



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

An enterprise fund of the State of Iowa

2012-2013 Comprehensive Annual Financial Report

For the fiscal years ended
June 30, 2013 and June 30, 2012



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Prepared by:
Financial Accounting
and Reporting Services

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2012-2013
Introductory Section



December 4, 2013

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

In accordance with Code of Iowa Sections 262.23 and 262.25, we are pleased to submit the Comprehensive Annual Financial Report of the University of Northern Iowa for the year ended June 30, 2013. The audit opinion letter of the Auditor of State appears in the Financial Section and expresses an unmodified opinion on the University's financial statements.

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

This report has been prepared in accordance with 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.

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

PROFILE OF THE UNIVERSITY

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

The University of Northern Iowa is a comprehensive university with 12,159 students and 1,819 full-time faculty and staff. Eighty-nine percent of the students are from the State of Iowa. The student body represents 99 counties in Iowa, 43 states and 62 foreign countries.

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

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

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook for 2013-2014

Real Gross Domestic Product (GDP) quarter-over-quarter growth has remained sluggish since the end of the recession in June 2009. The national economy is not rebounding as quickly as it rebounded from prior recessions. Real GDP was 2.4% in 2010, 1.8% in 2011 and 2.8% in 2012. It remains sluggish in 2013 with actual growth of 1.1%, 2.5% and 2.8% during the first three quarters. The Wells Fargo Economics Group predicts Real GDP growth will be 1.7% for the fourth quarter of 2013, 2.3% during 2014 and 2.8% during 2015.

Job growth has been slow and it will remain slow over the next 12 months. Employment had been on a decline in the United States starting in calendar year 2007 when only 1.1 million new jobs were created. Job losses were experienced in 2008, with 3.6 million jobs lost. In 2009, an additional 5.1 million jobs were lost. Job growth was experienced in 2010 with 1.0 million jobs added, in 2011 with 2.1 million jobs added and in 2012 with 2.2 million jobs added. In 2013, 1.9 million jobs were added during the first ten months of the year. Job growth for 2014 is projected to be similar to 2013.

Unemployment has been a serious problem since the end of the recession in 2009. Structural unemployment is a problem as many do not have the requisite skills for 21st century jobs. State and local governments are not providing job growth. Unemployment was 8.9% in 2011, 8.1% in 2012 and 7.7%, 7.6% and 7.3% during the first three quarters of 2013. The Wells Fargo Economics Group predicts unemployment will average 7.2% for the fourth quarter of 2013, 7.0% in 2014 and 6.7% in 2015.

Inflation remains controlled. The Consumer Price Index was 1.7%, 1.4% and 1.6% during the first three quarters of 2013. The "Core" Consumer Price Index, which excludes food and energy, was 1.9%, 1.7% and 1.7% for the same time period. The Wells Fargo Economics Group predicts core inflation will continue to be modest, averaging 1.9% in 2014 and 2.1% in 2015.

Housing is adding strength to the economy. Housing starts have increased each year following the recession. Housing starts were 0.96 million, 0.87 million and 0.89 million units during the first three quarters of 2013. The Wells Fargo Economics Group predicts housing starts will increase to 1.10 million units in 2014 and 1.25 million units in 2015.

The auto industry is also adding strength to the economy. Light vehicle sales have increased each year following the recession. Light vehicle sales were 15.3 million units, 15.5 million units and 15.7 million units during the first three quarters of 2013. The Wells Fargo Economics Group predicts light vehicle sales will increase to 16.1 million units in 2014 and 16.7 million units in 2015.

Interest rates have increased slightly from all-time lows. The Federal Reserve Bank (Fed) recently confirmed it intends to hold the short-term rate near zero until the nation's unemployment rate is reduced to 6.5% or lower and the inflation rate is forecast to hit 2.5% or higher. The Fed continues to purchase \$85 billion of mortgage-backed securities and Treasury securities, part of a quantitative easing program, to drive down long-term interest rates to encourage borrowing, spending and investing. The prime rate has been at 3.25% and the Federal Funds Target Rate has been at 0.0% to 0.25% since the fourth quarter of 2008. The Wells Fargo Economics Group predicts both will remain at those levels through 2014, but increase in 2015. The Fed's announcement in May 2013 that it may start tapering its purchase of mortgage-backed securities caused an increase in conventional mortgage interest rates. Mortgages averaged 4.46% in 2011 and 3.66% in 2012. During the first three quarters of 2013, the rate was 3.57%, 4.07% and 4.49%. The Wells Fargo Economics Group predicts the conventional mortgage rate will increase to 4.55% in 2014 and 4.95% in 2015. The tapering announcement also caused interest rate increases on Treasury securities over the length of the yield curve. The Wells Fargo Economics Group predicts subtle increases in interest rates on Treasury bills, notes and bonds in 2014 and in 2015.

The U.S. economy is positioned to grow at a somewhat faster rate in 2014 than in 2013 based on an analysis of the ten components of The Conference Board's Leading Economic Index. Improvements have been noted in financial, housing and manufacturing indices. The data analyzed reflects a strengthening of the U.S. economy. Restrained business capital spending is a drag on the economy, as are slow job growth and federal monetary and fiscal policy. Businesses report consumer demand is relatively weak, wage growth is weak and low consumer confidence.

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 increased from 10.4% to 12.7% of the state's GDP. Manufacturing decreased from 20.5% to 16.7%, wholesale and retail trade decreased from 12.3% to 11.7%, government decreased from 11.7% to 11.2% and real estate decreased from 10.1% to 9.9%. Agriculture became more significant, increasing from 3.1% to 6.7% of the state's GDP.

Agriculture. According to Iowa Agriculture Quick Facts for 2012, there were 92,300 farms in the state comprising 30.7 million acres. The average farm size was 333 acres and the average dollar value per acre was \$8,296. Corn production was 1.88 billion bushels, soybean production was 414 million bushels, oats production was 3.8 million bushels, hay production was 2.81 million tons, total annual cattle and calves marketed were 2.45 million head, total annual hogs marketed were 41.1 million head, milk production was 4.43 billion pounds and total annual egg production was 14.5 billion eggs. Cash receipts from corn were \$13.5 billion, soybeans were \$5.9 billion, cattle and calves were \$3.8 billion, hogs were \$7.0 billion, dairy products were \$849.1 million and eggs were \$990.5 million.

Ethanol Production. According to the Iowa Renewable Fuels Association, there are 44 ethanol refineries in production in the state. These refineries have 3.88 billion gallons of annual production capacity and require over one billion bushels of corn annually. In addition, there are 12 biodiesel refineries in production. They have 315 million gallons of annual production capacity and require 175 million bushels of soybeans and 250 million pounds of animal fats. There are 185 E85 stations and 250 biodiesel stations across Iowa.

Farmland Values. According to The Agricultural Newsletter published by the Federal Reserve Bank of Chicago, the annual percentage change in the dollar value of "good" Iowa farmland was 18% in 2012-13, 24% in 2011-12, 20% in 2010-11, 8% in 2009-10 and -5% in 2008-09. Location was a major factor for land values this year, with regional price increases varying from a low of 12% to a high of 22%. Land values did not increase from the first quarter to the second quarter of 2013. The last time there was no increase in quarterly land values was in 2009. Land values decreased 1% from the second quarter to third quarter of 2013. The recent decrease in land values is attributed to lower commodity prices. According to the 2012 Farmland Value Survey conducted by Iowa State University, the average value of an acre of Iowa farmland was \$8,296 in 2012, \$6,708 in 2011, \$5,064 in 2010, \$4,371 in 2009 and \$4,468 in 2008.

Per-Capita Personal Income. Iowa's average per-capita income, as reported by the Bureau of Economic Analysis, was \$43,935 in 2012 and \$42,470 in 2011. The average per-capita income in the nation was \$43,735 in 2012 and \$42,298 in 2011. Iowa's per-capita personal income increased 3.4% from 2011 to 2012, while the nation's increased 3.4%.

Median Household Income. According to the U.S. Census Bureau, Iowa median household income was \$50,957 in 2012 and \$50,366 in 2011. The national median household income was reported as \$51,371 in 2012 and \$51,324 in 2011.

Employment. According to the Bureau of Labor Statistics, Iowa's seasonally adjusted percent unemployed for the State was 4.6% in June 2013 compared with 5.3% in June 2012, 6.0% in June 2011, 6.2% in June 2010 and 6.2% in June 2009. For the nation, seasonally adjusted percent unemployed was 7.6% in June 2013 compared with 8.2% in June 2012, 9.1% in June 2011, 9.4% in June 2010 and 9.5% in June 2009. Over the past five years, Iowa's unemployment rate has been between 2.9 and 3.3 percentage points below the national average. In June 2013, there were 1,577,217 employed Iowans compared with 1,550,298 in June 2012, an increase of 26,919 persons. There were 76,305 unemployed Iowans in June 2013 compared with 87,320 in June 2012, a decrease of 11,015.

Manufacturing. According to the Bureau of Economic Analysis, Iowa's GDP from manufacturing increased by 25.5% in current dollars between 2002 and 2012 while the nation's GDP from manufacturing increased by 37.7%. According to the Bureau of Labor Statistics, Iowa's manufacturing employment decreased by 1.0% while the nation's manufacturing employment decreased by 17.4% during the same period of time. According to the Bureau of Labor Statistics, manufacturing employment in Iowa averaged 227,308 in 2008, 202,800 in 2009, 200,525 in 2010, 205,817 in 2011, 210,433 in 2012 and 215,480 during the first 10 months of 2013.

Exports. According to the Foreign Trade Division of the U.S. Department of Census, Iowa's export shipments of merchandise totaled \$14.6 billion in 2012 and \$13.3 billion in 2011. Iowa's export shipments grew 61.9% from 2009 to 2012. In 2012, Iowa exported merchandise valued at \$4.4 billion to Canada, \$2.5 billion to Mexico, \$881 million to Japan, \$752 million to China, \$659 million to Germany, \$633 million to Brazil, \$514 million to Australia, and \$376 million to the United Kingdom. Other top markets included South Korea, France, Russia, the Netherlands, South Africa, Singapore, Ukraine, Belgium, Chile and Hong Kong. Iowa's leading export category was tractors. Other top export categories were corn, pork, soybeans, aircraft parts, herbicide and front-end shovel loaders.

Real Gross Domestic Product. The real gross domestic product is the U.S. Commerce Department's measure of the value of all goods and services produced in a given year. It is expressed in base-year prices for the year 2005. According to the Bureau of Economic Analysis, Iowa's real GDP was \$129.8 billion in 2012, \$126.8 billion in 2011, \$124.0 billion in 2010 and \$121.7 billion in 2009. Iowa's real GDP increased 6.6% between 2009 and 2012. The nation's real GDP was \$13.4 trillion in 2012, \$13.1 trillion in 2011, \$12.9 trillion in 2010 and \$12.6 trillion in 2009. The growth rate in the nation's real gross domestic product between 2009 and 2012 was 6.7%. Iowa's real GDP increased 2.4% between 2011 and 2012 while the nation's real GDP increased 2.5%.

Nonagricultural Economy. Over the past 10 years, significant changes have occurred in the mix of nonfarm wage and salary employment. According to the Bureau of Labor Statistics, Iowa's total nonfarm employment experienced a 6.6% increase in jobs. Jobs in professional and business services grew 28.3%, jobs in education and health services grew 17.6%, jobs in mining and logging grew 15.8%, jobs in financial activities grew 10.9%, jobs in leisure and hospitality grew 8.9%, jobs in construction grew 4.2%, jobs in government grew 2.9%, as did jobs in other services, and jobs in trade, transportation and utilities grew 2.2%. Jobs in information services decreased 19.1% and jobs in manufacturing decreased 1.0%.

Waterloo-Cedar Falls Metropolitan Statistical Area. The Waterloo-Cedar Falls Metropolitan Statistical Area (MSA) consists of Black Hawk, Bremer, and Grundy counties. According to the St. Louis Federal Reserve Bank, the Waterloo-Cedar Falls MSA had a per-capita personal income (PCPI) in 2012 of \$41,339. Iowa's PCPI was 94.5% of the national average of \$43,735. As of August 2013, the Waterloo-Cedar Falls MSA had a seasonally adjusted unemployment rate of 4.7% while the nation had an unemployment rate of 7.3%.

State of Iowa's Economic Outlook for 2013-2014

The State of Iowa's net General Fund revenues increased from \$6.311 billion in Fiscal 2012 to \$6.769 billion in Fiscal 2013, an increase of 7.3%. The March 2012 Revenue Estimating Conference (REC) projected the State's net General Fund revenues for Fiscal 2014 to be \$6.871 billion, an increase of 1.5% from actual Fiscal 2013 revenue. Subsequent to that meeting, legislation was enacted to move \$120 million of cigarette and tobacco tax revenue and \$66 million of racing and gaming revenue to other funds. In addition, the Iowa earned income credit was increased, resulting in a loss of \$30 million of General Fund revenue. When the REC met in October 2013, it considered those reductions as well as the state of the economy and projected Fiscal 2014 net General Fund revenues to be \$6.695 billion, a decrease of 1.1% from Fiscal 2013 actual revenues. Projected revenue growth would have been positive in Fiscal 2014 if the three noted changes had not been made.

The State of Iowa's net General Fund revenue has increased in 11 of the past 13 months based on twelve-month total net tax receipts through October 31, 2013. During that period, total cash basis tax revenue credited to state funds totaled \$7.581 billion, an increase of \$446.8 million, or 6.3%. Contributors to the year-over-year dollar changes include: individual income tax (positive \$387.9 million), sales/use tax (positive \$41.9 million), banking tax (positive \$9.3 million), inheritance tax (positive \$9.0 million), corporate income tax (negative \$6.8 million), fuel tax (negative \$5.6 million), insurance tax (positive \$4.7

million), gambling tax (positive \$2.6 million), real estate transfer tax (positive \$3.1 million), and cigarette and tobacco tax (positive \$0.7 million).

July through October 2013, net General Fund revenues increased 2.0% compared to the same four months of the previous year. That percentage increase is low for a non-recession year, but it exceeds the negative 1.1% growth projected by the REC.

Iowa Workforce Development reported Iowa nonfarm employment at 1,524,100 jobs for the month of October 2013 (seasonally adjusted), 7,100 higher (0.5%) than October 2012. Annual growth has been hindered by cutbacks in jobs in government (-4,000), other services (-2,900), information (-900), and leisure and hospitality (-400). Growth has been experienced in jobs in education and health (3,900), professional and business services (3,700), manufacturing (3,500), construction (2,400), and financial activities (1,800).

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

The State of Iowa's economic outlook for Fiscal 2014 is best described as an economy that continues to be in recovery mode with growth at a very low rate.

Financial Policies

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

MAJOR INITIATIVES

Strategic Initiatives. During Fiscal 2012, the Board of Regents, State of Iowa acknowledged the cumulative effect of successive budget reductions resulted in a widening shortfall of funds at the University of Northern Iowa. Because of the University's higher dependence on state appropriations for its General Educational Fund budget than its sister universities, the reductions resulted in a disproportionate impact on the University. Therefore, the Board requested a special appropriation of \$12 million to be added to the University's base budget, with increases of \$4,000,000 per year for Fiscal 2013, Fiscal 2014, and Fiscal 2015. The University received the requested \$4 million base budget adjustment for Fiscal 2013.

