



# University of Northern Iowa

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

An enterprise fund of the  
State of Iowa

## 2006-2007 Comprehensive Annual Financial Report

For the years ended  
June 30, 2007 and 2006



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# University of Northern Iowa

A public university  
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## 2006-2007

### Introductory

### Section





December 13, 2007

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, 2007. 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.

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 131 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 12,609 students and 1,730 full-time faculty and staff. 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 54 percent ranking in the top 30 percent.

The University of Northern Iowa is dedicated to providing a personalized learning environment, founded on a strong liberal arts curriculum. It is committed to being an intellectually and culturally diverse community. The University focuses both on undergraduate education, and on selected master's, doctoral and other graduate programs. It is characterized by excellence in three areas: teaching and learning; research, scholarship, and creative work; and service. Through its varied endeavors, UNI shares its expertise with, and provides service to, individuals, communities, and organizations throughout the state, the nation, and the world. Building on its traditional strength in teacher education, the University of Northern Iowa offers nationally recognized programs in its colleges of Business Administration, Education, Humanities 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.

## ECONOMIC CONDITION AND OUTLOOK

### State and Local Economy

**Introduction.** Iowa's economy is supported by a diverse mix of agricultural, manufacturing, trade, service, and governmental employment. During the past ten years, finance and insurance has become a more significant percent of the state gross domestic product, while agriculture has become a less significant percent. In 1997, the largest industries in the Iowa gross domestic product were manufacturing (22.6%), wholesale and retail trade (13.3%), government (11.3%), and finance and insurance (8.0%). Agriculture accounted for 6.5 percent. In 2006, the largest industries in the Iowa domestic product were manufacturing (21.0%), wholesale and retail trade (11.9%), finance and insurance (12.1%), and government (11.5%). Agriculture accounted for just 3.3 percent of the Iowa gross domestic product.

The agricultural sector remained relatively stable during the last six years. Approximately 88 percent of the land in the state is in farms. The Iowa Department of Agriculture and Land Stewardship reported Iowa led the nation in the production of pork, corn, soybeans, and eggs in 2006. Iowa's total cash receipts for farm commodities totaled \$14.8 billion in 2006. The state produces 19 percent of the nation's corn for grain and about 16 percent of the nation's soybeans. Iowa currently produces over 1.2 billion gallons of ethanol annually. Seven additional ethanol plants are currently under construction in the state, which will increase production by 480 million gallons per year.

**Farmland Values.** The dollar value of Iowa farmland continues to rise. According to The Agricultural Newsletter published by the Federal Reserve Bank of Chicago, the annual percentage change in the dollar value of "good" Iowa farmland was 18 percent in 2006-07, 8 percent in 2005-06, 11 percent in 2004-05, 12 percent in 2003-04, and 7 percent in 2002-03.

**Personal Income and Per-Capita Personal Income.** According to the October 2007 outlook prepared by the University of Iowa Institute for Economic Research, personal income in Iowa will grow by 6.3% in 2007 and 4.8% in 2008. According to the Bureau of Economic Analysis, Iowa's personal income, seasonally adjusted, grew at the rate of 0.5%, 1.5%, 2.9%, and 1.0%, respectively, during the four quarters of the 2006-07 fiscal year. The growth is similar to the nation as a whole, with personal income growth of 1.0%, 1.5%, 2.5%, and 1.2%, respectively. In 2006, Iowa's average per-capita income, as reported by BEA, was \$33,236. The average per-capita income in the nation was \$36,276.

**Employment.** Over the past ten 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 3.8% in June 2007 compared with 3.7% in June 2006, 4.4% in June 2005, 4.7% in June 2004, 4.4% in June 2003, and 3.9% in June 2002. In June 2007, there were 1,598,980 employed Iowans compared with 1,603,462 in June 2006. Iowa has a greater percentage of the labor force employed compared to the nation as a whole and also has a larger percentage of its population actively participating in the labor force. While Iowa's personal income lags that of the nation, its high levels of employment help maintain median household income at levels only slightly below the national average. According to the U.S. Census Bureau, Iowa median household income was \$43,609 in 2005. The national median household income was reported as \$46,242.

**Exports.** According to the Foreign Trade Division of the U.S. Department of Census, Iowa's export shipments of merchandise in 2006 totaled \$8.4 billion. Iowa's export shipments grew 77 percent from 2002 to 2006, the tenth largest percentage gain in the nation, and well above the national percentage growth of 50 percent. Iowa exported globally to 186 foreign destinations in 2006. In 2006, Iowa exported merchandise valued at \$3.1 billion to Canada, \$1.3 billion to Mexico, \$656 million to Japan, \$396 million to Germany, and \$245 million to the United Kingdom. Other top markets included China, France, Australia, South Korea, and Russia. Iowa's leading export category was machinery manufactures. Other top manufactured exports were processed foods, chemical manufactures, and primary metal manufactures.

**Gross Domestic Product.** According to the Bureau of Economic Analysis, the growth rate in Iowa's gross domestic product was 37.5% between 2000 and 2006. Iowa's gross domestic product was \$124 billion in 2006, which reflected 5.4% growth over the previous year. The largest industries in the Iowa gross domestic product were manufacturing (21.0%), wholesale and retail trade (11.9%), and finance and insurance (12.1%). Agriculture accounted for just 3.3% of Iowa's gross domestic product.

**Nonagricultural Economy.** Over the past 15 years, significant changes have occurred in the mix of nonfarm wage and salary employment. While payroll jobs in Iowa grew by 20.8 percent, jobs in the business services sector grew by 63.3 percent, and the financial services sector grew by 41.6 percent. Manufacturing jobs, however, increased by only 4.9 percent.

## **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.

Within the context of the strategic plan, President Allen has set forth three goals for the University:

1. Be recognized as the premier undergraduate educational institution in the state.
2. Be recognized as a national leader on pre-K through 12 education issues.
3. Be recognized as a key player in Iowa's cultural and economic development.

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 Controls.** Management of the University is responsible for establishing and maintaining a system of internal controls. In fulfilling this responsibility, estimates and judgments are routinely made to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal control is to provide reasonable, but not absolute, assurance 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.

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

**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 \$8.0 million during the year. Academic Building revenue bonds were issued to complete the renovation of the 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 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; the Board of Regents, State of Iowa; and the Auditor of State.

**Certificate of Achievement.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to the University of Northern Iowa for its Comprehensive Annual Financial Report for the year ended June 30, 2006. 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.

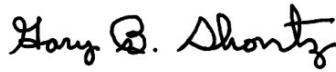
In order to be awarded a Certificate of Achievement, a University must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the fifteenth 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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# **The Governing Board**

## **2006-07**

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  
David W. Miles, President Pro Tem  
Gary W. Steinke, Executive Director

#### **Members of the Board (As of June 30, 2007)**

	<u>Term Expires</u>
Jenny L. Connolly, Cedar Falls	April 30, 2009
Robert N. Downer, Iowa City	April 30, 2009
Ruth R. Harkin, Cumming	April 30, 2009
Bonnie J. Campbell, Des Moines	April 30, 2011
Michael G. Gartner, Des Moines	April 30, 2011
Rose Vasquez, Des Moines	April 30, 2011
Jack B. Evans, Cedar Rapids	April 30, 2013
Craig A. Lang, West Des Moines	April 30, 2013
David W. Miles, West Des Moines	April 30, 2013

#### **Officers of the University (As of June 30, 2007)**

##### **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.

##### **Interim Vice President for Educational and Student Services**

Janice M. Hanish, B.A., M.A., Ph. D.

##### **Controller, University Secretary and Treasurer**

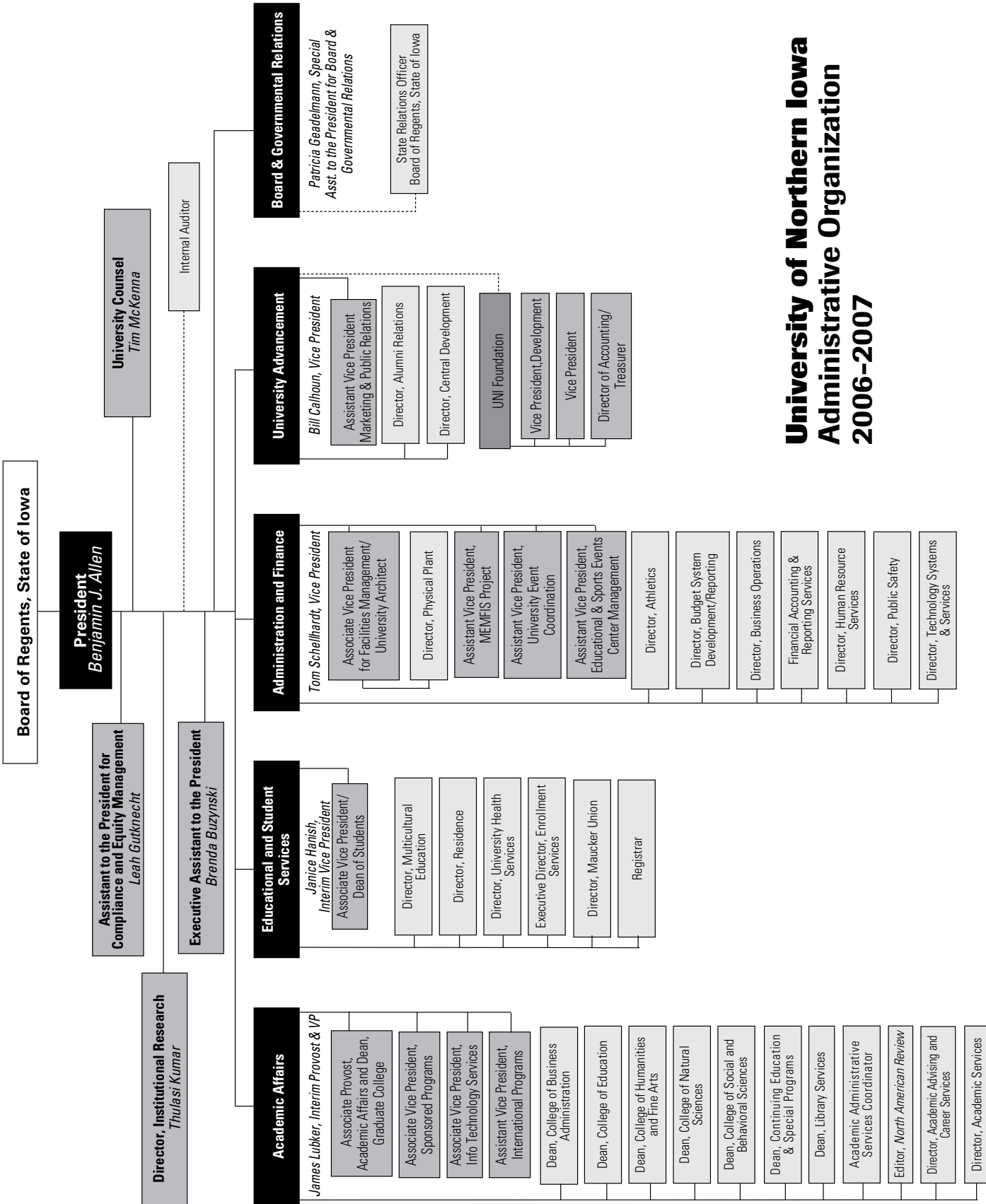
Gary B. Shontz, B.B.A., M.A.E., Ed. S.

##### **Vice President for University Advancement**

William D. Calhoun, Jr., B.A., M.A.

##### **Special Assistant to the President for Board and Governmental Relations**

Patricia L. Geadelmann, B.A., M.A., Ed. D.



# University of Northern Iowa Administrative Organization 2006-2007



# University of Northern Iowa

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

## 2006-2007

## Financial Statements





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, 2007 and 2006. 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.

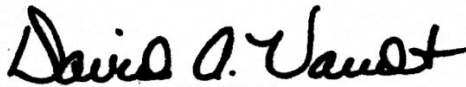
As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position and the changes in financial position and cash flows of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions 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, 2007 and 2006, and the changes in its financial position and its cash flows for the years ended June 30, 2007 and 2006 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, 2007 and 2006, 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

December 7, 2007

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

### Years Ended 2007 and 2006

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, 2007 and 2006. 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 2007 Session of the Iowa General Assembly provided General Educational Fund appropriations to the University totaling \$93,783,372 for F2008. This is a 10.4 percent increase over F2007 appropriations totaling \$84,987,104.
- On October 16, 2005, an arsonist started a fire in Gilchrist Hall that resulted in soot damage to the entire building. A \$7,265,605 renovation project is underway with completion scheduled for July 2008.
- The 2007 Session of the Iowa General Assembly authorized the sale of Academic Building Revenue Bonds. University of Northern Iowa projects to be funded from the bonding authority include Electrical Distribution Loop System Phase II (\$5,800,000), Deferred Maintenance (\$4,037,831), and Sabin Hall Renovation (\$11,100,000).
- The Board of Regents, State of Iowa, issued \$8.0 million of Academic Building Revenue Bonds in March 2007 to complete the renovation of science buildings and Russell Hall.
- The Business and Community Services Building was completed and occupied in Spring 2007.
- The Physics Building was renovated and brought back on line in Fall 2007 as Begeman Hall.
- The McLeod Center was completed in November 2006. The University of Northern Iowa Foundation committed a total of \$21,725,000 to the project.
- The University's Fall 2007 headcount was 12,609 students, an increase of 349 students from Fall 2006.
- The Foundation had a strong financial year, raising \$19.7 million of public support and revenue. It provided revenues of \$8.2 million to the University during the year. Net assets of the Foundation increased from \$73.6 million to \$77.8 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, 2006. The Certificate has been received fifteen 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 2007 and 2006

**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><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
Current and other assets	\$148,334,659	136,582,615	142,066,737
Capital assets	<u>285,165,102</u>	<u>262,913,627</u>	<u>251,346,933</u>
Total assets	<u>433,499,761</u>	<u>399,496,242</u>	<u>393,413,670</u>
Current liabilities	33,049,203	30,454,397	42,589,730
Noncurrent liabilities	<u>127,243,060</u>	<u>123,477,634</u>	<u>117,661,616</u>
Total liabilities	<u>160,292,263</u>	<u>153,932,031</u>	<u>160,251,346</u>
Net assets:			
Invested in capital assets, net of related debt	180,719,681	158,552,531	145,910,769
Restricted	39,671,611	49,960,179	48,704,236
Unrestricted	<u>52,816,206</u>	<u>37,051,501</u>	<u>38,547,319</u>
Total net assets	<u>\$273,207,498</u>	<u>245,564,211</u>	<u>233,162,324</u>

The largest portion of the University's net assets (66.2 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 (14.5 percent) includes resources subject to external restrictions. The remaining net assets (19.3 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 \$12.4 million from 2005 to 2006 and by \$27.6 million from 2006 to 2007. Increases in total net assets, then, were 5.3 percent from 2005 to 2006 and 11.3 percent from 2006 to 2007.



