



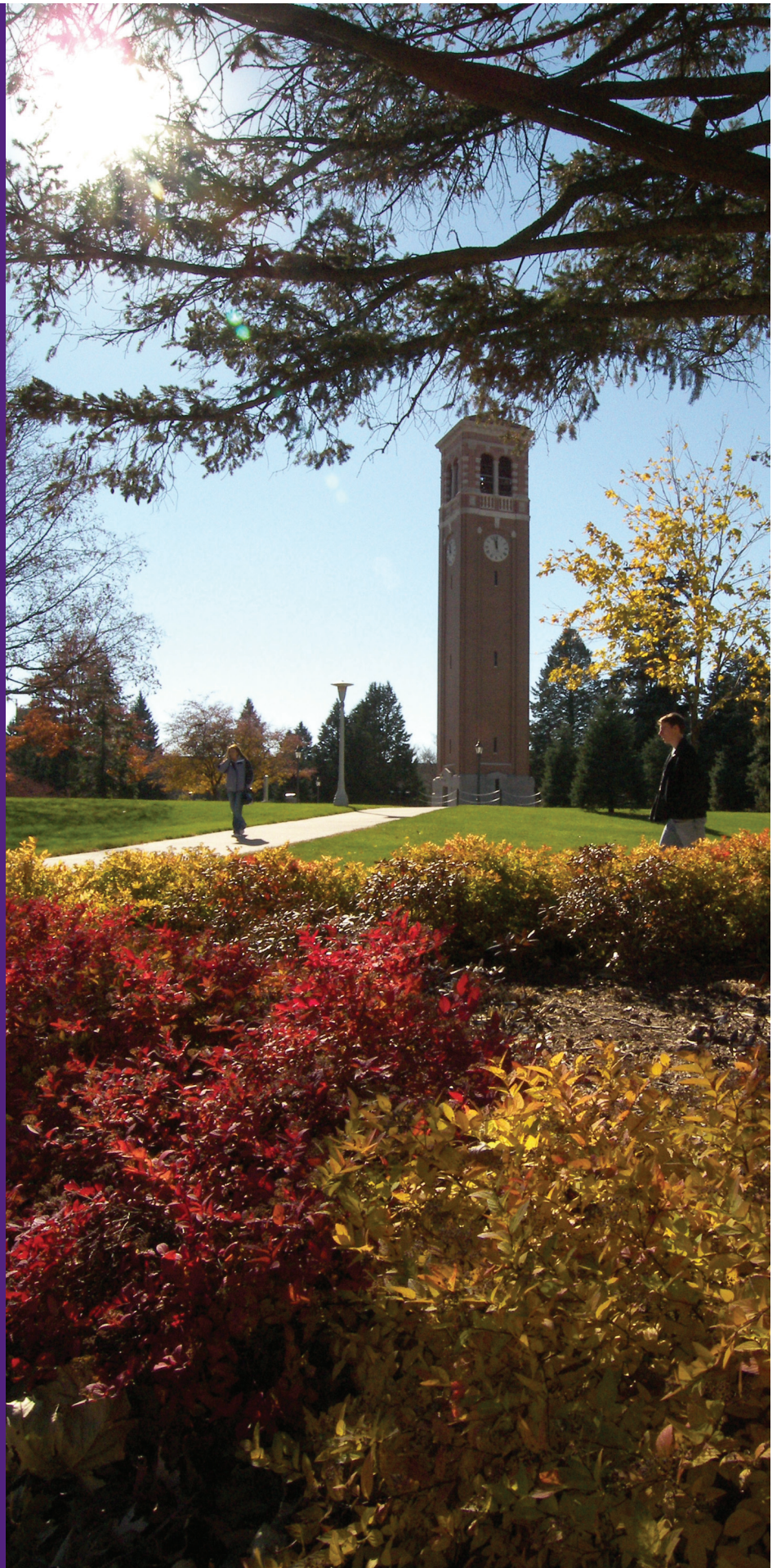
# University of Northern Iowa

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

An enterprise fund of the  
State of Iowa

## 2005-2006 Comprehensive Annual Financial Report

For the years ended  
June 30, 2006 and 2005





# University of Northern Iowa

---

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

---

An Enterprise Fund  
of the State of Iowa

# 2005-2006 Comprehensive Annual Financial Report

For the years ended June 30, 2006 and 2005

Prepared by  
Financial Accounting &  
Reporting Services

# Table of Contents

	<b>Page</b>
<b>Introductory</b>	
Letter of Transmittal.....	1-4
Certificate of Achievement.....	5
The Governing Board.....	6
Administrative Organizational Chart.....	7
<b>Financial</b>	
<b>Independent Auditor’s Report</b> .....	9-10
<b>Management’s Discussion and Analysis</b> .....	11-20
<b>Financial Statements</b>	
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.....	28-63
<b>Statistical</b>	
	<b>Schedule</b>
<b>Financial Trends</b>	
Higher Education Price Index (HEPI)/Full Year FTE.....	1 ..... 65
Change in Net Assets/Net Assets by Classification.....	2 ..... 66
Revenues.....	3 ..... 67
Expenses.....	4 ..... 68
<b>Revenue Capacity</b>	
Tuition & Fees per Full Time Equivalent (FTE) Student/Tuition & Fees Rates.....	5 ..... 69
State Appropriations/Capital Appropriations.....	6 ..... 70
<b>Debt Capacity</b>	
Outstanding Bonded Debt per Full Time Equivalent (FTE) Student.....	7 ..... 71
Revenue Bond Coverage.....	8..... 72-73
<b>Demographic and Economic Information</b>	
State of Iowa-Total Personal Income, Population, Per Capita Personal Income, Unemployment Percentage.....	9 ..... 74
State of Iowa Principal Employers.....	10 ..... 75
<b>Operating Information</b>	
Full Time Employees and Faculty Data.....	11 ..... 76
Enrollment and Freshman Class Data.....	12 ..... 77
Degrees Granted.....	13 ..... 78
Cost per Full Time Equivalent (FTE) Student.....	14 ..... 79
Scholarships & Fellowships per Full Time Equivalent (FTE) Student.....	15 ..... 80
Capital Assets by Major Class Less Accumulated Depreciation.....	16 ..... 81
Enrollment Projections (Headcount Basis).....	17 ..... 82
<b>Acknowledgements</b> .....	83





# University of Northern Iowa

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

## 2005-2006

### Introductory

### Section







November 17, 2006

To President Allen,  
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, 2006. 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 2005 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 130 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 12,260 students and 2,605 employees. Ninety-one percent of the students are from the State of Iowa. The student body represents every county in Iowa, 45 states, and 74 foreign countries. Approximately 89 percent of UNI's freshmen rank in the top 50 percent of their high school class, with about 58 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, Education, Humanities and Fine Arts, 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, 2006, the University adopted Governmental Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes accounting and financial reporting standards for impairment of capital assets. The University adopted *Governmental Accounting Standards Board Statement No. 44, Economic Conditions Reporting: The Statistical Section* on an early implementation basis for the year ended June 30, 2005.

## **ECONOMIC CONDITION AND OUTLOOK**

**State Net General Fund Revenue.** The State of Iowa enjoyed improved fiscal health in Fiscal 2006, with revenue collections during the year. According to the Legislative Services Agency, Fiscal Services Division, Iowa General Fund Net Receipts and Transfers were \$4,647.0 million in Fiscal 2001, \$4,680.8 million in Fiscal 2002, \$4,483.6 million in Fiscal 2003, \$4,683.5 million in Fiscal 2004, \$4,925.3 million in Fiscal 2005, and \$5,382.5 million in Fiscal 2006. Iowa's 9.4% General Fund revenue growth in Fiscal 2006 was one of the strongest years the state has ever had. The growth was inflated by two large one-time revenue sources. \$54.6 million was deposited into the general fund for the final intergovernmental transfer that the state received from the Federal government in a negotiated agreement to end these transfers. Another \$27.3 million of lottery transfers was received due to Touch Play machines licensed by the Lottery Authority. These machines were banned by the Legislature in May 2006.

**Personal Income.** According to the Bureau of Economic Analysis, Iowa's personal income, seasonally adjusted, grew at the rate of 1.6%, 1.2%, 2.3%, and 1.4%, respectively, during the four quarters of the 2005-06 fiscal year. According to the October 2006 outlook prepared by the University of Iowa Institute for Economic Research, personal income in Iowa will grow by 6.5% in 2006 and 5.6% in 2007.

**Unemployment.** Over the past 10 years, Iowa's unemployment rate has been between one and two percentage points below the national average. According to Economagic.com, Iowa's seasonally adjusted percent unemployed for the State was 3.6% in June 2006, compared to 4.6% in June 2005, 4.7% in June 2004, 4.4% in June 2003, 3.9% in June 2002, and 3.3% in June 2001.

**Exports.** Iowa's diverse exports have experienced steady growth since 2000. According to the U.S. Census Bureau's Foreign Trade Statistics, Iowa's export of value-added and manufacturing goods has increased by 4.4% in 2001, 2.0% in 2002, 10.1% in 2003, 22.1% in 2004, and 14.9% in 2005.

**Gross Domestic Product.** According to the Bureau of Economic Analysis, the growth rate in Iowa's Gross Domestic Product was 2.2% between 1997 and 2004. Iowa's gross domestic product was \$113.6 billion in 2005, which reflected 1.0% growth over the previous year. The largest shares of the Iowa gross domestic product were manufacturing (21.8%), wholesale and retail trade (12.1%), and finance and insurance (9.9%). Agriculture accounted for just 3.3% of Iowa's gross domestic product.



**Farmland Values.** The most recent survey of area bankers indicates farmland values continue to rise. The Federal Reserve Bank of Chicago determined Iowa farmland values increased 3 percent in value between April 1 and June 30, 2006 and 8 percent between July 1, 2005 and June 30, 2006.

## **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 five goals:

1. Provide intellectually challenging and character-building experiences for undergraduate and graduate students in a personalized learning environment.
2. Maintain a faculty distinguished by their creative and intellectually rigorous teaching and scholarship.
3. Focus the involvement of the University in addressing critical local, state, national, and global needs.
4. Promote a University culture characterized by diversity, collegiality, and mutual respect, organizational effectiveness, and shared responsibility.
5. Provide and maintain appropriate resources including staffing for effective and efficient University operations.

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 \$12.8 million during the year. Academic Building revenue bonds were issued for the renovation of Science Buildings and Russell Hall.

**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, 2005. 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.

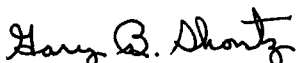
In order to be awarded a Certificate of Achievement, a University must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the fourteenth 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, 2005

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

## 2005-06

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  
Teresa A. Wahlert, President Pro Tem  
Gary W. Steinke, Executive Director

#### Members of the Board (As of June 30, 2006)

	<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. Connolly, Cedar Falls	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, 2006)

**President of the University**  
Benjamin J. Allen, B.S., M.A., Ph. D.

**Interim Vice President and Provost**  
James F. Lubker, B.S., M.A., Ph. D.

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

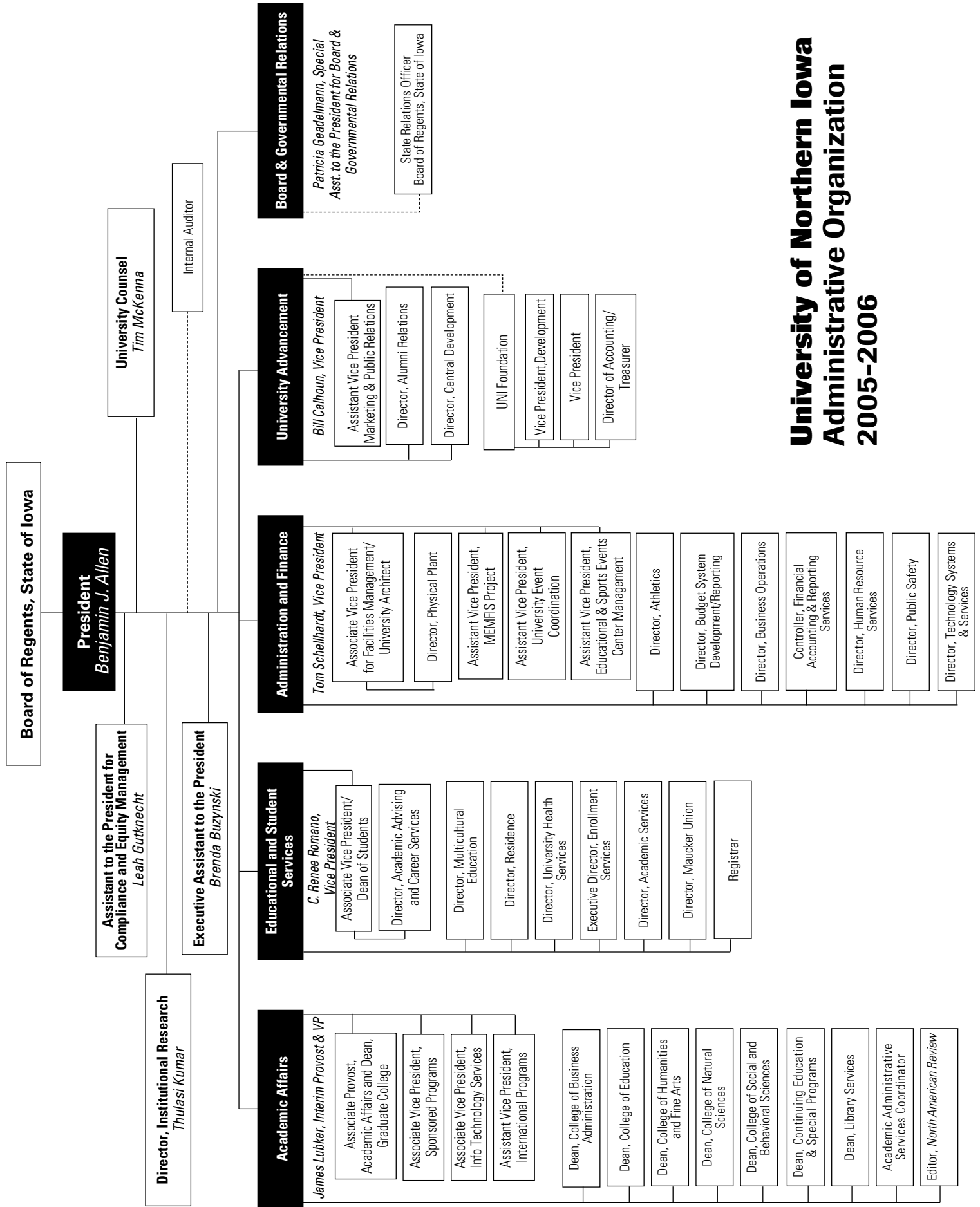
**Vice President for Educational and Student Services**  
C. Renee Romano, B.A., M.S. Ed., Ph. D.

**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. Gadelmann, B.A., M.A., Ed. D.





# University of Northern Iowa Administrative Organization 2005-2006



# University of Northern Iowa

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

## 2005-2006

## 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, 2006 and 2005. 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.