During Fiscal 2013, the University's funding gap grew and it was determined a \$6 million base adjustment was needed for Fiscal 2014 and a \$4 million adjustment was needed for Fiscal 2015. The requested \$6 million base budget adjustment for Fiscal 2014 was not received. Instead, the General Assembly combined the Fiscal 2014 and Fiscal 2015 special requests into a \$10,000,000 one-time appropriation that can be expended over two fiscal years. While the University is very grateful for the Iowa General Assembly's decision to provide \$10 million of one-time money, it is paramount the 2014 General Assembly make permanent the one-time appropriation of \$10 million for fiscal stabilization reasons, which would provide an appropriation base of \$93.2 million. The Board of Regents has requested a \$10 million increase to the base budget of the University of Northern Iowa and a four percent increase for inflation.

Strategic uses of these funds include: enhancing enrollment management, enhancing undergraduate education and student success, leading the nation in preK-12 education, and enhancing information technology.

Other strategic initiatives include establishing a bachelor of applied sciences degree program for an initial cohort of 160 community college graduates and a combination of new and expanded services to better meet the needs of Iowa's entrepreneurs and small businesses.

FINANCIAL INFORMATION

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

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

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

OTHER INFORMATION

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

As a recipient of federal financial awards, the University is responsible for ensuring compliance with all applicable laws and regulations relating to such assistance. A combination of State and University policies and procedures, integrated with the University's internal controls, provides for this compliance. The Auditor of State conducts an annual single audit under the requirements set forth in the Single Audit Act of 1984, the Single Audit Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Additionally, University of Northern Iowa internal auditors perform fiscal and compliance audits. The reports resulting from these audits are shared with the University's management, the Board of Regents, State of Iowa, and the 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, 2012. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

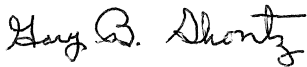
In order to be awarded a Certificate of Achievement, a university must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Gary B. Shontz
Controller, University Secretary
and Treasurer



Michael Hager
Vice President for Administration
and Financial Services



Government Finance Officers Association

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

Presented to

University of Northern Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

The Governing Board

2012-13

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

Board of Regents, State of Iowa

Officers of the Board

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

Members of the Board (As of June 30, 2013)

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

Officers of the University (As of June 30, 2013)

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

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

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

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

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

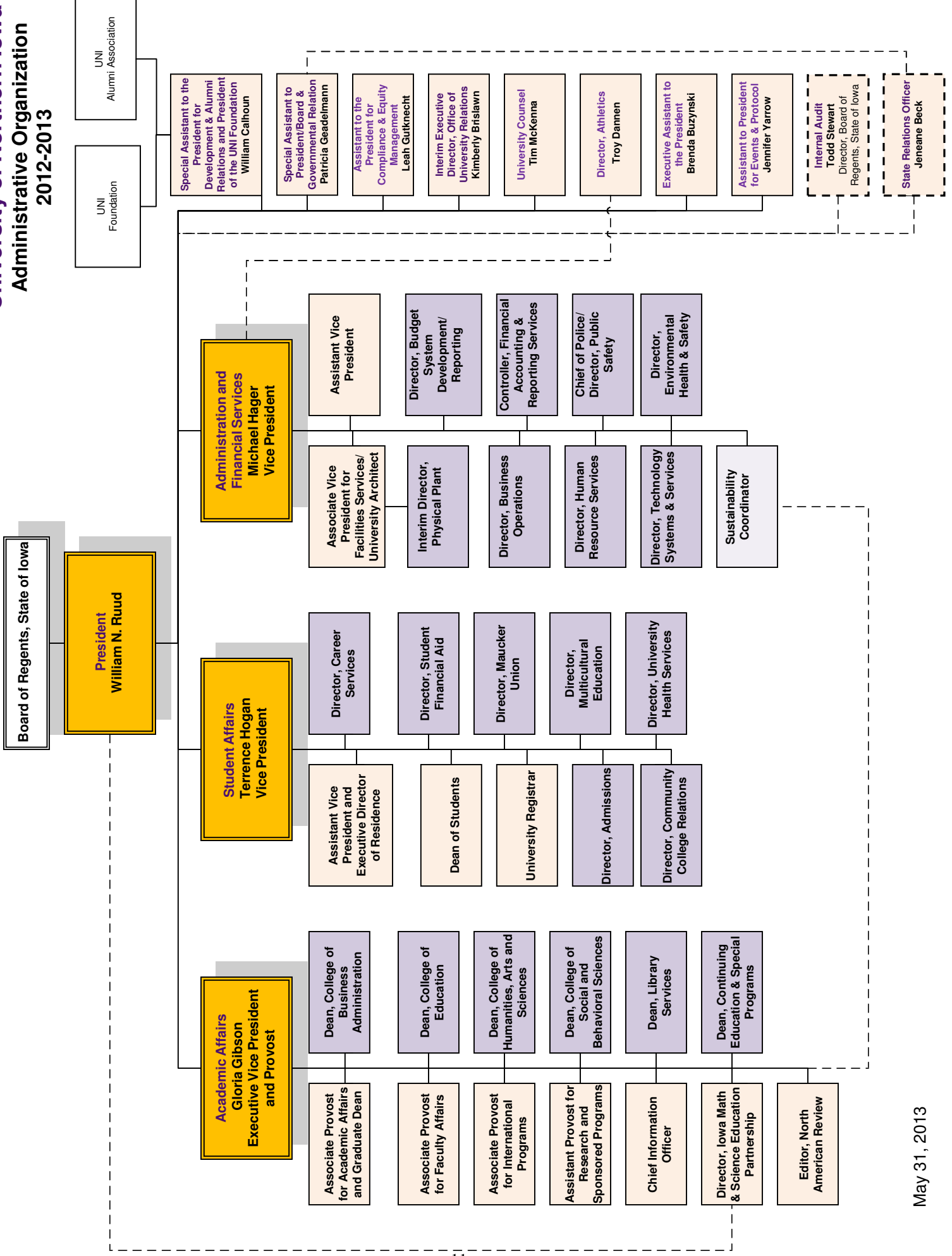
Special Assistant to the President for Development and Alumni Relations
William D. Calhoun, Jr., B.A., M.A.

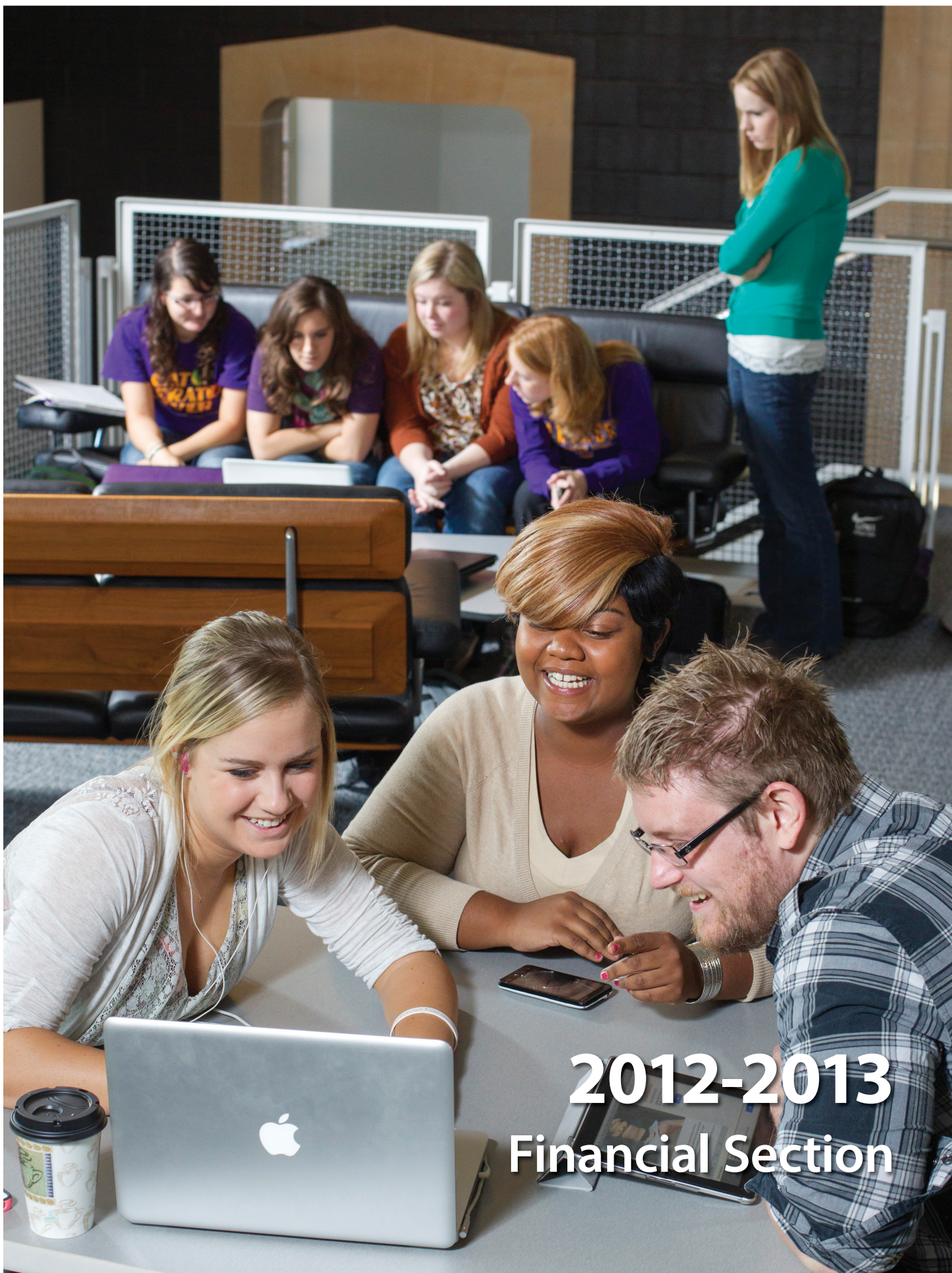
Special Assistant to the President for Board and Governmental Relations
Patricia L. Gadelmann, B.A., M.A., Ed.D.

University of Northern Iowa

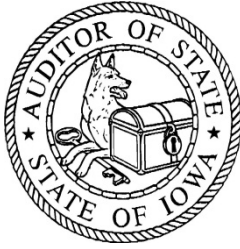
Administrative Organization

2012-2013





2012-2013
Financial Section



OFFICE OF AUDITOR OF STATE STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying Statement of Net Position, and the related Statements of Revenue, Expenses and Changes in Net Position and Cash Flows, of the University of Northern Iowa, Cedar Falls, Iowa, and its discretely presented component unit as of and for the years ended June 30, 2013 and 2012 and the related Notes to Financial Statements, which collectively comprise the University of Northern Iowa's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Northern Iowa and its discretely presented component unit as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years ended June 30, 2013 and 2012 in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the University of Northern Iowa. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2013 and 2012 and the changes in its financial position and its cash flows for the years ended June 30, 2013 and 2012 in conformity with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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


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

Other Reporting Required by Government Auditing Standards

Our report on the University of Northern Iowa's internal control over financial reporting and other tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters required by Government Auditing Standards will be

issued under separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 3, 2013

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

This section of the University of Northern Iowa's comprehensive annual financial report presents management's discussion and analysis of the financial performance of the University for the two years ended June 30, 2013, and 2012. This discussion should be read in conjunction with the accompanying letter of transmittal, financial statements and notes to financial statements. The financial statements, notes to financial statements and this discussion are the responsibility of University management.

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

2013 FINANCIAL HIGHLIGHTS

- The Iowa General Assembly provided appropriations for the primary General Educational Fund in the amounts of \$83,222,819 for Fiscal 2014, \$81,113,859 for Fiscal 2013, and \$74,734,586 for Fiscal 2012. Primary General Educational Fund appropriations increased 8.5% from Fiscal 2012 to Fiscal 2013 and 2.6% from Fiscal 2013 to Fiscal 2014.
- The 2013 Session of the Iowa General Assembly provided a one-time supplemental appropriation of \$10.0 million for the primary General Educational Fund. Of that amount, \$6.0 million will be expended in Fiscal 2014 and \$4.0 million will be expended in Fiscal 2015.
- The Iowa General Assembly provided appropriations for the Science, Technology, Engineering and Mathematics (STEM) program in the amount of \$5,200,000 for Fiscal 2014, \$4,700,000 for Fiscal 2013 and \$1,734,656 for Fiscal 2012. STEM appropriations increased 170.9% from Fiscal 2012 to Fiscal 2013 and 10.6% from Fiscal 2013 to Fiscal 2014.
- The 2011 Session of the Iowa General Assembly provided an appropriation of \$21,000,000 for the renovation of Bartlett Hall and the demolition of Baker Hall. The appropriation will be received over four fiscal years. The project is on schedule, with occupancy of Bartlett Hall scheduled for January 2014 and the demolition of Baker Hall scheduled for May 2014.
- In the spring of 2012, the Board of Regents, State of Iowa, authorized closure of the Price Laboratory School. In the fall of 2012, the Level 1 and Level 2 teacher education field experience programs, formerly conducted in the Laboratory School, were restructured. Level 1 and Level 2 field experiences are now embedded in area preK-12 school classrooms, primarily in the Cedar Falls and Waterloo Community School Districts. A significant fraction of the funds used to operate the Laboratory School was re-allocated to the Office of Student Field Experience to support overseeing field experiences in the local public schools.
- The Board of Regents, State of Iowa, issued \$4.8 million of Field House Revenue Refunding Bonds, Series U.N.I. 2013 at its April meeting to refund Field House Revenue Bonds, Series U.N.I. 2004. The current refunding resulted in an economic gain of \$0.6 million. At the same meeting, the Board issued \$2.4 million of Student Health System Revenue Refunding Bonds, Series U.N.I. 2013 to refund Student Health System Revenue Bonds, Series U.N.I. 2004. The current refunding resulted in an economic gain of \$0.3 million.
- The University's headcount enrollments were 13,168 in 2011, 12,273 in 2012 and 12,159 in 2013. The decreases, then, were 895 students from fall 2011 to 2012 and 114 from fall 2012 to 2013. These decreases were not unexpected due to publicity associated with closing the Malcolm Price Laboratory School and eliminating programs with extremely low enrollments. Other factors were a declining number of Iowa high school graduates, an unusually large graduating class in May 2012 and fierce competition for students.
- The UNI Foundation's contribution revenue increased from \$12.7 million in Fiscal 2012 to \$27.8 million in Fiscal 2013, an increase of \$15.1 million, or 118.3%. Included in Fiscal 2013 gift revenue was a \$15.0 million gift from Richard O. Jacobson, the largest gift in the University's history, and a \$2.0 million grant from the Roy J. Carver Charitable Trust. Both contributions were to the College of Education. The Foundation's investment return increased from -\$1.0 million in Fiscal 2012 to \$8.7 million in Fiscal 2013. Net assets of the Foundation increased from \$93.0 million in Fiscal 2012 to \$118.5 million in Fiscal 2013. The increases in investment income and net assets are both due to increases in contribution revenue and recovery of the capital markets.
- The Foundation provided revenues of \$4.8 million to the University in Fiscal 2013 and \$6.1 million in Fiscal 2012, a decrease of \$1.3 million. Foundation support of the University was unusually large in Fiscal 2012 due to capital asset purchases of a specialized microscope and Gallagher-Bluedorn Performing Arts Center lighting and sound system improvements.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

- The Foundation concluded the most successful capital campaign in history, surpassing the \$150 million fundraising goal for its "Imagine the Impact" campaign. The campaign was concluded on December 31, 2012, one year early, raising \$157.9 million. The \$157.9 million realized consisted of \$78.6 million of cash gifts, \$6.5 million of pledges receivable and \$72.8 million of deferred gifts. The campaign permitted the establishment of 321 new scholarships and 253 new programs. Over 35,000 alumni and friends made gifts to the campaign.
- An actuarial valuation of the University's retiree health benefit plan was updated by a consulting actuary. The beginning of year net OPEB obligation was \$4,649,922. The end of year net OPEB obligation was \$7,177,360. The actuarial valuation of the State of Iowa's postretirement medical plan was also updated. University of Northern Iowa merit employees covered by four AFSCME statewide bargaining units receive medical benefits under the State plan. The University of Northern Iowa's prorated share of the State's net OPEB obligation was \$1,850,800 at the beginning of the year and \$2,177,175 at the end of the year. The University's combined net OPEB obligation, then, was \$6,500,722 at the beginning of the year and \$9,354,535 at the end of the year. Both plans are financed on a pay-as-you-go basis.
- The National Agricultural Based Lubricants Center (NABL) will cease operations at the end of 2013 after 22 years of activity due to the loss of federal funds. The nonprofit, university-based research and testing facility has made a significant long-term impact in establishing the bio-based lubricants market within the U.S.
- The University was awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended June 30, 2012. The Certificate has been received twenty-one consecutive years.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the University of Northern Iowa's financial statements. The University's financial statements consist of a series of financial statements. The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows provide information about the activities of the University as a whole and present a longer-term view of the University's finances. These financial statements also include the Notes to Financial Statements which explain some of the information in the financial statements and provide more detail. Statistical information is also included in schedule form.