**UNIVERSITY OF NORTHERN IOWA**  
Management's Discussion and Analysis  
Years Ended 2007 and 2006

<b>Foundation</b>			
<b>The Combined Statements of Financial Position</b>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current assets	\$24,888,382	25,448,578	33,263,323
Noncurrent assets	<u>63,942,195</u>	<u>58,052,514</u>	<u>52,950,518</u>
Total assets	<u>88,830,577</u>	<u>83,501,092</u>	<u>86,213,841</u>
Current liabilities	2,924,751	3,882,468	11,505,834
Noncurrent liabilities	<u>8,090,245</u>	<u>6,016,907</u>	<u>8,933,605</u>
Total liabilities	<u>11,014,996</u>	<u>9,899,375</u>	<u>20,439,439</u>
Net assets:			
Unrestricted	6,726,278	5,850,255	5,881,590
Temporarily restricted	35,403,913	34,714,553	29,249,298
Permanently restricted	<u>35,685,390</u>	<u>33,036,909</u>	<u>30,643,514</u>
Total net assets	<u>\$77,815,581</u>	<u>73,601,717</u>	<u>65,774,402</u>

The largest portion of the Foundation's net assets (91.4 percent) is donor restricted. The unrestricted portion of the Foundation's net assets (8.6 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 \$7.8 million from 2005 to 2006 and increased by \$4.2 million from 2006 to 2007. Total liabilities of the Foundation decreased by \$10.5 million from 2005 to 2006 and increased by \$1.1 million from 2006 to 2007. The decrease in liabilities from 2005 to 2006 was the result of remitting McLeod Center gift income to the University. The increase in total liabilities from 2006 to 2007 was the result of funding contracts with the Board of Regents to provide \$2.5 million to the University for construction of the Human Performance Complex and \$2.0 million for the renovation of Russell Hall.

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 2007 and 2006

<b>University</b>			
<b>The Statement of Revenues, Expenses, and</b>			
<b>Changes in Net Assets</b>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Operating revenue:</b>			
Tuition and fees	\$ 56,430,682	52,504,556	51,880,396
Receipts from other entities	86,580	100,477	82,965
Grants and contracts	30,862,654	29,099,979	30,743,893
Sales, rents and services	6,191,782	8,475,634	7,313,541
Miscellaneous	805,056	771,949	784,868
Auxiliary	<u>47,559,182</u>	<u>41,966,903</u>	<u>38,523,713</u>
Total operating revenue	<u>141,935,936</u>	<u>132,919,498</u>	<u>129,329,376</u>
<b>Operating expenses:</b>			
Instruction	68,768,086	67,144,722	64,417,699
Research	3,232,126	1,428,192	2,518,265
Public service	23,487,990	22,588,957	22,165,366
Academic support	19,770,673	19,904,061	19,401,042
Student services	6,277,839	5,973,711	6,459,570
Institutional support	19,162,659	23,310,720	23,561,674
Operation and maintenance of plant	20,686,896	20,576,055	16,740,161
Scholarships and fellowships	4,495,486	4,860,728	5,454,063
Depreciation	12,517,313	11,468,934	12,646,438
Loan cancellations and write-offs	278,590	276,642	471,003
Auxiliary enterprises	<u>43,779,370</u>	<u>41,065,873</u>	<u>38,219,649</u>
Total operating expenses	<u>222,457,028</u>	<u>218,598,595</u>	<u>212,054,930</u>
Operating loss	<u>(80,521,092)</u>	<u>(85,679,097)</u>	<u>(82,725,554)</u>
<b>Nonoperating revenues (expenses)</b>			
State appropriations	86,531,082	83,585,131	79,128,080
Investment income	4,305,462	2,303,132	1,887,657
Gifts, grants and contracts	2,954,052	2,432,621	2,385,758
Interest expense	(5,014,486)	(5,009,671)	(5,140,767)
Loss on disposal of capital assets	-	(3,001,533)	-
Amortization and misc. expense	<u>(191,776)</u>	<u>(93,371)</u>	<u>( 65,720)</u>
Net nonoperating revenues	<u>88,584,334</u>	<u>80,216,309</u>	<u>78,195,008</u>
Income/(Loss) before other revenues	8,063,242	(5,462,788)	(4,530,546)
State appropriations – capital projects	8,650,293	6,187,924	14,307,549
Capital contributions and grants	9,988,308	4,310,655	4,005,674
Casualty reimbursement	-	3,170,000	-
Extraordinary gain on asset impairment	-	3,804,941	-
Other revenue (expense)	<u>941,444</u>	<u>391,155</u>	<u>265,251</u>
Change in net assets	27,643,287	12,401,887	14,047,928
Net assets, beginning of year	<u>245,564,211</u>	<u>233,162,324</u>	<u>219,114,396</u>
Net assets, end of year	<u>\$273,207,498</u>	<u>245,564,211</u>	<u>233,162,324</u>

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

### Years Ended 2007 and 2006

The Statement of Revenues, Expenses, and Changes in Net Assets reflects three positive years. Net assets increased by \$12.4 million from 2005 to 2006 and by \$27.6 million from 2006 to 2007.

Operating revenue totaled \$141.9 million in 2007, \$132.9 million in 2006, and \$129.3 million in 2005. The increase from 2005 to 2006 was \$3.6 million and from 2006 to 2007 it was \$9.0 million. Net nonoperating revenue totaled \$88.6 million in 2007, \$80.2 million in 2006, and \$78.2 million in 2005. There was a \$2.0 million increase from 2005 to 2006 and a \$8.4 million increase from 2006 to 2007. Changes in operating and nonoperating revenue from 2006 to 2007 follow:

- Tuition and fee income, net of scholarship allowances, increased \$3.9 million, or 7.5 percent. The net revenue earned from a 9.1 percent increase in tuition, student fees, and an energy surcharge was partially offset by a 2.0 percent decrease in enrollment.
- Operating grants and contracts revenue increased by \$1.8 million, or 6.1 percent. Funds can only be drawn as expenses are incurred and, accordingly, vary from year to year. Grants and contracts revenue has been stable and it has ranged from \$29.1 million to \$30.8 million over the past four years.
- Auxiliary Enterprise revenue increased \$5.6 million, or 13.3 percent, largely due to increased revenues from the Residence System.
- State appropriations for operations increased \$2.9 million, or 3.5 percent.
- Investment income increased by \$2.0 million, or 86.9 percent, due to unspent bond proceeds, an increase in the targeted federal funds rate and interest rates on Treasury and Agency securities, and stronger endowment returns.
- Capital appropriations increased \$2.5 million, or 39.8 percent, largely due to Battelle infrastructure funding.
- Capital contributions and grants increased \$5.7 million, or 131.7 percent. This was due to funding commitments from the UNI Foundation for the Human Performance Center and Russell Hall Renovation and grant funding for the Business and Community Services Building.

Other revenues increased from \$17.9 million in 2006 to \$19.6 million in 2007, an increase of \$1.7 million, or 9.6 percent. State appropriations for capital projects increased from \$6.2 million to \$8.7 million. In lieu of making capital appropriations for Fiscal 2007, the General Assembly granted permission to sell Academic Building Revenue Bonds.

Other revenues included two one-time items related to the Gilchrist Hall fire totaling \$7.0 million in 2006. In 2007, capital appropriations increased \$2.5 million, capital contributions and grants increased \$5.7 million, and other revenue increased \$0.6 million.

Operating expenses totaled \$222.5 million in 2007, \$218.6 million in 2006, and \$212.1 million in 2005. Increases in operating expenses, then, were 3.1 percent from 2005 to 2006 and 1.8 percent from 2006 to 2007. Changes in operating expenses by object from 2006 to 2007 follow:

- Expenditures for personnel services increased \$2.6 million, or 1.8 percent. A salary and fringe benefit increase in the amount of \$4.4 million was partially offset by a \$1.8 million fringe benefit dividend that was recorded as negative fringe benefit expense.
- Expenditures for supplies increased by \$1.1 million, or 12.0 percent. The change in capitalization level caused items that previously would have been capitalized to be expensed in 2007.
- Expenditures for equipment and repairs increased \$0.6 million, or 5.4 percent, largely due to purchasing equipment with Battelle appropriations.
- Depreciation expense increased by \$1.0 million, or 9.1 percent, due to placing new and renovated buildings in service.

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. Recurring nonoperating expenses totaled \$5.2 million in 2007 and \$5.1 million in 2006.

**UNIVERSITY OF NORTHERN IOWA**  
Management's Discussion and Analysis  
Years Ended 2007 and 2006

<b>Foundation</b>			
<b>The Combined Statements of Activities</b>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Public support and revenue:			
Gifts and contributions	\$ 8,682,789	8,612,375	9,602,331
Investment income	10,890,653	7,926,190	5,337,864
Other operating revenues	99,641	74,134	124,876
Total public support and revenue	<u>19,673,083</u>	<u>16,612,699</u>	<u>15,065,071</u>
Expenses	<u>15,459,219</u>	<u>8,785,384</u>	<u>10,799,768</u>
Change in net assets	4,213,864	7,827,315	4,265,303
Net assets, beginning of year	<u>73,601,717</u>	<u>65,774,402</u>	<u>61,509,099</u>
Net assets, end of year	<u>\$77,815,581</u>	<u>73,601,717</u>	<u>65,774,402</u>

Foundation public support and revenue was \$19.7 million in 2007, \$16.6 million in 2006, and \$15.1 million in 2005, an increase of 10.3 percent from 2005 to 2006 and an increase of 18.4 percent from 2006 to 2007. Investment income was \$10.9 million in 2007, \$7.9 million in 2006, and \$5.3 million in 2005. The increase from 2006 to 2007 is largely due to the asset allocation and to strong equity earnings. Gifts and contributions were \$8.7 million in 2007, \$8.6 million in 2006, and \$9.6 million in 2005. Expenses were \$15.5 million in 2007, \$8.8 million in 2006, and \$10.8 million in 2005. The increase from 2006 to 2007 was due to increased expenses for scholarships, designated projects, and capital projects.

The Foundation provided revenues to the University in the amount of \$8.2 million in 2007, \$4.0 million in 2006 and \$5.5 million in 2005. The increase is due to recording funding contracts to provide \$2.5 to the University for construction of the Human Performance Complex and \$2.0 million for the renovation of Russell Hall. Contributions restricted for permanent investment in the Foundation's endowment were \$2.5 million in 2007, \$1.9 million in 2006 and \$1.3 million in 2005.

**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 and related financing, and investing activities.

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

Years Ended 2007 and 2006

<b>University</b>			
<b>The Statement of Cash Flows</b>			
	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
Cash provided (used) by:			
Operating activities	\$(68,760,527)	(74,777,231)	(69,216,060)
Noncapital financing activities	88,223,758	87,569,200	80,806,400
Capital and related financing activities	(6,261,939)	(17,592,550)	(8,534,619)
Investing activities	<u>2,594,956</u>	<u>(11,024,071)</u>	<u>10,942,939</u>
Net increase (decrease) in cash and cash equivalents	15,796,248	(15,824,652)	13,998,660
Cash and cash equivalents, beginning of year	<u>7,209,365</u>	<u>23,034,017</u>	<u>9,035,357</u>
Cash and cash equivalents, end of year	<u>\$ 23,005,613</u>	<u>7,209,365</u>	<u>23,034,017</u>

The largest sources of University cash are provided for operating activities. Cash provided for operating activities includes revenues from tuition and fees (\$56.0 million), grants and contracts (\$32.6 million), and auxiliary enterprise receipts (\$47.4 million). The largest uses of cash for operating activities includes payments for salaries and benefits (\$128.2 million), payments for goods and services (\$17.4 million), and auxiliary enterprise payments (\$43.8 million). Cash provided by noncapital financing activities includes state appropriations (\$85.7 million). Cash provided by capital and related financing activities represents capital appropriations (\$11.0 million), capital gifts and grants (\$14.4 million), and the proceeds from revenue bonds and capital leases (\$10.9 million). Cash used by capital and related financing activities includes the acquisition of capital assets (\$34.4 million) and principal and interest payments on debt (\$12.2 million). Cash provided by investing activities was \$2.6 million.

### Capital Assets

At June 30, 2007, the University had \$285.2 million invested in capital assets, net of accumulated depreciation of \$178.5 million. Depreciation charges totaled \$12.5 million for the 2007 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>			
	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
Land	\$ 4,304,880	4,235,050	4,235,050
Construction in progress	<u>19,460,622</u>	<u>24,979,450</u>	<u>34,727,023</u>
Capital assets not depreciated	<u>23,765,502</u>	<u>29,214,500</u>	<u>38,962,073</u>
Land improvements	5,837,303	6,240,237	6,581,187
Infrastructure	19,141,579	19,881,199	7,358,454
Buildings	216,617,944	190,321,304	177,682,037
Equipment	13,074,183	10,203,866	13,415,427
Library materials	<u>6,728,591</u>	<u>7,052,521</u>	<u>7,347,755</u>
Capital assets depreciated	<u>261,399,600</u>	<u>233,699,127</u>	<u>212,384,860</u>
Total capital assets	<u>\$285,165,102</u>	<u>262,913,627</u>	<u>251,346,933</u>

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

### Years Ended 2007 and 2006

State funded capital projects for the fiscal year ended June 30, 2007 and beyond include converting the East Gym into an Innovative Teaching and Technology Center; renovation of science buildings, Russell Hall, and Sabin Hall; improvement of the electrical distribution loop system; and deferred maintenance projects. Auxiliary Enterprise capital projects include construction of the McLeod Center and Human Performance Complex and installation of sprinkler systems in various residence halls. A Parking Deck and Transit Facility will be constructed with grant funds and local matching funds. Gilchrist Hall is being 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 \$1.4 million in 2007 and \$1.5 million in 2006.

#### **LONG-TERM DEBT**

During the fiscal year ended June 30, 2007, 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 2007 were issued in the amount of \$8,000,000 to complete the renovation of science buildings and Russell Hall. The University's long-term debt is presented in Note O of the Notes to Financial Statements.

#### **CREDIT RATINGS**

Moody's Investors Service continued its "A2" credit rating for all University bonds. The Standard and Poor's credit rating of the University remains an "A" for all bonds supported by unlimited student fees 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.

#### **ECONOMIC FACTORS THAT WILL AFFECT FUTURE BUDGETS AND RATES**

The State of Iowa enjoyed strong revenue growth in Fiscal 2007. According to the Legislative Services Agency, 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, \$4,926.3 million in Fiscal 2005, \$5,382.5 million in Fiscal 2006, and \$5,646.3 million in Fiscal 2007. Iowa's General Fund revenue growth was 4.9 percent in Fiscal 2007. Tax receipts increased 6.6 percent, other receipts increased 3.0 percent, transfers decreased 52.4 percent, and accruals and refunds increased 2.0 percent. Funds available for appropriation for Fiscal 2008 were \$5,861.1 million. General Fund appropriations for fiscal 2008 totaled \$5,859.4 million, an increase of \$466.2 million from the actual 2007 General Fund budget. The state continued to fund some Medicaid expenditures from non-General Fund sources such as \$65.0 million from the Senior Living Trust Fund and \$35.3 million from the Healthy Iowans Tobacco Trust.