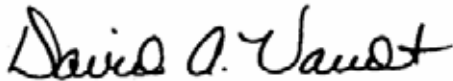
As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position and the changes in financial position and cash flows of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions 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, 2006 and 2005, and the changes in its financial position and its cash flows for the years ended June 30, 2006 and 2005 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 and its discretely presented component unit at June 30, 2006 and 2005, and the respective changes in their financial position and their cash flows, where applicable, for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis on pages 11 through 20 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 on it.

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

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

November 17, 2006



# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

### Years Ended 2006 and 2005

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, 2006 and 2005. 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.

#### FINANCIAL HIGHLIGHTS

- The 2006 Session of the Iowa General Assembly increased the University of Northern Iowa's F2007 operating appropriation by \$2,053,125. After factoring in the tuition and mandatory fee increase and salary increases collectively bargained with the State of Iowa, a \$4,000,000 gap remained. It was remedied by adding a \$100 per semester surcharge to all student bills for F2007 and by a number of budget cuts.
- On October 16, 2005, an arsonist started a fire in Gilchrist Hall that resulted in soot damage to the entire building. The loss was insured with the exception of a \$2,000,000 deductible. The insurance company agreed to pay \$7,030,015 to renovate the building. Asbestos removal will begin in January 2007. The building will be back in service in early 2008.
- The 2006 Session of the Iowa General Assembly appropriated \$3,180,000 to the University to be used for commercialization projects, authorized a capital appropriation in the amount of \$3,000,000 to upgrade the University's Electrical Loop Distribution System, and appropriated \$2,000,000 to fund the insurance deductible resulting from the Gilchrist Hall fire noted above.
- The Board of Regents, State of Iowa, issued \$12.8 million of Academic Building Revenue Bonds in October 2005 for the renovation of science buildings and to plan for the renovation of Russell Hall.
- The East Gymnasium was renovated and brought back on line in Spring 2006 as the Innovative Teaching and Technology Center, the McCollum Science Hall addition was completed, and Phase I of the Steam Distribution System was completed.
- Construction, which was initiated on the McLeod Center in November 2004, continued during fiscal 2006 with completion scheduled for November 2006. The University of Northern Iowa Foundation continued fund raising for the project to fund desired amenities, committing a total of \$21,575,000 to the project.
- The University's Fall 2006 headcount was 12,260 students. The headcount continues to decline. It declined from a peak of 14,070 students in 2001, a decline of 1,810 students in 2006, or 12.9 percent.
- The University implemented a new budget development system that runs on the Oracle platform.
- The Foundation had a strong financial year, raising \$16.6 million of public support and revenue. It provided revenues of \$6.6 million to the University during the year. Net assets of the Foundation increased from \$65.8 million to \$73.6 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, 2005. The Certificate has been received fourteen 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 2006 and 2005

**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.

<b>University</b>			
<b>The Statement of Net Assets</b>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$136,582,615	142,066,737	132,224,995
Capital assets	<u>262,913,627</u>	<u>251,346,933</u>	<u>236,158,853</u>
Total assets	<u>399,496,242</u>	<u>393,413,670</u>	<u>368,383,848</u>
Current liabilities	30,454,397	42,589,730	26,119,883
Noncurrent liabilities	<u>123,477,634</u>	<u>117,661,616</u>	<u>123,149,569</u>
Total liabilities	<u>153,932,031</u>	<u>160,251,346</u>	<u>149,269,452</u>
Net assets:			
Invested in capital assets, net of related debt	158,552,531	145,910,769	136,014,735
Restricted	49,960,179	48,704,236	44,346,227
Unrestricted	<u>37,051,501</u>	<u>38,547,319</u>	<u>38,753,434</u>
Total net assets	<u>\$245,564,211</u>	<u>233,162,324</u>	<u>219,114,396</u>

The largest portion of the University's net assets (64.6 percent) is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to capital assets is liquidated with sources other than capital assets. The restricted portion of the net assets (20.3 percent) includes resources subject to external restrictions. The remaining net assets (15.1 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 \$14.0 million from 2004 to 2005 and by \$12.4 million from 2005 to 2006. Increases in total net assets, then, were 6.4 percent from 2004 to 2005 and 5.3 percent from 2005 to 2006.

**UNIVERSITY OF NORTHERN IOWA**  
Management's Discussion and Analysis  
Years Ended 2006 and 2005

<b>Foundation</b>			
<b>The Combined Statements of Financial Position</b>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Current assets	\$25,448,578	33,263,323	29,793,067
Noncurrent assets	<u>58,052,514</u>	<u>52,950,518</u>	<u>50,483,062</u>
Total assets	<u>83,501,092</u>	<u>86,213,841</u>	<u>80,276,129</u>
Current liabilities	3,882,468	11,505,834	1,469,007
Noncurrent liabilities	<u>6,016,907</u>	<u>8,933,605</u>	<u>17,298,023</u>
Total liabilities	<u>9,899,375</u>	<u>20,439,439</u>	<u>18,767,030</u>
Net assets:			
Unrestricted	5,850,255	5,881,590	6,415,456
Temporarily restricted	34,714,553	29,249,298	26,289,848
Permanently restricted	<u>33,036,909</u>	<u>30,643,514</u>	<u>28,803,795</u>
Total net assets	<u>\$73,601,717</u>	<u>65,774,402</u>	<u>61,509,099</u>

The largest portion of the Foundation's net assets (92.1 percent) is donor restricted. The unrestricted portion of the Foundation's net assets (7.9 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 increased by \$4.3 million from 2004 to 2005 and increased by \$7.8 million from 2005 to 2006. Total liabilities of the Foundation increased by \$1.7 million from 2004 to 2005 and decreased by \$10.5 million from 2005 to 2006. The increase in total liabilities from 2004 to 2005 was the result of amending a funding contract with the Board of Regents to provide an additional \$2,660,000 to the University for the construction of the McLeod Center. The decrease in liabilities from 2005 to 2006 was the result of remitting McLeod Center gift income to the University.

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 capital 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 2006 and 2005

<b>University</b>			
<b>The Statement of Revenues, Expenses, and</b>			
<b>Changes in Net Assets</b>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Operating revenue:</b>			
Tuition and fees	\$ 52,504,556	51,880,396	49,078,469
Receipts from other entities	100,477	82,965	991,345
Grants and contracts	29,099,979	30,743,893	29,123,374
Sales, rents and services	8,475,634	7,313,541	6,821,839
Miscellaneous	771,949	784,868	2,279,986
Auxiliary	<u>41,966,903</u>	<u>38,523,713</u>	<u>36,856,387</u>
Total operating revenue	<u>132,919,498</u>	<u>129,329,376</u>	<u>125,151,400</u>
<b>Operating expenses:</b>			
Instruction	67,144,722	64,417,699	64,082,106
Research	1,428,192	2,518,265	2,567,947
Public service	22,588,957	22,165,366	19,978,192
Academic support	19,904,061	19,401,042	19,793,658
Student services	5,973,711	6,459,570	6,130,096
Institutional support	23,310,720	23,561,674	22,827,463
Operation and maintenance of plant	20,576,055	16,740,161	20,471,446
Scholarships and fellowships	4,860,728	5,454,063	6,414,569
Depreciation	11,468,934	12,646,438	12,833,136
Loan cancellations and write-offs	276,642	471,003	479,003
Auxiliary enterprises	<u>41,065,873</u>	<u>38,219,649</u>	<u>36,486,127</u>
Total operating expenses	<u>218,598,595</u>	<u>212,054,930</u>	<u>212,063,743</u>
Operating loss	<u>(85,679,097)</u>	<u>(82,725,554)</u>	<u>(86,912,343)</u>
<b>Nonoperating revenues (expenses)</b>			
State appropriations	83,585,131	79,128,080	79,256,054
Investment income	2,303,132	1,887,657	869,417
Gifts, grants and contracts	2,432,621	2,385,758	2,212,714
Interest expense	(5,009,671)	(5,140,767)	(5,179,283)
Loss on disposal of capital assets	(3,001,533)	-	-
Amortization and misc. expense	<u>(93,371)</u>	<u>(65,720)</u>	<u>(204,602)</u>
Net nonoperating revenues	<u>80,216,309</u>	<u>78,195,008</u>	<u>76,954,300</u>
Loss before other revenues	(5,462,788)	(4,530,546)	(9,958,043)
State appropriations – capital projects	6,187,924	14,307,549	15,439,528
Capital contributions and grants	4,310,655	4,005,674	15,850,868
Casualty reimbursement	3,170,000	-	-
Extraordinary gain on asset impairment	3,804,941	-	-
Other revenue (expense)	<u>391,155</u>	<u>265,251</u>	<u>797,525</u>
Change in net assets	12,401,887	14,047,928	22,129,878
Net assets, beginning of year	<u>233,162,324</u>	<u>219,114,396</u>	<u>196,984,518</u>
Net assets, end of year	<u>\$245,564,211</u>	<u>233,162,324</u>	<u>219,114,396</u>

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

### Years Ended 2006 and 2005

The Statement of Revenues, Expenses, and Changes in Net Assets reflects three positive years. Net assets increased by \$14.0 million from 2004 to 2005 and by \$12.4 million from 2005 to 2006.

Operating revenue totaled \$132.9 million in 2006, \$129.3 million in 2005, and \$125.2 million in 2004. The increase from 2004 to 2005 was \$4.2 million and from 2005 to 2006 it was \$3.6 million. Net nonoperating revenue totaled \$80.2 million in 2006, \$78.2 million in 2005, and \$77.0 million in 2004. There was a \$1.2 million increase from 2004 to 2005 and a \$2.0 million increase from 2005 to 2006. Changes in operating and nonoperating revenue from 2005 to 2006 follow:

- Tuition and fee income, net of scholarship allowances, increased \$0.6 million, or 1.2 percent. The scholarship allowance decreased by \$0.3 million, or 2.5 percent. The net revenue earned from a 4.0 percent increase was partially offset by a 2.4 percent decrease in enrollment.
- Sales and services of educational activities increased by \$1.2 million, or 15.9 percent, due to an increase in fee-for-service type operations that are a natural outgrowth of reduced funding from the state.
- Auxiliary Enterprise revenue increased \$3.4 million, or 8.9 percent reflecting price increases in the major auxiliary enterprises.
- Operating grants and contracts revenue decreased by \$1.6 million, or 5.4 percent. Funds can only be drawn as expenses are incurred and, accordingly, vary from year to year.
- Investment income increased by \$0.4 million, or 22 percent, due to an unspent bond proceeds and an increase in the targeted federal funds rate and interest rates on Treasury and Agency securities.

Other revenues decreased from \$18.6 million in 2005 to \$17.9 million in 2006, a decrease of \$0.7 million, or 3.8 percent. State appropriations for capital projects decreased from \$14.3 million to \$6.2 million. In lieu of making capital appropriations for Fiscal 2006, the General Assembly granted permission to sell Academic Building Revenue Bonds.

Other revenues include two one-time items related to the Gilchrist Hall fire. An extraordinary gain on asset impairment was related to the building itself. The extraordinary gain was \$3.8 million. Note AA of Notes to Financial Statements shows the derivation of the extraordinary gain. A casualty reimbursement in the amount of \$3.2 million includes reimbursement for building cleanup costs, the loss of business property, the loss of electronic equipment, the loss of personal property of others, and business relocation expense.

Operating expenses totaled \$218.6 million in 2006, \$212.1 million in 2005, and \$212.1 million in 2004. Increases in operating expenses, then, were 0.0 percent from 2004 to 2005 and 3.1 percent from 2005 to 2006. Changes in operating expenses by object from 2005 to 2006 follow:

- Expenditures for personnel services increased \$3.4 million, or 2.4 percent. This was due to small average salary increases coupled with a reduction of 21 full-time employees from May 2005 to May 2006.
- Scholarships and fellowship expenditures decreased by \$0.4 million, or 4.9 percent. While the percentage of general fund tuition income the University set aside for scholarships remained constant, the enrollment declined 311 students, or 2.4 percent, from Fall 2004 to Fall 2005.
- Depreciation expense decreased by \$1.2 million, or 9.3 percent, reflecting the change in capitalization level which caused equipment depreciation expense to decrease and the suspension of depreciation for Gilchrist Hall due to the fire.
- Expenditures for travel increased by \$0.6 million, or 7.1 percent, reflecting the effect of higher petroleum prices.
- Expenditures for supplies increased by \$0.4 million, or 4.4 percent. The change in capitalization level caused items that previously would have been capitalized to be expensed in 2006.

Nonoperating expenses included a one-time item of \$3.0 million reflecting a loss on the disposal of assets attributable to the write-off of equipment items that fell below the new capitalization threshold. In a write-off of this nature, the loss is equal to the book value of the items that were removed from capital asset records.



**UNIVERSITY OF NORTHERN IOWA**  
Management's Discussion and Analysis  
Years Ended 2006 and 2005

<b>Foundation</b>			
<b>The Combined Statements of Activities</b>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Public support and revenue:			
Gifts and contributions	\$ 8,612,375	9,602,331	10,028,353
Investment income	7,926,190	5,337,864	8,607,496
Other operating revenues	<u>74,134</u>	<u>124,876</u>	<u>85,885</u>
Total public support and revenue	16,612,699	15,065,071	18,721,734
Expenses	<u>8,785,384</u>	<u>10,799,768</u>	<u>22,307,951</u>
Change in net assets	7,827,315	4,265,303	(3,586,217)
Net assets, beginning of year	<u>65,774,402</u>	<u>61,509,099</u>	<u>65,095,316</u>
Net assets, end of year	<u>\$73,601,717</u>	<u>65,774,402</u>	<u>61,509,099</u>

Foundation public support and revenue was \$16.6 million in 2006, \$15.1 million in 2005, and \$18.7 million in 2004, a decrease of 19.5 percent from 2004 to 2005 and an increase of 10.3 percent from 2005 to 2006. Investment income was \$7.9 million in 2006, \$5.3 million in 2005, and \$8.6 million in 2004. The increase from 2005 to 2006 is largely due to higher equity earnings. Gifts and contributions were \$8.6 million in 2006, \$9.6 million in 2005, and \$10.0 million in 2004. Expenses were \$8.8 million in 2006, \$10.8 million in 2005, and \$22.3 million in 2004.

The Foundation provided revenues to the University in the amount of \$6.6 million in 2006, \$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 \$1.9 million in 2006, \$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.

<b>University</b>			
<b>The Statement of Cash Flows</b>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash provided (used) by:			
Operating activities	\$(74,777,231)	(69,216,060)	(76,304,549)
Noncapital financing activities	87,569,200	80,806,400	81,203,495
Capital and related financing activities	(17,592,550)	(8,534,619)	1,935,214
Investing activities	<u>(11,024,071)</u>	<u>10,942,939</u>	<u>(962,176)</u>
Net increase (decrease) in cash and cash equivalents	(15,824,652)	13,998,660	5,871,984
Cash and cash equivalents, beginning of year	<u>23,034,017</u>	<u>9,035,357</u>	<u>3,163,373</u>
Cash and cash equivalents, end of year	<u>\$ 7,209,365</u>	<u>23,034,017</u>	<u>9,035,357</u>

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2006 and 2005

The largest sources of University cash are provided for operating activities. Cash provided for operating activities includes revenues from tuition and fees (\$52.4 million), grants and contracts (\$29.6 million), and auxiliary enterprise receipts (\$42.2 million). The largest uses of cash for operating activities includes payments for salaries and benefits (\$125.0 million), payments for goods and services (\$17.4 million), and auxiliary enterprise payments (\$40.9 million). Cash provided by noncapital financing activities includes state appropriations (\$83.7 million). Cash received from capital and related financing activities represents capital appropriations (\$13.0 million), capital gifts and grants (\$13.9 million), and the proceeds from the issuance of revenue bonds (\$12.7 million). Cash used by capital and related financing activities includes the acquisition of capital assets (\$27.9 million) and principal and interest payments on debt (\$23.5 million). Cash used by investing activities was \$11.0 million.