THE UNIVERSITY AS A WHOLE

The Statement of Net Position

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

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

University			
The Statement of Net Position			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current and other assets	\$149,475,630	175,056,999	172,304,948
Capital assets	<u>390,162,500</u>	<u>372,379,169</u>	<u>351,701,317</u>
Total assets	<u>539,638,130</u>	<u>547,436,168</u>	<u>524,006,265</u>
Current liabilities	47,649,239	48,434,837	44,232,209
Noncurrent liabilities	<u>162,987,679</u>	<u>170,686,943</u>	<u>148,223,446</u>
Total liabilities	<u>210,636,918</u>	<u>219,121,780</u>	<u>192,455,655</u>
Net position:			
Net investment in capital assets	251,763,463	225,621,358	226,532,511
Restricted	27,962,910	41,723,364	34,250,533
Unrestricted	<u>49,274,839</u>	<u>60,969,666</u>	<u>70,767,566</u>
Total net position	<u>\$329,001,212</u>	<u>328,314,388</u>	<u>331,550,610</u>

The largest portion of the University's net position (76.5%) is invested in capital assets (e.g., land, land improvements, buildings, equipment, library materials and intangible assets), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. The restricted portion of net position (8.5%) includes resources subject to external restrictions. The remaining net position (15.0%) is unrestricted net position that can be used as working capital to meet the University's obligations as they come due.

Total net position of the University decreased \$3.2 million from June 30, 2011 to June 30, 2012 and increased \$0.7 million from June 30, 2012 to June 30, 2013. Total net position decreased 1.0% from June 30, 2011 to June 30, 2012 and increased 0.2% from June 30, 2012 to June 30, 2013. Because the Bartlett Hall renovation project was ahead of schedule in Fiscal 2013 and because the project was funded by a \$21.0 million appropriation payable in four annual amounts, it was necessary for the University to expend \$6.0 million of its funds on a temporary basis in Fiscal 2013 until being reimbursed from the Fiscal 2014 appropriation. Advancing University funds on a temporary basis resulted in a \$6.0 million decrease in net position because accounting principles do not permit recording a receivable against the Fiscal 2014 appropriation. The University was reimbursed for those expenditures from the Fiscal 2014 appropriation in July 2013. Had the University not advanced its own funds on a temporary basis for the project, net position would have been \$335.0 million.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Foundation			
The Combined Statements of Financial Position			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 19,139,352	15,788,710	17,587,874
Noncurrent assets	<u>102,909,267</u>	<u>81,230,484</u>	<u>82,681,254</u>
Total assets	<u>122,048,619</u>	<u>97,019,194</u>	<u>100,269,128</u>
Current liabilities	845,460	1,148,701	1,735,099
Noncurrent liabilities	<u>2,682,288</u>	<u>2,843,888</u>	<u>3,246,041</u>
Total liabilities	<u>3,527,748</u>	<u>3,992,589</u>	<u>4,981,140</u>
Net assets:			
Unrestricted	6,213,459	4,201,302	6,223,395
Temporarily restricted	33,826,387	28,995,819	33,258,299
Permanently restricted	<u>78,481,025</u>	<u>59,829,484</u>	<u>55,806,294</u>
Total net assets	<u>\$ 118,520,871</u>	<u>93,026,605</u>	<u>95,287,988</u>

At June 30, 2013, 94.8% of the Foundation's net assets were donor restricted, either temporarily or permanently. Total net assets of the Foundation decreased \$2.3 million from 2011 to 2012 and increased \$25.5 million from 2012 to 2013. The decrease in net assets from 2011 to 2012 was due to a decline in equity valuations and the increase from 2012 to 2013 was due to increases in contribution revenue and the recovery of equity valuations in the capital markets. Total liabilities of the Foundation decreased \$1.0 million from 2011 to 2012 and \$0.5 million from 2012 to 2013.

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

The Statement of Revenues, Expenses and Changes in Net Position

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

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

University The Statement of Revenues, Expenses and Changes in Net Position			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues:			
Tuition and fees, net	\$ 65,107,140	66,242,804	63,415,145
Receipts from other entities	119,360	111,978	120,433
Grants and contracts	34,938,344	39,370,649	42,887,829
Sales, rents and services	4,937,703	8,237,789	7,998,091
Miscellaneous	726,808	501,925	992,772
Auxiliary enterprises	<u>56,344,034</u>	<u>58,742,116</u>	<u>56,156,143</u>
Total operating revenues	<u>162,173,389</u>	<u>173,207,261</u>	<u>171,570,413</u>
Operating expenses:			
Instruction	82,764,796	80,291,964	78,570,575
Research	3,138,471	2,951,957	3,106,240
Public service	24,325,404	22,152,465	25,396,214
Academic support	21,731,295	24,855,928	25,413,636
Student services	9,005,372	8,210,073	7,280,432
Institutional support	26,441,182	29,683,285	23,535,960
Operation and maintenance of plant	21,423,526	20,441,078	21,884,211
Scholarships and fellowships	4,983,383	6,470,804	7,150,385
Depreciation/amortization	16,095,251	16,105,032	15,270,614
Loan cancellations and write-offs	281,264	288,141	137,397
Auxiliary enterprises	<u>50,975,515</u>	<u>50,787,350</u>	<u>48,858,614</u>
Total operating expenses	<u>261,165,459</u>	<u>262,238,077</u>	<u>256,604,278</u>
Operating loss	<u>(98,992,070)</u>	<u>(89,030,816)</u>	<u>(85,033,865)</u>
Nonoperating revenues (expenses):			
State appropriations	87,662,815	77,765,014	82,683,919
Gifts, grants and contracts	3,101,932	3,701,740	3,179,412
Investment return	1,710,232	1,921,916	3,023,277
Interest expense	(5,529,028)	(6,258,688)	(5,924,235)
Amortization of debt issuance costs	(161,574)	(146,849)	(133,446)
Loss on disposal of capital assets and misc. exp.	<u>(2,381,912)</u>	<u>(118,360)</u>	<u>-</u>
Net nonoperating revenues	<u>84,402,465</u>	<u>76,864,773</u>	<u>82,828,927</u>
Income/(loss) before other revenues	(14,589,605)	(12,166,043)	(2,204,938)
State appropriations – capital projects	14,082,733	7,016,578	5,808,082
Capital contributions and grants	<u>1,193,696</u>	<u>1,913,243</u>	<u>3,412,442</u>
Change in net position	686,824	(3,236,222)	7,015,586
Net position, beginning of year	<u>328,314,388</u>	<u>331,550,610</u>	<u>324,535,024</u>
Net position, end of year	<u>\$329,001,212</u>	<u>328,314,388</u>	<u>331,550,610</u>

During the three-year period, operating revenues decreased, operating expenses increased, net non-operating revenues increased, the loss before other revenues increased, state appropriations for operating purposes increased and state appropriations and contributions for capital projects increased. An analysis of the changes by category of elements follows. The Statement of Revenues, Expenses and Changes in Net Position reflects a decrease in net position of \$2.5 million from 2011 to 2013. Had the University not advanced \$6.0 million of its own funds to keep the Bartlett Hall

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Renovation project going until the Fiscal 2014 appropriation was made available, the ending net position would have been \$335.0 million. The University was reimbursed for the funds advanced in Fiscal 2014.

Operating revenues totaled \$162.2 million in 2013, \$173.2 million in 2012 and \$171.6 million in 2011. The increase from 2011 to 2012 was \$1.6 million and the decrease from 2012 to 2013 was \$11.0 million. Net nonoperating revenues totaled \$84.4 million in 2013, \$76.9 million in 2012 and \$82.8 million in 2011. There was a \$6.0 million decrease from 2011 to 2012 and a \$7.5 million increase from 2012 to 2013. Reasons for changes in operating, nonoperating and other revenues from 2011 to 2012 and 2012 to 2013 follow:

- Tuition and fee income, net of scholarship allowances, increased 4.5% from 2011 to 2012 and decreased 1.7% from 2012 to 2013. The Board of Regents, State of Iowa authorized an increase in the University's resident undergraduate tuition and fees of 3.9% from 2012 to 2013 and 4.9% from 2011 to 2012. The decline in enrollments from fall 2010 to 2011 and fall 2011 to 2012 partially negated the effect of the tuition increases. The decrease in tuition revenue from 2011 to 2013 was due to a decrease of 1,009 students.
- Operating grants and contracts revenue decreased \$3.5 million, or 8.2%, from 2011 to 2012 and \$4.4 million, or 11.3%, from 2012 to 2013. Revenue is recognized as expenses are incurred and, accordingly, it varies from year to year. The two-year decrease in operating grants and contracts revenue was due to fully expending the last congressionally directed grants and ARRA grants and Congress' decision not to issue new grants of these types. In addition, Pell Grant revenue declined in both fiscal 2012 and 2013 due to declines in student enrollment.
- Sales, rents and services increased \$0.2 million, or 3.0%, from 2011 to 2012 and decreased \$3.3 million, or 40.1%, from 2012 to 2013. The decrease from 2012 to 2013 is due to the closure of the Price Laboratory School as well as the decline of 1,009 students from fall 2011 to fall 2013.
- Auxiliary Enterprise revenue increased \$2.6 million, or 4.6%, from 2011 to 2012 and decreased \$2.4 million, or 4.1%, from 2012 to 2013. Revenue declines were experienced in the Residence System, Student Union, Field House, Gallagher-Bluedorn Performing Arts Center and Student Health Services. The decline of 1,009 students from fall 2011 to fall 2013 is largely responsible for flat Auxiliary Enterprise revenue.
- State operating appropriations decreased \$4.9 million from 2011 to 2012, or 5.9%, and increased \$9.9 million, or 12.7%, from 2012 to 2013. The increase from 2012 to 2013 is primarily due to a \$6.4 million increase in the primary General Fund appropriation and a \$3.0 million increase in the Science, Technology, Engineering and Mathematics appropriation.
- Investment income decreased \$1.1 million from 2011 to 2012 and \$0.2 million from 2012 to 2013. During the past two years, the targeted federal funds rate remained at 0.0% to 0.25% and interest rates on Treasury and Agency securities were at unprecedented low levels. During the past three years, the University's higher coupon securities either matured or were called. It was necessary to replace those investments with fixed income securities yielding extremely low interest rates.
- State appropriations for capital projects increased \$1.2 million, or 20.8%, from 2011 to 2012 and \$7.1 million, or 100.7%, from 2012 to 2013. Revenue is recognized as expenses are incurred and, accordingly, it varies from year to year. The 2011 Session of the Iowa General Assembly provided an appropriation of \$21,000,000 for the renovation of Bartlett Hall and the demolition of Baker Hall. \$1.0 million of the appropriation was available for expenditure in Fiscal 2012 and \$7.8 million was available for expenditure in Fiscal 2013. The increase in state appropriation revenue for capital projects was primarily due to funds appropriated for and expended for Bartlett Hall Renovation.
- Capital contributions and grants decreased \$1.5 million, or 43.9%, from 2011 to 2012 and \$0.7 million, or 37.6%, from 2012 to 2013. The decreases are attributed to completion of the Multimodal Transportation Center and other grant-funded capital projects.

Operating expenses totaled \$261.2 million in 2013, \$262.2 million in 2012 and \$256.6 million in 2011. Operating expenses increased 2.2% from 2011 to 2012 and decreased 0.4% from 2012 to 2013. The small dollar increase in operating expenses from 2011 to 2012 and the small dollar decrease from 2012 to 2013 are due to conservative spending necessitated by a declining student enrollment. Reasons for changes in operating expenses by object from 2011 to 2012 and 2012 to 2013 follow:

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

- Expenses for personnel services increased \$14.6 million, or 9.0%, from 2011 to 2012 and decreased \$2.6 million, or 1.5%, from 2012 to 2013. \$7.0 million of the large increase from 2011 to 2012 is due to a change in methodology regarding the way recharge center labor was accounted for in the operation and maintenance of plant function in Fiscal 2012. The balance of the increase was due to salary increases and the cost of employer provided fringe benefits. Salary and employer provided fringe benefit cost increases from 2012 to 2013 were more than offset by salary savings from closing the Price Laboratory School and Print Services and a large return of premium on the University's group life and disability insurance policy.
- Travel expenses decreased \$0.9 million, or 9.9%, from 2011 to 2012 and increased \$0.02 million, or 0.2%, from 2012 to 2013. The decrease from 2011 to 2012 was due to the decrease in state appropriations and because ARRA grants and congressionally designated grants became fully expended. Travel expenses were flat from 2012 to 2013 due to less travel in the Auxiliary Enterprises function.
- Expenses for supplies decreased \$1.0 million, or 8.5%, from 2011 to 2012 and \$0.5 million, or 4.8%, from 2012 to 2013. Supplies expenses decreased from 2011 to 2012 due to lower state appropriations and they decreased further from 2012 to 2013 partially due to the closing of Price Laboratory School and Print Services.
- Expenses for contractual services increased \$0.8 million, or 6.8%, from 2011 to 2012 and \$1.9 million, or 14.5%, from 2012 to 2013. The increase from 2011 to 2012 was due to increased spending within the Auxiliary Enterprises function. The increase in contractual services from 2012 to 2013 is primarily due to a \$3.0 million increase in the Science, Technology, Engineering and Mathematics appropriation, a large portion of which was expended for contractual services.
- Expenses for equipment and repairs decreased \$5.2 million, or 38.1%, from 2011 to 2012 and increased \$2.6 million, or 31.0%, from 2012 to 2013. Changes in equipment and repairs vary from year to year due to whether capital project expenditures are accounted for as repairs or capital expenditures. The decrease from 2011 to 2012 was due to decreased expenditures in academic support and operations and maintenance of plant functions. The increase from 2012 to 2013 was partially due to purchasing furniture and equipment for Panther Village Phase 2 and for the purchase of networking equipment.
- Expenses for scholarships and fellowships decreased \$0.1 million, or 1.2%, from 2011 to 2012 and \$0.5 million, or 4.2%, from 2012 to 2013. In Fiscal 2011 through 2013, the University expended an average of 18.7% of General Educational Fund tuition revenue on scholarships per its tuition set-aside program. Enrollment declines caused the decrease in scholarship and fellowship expense.
- Depreciation and amortization expense increased \$0.8 million, or 5.4%, from 2011 to 2012, largely due to placing the Student Information System in service and decreased \$0.01 million, or 0.06%, from 2012 to 2013 due to placing Panther Village Phase 1 in service and removing Price Laboratory School and Print Services from service.