At the Revenue Estimating Conference meeting in October 2007, the Fiscal 2008 revenue estimate was increased to \$5,934.8 million. The revised estimate reflects projected revenue growth of 5.9% over Fiscal 2007. This revised revenue projection coupled with current General Fund appropriations would leave a balance of \$88.0 million at the close of Fiscal 2008, of which \$44.0 million is statutorily required to be transferred to the Senior Living Trust Fund leaving an ending balance of \$44.0 million.

According to the September 10, 2007 forecast published by Blue Chip Economic Indicators, real GDP growth will be 2.0 percent in 2007 and 2.6 percent in 2008, the unemployment rate will be 4.6 percent for 2007 and 4.8 percent in 2008, the consumer price index will increase by 2.7 percent in 2007 and by 2.5% in 2008. According to the October 2007 Forecast of the University of Iowa's Institute for Economic Research, personal income in Iowa is expected to grow by 6.3 percent in 2007 and by 4.8 percent in 2008. The forecast for Real Personal Income growth is 3.3 percent in 2007, and 1.9 percent in 2008.

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis

### Years Ended 2007 and 2006

Nationally, the recent issues in the credit market concerning sub-prime mortgage lending and the decline in home valuations are expected to lead to a slow down in the economy, despite a boost expected by an improving trade balance due to the declining value of the dollar and strong global growth. Growth in the real gross domestic product (GDP) for the third quarter of 2007 was at an annual rate of 4.9 percent. As of November 30<sup>th</sup>, Wells Fargo Economics expects a slow down to an annual rate of 0.5 percent in the fourth quarter of 2007 and 1.5 percent in the first quarter of 2008, followed by 2.0 percent in the second and third quarters of 2008, and 2.1 percent in the final quarter of 2008.

Nationally, consumers are troubled by falling home prices, a struggling stock market, a softening labor market, rising energy and food prices, resetting mortgage rates, and high debt levels. Despite a 75 basis point reduction in the Fed Funds Rate, bank lenders have increased their spreads to protect themselves against defaults. The sub-prime mortgage situation, which resulted in major losses to mortgage lenders, has resulted in reduced liquidity in the capital market and in the tightening of loan underwriting standards. A 'flight to quality' to Treasuries has driven interest rates to the lowest level since 2005.

The University of Northern Iowa's financial health continues to improve. The 2007 session of the Iowa General Assembly increased its funding levels to the Regents institutions. The University received a 10.4 percent increase in state appropriations for operations as well as bonding authority for Electrical Distribution Loop System Phase II, Deferred Maintenance, and Sabin Hall Renovation. The increase in state support permitted the replacement of faculty lines in the budget that were eliminated in recent years to balance the budget. The increases also permitted strengthening key academic areas.

The political leadership of the State, including the new Governor, is supportive of the initiatives of the Board of Regents, State of Iowa. The leadership intends to devote a portion of new state revenue to education, which continues to be a state priority. The three public universities are cooperating in a state-wide effort to increase public support. The University of Northern Iowa continues to receive strong support from the Iowa Congressional delegation. The rate of return on University and Foundation investments is improving. The three public, four-year higher education institutions, governed by a single board, play a critical role in improving the economy of the State of Iowa.

The Board of Regents, State of Iowa has adopted a strategic plan that is intended to provide resources essential for high quality public education, cutting-edge research and creative activities, along with needed public services. These plans propose increases in operating support based on the Higher Education Price Index which for the next year would increase basic support by 3.2 percent. A priority continues to be placed on improving faculty salaries to recruit and retain high quality faculty members. The Regents have requested \$31.3 million of additional funding for Fiscal 2009, which would be allocated to the three universities.

The University of Northern Iowa is Iowa's only public university that is distinguished by its emphasis on undergraduate education. The University contributes to the development of students by providing a diverse, dynamic learning environment characterized by excellence in teaching. The University supports exemplary undergraduate programs founded on a strong liberal arts curriculum and offers master's and selected doctoral programs that contribute to the intellectual vitality of the academic community. The University increases knowledge and promotes student growth through scholarship and service, and shares its expertise with individuals, communities, and organizations. This means achieving excellence in all areas of our mission.

Management was pleased to note Fall 2007 enrollment exceeded its expectation of 12,165 students with an enrollment of 12,609 students. Compared with Fall 2006, enrollment increased 349 students, or 2.9 percent.

The University is proud of its new and renovated facilities. During the past year, the University opened the newly constructed McLeod Center, rededicated the restored Physics Building as Begeman Hall, and opened the Business and Community Services Building. A number of capital projects are underway or in the planning stage, including Russell Hall Renovation, Sabin Hall Renovation, Electrical Distribution Loop System Improvements, and a Parking Deck and Transit Facility.

**UNIVERSITY OF NORTHERN IOWA**  
Management's Discussion and Analysis  
Years Ended 2007 and 2006

The University continues to have a very successful private philanthropy program. Public support and revenue totaled \$19.7 million in 2007, up \$3.1 million or 18.4 percent from 2006. The University of Northern Iowa Foundation completed its Students First capital campaign in 2006, which raised funds for scholarships, facilities, programs and unrestricted support. The Foundation is presently preparing for its next capital campaign, which is entitled Imagine the Impact.

The University has achieved success in Sponsored Programs. Grants and contracts expenditures totaled \$29.9 million in 2007, up \$2.6 million, or 9.4 percent from 2006.

The Board of Regents, State of Iowa has determined it is appropriate to hold the undergraduate tuition increase for Fiscal 2009 to 3.2 percent, the lowest increase in a number of years. The University's overall tuition and room and board costs remain competitive with Iowa four-year public and private institutions and our comparison group of institutions.

To summarize, the state's economy has improved and state support of the University is increasing. The University notes improved investment returns, strong private support, and increased revenue from sponsored programs. State, federal, and private funding has permitted the University to construct new buildings and renovate existing facilities. Modern facilities are essential to attracting students, faculty, and staff. Low increases in tuition, mandatory fees, and room and board rates permit the University to remain competitive with four-year Iowa public and private institutions. Management of the University believes the University's financial health is improved and predicts it 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

## 2006-2007 Financial Section



**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Net Assets**  
**June 30, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents-Note B	\$ 23,005,613	7,209,365
Investments-Note B	62,421,560	54,390,668
Deposits with bond paying agents-Note C	-	6,891,000
Accounts receivable, net-Note D	12,699,510	14,982,996
Loans receivable, net-Note F	2,323,207	2,218,452
Interest receivable	960,931	533,333
Due from governmental agencies-Note G	9,099,021	10,979,658
Prepaid expenses-Note H	3,610,915	3,392,256
Inventories-Note I	2,337,686	2,260,493
Other assets	90,000	90,000
<b>Total Current Assets</b>	<b>116,548,443</b>	<b>102,948,221</b>
Noncurrent Assets		
Investments-Note B	16,060,931	20,555,882
Accounts receivable, net-Note D	4,897,916	2,914,239
Loans receivable, net-Note F	9,292,829	8,873,809
Prepaid expenses-Note H	193,316	38,649
Debt issuance costs-Note U	1,341,224	1,251,815
Capital assets, Nondepreciable-Note J	23,765,502	29,214,500
Capital assets, Depreciable-Note J	439,865,407	401,931,604
Accumulated depreciation-Note J	(178,465,807)	(168,232,477)
<b>Total Noncurrent Assets</b>	<b>316,951,318</b>	<b>296,548,021</b>
<b>Total Assets</b>	<b>433,499,761</b>	<b>399,496,242</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	9,901,557	8,978,832
Salaries and wages payable-Note K	361,080	382,916
Compensated absences payable-Note L	4,300,275	4,238,000
Unpaid claims-Note T	1,711,791	1,628,035
Deferred revenue-Note H	4,839,354	3,817,388
Accrued interest payable	2,631,927	2,923,228
Long-term debt-Note O	6,992,669	6,558,621
Deposits	2,232,684	1,896,860
Other current liabilities	77,866	30,517
<b>Total Current Liabilities</b>	<b>33,049,203</b>	<b>30,454,397</b>
Noncurrent Liabilities		
Accounts payable	200,690	506,215
Compensated absences payable-Note L	4,292,166	3,764,793
Refundable advances on student loans-Note P	9,926,620	10,072,499
Long-term debt-Note O	112,823,584	109,134,127
<b>Total Noncurrent Liabilities</b>	<b>127,243,060</b>	<b>123,477,634</b>
<b>Total Liabilities</b>	<b>160,292,263</b>	<b>153,932,031</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	180,719,681	158,552,531
Restricted		
Nonexpendable		
Scholarships and fellowships	615,895	615,895
Expendable		
Scholarships and fellowships	390,756	371,209
Loans	2,975,983	2,961,679
Capital projects	14,935,457	17,828,224
Debt service	19,719,289	27,548,244
Other	1,034,231	634,928
Unrestricted	52,816,206	37,051,501
<b>Total Net Assets</b>	<b>\$ 273,207,498</b>	<b>245,564,211</b>

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA FOUNDATION**  
**Combined Statements of Financial Position**  
**June 30, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 2,276,579	2,106,347
Investments	19,565,508	19,987,600
Pledges receivable, net-Note E	2,997,229	3,276,489
Interest receivable	27,798	53,912
Other receivables	145	8,851
Prepaid expenses	21,123	15,379
<b>Total Current Assets</b>	<b>24,888,382</b>	<b>25,448,578</b>
Pledges receivable, less current portion-Note E	3,663,784	5,380,041
Long-term investments	57,834,013	48,805,638
Life insurance cash value	939,965	869,309
Donated assets	117,021	1,492,058
Building and equipment, net	1,387,412	1,505,468
<b>Total Assets</b>	<b>88,830,577</b>	<b>83,501,092</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and other liabilities	793,008	365,519
Pledge payable, current-Note N	2,131,743	3,516,949
<b>Total Current Liabilities</b>	<b>2,924,751</b>	<b>3,882,468</b>
Pledge payable, less current portion-Note N	4,897,916	2,914,239
Annuities payable	1,364,758	1,287,576
Annuity trusts payable	1,138,814	1,128,899
Unitrusts payable	688,757	686,193
<b>Total Liabilities</b>	<b>11,014,996</b>	<b>9,899,375</b>
Net Assets		
Unrestricted		
Designated	2,578,362	2,401,523
Plant	1,387,412	1,505,468
Undesignated	2,760,504	1,943,264
<b>Total Unrestricted</b>	<b>6,726,278</b>	<b>5,850,255</b>
Temporarily Restricted-Note S	35,403,913	34,714,553
Permanently Restricted-Note S	35,685,390	33,036,909
<b>Total Net Assets</b>	<b>77,815,581</b>	<b>73,601,717</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 88,830,577</b>	<b>83,501,092</b>

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, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and fees (net of scholarship allowances of \$14,290,197 for 2007, \$13,350,571 for 2006)	\$ 56,430,682	52,504,556
Receipts from other entities	86,580	100,477
Grants and contracts	30,862,654	29,099,979
Sales, rents and services	6,191,782	8,475,634
Miscellaneous	805,056	771,949
Auxiliary enterprises	47,559,182	41,966,903
<b>Total Operating Revenues</b>	<b>141,935,936</b>	<b>132,919,498</b>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	68,768,086	67,144,722
Research	3,232,126	1,428,192
Public service	23,487,990	22,588,957
Academic support	19,770,673	19,904,061
Student services	6,277,839	5,973,711
Institutional support	19,162,659	23,310,720
Operation and maintenance of plant	20,686,896	20,576,055
Scholarships and fellowships	4,495,486	4,860,728
Depreciation	12,517,313	11,468,934
Loan cancellations and write-offs	278,590	276,642
Auxiliary enterprises	43,779,370	41,065,873
<b>Total Operating Expenses</b>	<b>222,457,028</b>	<b>218,598,595</b>
<b>Operating (Loss)</b>	<b>(80,521,092)</b>	<b>(85,679,097)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	86,531,082	83,585,131
Gifts, grants and contracts	2,954,052	2,432,621
Investment income	4,305,462	2,303,132
Interest expense	(5,014,486)	(5,009,671)
Amortization expense	(77,102)	(90,667)
Loss on disposal of capital assets	-	(3,001,533)
Miscellaneous expense	(114,674)	(2,704)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>88,584,334</b>	<b>80,216,309</b>
<b>Income/(Loss) Before Other Revenues</b>	<b>8,063,242</b>	<b>(5,462,788)</b>
<b>OTHER REVENUES</b>		
Capital appropriations	8,650,293	6,187,924
Capital contributions and grants	9,988,308	4,310,655
Other revenue (expense)	941,444	391,155
Casualty reimbursement	-	3,170,000
Extraordinary gain on asset impairment	-	3,804,941
<b>Total Other Revenues</b>	<b>19,580,045</b>	<b>17,864,675</b>
<b>Change in Net Assets</b>	<b>27,643,287</b>	<b>12,401,887</b>
<b>NET ASSETS</b>		
<b>Net assets, beginning of year</b>	<b>245,564,211</b>	<b>233,162,324</b>
<b>Net assets, end of year</b>	<b>\$ 273,207,498</b>	<b>245,564,211</b>

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA FOUNDATION**  
**Combined Statements of Activities**  
**Years Ended June 30, 2007 and 2006**

	<b>2007</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	\$ 642,772	5,293,823	2,450,646	8,387,241
Property	-	295,548	-	295,548
Investment income	1,307,966	8,899,847	682,840	10,890,653
Miscellaneous income	-	99,514	127	99,641
Redesignation of funds	1,415,356	(1,370,153)	(45,203)	-
Net assets released from restrictions	12,572,582	(12,572,582)	-	-
<b>Total Public Support, Revenue and Reclassifications</b>	<u>15,938,676</u>	<u>645,997</u>	<u>3,088,410</u>	<u>19,673,083</u>
<b>Expenses and Adjustments</b>				
Program				
Scholarships	2,583,995	-	-	2,583,995
Designated projects	3,872,311	-	-	3,872,311
Capital projects	5,527,732	-	-	5,527,732
Administrative	989,864	-	-	989,864
Fundraising	1,973,284	-	-	1,973,284
Bad debt adjustments	(2,589)	(71,481)	(5,223)	(79,293)
Depreciation	118,056	-	-	118,056
Annuities payable actuarial liability adjustment	-	91,594	184,070	275,664
Annuity trusts payable actuarial liability adjustment	-	-	119,779	119,779
Unitrusts payable actuarial liability adjustment	-	(63,476)	141,303	77,827
<b>Total Expenses and Adjustments</b>	<u>15,062,653</u>	<u>(43,363)</u>	<u>439,929</u>	<u>15,459,219</u>
<b>Change in Net Assets</b>	876,023	689,360	2,648,481	4,213,864
<b>Net Assets, beginning of year</b>	<u>5,850,255</u>	<u>34,714,553</u>	<u>33,036,909</u>	<u>73,601,717</u>
<b>Net Assets, end of year</b>	<u>\$ 6,726,278</u>	<u>35,403,913</u>	<u>35,685,390</u>	<u>77,815,581</u>

The notes are an integral part of the financial statements.