### Capital Assets

At June 30, 2006, the University had \$262.9 million invested in capital assets, net of accumulated depreciation of \$168.2 million. Depreciation charges totaled \$11.5 million for the 2006 fiscal year. Details for the capital assets net of accumulated depreciation are shown below.

<b>University</b>			
<b>Schedule of Capital Assets, Net, at Year-End</b>			
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Land	\$ 4,235,050	4,235,050	4,235,050
Construction in progress	<u>24,979,450</u>	<u>34,727,023</u>	<u>23,533,538</u>
Capital assets not depreciated	<u>29,214,500</u>	<u>38,962,073</u>	<u>27,768,588</u>
Land improvements	6,240,237	6,581,187	5,752,626
Infrastructure	19,881,199	7,358,454	7,160,512
Buildings	190,321,304	177,682,037	174,070,276
Equipment	10,203,866	13,415,427	13,606,108
Library materials	<u>7,052,521</u>	<u>7,347,755</u>	<u>7,800,743</u>
Capital assets depreciated	<u>233,699,127</u>	<u>212,384,860</u>	<u>208,390,265</u>
Total capital assets	<u>\$262,913,627</u>	<u>251,346,933</u>	<u>236,158,853</u>

State funded capital projects for the fiscal year ended June 30, 2006 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, and improvement of the electrical distribution loop. Auxiliary Enterprise capital projects include construction of the McLeod Center and the Human Performance Center. A Business and Community Services Center and a Parking Deck will be constructed with grant funds and local matching funds. Gilchrist Hall will be renovated using insurance proceeds and a state appropriation to cover the insurance deductible. 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 \$1.5 million in 2006 and \$1.6 million in 2005.

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

### Years Ended 2006 and 2005

#### LONG-TERM DEBT

During the fiscal year ended June 30, 2006, the Board of Regents, State of Iowa, on behalf of the University of Northern Iowa, issued one series of revenue bonds. Academic Building Revenue Bonds 2005 were issued for \$12,800,000 to renovate science buildings and to pay for planning costs to renovate Russell Hall. The University's long-term debt is presented in Notes O and V of the Notes to Financial Statements. Subsequent to June 30, 2006, the University entered into a capital lease to borrow \$875,849 to finance McLeod Center scoreboards and \$2,150,000 to assist with Human Performance Center construction.

#### 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 and BBB+ for Dormitory Revenue Bonds. 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.

#### LEADERSHIP CHANGE

On October 12, 2005, President Robert D. Koob announced his intention to retire from the presidency at the end of the 2005-2006 academic year. He served through May 2006. Benjamin J. Allen was named the ninth president of the University of Northern Iowa on April 28, 2006. President Allen assumed the duties of president on June 5, 2006. Previously, Dr. Allen was the Vice President for Academic Affairs and Provost at Iowa State University of Science and Technology in Ames, Iowa.

#### ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The State of Iowa enjoyed improved fiscal health in Fiscal 2006, with enhanced revenue collections during the year. According to the Legislative Services Agency, Fiscal Services Division, Iowa General Fund Net Receipts and Transfers were \$4,647.0 million in Fiscal 2001, \$4,680.8 million in Fiscal 2002, \$4,483.6 million in Fiscal 2003, \$4,683.5 million in Fiscal 2004, \$4,925.3 million in Fiscal 2005, and \$5,382.5 million in Fiscal 2006. Iowa's 9.4% General Fund revenue growth in Fiscal 2006 was one of the strongest years the state has ever had. The growth was inflated by two large one-time revenue sources. \$54.6 million was deposited into the general fund for the final intergovernmental transfer that the state received from the Federal government in a negotiated agreement to end these transfers. Another \$27.3 million of lottery transfers was received due to Touch Play machines licensed by the Lottery Authority. These machines were banned by the Legislature in May 2006. Funds available for appropriation in the General Fund budget were \$5,350.9 million. General Fund appropriations totaled \$5,296.3 million, an increase of \$276.3 million from the actual 2006 General Fund budget.

At the Revenue Estimating Conference meeting in October 2006, the Fiscal 2007 revenue estimate was increased to \$5,540.2 million, largely as a result of adjusting the base to reflect actual revenue collections in Fiscal 2006. The revised estimate reflects projected revenue growth of 2.9% over Fiscal 2006.

According to Economagic.com, Iowa's seasonally adjusted percent unemployed for the State was 3.6% in June 2006, compared to 4.6% in June 2005, 4.7% in June 2004, 4.4% in June 2003, 3.9% in June 2002, and 3.3% in June 2001.

Nationally, the weaker housing market and manufacturing base is a concern despite the boost expected by an improving trade balance at least through the second quarter of next year. Supporting the trade balance are strong global growth and the depreciated dollar, both of which should continue in the next year. Growth in the gross domestic product (GDP) for the third quarter of 2006 is now estimated at 2.2%, four tenths of a percent behind the second quarter growth for 2006. Moody's Economy.com, a national economic forecasting company, expects that growth will remain below the economy's 3% real GDP growth potential for the rest of the year, with some rebound in the first quarter of 2007 to 2.8% growth and in the second quarter of 2007 to 3.1% growth in GDP.

**UNIVERSITY OF NORTHERN IOWA**  
**Management's Discussion and Analysis**  
**Years Ended 2006 and 2005**

The economic position of the University of Northern Iowa is closely tied to the economy and legislative priorities of the State of Iowa. According to Fiscal Facts published by the Legislative Services Agency in May 2006, appropriations to the Board of Regents, State of Iowa, declined from \$723.0 million in Fiscal 2001 to \$632.3 million in Fiscal 2006, a decrease of \$90.6 million, or 12.5 percent. The five year annual change was 2.5 percent.

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. The operating appropriation was increased by \$2.1 million, or 2.5 percent, for fiscal year 2007, the first increase since fiscal year 2001.

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, 4.0 percent for fiscal year 2006, and 9.1 percent for fiscal year 2007. As of the 2005-2006 fiscal year, the University of Northern Iowa's resident undergraduate tuition and mandatory fee rate was 97.8 percent of its peer group average and 99.0 percent of the national average.

University enrollment peaked in Fall 2001 at 14,070. Due to significant increases in University tuition and mandatory fees, and smaller increases in community college tuition and fees, enrollment declined to 13,926 in Fall 2002, 13,441 in Fall 2003, 12,824 in Fall 2004, 12,513 in Fall 2005, and 12,260 in Fall 2006. The total decline was 1,810 students, or 12.9 percent. A recapitulation of state appropriations to the University, tuition and fee rates, and student headcount follows:

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State Appropriation- Operating	\$84,828,889	\$82,815,878	\$78,556,299	\$78,377,656	\$82,908,587	\$84,961,712
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Mandatory Tuition and Fees, per Head	\$3,440	\$4,118	\$4,916	\$5,387	\$5,602	\$6,112
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Fall Head Count	14,070	13,926	13,441	12,824	12,513	12,260

University officials anticipate the 2006-07 fiscal year will be much like the 2005-06 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.

The University and the UNI Foundation continue to pursue a long-term investment strategy to maximize total returns, at an appropriate level of risk, while maintaining its spending rate policies to insulate the University's investments from temporary market volatility.

# **UNIVERSITY OF NORTHERN IOWA**

## **Management's Discussion and Analysis Years Ended 2006 and 2005**

In spite of recent economic hardships resulting from reductions in state appropriations, the University is in a stable 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 stable.

### **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

## 2005-2006

## Financial Statements



**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Net Assets**  
**June 30, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents-Note B	\$ 7,209,365	23,034,017
Investments-Note B	54,390,668	27,319,172
Deposits with bond paying agents-Note C	6,891,000	20,000
Accounts receivable, net-Note D	14,982,996	14,964,864
Loans receivable, net-Note F	2,218,452	2,323,146
Interest receivable	533,333	354,747
Due from governmental agencies-Note G	10,979,658	18,307,323
Prepaid expenses-Note H	3,392,256	2,561,271
Inventories-Note I	2,260,493	1,509,880
Debt issuance costs-Note V	1,251,815	1,133,161
Other assets	90,000	90,000
<b>Total Current Assets</b>	<b>104,200,036</b>	<b>91,617,581</b>
Noncurrent Assets		
Investments-Note B	20,555,882	35,440,484
Accounts receivable, net-Note D	2,914,239	5,690,128
Loans receivable, net-Note F	8,873,809	9,292,586
Prepaid expenses-Note H	38,649	25,958
Capital assets, Nondepreciable-Note J	29,214,500	38,962,073
Capital assets, Depreciable-Note J	401,931,604	381,486,536
Accumulated depreciation-Note J	(168,232,477)	(169,101,676)
<b>Total Noncurrent Assets</b>	<b>295,296,206</b>	<b>301,796,089</b>
<b>Total Assets</b>	<b>399,496,242</b>	<b>393,413,670</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	8,978,832	10,098,768
Salaries and wages payable-Note K	382,916	422,363
Compensated absences payable-Note L	4,238,000	4,102,039
Unpaid claims-Note U	1,628,035	1,754,624
Deferred revenue-Note H	3,817,388	3,118,644
Accrued interest payable	2,923,228	2,873,069
Long-term debt-Note O	6,558,621	18,532,306
Deposits	1,896,860	1,682,671
Other current liabilities	30,517	5,246
<b>Total Current Liabilities</b>	<b>30,454,397</b>	<b>42,589,730</b>
Noncurrent Liabilities		
Accounts payable	506,215	1,102,857
Compensated absences payable-Note L	3,764,793	3,490,865
Refundable advances on student loans-Note P	10,072,499	10,175,146
Long-term debt-Note O	109,134,127	102,892,748
<b>Total Noncurrent Liabilities</b>	<b>123,477,634</b>	<b>117,661,616</b>
<b>Total Liabilities</b>	<b>153,932,031</b>	<b>160,251,346</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	158,552,531	145,910,769
Restricted		
Nonexpendable		
Scholarships and fellowships	615,895	615,895
Expendable		
Scholarships and fellowships	371,209	337,654
Loans	2,961,679	2,940,131
Capital projects	17,828,224	23,681,489
Debt service	27,548,244	20,388,895
Other	634,928	740,172
Unrestricted	37,051,501	38,547,319
<b>Total Net Assets</b>	<b>\$ 245,564,211</b>	<b>233,162,324</b>

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA FOUNDATION**  
**Combined Statements of Financial Position**  
**June 30, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 2,106,347	1,924,079
Investments	19,987,600	27,363,447
Pledges receivable, net-Note E	3,276,489	3,793,603
Interest receivable	53,912	151,745
Other receivables	8,851	7,157
Prepaid expenses	15,379	23,292
<b>Total Current Assets</b>	25,448,578	33,263,323
Pledges receivable, less current portion-Note E	5,380,041	7,135,022
Long-term investments	48,805,638	41,466,897
Life insurance cash value	869,309	778,831
Donated assets	1,492,058	1,942,740
Building and equipment, net	1,505,468	1,627,028
<b>Total Assets</b>	83,501,092	86,213,841
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	364,791	381,033
Pledge payable, current-Note N	3,516,949	11,124,162
Deposits held in custody for others	728	639
<b>Total Current Liabilities</b>	3,882,468	11,505,834
Pledge payable, less current portion-Note N	2,914,239	5,690,128
Annuities payable	1,287,576	1,477,295
Annuity trusts payable	1,128,899	1,156,738
Unitrusts payable	686,193	609,444
<b>Total Liabilities</b>	9,899,375	20,439,439
Net Assets		
Unrestricted		
Designated	2,401,523	3,674,391
Plant	1,505,468	1,627,028
Undesignated	1,943,264	580,171
<b>Total Unrestricted</b>	5,850,255	5,881,590
Temporarily Restricted-Note T	34,714,553	29,249,298
Permanently Restricted-Note T	33,036,909	30,643,514
<b>Total Net Assets</b>	73,601,717	65,774,402
<b>Total Liabilities and Net Assets</b>	\$ 83,501,092	86,213,841

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, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and fees (net of scholarship allowances of \$13,350,571 for 2006, \$13,688,964 for 2005)	\$ 52,504,556	51,880,396
Receipts from other entities	100,477	82,965
Grants and contracts	29,099,979	30,743,893
Sales, rents and services	8,475,634	7,313,541
Miscellaneous	771,949	784,868
Auxiliary enterprises	41,966,903	38,523,713
<b>Total Operating Revenues</b>	<b>132,919,498</b>	<b>129,329,376</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	67,144,722	64,417,699
Research	1,428,192	2,518,265
Public service	22,588,957	22,165,366
Academic support	19,904,061	19,401,042
Student services	5,973,711	6,459,570
Institutional support	23,310,720	23,561,674
Operation and maintenance of plant	20,576,055	16,740,161
Scholarships and fellowships	4,860,728	5,454,063
Depreciation	11,468,934	12,646,438
Loan cancellations and write-offs	276,642	471,003
Auxiliary enterprises	41,065,873	38,219,649
<b>Total Operating Expenses</b>	<b>218,598,595</b>	<b>212,054,930</b>
<b>Operating (Loss)</b>	<b>(85,679,097)</b>	<b>(82,725,554)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	83,585,131	79,128,080
Gifts, grants and contracts	2,432,621	2,385,758
Investment income	2,303,132	1,887,657
Interest expense	(5,009,671)	(5,140,767)
Amortization expense	(90,667)	(65,720)
Loss on disposal of capital assets	(3,001,533)	-
Miscellaneous expense	(2,704)	-
<b>Net Nonoperating Revenues (Expenses)</b>	<b>80,216,309</b>	<b>78,195,008</b>
<b>(Loss) Before Other Revenues</b>	<b>(5,462,788)</b>	<b>(4,530,546)</b>
<b>OTHER REVENUES</b>		
Capital appropriations	6,187,924	14,307,549
Capital contributions and grants	4,310,655	4,005,674
Other revenue (expense)	391,155	265,251
Casualty reimbursement	3,170,000	-
Extraordinary gain on asset impairment	3,804,941	-
<b>Total Other Revenues</b>	<b>17,864,675</b>	<b>18,578,474</b>
<b>Change in Net Assets</b>	<b>12,401,887</b>	<b>14,047,928</b>
<b>NET ASSETS</b>		
<b>Net assets, beginning of year</b>	<b>233,162,324</b>	<b>219,114,396</b>
<b>Net assets, end of year</b>	<b>\$ 245,564,211</b>	<b>233,162,324</b>

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA FOUNDATION**  
**Combined Statements of Activities**  
**Years Ended June 30, 2006 and 2005**

	<b>2006</b>			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
<b>Public Support, Revenue and Reclassifications</b>				
Contributions and grants				
Cash and cash equivalents	\$ 621,969	5,865,056	1,924,840	8,411,865
Property	-	200,510	-	200,510
Investment income	802,304	6,692,697	431,189	7,926,190
Miscellaneous income	2,617	71,440	77	74,134
Redesignation of funds	983,240	(1,399,194)	415,954	-
Net assets released from restrictions	6,230,644	(6,230,644)	-	-
<b>Total Public Support, Revenue and Reclassifications</b>	<b>8,640,774</b>	<b>5,199,865</b>	<b>2,772,060</b>	<b>16,612,699</b>
<b>Expenses and Adjustments</b>				
Program				
Scholarships	1,917,550	-	-	1,917,550
Designated projects	1,547,218	-	-	1,547,218
Capital projects	2,095,323	-	-	2,095,323
Administrative	1,215,661	-	-	1,215,661
Fundraising	1,779,000	-	-	1,779,000
Bad debt adjustments	(4,203)	(122,229)	(4,492)	(130,924)
Depreciation	121,560	-	-	121,560
Annuities payable actuarial liability adjustment	-	(167,361)	180,078	12,717
Annuity trusts payable actuarial liability adjustment	-	-	82,025	82,025
Unitrusts payable actuarial liability adjustment	-	24,200	121,054	145,254
<b>Total Expenses and Adjustments</b>	<b>8,672,109</b>	<b>(265,390)</b>	<b>378,665</b>	<b>8,785,384</b>
<b>Change in Net Assets</b>	<b>(31,335)</b>	<b>5,465,255</b>	<b>2,393,395</b>	<b>7,827,315</b>
<b>Net Assets, beginning of year</b>	<b>5,881,590</b>	<b>29,249,298</b>	<b>30,643,514</b>	<b>65,774,402</b>
<b>Net Assets, end of year</b>	<b>\$ 5,850,255</b>	<b>34,714,553</b>	<b>33,036,909</b>	<b>73,601,717</b>

The notes are an integral part of the financial statements.