Nonoperating expenses totaled \$8.1 million in 2013, \$6.5 million in 2012 and \$6.1 million in 2011. While nonoperating expenses primarily consist of interest expense, non-operating expenses in 2013 included \$2.4 million for the loss on disposal of capital assets, which was primarily related to the costs of demolishing the Price Laboratory School and the loss on disposal of the school's capital assets.

Foundation The Combined Statements of Activities			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Public support and revenue:			
Contribution revenue	\$ 27,783,085	12,727,393	20,684,179
Investment return	8,726,347	(1,037,356)	12,549,137
Miscellaneous income	<u>37,682</u>	<u>71,944</u>	<u>60,267</u>
Total revenue and support	36,547,114	11,761,981	33,293,583
Expenses and adjustments	<u>11,052,848</u>	<u>14,023,364</u>	<u>10,638,055</u>
Change in net assets	25,494,266	(2,261,383)	22,655,528
Net assets, beginning of year	<u>93,026,605</u>	<u>95,287,988</u>	<u>72,632,460</u>
Net assets, end of year	<u>\$118,520,871</u>	<u>93,026,605</u>	<u>95,287,988</u>

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Foundation revenue and support was \$36.5 million in 2013, \$11.8 million in 2012 and \$33.3 million in 2011, a decrease of \$21.5 million, or 64.7%, from 2011 to 2012 and an increase of \$24.8 million, or 210.7%, from 2012 to 2013. Contribution revenue included an \$11.0 million gift for a literacy center in 2011 and a \$15.0 million gift to benefit the College of Education in 2013. The mentioned gifts were from Des Moines businessman Richard O. Jacobson. The \$15 million gift is the largest in University history. Investment income was \$8.7 million in 2013, negative \$1.0 million in 2012 and \$12.5 million in 2011. Expenses were \$11.0 million in 2013, \$14.0 million in 2012 and \$10.6 million in 2011.

The Foundation provided revenues to the University in the amount of \$4.8 million in 2013, \$6.1 million in 2012 and \$4.5 million in 2011. Contributions restricted for permanent investment in the Foundation's endowment were \$18.6 million in 2013, \$4.0 million in 2012 and \$11.9 million in 2011. The large dollar amounts of contributions restricted for permanent investment reflect contributions from Richard O. Jacobson. In fiscal 2011, he established an endowment of \$10.0 million for literacy education. In Fiscal 2013, he established endowments totaling \$15.0 million for the benefit of the College of Education.

The Statement of Cash Flows

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

University			
The Statement of Cash Flows			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net cash provided (used) by:			
Operating activities	\$ (79,545,496)	(80,418,481)	(72,018,893)
Noncapital financing activities	90,073,796	83,443,613	85,053,212
Capital and related financing activities	(33,900,553)	(4,075,247)	(22,597,799)
Investing activities	<u>16,928,156</u>	<u>6,983,906</u>	<u>13,026,723</u>
Net increase in cash and cash equivalents	(6,444,097)	5,933,791	3,463,243
Cash and cash equivalents, beginning of year	<u>33,627,411</u>	<u>27,693,620</u>	<u>24,230,377</u>
Cash and cash equivalents, end of year	<u>\$ 27,183,314</u>	<u>33,627,411</u>	<u>27,693,620</u>

The largest sources and uses of University cash are operating activities. The following analysis discusses the University's cash flows during Fiscal 2013. Cash provided by operating activities includes receipts from tuition and fees (\$65.0 million), grants and contracts (\$34.3 million) and auxiliary enterprises (\$56.7 million). The largest uses of cash for operating activities includes payments for salaries and benefits (\$146.6 million), payments for goods and services (\$22.3 million) and auxiliary enterprises (\$50.6 million). Cash provided by noncapital financing activities includes state appropriations (\$87.8 million). Cash provided by capital and related financing activities includes capital appropriations (\$14.1 million), capital gifts and grants (\$3.2 million) and the proceeds from revenue and refunding bonds (\$16.1 million). Cash used by capital and related financing activities includes the acquisition of capital assets (\$33.8 million) and principal and interest payments on debt (\$33.8 million). Cash provided by investing activities totaled \$16.9 million.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Capital Assets

At June 30, 2013, the University had \$636.8 million of capital assets at cost, accumulated depreciation of \$246.7 million and net capital assets of \$390.2 million. Depreciation and amortization charges totaled \$16.1 million for Fiscal 2013, \$16.1 million for Fiscal 2012 and \$15.3 million for Fiscal 2011. Details of the capital assets, net of accumulated depreciation are shown below.

University			
Schedule of Capital Assets, Net, at Year-End			
	<u>2013</u>	<u>2012</u>	<u>2011</u>
Land	\$ 4,904,493	4,916,643	4,916,643
Construction in progress	45,977,425	39,059,370	16,165,273
Software in progress	-	-	8,605,780
Capital assets not depreciated	<u>50,881,918</u>	<u>43,976,013</u>	<u>29,687,696</u>
Land improvements	5,144,275	5,137,564	5,381,894
Infrastructure	26,046,657	26,275,692	26,140,348
Buildings	277,857,377	264,136,404	266,351,855
Equipment	18,352,953	20,186,714	19,163,158
Intangibles-software	7,745,202	8,175,491	-
Library materials	<u>4,134,118</u>	<u>4,491,291</u>	<u>4,976,366</u>
Capital assets depreciated	<u>339,280,582</u>	<u>328,403,156</u>	<u>322,013,621</u>
Total capital assets	<u>\$390,162,500</u>	<u>372,379,169</u>	<u>351,701,317</u>

During the past three fiscal years, a number of capital projects were completed or in progress. State funded capital projects include the renovation of Bartlett and Sabin Halls, improvement of the electrical distribution loop system, institutional roads projects and various deferred maintenance projects. Major Residence System projects include construction of Panther Village Phases 1 and 2 and the expansion of the Redeker Center. Other Residence System projects include asbestos abatement; improvement of bathrooms and HVAC systems; installation of alarm systems, electronic door access systems, sprinkler systems, and wireless communications systems; replacement of elevators, kitchen and bathroom cabinets, roofs, and windows; and tuckpointing projects. The ballroom of the J.W. Maucker Student Union has been renovated. A Multimodal Transportation Center was constructed using a Federal Transit Authority grant and local matching funds. Several lighting and HVAC improvement projects were completed with an ARRA grant and matching funds. The Tallgrass Prairie Center was expanded using federal funds and local matching funds. T12 fluorescent lighting fixtures are being replaced with T8 lighting in six academic buildings using proceeds of a loan from the Iowa Energy Bank. The stainless steel UNI-Dome roof was replaced with polyvinyl chloride. Private gifts were used to construct the Messersmith Track Building, to renovate McCollum Science Hall laboratories and to renovate the West Gym Wrestling Room. Institutional funds were used for various parking lot improvement projects. Detailed information about the University's capital assets is presented in Note I of the Notes to Financial Statements.

The Foundation's capital assets consist of a building and related equipment located on land owned by Allen Health Systems, Inc. It is leased by the Foundation for one dollar per year under an agreement expiring June 30, 2016. The net carrying value of the building and equipment was \$0.8 million at the end of 2013 and \$0.9 million at the end of 2012.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

LONG-TERM DEBT

During April 2013, the Board of Regents, State of Iowa, on behalf of the University of Northern Iowa, issued two series of revenue refunding bonds. Field House Revenue Refunding Bonds, Series 2013 were issued in the amount of \$4.8 million. The bonds were used to refund, as a current refunding, the outstanding principal of the July 1, 2013 through July 1, 2024 maturities of the University's Field House Revenue Bonds, Series 2004, to fund a deposit to the debt service reserve fund and to pay the costs of issuance. The current refunding resulted in an economic gain of \$564,750. Also during April 2013, Student Health System Revenue Bonds Series 2013 were issued in the amount of \$2.4 million. The bonds were used to refund, as a current refunding, the outstanding principal of the July 1, 2013 through July 1, 2024 maturities of the University's Student Union System Revenue Bonds, Series 2004, to fund a deposit to the debt service reserve fund and to pay the costs of issuance. The current refunding resulted in an economic gain of \$301,872. The University's long-term debt is presented in Note N of the Notes to Financial Statements.

CREDIT RATINGS

Moody's Investors Service has assigned its "A1" credit rating to the University for all outstanding bond issues with a "stable outlook." Standard and Poor's assigned its "A+" credit rating to the University's revenue bonds supported by unlimited student fees and its BBB+ rating for Dormitory Revenue Bonds. Standard and Poor's assigned a "stable outlook" to all 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 national recession that began in December 2007 and ended in June 2009 caused the State of Iowa to experience negative revenue growth in both Fiscal 2009 and 2010. Revenue growth became positive in Fiscal 2010 and it continued to be positive through Fiscal 2013. The Fiscal 2008 high was exceeded for the first time in Fiscal 2012. Fiscal 2013 actual revenue was \$6.769 billion, a 7.3% increase over the Fiscal 2012 actual revenue of \$6.311 billion. The October 2013 Revenue Estimating Conference (REC) forecast for Fiscal 2014 revenue was \$6.695 billion, a decrease of 1.1% from Fiscal 2013 actual revenue. The projected decrease was due to the General Assembly moving \$120 million of cigarette and tobacco tax revenue and \$66 million of racing and gaming tax revenue to funds outside of the General Fund and increasing Iowa's earned income credit by \$30 million. The REC's forecast for Fiscal 2015 revenue was \$6.977 billion, a 4.2% increase over the Fiscal 2014 estimate.

The 7.3% increase in State General Fund revenues from Fiscal 2012 to Fiscal 2013 permitted the State to end the year with \$927.9 million in the General Fund, \$466.8 million in the Cash Reserve Fund and \$144.3 million in the Economic Emergency Fund. The projected Fiscal 2014 year-end balances are as follows: General Fund \$861.2 million, Cash Reserve Fund \$487.2 million and Economic Emergency Fund \$162.4 million.

Beginning in January 2014, the Governor and the General Assembly will jointly establish a Fiscal 2015 budget. Spending is limited to 99% of adjusted revenues, 95% of any new revenue implemented in a fiscal year and any carryover from the previous year. The Governor and the General Assembly are required to use the revenue estimates agreed to by the December 2013 Revenue Estimating Conference.

State General Fund revenue was \$38.9 million, or 2.0%, greater in the first four months of Fiscal 2014 than in Fiscal 2013. Increases from Fiscal 2013 to Fiscal 2014 include personal income tax, positive \$29.1 million, sales/use tax, positive \$30.8 million, corporate income tax, positive \$7.2 million, other taxes, positive \$6.9 million, other receipts, negative \$7.2 million, tax refunds, negative \$10.3 million and school infrastructure sales/use tax refunds, negative \$17.8 million. While revenue growth was positive, it is considered low positive growth.

Other indicators of Iowa's financial health are Iowa's Leading Indicators Index and its non-farm employment. According to the Iowa Department of Revenue, the Iowa Leading Indicators Index in August 2013 reflected an increase for the fourth consecutive month. According to Iowa Workforce Development, Iowa non-farm employment was reported at 1,532,500 jobs for the month of August 2013, an increase of 19,800, or 1.3%, higher than August 2012. According to the Bureau of Labor Statistics, Iowa's August unemployment rate of 4.9% is lower than the nation's rate of 7.3%.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

Iowa's leaders believe these indicators demonstrate the State has come out of the recession and the state economy is now growing, but at a slow rate.

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

University Challenges

As the Iowa comprehensive university, the University of Northern Iowa plays an important role in the economic development in the State of Iowa. Economic development takes many forms including educating bright high school graduates, hiring and retaining well qualified professors and staff, conducting basic and applied research, and sharing expertise with, and providing service to individuals, communities, and organizations throughout the state, nation, and world. State funding plays an important part in fostering University success and the partnership between the University and the State of Iowa facilitates economic development.

Funding of the University was reduced below the Fiscal 2009 level in Fiscal 2010 through 2012, but funding was increased in Fiscal 2013 and Fiscal 2014. The dollar amount of state appropriations benefiting the primary general educational fund per full-year FTE student follows: Fiscal 2009, \$8,598; Fiscal 2010, \$7,057; Fiscal 2011, \$6,912; Fiscal 2012, \$6,568; and Fiscal 2013, \$7,781.

There has been a change in the percent of the charge for tuition paid for by students in the past 10 years. In Fiscal 2004, students paid 40.2%, appropriations paid 57.5% and other income paid 2.3%. In Fiscal 2013, students paid 48.3%, appropriations paid 50.1% and other income paid 1.6%. The Fiscal 2014 budget reflects students paying 45.1%, appropriations paying 53.3% and other income paying 1.6%. Keeping education affordable and providing sufficient student aid are major concerns.

The University of Northern Iowa is highly dependent on state appropriations since over 90% of its students pay in-state tuition. In recognition of the University of Northern Iowa's high dependence on state appropriations and in-state tuition revenue, the Board of Regents, State of Iowa approved a special appropriation request for UNI. The request was for a base adjustment of \$4 million each for Fiscal 2013, 2014 and 2015.

For Fiscal 2013, the University received the requested \$4 million base budget adjustment. During Fiscal 2013, it was determined a \$6 million base adjustment was needed for Fiscal 2014 and a \$4 million adjustment was needed for Fiscal 2015. The requested \$6 million base budget adjustment for Fiscal 2014 was not received. Instead, the General Assembly combined the Fiscal 2014 and Fiscal 2015 special requests into a \$10,000,000 one-time appropriation that can be expended over two fiscal years. While the University is very grateful for the Iowa General Assembly's decision to provide \$10 million of one-time money, it is of paramount importance that the 2014 General Assembly convert the appropriation into base funding.

In addition to the one-time appropriation previously mentioned, Fiscal 2014 appropriations follow: \$83,222,819 for the General Educational Fund (an increase of \$2,108,960), \$5.2 million for STEM (an increase of \$500,000), \$1,066,419 for Economic Development programs consisting of the Institute for Decision Making, Metal Casting Center, My Entre.net, and Economic Gardening (an increase of \$491,703), \$175,256 for the Recycling and Reuse Center (flat funding), \$125,302 for the Real Estate Education program (flat funding) and \$900,000 for the Regents Innovation Fund (flat funding).

The Board of Regents, State of Iowa requested a General Educational Fund appropriation of \$96,951,732 for Fiscal 2015 for UNI. That request was derived by taking the current base of \$83,222,819, adding \$10,000,000 for fiscal stabilization and applying a 4% increase to the revised base. Strategic uses of the increased funding include no tuition increase for Iowa undergraduates, other affordability and accessibility initiatives, enhanced enrollment management, enhanced undergraduate education and student success, leading the nation in preK-12 education initiatives and enhanced information technology support. The Board requested \$129,312 for real estate education and \$180,864 for the Recycling and Reuse Technology Transfer Center. Requests for special initiatives included \$5,200,000 for the Governor's STEM Advisory Council Initiative, \$3,000,000 to establish a bachelor of applied sciences degree program,

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

\$1,500,000 for an entrepreneur outreach program, \$1,100,544 for economic development operating appropriations and \$928,800 for program supported from the Regents Innovation Fund. In addition, the Board requested the universities be included in the state salary bill, should a pool of money exist for salary increase funding. If salary funding is not provided, resources dedicated to student success and outcomes will have to be redirected to supporting and retaining quality faculty, professional and general service employees.