**2006**

Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
621,969	5,865,056	1,924,840	8,411,865
-	200,510	-	200,510
802,304	6,692,697	431,189	7,926,190
2,617	71,440	77	74,134
983,240	(1,399,194)	415,954	-
<u>6,230,644</u>	<u>(6,230,644)</u>	<u>-</u>	<u>-</u>
<u>8,640,774</u>	<u>5,199,865</u>	<u>2,772,060</u>	<u>16,612,699</u>
1,917,550	-	-	1,917,550
1,547,218	-	-	1,547,218
2,095,323	-	-	2,095,323
1,215,661	-	-	1,215,661
1,779,000	-	-	1,779,000
(4,203)	(122,229)	(4,492)	(130,924)
121,560	-	-	121,560
-	(167,361)	180,078	12,717
-	-	82,025	82,025
<u>-</u>	<u>24,200</u>	<u>121,054</u>	<u>145,254</u>
<u>8,672,109</u>	<u>(265,390)</u>	<u>378,665</u>	<u>8,785,384</u>
(31,335)	5,465,255	2,393,395	7,827,315
<u>5,881,590</u>	<u>29,249,298</u>	<u>30,643,514</u>	<u>65,774,402</u>
<u>5,850,255</u>	<u>34,714,553</u>	<u>33,036,909</u>	<u>73,601,717</u>

**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Cash Flows**  
**Years Ended June 30, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 55,974,739	52,441,596
Grants and contracts receipts	32,558,524	29,616,784
Collections of loans from students	2,770,384	3,175,247
Auxiliary enterprise receipts	47,440,646	42,203,985
Payments for salaries and benefits	(128,236,164)	(125,029,920)
Payments for goods and services	(17,375,279)	(17,410,509)
Scholarships	(4,501,938)	(4,833,057)
Loans issued to students	(3,692,497)	(2,975,553)
Auxiliary enterprise payments	(43,779,592)	(40,925,221)
Other operating receipts	6,788,636	8,308,770
Other operating payments	(16,707,986)	(19,349,353)
<b>Net Cash Used by Operating Activities</b>	<u>(68,760,527)</u>	<u>(74,777,231)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	85,709,635	83,699,028
William D. Ford direct lending and plus loans receipts	55,046,788	57,227,265
William D. Ford direct lending and plus loans made	(54,981,547)	(56,246,296)
Agency receipts	12,529,620	12,180,715
Agency payments	(12,954,432)	(11,920,874)
Non capital gifts	2,873,694	2,629,362
<b>Net Cash Provided by Non Capital Financing Activities</b>	<u>88,223,758</u>	<u>87,569,200</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations received	10,985,844	12,975,647
Capital gifts and grants received	14,420,155	13,912,741
Acquisition of capital assets	(34,401,699)	(27,879,528)
Proceeds from sale of capital assets	-	111,197
Principal paid on capital debt	(6,902,344)	(18,512,306)
Interest paid on capital debt	(5,309,423)	(4,973,242)
Proceeds from capital debt	10,917,486	12,663,941
Other capital and related financing receipts	4,028,042	1,000,000
Other capital and related financing payments	-	(6,891,000)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(6,261,939)</u>	<u>(17,592,550)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	3,394,055	2,060,216
Proceeds from sale and maturities of investments	51,121,084	40,456,856
Purchase of investments	(51,920,183)	(53,541,143)
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>2,594,956</u>	<u>(11,024,071)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	15,796,248	(15,824,652)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>7,209,365</u>	<u>23,034,017</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 23,005,613</u>	<u>7,209,365</u>

**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Cash Flows**  
**Years Ended June 30, 2007 and 2006**

	2007	2006
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (80,521,092)	(85,679,097)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	12,517,313	11,468,934
Increase/(Decrease) in compensated absences	589,649	409,889
(Increase)/Decrease in accounts receivable	(2,684,195)	(406,642)
(Increase)/Decrease in loans receivable	(523,775)	523,471
(Increase)/Decrease in due from governmental agencies	1,280,272	267,651
(Increase)/Decrease in inventories	(77,192)	(750,613)
(Increase)/Decrease in prepaid expenses	(395,268)	(882,894)
(Increase)/Decrease in other assets	(467,288)	(120,380)
Increase/(Decrease) in accounts payable	416,996	46,693
Increase/(Decrease) in salaries and wages payable	31,372	(38,629)
Increase/(Decrease) in deferred revenue	1,126,396	594,314
Increase/(Decrease) in other liabilities	(53,715)	(209,928)
<b>Net Cash Used By Operating Activities</b>	<b>\$ <u>(68,760,527)</u></b>	<b><u>(74,777,231)</u></b>

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

Equipment with a fair market value of \$21,500 in 2007 and \$0 in 2006 was donated to the University.

A net unrealized loss of \$3,001,533 resulted from the write off of the net book value of equipment when the capitalization threshold was increased from \$2,000 to \$5,000 in 2006.

Bond issuance costs of \$112,000 in 2007 and \$149,787 in 2006 were deducted from the bond proceeds. These costs were capitalized and will be amortized over the debt repayment period.

A net unrealized gain increased the fair market value of the University's investments \$1,329,792 in 2007 and \$264,915 in 2006.

The notes are an integral part of the financial statements.



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2007

**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, 2007

**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, 2007

**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 June 30, 2007 encumbered balance carried forward to fiscal year 2008 was \$1,074,068 including items recognized as accounts payable for specialized equipment totaling \$47,429.

**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 cannot exceed sixty-three months.

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

With the exception of funds specifically invested for bond issues and endowment funds, all other monies are pooled in an investment pool entitled "Treasurer's Temporary Investments". Investment income on the investment pool is allocated to the activities that participate in the pool. In fiscal years 2007 and 2006, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$3,507,257 and \$1,492,613, respectively.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

**Investments (Foundation)**

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

**Capital Assets**

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

The following useful lives are used:

Infrastructure	20-40 years
Buildings	40-50 years
Improvements other than buildings	20-30 years
Equipment	5-20 years
Vehicles	7-10 years
Library	10 years

The following thresholds are used to define capital assets:

Infrastructure	\$10,000
Land, buildings, and improvements	\$25,000
Equipment	\$ 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 W.

**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.

**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 revenues include state appropriations, gifts, and investment income. Nonoperating expenses include interest expense, amortization expense, and loss on disposal of capital assets.

**Use of Estimates**

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

**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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

June 30, 2007 and June 30, 2006, were \$23,005,613 and \$7,209,365, respectively. The bank balances at June 30, 2007 and June 30, 2006, were \$26,669,064 and \$11,266,265, respectively. The carrying value at June 30, 2007 and June 30, 2006 includes cash-on-hand of \$174,830 and \$144,575, 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 \$0 and \$6,891,000 at June 30, 2007 and June 30, 2006, respectively.

The deposits with the Depository Trust Corporation 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, investment grade commercial paper, repurchase agreements, investments authorized for the Iowa Public Employees' Retirement System in Section 97B.7 of the Code of Iowa, investment grade corporate debt, mortgage pass-through and asset-backed securities with an A rating at time of purchase, and an open-end management investment company organized in trust form registered with the S.E.C. under the Investment Company Act of 1940. The University's endowment portfolio may invest in all of the above as well as certain international and listed domestic equities. The University's endowments are pooled with the State University of Iowa's endowments to achieve economies of scale.

For donor restricted endowments, Chapter 540A of the Code of Iowa permits the University to spend endowment income and to appropriate within certain limitations an amount of realized and unrealized endowment appreciation as the University determines to be prudent considering the University's long-term and short-term needs, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The University's policy is to retain the realized and unrealized appreciation with the endowment pursuant to the spending rules of the University. The University's spending rule is that five percent (5%) of market value of the endowment, based on a rolling market average, will be calculated and distributed.

The University's investments are recorded at fair value, as determined by quoted market price. At June 30, 2007, the University had the following investments and quality credit ratings by investment type:

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

Invested Assets	Fair Value
Operating portfolio:	
Fixed Income:	
U.S. Government Securities	
U.S. Government Treasuries	\$ 9,201,472
U.S. Government Agencies	32,874,087
Short-Term Securities	
Commercial Paper	2,763,846
Certificates of Deposit (Friends of KHKE/KUNI)	1,144,476
Fixed Income Mutual Funds, Intermediate Term	<u>21,279,552</u>
Total Fixed Income Securities	<u>67,263,433</u>
Equity and Other Securities:	
U.S. Equities (Friends of KHKE/KUNI)	581
Equity Mutual Funds (Friends of KHKE/KUNI)	<u>915,471</u>
Total Equity and Other Securities	<u>916,052</u>
Total Operating Portfolio	<u>68,179,485</u>
Endowment portfolio (UNI Equity in SUI Endowment Pool):	
Fixed Income:	
U.S. Government Securities	
U.S. Government Treasuries	156,060
U.S. Government Agencies	363,496
Mortgage-Backed Securities	134,468
Corporate Securities	
Corporate Bonds	37,511
Corporate Asset-Backed	216,417
Private Placements	32,829
Long-Term Securities	
Other Agencies	182,164
Fixed Income Mutual Funds	<u>1,697,409</u>
Total Fixed Income Securities	<u>2,820,354</u>
Equity and Other Securities:	
U.S. Equities	5,253,035
International Equity Mutual Fund	<u>1,709,478</u>
Total Equity and Other Securities	<u>6,962,513</u>
Real Estate	<u>520,139</u>
Total Endowment Portfolio	<u>10,303,006</u>
Total Invested Assets	<u>\$78,482,491</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**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	\$20,527,749	29%
Federal National Mortgage Association	5,899,772	8%
Federal Home Loan Mortgage Corporation	5,233,875	7%

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

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

	Interest Rate Sensitivity – Duration	Fair Value	Duration
Operating portfolio:			
Fixed Income:			
U.S. Government Securities			
U.S. Government Treasuries		\$ 9,201,472	0.75
U.S. Government Agencies		32,874,087	1.30
Short-Term Securities			
Commercial Paper		2,763,846	0.08
Certificates of Deposit (Friends of KHKE/KUNI)		1,144,476	0.79
Fixed Income Mutual Funds, Intermediate Term		<u>21,279,552</u>	1.66
Operating Portfolio-Total Fixed Income Securities		<u>67,263,433</u>	
Operating Portfolio Duration			1.28
Endowment Portfolio:			
Fixed Income:			
U.S. Government Securities			
U.S. Government Treasuries		156,060	7.26
U.S. Government Agencies		363,496	4.45
Mortgage-Backed Securities		134,468	3.67
Corporate Securities			
Corporate Bonds		37,511	5.60
Corporate Asset-Backed		216,417	1.75
Private Placements		32,829	4.74
Long-Term Securities			
Other Agencies		182,164	1.68
Fixed Income Mutual Funds		<u>1,697,409</u>	4.11
Endowment Portfolio-Total Fixed Income Securities		<u>2,820,354</u>	
Endowment Portfolio Duration			4.00
Total All Portfolios		<u>\$70,083,787</u>	

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

Credit Risk – Quality Ratings

	<u>Treasury</u>	<u>Agency</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
Fixed Income Securities:					
U.S. Government Securities					
U.S. Government Treasuries	\$ 9,357,532	-	-	-	-
U.S. Government Agencies	-	33,237,583	-	-	-
Mortgage-Backed Securities	-	134,468	-	-	-
Corporate Securities					
Corporate Bonds	-	-	2,445	-	16,187
Corporate Asset-Backed	-	-	212,149	-	4,268
Private Placements	-	-	4,332	2,011	9,313
Other Short-Term Securities					
Other Agencies	-	182,164	-	-	-
Commercial Paper	-	-	-	-	-
Certificates of Deposit	-	-	-	-	-
Fixed Income Mutual Funds	<u>2,121,962</u>	<u>5,839,331</u>	<u>9,688,205</u>	<u>1,914,516</u>	<u>2,366,616</u>
Total Fixed Income Investments	<u>\$11,479,494</u>	<u>39,393,546</u>	<u>9,907,131</u>	<u>1,916,527</u>	<u>2,396,384</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>A1+/P1</u>	<u>NR</u>	<u>Total</u>
-	-	-	-	-	9,357,532
-	-	-	-	-	33,237,583
-	-	-	-	-	134,468
18,879	-	-	-	-	37,511
-	-	-	-	-	216,417
17,173	-	-	-	-	32,829
-	-	-	-	-	182,164
-	-	-	2,763,846	-	2,763,846
-	-	-	-	1,144,476	1,144,476
<u>156,854</u>	<u>166,901</u>	<u>410,051</u>	<u>-</u>	<u>312,525</u>	<u>22,976,961</u>
<u>192,906</u>	<u>166,901</u>	<u>410,051</u>	<u>2,763,846</u>	<u>1,457,001</u>	<u>70,083,787</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

As of June 30, 2007 and June 30, 2006, 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>2007</u>	<u>2006</u>
Academic Building Revenue Bonds:		
Bond principal payable	\$ -	2,763,621
Bond interest payable	-	452,379
Residence System:		
Bond principal payable	-	1,615,000
Field House:		
Bond principal payable	-	1,450,000
Student Union:		
Bond principal payable	-	465,000
Student Health:		
Bond principal payable	_____ -	_____ 145,000
Total	\$ _____ -	_____ 6,891,000

**Note D – Accounts Receivable**

Accounts receivable is summarized as follows:

	<u>2007</u>	<u>2006</u>
Student accounts	\$ 2,194,841	2,010,563
University of Northern Iowa Foundation	7,182,904	6,741,894
Sponsoring agencies	896,861	362,932
Casualty insurance	3,346,010	7,200,000
Other	<u>4,598,163</u>	<u>2,207,451</u>
	18,218,779	18,522,840
Less allowance for doubtful accounts	<u>(621,353)</u>	<u>(625,605)</u>
Total	<u>\$17,597,426</u>	<u>17,897,235</u>

**Note E – Pledges Receivable (Foundation)**

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

	<u>2007</u>	<u>2006</u>
In one year or less	\$ 3,168,995	3,397,717
Between one year and five years	3,679,492	5,245,197
More than five years	<u>640,967</u>	<u>1,003,369</u>
	7,489,454	9,646,283
Less discounts to net present value	(481,654)	(563,673)
Less allowance for uncollectible pledges	<u>(346,787)</u>	<u>(426,080)</u>
Total	<u>\$ 6,661,013</u>	<u>8,656,530</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**Note E – Pledges Receivable (Foundation) (continued)**

Pledges receivable at June 30, 2007 and 2006 have the following restrictions:

	<u>2007</u>	<u>2006</u>
Operations	\$ 86,577	152,565
Scholarships	474,869	285,417
Departmental programs	1,478,136	1,530,743
Grants	174,592	210,869
Special purpose	340	699
Endowments	795,913	855,106
Functioning as endowments	310,847	156,767
Plant	<u>3,339,739</u>	<u>5,464,364</u>
Total	\$ <u>6,661,013</u>	<u>8,656,530</u>

**Note F – Loans Receivable**

Loans receivable is summarized as follows:

	<u>2007</u>	<u>2006</u>
Student loans:		
Federal loan programs	\$ 12,257,413	11,509,501
University loan funds	<u>99,627</u>	<u>104,091</u>
	12,357,040	11,613,592
Less allowance for uncollectible loans	<u>(741,004)</u>	<u>(521,331)</u>
Total	\$ <u>11,616,036</u>	<u>11,092,261</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>2007</u>	<u>2006</u>
Federal Government	\$ 4,046,636	4,464,909
State Government	5,007,138	6,421,139
Local Government	<u>45,247</u>	<u>93,610</u>
Total	\$ <u>9,099,021</u>	<u>10,979,658</u>

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

Prepaid expenses at June 30, 2007 and 2006 totaled \$3,804,231 and \$3,430,905, respectively, and deferred revenue at June 30, 2007 and 2006 totaled \$4,839,354 and \$3,817,388, respectively. The summer session portion for deferred tuition and fees for 2007 and 2006 was \$664,808 and \$657,203, respectively. Students sign housing contracts with the Department of Residence for the following Fall semester. Deferred revenue on housing contracts was \$620,000 and \$605,400 at June 30, 2007 and 2006, 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 \$547,664 and \$666,600 at June 30, 2007 and 2006, respectively.

