Work	30	30	27	16	-	-	-	-	-	-
Bachelor of Arts	2,514	2,463	2,449	2,307	2,144	2,254	2,227	2,111	2,066	2,046
Bachelor of Fine Arts	9	8	7	8	5	8	2	4	3	7
Bachelor of Music	22	23	24	22	20	28	17	21	26	20
Bachelor of Science	90	74	84	71	76	77	62	65	54	30
Bachelor of Technology	-	-	1	-	2	4	5	3	16	22
Bachelor of Liberal Studies	34	16	27	12	19	15	11	10	10	10
Total	3,176	3,039	3,018	2,851	2,665	2,830	2,766	2,579	2,613	2,512

University of Northern Iowa

Schedule 14

COST PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
General Educational Fund Expenditures	\$ 128,373	125,409	122,788	117,744	123,427	119,070	114,034	106,428	101,958	98,072
Less Separately Budgeted Expenditures:										
Research	499	480	471	650	839	918	892	795	786	693
Public Service	2,207	1,834	1,449	2,582	2,725	2,572	2,888	2,370	2,300	2,043
Scholarships/Fellowships	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489	5,209	4,735
General Educational Fund Instructional Expenditures	\$ 116,252	114,158	112,790	107,975	113,448	109,350	104,156	97,774	93,663	90,601
Cost per FTE Student (Actual)	\$ 10,242	9,947	9,431	8,861	9,496	9,264	8,987	8,446	8,116	7,944
Constant Dollar Cost per FTE Student (Actual)	\$ 7,395	7,434	7,374	7,128	7,953	8,155	8,223	7,910	7,869	7,944

University of Northern Iowa
Schedule 15

SCHOLARSHIPS & FELLOWSHIPS PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years
(Expressed in Thousands)

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
SCHOLARSHIPS & FELLOWSHIPS										
Unrestricted	\$ 9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489	5,209	4,735
Restricted	9,728	10,545	10,539	9,746	8,211	7,766	7,614	6,959	6,136	6,307
Total	\$ <u>19,143</u>	<u>19,482</u>	<u>18,617</u>	<u>16,283</u>	<u>14,626</u>	<u>13,996</u>	<u>13,712</u>	<u>12,448</u>	<u>11,345</u>	<u>11,042</u>

CONSTANT DOLLAR SCHOLARSHIPS & FELLOWSHIPS

Unrestricted	\$ 6,798	6,679	6,316	5,259	5,373	5,484	5,579	5,141	5,050	4,735
Restricted	7,024	7,881	8,240	7,841	6,877	6,836	6,966	6,518	5,949	6,307
Total	\$ <u>13,822</u>	<u>14,560</u>	<u>14,556</u>	<u>13,100</u>	<u>12,250</u>	<u>12,320</u>	<u>12,545</u>	<u>11,659</u>	<u>10,999</u>	<u>11,042</u>

SCHOLARSHIPS & FELLOWSHIPS PER FTE STUDENT (Actual)

Unrestricted	\$ 829	779	675	536	537	528	526	474	451	415
Restricted	857	919	881	800	687	658	657	601	532	553
Total	\$ <u>1,686</u>	<u>1,698</u>	<u>1,556</u>	<u>1,336</u>	<u>1,224</u>	<u>1,186</u>	<u>1,183</u>	<u>1,075</u>	<u>983</u>	<u>968</u>

CONSTANT DOLLAR SCHOLARSHIPS & FELLOWSHIPS PER FTE STUDENT (Actual)

Unrestricted	\$ 599	582	528	431	450	465	481	444	437	415
Restricted	619	687	689	644	575	579	601	563	516	553
Total	\$ <u>1,218</u>	<u>1,269</u>	<u>1,217</u>	<u>1,075</u>	<u>1,025</u>	<u>1,044</u>	<u>1,082</u>	<u>1,007</u>	<u>953</u>	<u>968</u>

University of Northern Iowa
Schedule 16
**CAPITAL ASSETS BY MAJOR CLASS LESS
ACCUMULATED DEPRECIATION**
For the Last Four Years
(Expressed in Thousands)

	2005	2004	2003	2002
Land	\$ 4,235	4,235	4,203	3,935
Construction in Progress	34,727	23,534	31,709	6,673
Capital Assets Not Depreciated	<u>38,962</u>	<u>27,769</u>	<u>35,912</u>	<u>10,608</u>
Land Improvements	12,132	11,132	11,861	11,745
Infrastructure	14,070	13,455	13,456	13,456
Buildings	273,898	263,732	237,998	237,279
Equipment	50,222	48,672	46,902	45,163
Library Materials	31,165	30,289	28,801	27,651
Capital Assets Depreciated	<u>381,487</u>	<u>367,280</u>	<u>339,018</u>	<u>335,294</u>
Total Capital Assets	<u>420,449</u>	<u>395,049</u>	<u>374,930</u>	<u>345,902</u>
Less: Accumulated Depreciation	169,102	158,890	147,984	136,795
Net Book Value	<u>\$ 251,347</u>	<u>236,159</u>	<u>226,946</u>	<u>209,107</u>

ACCUMULATED DEPRECIATION

Land Improvements	\$ 5,551	5,379	4,999	4,607
Infrastructure	6,712	6,295	5,886	5,478
Buildings	96,216	89,662	83,363	77,636
Equipment	36,807	35,066	32,611	29,384
Library Materials	23,816	22,488	21,125	19,690
Total Accumulated Depreciation	<u>\$ 169,102</u>	<u>158,890</u>	<u>147,984</u>	<u>136,795</u>

University of Northern Iowa

Schedule 17

ENROLLMENT PROJECTIONS (Headcount Basis)

For the Next Ten Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Undergraduate - Lower	4,190	4,373	4,512	4,554	4,553	4,523	4,459	4,385	4,352	4,354
Undergraduate - Upper	6,480	6,381	6,365	6,495	6,626	6,693	6,710	6,692	6,640	6,571
Unclassified - Special	236	234	233	232	232	232	232	232	232	232
Graduate	1,538	1,521	1,508	1,498	1,491	1,486	1,482	1,479	1,477	1,475
Total	12,444	12,509	12,618	12,779	12,902	12,934	12,883	12,788	12,701	12,632

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.

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Financial Accounting and Reporting Services**

Gary B. Shontz, Controller, University Secretary and Treasurer
Denise Bouska, CPA, CMA, Assistant Controller
Mark Fober, Accounting Manager
Tonya Gerbracht, Accountant
Yvonne Groen, Secretary

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**University of
Northern
Iowa**

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