The declining number of Iowa high school graduates is a concern as is the competition for students. The number of Iowa high school seniors increased from 36,834 in Fiscal 2004 to 39,114 in Fiscal 2008 and then declined to 36,451 in Fiscal 2013. The 6.8% decrease in Iowa high school seniors resulted in a smaller pool of potential students. The recruitment of students has become very competitive and significant emphasis has been placed on enrollment management. The University's primary competitors are Iowa's community colleges and four-year colleges, the University of Iowa, Iowa State University and for-profit institutions. Students can attend community colleges at a lower cost than the University. Tuition grants are made to Iowa students who attend Iowa's four-year private colleges as a matter of public policy. For-profit institutions have experienced rapid growth due to supportive public policy.

The decrease in the University's enrollment from fall 2011 to fall 2012 is a serious concern, as is the further decline from that date to fall 2013. The University's headcount enrollment was 13,168 students in fall 2011, 12,273 students in fall 2012, and 12,159 in fall 2013, a decline of 1,009 students, or 7.7%. That decline reversed the enrollment growth of 908 students, or 7.4% from fall 2006 to fall 2011. The decrease was not unexpected due to publicity associated with closing the Price Laboratory School and eliminating programs with low enrollments. Other factors were a declining number of Iowa high school graduates, an unusually large graduating class in May 2012 and robust competition for students. University officials used one-time funding to make up for the \$3.7 million net tuition revenue shortfall in Fiscal 2013. The University placed additional emphasis on enrollment management during Fiscal 2013, establishing an enrollment management council and employing two additional international recruiters. A new position, Vice President for Enrollment Management, will be established.

The federal Budget Control Act of 2011 remains a concern. The Act was designed to provide an increase in the Federal debt limit while reducing long-term budget deficits. The act included automatic budget measures, known as sequestration, to reduce the deficit by up to \$1.2 trillion over 10 years via across-the-board spending reductions to discretionary and certain mandatory federal programs in the event deficit reduction was not enacted by January 15, 2012. That deadline was extended to March 1, 2013. The Joint Select Committee was unable to reach agreement on deficit reduction and cuts were required. Cuts totaling \$85 billion were required by October 1, 2013. A second round of sequester cuts will hit federal agencies in January 2014 if Congress does not stop them. While Federal agencies have honored commitments on existing awards, reductions in new federal research grants, delays in making research project awards and the elimination of certain awards typically made on an annual basis have all been experienced. The Pell Grant program was exempt from sequestration in Fiscal 2014, but is not in subsequent years. The Federal Work-Study and Supplemental Educational Opportunity Grant programs have been cut by 5.5% for Fiscal 2014. The loan fee paid by borrowers on Direct Loans and Direct PLUS Loans has been increased. Iraq and Afghanistan Service Grants have been reduced by 10.0% and Teacher Education Assistance for College and Higher Education grants have been reduced by 6.0%. The TRIO and GEAR UP programs have been cut by 5.1% for Fiscal 2014. Finally, there have been indirect cuts in student aid funds since federal research grants were also reduced by sequestration.

The Board of Regents, State of Iowa met in September 2013 and directed the universities to not raise undergraduate resident tuition for Fiscal 2015. At its October 2013 meeting, it discussed the conditional tuition and mandatory fees for Fiscal 2015 that it expects to approve at the December 2013 meeting. No undergraduate resident tuition increase is anticipated for UNI for Fiscal 2015. Mandatory fees would be increased \$64. The increase for undergraduate tuition and mandatory fees would be 0.8%. Tuition and mandatory fees for nonresident undergraduate students would be 2.7%. The increase for graduate resident students would be 2.5%, while the increase for graduate non-resident students would be 2.7%. The Board of Regents is committed to working with the Governor and the General Assembly to secure increased appropriations. Based on funding actions of the General Assembly, tuition rates may be adjusted subsequent to the 2014 legislative session.

University officials are monitoring the enrollment and fiscal situations very closely. Officials are working with the Governor, the Department of Management and members of the General Assembly to explain the need to convert the \$10 million one-time appropriation to base funding. In addition, the Regents are requesting a 4.0% increase on the revised base funding so a tuition increase can be avoided for the second year in a row. UNI has placed additional

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended June 30, 2013 and 2012

emphasis on the recruitment of students, including adding additional recruiters and creating a Vice President for Enrollment Management prior to the end of the fiscal year. University officials will continue to do everything possible to maintain affordability and accessibility, ensure program quality and timely graduation, maintain a safe campus and make strategic changes. We are committed to taking the necessary actions to maintain the fiscal health of the University and to honor the "Students First" motto.

In summary, the University faces demographic, enrollment, competitive, and state and federal funding challenges. A number of these challenges have been caused, at least partially, by the national recession that began in 2007 and ended in 2009 and the slow economic recovery that followed. The State of Iowa's revenue remained below the October 2008 high point until Fiscal 2012. Net state revenues increased due to increases in personal income tax, sales/use tax and corporate income tax collections and other taxes during the first four months of Fiscal 2014. As of August 2013, the Iowa Leading Indicators Index has been positive for four consecutive months and the Iowa non-farm employment increased from 1,462,600 jobs in January 2010 to 1,532,500 jobs in August 2013, an increase of 4.8%. State General Fund receipts and other economic indicators signal the Iowa economy is recovering. Iowa's economy is experiencing low growth at the current date. The Board of Regents, State of Iowa has recommended a \$10.0 million increase to the University of Northern Iowa's base appropriation and a 4.0% increase to the revised base. Strategic uses of the increased funding include no tuition increase for Iowa undergraduates, other affordability and accessibility initiatives, enhanced enrollment management, enhanced undergraduate education and student success, leading the nation in preK-12 education initiatives and enhanced information technology support. University officials are optimistic the Governor will recommend supporting the Board's funding requests and the General Assembly will fund those requests. Fulfilling the mentioned funding requests will assist in dealing with the University's challenges.

CONTACTING THE UNIVERSITY

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



2012-2013 Financial Statements

UNIVERSITY OF NORTHERN IOWA
Statement of Net Position
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents-Note B	\$ 27,183,314	33,627,411
Investments-Note B	52,702,131	65,832,320
Accounts receivable, net-Note C	7,891,332	8,440,549
Loans receivable, net-Note E	1,922,902	2,019,802
Interest receivable	543,063	535,991
Due from governmental agencies-Note F	5,582,212	6,879,090
Prepaid expenses-Note G	4,295,707	3,805,718
Inventories-Note H	3,874,453	4,707,261
Other current assets	105,000	203,966
Total Current Assets	<u>104,100,114</u>	<u>126,052,108</u>
Noncurrent Assets		
Investments-Note B	35,506,824	38,592,309
Accounts receivable, net-Note C	10,400	-
Loans receivable, net-Note E	7,691,608	8,079,207
Prepaid expenses-Note G	87,044	244,103
Debt issuance costs-Note V	2,079,640	2,089,272
Capital assets, Nondepreciable-Note I	50,881,918	43,976,013
Capital assets, Depreciable-Note I	585,946,377	568,996,574
Accumulated depreciation/amortization-Note I	(246,665,795)	(240,593,418)
Total Noncurrent Assets	<u>435,538,016</u>	<u>421,384,060</u>
Total Assets	<u>539,638,130</u>	<u>547,436,168</u>
LIABILITIES		
Current Liabilities		
Accounts payable	12,984,534	9,780,940
Salaries and wages payable-Note J	718,157	764,757
Compensated absences payable-Note K	5,248,865	5,004,600
Unpaid claims liability-Note U	1,580,470	1,733,112
Unearned revenue-Note G	3,862,246	4,089,166
Accrued interest payable	2,899,419	3,578,529
Long-term debt-Note N	16,518,242	19,044,171
Deposits	3,837,306	4,439,562
Total Current Liabilities	<u>47,649,239</u>	<u>48,434,837</u>
Noncurrent Liabilities		
Accounts payable	565,755	2,187,170
Compensated absences payable-Note K	5,782,320	5,424,858
Refundable advances on student loans-Note Q	8,938,510	9,254,876
Long-term debt-Note N	138,346,559	147,319,317
Net OPEB liability-Note P	9,354,535	6,500,722
Total Noncurrent Liabilities	<u>162,987,679</u>	<u>170,686,943</u>
Total Liabilities	<u>210,636,918</u>	<u>219,121,780</u>
NET POSITION		
Net investment in capital assets	251,763,463	225,621,358
Restricted		
Nonexpendable		
Scholarships and fellowships	615,895	615,895
Expendable		
Scholarships and fellowships	320,513	333,111
Loans	2,803,289	2,876,167
Capital projects	-	13,184,418
Debt service	23,734,636	24,351,398
Other	488,577	362,375
Unrestricted	49,274,839	60,969,666
Total Net Position	<u>\$ 329,001,212</u>	<u>328,314,388</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Financial Position
as of June 30, 2013 and 2012

ASSETS

	2013	2013
Current Assets:		
Cash and cash equivalents	\$ 299,641	69,442
Investments	15,699,751	13,113,082
Pledges receivable, net-Note D	2,900,814	2,265,840
Other receivables	119,215	246,305
Other	119,932	94,041
	<hr/>	<hr/>
Total Current Assets	19,139,353	15,788,710
Noncurrent Assets:		
Pledges receivable, less current portion	11,898,503	5,074,850
Long-term investments	88,721,097	73,857,152
Life insurance cash value	1,377,593	1,312,784
Building and equipment, net	786,465	879,066
Other	125,608	106,632
	<hr/>	<hr/>
Total Noncurrent Assets	102,909,266	81,230,484
Total Assets	\$ <u>122,048,619</u>	<u>97,019,194</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 400,564	400,612
Pledges payable-Note M	-	294,800
Annuities payable	273,270	277,735
Annuity trusts payable	103,676	103,676
Unitrusts payable	67,950	71,878
	<hr/>	<hr/>
Total Current Liabilities	845,460	1,148,701
Noncurrent Liabilities:		
Annuities payable, less current portion	1,483,688	1,566,157
Annuity trusts payable, less current portion	796,971	825,169
Unitrusts payable, less current portion	401,629	452,562
	<hr/>	<hr/>
Total Noncurrent Liabilities	2,682,288	2,843,888
Total Liabilities	<hr/> 3,527,748	<hr/> 3,992,589
Net Assets:		
Unrestricted	6,213,459	4,201,302
Temporarily restricted-Note T	33,826,387	28,995,819
Permanently restricted-Note T	78,481,025	59,829,484
	<hr/>	<hr/>
Total Net Assets	118,520,871	93,026,605
Total Liabilities and Net Assets	\$ <u>122,048,619</u>	<u>97,019,194</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA
Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2013 and 2012

	2013	2012
REVENUES		
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$25,334,812 for 2013, \$25,482,683 for 2012)	\$ 65,107,140	66,242,804
Receipts from other entities	119,360	111,978
Grants and contracts	34,938,344	39,370,649
Sales, rents and services	4,937,703	8,237,789
Miscellaneous	726,808	501,925
Auxiliary enterprises	56,344,034	58,742,116
Total Operating Revenues	<u>162,173,389</u>	<u>173,207,261</u>
EXPENSES		
Operating Expenses		
Instruction	82,764,796	80,291,964
Research	3,138,471	2,951,957
Public service	24,325,404	22,152,465
Academic support	21,731,295	24,855,928
Student services	9,005,372	8,210,073
Institutional support	26,441,182	29,683,285
Operation and maintenance of plant	21,423,526	20,441,078
Scholarships and fellowships	4,983,383	6,470,804
Depreciation/amortization	16,095,251	16,105,032
Loan cancellations and write-offs	281,264	288,141
Auxiliary enterprises	50,975,515	50,787,350
Total Operating Expenses	<u>261,165,459</u>	<u>262,238,077</u>
Operating (Loss)	<u>(98,992,070)</u>	<u>(89,030,816)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	87,662,815	77,765,014
Gifts, grants and contracts	3,101,932	3,701,740
Investment return	1,710,232	1,921,916
Interest expense	(5,529,028)	(6,258,688)
Amortization of bond issuance costs	(161,574)	(146,849)
Loss on disposal of capital assets	(2,381,912)	(118,360)
Net Nonoperating Revenues	<u>84,402,465</u>	<u>76,864,773</u>
(Loss) Before Other Revenues	<u>(14,589,605)</u>	<u>(12,166,043)</u>
OTHER REVENUES		
Capital appropriations	14,082,733	7,016,578
Capital contributions and grants	1,193,696	1,913,243
Total Other Revenues	<u>15,276,429</u>	<u>8,929,821</u>
Change in Net Position	<u>686,824</u>	<u>(3,236,222)</u>
NET POSITION		
Net position, beginning of year	<u>328,314,388</u>	<u>331,550,610</u>
Net position, end of year	<u>\$ 329,001,212</u>	<u>328,314,388</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Activities
Years Ended June 30, 2013 and 2012

	2013			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Revenue, support and reclassifications:				
Contribution revenue	\$ 1,783,065	7,372,808	18,627,212	27,783,085
Investment return	3,404,515	4,937,329	384,503	8,726,347
Miscellaneous income	25,600	12,082	-	37,682
Reclassifications attributed to underwater endowments	(458,732)	458,732	-	-
Donor redesignations	1,225,899	(1,030,992)	(194,907)	-
Net assets released from restrictions	6,919,903	(6,919,903)	-	-
Total revenue, support and reclassifications	<u>12,900,250</u>	<u>4,830,056</u>	<u>18,816,808</u>	<u>36,547,114</u>
Expenses and Adjustments:				
Scholarship expenses	3,557,135	-	-	3,557,135
Programming expenses	4,083,296	-	-	4,083,296
Administrative expenses	952,470	-	-	952,470
Fundraising expenses	2,150,803	-	-	2,150,803
Uncollectible pledges (recoveries)	40,535	(17,706)	(38,982)	(16,153)
Depreciation expense	92,601	-	-	92,601
Present value liability actuarial adjustment	11,253	17,194	204,249	232,696
Total expenses and adjustments	<u>10,888,093</u>	<u>(512)</u>	<u>165,267</u>	<u>11,052,848</u>
Change in net assets	2,012,157	4,830,568	18,651,541	25,494,266
Net assets, beginning of year	<u>4,201,302</u>	<u>28,995,819</u>	<u>59,829,484</u>	<u>93,026,605</u>
Net assets, end of year	<u>\$ 6,213,459</u>	<u>33,826,387</u>	<u>78,481,025</u>	<u>118,520,871</u>

The notes are an integral part of the financial statements.