**Note I – Inventories**

Inventories at June 30, 2007 and 2006, consisting mainly of supplies and merchandise, primarily valued at lower of cost or market (first in, first out) had values of \$2,337,686 and \$2,260,493, respectively.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**Note J – Capital Assets**

Capital assets activity for the year ended June 30, 2007 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	89,830	(20,000)	4,304,880	-	4,304,880
Construction in Progress	<u>24,979,450</u>	<u>25,451,624</u>	<u>(30,970,452)</u>	<u>19,460,622</u>	-	<u>19,460,622</u>
Capital Assets, Nondepreciable	<u>29,214,500</u>	<u>25,541,454</u>	<u>(30,990,452)</u>	<u>23,765,502</u>	-	<u>23,765,502</u>
Land Improvements	12,232,508	34,464	(16,800)	12,250,172	(6,412,869)	5,837,303
Infrastructure	27,040,147	2,914	-	27,043,061	(7,901,482)	19,141,579
Buildings	292,845,507	33,880,060	(288,609)	326,436,958	(109,819,014)	216,617,944
Equipment	37,655,178	5,287,810	(1,882,930)	41,060,058	(27,985,875)	13,074,183
Library Materials	<u>32,158,264</u>	<u>1,190,955</u>	<u>(274,061)</u>	<u>33,075,158</u>	<u>(26,346,567)</u>	<u>6,728,591</u>
Capital Assets, Depreciable	<u>401,931,604</u>	<u>40,396,203</u>	<u>(2,462,400)</u>	<u>439,865,407</u>	<u>(178,465,807)</u>	<u>261,399,600</u>
Total Capital Assets	<u>\$431,146,104</u>	<u>65,937,657</u>	<u>(33,452,852)</u>	<u>463,630,909</u>	<u>(178,465,807)</u>	<u>285,165,102</u>

Depreciation activity for the year ended June 30, 2007 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 5,992,271	437,398	(16,800)	6,412,869
Infrastructure	7,158,948	742,534	-	7,901,482
Buildings	102,524,203	7,454,416	(159,605)	109,819,014
Equipment	27,451,312	2,369,291	(1,834,728)	27,985,875
Library Materials	<u>25,105,743</u>	<u>1,513,674</u>	<u>(272,850)</u>	<u>26,346,567</u>
Total	<u>\$168,232,477</u>	<u>12,517,313</u>	<u>(2,283,983)</u>	<u>178,465,807</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

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>-</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>-</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, 2007

**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. Accrued salaries and wages payable at June 30, 2007 and 2006 were \$361,080 and \$382,916, 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, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Amount of accrued compensated absences at beginning of year	\$8,002,793	7,592,904
Amount of compensated absences accrued during the fiscal year	6,662,039	6,498,451
Payments on compensated absences during the fiscal year	<u>(6,072,391)</u>	<u>(6,088,562)</u>
Amount of accrued compensated absences at end of year	<u>\$8,592,441</u>	<u>8,002,793</u>

The accumulated vacation and sick leave estimated to be paid from the year end balance during the next twelve months for fiscal years 2007 and 2006 is \$4,300,275 and \$4,238,000, 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 2007 and 2006, the University's required and actual contributions amounted to \$9,965,971 and \$9,430,737, respectively. Employees' required and actual contributions amounted to \$4,845,794 and \$4,709,692 for the same two fiscal periods.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**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, 2007, 2006, and 2005. Contribution requirements are established by State statute.

The University's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$370,513, \$336,224 and \$336,977, 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, 2007 and 2006, \$13,774,084 and \$12,482,135, 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, 2007 and 2006, \$2,660,000 and \$1,000,000, 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, 2007 and 2006, \$1,165,000 and \$1,100,000, 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, 2007 and 2006, \$500,000 and \$0, respectively, had been paid to the University.

On August 9, 2006, the Foundation signed a fourth amendment to the original agreement promising additional gifts in the amount of \$250,000, due to increased construction costs for the McLeod Center. As of June 30, 2007, \$250,000 has been paid to the University.

On May 25, 2007, the Foundation signed a fifth amendment to the original agreement promising additional gifts to the University of Northern Iowa in the amount of \$150,000, due to increased construction costs for the McLeod Center. As of June 30, 2007, \$0 has been paid to the University.

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. Those costs could include principal and interest payments on \$2,150,000 of capital lease payments. As of June 30, 2007, \$438,380 of the \$2,500,000 has been paid to the University.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2007

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

On May 25, 2007, 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 \$2,000,000 to be used solely and only to pay costs of renovating and equipping Russell Hall on the University campus. As of June 30, 2007, \$0 of the \$2,000,000 has 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>2007</u>	<u>2006</u>
In one year or less	\$ 2,131,743	3,516,949
Between one year and five years	5,010,993	2,343,835
More than five years	<u>294,800</u>	<u>882,081</u>
	7,437,536	6,742,865
Less discounts to net present value	<u>(407,877)</u>	<u>(311,677)</u>
Total	\$ <u>7,029,659</u>	<u>6,431,188</u>

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**Note O – Long-Term Debt**

Long-Term debt activity for the year ended June 30, 2007 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Long-Term Debt:					
Bonds Payable	\$115,192,748	8,000,000	6,558,621	116,634,127	6,663,066
Notes Payable	500,000	-	-	500,000	-
Capital Leases Payable	-	<u>3,025,849</u>	<u>343,723</u>	<u>2,682,126</u>	<u>329,603</u>
Total Long-Term Debt	<u>\$115,692,748</u>	<u>11,025,849</u>	<u>6,902,344</u>	<u>119,816,253</u>	<u>6,992,669</u>

**Bonds Payable**

Outstanding long-term revenue bond indebtedness at June 30, 2007 and 2006 consists of the following:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>2007 Total</u>	<u>2006 Total</u>
Academic Bldg. Revenue Bonds:						
Series 1994-Refunding	4.50 – 6.00	2015	\$ 130,000	1,250,000	1,380,000	1,500,000
Series 1994	5.00 – 8.25	2015	293,066	2,941,061	3,234,127	3,707,748
Series 1996-Refunding	4.55 – 6.00	2013	495,000	3,465,000	3,960,000	4,465,000
Series 2002-Refunding	4.00 – 5.50	2015	340,000	3,330,000	3,670,000	4,005,000
Series 2003-Refunding	3.00 – 3.80	2015	680,000	6,495,000	7,175,000	7,825,000
Series 2003A-Refunding	2.00 – 3.40	2012	475,000	2,380,000	2,855,000	3,325,000
Series 2005-Refunding	5.75 – 6.20	2020	375,000	4,405,000	4,780,000	5,110,000
Series 2005	2.90 – 4.25	2027	-	12,800,000	12,800,000	12,800,000
Series 2007	4.00 – 4.25	2027	-	8,000,000	8,000,000	-
Residence System Bonds:						
Series 1999	4.05 – 5.55	2020	285,000	5,265,000	5,550,000	5,825,000
Series 2000	5.00 – 6.50	2021	600,000	12,495,000	13,095,000	13,660,000
Series 2002-Refunding	3.00 – 4.50	2018	445,000	6,415,000	6,860,000	7,290,000
Series 2003	3.50 – 4.75	2023	355,000	8,180,000	8,535,000	8,880,000
Field House Bonds:						
Series 2001	3.75 – 4.75	2022	220,000	4,590,000	4,810,000	5,025,000
Series 2004	2.50 – 4.40	2024	1,000,000	7,175,000	8,175,000	9,150,000
Series 2005-Refunding	3.00 – 4.20	2022	340,000	6,865,000	7,205,000	7,465,000
Student Union Bonds:						
Series 2002	1.80 – 5.00	2022	485,000	10,480,000	10,965,000	11,430,000
Student Health Bonds:						
Series 2004	3.00 – 4.40	2024	<u>145,000</u>	<u>3,440,000</u>	<u>3,585,000</u>	<u>3,730,000</u>
Total Bonds Payable			<u>\$6,663,066</u>	<u>109,971,061</u>	<u>116,634,127</u>	<u>115,192,748</u>

The above bonds were issued for the following purposes:

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

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2007

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

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

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 bond issues refinanced previous issues to take advantage of lower interest rates.

The bonds mature as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 6,663,066	4,908,264	11,571,330
2009	6,532,302	5,357,295	11,889,597
2010	6,720,227	4,793,421	11,513,648
2011	6,981,630	4,790,455	11,772,085
2012	7,471,706	4,026,223	11,497,929
2013-2017	36,150,196	16,850,420	53,000,616
2018-2022	31,400,000	6,761,594	38,161,594
2023-2027	13,055,000	1,417,616	14,472,616
2028-2032	<u>1,660,000</u>	<u>35,275</u>	<u>1,695,275</u>
Total	<u>\$116,634,127</u>	<u>48,940,563</u>	<u>165,574,690</u>

The changes in Bonds Payable for fiscal years 2007 and 2006 are detailed below:

	<u>2007</u>	<u>2006</u>
Bonds payable beginning of year	\$115,192,748	120,925,054
Bonds retired during the fiscal year	(6,558,621)	(18,532,306)
Bonds issued during the fiscal year	<u>8,000,000</u>	<u>12,800,000</u>
Bonds payable at end of year	<u>\$116,634,127</u>	<u>115,192,748</u>

**Notes Payable**

The following notes payable were outstanding at June 30, 2007 and 2006:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>2007 Total</u>	<u>2006 Total</u>
City of Cedar Falls	0.00	2027	\$ _____	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Notes Payable			<u>\$ _____</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

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

**Capital Leases Payable**

The University has an equipment master lease agreement to finance the acquisition of certain equipment and real property. The University entered into a capital lease agreement with Wells Fargo Brokerage Services, LLC. Funds provided were to be used for the construction of a Human Performance Complex on campus to support the academic, research and public service programs of the School of Health, Physical Education and Leisure Services. The lease agreement provides funding for costs of \$2,150,000, with payments due semi-annually through fiscal year 2016 and bears an interest rate of 6.60%. The principal balance was \$1,964,657 as of June 30, 2007.

In addition to the master lease agreement, the University entered into a capital lease agreement with Banc of America Leasing & Capital, LLC. Funds provided were to be used for the installation of scoreboards and video boards in the McLeod Center. The lease agreement is for \$875,849, with payments due semi-annually through fiscal year 2011 and bears an interest rate of 6.08%. The principal balance was \$717,469 as of June 30, 2007.

The following is a schedule, by year, of future minimum lease payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 329,603	168,156	497,759
2009	350,840	146,918	497,758
2010	373,449	124,310	497,759
2011	397,517	100,242	497,759
2012	215,257	77,733	292,990
2013-2016	<u>1,015,460</u>	<u>156,501</u>	<u>1,171,961</u>
Total	<u>\$2,682,126</u>	<u>773,860</u>	<u>3,455,986</u>

**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 \$9,926,620 and \$10,072,499 at June 30, 2007 and 2006, respectively.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2007

**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>2007</u>	<u>2006</u>
Restricted-Nonexpendable	<u>\$ 615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships	\$ 235,429	214,669
Loans	194,538	180,234
Other-Chair	<u>597,458</u>	<u>529,904</u>
Total	<u>\$1,027,425</u>	<u>924,807</u>

**Note R – Related Party Organization**

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

Significant Alumni Association financial data for the years ended June 30, 2007 and 2006 follows:

	<u>2007</u>	<u>2006</u>
Total Assets	\$ 779,708	866,130
Total Liabilities	98,362	215,343
Total Equity	681,346	650,787
Total Support and Revenues	466,328	433,972
Total Expenses	435,769	374,187

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

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

	<u>2007</u>	<u>2006</u>
Periods After June 30:		
Scholarships	\$ 3,499,654	2,815,575
Departmental programs	6,354,624	7,886,840
Special purpose	751,573	670,327
Term endowments	35,622	35,622
Plant	851,812	5,389,704
Annuity restrictions	179,807	158,590
Unitrust restrictions	24,521	299,551
Functioning as endowments	<u>23,706,300</u>	<u>17,458,344</u>
Total Temporarily Restricted Net Assets	<u>\$ 35,403,913</u>	<u>34,714,553</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2007

**Note S – Component Unit Restricted Net Assets (Foundation) (continued)**

Net assets were permanently restricted for the following purposes at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Endowments	\$ 33,207,843	30,959,995
Annuities and annuity trusts	1,147,147	835,825
Unitrusts	<u>1,330,400</u>	<u>1,241,089</u>
Total Permanently Restricted Net Assets	\$ <u>35,685,390</u>	<u>33,036,909</u>

**Note T – Risk Management**

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

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 General Fund buildings, McLeod Center, Field House, Residence System, Maucker Union, Student Health Center, 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.

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

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

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



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2007

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

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

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, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Amount of claims and contingent liabilities accrued at beginning of year	\$ 1,628,035	1,754,624
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	13,285,123	15,222,684
Payments on claims during the fiscal year	<u>(13,201,367)</u>	<u>(15,349,273)</u>
Amount of claims liabilities at end of year	<u>\$ 1,711,791</u>	<u>1,628,035</u>

**Motor Vehicle Liability.** Institutions governed by the Board of Regents, State of Iowa cooperatively self-fund collision, comprehensive, property damage, and liability losses related to motor vehicle liability up to \$250,000 per claim in an insurance pool. Each Regents' institution is assessed a premium of \$28 to \$38 per rated vehicle per month. Losses in excess of \$250,000 are self-funded by the State, as provided in Chapter 669 of the Code of Iowa.