**2005**

Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
510,825	7,434,368	1,296,645	9,241,838
86,584	273,909	-	360,493
546,871	4,400,348	390,645	5,337,864
9,023	115,520	333	124,876
329,726	(515,482)	185,756	-
<u>8,761,315</u>	<u>(8,758,512)</u>	<u>(2,803)</u>	<u>-</u>
<u>10,244,344</u>	<u>2,950,151</u>	<u>1,870,576</u>	<u>15,065,071</u>
2,081,097	-	-	2,081,097
2,508,285	-	-	2,508,285
3,838,774	-	-	3,838,774
794,689	-	-	794,689
1,438,576	-	-	1,438,576
(4,771)	(26,955)	(11,361)	(43,087)
121,560	-	-	121,560
-	17,290	14,299	31,589
-	-	29,811	29,811
-	366	(1,892)	(1,526)
<u>10,778,210</u>	<u>(9,299)</u>	<u>30,857</u>	<u>10,799,768</u>
(533,866)	2,959,450	1,839,719	4,265,303
<u>6,415,456</u>	<u>26,289,848</u>	<u>28,803,795</u>	<u>61,509,099</u>
<u>5,881,590</u>	<u>29,249,298</u>	<u>30,643,514</u>	<u>65,774,402</u>

**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Cash Flows**  
**Years Ended June 30, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 52,441,596	51,845,232
Grants and contracts receipts	29,616,784	30,060,507
Collections of loans from students	3,175,247	3,381,864
Auxiliary enterprise receipts	42,203,985	38,033,384
Payments for salaries and benefits	(125,029,920)	(122,092,430)
Payments for goods and services	(17,410,509)	(14,561,799)
Scholarships	(4,833,057)	(5,285,032)
Loans issued to students	(2,975,553)	(3,320,050)
Auxiliary enterprise payments	(40,925,221)	(40,304,803)
Other operating receipts (payments)	(11,040,583)	(6,972,933)
<b>Net Cash Used by Operating Activities</b>	<u>(74,777,231)</u>	<u>(69,216,060)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	83,699,028	79,214,339
William D. Ford direct lending and plus loans receipts	57,227,265	55,931,372
William D. Ford direct lending and plus loans made	(56,246,296)	(55,872,720)
Agency receipts	12,180,715	10,828,657
Agency payments	(11,920,874)	(11,558,595)
Non-capital gifts	2,629,362	2,263,347
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>87,569,200</u>	<u>80,806,400</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations received	12,975,647	12,318,464
Capital gifts and grants received	13,912,741	2,648,179
Acquisition of capital assets	(27,879,528)	(26,486,562)
Proceeds from sale of capital assets	111,197	55,599
Principal paid on capital debt	(18,512,306)	(4,832,128)
Interest paid on capital debt	(4,973,242)	(5,280,198)
Proceeds from capital debt	12,663,941	13,015,934
Other capital and related financing receipts (payments)	(5,891,000)	26,093
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(17,592,550)</u>	<u>(8,534,619)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	2,060,216	1,837,347
Proceeds from sale and maturities of investments	40,456,856	42,822,140
Purchase of investments	(53,541,143)	(33,716,548)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(11,024,071)</u>	<u>10,942,939</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(15,824,652)	13,998,660
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>23,034,017</u>	<u>9,035,357</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 7,209,365</u>	<u>23,034,017</u>

**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Cash Flows**  
**Years Ended June 30, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (85,679,097)	(82,725,554)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	11,468,934	12,646,438
Increase/(Decrease) in compensated absences	409,889	618,910
(Increase)/Decrease in accounts receivable	(406,642)	(536,143)
(Increase)/Decrease in loans receivable	523,471	61,813
(Increase)/Decrease in due from governmental agencies	267,651	(782,689)
(Increase)/Decrease in inventories	(750,613)	(417,531)
(Increase)/Decrease in prepaid expenses	(882,894)	183,301
(Increase)/Decrease in other assets	(120,380)	36,405
Increase/(Decrease) in accounts payable	46,693	1,301,414
Increase/(Decrease) in salaries and wages payable	(38,629)	(141,077)
Increase/(Decrease) in deferred revenue	594,314	67,430
Increase/(Decrease) in other liabilities	(209,928)	471,223
<b>Net Cash Used By Operating Activities</b>	<b>\$ (74,777,231)</b>	<b>(69,216,060)</b>

**Noncash Capital, Financing and Investing Activities:**

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

A net unrealized loss of \$3,001,533 resulted from the write off of the net book value of equipment when the capitalization threshold increased from \$2,000 to \$5,000.

\$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.

A net unrealized loss decreased the fair market value of the University's investments \$720,784 in 2006

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

The notes are an integral part of the financial statements.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2006

**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, 2006

**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. KHKE/KUNI is a public radio station operated by the University. The Friends of KHKE/KUNI is included in the University's financial statements because of the station's fiscal dependency upon the non-profit 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, 2006

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

**Encumbrances**

The University utilizes encumbrance accounting for budgetary compliance purposes. Each June 30<sup>th</sup>, 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 \$488,888 was fully committed with purchase orders and contracts, including items recognized as accounts payable totaling \$45,542.

**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 was 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. To reduce the University's exposure to credit risk the weighted average credit quality of the University's operating portfolio must be AA or Aa as rated by Standard & Poor's or Moody's, respectively.

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

Interest Rate Risk is the possibility 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. The maximum duration of the University's operating portfolio may not exceed the duration of the Merrill 1-3 year Government/Corporate Index by more than 20%. At the time of purchase, the maturity of securities in the operating portfolio can not exceed sixty-three months.

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

With the exception of funds specifically invested for bond issues and endowment funds, all other monies are pooled in an investment pool entitled "Treasurer's Temporary Investments". Investment income on the investment pool is allocated to the activities that participate in the pool. In fiscal years 2006 and 2005, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$1,492,613 and \$976,049, respectively.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**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 realizability 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	\$ 5,000

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.

**Termination Benefits**

In June 2005, GASB issued Statement No. 47, Accounting for Termination Benefits. The University had previously implemented this statement. Disclosure of the Early Retirement Incentive Program (ERIP) is presented in Note X.

**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, 2006

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

**Deferred Revenue**

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

**Auxiliary Enterprise Revenues**

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

**Summer Session**

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

**Inventories**

Inventories, consisting mainly of coal, fuel oil, foodstuffs and supplies, are primarily valued at 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 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, 2006 and June 30, 2005, were \$7,209,365 and \$23,034,017, respectively. The bank balances at

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note B – Cash Deposits and Investments (continued)**

June 30, 2006 and June 30, 2005, were \$11,266,265 and \$25,116,478, respectively. The carrying value at June 30, 2006 and June 30, 2005 includes cash-on-hand of \$144,575 and \$123,175, respectively.

Deposits with bond paying agents consist of carrying values and bank balances on deposit with the trust department of the Depository Trust Corporation were \$6,891,000 and \$0 and with the trust department of the Bank of New York deposits were \$0 and \$20,000 at June 30, 2006 and June 30, 2005, respectively. The bond paying agent cash at the Depository Trust Corporation and the Bank of New York is fully insured.

The deposits with the Depository Trust Corporation and 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.

Current year disclosures of investment type, credit risk quality ratings, and interest rate sensitivity-duration are presented later in Note B. Prior year disclosures of investment type, credit risk quality ratings, and interest rate sensitivity-duration have not been included because the information is not believed to be of continuing significance.

(The remainder of this page was intentionally left blank)

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**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		\$ 9,464,272
U.S. Government Agency		33,985,983
Short Term		
Certificates of Deposit (Friends of KHKE/KUNI)		1,256,020
Fixed Income Mutual Funds		<u>20,173,018</u>
Total Fixed Income Securities		<u>64,879,293</u>
Equity and Other Securities:		
Equity Mutual Funds (Friends of KHKE/KUNI)		<u>813,900</u>
Total Equity and Other Securities		<u>813,900</u>
Total Operating Portfolio		<u>65,693,193</u>
Endowment portfolio:		
Fixed Income:		
U.S. Government		
U.S. Government Treasuries, Notes, and Bonds		199,674
Mortgage Backed		
Government Pass-Through		187,882
Corporate Pass-Through		93,203
Collateralized Mortgage Obligations		
Government CMO's		172,147
Corporate		
Corporate Bonds		155,138
Corporate Asset Backed		77,182
Supernationals		3,307
Short Term		
Other Agency		106,300
Fixed Income Mutual Funds		<u>1,197,528</u>
Total Fixed Income Securities		<u>2,192,361</u>
Equity and Other Securities (UNI Equity in SUI Endowment Pool):		
U.S. Equities		4,538,396
Domestic Equity Mutual Fund		985,297
International Equity Mutual Fund		<u>1,537,303</u>
Total Equity and Other Securities		<u>7,060,996</u>
Total Endowment Portfolio		<u>9,253,357</u>
Total Invested Assets		<u>\$74,946,550</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**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	\$17,453,050	26%
Federal Home Loan Mortgage Corporation	8,383,517	12%
Federal National Mortgage Association	6,160,978	9%

(The remainder of this page was intentionally left blank)



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**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		\$ 9,464,272	1.20
U.S. Government Agency		33,985,983	1.06
Short Term:			
Certificates of Deposit (Friends of KHKE/KUNI)		1,256,020	1.19
Fixed Income Mutual Funds		<u>20,173,018</u>	1.65
Operating Portfolio-Total Fixed Income Securities		<u>64,879,293</u>	
Operating Portfolio Duration			<u>1.27</u>
Endowment Portfolio:			
Fixed Income:			
U.S. Government			
U.S. Government Treasuries, Notes, and Bonds		199,674	8.48
Mortgage Backed			
Government Pass-Through		187,882	4.97
Corporate Pass-Through		93,203	3.08
Collateralized Mortgage Obligations			
Government CMO's		172,147	3.83
Corporate			
Corporate Bonds		155,138	4.23
Corporate Asset Backed		77,182	0.44
Supernationals		3,307	14.57
Short Term:			
Other Agency		106,300	2.21
Fixed Income Mutual Funds		<u>1,197,528</u>	n/a*
Total Fixed Income Securities		<u>2,192,361</u>	
Endowment Portfolio Duration			<u>4.57</u>
Total All Portfolios		<u>\$67,071,654</u>	
Overall Duration			<u>1.32</u>

\* not available

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**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>A</u>
Fixed Income Securities:					
U.S. Government					
U.S. Government Treasuries, Notes, and Bonds	\$ 9,663,946	-	-	-	-
U.S. Government Agency	-	33,985,983	-	-	-
Mortgage Backed					
Government Pass-Through	-	174,918	-	-	-
Corporate Pass-Through	-	3,763	84,657	-	-
Collateralized Mortgage Obligations					
Government CMO's	-	123,247	23,917	-	5,338
Corporate					
Corporate Bonds	-	-	-	16,309	52,576
Corporate Asset Backed Supernationals	-	-	77,182 3,307	-	-
Short Term					
Other Agency	-	99,243	-	-	7,057
Certificates of Deposit	-	-	-	-	-
Fixed Income Mutual Funds	<u>2,193,530</u>	<u>4,098,541</u>	<u>8,149,655</u>	<u>2,055,199</u>	<u>2,821,946</u>
Total Fixed Income Investments	<u>\$11,857,476</u>	<u>38,485,695</u>	<u>8,338,718</u>	<u>2,071,508</u>	<u>2,886,917</u>



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

<u>BBB</u>	<u>BB</u>	<u>NR</u>	<u>Total</u>
-	-	-	9,663,946
-	-	-	33,985,983
-	-	12,964	187,882
-	-	4,783	93,203
-	-	19,645	172,147
82,757	3,496	-	155,138
-	-	-	77,182
-	-	-	3,307
-	-	-	106,300
-	-	1,256,020	1,256,020
-	-	<u>2,051,675</u>	<u>21,370,546</u>
<u>82,757</u>	<u>3,496</u>	<u>3,345,087</u>	<u>67,071,654</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note C – Deposits with Bond Paying Agents**

As of June 30, 2006 and June 30, 2005, 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>2006</u>	<u>2005</u>
Academic Building Revenue Bonds:		
Bond principal payable	\$ 2,763,621	-
Bond interest payable	452,379	-
Residence System:		
Bond principal payable	1,615,000	-
Unredeemed bonds from prior periods	-	20,000
Field House:		
Bond principal payable	1,450,000	-
Student Union:		
Bond principal payable	465,000	-
Student Health:		
Bond principal payable	<u>145,000</u>	<u>-</u>
Total	<u>\$ 6,891,000</u>	<u>20,000</u>

**Note D – Accounts Receivable**

Accounts receivable is summarized as follows:

	<u>2006</u>	<u>2005</u>
Student accounts	\$ 2,010,563	1,689,157
University of Northern Iowa Foundation	6,741,894	17,153,814
Sponsoring agencies	362,932	369,318
Casualty insurance	7,200,000	-
Other	<u>2,207,451</u>	<u>1,904,624</u>
	18,522,840	21,116,913
Less allowance for doubtful accounts	<u>(625,605)</u>	<u>(461,921)</u>
Total	<u>\$17,897,235</u>	<u>20,654,992</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**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>2006</u>	<u>2005</u>
In one year or less	\$ 3,397,717	3,942,030
Between one year and five years	5,245,197	6,736,050
More than five years	<u>1,003,369</u>	<u>1,378,039</u>
	9,646,283	12,056,119
Less discounts to net present value	(563,673)	(570,490)
Less allowance for uncollectible pledges	<u>(426,080)</u>	<u>(557,004)</u>
Total	\$ <u>8,656,530</u>	<u>10,928,625</u>

Pledges receivable at June 30, 2006 and 2005 have the following restrictions:

	<u>2006</u>	<u>2005</u>
Operations	\$ 152,565	257,130
Scholarships	285,417	346,433
Departmental programs	1,530,743	1,493,522
Grants	210,869	70,034
Special purpose	699	1,341
Endowments	855,106	750,264
Functioning as endowments	156,767	53,636
Plant	<u>5,464,364</u>	<u>7,956,265</u>
Total	\$ <u>8,656,530</u>	<u>10,928,625</u>

**Note F – Loans Receivable**

Loans receivable is summarized as follows:

	<u>2006</u>	<u>2005</u>
Student loans:		
Federal loan programs	\$ 11,509,501	11,991,703
University loan funds	<u>104,091</u>	<u>138,225</u>
	11,613,592	12,129,928
Less allowance for uncollectible loans	<u>(521,331)</u>	<u>(514,196)</u>
Total	\$ <u>11,092,261</u>	<u>11,615,732</u>

Loans receivable from students bear interest primarily at 5 percent 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>2006</u>	<u>2005</u>
Federal Government	\$ 4,464,909	6,276,434
State Government	6,421,139	11,967,381
Local Government	93,610	46,245
Other	-	17,263
Total	\$ <u>10,979,658</u>	<u>18,307,323</u>



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note H – Prepaid Expense/Deferred Revenue**

Prepaid expenses at June 30, 2006 and 2005 totaled \$3,430,905 and \$2,587,229, respectively, and deferred revenue at June 30, 2006 and 2005 totaled \$3,817,388 and \$3,118,644, respectively. The summer session portion for deferred tuition and fees for 2006 and 2005 was \$657,203 and \$692,664, respectively. Students sign housing contracts with the Department of Residence for the following Fall semester. Deferred revenue on housing contracts were \$605,400 and \$604,800 at June 30, 2006 and 2005, respectively. Season ticket sales for the Gallagher-Bluedorn Performing Arts Center Artist Series begin in the Spring for the following year. Deferred Performing Arts Center ticket sale revenues were \$666,600 and \$527,440 at June 30, 2006 and 2005, respectively.

**Note I – Inventories**

Inventories at June 30, 2006 and 2005, consisting mainly of supplies and merchandise, primarily valued at lower of cost or market (first in, first out) had values of \$2,260,493 and \$1,509,880, respectively.

(The remainder of this page was intentionally left blank)

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note J – Capital Assets**

Capital assets activity for the year ended June 30, 2006 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	-	-	4,235,050	-	4,235,050
Construction in Progress	<u>34,727,023</u>	<u>21,540,781</u>	<u>(31,288,354)</u>	<u>24,979,450</u>	-	<u>24,979,450</u>
Capital Assets Nondepreciable	<u>38,962,073</u>	<u>21,540,781</u>	<u>(31,288,354)</u>	<u>29,214,500</u>	-	<u>29,214,500</u>
Land Improvements	12,131,794	100,714	-	12,232,508	(5,992,271)	6,240,237
Infrastructure	14,070,551	12,969,596	-	27,040,147	(7,158,948)	19,881,199
Buildings	273,897,760	20,568,237	(1,620,490)	292,845,507	(102,524,203)	190,321,304
Equipment	50,221,804	2,228,659	(14,795,285)	37,655,178	(27,451,312)	10,203,866
Library Materials	<u>31,164,627</u>	<u>1,210,448</u>	<u>(216,811)</u>	<u>32,158,264</u>	<u>(25,105,743)</u>	<u>7,052,521</u>
Capital Assets Depreciable	<u>381,486,536</u>	<u>37,077,654</u>	<u>(16,632,586)</u>	<u>401,931,604</u>	<u>(168,232,477)</u>	<u>233,699,127</u>
Total Capital Assets	<u>\$420,448,609</u>	<u>58,618,435</u>	<u>(47,920,940)</u>	<u>431,146,104</u>	<u>(168,232,477)</u>	<u>262,913,627</u>

Depreciation activity for the year ended June 30, 2006 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 5,550,607	441,664	-	5,992,271
Infrastructure	6,712,097	446,851	-	7,158,948
Buildings	96,215,723	6,703,911	(395,431)	102,524,203
Equipment	36,806,377	2,370,826	(11,725,891)	27,451,312
Library Materials	<u>23,816,872</u>	<u>1,505,682</u>	<u>(216,811)</u>	<u>25,105,743</u>
Total	<u>\$169,101,676</u>	<u>11,468,934</u>	<u>(12,338,133)</u>	<u>168,232,477</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note J – Capital Assets (continued)**

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>34,727,023</u>
Capital Assets Nondepreciable	<u>27,768,588</u>	<u>19,337,457</u>	<u>(8,143,972)</u>	<u>38,962,073</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 Depreciable	<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, 2006

**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, 2006 and 2005 were \$382,916 and \$422,363, 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, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Amount of accrued compensated absences at beginning of year	\$7,592,904	6,973,993
Claims incurred and liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	6,498,451	6,188,164
Payments on claims during the fiscal year	<u>(6,088,562)</u>	<u>(5,569,253)</u>
Amount of accrued compensated absences at end of year	<u>\$8,002,793</u>	<u>7,592,904</u>

The accumulated vacation and sick leave estimated to be paid from the year end balance during the next twelve months for fiscal years 2006 and 2005 is \$4,238,000 and \$4,102,039, 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 2006 and 2005, the University's required and actual contributions amounted to \$9,430,737 and \$9,233,552, respectively. Employees' required and actual contributions amounted to \$4,709,692 and \$4,616,558 for the same two fiscal periods.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2006

**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, 2006, 2005, and 2004. Contribution requirements are established by State statute.

The University's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$336,224, \$336,977 and \$310,463, 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, 2006 and June 30, 2005, \$12,482,135 and \$2,357,973, 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. As of June 30, 2006 and 2005, \$1,000,000 and \$0, respectively, had been paid to the University.

On September 15, 2005, the Foundation signed a second amendment to the original agreement promising additional gifts in the amount of \$1,165,000, to fund a Hall of Fame entrance hall between the UNI-Dome and the McLeod Center. As of June 30, 2006 and 2005, \$1,100,000 and \$0, respectively, had been paid to the University.

On May 5, 2006, the Foundation signed a third amendment to the original agreement promising additional gifts in the amount of \$500,000, due to increased construction costs for the McLeod Center. As of June 30, 2006 and 2005, \$0 and \$0, respectively, had been paid to the University.

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>2006</u>	<u>2005</u>
In one year or less	\$ 3,516,949	11,124,162
Between one year and five years	2,343,835	4,708,670
More than five years	<u>882,081</u>	<u>1,469,195</u>
	6,742,865	17,302,027
Less discounts to net present value	<u>(311,677)</u>	<u>(487,737)</u>
Total	\$ <u>6,431,188</u>	<u>16,814,290</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note N – Pledge Payable (Foundation) (continued)**

As addressed in Note R, subsequent to year end, on August 9, 2006, the Foundation has signed a fourth amendment to the agreement promising additional gifts to the University in the amount of \$250,000, due to increased construction costs for the McLeod Center. This additional pledge has not been recorded at June 30, 2006.

As addressed in Note R, on October 6, 2006, 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 \$2,500,000, to be used solely and only to pay costs of constructing and equipping the Human Performance Complex on the University campus. These costs could include principal and interest payments on a \$2,150,000 capital lease for the Human Performance Complex, which the Board of Regents has issued. As of June 30, 2006 and 2005, \$0 and \$0, respectively, had been paid to the University.

**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>2006 Total</u>	<u>2005 Total</u>
Academic Bldg. Revenue Bonds:						
Series 1994-Refunding	4.50 – 6.00	2015	\$ 120,000	1,380,000	1,500,000	1,620,000
Series 1994	5.00 – 8.25	2015	473,621	3,234,127	3,707,748	4,270,054
Series 1995	5.75 – 7.25	2020	-	-	-	5,360,000
Series 1996-Refunding	4.55 – 6.00	2013	505,000	3,960,000	4,465,000	4,955,000
Series 2002-Refunding	4.00 – 5.50	2015	335,000	3,670,000	4,005,000	4,325,000
Series 2003-Refunding	3.00 – 3.80	2015	650,000	7,175,000	7,825,000	8,465,000
Series 2003A-Refunding	2.00 – 3.40	2012	470,000	2,855,000	3,325,000	3,785,000
Series 2005-Refunding	5.75 – 6.20	2020	330,000	4,780,000	5,110,000	5,110,000
Series 2005	2.90 – 4.25	2027	-	12,800,000	12,800,000	-
Residence System Bonds:						
Series 1967-C	3.75 – 5.00	2004	-	-	-	20,000
Series 1999	4.05 – 5.55	2020	275,000	5,550,000	5,825,000	6,085,000
Series 2000	5.00 – 6.50	2021	565,000	13,095,000	13,660,000	13,940,000
Series 2002-Refunding	3.00 – 4.50	2018	430,000	6,860,000	7,290,000	7,680,000
Series 2003	3.50 – 4.75	2023	345,000	8,535,000	8,880,000	9,210,000
Field House Bonds:						
Series 1997	3.90 – 5.15	2022	-	-	-	7,645,000
Series 2001	3.75 – 4.75	2022	215,000	4,810,000	5,025,000	5,230,000
Series 2004	2.50 – 4.40	2024	975,000	8,175,000	9,150,000	10,000,000
Series 2005-Refunding	3.00 – 4.20	2022	260,000	7,205,000	7,465,000	7,465,000
Student Union Bonds:						
Series 2002	1.80 – 5.00	2022	465,000	10,965,000	11,430,000	11,885,000
Student Health Bonds:						
Series 2004	3.00 – 4.40	2024	145,000	3,585,000	3,730,000	3,875,000
Total Bonds Payable			6,558,621	108,634,127	115,192,748	120,925,054
Notes Payable	0.00	2026	-	500,000	500,000	500,000
Total Long-Term Debt			<u>\$6,558,621</u>	<u>109,134,127</u>	<u>115,692,748</u>	<u>121,425,054</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note O – Long-Term Debt (continued)**

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.

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 bonds mature as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 6,558,621	5,155,387	11,714,008
2008	6,663,066	4,662,763	11,325,829
2009	6,432,302	5,031,960	11,464,262
2010	6,620,227	4,472,086	11,092,313
2011	6,881,630	4,473,121	11,354,751
2012-2016	36,211,902	17,193,328	53,405,230
2017-2021	29,405,000	7,110,151	36,515,151
2022-2026	14,460,000	1,512,025	15,972,025
2027-2031	<u>1,960,000</u>	<u>84,150</u>	<u>2,044,150</u>
Total	<u>\$115,192,748</u>	<u>49,694,971</u>	<u>164,887,719</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note O – Long-Term Debt (continued)**

The changes in Bonds Payable for fiscal years 2006 and 2005 are detailed below:

	<u>2006</u>	<u>2005</u>
Bonds payable beginning of year	\$120,925,054	113,192,182
Bonds retired during the fiscal year	(18,532,306)	(4,842,128)
Bonds issued during the fiscal year	<u>12,800,000</u>	<u>12,575,000</u>
Bonds payable at end of year	<u>\$115,192,748</u>	<u>120,925,054</u>

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 \$10,072,499 and \$10,175,146 at June 30, 2006 and 2005, respectively.

**Note Q – Endowments**

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

	<u>2006</u>	<u>2005</u>
Restricted-Nonexpendable	<u>\$615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships	\$214,669	203,485
Loans	180,234	172,616
Other-Chair	<u>529,904</u>	<u>493,926</u>
Total	<u>\$924,807</u>	<u>870,027</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note R – Subsequent Events**

On October 16, 2005, a fire damaged Gilchrist Hall which houses administrative offices. The loss was insured by St. Paul Travelers less a \$2,000,000 deductible. The Iowa General Assembly appropriated \$2,000,000 to fund the deductible. Management of the University continues to meet with St. Paul Travelers to settle the claim. The University estimates its claim for building renovation, electronic equipment, furnishings, personal property, and extra expense to be \$10,200,000. Once the claim is settled, the University will restore the building.

On July 31, 2006, the University entered into a capital lease in the amount of \$875,849 with Banc of America Leasing and Capital to finance the acquisition of scoreboards and a video board for the McLeod Center. The lease payments are due semi-annually through fiscal year 2011 and bear an interest rate of 6.08 percent.

On August 9, 2006, 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 \$250,000 of gift income to the University to assist with the construction of the McLeod Center. This Amendment No. 4 is in addition to the initial \$17,000,000 gift funding agreement that was signed on February 27, 2004. Amendment No. 1 in the amount of \$2,660,000 was signed on October 29, 2004, Amendment No. 2 in the amount of \$1,165,000 was signed on September 15, 2005, and Amendment No. 3 in the amount of \$500,000 was signed on May 5, 2006.

On September 18, 2006, the University entered into a capital lease in the amount of \$2,150,000 with Wells Fargo Brokerage Services to assist with financing the construction of the Human Performance Complex. The lease payments are due semi-annually through fiscal year 2016 and bear an interest rate of 6.6 percent.

As of October 6, 2006, an agreement was entered into between the Board of Regents, State of Iowa and the University of Northern Iowa Foundation. In the agreement, the Foundation agreed to make gifts to the University of Northern Iowa of at least \$2,500,000, to be used solely and only to pay costs of constructing and equipping the Human Performance Complex on the University campus. These costs could include principal and interest payments on a \$2,150,000 capital lease for the Human Performance Complex, which the Board of Regents has issued.

**Note S – 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, 2006 and 2005 follows:

	<u>2006</u>	<u>2005</u>
Total Assets	\$ 866,130	967,877
Total Liabilities	215,343	376,875
Total Equity	650,787	591,002
Total Support and Revenues	433,972	349,601
Total Expenses	374,187	309,401

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2006

**Note T – Component Unit Restricted Net Assets (Foundation)**

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

	<u>2006</u>	<u>2005</u>
Periods After June 30:		
Scholarships	\$ 2,815,575	2,705,403
Department programs	7,886,840	6,543,297
Grants	-	528,336
Other	670,327	746,607
Term endowments	35,622	35,622
Plant	5,389,704	5,378,085
Annuity restrictions	158,590	135,785
Unitrust restrictions	299,551	294,281
Functioning as endowments	<u>17,458,344</u>	<u>12,881,882</u>
Total Temporarily Restricted Net Assets	<u>\$ 34,714,553</u>	<u>29,249,298</u>

Net assets were permanently restricted for the following purposes at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Endowments	\$ 30,959,995	28,476,513
Annuities and annuity trusts	835,825	789,129
Unitrusts	<u>1,241,089</u>	<u>1,377,872</u>
Total Permanently Restricted Net Assets	<u>\$ 33,036,909</u>	<u>30,643,514</u>

**Note U – 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.

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. The University 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 \$500,000 employee fidelity bond with a \$10,000 deductible.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note U – Risk Management (continued)**

**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 \$25,000 to \$100,000 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.