2012

Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
958,156	7,757,286	4,011,951	12,727,393
(499,555)	(594,783)	56,982	(1,037,356)
59,823	12,121	-	71,944
(408,563)	408,563	-	-
1,528,416	(1,749,286)	220,870	-
8,763,305	(8,763,305)	-	-
10,401,582	(2,929,404)	4,289,803	11,761,981
3,879,470	-	-	3,879,470
5,460,639	-	-	5,460,639
916,111	-	-	916,111
2,045,857	-	-	2,045,857
949	1,311,238	26,672	1,338,859
92,833	-	-	92,833
27,816	21,838	239,941	289,595
12,423,675	1,333,076	266,613	14,023,364
(2,022,093)	(4,262,480)	4,023,190	(2,261,383)
6,223,395	33,258,299	55,806,294	95,287,988
4,201,302	28,995,819	59,829,484	93,026,605

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 65,023,543	62,317,071
Grants and contracts receipts	34,347,139	39,908,226
Collections of loans from students	1,942,424	2,000,934
Auxiliary enterprise receipts	56,726,230	57,857,569
Payments for salaries and benefits	(146,566,463)	(148,082,440)
Payments for goods and services	(22,305,805)	(23,676,867)
Scholarships	(4,753,974)	(6,536,536)
Loans issued to students	(2,002,004)	(2,305,042)
Auxiliary enterprise payments	(50,610,728)	(50,863,739)
Other operating receipts	5,733,482	11,476,302
Other operating payments	(17,079,340)	(22,513,959)
Net Cash Used by Operating Activities	<u>(79,545,496)</u>	<u>(80,418,481)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	87,771,867	77,719,987
William D. Ford direct lending and plus loans receipts	61,718,237	70,275,229
William D. Ford direct lending and plus loans made	(61,754,965)	(70,304,236)
Agency receipts	2,572,995	4,495,010
Agency payments	(3,336,070)	(2,635,547)
Non capital gifts	3,101,732	3,893,170
Net Cash Provided by Noncapital Financing Activities	<u>90,073,796</u>	<u>83,443,613</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations received	14,107,438	6,991,873
Capital gifts and grants received	3,236,021	1,959,324
Acquisition of capital assets	(33,753,051)	(38,593,839)
Proceeds from sale of capital assets	115,845	-
Principal paid on capital debt	(27,394,171)	(18,149,239)
Interest paid on capital debt	(6,448,905)	(5,999,683)
Proceeds from capital debt	16,052,512	49,745,651
Other capital and related financing receipts	326,198	301,665
Other capital and related financing payments	(142,440)	(330,999)
Net Cash Used by Capital and Related Financing Activities	<u>(33,900,553)</u>	<u>(4,075,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	677,483	1,093,507
Proceeds from sale and maturities of investments	76,909,661	73,894,260
Purchase of investments	(60,658,988)	(68,003,861)
Net Cash Provided by Investing Activities	<u>16,928,156</u>	<u>6,983,906</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(6,444,097)	5,933,791
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>33,627,411</u>	<u>27,693,620</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 27,183,314</u>	<u>33,627,411</u>

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (98,992,070)	(89,030,816)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation/amortization	16,095,251	16,105,032
Increase/(Decrease) in compensated absences	601,727	(157,066)
(Increase)/Decrease in accounts receivable	(61,869)	(1,906,035)
(Increase)/Decrease in loans receivable	484,499	235,348
(Increase)/Decrease in due from governmental agencies	(146,701)	732,155
(Increase)/Decrease in inventories	832,809	(338,778)
(Increase)/Decrease in prepaid expenses	(388,087)	(78,612)
(Increase)/Decrease in other assets	(23,458)	111,569
Increase/(Decrease) in accounts payable	2,794,136	(5,640,295)
Increase/(Decrease) in salaries and wages payable	(45,552)	(5,766)
Increase/(Decrease) in unearned revenue	(231,824)	(288,602)
Increase/(Decrease) in other liabilities	(464,357)	(156,615)
Net Cash Used By Operating Activities	\$ <u>(79,545,496)</u>	<u>(80,418,481)</u>

Noncash Capital, Financing and Investing Activities:

Equipment with a fair market value of \$104,658 was donated to the University in 2012.

Bond issuance costs of \$83,738 in 2013 and \$453,332 in 2012 were deducted from the bond proceeds. These costs were capitalized and will be amortized over the debt repayment period.

Net unrealized gain increased the fair market value of the University's investments \$481,974 in 2013 and \$1,203,425 in 2012.

The notes are an integral part of the financial statements.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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.

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

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

Restricted:

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

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

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

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

Discretely Presented Component Unit

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

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

Affiliated Organization

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, all short-term highly liquid cash investments 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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

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

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.

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

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

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

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

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

With the exception of funds specifically invested for bond issues and endowment funds, all other monies are pooled in an investment pool entitled "Treasurer's Temporary Investments". Investment income on the investment pool is allocated to the activities that participate in the pool. In fiscal years 2013 and 2012, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$576,933 and \$2,007,808 respectively.

Investments (Foundation)

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

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

Capital Assets

Property, buildings, equipment, and library materials are stated at cost at the date of acquisition or fair 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
Software	5-30 years

The following thresholds are used to define capital assets:

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

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

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

Termination Benefits

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

Endowment Appreciation

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act permits management of the University to allocate the amount of realized and unrealized endowment appreciation 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 departments which benefit from the endowment funds. The endowment spending rule provides for an annual distribution of five percent of the three-year moving average of the market value of the fund.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

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

Unearned Revenue

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

Auxiliary Enterprise Revenues

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

Summer Session

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

Inventories

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

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 in the statement of changes in net position are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating revenues include state appropriations, gifts, grants and contracts, and investment return. Nonoperating expenses include interest expense, 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.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note B – Cash Deposits and Investments

(1) Cash and cash equivalents:

The bank deposits of the University were covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. In the unlikely event a bank fails, the State Treasurer first determines the amount of the loss and validates the amount of applicable FDIC insurance. He is empowered by this chapter to cover the remaining loss from the State Sinking Fund for public deposits in banks. If the balance in the sinking fund is inadequate to pay the entire loss, he is empowered to make assessments against other banks to insure there will be no loss of public funds. The carrying values of cash and cash equivalents at June 30, 2013 and June 30, 2012 were \$27,183,314 and \$33,627,411, respectively. The bank balances at June 30, 2013 and June 30, 2012 were \$27,917,148 and \$24,043,253, respectively. The carrying value at June 30, 2013 and June 30, 2012 also includes cash-on-hand of \$147,243 and \$142,505, respectively, and cash equivalents in the form of uninsured and uncollateralized money market funds of \$2,311,206 and \$9,441,653, respectively.

(2) Investments:

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

Chapter 540A of the Code of Iowa permits the University to spend endowment income and to appropriate within certain limitations an amount of realized and unrealized endowment appreciation as the University determines to be prudent considering the University's long-term and short-term needs, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. The University's policy is to retain the realized and unrealized appreciation with the endowment pursuant to the spending rules of the University. The University's spending rule is that five percent (5%) of the three year moving average of the market value of the endowment will be calculated and distributed. The net appreciation on true endowments available for expenditure at June 30, 2013 and 2012 was \$601,922 and \$550,529, respectively. The net appreciation is classified in the Statement of Net Position as follows:

	<u>2013</u>	<u>2012</u>
Restricted Expendable:		
Scholarships and fellowships	\$ 148,610	138,124
Loans	135,357	128,209
Other-Chair	317,955	284,196
Total	\$ <u>601,922</u>	<u>550,529</u>

The University's investments are recorded at fair value, as determined by quoted market price. At June 30, 2013, the University had the following investments and quality credit ratings by investment type:

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note B – Cash Deposits and Investments (continued)

Invested Assets	
Operating Portfolio:	Fair Value
Fixed Income:	
U.S. Government Securities:	
U.S. Government Treasuries	\$ 17,059,327
U.S. Government Agencies	20,852,737
Short-Term Securities:	
Commercial Paper	4,491,337
Fixed Income Mutual Funds	16,791,992
Total Fixed Income Securities	<u>59,195,393</u>
Equity and Other Securities:	
Domestic Equity Mutual Funds	3,472,884
International Equity Mutual Funds	704,157
REIT Mutual Funds	1,954,395
Total Equity and Other Securities	<u>6,131,436</u>
Cash and Cash Equivalents:	
Money Market Fund Shares	15,009,637
Total Cash and Cash Equivalents	<u>15,009,637</u>
Total Operating Portfolio	<u>80,336,466</u>
Endowment Portfolio (UNI Equity in SUI Endowment Pool):	
Fixed Income:	
U.S. Government Securities:	
U.S. Government Treasuries	786,658
U.S. Government Agencies	1,124,226
Short-Term Securities:	
Commercial Paper	111,402
Mortgage-Backed Securities	4,892
Credit:	
Corporate Bonds	57,803
Corporate Asset-Backed	2,793
Fixed Income Mutual Funds	411,851
Total Fixed Income Securities	<u>2,499,625</u>
Equity and Other Securities:	
Domestic Equity Mutual Funds	2,621,867
International Equity Mutual Funds	2,138,366
REIT Mutual Funds	597,598
Total Equity and Other Securities	<u>5,357,831</u>
Cash and Cash Equivalents:	
Money Market Fund Shares	15,033
Total Cash and Cash Equivalents	<u>15,033</u>
Total Endowment Portfolio	<u>7,872,489</u>
Total Invested Assets	<u>\$ 88,208,955</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note B – Cash Deposits and Investments (continued)

Credit Risk Concentration

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

Investment	Fair Value	% of Total Operating Portfolio Fixed Income Assets
Federal National Mortgage Association	\$11,076,546	18%
Federal Home Loan Mortgage Corporation	3,862,797	6%
Federal Home Loan Bank	3,591,592	6%
Federal Farm Credit Bank	3,446,028	6%

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note B – Cash Deposits and Investments (continued)

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

Interest Rate Sensitivity – Duration		Fair Value	Duration (in years)
Operating Portfolio:			
Fixed Income:			
U.S. Government Securities:			
U.S. Government Treasuries		\$ 17,059,327	3.51
U.S. Government Agencies		20,852,737	4.03
Short-Term Securities:			
Commercial Paper		4,491,337	0.41
Fixed Income Mutual Funds		<u>16,791,992</u>	5.81
Operating Portfolio-Total Fixed Income Securities		<u>59,195,393</u>	
Operating Portfolio Duration			4.11
Endowment Portfolio:			
Fixed Income:			
U.S. Government Securities:			
U.S. Government Treasuries		786,658	5.59
U.S. Government Agencies		1,124,226	3.46
Short-Term Securities:			
Commercial Paper		111,402	0.42
Mortgage-Backed Securities		4,892	0.92
Credit:			
Corporate Bonds		57,803	6.16
Corporate Asset-Backed		2,793	1.65
Fixed Income Mutual Funds		<u>411,851</u>	3.94
Endowment Portfolio-Total Fixed Income Securities		<u>2,499,625</u>	
Endowment Portfolio Duration			4.13
Total All Portfolios		<u>\$ 61,695,018</u>	

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note B – Cash Deposits and Investments (continued)

	Credit Risk – Quality Ratings			
	<u>Treasury</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
Fixed Income Securities:				
U.S. Government Guaranteed:				
U.S. Government Treasuries	\$17,845,985	-	-	-
U.S. Government Non-Guaranteed:				
Federal National Mortgage Association	-	-	11,076,546	-
Federal Home Loan Mortgage Corporation	-	-	3,862,797	-
Federal Home Loan Bank	-	-	3,591,592	-
Federal Farm Credit Bank	-	-	3,446,028	-
Mortgage-Backed Securities	-	4,892	-	-
Credit:				
Corporate Bonds	-	-	6,260	37,306
Corporate Asset-Backed	-	2,793	-	-
Commercial Paper	-	-	-	-
Fixed Income Mutual Funds	-	<u>11,712,601</u>	<u>518,511</u>	<u>1,362,944</u>
Total Fixed Income Securities	<u>\$17,845,985</u>	<u>11,720,286</u>	<u>22,501,734</u>	<u>1,400,250</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>Below B</u>	<u>A1+P1</u>	<u>NR</u>	<u>Total</u>
-	-	-	-	-	-	17,845,985
-	-	-	-	-	-	11,076,546
-	-	-	-	-	-	3,862,797
-	-	-	-	-	-	3,591,592
-	-	-	-	-	-	3,446,028
-	-	-	-	-	-	4,892
14,237	-	-	-	-	-	57,803
-	-	-	-	-	-	2,793
-	-	-	-	4,602,739	-	4,602,739
<u>1,431,392</u>	<u>1,162,085</u>	<u>788,951</u>	<u>152,597</u>	<u>-</u>	<u>74,762</u>	<u>17,203,843</u>
<u>1,445,629</u>	<u>1,162,085</u>	<u>788,951</u>	<u>152,597</u>	<u>4,602,739</u>	<u>74,762</u>	<u>61,695,018</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note C – Accounts Receivable

Accounts receivable are summarized as follows:

	<u>2013</u>	<u>2012</u>
Student accounts	\$ 4,653,997	5,446,824
University of Northern Iowa Foundation	127,308	386,186
Sponsoring agencies	570,033	795,969
Other	<u>2,550,394</u>	<u>1,811,570</u>
Total	<u>\$ 7,901,732</u>	<u>8,440,549</u>

Note D – Pledges Receivable (Foundation)

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

	<u>2013</u>	<u>2012</u>
In one year or less	\$ 2,988,725	2,349,417
Between one year and five years	10,827,229	3,732,122
More than five years	<u>1,809,150</u>	<u>2,104,687</u>
	15,625,104	8,186,226
Less discounts to net present value	(564,688)	(461,877)
Less allowance for uncollectible pledges	<u>(261,099)</u>	<u>(383,659)</u>
Total	<u>\$14,799,317</u>	<u>7,340,690</u>

Pledges receivable at June 30, 2013 and 2012 have the following restrictions:

	<u>2013</u>	<u>2012</u>
Unrestricted:		
Undesignated	\$ 178,870	171,412
Temporarily Restricted:		
Scholarships and department programs	5,048,663	4,049,405
Plant	1,099,126	1,106,140
Permanently Restricted:		
Endowments-Scholarships and department programs	<u>8,472,658</u>	<u>2,013,733</u>
Total	<u>\$14,799,317</u>	<u>7,340,690</u>

Note E – Loans Receivable

Loans receivable are summarized as follows:

	<u>2013</u>	<u>2012</u>
Student loans:		
Federal loan programs	\$10,993,399	11,150,468
University loan funds	<u>130,742</u>	<u>129,798</u>
	11,124,141	11,280,266
Less allowance for uncollectible loans	<u>(1,509,631)</u>	<u>(1,181,257)</u>
Total	<u>\$ 9,614,510</u>	<u>10,099,009</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note E – Loans Receivable (continued)

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

Note F – Due From Governmental Agencies

Due from Governmental Agencies is summarized as follows:

	<u>2013</u>	<u>2012</u>
Federal Government	\$ 3,046,354	2,841,855
State Government	2,500,765	3,984,593
Local Governments	<u>35,093</u>	<u>52,642</u>
Total	<u>\$ 5,582,212</u>	<u>6,879,090</u>

Note G – Prepaid Expenses/Unearned Revenue

Prepaid expenses at June 30, 2013 and 2012 totaled \$4,382,751 and \$4,049,821, respectively, and unearned revenue at June 30, 2013 and 2012 totaled \$3,862,246 and \$4,089,166, respectively. The summer session portion for unearned tuition and fees for 2013 and 2012 was \$2,045,360 and \$1,639,104, respectively. Students sign housing contracts with the Department of Residence for the following Fall semester. Unearned revenue on housing contracts was \$587,400 and \$573,000 at June 30, 2013 and 2012, respectively. Season ticket sales for the Gallagher-Bluedorn Performing Arts Center Artist Series and for Athletic football games begin in the Spring for the following year. Unearned ticket sale revenues were \$612,920 and \$589,329 at June 30, 2013 and 2012, respectively.

Note H – Inventories

Inventories at June 30, 2013 and 2012, consisting mainly of supplies and merchandise, primarily valued at cost, had values of \$3,874,453 and \$4,707,261, respectively.