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

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
 June 30, 2007

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

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

**Note U – Debt Issuance Costs**

Debt issuance costs at June 30, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Debt issuance costs	\$ 1,786,343	1,619,833
Less accumulated amortization	<u>(445,119)</u>	<u>(368,018)</u>
Net debt issuance costs	<u>\$ 1,341,224</u>	<u>1,251,815</u>

Amortization expense for fiscal years 2007 and 2006 was \$77,102 and \$90,667, respectively.

**Note V – Operating Leases**

The University has leased various buildings, tower space, and equipment. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. These leases expire between June 30, 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.

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, 2007:

Year ending <u>June 30,</u>	
2008	\$ 387,384
2009	336,926
2010	286,482
2011	225,095
2012	51,880
2013-2014	<u>29,316</u>
Total	<u>\$ 1,317,083</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, 2007 and 2006, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$890,937 and \$793,818, respectively.

**Note W – Retirement Incentive Programs and Termination Benefits**

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

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

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

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

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, 2007. Current contracts will be fulfilled during fiscal 2010. At June 30, 2007 and 2006, the present value of future benefits was \$589,063 and \$1,182,335, respectively. The interest rate utilized to calculate the present value is the June 30 Merrill Lynch Ready Assets Trust rate. The rates on June 30, 2007 and 2006 were 4.7% and 4.35%, respectively. During fiscal 2007, benefit payments for 65 participants totaled \$667,865. During fiscal 2006, benefit payments for 82 participants totaled \$888,589.

**Note X – Funds Held in Trust by Others**

The University is a beneficiary of the Joseph S. Wright Trust, which is held by others and had an aggregate market value of approximately \$787,843 and \$694,242 at June 30, 2007 and 2006, respectively. The income received by the University from this trust was \$14,043 for fiscal year 2007 and \$12,799 for fiscal year 2006.

**Note Y – Other Commitments, Claims, and Contingencies**

Commitments: Changes to the University's outstanding construction contract commitments for Plant construction for the fiscal year ended June 30, 2007 are as follows:

Construction Commitments beginning of year	\$ 19,561,506
Increases in Commitments	24,639,337
Payments and Decreases in Commitments	(28,765,646)
Construction Commitments at end of year	\$ <u>15,435,197</u>

There were no material claims or contingencies outstanding as of June 30, 2007. Also, there were no known contingent liabilities of a material nature at the date of this report.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**Note Z – 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, as follows:

Historical cost	\$ 2,730,006
Accumulated depreciation	<u>(666,174)</u>
Book value, June 30, 2006	\$ <u>2,063,832</u>
Restoration cost	\$ 7,030,000
Replacement cost	11,843,300
Restoration cost ratio	59.3585%
Book value, June 30, 2006	<u>2,063,832</u>
Impairment loss	<u>1,225,059</u>
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 is reported as a Cash Flow from Capital and Related Financing Activities when received.

The book 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 July 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 AA – 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.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**Note BB – 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 2001, bonds were issued to make repairs to the roof and the structure of the building. In 2004, bonds were issued to construct the McLeod Center, an integral part of the Field House Enterprise. The bonds are payable from student fees and the net revenues of the Field House System. Primary sources of revenue include: concession stand sales, facility rentals to the University and the public, investment income, and mandatory student fees.

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

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

**Residence System**

<b>Condensed Statement of Net Assets</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Assets:		
Current assets	\$ 13,576,061	8,592,416
Capital assets	29,787,955	30,986,420
Other noncurrent assets	<u>547,034</u>	<u>2,843,497</u>
Total assets	<u>43,911,050</u>	<u>42,422,333</u>
Liabilities:		
Current liabilities	3,777,968	3,641,544
Noncurrent liabilities	<u>32,688,386</u>	<u>34,330,141</u>
Total liabilities	<u>36,466,354</u>	<u>37,971,685</u>
Net assets:		
Invested in capital assets, net of related debt	(1,887,463)	(4,525,777)
Restricted, expendable	<u>9,332,159</u>	<u>8,976,425</u>
Total net assets	<u>\$ 7,444,696</u>	<u>4,450,648</u>

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

Operating revenues	\$ 29,575,477	27,014,385
Operating expenses	<u>25,716,303</u>	<u>23,721,414</u>
Net operating income (loss)	3,859,174	3,292,971
Nonoperating revenues (expenses)	<u>(869,651)</u>	<u>(1,553,297)</u>
Income (loss) before other revenues (expenses) and transfers	2,989,523	1,739,674
Other revenues (expenses) and transfers	<u>4,525</u>	<u>-</u>
Change in net assets	2,994,048	1,739,674
Net assets, beginning of year	<u>4,450,648</u>	<u>2,710,974</u>
Net assets, end of year	<u>\$ 7,444,696</u>	<u>4,450,648</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ 5,412,793	4,796,542
Net cash flows provided (used) by investing activities	687,429	1,304,733
Net cash flows provided (used) in capital and related financing activities	<u>(2,539,537)</u>	<u>(5,931,533)</u>
Net increase (decrease) in cash and cash equivalents	3,560,685	169,742
Cash and cash equivalents, beginning of year	<u>4,763,519</u>	<u>4,593,777</u>
Cash and cash equivalents, end of year	<u>\$ 8,324,204</u>	<u>4,763,519</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

**Student Union**

<b>Condensed Statement of Net Assets</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Assets:		
Current assets	\$ 4,718,805	2,717,544
Capital assets	12,941,331	13,303,376
Other noncurrent assets	-	<u>1,233,723</u>
Total assets	<u>17,660,136</u>	<u>17,254,643</u>
Liabilities:		
Current liabilities	785,280	781,947
Noncurrent liabilities	<u>10,502,896</u>	<u>10,990,315</u>
Total liabilities	<u>11,288,176</u>	<u>11,772,262</u>
Net assets:		
Invested in capital assets, net of related debt	2,631,252	2,054,625
Restricted, expendable	<u>3,740,708</u>	<u>3,427,756</u>
Total net assets	<u>\$ 6,371,960</u>	<u>5,482,381</u>

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

Operating revenues	\$ 1,813,881	1,466,636
Operating expenses	<u>1,585,413</u>	<u>1,580,218</u>
Net operating income (loss)	228,468	(113,582)
Nonoperating revenues (expenses)	<u>(307,155)</u>	<u>(469,691)</u>
Income (loss) before other revenues (expenses) and transfers	(78,687)	(583,273)
Other revenues (expenses) and transfers	<u>968,266</u>	<u>812,318</u>
Change in net assets	889,579	229,045
Net assets, beginning of year	<u>5,482,381</u>	<u>5,253,336</u>
Net assets, end of year	<u>\$ 6,371,960</u>	<u>5,482,381</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ 655,268	310,700
Net cash flows provided (used) by investing activities	170,995	(1,159,859)
Net cash flows provided (used) in capital and related financing activities	<u>392,130</u>	<u>(675,280)</u>
Net increase (decrease) in cash and cash equivalents	1,218,393	(1,524,439)
Cash and cash equivalents, beginning of year	<u>1,050,410</u>	<u>2,574,849</u>
Cash and cash equivalents, end of year	<u>\$ 2,268,803</u>	<u>1,050,410</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2007

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

**Field House System**

<b>Condensed Statement of Net Assets</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Assets:		
Current assets	\$ 13,265,618	15,856,343
Capital assets	36,963,883	31,378,443
Other noncurrent assets	<u>2,412,814</u>	<u>4,545,610</u>
Total assets	<u>52,642,315</u>	<u>51,780,396</u>
Liabilities:		
Current liabilities	2,216,226	1,999,499
Noncurrent liabilities	<u>19,720,364</u>	<u>20,715,698</u>
Total liabilities	<u>21,936,590</u>	<u>22,715,197</u>
Net assets:		
Invested in capital assets, net of related debt	18,234,894	10,214,912
Restricted, expendable	<u>12,470,831</u>	<u>18,850,287</u>
Total net assets	<u>\$ 30,705,725</u>	<u>29,065,199</u>

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

Operating revenues	\$ 3,795,104	3,172,798
Operating expenses	<u>3,123,837</u>	<u>2,249,806</u>
Net operating income (loss)	671,267	922,992
Nonoperating revenues (expenses)	<u>(212,958)</u>	<u>(495,840)</u>
Income (loss) before other revenues (expenses) and transfers	458,309	427,152
Other revenues (expenses) and transfers	<u>1,182,217</u>	<u>2,423,708</u>
Change in net assets	1,640,526	2,850,860
Net assets, beginning of year	<u>29,065,199</u>	<u>26,214,339</u>
Net assets, end of year	<u>\$ 30,705,725</u>	<u>29,065,199</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ 1,711,348	1,509,770
Net cash flows provided (used) by investing activities	1,826,018	4,164,029
Net cash flows provided (used) in capital and related financing activities	<u>(2,239,746)</u>	<u>(10,649,884)</u>
Net increase (decrease) in cash and cash equivalents	1,297,620	(4,976,085)
Cash and cash equivalents, beginning of year	<u>6,584,474</u>	<u>11,560,559</u>
Cash and cash equivalents, end of year	<u>\$ 7,882,094</u>	<u>6,584,474</u>



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

**Student Health System**

<b>Condensed Statement of Net Assets</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Assets:		
Current assets	\$ 1,980,710	1,435,952
Capital assets	3,716,737	3,763,284
Other noncurrent assets	<u>545</u>	<u>286,209</u>
Total assets	<u>5,697,992</u>	<u>5,485,445</u>
Liabilities:		
Current liabilities	275,594	276,751
Noncurrent liabilities	<u>3,490,159</u>	<u>3,632,001</u>
Total liabilities	<u>3,765,753</u>	<u>3,908,752</u>
Net assets:		
Invested in capital assets, net of related debt	341,058	101,389
Restricted, expendable	<u>1,591,181</u>	<u>1,475,304</u>
Total net assets	<u>\$ 1,932,239</u>	<u>1,576,693</u>

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

Operating revenues	\$ 2,761,683	2,633,323
Operating expenses	<u>2,752,516</u>	<u>2,728,999</u>
Net operating income (loss)	9,167	(95,676)
Nonoperating revenues (expenses)	<u>(49,679)</u>	<u>(126,327)</u>
Income (loss) before other revenues (expenses) and transfers	(40,512)	(222,003)
Other revenues (expenses) and transfers	<u>396,058</u>	<u>389,040</u>
Change in net assets	355,546	167,037
Net assets, beginning of year	<u>1,576,693</u>	<u>1,409,656</u>
Net assets, end of year	<u>\$ 1,932,239</u>	<u>1,576,693</u>

**Condensed Statement of Cash Flows**

Net cash flows provided (used) by operating activities	\$ 131,822	(177,934)
Net cash flows provided (used) by investing activities	(14,087)	41,410
Net cash flows provided (used) by capital and related financing activities	<u>201,937</u>	<u>(379,356)</u>
Net increase (decrease) in cash and cash equivalents	319,672	(515,880)
Cash and cash equivalents, beginning of year	<u>374,171</u>	<u>890,051</u>
Cash and cash equivalents, end of year	<u>\$ 693,843</u>	<u>374,171</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

**Note CC – Operating Expenses by Function**

Operating expenses by natural classification for the year ended June 30, 2007 are summarized as follows:

	<u>Personnel Services</u>	<u>Travel</u>	<u>Supplies</u>	<u>Contractual Services</u>	<u>Equipment and Repairs</u>
Operating Expenses:					
Instruction	\$ 63,823,984	1,293,021	719,685	713,510	815,487
Research	2,071,208	102,181	418,726	399,517	71,904
Public Service	13,492,368	3,911,318	1,481,125	2,225,225	530,179
Academic Support	15,261,693	529,847	491,741	237,307	2,550,818
Student Services	4,900,235	365,475	340,949	190,612	39,612
Institutional Support	16,939,511	258,590	317,751	222,849	247,142
Operation and Maintenance of Plant	9,790,431	94,208	309,374	156,463	5,413,336
Scholarships and Fellowships	743,318	-	-	-	-
Depreciation	-	-	-	-	-
Loan cancellations and write-offs	-	-	-	35,677	-
Auxiliary Enterprises	<u>21,378,113</u>	<u>1,640,624</u>	<u>6,029,190</u>	<u>2,511,387</u>	<u>2,029,934</u>
Total Operating Expenses	<u>\$148,400,861</u>	<u>8,195,264</u>	<u>10,108,541</u>	<u>6,692,547</u>	<u>11,698,412</u>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits &amp; Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
Operating Expenses: (continued)					
Instruction	936,578	91,048	374,773	-	\$ 68,768,086
Research	115,034	21,723	31,833	-	3,232,126
Public Service	1,514,336	161,395	172,044	-	23,487,990
Academic Support	397,837	264,881	36,549	-	19,770,673
Student Services	387,698	51,123	2,135	-	6,277,839
Institutional Support	25,007	1,213,416	(61,607)	-	19,162,659
Operation and Maintenance of Plant	4,853,783	69,301	-	-	20,686,896
Scholarships and Fellowships	-	-	3,752,168	-	4,495,486
Depreciation	-	-	-	12,517,313	12,517,313
Loan cancellations and write-offs	388,792	(145,879)	-	-	278,590
Auxiliary Enterprises	<u>6,202,142</u>	<u>435,415</u>	<u>3,552,565</u>	<u>-</u>	<u>43,779,370</u>
Total Operating Expenses	<u>14,821,207</u>	<u>2,162,423</u>	<u>7,860,460</u>	<u>12,517,313</u>	<u>\$222,457,028</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2007

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

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

	<u>Personnel Services</u>	<u>Travel</u>	<u>Supplies</u>	<u>Contractual Services</u>	<u>Equipment and Repairs</u>
Operating Expenses:					
Instruction	\$ 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>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits &amp; Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
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

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

## 2006-2007

## Statistical

## Section



## University of Northern Iowa Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help understand how the University's financial performance has changed over time.	65-68
<b>Revenue Capacity</b> These schedules provide information on the University's most significant revenue sources, tuition and fees, and state appropriations.	69-70
<b>Debt Capacity</b> These schedules present the University's bonded debt obligation and the revenue bond coverage.	71-73
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help understand the environment within which the University's financial activities take place.	74-75
<b>Operating Information</b> These schedules contain information about the University's operations and resources to help the reader understand how the University's financial information relates to the students and services the University provides.	76-82

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The University implemented GASB Statement 34 in 2002; schedules presenting financial information include information beginning in that year.