**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.



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note U – Risk Management (continued)**

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, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Amount of claims and contingent liabilities accrued at beginning of year	\$ 1,754,624	1,494,338
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	15,222,684	14,822,396
Payments on claims during the fiscal year	<u>(15,349,273)</u>	<u>(14,562,110)</u>
Amount of claims liabilities at end of year	\$ <u>1,628,035</u>	<u>1,754,624</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.

**Note V – Debt Issuance Costs**

Debt issuance costs at June 30, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Debt issuance costs	\$ 1,619,833	1,410,511
Less accumulated amortization	<u>(368,018)</u>	<u>(277,350)</u>
Net debt issuance costs	\$ <u>1,251,815</u>	<u>1,133,161</u>

Amortization expense for fiscal years 2006 and 2005 was \$90,667 and \$65,720, respectively.

**Note W – 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, 2007 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.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2006

**Note W – Operating Leases (continued)**

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, 2006:

Year ending June 30,	
2007	\$ 410,473
2008	375,115
2009	327,738
2010	283,600
2011	223,785
2012-2014	<u>81,196</u>
Total	<u>\$ 1,701,907</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, 2006 and 2005, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$793,818 and \$818,249, respectively. One of the tower leases is subject to a 5 percent increase in future years.

**Note X – 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.

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.

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, 2006. Current contracts will be fulfilled during fiscal 2010. At June 30, 2006 and 2005, the present value of future benefits was \$1,182,335 and \$2,013,003. The interest rate utilized to calculate the present value is the June 30 Merrill Lynch Ready Assets Trust rate. The rates on June 30, 2006 and 2005 were 4.35% and 2.46%, respectively. During fiscal 2006, benefit payments for 82 participants totaled \$888,589. During fiscal 2005, benefit payments for 110

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2006

**Note X – Retirement Incentive Programs and Termination Benefits (continued)**  
 participants totaled \$1,225,619.

**Note Y – 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 \$694,242 and \$649,110 at June 30, 2006 and 2005, respectively. The income received by the University from this trust was \$12,799 for fiscal year 2006 and \$9,043 for fiscal year 2005.

**Note Z – 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, 2006 are as follows:

Construction Commitments beginning of year	\$ 23,971,670
Increases in Commitments	23,022,602
Payments and Decreases in Commitments	<u>(27,432,766)</u>
Construction Commitments at end of year	\$ <u>19,561,506</u>

There were no material claims or contingencies outstanding as of June 30, 2006. Also, there were no known contingent liabilities of a material nature at the date of this report.

**Note AA – Impairment Gain on Gilchrist Fire**

An arsonist set a fire in Gilchrist Hall on October 16, 2005. Due to substantial smoke and soot damage which permeated the entire building and because the smoke and soot damage compromised the chemicals utilized to encapsulate asbestos in the building, the impaired building has been removed from service. The building was placed in service in 1968. It had undergone a number of partial renovations. Most recently it was renovated in 2004 to become a student services center. Management of the University considers the event to be both unusual in nature and infrequent in occurrence as defined by APB Opinion No. 30.

Management of the University has computed an impairment gain on Gilchrist fire less insurance recovery in accordance with GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.

Historical cost	\$ 2,730,006
Accumulated depreciation	<u>666,174</u>
Carrying value, June 30, 2006	\$ <u>2,063,832</u>
Restoration cost	\$ 7,030,000
Replacement cost	11,843,300
Restoration cost ratio	59.3585%
Carrying value, June 30, 2006	<u>2,063,832</u>
Impairment loss	1,225,059
Insurance recovery	<u>5,030,000</u>
Impairment gain on Gilchrist fire	\$ <u>3,804,941</u>

The impairment gain on Gilchrist fire is reported on the Statement of Revenues, Expenses, and Changes in Net Assets as an extraordinary item under the Other Revenues heading. On the Statement of Cash Flows the insurance recovery will be reported as a Cash Flow from Capital and Related Financing Activities when received.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note AA – Impairment Gain on Gilchrist Fire (continued)**

The carrying value of Gilchrist Hall was \$2,063,832. Management considers the building to be a temporarily idle capital asset. The building will be returned to service once restored, which is anticipated to be in March 2008.

The restoration cost of the building is \$7,030,000. After applying the \$2,000,000 policy deductible, it is estimated \$5,030,000 will be recovered. The recovery is included in accounts receivable on the Statement of Net Assets.

**Note BB – Equipment Capitalization**

At July 1, 2005, the University increased the equipment capitalization threshold from \$2,000 to \$5,000. Nonoperating expenses increased \$3,001,533 due to the loss on disposal of assets attributable to the write-off of equipment items that fell below the new capitalization threshold. In a write-off of this nature, the loss is equal to the book value of the items that were removed from capital asset records.

**Note CC – 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.

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 the McLeod Center, an integral part of the Field House Enterprise. The bonds are payable from student fees and the net revenues of the Field House System. Primary sources of revenue include: concession stand sales, facility rentals to the University and the public, investment income, and mandatory student fees.

Student 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.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note CC – Segment Reporting (continued)**

**Residence System**

<b>Condensed Statement of Net Assets</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Assets:		
Current assets	\$ 8,592,416	7,058,167
Capital assets	30,986,420	31,398,872
Other noncurrent assets	<u>2,843,497</u>	<u>3,752,785</u>
Total assets	<u>42,422,333</u>	<u>42,209,824</u>
Liabilities:		
Current liabilities	3,641,544	3,579,102
Noncurrent liabilities	<u>34,330,141</u>	<u>35,919,748</u>
Total liabilities	<u>37,971,685</u>	<u>39,498,850</u>
Net assets:		
Invested in capital assets, net of related debt	(4,525,777)	(4,103,070)
Restricted, expendable	<u>8,976,425</u>	<u>6,814,044</u>
Total net assets	<u>\$ 4,450,648</u>	<u>2,710,974</u>

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

Operating revenues	\$ 27,014,385	24,560,635
Operating expenses	<u>23,721,414</u>	<u>23,235,463</u>
Net operating income (loss)	3,292,971	1,325,172
Nonoperating revenues (expenses)	<u>(1,553,297)</u>	<u>(1,480,599)</u>
Income (loss) before other revenues (expenses) and transfers	1,739,674	(155,427)
Other revenues (expenses) and transfers	<u>-</u>	<u>(5,272)</u>
Change in net assets	1,739,674	(160,699)
Net assets, beginning of year	<u>2,710,974</u>	<u>2,871,673</u>
Net assets, end of year	<u>\$ 4,450,648</u>	<u>2,710,974</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ 4,796,542	2,348,983
Net cash flows provided (used) by investing activities	1,304,733	1,389,717
Net cash flows provided (used) in capital and related financing activities	<u>(5,931,533)</u>	<u>(5,425,995)</u>
Net increase (decrease) in cash and cash equivalents	169,742	(1,687,295)
Cash and cash equivalents, beginning of year	<u>4,593,777</u>	<u>6,281,072</u>
Cash and cash equivalents, end of year	<u>\$ 4,763,519</u>	<u>4,593,777</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note CC – Segment Reporting (continued)**

**Student Union**

<b>Condensed Statement of Net Assets</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Assets:		
Current assets	\$ 2,717,544	2,788,927
Capital assets	13,303,376	13,735,764
Other noncurrent assets	<u>1,233,723</u>	<u>978,438</u>
Total assets	<u>17,254,643</u>	<u>17,503,129</u>
Liabilities:		
Current liabilities	781,947	792,801
Noncurrent liabilities	<u>10,990,315</u>	<u>11,456,992</u>
Total liabilities	<u>11,772,262</u>	<u>12,249,793</u>
Net assets:		
Invested in capital assets, net of related debt	2,054,625	2,498,341
Restricted, expendable	<u>3,427,756</u>	<u>2,754,995</u>
Total net assets	<u>\$ 5,482,381</u>	<u>5,253,336</u>

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

Operating revenues	\$ 1,466,636	1,322,110
Operating expenses	<u>1,580,218</u>	<u>1,667,262</u>
Net operating income (loss)	(113,582)	(345,152)
Nonoperating revenues (expenses)	<u>(469,691)</u>	<u>(439,417)</u>
Income (loss) before other revenues (expenses) and transfers	(583,273)	(784,569)
Other revenues (expenses) and transfers	<u>812,318</u>	<u>892,912</u>
Change in net assets	229,045	108,343
Net assets, beginning of year	<u>5,253,336</u>	<u>5,144,993</u>
Net assets, end of year	<u>\$ 5,482,381</u>	<u>5,253,336</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ 310,700	983,996
Net cash flows provided (used) by investing activities	(1,159,859)	83,481
Net cash flows provided (used) in capital and related financing activities	<u>(675,280)</u>	<u>(1,512,853)</u>
Net increase (decrease) in cash and cash equivalents	(1,524,439)	(445,376)
Cash and cash equivalents, beginning of year	<u>2,574,849</u>	<u>3,020,225</u>
Cash and cash equivalents, end of year	<u>\$ 1,050,410</u>	<u>2,574,849</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note CC – Segment Reporting (continued)**

**Field House System**

<b>Condensed Statement of Net Assets</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Assets:		
Current assets	\$ 15,856,343	29,561,618
Capital assets	31,378,443	20,872,343
Other noncurrent assets	<u>4,545,610</u>	<u>9,767,408</u>
Total assets	<u>51,780,396</u>	<u>60,201,369</u>
Liabilities:		
Current liabilities	1,999,499	11,821,950
Noncurrent liabilities	<u>20,715,698</u>	<u>22,165,080</u>
Total liabilities	<u>22,715,197</u>	<u>33,987,030</u>
Net assets:		
Invested in capital assets, net of related debt	10,214,912	7,210,688
Restricted, expendable	<u>18,850,287</u>	<u>19,003,651</u>
Total net assets	<u>\$ 29,065,199</u>	<u>26,214,339</u>

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

Operating revenues	\$ 3,172,798	2,940,361
Operating expenses	<u>2,249,806</u>	<u>2,256,123</u>
Net operating income (loss)	922,992	684,238
Nonoperating revenues (expenses)	<u>(495,840)</u>	<u>2,484,730</u>
Income (loss) before other revenues (expenses) and transfers	427,152	3,168,968
Other revenues (expenses) and transfers	<u>2,423,708</u>	<u>1,000,000</u>
Change in net assets	2,850,860	4,168,968
Net assets, beginning of year	<u>26,214,339</u>	<u>22,045,371</u>
Net assets, end of year	<u>\$ 29,065,199</u>	<u>26,214,339</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ 1,509,770	3,340,359
Net cash flows provided (used) by investing activities	4,164,029	4,246,646
Net cash flows provided (used) in capital and related financing activities	<u>(10,649,884)</u>	<u>1,923,665</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,976,085)</u>	<u>9,510,670</u>
Cash and cash equivalents, beginning of year	<u>11,560,559</u>	<u>2,049,889</u>
Cash and cash equivalents, end of year	<u>\$ 6,584,474</u>	<u>11,560,559</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note CC – Segment Reporting (continued)**

**Student Health System**

<b>Condensed Statement of Net Assets</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Assets:		
Current assets	\$ 1,435,952	1,456,616
Capital assets	3,763,284	3,686,086
Other noncurrent assets	<u>286,209</u>	<u>687,313</u>
Total assets	<u>5,485,445</u>	<u>5,830,015</u>
Liabilities:		
Current liabilities	276,751	500,181
Noncurrent liabilities	<u>3,632,001</u>	<u>3,920,178</u>
Total liabilities	<u>3,908,752</u>	<u>4,420,359</u>
Net assets:		
Invested in capital assets, net of related debt	101,389	107,998
Restricted, expendable	<u>1,475,304</u>	<u>1,301,658</u>
Total net assets	<u>\$ 1,576,693</u>	<u>1,409,656</u>

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

Operating revenues	\$ 2,633,323	2,402,575
Operating expenses	<u>2,728,999</u>	<u>2,089,688</u>
Net operating income (loss)	(95,676)	312,887
Nonoperating revenues (expenses)	<u>(126,327)</u>	<u>(60,507)</u>
Income (loss) before other revenues (expenses) and transfers	(222,003)	252,380
Other revenues (expenses) and transfers	<u>389,040</u>	<u>(11,801)</u>
Change in net assets	167,037	240,579
Net assets, beginning of year	<u>1,409,656</u>	<u>1,169,077</u>
Net assets, end of year	<u>\$ 1,576,693</u>	<u>1,409,656</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ (177,934)	456,490
Net cash flows provided (used) by investing activities	41,410	3,019,353
Net cash flows provided (used) by capital and related financing activities	<u>(379,356)</u>	<u>(3,378,737)</u>
Net increase (decrease) in cash and cash equivalents	(515,880)	97,106
Cash and cash equivalents, beginning of year	<u>890,051</u>	<u>792,945</u>
Cash and cash equivalents, end of year	<u>\$ 374,171</u>	<u>890,051</u>



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note DD – Operating Expenses by Function**

Operating expenses by natural classification for the year ended June 30, 2006 are summarized as follows:

	Personnel Services	Travel	Supplies	Contractual Services	Equipment and Repairs
Operating Expenses:					
Instruction	\$ 62,849,312	1,143,763	597,166	715,167	614,566
Research	923,862	69,537	94,985	194,584	51,328
Public Service	12,640,919	4,410,460	1,244,160	1,917,843	680,727
Academic Support	15,615,531	495,399	494,192	333,787	2,092,778
Student Services	4,715,684	326,881	305,247	212,304	21,353
Institutional Support	18,391,628	325,496	426,588	326,386	185,589
Operation and Maintenance of Plant	9,263,741	86,714	230,633	443,193	5,803,430
Scholarships and Fellowships	691,893	-	-	-	-
Depreciation	-	-	-	-	-
Loan cancellations and write-offs	-	-	-	55,821	-
Auxiliary Enterprises	<u>20,710,885</u>	<u>1,587,695</u>	<u>5,632,467</u>	<u>2,157,660</u>	<u>1,644,797</u>
Total Operating Expenses	<u>\$145,803,455</u>	<u>8,445,945</u>	<u>9,025,438</u>	<u>6,356,745</u>	<u>11,094,568</u>

	Claims and Miscellaneous	Licenses, Permits & Refunds	Scholarships and Fellowships	Depreciation	Total Operating Expenses
Operating Expenses: (continued)					
Instruction	831,597	63,385	329,766	-	\$ 67,144,722
Research	51,068	7,525	35,303	-	1,428,192
Public Service	1,434,464	107,104	153,280	-	22,588,957
Academic Support	389,368	383,085	99,922	-	19,904,062
Student Services	360,895	29,750	1,595	-	5,973,709
Institutional Support	2,529,948	1,121,499	3,587	-	23,310,721
Operation and Maintenance of Plant	4,800,564	(52,220)	-	-	20,576,055
Scholarships and Fellowships	314	-	4,168,521	-	4,860,728
Depreciation	-	-	-	11,468,934	11,468,934
Loan cancellations and write-offs	323,468	(102,647)	-	-	276,642
Auxiliary Enterprises	<u>5,743,585</u>	<u>349,006</u>	<u>3,239,778</u>	-	<u>41,065,873</u>
Total Operating Expenses	<u>16,465,271</u>	<u>1,906,487</u>	<u>8,031,752</u>	<u>11,468,934</u>	<u>\$218,598,595</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2006