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note I – Capital Assets

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

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note I – Capital Assets

Capital assets activity for the year ended June 30, 2012 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation/ Amortization</u>	<u>Book Value</u>
Land	\$ 4,916,643	-	-	4,916,643	-	4,916,643
Construction in Progress	16,165,273	29,913,437	(7,019,340)	39,059,370	-	39,059,370
Software in Progress	<u>8,605,780</u>	<u>-</u>	<u>(8,605,780)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets, Nondepreciable	<u>29,687,696</u>	<u>29,913,437</u>	<u>(15,625,120)</u>	<u>43,976,013</u>	<u>-</u>	<u>43,976,013</u>
Land Improvements	13,491,883	199,145	-	13,691,028	(8,553,464)	5,137,564
Infrastructure	37,040,940	1,057,201	-	38,098,141	(11,822,449)	26,275,692
Buildings	410,710,373	7,422,716	(125,000)	418,008,089	(153,871,685)	264,136,404
Equipment	51,625,299	4,699,099	(984,196)	55,340,202	(35,153,488)	20,186,714
Intangibles	-	8,605,780	-	8,605,780	(430,289)	8,175,491
Library Materials	<u>35,124,806</u>	<u>670,109</u>	<u>(541,581)</u>	<u>35,253,334</u>	<u>(30,762,043)</u>	<u>4,491,291</u>
Capital Assets, Depreciable	<u>547,993,301</u>	<u>22,654,050</u>	<u>(1,650,777)</u>	<u>568,996,574</u>	<u>(240,593,418)</u>	<u>328,403,156</u>
Total Capital Assets	<u>\$577,680,997</u>	<u>52,567,487</u>	<u>(17,275,897)</u>	<u>612,972,587</u>	<u>(240,593,418)</u>	<u>372,379,169</u>

Depreciation and amortization activity for the year ended June 30, 2012 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 8,109,989	443,475	-	8,553,464
Infrastructure	10,900,592	921,857	-	11,822,449
Buildings	144,358,518	9,524,884	(11,717)	153,871,685
Equipment	32,462,141	3,629,343	(937,996)	35,153,488
Intangibles	-	430,289	-	430,289
Library Materials	<u>30,148,440</u>	<u>1,155,184</u>	<u>(541,581)</u>	<u>30,762,043</u>
Total	<u>\$225,979,680</u>	<u>16,105,032</u>	<u>(1,491,294)</u>	<u>240,593,418</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note J – Salaries and Wages Payable

All non-student University employees are paid the last working day of each month. Certain bargaining unit employees submit time sheets verifying hours worked up to the middle of the month. Student employees submit time sheets verifying hours worked and are paid bi-weekly. Accrued salaries and wages payable at June 30, 2013 and 2012 were \$718,157 and \$764,757, respectively.

Note K – 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 years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Amount of accrued compensated absences at beginning of year	\$10,429,458	10,586,524
Amount of compensated absences accrued during the fiscal year	7,925,329	6,842,801
Payments on compensated absences during the fiscal year	<u>(7,323,602)</u>	<u>(6,999,867)</u>
Amount of accrued compensated absences at end of year	<u>\$11,031,185</u>	<u>10,429,458</u>

As of June 30, 2013 and 2012, the current liabilities for compensated absences payable were \$5,248,865 and \$5,004,600, respectively.

Note L – Retirement Programs

Teachers Insurance and Annuity Association - The University contributes to the Teachers Insurance and Annuity Association (TIAA) retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Regents, State of Iowa establishes and amends the plan's provision and contribution requirements. As required by the Board of Regents, State of Iowa policy, all eligible University employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified in the contract with TIAA, each employee through the fifth year of employment contributes 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings. The University, through the fifth year of employment, is required to contribute 6 2/3% of the first \$4,800 of earnings and 10% on earnings above \$4,800. Upon completion of five years of service, the participant contributes 5% and the University 10% on all earnings. During fiscal years 2013 and 2012, the University's required and actual contribution amounted to \$11,003,152 and \$11,264,094, respectively. During fiscal years 2013 and 2012, the employees' required and actual contribution amounted to \$5,208,018 and \$5,328,211, respectively.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note L – 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 were required to contribute 5.78% of their annual covered earnings and the University was required to contribute 8.67% of annual covered earnings for the year ended June 30, 2013. For the years ended June 30, 2012, and 2011, plan members were required to contribute 5.38% and 4.5%, respectively, of the annual covered earnings and the University was required to contribute 8.07% and 6.95% respectively, of annual covered earnings. Contribution requirements are established by State statute. The University's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$1,169,233, \$1,046,545 and \$769,421, respectively, equal to the annual required contributions.

Note M – 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, 2013 the agreement was paid in full and \$16,705,200 was paid to the University as of June 30, 2012.

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

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note N – Long-Term Debt

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note N – Long-Term Debt (continued)

Long-term debt on June 30, 2012, consisted of the following:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Original Value</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Academic Bldg. Revenue Bonds:								
Series 1994-Refunding	4.50 – 6.00	2015	\$ 2,180,000	840,000	-	150,000	690,000	160,000
Series 1994	5.00 – 8.25	2015	9,201,461	1,236,903	-	191,706	1,045,197	313,112
Series 1996-Refunding	4.55 – 6.00	2013	7,600,000	1,855,000	-	580,000	1,275,000	620,000
Series 2002-Refunding	4.00 – 5.50	2015	4,890,000	2,215,000	-	405,000	1,810,000	420,000
Series 2003-Refunding	3.00 – 3.80	2015	8,465,000	4,310,000	-	790,000	3,520,000	830,000
Series 2003A-Refunding	2.00 – 3.40	2012	4,225,000	990,000	-	495,000	495,000	495,000
Series 2005-Refunding	5.75 – 6.20	2020	5,110,000	3,610,000	-	505,000	3,105,000	295,000
Series 2005	2.90 – 4.25	2027	12,800,000	12,400,000	-	525,000	11,875,000	545,000
Series 2007	4.00 – 4.25	2027	8,000,000	7,700,000	-	100,000	7,600,000	100,000
Series 2008	4.00 – 5.00	2035	12,000,000	12,000,000	-	25,000	11,975,000	50,000
Series 2009	3.00 – 5.00	2035	13,860,000	13,860,000	-	-	13,860,000	-
Residence System Bonds:								
Series 2002-Refunding	3.00 – 4.50	2018	9,535,000	4,955,000	-	525,000	4,430,000	4,430,000
Series 2003	3.50 – 4.75	2023	9,210,000	7,010,000	-	420,000	6,590,000	6,590,000
Series 2010-Refunding	2.00 – 3.13	2020	4,255,000	4,255,000	-	355,000	3,900,000	395,000
Series 2010A	3.25 – 5.00	2030	16,790,000	16,790,000	-	600,000	16,190,000	610,000
Series 2010B-Refunding	2.50 – 4.00	2021	10,160,000	10,160,000	-	-	10,160,000	900,000
Series 2011	2.00 – 4.00	2033	24,870,000	-	24,870,000	-	24,870,000	-
Series 2012	1.00 – 2.75	2023	13,810,000	-	13,810,000	-	13,810,000	-
Field House Bonds:								
Series 2001	3.75 – 4.75	2022	5,625,000	3,885,000	-	3,885,000	-	-
Series 2004	2.50 – 4.40	2024	10,000,000	6,195,000	-	345,000	5,850,000	355,000
Series 2005-Refunding	3.00 – 4.20	2022	7,465,000	5,780,000	-	385,000	5,395,000	400,000
Series 2011-Refunding	2.00 – 3.50	2022	3,685,000	3,610,000	-	-	3,610,000	285,000
Student Union Bonds:								
Series 2002	1.80 – 5.00	2022	12,755,000	8,915,000	-	8,915,000	-	-
Series 2011-Refunding	2.00 – 3.00	2022	8,425,000	-	8,425,000	-	8,425,000	755,000
Student Health System Bonds:								
Series 2004	3.00 – 4.40	2024	3,875,000	2,975,000	-	165,000	2,810,000	170,000
Premiums-Reoffering:								
Residence - Series 2011			-	-	506,805	13,698	493,107	23,481
Total Bonds Payable			<u>228,791,461</u>	<u>135,546,903</u>	<u>47,611,805</u>	<u>19,375,404</u>	<u>163,783,304</u>	<u>18,741,593</u>
Notes Payable:								
City of Cedar Falls	0.00	2027	500,000	455,000	-	15,000	440,000	15,000
Wells Fargo	4.25	2016	2,150,000	1,130,718	-	207,534	923,184	216,448
Iowa Finance Authority	1.25	2024	1,217,000	-	1,217,000	-	1,217,000	94,611
Total Notes Payable			<u>3,867,000</u>	<u>1,585,718</u>	<u>1,217,000</u>	<u>222,534</u>	<u>2,580,184</u>	<u>326,059</u>
Total Long-Term Debt Payable			<u>\$232,658,461</u>	<u>137,132,621</u>	<u>48,828,805</u>	<u>19,597,938</u>	<u>166,363,488</u>	<u>19,067,652</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note N – Long-Term Debt (continued)

Bonds Payable

The above bonds were issued for the following purposes:

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

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

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

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

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

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

The bonds mature as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 16,181,700	5,309,953	21,491,653
2015	10,133,604	5,328,237	15,461,841
2016	10,249,214	5,613,898	15,863,112
2017	9,142,478	4,123,060	13,265,538
2018	9,507,478	3,875,299	13,382,777
2019-2023	47,582,391	14,834,873	62,417,264
2024-2028	26,361,404	8,143,448	34,504,852
2029-2033	16,602,407	3,470,300	20,072,707
2034-2038	<u>6,850,000</u>	<u>454,350</u>	<u>7,304,350</u>
Total	<u>\$152,610,676</u>	<u>51,153,418</u>	<u>203,764,094</u>

The changes in Bonds Payable for fiscal years 2013 and 2012 are detailed below:

	<u>2013</u>	<u>2012</u>
Bonds payable beginning of year	\$163,783,304	135,546,903
Bonds retired during the fiscal year	(18,746,426)	(19,375,404)
Bonds issued during the fiscal year	<u>7,573,798</u>	<u>47,611,805</u>
Bonds payable end of year	<u>\$152,610,676</u>	<u>163,783,304</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note N – Long-Term Debt (continued)

Notes Payable

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

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

At its March 21, 2012 meeting, the Board of Regents, State of Iowa authorized the University to enter into a loan agreement with the Iowa Department of Administrative Services to finance energy management improvements in six academic buildings. The note principal of \$1,217,000 will be repaid in 24 semi-annual payments ending on June 30, 2024. The nominal interest rate is 1.25% consisting of a 1.00% interest rate and a 0.25% annual servicing fee.

Note O – Current Refundings

As of May 1, 2013, the University issued \$4,815,000 of Field House Revenue Refunding Bonds, Series 2013 with an average interest cost of 2.882%. The bonds were issued in the form of a current refunding to refund the July 1, 2014 through July 1, 2024 maturities of Field House Revenue Bonds, Series 2004. Outstanding Series 2004 bonds totaled \$5,495,000 and the interest rates ranged between 3.30% and 4.40%.

Aggregate debt service payments are reduced \$825,432 over the next ten years.

The net proceeds of \$4,522,186 and \$1,083,452 in University funds were deposited in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully pay the remaining principal and interest due on the outstanding bonds. The Field House Revenue Bonds, Series 2004 were called on July 1, 2013. The current refunding resulted in an economic gain of \$564,750.

As of May 1, 2013, the University issued \$2,435,000 of Student Health System Revenue Refunding Bonds, Series 2013 with an average interest rate of 2.083%. The bonds were issued in the form of a current refunding to refund the July 1, 2014 through July 1, 2024 maturities of Student Health System Revenue Bonds, Series 2004. Outstanding Series 2004 bonds totaled \$2,640,000 and the interest rates ranged between 3.30% and 4.40%.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note O – Current Refundings (continued)

Aggregate debt service payments are reduced \$378,389 over the next ten years.

The net proceeds from the current refunding of \$2,174,670 and \$518,507 in University funds were deposited in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully pay the remaining principal and interest due on the outstanding bonds. The Student Health System Revenue Bonds, Series 2004 were called on July 1, 2013. The current refunding resulted in an economic gain of \$301,872.

Note P – OPEB (Other Postemployment Benefits)

Plan Description. The University operates a single-employer retiree benefit plan which provides medical, dental and life insurance benefits for retirees and their spouses. There are 1,346 active and 967 retired members in the plan. Retired members must be age 55 or older at retirement.

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

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

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

The following table shows the components of the University's annual OPEB cost as of June 30, 2013, the amount actually contributed to the plan and changes in the University's net OPEB obligation:

Annual required contribution	\$ 3,475,000
Interest on net OPEB obligation	209,000
Adjustment to annual required contribution	(178,000)
Annual OPEB cost (expense)	3,506,000
Contributions made	(978,562)
Increase in net OPEB obligation	2,527,438
Net OPEB obligation beginning of year	4,649,922
Net OPEB obligation end of year	\$ <u>7,177,360</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note P – OPEB (Other Postemployment Benefits) (continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plan's actual contributions for the year ended June 30, 2013.

For fiscal year 2013, the University contributed \$978,640 to the medical plan. Plan members receiving benefits contributed \$2.3 million, or 70% of the premium costs.

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$2,295,000	63.4%	\$2,440,856
6/30/2012	3,339,000	33.8	4,649,922
6/30/2013	3,506,000	27.9	7,177,360

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$39.5 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$39.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$129.1 million and the ratio of the UAAL to the covered payroll was 30.6%. As of June 30, 2013, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate based on the University's funding policy. The projected annual health care trend rate is 9.5%. The ultimate health care trend rate is 5%. The health care trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. The inflation rate is assumed to increase at a rate of 5%.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note P – OPEB (Other Postemployment Benefits) (continued)

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed by adjusting the retirement probabilities from the IPERS Actuarial Valuation Report as of June 30, 2010 to reflect the University's experienced retirement age of 62 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$810 per month for retirees age 69 or less and \$377 per month for retirees who have attained age 70. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

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

Allocated Other Postemployment Benefits Liability.

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

The annual valuation of liabilities under the OPEB Plan is calculated using the entry age normal cost method. The method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$233,209,000 for the State of Iowa at June 30, 2013. The University's allocation of the unfunded liability is not separately determinable.

Details of the OPEB Plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2013. The report may be obtained by writing the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

The University recognized a net OPEB liability of \$2,177,175 for other postemployment benefits, which represents the University's allocated portion of the State's net OPEB liability. The University's portion of the net OPEB liability was calculated using the ratio of full time equivalent University merit employees compared to all full time equivalent employees of the State of Iowa.

In summary, the University has recognized a net OPEB liability of \$7,177,360 for its retiree benefit plan and a liability of \$2,177,175 for its allocated portion of the State's net OPEB liability, for a total net OPEB liability of \$9,354,535.