University of Northern Iowa  
 Schedule 1  
**HIGHER EDUCATION PRICE INDEX (HEPI)/FULL YEAR FTE**  
 For the Last Ten Years

	<b>2007</b>	<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>
Higher Education Price Index	<b>6.183</b>	5.983	5.689	5.499	5.254	5.107	4.905	4.667	4.492	4.387
Normalized HEPI	<b>1.409</b>	1.364	1.297	1.253	1.198	1.164	1.118	1.064	1.024	1.000
Full Year FTE	<b>10,783</b>	10,969	11,351	11,477	11,959	12,186	11,947	11,804	11,589	11,577

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 2007 Updates

Source: Research Associates of Washington; HEPI Index; 1998 through 2004 Updates

University of Northern Iowa  
Schedule 2

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

For the Last Six Years

(Expressed in Thousands)

	2007	2006	2005	2004	2003	2002
<b>CHANGE IN NET ASSETS</b>						
Total Revenues - Schedule 3	\$ 255,306	239,105	231,310	239,576	225,950	222,614
Total Expenses - Schedule 4	227,663	226,703	217,262	217,447	211,292	211,256
Change in Net Assets	27,643	12,402	14,048	22,129	14,658	11,358
Net Assets - July 1	245,564	233,162	219,114	196,985	182,327	170,969
Net Assets - June 30	\$ 273,207	245,564	233,162	219,114	196,985	182,327
<b>NET ASSETS BY CLASSIFICATION</b>						
Invested in capital assets, net of related debt	\$ 180,720	158,553	145,911	136,015	136,364	119,586
Restricted						
Nonexpendable						
Scholarships and fellowships	615	615	615	615	615	615
Expendable						
Scholarships and fellowships	391	371	338	319	416	230
Loans	2,976	2,962	2,940	2,834	2,622	2,527
Capital projects	14,936	17,828	23,682	15,670	3,783	6,010
Debt service	19,719	27,548	20,389	23,683	16,832	14,327
Other	1,034	635	740	1,224	919	696
Unrestricted	52,816	37,052	38,547	38,754	35,434	38,336
<b>Net Assets - June 30</b>	\$ 273,207	245,564	233,162	219,114	196,985	182,327



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

	2007	2006	2005	2004	2003	2002
<b>OPERATING</b>						
Gross Tuition & Fees	\$ 70,721	65,855	65,569	62,130	54,886	47,695
Less: Scholarship Allowance	14,290	13,351	13,689	13,052	12,054	10,361
Net Tuition & Fees	<u>56,431</u>	<u>52,504</u>	<u>51,880</u>	<u>49,078</u>	<u>42,832</u>	<u>37,334</u>
Receipts from other entities	86	100	83	991	852	2,823
Grants and contracts	30,863	29,100	30,744	29,123	27,839	28,150
Sales, rents and services	6,192	8,476	7,313	6,822	6,519	5,351
Miscellaneous	805	772	785	2,280	2,176	811
Auxiliary enterprises	47,559	41,967	38,524	36,857	36,928	34,577
Total Operating Income	<u>141,936</u>	<u>132,919</u>	<u>129,329</u>	<u>125,151</u>	<u>117,146</u>	<u>109,046</u>
<b>NONOPERATING</b>						
State appropriations	86,531	83,585	79,128	79,256	83,107	85,103
Investment income	4,305	2,303	1,888	869	2,847	1,775
Gifts, grants and contracts	2,954	2,433	2,386	2,213	1,492	2,782
Other revenue	-	-	-	-	-	6,881
Total Nonoperating Revenue	<u>93,790</u>	<u>88,321</u>	<u>83,402</u>	<u>82,338</u>	<u>87,446</u>	<u>96,541</u>
<b>CAPITAL AND OTHER REVENUES</b>						
Capital appropriations	8,650	6,188	14,307	15,440	20,412	16,542
Capital contributions and grants	9,988	4,311	4,006	15,851	946	485
Other revenue	942	391	266	796	-	-
Casualty reimbursement	-	3,170 #	-	-	-	-
Extraordinary gain on asset impairment	-	3,805 #	-	-	-	-
Total Capital and Other Revenue	<u>19,580</u>	<u>17,865</u>	<u>18,579</u>	<u>32,087</u>	<u>21,358</u>	<u>17,027</u>
<b>Total Revenues</b>	<u>\$ 255,306</u>	<u>239,105</u>	<u>231,310</u>	<u>239,576</u>	<u>225,950</u>	<u>222,614</u>
<b>Constant Dollar Revenues</b>	\$ 181,197	175,297	178,342	191,202	188,606	191,249
<b>Revenues per FTE (Actual)</b>	\$ 23,677	21,798	20,378	20,874	18,894	18,268
<b>Constant Dollar</b>						
<b>Revenues per FTE (Actual)</b>	\$ 16,804	15,981	15,712	16,659	15,771	15,694

# 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 Six Years  
(Expressed in Thousands)

	2007	2006	2005	2004	2003	2002
<b>OPERATING EXPENSES BY FUNCTION</b>						
Instruction	\$ 68,768	67,145	64,418	64,082	62,067	58,352
Research	3,232	1,428	2,518	2,568	2,513	2,961
Public service	23,488	22,589	22,165	19,978	18,382	20,394
Academic support	19,771	19,904	19,401	19,794	20,659	20,846
Student services	6,278	5,973	6,460	6,130	6,067	5,915
Institutional support	19,163	23,311	23,562	22,828	22,716	20,211
Operation and maintenance of plant	20,687	20,576	16,740	20,471	19,717	25,293
Scholarships and fellowships	4,495	4,861	5,454	6,415	6,563	5,922
Depreciation	12,517	11,469	12,646	12,833	12,512	12,631
Loan cancellations and write-offs	279	277	471	479	484	790
Auxiliary enterprises	43,779	41,066	38,220	36,486	34,275	33,383
Total Operating Expenses	222,457	218,599	212,055	212,064	205,955	206,698
<b>NONOPERATING EXPENSES</b>						
Interest expense	5,014	5,010	5,141	5,179	5,180	4,504
Amortization expense	77	91	66	107	101	54
Miscellaneous expense	115	3,003 *	-	97	-	-
Total Nonoperating Expenses	5,206	8,104	5,207	5,383	5,281	4,558
<b>CAPITAL AND OTHER EXPENSES</b>						
Other expense	-	-	-	-	56	-
Total Capital and Other Expenses	-	-	-	-	56	-
<b>Total Expenses</b>	<b>\$ 227,663</b>	<b>226,703</b>	<b>217,262</b>	<b>217,447</b>	<b>211,292</b>	<b>211,256</b>
<b>Constant Dollar Expenses</b>	<b>\$ 161,578</b>	166,205	167,511	173,541	176,371	181,491
<b>Expenses per FTE (Actual)</b>	<b>\$ 21,113</b>	20,668	19,140	18,946	17,668	17,336
<b>Constant Dollar</b>						
<b>Expenses per FTE (Actual)</b>	<b>\$ 14,984</b>	15,152	14,757	15,121	14,748	14,893

\* 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)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>TUITION &amp; FEES</b>										
Total Tuition & Fees	\$ 70,721	65,855	65,569	62,130	54,886	47,695	42,963	39,829	37,447	35,485
Less: Other Funds Unrestricted	7,565	6,496	6,743	6,600	6,087	7,767	4,640	3,907	3,563	3,112
Unrestricted Scholarships & Fellowships	9,324	9,438	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489
Net Tuition & Fees	\$ 53,832	49,921	49,411	46,593	40,721	33,391	31,908	29,692	27,786	26,884
<b>Constant Dollar Net Tuition &amp; Fees</b>	\$ 38,206	36,599	38,096	37,185	33,991	28,686	28,540	27,906	27,135	26,884
<b>Tuition &amp; Fees per FTE Student (Actual)</b>	\$ 4,992	4,551	4,353	4,060	3,405	2,740	2,671	2,515	2,398	2,322
<b>Constant Dollar Tuition &amp; Fees per FTE Student (Actual)</b>	\$ 3,543	3,337	3,356	3,240	2,842	2,354	2,389	2,364	2,341	2,322
<b>TUITION &amp; FEES RATES</b>										
Resident Undergraduate	\$ 6,112	5,602	5,387	4,916	4,118	3,440	3,130	2,988	2,860	2,752
Non-resident Undergraduate	14,028	13,214	12,705	11,874	10,426	8,762	8,094	7,748	7,415	7,136
Resident Graduate	6,962	6,420	6,173	5,612	4,814	4,028	3,676	3,510	3,360	3,232
Non-resident Graduate	15,100	14,244	13,697	12,686	11,238	9,446	8,732	8,358	7,999	7,698
<b>FULL ROOM &amp; BOARD RATE</b>	\$ 5,740	5,519	5,261	5,018	4,640	4,398	4,149	3,914	3,624	3,444
<b>TOTAL COST OF ATTENDANCE</b>										
Resident Undergraduate	\$ 11,852	11,121	10,648	9,934	8,758	7,838	7,279	6,902	6,484	6,196
Non-resident Undergraduate	19,768	18,733	17,966	16,892	15,066	13,160	12,243	11,662	11,039	10,580
<b>CONSTANT DOLLAR TUITION &amp; FEE RATES</b>										
Resident Undergraduate	\$ 4,338	4,107	4,153	3,923	3,437	2,955	2,800	2,808	2,793	2,752
Non-resident Undergraduate	9,956	9,688	9,796	9,476	8,702	7,527	7,240	7,282	7,241	7,136
Resident Graduate	4,941	4,707	4,759	4,479	4,018	3,460	3,288	3,299	3,281	3,232
Non-resident Graduate	10,717	10,443	10,561	10,125	9,380	8,115	7,810	7,855	7,812	7,698
<b>CONSTANT DOLLAR FULL ROOM &amp; BOARD RATE</b>	\$ 4,074	4,046	4,056	4,005	3,873	3,778	3,711	3,679	3,539	3,444
<b>CONSTANT DOLLAR COST OF ATTENDANCE</b>										
Resident Undergraduate	\$ 8,412	8,153	8,209	7,928	7,310	6,733	6,511	6,487	6,332	6,196
Non-resident Undergraduate	14,030	13,734	13,852	13,481	12,575	11,305	10,951	10,961	10,780	10,580

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>STATE APPROPRIATIONS</b>										
Total	\$ 86,531	83,585	79,128	79,256	83,107	85,102	96,898	93,239	88,924	84,531
Less: Non-General Funds	1,544	677	723	677	291	272	117	114	201	108
Tuition Replacement *	-	-	-	-	-	-	4,951	4,627	4,725	4,579
Net State Appropriations	\$ 84,987	82,908	78,405	78,579	82,816	84,830	91,830	88,498	83,998	79,844
<b>Constant Dollar Unrestricted State Appropriations</b>	\$ 60,317	60,783	60,451	62,713	69,129	72,878	82,138	83,175	82,029	79,844
<b>State Appropriations per FTE Student (Actual)</b>	\$ 7,882	7,558	6,907	6,847	6,925	6,961	7,686	7,497	7,248	6,897
<b>Constant Dollar State Appropriations per FTE Student (Actual)</b>	\$ 5,594	5,541	5,326	5,464	5,780	5,980	6,875	7,046	7,078	6,897
<b>CAPITAL APPROPRIATIONS</b>	\$ 8,650	6,188	14,307	15,440	20,412	16,542				
<b>Constant Dollar Restricted Capital Appropriations</b>	\$ 6,139	4,537	11,031	12,322	17,038	14,211				
<b>Capital Appropriations per FTE Student (Actual)</b>	\$ 802	564	1,260	1,345	1,707	1,357				
<b>Constant Dollar Capital Appropriations per FTE Student (Actual)</b>	\$ 569	414	972	1,074	1,425	1,166				

\*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>2007</b>	<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>
Academic Building Revenue Bonds	\$ <b>47,854</b>	42,738	37,890	35,707	46,963	46,326	44,308	46,964	49,633	52,126
Residence System Bonds	<b>34,040</b>	35,655	36,935	37,960	39,570	31,140	32,250	33,045	19,790	13,555
Field House Bonds	<b>20,190</b>	21,640	30,340	23,325	13,760	13,990	8,585	8,795	8,995	9,200
Student Union Bonds	<b>10,965</b>	11,430	11,885	12,325	12,755	12,755	-	-	-	-
Student Health Center Bonds	<b>3,585</b>	3,730	3,875	3,875	-	-	-	-	-	-
Total Bonded Debt	\$ <b>116,634</b>	115,193	120,925	113,192	113,048	104,211	85,143	88,804	78,418	74,881
<b>Constant Dollar</b>										
Outstanding Bonded Debt	\$ <b>82,778</b>	84,452	93,234	90,337	94,364	89,528	76,157	83,462	76,580	74,881
Outstanding Bonded Debt per FTE Student (Actual)	\$ <b>10,816</b>	10,502	10,653	9,863	9,453	8,552	7,127	7,523	6,767	6,468
Constant Dollar Bonded Debt per FTE Student (Actual)	\$ <b>7,677</b>	7,699	8,214	7,871	7,891	7,347	6,375	7,071	6,608	6,468

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>
2007	61,801	5,901	10.47
2006	58,158	5,392	10.79
2005	57,836	4,772	12.12
2004	54,447	4,824	11.29
2003	47,670	4,294	11.10
2002	39,934	5,135	7.78
2001	36,506	5,200	7.02
2000	34,171	5,200	6.57
1999	32,354	5,200	6.22
1998	30,874	5,200	5.94

**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>
2007	30,323	22,701	7,622	3,347	2.28
2006	27,344	21,165	6,179	3,347	1.85
2005	24,836	20,092	4,744	3,347	1.42
2004	23,775	18,946	4,829	3,347	1.44
2003	24,158	18,491	5,667	3,347	1.69
2002	24,818	19,282	5,536	2,816	1.97
2001	24,522	18,018	6,504	2,816	2.31
2000	21,061	16,692	4,369	2,844	1.54
1999	19,162	15,290	3,872	2,005	1.93
1998	18,323	14,820	3,503	1,466	2.39

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	
2007	4,419	1,916	2,503	6,751	1,560	769	2,329	3.97
2006	3,577	1,701	1,876	2,903	1,450	855	2,305	2.07
2005	3,162	1,567	1,595	2,423	1,320	956	2,276	1.76
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

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	
2007	2,874	1,071	1,803	2,768	485	508	993	4.59
2006	2,357	1,121	1,236	1,991	465	523	988	3.26
2005	2,299	1,236	1,063	1,799	455	537	992	2.89
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	
2007	3,247	2,650	597	1,263	145	135	280	6.64
2006	3,069	2,493	576	986	145	139	284	5.50
2005	2,489	1,838	651	1,166	145	144	289	6.30