**Note DD – Operating Expenses by Function (continued)**

Operating expenses by natural classification for the year ended June 30, 2005 are summarized as follows:

	Personnel Services	Travel	Supplies	Contractual Services	Equipment and Repairs
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	19,719,464	1,365,418	5,222,750	1,940,757	1,423,656
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>

	Claims and Miscellaneous	Licenses, Permits & Refunds	Scholarships and Fellowships	Depreciation	Total Operating Expenses
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	421,523	299,878	69,836	-	19,401,042
Student Services	326,670	32,880	20,745	-	6,459,570
Institutional Support	3,075,477	691,817	2,630	-	23,561,674
Operation and Maintenance of Plant	4,138,244	(11,960)	232	-	16,740,161
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	5,125,726	258,287	3,163,591	-	38,219,649
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

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

## 2005-2006

### Statistical

### Section



University of Northern Iowa

Schedule 1

**HIGHER EDUCATION PRICE INDEX (HEPI)/FULL YEAR FTE**

For the Last Ten Years

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Higher Education Price Index	<b>5.983</b>	5.689	5.499	5.254	5.107	4.905	4.667	4.492	4.387	4.238
Normalized HEPI	<b>1.412</b>	1.342	1.298	1.240	1.205	1.157	1.101	1.060	1.035	1.000
Full Year FTE	<b>10,969</b>	11,351	11,477	11,959	12,186	11,947	11,804	11,589	11,577	11,541

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

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

Source: Commonfund; HEPI Index; 2005 through 2006 Updates

Source: Research Associates of Washington; HEPI Index; 1997 through 2004 Updates

University of Northern Iowa  
Schedule 2

**CHANGE IN NET ASSETS/  
NET ASSETS BY CLASSIFICATION**

For the Last Five Years

(Expressed in Thousands)

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>CHANGE IN NET ASSETS</b>					
Total Revenues - Schedule 3	\$ <b>239,105</b>	231,310	239,576	225,950	222,614
Total Expenses - Schedule 4	<b>226,703</b>	217,262	217,447	211,292	211,256
Change in Net Assets	<b>12,402</b>	14,048	22,129	14,658	11,358
Net Assets - July 1	<b>233,162</b>	219,114	196,985	182,327	170,969
Net Assets - June 30	<b>\$ 245,564</b>	233,162	219,114	196,985	182,327
<b>NET ASSETS BY CLASSIFICATION</b>					
Invested in capital assets, net of related debt	\$ <b>158,553</b>	145,911	136,015	136,364	119,586
Restricted					
Nonexpendable					
Scholarships and fellowships	<b>615</b>	615	615	615	615
Expendable					
Scholarships and fellowships	<b>371</b>	338	319	416	230
Loans	<b>2,962</b>	2,940	2,834	2,622	2,527
Capital projects	<b>17,828</b>	23,682	15,670	3,783	6,010
Debt service	<b>27,548</b>	20,389	23,683	16,832	14,327
Other	<b>635</b>	740	1,224	919	696
Unrestricted	<b>37,052</b>	38,547	38,754	35,434	38,336
<b>Net Assets - June 30</b>	<b>\$ 245,564</b>	233,162	219,114	196,985	182,327

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

	2006	2005	2004	2003	2002
<b>OPERATING</b>					
Gross Tuition & Fees	\$ 65,855	65,569	62,130	54,886	47,695
Less: Scholarship Allowance	13,351	13,689	13,052	12,054	10,361
Net Tuition & Fees	52,504	51,880	49,078	42,832	37,334
Receipts from other entities	100	83	991	852	2,823
Grants and contracts	29,100	30,744	29,123	27,839	28,150
Sales, rents and services	8,476	7,313	6,822	6,519	5,351
Miscellaneous	772	785	2,280	2,176	811
Auxiliary enterprises	41,967	38,524	36,857	36,928	34,577
Total Operating Income	132,919	129,329	125,151	117,146	109,046
<b>NONOPERATING</b>					
State appropriations	83,585	79,128	79,256	83,107	85,103
Investment income	2,433	1,888	869	2,847	1,775
Gifts, grants and contracts	2,303	2,386	2,213	1,492	2,782
Other revenue	-	-	-	-	6,881 *
Total Nonoperating Revenue	88,321	83,402	82,338	87,446	96,541
<b>CAPITAL AND OTHER REVENUES</b>					
Capital appropriations	6,188	14,307	15,440	20,412	16,542
Capital contributions and grants	4,311	4,006	15,851	946	485
Other revenue	391	266	796	-	-
Casualty reimbursement	3,170 #	-	-	-	-
Extraordinary gain on asset impairment	3,805 #	-	-	-	-
Total Capital and Other Revenue	17,865	18,579	32,087	21,358	17,027
<b>Total Revenues</b>	<b>\$ 239,105</b>	<b>231,310</b>	<b>239,576</b>	<b>225,950</b>	<b>222,614</b>
<b>Constant Dollar Revenues</b>	<b>\$ 169,338</b>	<b>172,362</b>	<b>184,573</b>	<b>182,218</b>	<b>184,742</b>
<b>Revenues per FTE (Actual)</b>	<b>\$ 21,798</b>	<b>20,378</b>	<b>20,874</b>	<b>18,894</b>	<b>18,268</b>
<b>Constant Dollar</b>					
<b>Revenues per FTE (Actual)</b>	<b>\$ 15,438</b>	<b>15,185</b>	<b>16,082</b>	<b>15,237</b>	<b>15,160</b>

# Gilchrist arson October 16, 2005.

\* 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 Five Years  
(Expressed in Thousands)

	2006	2005	2004	2003	2002
<b>OPERATING EXPENSES BY FUNCTION</b>					
Instruction	\$ 67,145	64,418	64,082	62,067	58,352
Research	1,428	2,518	2,568	2,513	2,961
Public service	22,589	22,165	19,978	18,382	20,394
Academic support	19,904	19,401	19,794	20,659	20,846
Student services	5,973	6,460	6,130	6,067	5,915
Institutional support	23,311	23,562	22,828	22,716	20,211
Operation and maintenance of plant	20,576	16,740	20,471	19,717	25,293
Scholarships and fellowships	4,861	5,454	6,415	6,563	5,922
Depreciation	11,469	12,646	12,833	12,512	12,631
Loan cancellations and write-offs	277	471	479	484	790
Auxiliary enterprises	41,066	38,220	36,486	34,275	33,383
Total Operating Expenses	<u>218,599</u>	<u>212,055</u>	<u>212,064</u>	<u>205,955</u>	<u>206,698</u>
<b>NONOPERATING EXPENSES</b>					
Interest expense	5,010	5,141	5,179	5,180	4,504
Amortization expense	91	66	107	101	54
Miscellaneous expense	3,003 *	-	97	-	-
Total Nonoperating Expenses	<u>8,104</u>	<u>5,207</u>	<u>5,383</u>	<u>5,281</u>	<u>4,558</u>
<b>CAPITAL AND OTHER EXPENSES</b>					
Other expense	-	-	-	56	-
Total Capital and Other Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>56</u>	<u>-</u>
<b>Total Expenses</b>	<u>\$ 226,703</u>	<u>217,262</u>	<u>217,447</u>	<u>211,292</u>	<u>211,256</u>
<b>Constant Dollar Expenses</b>	\$ 160,555	161,894	167,525	170,397	175,316
<b>Expenses per FTE (Actual)</b>	\$ 20,668	19,140	18,946	17,668	17,336
<b>Constant Dollar</b>					
<b>Expenses per FTE (Actual)</b>	\$ 14,637	14,262	14,596	14,248	14,387

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



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)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>TUITION &amp; FEES</b>										
Total Tuition & Fees	\$ 65,855	65,569	62,130	54,886	47,695	42,963	39,829	37,447	35,485	33,398
Less: Other Funds Unrestricted	6,496	6,743	6,600	6,087	7,767	4,640	3,907	3,563	3,112	2,751
Unrestricted Scholarships & Fellowships	9,438	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489	5,209
Net Tuition & Fees	\$ 49,921	49,411	46,593	40,721	33,391	31,908	29,692	27,786	26,884	25,438
<b>Constant Dollar Net Tuition &amp; Fees</b>										
	\$ 35,355	36,819	35,896	32,840	27,710	27,578	26,968	26,213	25,971	25,438
<b>Tuition &amp; Fees per FTE Student (Actual)</b>										
	\$ 4,551	4,353	4,060	3,405	2,740	2,671	2,515	2,398	2,322	2,204
<b>Constant Dollar Tuition &amp; Fees per FTE Student (Actual)</b>										
	\$ 3,223	3,244	3,128	2,746	2,274	2,308	2,285	2,262	2,243	2,204
<b>TUITION &amp; FEES RATES</b>										
Resident Undergraduate	\$ 5,602	5,387	4,916	4,118	3,440	3,130	2,988	2,860	2,752	2,650
Non-resident Undergraduate	13,214	12,705	11,874	10,426	8,762	8,094	7,748	7,415	7,136	6,868
Resident Graduate	6,420	6,173	5,612	4,814	4,028	3,676	3,510	3,360	3,232	3,112
Non-resident Graduate	14,244	13,697	12,686	11,238	9,446	8,732	8,358	7,999	7,698	7,410
<b>FULL ROOM &amp; BOARD RATE</b>	\$ 5,519	5,261	5,018	4,640	4,398	4,149	3,914	3,624	3,444	3,272
<b>TOTAL COST OF ATTENDANCE</b>										
Resident Undergraduate	\$ 11,121	10,648	9,934	8,758	7,838	7,279	6,902	6,484	6,196	5,922
Non-resident Undergraduate	18,733	17,966	16,892	15,066	13,160	12,243	11,662	11,039	10,580	10,140
<b>CONSTANT DOLLAR TUITION &amp; FEE RATES</b>										
Resident Undergraduate	\$ 3,967	4,014	3,787	3,321	2,855	2,705	2,714	2,698	2,659	2,650
Non-resident Undergraduate	9,358	9,467	9,148	8,408	7,271	6,996	7,037	6,995	6,894	6,868
Resident Graduate	4,547	4,600	4,324	3,882	3,343	3,177	3,188	3,170	3,122	3,112
Non-resident Graduate	10,088	10,206	9,773	9,063	7,839	7,547	7,591	7,546	7,437	7,410
<b>CONSTANT DOLLAR FULL ROOM &amp; BOARD RATE</b>										
	\$ 3,909	3,920	3,866	3,742	3,650	3,586	3,555	3,419	3,327	3,272
<b>CONSTANT DOLLAR COST OF ATTENDANCE</b>										
Resident Undergraduate	\$ 7,876	7,934	7,653	7,063	6,505	6,291	6,269	6,117	5,986	5,922
Non-resident Undergraduate	13,267	13,387	13,014	12,150	10,921	10,582	10,592	10,414	10,221	10,140

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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>STATE APPROPRIATIONS</b>										
Total	\$ 83,585	79,128	79,256	83,107	85,102	96,898	93,239	88,924	84,531	80,194
Less: Non-General Funds	677	723	677	291	272	117	114	201	108	106
Tuition Replacement *	-	-	-	-	-	4,951	4,627	4,725	4,579	4,180
Net State Appropriations	\$ 82,908	78,405	78,579	82,816	84,830	91,830	88,498	83,998	79,844	75,908
<b>Constant Dollar Unrestricted State Appropriations</b>	\$ 58,717	58,424	60,539	66,787	70,398	79,369	80,380	79,243	77,132	75,908
<b>State Appropriations per FTE Student (Actual)</b>	\$ 7,558	6,907	6,847	6,925	6,961	7,686	7,497	7,248	6,897	6,577
<b>Constant Dollar State Appropriations per FTE Student (Actual)</b>	\$ 5,353	5,147	5,275	5,585	5,777	6,643	6,810	6,838	6,663	6,577
<b>CAPITAL APPROPRIATIONS</b>										
<b>Constant Dollar Restricted Capital Appropriations</b>	\$ 4,382	10,661	11,895	16,461	13,728					
<b>Capital Appropriations per FTE Student (Actual)</b>	\$ 564	1,260	1,345	1,707	1,357					
<b>Constant Dollar Capital Appropriations per FTE Student (Actual)</b>	\$ 400	939	1,036	1,376	1,127					

\*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)

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Academic Building Revenue Bonds	\$ 42,738	37,890	35,707	46,963	46,326	44,308	46,964	49,633	52,126	54,356
Residence System Bonds	35,655	36,935	37,960	39,570	31,140	32,250	33,045	19,790	13,555	14,275
Field House Bonds	21,640	30,340	23,325	13,760	13,990	8,585	8,795	8,995	9,200	1,265
Student Union Bonds	11,430	11,885	12,325	12,755	12,755	-	-	-	-	50
Student Health Center Bonds	3,730	3,875	3,875	-	-	-	-	-	-	-
Total Bonded Debt	\$ <u>115,193</u>	<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>
<b>Constant Dollar</b>										
Outstanding Bonded Debt	\$ 81,581	90,108	87,205	91,168	86,482	73,589	80,658	73,979	72,338	69,946
Outstanding Bonded Debt per FTE Student (Actual)	\$ 10,502	10,653	9,863	9,453	8,552	7,127	7,523	6,767	6,468	6,061
Constant Dollar Bonded Debt per FTE Student (Actual)	\$ 7,437	7,938	7,598	7,623	7,097	6,160	6,833	6,384	6,248	6,061

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

<b>Fiscal Year Ended June 30</b>	<b>Pledged General Fund Tuition</b>	<b>Maximum Debt Service</b>	<b>Actual Coverage</b>
2006	58,158	5,392	<b>10.79</b>
2005	57,836	4,772	<b>12.12</b>
2004	54,447	4,824	<b>11.29</b>
2003	47,670	4,294	<b>11.10</b>
2002	39,934	5,135	<b>7.78</b>
2001	36,506	5,200	<b>7.02</b>
2000	34,171	5,200	<b>6.57</b>
1999	32,354	5,200	<b>6.22</b>
1998	30,874	5,200	<b>5.94</b>
1997	29,196	5,200	<b>5.61</b>

**RESIDENCE SYSTEM REVENUE BONDS**

Legal coverage = 1.35 of Maximum Debt Service Requirements

<b>Fiscal Year Ended June 30</b>	<b>Gross Revenues</b>	<b>Less Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Maximum Debt Service</b>	<b>Actual Coverage</b>
2006	27,344	21,165	6,179	3,347	<b>1.85</b>
2005	24,836	20,092	4,744	3,347	<b>1.42</b>
2004	23,775	18,946	4,829	3,347	<b>1.44</b>
2003	24,158	18,491	5,667	3,347	<b>1.69</b>
2002	24,818	19,282	5,536	2,816	<b>1.97</b>
2001	24,522	18,018	6,504	2,816	<b>2.31</b>
2000	21,061	16,692	4,369	2,844	<b>1.54</b>
1999	19,162	15,290	3,872	2,005	<b>1.93</b>
1998	18,323	14,820	3,503	1,466	<b>2.39</b>
1997	17,718	14,624	3,094	1,476	<b>2.10</b>