University of Northern Iowa  
 Schedule 9

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

For the Last Ten Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Total Personal Income (expressed in millions)	\$ 99,112	95,858	90,289	85,506	83,051	79,753	78,200	73,500	68,473	65,896
Population (expressed in thousands)	2,982	2,966	2,954	2,944	2,937	2,923	2,926	2,869	2,862	2,852
Per Capita Personal Income (expressed in dollars)	\$ 33,236	32,315	30,560	29,043	28,240	27,283	26,723	25,615	23,925	23,102
Unemployment Percentage	3.7%	4.6%	4.5%	4.5%	4.0%	3.3%	2.6%	2.6%	2.8%	3.3%
<b>Constant Dollar</b>										
Per Capita Personal Income	\$ 23,588	23,691	23,562	23,179	23,573	23,439	23,903	24,074	23,364	23,102
<b>Net UNI Appropriations</b> (expressed in thousands)	\$ 82,908	78,405	78,579	82,816	84,830	91,830	88,498	83,998	79,844	75,908
UNI Appropriations per Capita	\$ 27.80	26.43	26.60	28.13	28.88	31.42	30.25	29.28	27.90	26.62
<b>Constant Dollar</b>										
UNI Appropriations per Capita	\$ 19.73	19.38	20.51	22.45	24.11	26.99	27.05	27.52	27.24	26.62

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



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

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee	Retail Trade
2	Wal-Mart	Retail Trade
3	Deere and Company	Manufacturing
4	Rockwell Collins	Manufacturing
5	Principal Life Insurance Group	Finance & Insurance
6	Tyson Fresh Meats	Manufacturing
7	Wells Fargo Bank	Finance & Insurance
8	Pella Corporation	Manufacturing
9	Fareway Stores	Retail Trade
10	Iowa Health-Des Moines	Health Services

Based on 2006 calendar year annual average employment.  
 Source: Iowa Workforce Development, QCEW

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee	Retail Trade
2	Deere and Company	Manufacturing
3	Wal-Mart	Retail Trade
4	Principal Financial Group	Insurance
5	Rockwell Collins	Manufacturing
6	Iowa Beef Processors	Meat Packer
7	APAC Teleservices, Inc.	Business Services
8	Central Iowa Health Systems	Hospital/Des Moines
9	Mercy Hospital Medical Center	Hospital/Des Moines
10	Fareway Stores	Retail Trade

Based on 1997 calendar year annual average employment.  
 Source: Iowa Workforce Development

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>STAFF POSITIONS (Full Time)</b>										
General Operating Fund:										
Faculty	595	625	618	632	649	648	671	644	641	644
Administrative	278	275	296	288	265	279	289	288	265	259
Library Professional	24	25	24	24	26	24	25	26	26	28
Clerical/Secretarial	154	155	163	191	191	212	219	221	218	206
Technical	17	16	17	17	17	19	19	15	20	20
Craftsmen & Custodial	124	124	123	141	152	161	168	178	180	175
Security	12	11	12	12	14	12	15	16	15	15
All Other Funds	526	516	515	481	520	515	484	458	407	372
<b>Total</b>	<b>1,730</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>FACULTY POSITIONS (FTE)</b>										
Total Faculty	684.3	740.4	741.6	746.3	760.0	804.9	785.9	789.6	778.4	787.4
Percent Tenured	56.6%	58.6%	57.0%	56.8%	55.2%	50.7%	50.2%	49.7%	53.7%	56.1%
Students per Faculty Member	16.5	14.8	15.3	15.3	15.6	15.0	15.1	14.7	14.7	14.4

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>ENROLLMENT (Fall Headcount)</b>										
Undergraduate - Lower	4,427	4,433	4,363	4,619	5,112	5,425	5,495	5,306	5,132	5,093
Undergraduate - Upper	6,275	6,519	6,857	7,155	7,170	7,049	6,723	6,678	6,632	6,561
Graduate - Masters	1,113	1,112	1,100	1,173	1,163	1,174	1,144	1,133	1,154	1,081
Graduate - Advanced	445	449	504	494	481	422	412	436	411	373
<b>Total</b>	<b>12,260</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>
Residents	11,129	11,400	11,793	12,356	12,781	13,010	12,790	12,630	12,403	12,209
Nonresidents	1,131	1,113	1,031	1,085	1,145	1,060	984	923	926	899
<b>ENROLLMENT (FTE)</b>										
Full Year FTE	10,783	10,969	11,351	11,477	11,959	12,186	11,947	11,804	11,589	11,577
Fall FTE	10,835	11,016	11,006	11,424	11,879	12,081	11,868	11,628	11,415	11,309
<b>ADMISSIONS (Freshmen)</b>										
Applications	4,722	4,585	4,360	4,216	4,350	4,446	4,688	4,700	4,479	4,489
Accepted	3,759	3,572	3,422	3,360	3,518	3,554	3,786	3,851	3,776	3,707
Acceptance Ratio	79.6%	77.9%	78.5%	79.7%	80.9%	79.9%	80.8%	81.9%	84.3%	82.6%
Enrolled	1,991	1,768	1,737	1,700	1,785	1,865	2,104	2,177	2,023	1,957
Enrollment Ratio	53.0%	49.5%	50.8%	50.6%	50.7%	52.5%	55.6%	56.5%	53.6%	52.8%
Average ACT Score	23.0	23.0	22.8	22.9	22.9	22.8	22.9	23.0	23.3	23.6
Percent in Upper 30% of High School Class	53.8%	57.5%	56.7%	57.3%	58.4%	57.0%	57.9%	60.2%	59.3%	59.1%
Percent in Upper 10% of High School Class	17.6%	18.2%	19.0%	19.1%	19.2%	17.7%	18.1%	19.1%	18.0%	17.5%

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>DEGREES GRANTED (Summary)</b>										
Baccalaureate	2,259	2,423	2,669	2,584	2,592	2,420	2,266	2,386	2,324	2,214
Masters	471	485	494	434	405	415	383	426	429	353
Specialists	10	7	3	11	9	4	3	10	6	2
Doctorates	8	18	10	10	12	12	13	8	7	10
<b>Total</b>	<b>2,748</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>DEGREES GRANTED (Detail)</b>										
Doctor of Industrial Technology	-	3	1	2	2	5	11	2	2	2
Doctor of Education	8	15	9	8	10	7	2	6	5	8
Specialist in Education	10	7	3	11	9	4	3	10	6	2
Masters of Arts in Education	129	103	147	127	114	107	92	127	121	126
Master of Arts	231	237	206	198	215	217	211	244	242	172
Master of Business Administration	35	62	52	21	5	36	55	35	37	33
Master of Music	13	12	19	11	12	11	6	5	13	6
Master of Public Policy	11	5	6	11	8	10	1	3	7	7
Master of Science	10	20	21	13	17	16	18	12	9	9
Master of Accounting	11	19	13	23	7	2	-	-	-	-
Master of Social Work	31	27	30	30	27	16	-	-	-	-
Bachelor of Arts	2,148	2,272	2,514	2,463	2,449	2,307	2,144	2,254	2,227	2,111
Bachelor of Fine Arts	8	15	9	8	7	8	5	8	2	4
Bachelor of Music	19	19	22	23	24	22	20	28	17	21
Bachelor of Science	64	93	90	74	84	71	76	77	62	65
Bachelor of Technology	-	-	-	-	1	-	2	4	5	3
Bachelor of Liberal Studies	20	24	34	16	27	12	19	15	11	10
<b>Total</b>	<b>2,748</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>

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Educational Fund Expenditures	\$ 136,384	132,257	128,373	125,409	122,788	117,744	123,427	119,070	114,034	106,428
Less Separately Budgeted Expenditures:										
Research	581	487	499	480	471	650	839	918	892	795
Public Service	1,616	1,611	2,207	1,834	1,449	2,582	2,725	2,572	2,888	2,370
Scholarships/Fellowships	9,324	9,438	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489
General Educational Fund Instructional Expenditures	\$ 124,863	120,721	116,252	114,158	112,790	107,975	113,448	109,350	104,156	97,774
<b>Cost per FTE Student (Actual)</b>	<b>\$ 11,580</b>	11,006	10,242	9,947	9,431	8,861	9,496	9,264	8,987	8,446
<b>Constant Dollar Cost per FTE Student (Actual)</b>	<b>\$ 8,218</b>	8,069	7,896	7,938	7,873	7,612	8,494	8,707	8,777	8,446

University of Northern Iowa  
 Schedule 15

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

For the Last Ten Years

(Expressed in Thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<b>SCHOLARSHIPS &amp; FELLOWSHIPS</b>										
Unrestricted	\$ 9,324	9,438	9,415	8,937	8,078	6,537	6,415	6,230	6,098	5,489
Restricted	<u>9,461</u>	<u>8,774</u>	<u>9,728</u>	<u>10,545</u>	<u>10,539</u>	<u>9,746</u>	<u>8,211</u>	<u>7,766</u>	<u>7,614</u>	<u>6,959</u>
Total	<u>\$ 18,785</u>	<u>18,212</u>	<u>19,143</u>	<u>19,482</u>	<u>18,617</u>	<u>16,283</u>	<u>14,626</u>	<u>13,996</u>	<u>13,712</u>	<u>12,448</u>

**CONSTANT DOLLAR SCHOLARSHIPS & FELLOWSHIPS**

Unrestricted	\$ 6,617	6,919	7,259	7,132	6,743	5,616	5,738	5,855	5,955	5,489
Restricted	<u>6,715</u>	<u>6,433</u>	<u>7,500</u>	<u>8,416</u>	<u>8,797</u>	<u>8,373</u>	<u>7,344</u>	<u>7,299</u>	<u>7,436</u>	<u>6,959</u>
Total	<u>\$ 13,332</u>	<u>13,352</u>	<u>14,759</u>	<u>15,548</u>	<u>15,540</u>	<u>13,989</u>	<u>13,082</u>	<u>13,154</u>	<u>13,391</u>	<u>12,448</u>

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

Unrestricted	\$ 865	860	829	779	675	536	537	528	526	474
Restricted	<u>877</u>	<u>800</u>	<u>857</u>	<u>919</u>	<u>881</u>	<u>800</u>	<u>687</u>	<u>658</u>	<u>657</u>	<u>601</u>
Total	<u>\$ 1,742</u>	<u>1,660</u>	<u>1,686</u>	<u>1,698</u>	<u>1,556</u>	<u>1,336</u>	<u>1,224</u>	<u>1,186</u>	<u>1,183</u>	<u>1,075</u>

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

Unrestricted	\$ 614	630	639	622	563	460	480	496	514	474
Restricted	<u>622</u>	<u>587</u>	<u>661</u>	<u>733</u>	<u>735</u>	<u>687</u>	<u>614</u>	<u>618</u>	<u>642</u>	<u>601</u>
Total	<u>\$ 1,236</u>	<u>1,217</u>	<u>1,300</u>	<u>1,355</u>	<u>1,298</u>	<u>1,147</u>	<u>1,094</u>	<u>1,114</u>	<u>1,156</u>	<u>1,075</u>

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

	2007	2006	2005	2004	2003	2002
Land	\$ 4,305	4,235	4,235	4,235	4,203	3,935
Construction in Progress	19,461	24,979	34,727	23,534	31,709	6,673
Capital Assets Not Depreciated	<u>23,766</u>	<u>29,214</u>	<u>38,962</u>	<u>27,769</u>	<u>35,912</u>	<u>10,608</u>
Land Improvements	12,250	12,233	12,132	11,132	11,861	11,745
Infrastructure	27,043	27,040	14,070	13,455	13,456	13,456
Buildings	326,437	292,846	273,898	263,732	237,998	237,279
Equipment	41,060	37,655	50,222	48,672	46,902	45,163
Library Materials	33,075	32,158	31,165	30,289	28,801	27,651
Capital Assets Depreciated	<u>439,865</u>	<u>401,932</u>	<u>381,487</u>	<u>367,280</u>	<u>339,018</u>	<u>335,294</u>
Total Capital Assets	<u>463,631</u>	<u>431,146</u>	<u>420,449</u>	<u>395,049</u>	<u>374,930</u>	<u>345,902</u>
Less: Accumulated Depreciation	178,466	168,232	169,102	158,890	147,984	136,795
Net Book Value	<u>\$ 285,165</u>	<u>262,914</u>	<u>251,347</u>	<u>236,159</u>	<u>226,946</u>	<u>209,107</u>

**ACCUMULATED DEPRECIATION**

Land Improvements	\$ 6,413	5,992	5,551	5,379	4,999	4,607
Infrastructure	7,901	7,159	6,712	6,295	5,886	5,478
Buildings	109,819	102,524	96,216	89,662	83,363	77,636
Equipment	27,986	27,451	36,807	35,066	32,611	29,384
Library Materials	26,347	25,106	23,816	22,488	21,125	19,690
Total Accumulated Depreciation	<u>\$ 178,466</u>	<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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Undergraduate - Lower	4,517	4,359	4,284	4,227	4,167	4,095	4,066	4,076	4,110	4,151
Undergraduate - Upper	6,152	6,302	6,352	6,267	6,189	6,126	6,064	5,995	5,958	5,955
Unclassified - Special	259	249	243	239	237	236	235	234	234	234
Graduate	1,562	1,535	1,515	1,500	1,490	1,482	1,476	1,472	1,469	1,467
<b>Total</b>	<b>12,490</b>	<b>12,445</b>	<b>12,394</b>	<b>12,233</b>	<b>12,083</b>	<b>11,939</b>	<b>11,841</b>	<b>11,777</b>	<b>11,771</b>	<b>11,807</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  
**Tonya Gerbracht**, Assistant Controller  
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**Jeanne Alcantara**, CPA, Accountant  
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Auditor of State

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

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

We have audited the financial statements of the University of Northern Iowa (University) as of and for the year ended June 30, 2007 and have issued our report thereon dated December 7, 2007 under separate cover. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

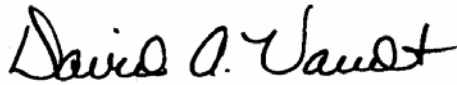
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which will be reported to management in a separate departmental report.

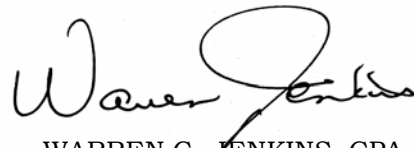
The University's response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we expressed our conclusion on the University's response, we did not audit the University's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the University of Northern Iowa, citizens of the State of Iowa and other parties to whom the University of Northern Iowa may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the University of Northern Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 31, 2007

University of Northern Iowa

Schedule of Findings

Year ended June 30, 2007

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCY:**

Wages and Salary Overpayments – When the University has incorrectly overpaid several employees or students, the University has asked these individuals for a refund of the overpayment. However a number of these overpayments are over one year old. The refunds were not always pursued timely. Additionally, overpayments occur if a Personnel Action Form (PAF) is not filed when an individual leaves employment.

Recommendation – The University should continue to monitor the payment of salary and wages to minimize overpayments. When overpayments occur, the University should pursue refunds timely and monitor the disposition of the refund.

Response – The University acknowledges that salary and wage overpayments need to be collected on a timely basis. The University has collected on all overpayments occurring during the current year and agrees to utilize all available collection tools to collect overpayments from prior years. For items deemed uncollectible the University will initiate a write-off of these receivables. Additionally, the University will continue to explore alternative procedures to minimize the opportunity for overpayment to occur, including changes to the PAF process and enhanced employee notifications.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.