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	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2006	3,577	1,701	1,876	2,903	1,450	855	2,305	2.07
2005	3,162	1,567	1,595	2,423	1,320	956	2,276	1.76
2004	2,782	1,449	1,333	3,788	450	730	1,180	4.34
2003	3,062	1,661	1,401	2,229	435	643	1,078	3.37
2002	2,675	1,680	995	3,521	230	554	784	5.76
2001	2,731	1,357	1,374	4,068	220	425	645	8.44
2000	2,147	931	1,216	5,398	210	434	644	10.27
1999	1,974	842	1,132	1,471	200	443	643	4.05
1998	2,419	885	1,534	3,991	155	449	604	9.15
1997	1,680	1,077	603	3,117	105	89	194	19.18

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

**STUDENT UNION REVENUE BONDS**

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2006	2,357	1,121	1,236	1,991	465	523	988	3.26
2005	2,299	1,236	1,063	1,799	455	537	992	2.89
2004	2,067	1,019	1,048	2,243	440	548	988	3.33
2003	2,510	968	1,542	2,794	430	555	985	4.40
2002	2,258	988	1,270	2,631	-	139	139	28.06

**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	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2006	3,069	2,493	576	986	145	139	284	5.50
2005	2,489	1,838	651	1,166	145	144	289	6.30

University of Northern Iowa  
 Schedule 9

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

For the Last Ten Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Total Personal Income (expressed in millions)	\$ 95,858	90,289	85,506	83,051	79,753	78,200	73,500	68,473	65,896	63,597
Population (expressed in thousands)	2,966	2,954	2,944	2,937	2,923	2,926	2,869	2,862	2,852	2,848
Per Capita Personal Income (expressed in dollars)	\$ 32,315	30,560	29,043	28,240	27,283	26,723	25,615	23,925	23,102	22,330
Unemployment Percentage	4.6%	4.5%	4.5%	4.0%	3.3%	2.6%	2.6%	2.8%	3.3%	3.8%
<b>Constant Dollar</b>										
Per Capita Personal Income	\$ 22,886	22,772	22,375	22,774	22,641	23,097	23,265	22,571	22,317	22,330
<b>Net UNI Appropriations</b> (expressed in thousands)	\$ 78,405	78,579	82,816	84,830	91,830	88,498	83,998	79,844	75,908	71,674
UNI Appropriations per Capita	\$ 26.43	26.60	28.13	28.88	31.42	30.25	29.28	27.90	26.62	25.17
<b>Constant Dollar</b>										
UNI Appropriations per Capita	\$ 18.72	19.82	21.67	23.29	26.07	26.14	26.59	26.32	25.71	25.17

University of Northern Iowa  
 Schedule 10  
**STATE OF IOWA PRINCIPAL EMPLOYERS**  
 Current Year and Nine Years Prior

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
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	Manufacturer
6	Rockwell Collins	Machinery Manufacturer
7	Fareway Stores, Inc.	Retail Food
8	Pella Corporation	Window Products
9	Maytag Corporation	Machinery Manufacturer
10	Central Iowa Health Systems	Hospital/Des Moines

Based on 2005 calendar year annual average employment.

Source: Iowa Workforce Development

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
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 Health Systems	Hospital/Des Moines
8	APAC Teleservices, Inc.	Telemarketing
9	Mercy Hospital Medical Center	Hospital/Des Moines
10	K Mart Corp.	Retail General Merchandise

Based on 1996 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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>STAFF POSITIONS (Full Time)</b>										
General Operating Fund:										
Faculty	625	618	632	649	648	671	644	641	644	655
Administrative	275	296	288	265	279	289	288	265	259	251
Library Professional	25	24	24	26	24	25	26	26	28	28
Clerical/Secretarial	155	163	191	191	212	219	221	218	206	207
Technical	16	17	17	17	19	19	15	20	20	21
Craftsmen & Custodial	124	123	141	152	161	168	178	180	175	178
Security	11	12	12	14	12	15	16	15	15	15
All Other Funds	516	515	481	520	515	484	458	407	372	373
<b>Total</b>	<b>1,747</b>	<b>1,768</b>	<b>1,786</b>	<b>1,834</b>	<b>1,870</b>	<b>1,890</b>	<b>1,846</b>	<b>1,772</b>	<b>1,719</b>	<b>1,728</b>
<b>FACULTY POSITIONS (FTE)</b>										
Total Faculty	740.4	741.6	746.3	760.0	804.9	785.9	789.6	778.4	787.4	783.5
Percent Tenured	58.6%	57.0%	56.8%	55.2%	50.7%	50.2%	49.7%	53.7%	56.1%	54.6%
Students per Faculty Member	14.8	15.3	15.3	15.6	15.0	15.1	14.7	14.7	14.4	14.3



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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>ENROLLMENT (Fall Headcount)</b>										
Undergraduate - Lower	4,433	4,363	4,619	5,112	5,425	5,495	5,306	5,132	5,093	5,238
Undergraduate - Upper	6,519	6,857	7,155	7,170	7,049	6,723	6,678	6,632	6,561	6,349
Graduate - Masters	1,112	1,100	1,173	1,163	1,174	1,144	1,133	1,154	1,081	1,004
Graduate - Advanced	449	504	494	481	422	412	436	411	373	366
<b>Total</b>	<b>12,513</b>	<b>12,824</b>	<b>13,441</b>	<b>13,926</b>	<b>14,070</b>	<b>13,774</b>	<b>13,553</b>	<b>13,329</b>	<b>13,108</b>	<b>12,957</b>
Residents	11,400	11,793	12,356	12,781	13,010	12,790	12,630	12,403	12,209	12,122
Nonresidents	1,113	1,031	1,085	1,145	1,060	984	923	926	899	835
<b>ENROLLMENT (FTE)</b>										
Full Year FTE	10,969	11,351	11,477	11,959	12,186	11,947	11,804	11,589	11,577	11,541
Fall FTE	11,016	11,006	11,424	11,879	12,081	11,868	11,628	11,415	11,309	11,209
<b>ADMISSIONS (Freshmen)</b>										
Applications	4,585	4,360	4,216	4,350	4,446	4,688	4,700	4,479	4,489	4,498
Accepted	3,572	3,422	3,360	3,518	3,554	3,786	3,851	3,776	3,707	3,781
Acceptance Ratio	77.9%	78.5%	79.7%	80.9%	79.9%	80.8%	81.9%	84.3%	82.6%	84.1%
Enrolled	1,768	1,737	1,700	1,785	1,865	2,104	2,177	2,023	1,957	2,051
Enrollment Ratio	49.5%	50.8%	50.6%	50.7%	52.5%	55.6%	56.5%	53.6%	52.8%	54.2%
Average ACT Score	23.0	22.8	22.9	22.9	22.8	22.9	23.0	23.3	23.6	23.2
Percent in Upper 30% of High School Class	57.5%	56.7%	57.3%	58.4%	57.0%	57.9%	60.2%	59.3%	59.1%	59.5%
Percent in Upper 10% of High School Class	18.2%	19.0%	19.1%	19.2%	17.7%	18.1%	19.1%	18.0%	17.5%	18.9%

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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>DEGREES GRANTED (Summary)</b>										
Baccalaureate	2,423	2,669	2,584	2,592	2,420	2,266	2,386	2,324	2,214	2,175
Masters	485	494	434	405	415	383	426	429	353	425
Specialists	7	3	11	9	4	3	10	6	2	3
Doctorates	18	10	10	12	12	13	8	7	10	10
<b>Total</b>	<b>2,933</b>	<b>3,176</b>	<b>3,039</b>	<b>3,018</b>	<b>2,851</b>	<b>2,665</b>	<b>2,830</b>	<b>2,766</b>	<b>2,579</b>	<b>2,613</b>
<b>DEGREES GRANTED (Detail)</b>										
Doctor of Industrial Technology	3	1	2	2	5	11	2	2	2	6
Doctor of Education	15	9	8	10	7	2	6	5	8	4
Specialist in Education	7	3	11	9	4	3	10	6	2	3
Masters of Arts in Education	103	147	127	114	107	92	127	121	126	125
Master of Arts	237	206	198	215	217	211	244	242	172	253
Master of Business Administration	62	52	21	5	36	55	35	37	33	27
Master of Music	12	19	11	12	11	6	5	13	6	7
Master of Public Policy	5	6	11	8	10	1	3	7	7	5
Master of Science	20	21	13	17	16	18	12	9	9	8
Master of Accounting	19	13	23	7	2	-	-	-	-	-
Master of Social Work	27	30	30	27	16	-	-	-	-	-
Bachelor of Arts	2,272	2,514	2,463	2,449	2,307	2,144	2,254	2,227	2,111	2,066
Bachelor of Fine Arts	15	9	8	7	8	5	8	2	4	3
Bachelor of Music	19	22	23	24	22	20	28	17	21	26
Bachelor of Science	93	90	74	84	71	76	77	62	65	54
Bachelor of Technology	-	-	-	1	-	2	4	5	3	16
Bachelor of Liberal Studies	24	34	16	27	12	19	15	11	10	10
<b>Total</b>	<b>2,933</b>	<b>3,176</b>	<b>3,039</b>	<b>3,018</b>	<b>2,851</b>	<b>2,665</b>	<b>2,830</b>	<b>2,766</b>	<b>2,579</b>	<b>2,613</b>

University of Northern Iowa  
 Schedule 14  
***COST PER FULL TIME EQUIVALENT (FTE) STUDENT***  
 For the Last Ten Years  
 (Expressed in Thousands)

	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
General Educational Fund Expenditures	\$ <b>132,257</b>	128,373	125,409	122,788	117,744	123,427	119,070	114,034	106,428	101,958
Less Separately Budgeted Expenditures:										
Research	<b>487</b>	499	480	471	650	839	918	892	795	786
Public Service	<b>1,611</b>	2,207	1,834	1,449	2,582	2,725	2,572	2,888	2,370	2,300
Scholarships/Fellowships	<b>9,438</b>	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489	5,209
General Educational Fund Instructional Expenditures	\$ <b>120,721</b>	116,252	114,158	112,790	107,975	113,448	109,350	104,156	97,774	93,663
<b>Cost per FTE Student (Actual)</b>	\$ <b>11,006</b>	10,242	9,947	9,431	8,861	9,496	9,264	8,987	8,446	8,116
<b>Constant Dollar Cost per FTE Student (Actual)</b>	\$ <b>7,794</b>	7,632	7,663	7,606	7,353	8,207	8,414	8,479	8,159	8,116

University of Northern Iowa  
 Schedule 15

**SCHOLARSHIPS & FELLOWSHIPS PER FULL TIME EQUIVALENT (FTE) STUDENT**

For the Last Ten Years  
 (Expressed in Thousands)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>SCHOLARSHIPS &amp; FELLOWSHIPS</b>										
Unrestricted	\$ 9,438	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489	5,209
Restricted	8,774	9,728	10,545	10,539	9,746	8,211	7,766	7,614	6,959	6,136
Total	\$ 18,212	19,143	19,482	18,617	16,283	14,626	13,996	13,712	12,448	11,345

**CONSTANT DOLLAR SCHOLARSHIPS & FELLOWSHIPS**

Unrestricted	\$ 6,684	7,016	6,885	6,515	5,425	5,545	5,658	5,753	5,303	5,209
Restricted	6,214	7,249	8,124	8,499	8,088	7,097	7,054	7,183	6,723	6,136
Total	\$ 12,898	14,265	15,009	15,014	13,513	12,642	12,712	12,936	12,026	11,345

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

Unrestricted	\$ 860	829	779	675	536	537	528	526	474	451
Restricted	800	857	919	881	800	687	658	657	601	532
Total	\$ 1,660	1,686	1,698	1,556	1,336	1,224	1,186	1,183	1,075	983

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

Unrestricted	\$ 609	618	600	544	445	464	480	496	458	451
Restricted	567	639	708	710	664	594	598	620	581	532
Total	\$ 1,176	1,257	1,308	1,254	1,109	1,058	1,078	1,116	1,039	983

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

	2006	2005	2004	2003	2002
Land	\$ 4,235	4,235	4,235	4,203	3,935
Construction in Progress	24,979	34,727	23,534	31,709	6,673
Capital Assets Not Depreciated	<u>29,214</u>	<u>38,962</u>	<u>27,769</u>	<u>35,912</u>	<u>10,608</u>
Land Improvements	12,233	12,132	11,132	11,861	11,745
Infrastructure	27,040	14,070	13,455	13,456	13,456
Buildings	292,846	273,898	263,732	237,998	237,279
Equipment	37,655	50,222	48,672	46,902	45,163
Library Materials	32,158	31,165	30,289	28,801	27,651
Capital Assets Depreciated	<u>401,932</u>	<u>381,487</u>	<u>367,280</u>	<u>339,018</u>	<u>335,294</u>
Total Capital Assets	<u>431,146</u>	<u>420,449</u>	<u>395,049</u>	<u>374,930</u>	<u>345,902</u>
Less: Accumulated Depreciation	<u>168,232</u>	<u>169,102</u>	<u>158,890</u>	<u>147,984</u>	<u>136,795</u>
Net Book Value	<u>\$ 262,914</u>	<u>251,347</u>	<u>236,159</u>	<u>226,946</u>	<u>209,107</u>

**ACCUMULATED DEPRECIATION**

Land Improvements	\$ 5,992	5,551	5,379	4,999	4,607
Infrastructure	7,159	6,712	6,295	5,886	5,478
Buildings	102,524	96,216	89,662	83,363	77,636
Equipment	27,451	36,807	35,066	32,611	29,384
Library Materials	25,106	23,816	22,488	21,125	19,690
Total Accumulated Depreciation	<u>\$ 168,232</u>	<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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Undergraduate - Lower	4,246	4,260	4,264	4,253	4,217	4,154	4,092	4,074	4,087	4,116
Undergraduate - Upper	6,168	6,164	6,197	6,219	6,225	6,219	6,190	6,135	6,076	6,050
Unclassified - Special	229	221	216	213	211	210	209	208	208	208
Graduate	1,522	1,496	1,477	1,463	1,452	1,444	1,438	1,434	1,431	1,429
<b>Total</b>	<b>12,165</b>	<b>12,141</b>	<b>12,154</b>	<b>12,148</b>	<b>12,105</b>	<b>12,027</b>	<b>11,929</b>	<b>11,851</b>	<b>11,802</b>	<b>11,803</b>

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

## **Acknowledgements**

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

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

**Additional Assistance Provided by  
Office of University Marketing and Public Relations**

**Mary Taylor**, Publications Coordinator  
**Beth LaVelle**, Art Director

**Printed by  
UNI Print Services**

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

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



**University of  
Northern  
Iowa**

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