Note Q – Refundable Advances on Student Loans

The Perkins Federal Loan program requires a return of Federal Capital Contribution if the United States Government terminates the program. The accumulated Federal Capital Contribution received by the University over the lifetime of the Perkins Loan program is \$8,938,510 and \$9,254,876 at June 30, 2013 and 2012, respectively.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note R – Endowments

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

	<u>2013</u>	<u>2012</u>
Restricted-Nonexpendable	\$ <u>615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships	\$ 148,610	138,124
Loans	135,357	128,209
Other-Chair	<u>317,955</u>	<u>284,196</u>
Total	\$ <u>601,922</u>	<u>550,529</u>

Note S – Related Party Organization

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

Significant Alumni Association financial data as of and for the years ended June 30, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Total Assets	\$1,014,731	972,664
Total Liabilities	66,622	123,637
Total Equity	948,109	849,027
Due from the University	-	21,503
Due to the University	20,461	-
Total Support and Revenues	409,387	374,560
Total Expenses	310,305	305,991

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note T – Restrictions on Net Assets (Foundation)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the years ended June 30, 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Purpose restrictions accomplished:		
Scholarships and department programs	\$ 6,784,360	8,590,013
Plant	<u>135,543</u>	<u>173,292</u>
Total Restrictions Released	\$ <u>6,919,903</u>	<u>8,763,305</u>

Temporarily restricted net assets as of June 30, 2013 and 2012 are available for the following purposes or periods:

	<u>2013</u>	<u>2012</u>
Program activities:		
Scholarships and department programs	\$ 32,196,572	27,705,239
Plant	1,062,466	760,939
Charitable gift annuities	21,048	19,821
Charitable remainder unitrusts	<u>546,301</u>	<u>509,820</u>
Total Temporarily Restricted Net Assets	\$ <u>33,826,387</u>	<u>28,995,819</u>

Permanently restricted net assets as of June 30, 2013 and 2012 are restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
Endowment	\$ 75,757,789	57,316,355
Charitable gift annuities	188,705	152,363
Charitable remainder trust annuities	203,386	189,338
Charitable remainder unitrusts	1,129,212	1,018,979
Life insurance fund	841,647	809,587
Beneficial interest in trust	<u>360,286</u>	<u>342,862</u>
Total Permanently Restricted Net Assets	\$ <u>78,481,025</u>	<u>59,829,484</u>

Note U – Risk Management

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note U – Risk Management (continued)

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

Extra Expense. The University purchased \$12,900,000 in extra expense insurance for all buildings on campus.

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

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

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

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

The University has purchased commercial property insurance, including earthquake and flood coverage, for its facilities. There is a \$2,000,000 deductible on general University buildings. Additional coverage is provided for Auxiliary Enterprises, such as the Residence System, Maucker Union, and the Field House System, with deductibles ranging from \$50,000 to \$100,000 per occurrence.

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note U – Risk Management (continued)

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

The following schedule presents the changes in claims liabilities for medical and dental insurance for professional staff and unemployment compensation for the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Amount of claims and contingent liabilities accrued beginning of year	\$ 1,733,112	1,610,522
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	18,007,978	18,186,018
Payments on claims during the fiscal year	<u>(18,160,620)</u>	<u>(18,063,428)</u>
Amount of claims liabilities end of year	<u>\$ 1,580,470</u>	<u>1,733,112</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 \$29 to \$52 per rated vehicle per month. Losses in excess of \$250,000 are self-funded by the State, as provided in Chapter 669 of the Code of Iowa.

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

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

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

Note V – Debt Issuance Costs

Debt issuance costs at June 30, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Debt issuance costs	\$ 3,272,462	3,120,520
Less accumulated amortization	<u>(1,192,822)</u>	<u>(1,031,248)</u>
Net debt issuance costs	<u>\$ 2,079,640</u>	<u>2,089,272</u>

Amortization expense for fiscal years 2013 and 2012 was \$161,574 and \$146,849, respectively.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note W – Operating Leases

The University has leased various buildings, tower space, and equipment. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. These leases expire between June 30, 2013 and June 30, 2017, 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, 2013:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2014	\$ 411,777
2015	344,820
2016	211,700
2017	40,959
Total	\$ <u>1,009,256</u>

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

Rental expense for the years ended June 30, 2013 and 2012, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$727,686 and \$885,964, respectively.

Note X – Retirement Incentive Programs and Termination Benefits

Early Retirement Incentive Program of 2009

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

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

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

The University is funding the 2009 Program on a pay-as-you-go basis using ARRA Education Stimulus funds, health and dental insurance reserves, and operating funds. At June 30, 2013 and 2012, the present value of future benefits was \$2,081,382 and \$3,785,463, respectively. The liabilities are included in Accounts Payable in the Statement of Net Position. The interest rate utilized to calculate the present value was 0.04% at June 30, 2013 and 0.11% at June 30, 2012. During fiscal year 2013, benefit payments for 111 participants totaled \$1,557,823. During fiscal year 2012, benefit payments for 117 participants totaled \$1,567,698.

Early Separation Incentive Program 2012

On March 5, 2012, the Board of Regents approved an Early Separation Incentive Program. The 2012 Program was a one-time program which expired on April 30, 2012. Eligibility for participation was limited to faculty members holding a tenured appointment in a program area identified for closure or restructuring by the University. Employees participating in the program were required to resign or retire by June 29, 2012.

The program included the following benefits:

- 1) Payment of one year of salary based upon the employee's appointment salary on the date of retirement or resignation.
- 2) Cash payment equal to the value of eighteen months of COBRA premiums for health and dental insurance.
- 3) Payment of accrued sick leave, not to exceed \$2,000.

All contracts were fulfilled and funded during fiscal year 2012 and payments for 8 participants totaled \$881,933.

Note Y – Funds Held in Trust by Others

The University is a beneficiary of the Joseph S. Wright Trust, which is held by others and had an aggregate market value of \$658,978 and \$615,158 at June 30, 2013 and 2012, respectively. The income received by the University from this trust was \$29,736 in fiscal year 2013 and \$29,791 in fiscal year 2012.

Note Z – Other Commitments, Claims, and Contingencies

Commitments: Changes to the University's outstanding construction contract commitments for Plant construction for the year ended June 30, 2013 are as follows:

Construction commitments beginning of year	\$ 10,795,501
Increases in commitments	26,279,588
Payments and decreases in commitments	<u>(30,834,970)</u>
Construction commitments end of year	\$ <u>6,240,120</u>

There were no material claims or contingencies as of June 30, 2013.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AA – Segment Reporting

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

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

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

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

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

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

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AA – Segment Reporting (continued)
Academic Buildings

Condensed Statement of Net Position	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 5,237,668	9,634,540
Capital assets	65,690,814	68,469,794
Other noncurrent assets	<u>7,078,394</u>	<u>3,506,973</u>
Total assets	<u>78,006,876</u>	<u>81,611,307</u>
Liabilities:		
Current liabilities	5,175,349	5,743,251
Noncurrent liabilities	<u>49,732,862</u>	<u>53,422,084</u>
Total liabilities	<u>54,908,211</u>	<u>59,165,335</u>
Net position:		
Net investment in capital assets	15,957,952	15,116,109
Restricted, expendable	6,492,948	6,631,843
Unrestricted	<u>647,765</u>	<u>698,020</u>
Total net position	<u>\$ 23,098,665</u>	<u>22,445,972</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 68,432,135	71,117,119
Depreciation expense	<u>(2,647,479)</u>	<u>(2,714,037)</u>
Net operating income (loss)	65,784,656	68,403,082
Nonoperating revenues (expenses)	3,409,422	2,706,474
Transfers from (to) University funds	<u>(68,541,385)</u>	<u>(71,164,389)</u>
Change in net position	652,693	(54,833)
Net position, beginning of year	<u>22,445,972</u>	<u>22,500,805</u>
Net position, end of year	<u>\$ 23,098,665</u>	<u>22,445,972</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 68,427,135	71,091,127
Net cash provided (used) by capital and related financing activities	(69,159,676)	(73,134,228)
Net cash provided (used) by investing activities	<u>167,716</u>	<u>1,174,685</u>
Net increase (decrease) in cash	(564,825)	(868,416)
Cash and cash equivalents, beginning of year	<u>5,789,032</u>	<u>6,657,448</u>
Cash and cash equivalents, end of year	<u>\$ 5,224,207</u>	<u>5,789,032</u>

Debt Service Coverage

Debt service coverage – required	1.25	1.25
Debt service coverage – actual	11.98	12.44

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 6,339,698	6,905,283
Net operating income *	68,432,135	71,117,119
Annual debt service/net operating income (%)	9.3%	9.7%

As of June 30, 2013, revenue pledged for future principal and interest payments was \$81,254,475.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AA – Segment Reporting (continued)
Residence System

Condensed Statement of Net Position	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 18,284,920	41,058,927
Capital assets	87,585,704	74,339,519
Other noncurrent assets	<u>9,152,378</u>	<u>8,569,987</u>
Total assets	<u>115,023,002</u>	<u>123,968,433</u>
Liabilities:		
Current liabilities	6,366,680	17,289,724
Noncurrent liabilities	<u>65,061,865</u>	<u>67,971,424</u>
Total liabilities	<u>71,428,545</u>	<u>85,261,148</u>
Net position:		
Net investment in capital assets	23,001,078	7,314,519
Restricted, expendable	14,737,353	25,680,215
Unrestricted	<u>5,856,026</u>	<u>5,712,551</u>
Total net position	<u>\$ 43,594,457</u>	<u>38,707,285</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 36,542,089	37,980,570
Depreciation expense	(1,732,256)	(1,622,911)
Other operating expenses	<u>(27,920,247)</u>	<u>(27,929,173)</u>
Net operating income (loss)	6,889,586	8,428,486
Nonoperating revenues (expenses)	<u>(2,002,414)</u>	<u>(1,394,258)</u>
Change in net position	4,887,172	7,034,228
Net position, beginning of year	<u>38,707,285</u>	<u>31,673,057</u>
Net position, end of year	<u>\$ 43,594,457</u>	<u>38,707,285</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 10,089,670	9,428,723
Net cash provided (used) by capital and related financing activities	(31,981,097)	8,929,947
Net cash provided (used) by investing activities	<u>7,359,769</u>	<u>(3,199,896)</u>
Net increase (decrease) in cash	(14,531,658)	15,158,774
Cash and cash equivalents, beginning of year	<u>30,949,872</u>	<u>15,791,098</u>
Cash and cash equivalents, end of year	<u>\$ 16,418,214</u>	<u>30,949,872</u>

Debt Service Coverage

Debt service coverage – required	1.35	1.35
Debt service coverage – actual	1.66	1.88

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 4,959,380	3,423,382
Net operating income *	11,266,888	12,702,399
Annual debt service/net operating income (%)	44.0%	26.9%

As of June 30, 2013, revenue pledged for future principal and interest payments was \$86,253,131.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AA – Segment Reporting (continued)
Field House System

Condensed Statement of Net Position	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 9,318,653	4,272,228
Capital assets	34,056,766	35,426,812
Other noncurrent assets	<u>7,032,481</u>	<u>7,736,470</u>
Total assets	<u>50,407,900</u>	<u>47,435,510</u>
Liabilities:		
Current liabilities	6,569,043	1,431,174
Noncurrent liabilities	<u>13,132,928</u>	<u>14,266,739</u>
Total liabilities	<u>19,701,971</u>	<u>15,697,913</u>
Net position:		
Net investment in capital assets	20,932,314	21,186,812
Restricted, expendable	2,145,754	2,567,215
Unrestricted	<u>7,627,861</u>	<u>7,983,570</u>
Total net position	<u>\$ 30,705,929</u>	<u>31,737,597</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 3,774,248	4,185,815
Depreciation expense	(1,432,135)	(1,418,843)
Other operating expenses	<u>(2,780,088)</u>	<u>(2,731,818)</u>
Net operating income (loss)	(437,975)	35,154
Nonoperating revenues (expenses)	<u>(593,693)</u>	<u>(89,966)</u>
Change in net position	<u>(1,031,668)</u>	<u>(54,812)</u>
Net position, beginning of year	<u>31,737,597</u>	<u>31,792,409</u>
Net position, end of year	<u>\$ 30,705,929</u>	<u>31,737,597</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 1,042,076	1,449,594
Net cash provided (used) by capital and related financing activities	3,938,156	(5,481,642)
Net cash provided (used) by investing activities	<u>423,736</u>	<u>228,606</u>
Net increase (decrease) in cash	5,403,968	(3,803,442)
Cash and cash equivalents, beginning of year	<u>2,818,626</u>	<u>6,622,068</u>
Cash and cash equivalents, end of year	<u>\$ 8,222,594</u>	<u>2,818,626</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	5.43	5.81

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 1,589,391	1,597,203
Net operating revenue *	1,324,925	1,626,364
Annual debt service/net operating income (%)	120.0%	98.2%

As of June 30, 2013, revenue pledged for future principal and interest payments was \$16,492,124.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AA – Segment Reporting (continued)
Student Union

Condensed Statement of Net Position	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 1,445,887	1,438,399
Capital assets	13,428,897	13,833,412
Other noncurrent assets	<u>2,320,247</u>	<u>2,361,158</u>
Total assets	<u>17,195,031</u>	<u>17,632,969</u>
Liabilities:		
Current liabilities	867,618	1,021,233
Noncurrent liabilities	<u>7,022,885</u>	<u>7,705,234</u>
Total liabilities	<u>7,890,503</u>	<u>8,726,467</u>
Net position:		
Net investment in capital assets	6,448,897	6,163,411
Restricted, expendable	842,500	842,500
Unrestricted	<u>2,013,131</u>	<u>1,900,591</u>
Total net position	<u>\$ 9,304,528</u>	<u>8,906,502</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 1,583,251	1,826,133
Depreciation expense	(462,505)	(423,541)
Other operating expenses	<u>(1,180,384)</u>	<u>(1,091,502)</u>
Net operating income (loss)	(59,638)	311,090
Nonoperating revenues (expenses)	(218,628)	(533,653)
Transfers from (to) University funds	<u>676,292</u>	<u>603,570</u>
Change in net position	398,026	381,007
Net position, beginning of year	<u>8,906,502</u>	<u>8,525,495</u>
Net position, end of year	<u>\$ 9,304,528</u>	<u>8,906,502</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 437,793	663,583
Net cash provided (used) by capital and related financing activities	(421,466)	(1,717,111)
Net cash provided (used) by investing activities	<u>31,478</u>	<u>723,231</u>
Net increase (decrease) in cash	47,805	(330,297)
Cash and cash equivalents, beginning of year	<u>1,354,432</u>	<u>1,684,729</u>
Cash and cash equivalents, end of year	<u>\$ 1,402,237</u>	<u>1,354,432</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	3.61	3.43

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 895,225	956,965
Net operating revenue *	1,118,438	1,321,340
Annual debt service/net operating income (%)	80.0%	72.4%

As of June 30, 2013, revenue pledged for future principal and interest payments was \$8,820,938.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AA – Segment Reporting (continued)
Student Health System

Condensed Statement of Net Position	<u>2013</u>	<u>2012</u>
Assets:		
Current assets	\$ 3,106,215	922,087
Capital assets	3,283,512	3,438,977
Other noncurrent assets	<u>1,888,932</u>	<u>1,645,491</u>
Total assets	<u>8,278,659</u>	<u>6,006,555</u>
Liabilities:		
Current liabilities	2,817,402	331,244
Noncurrent liabilities	<u>2,545,907</u>	<u>2,707,628</u>
Total liabilities	<u>5,363,309</u>	<u>3,038,872</u>
Net position:		
Net investment in capital assets	813,999	798,978
Restricted, expendable	246,394	289,980
Unrestricted	<u>1,854,957</u>	<u>1,878,725</u>
Total net position	<u>\$ 2,915,350</u>	<u>2,967,683</u>

**Condensed Statement of Changes in
Net Position**

Operating revenues	\$ 3,140,333	3,254,159
Depreciation expense	(136,346)	(139,341)
Other operating expenses	<u>(3,129,194)</u>	<u>(3,422,338)</u>
Net operating income (loss)	(125,207)	(307,520)
Nonoperating revenues (expenses)	(127,680)	(90,594)
Transfers from (to) University funds	<u>200,554</u>	<u>197,469</u>
Change in net position	(52,333)	(200,645)
Net position, beginning of year	<u>2,967,683</u>	<u>3,168,328</u>
Net position, end of year	<u>\$ 2,915,350</u>	<u>2,967,683</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 49,455	(173,208)
Net cash provided (used) by capital and related financing activities	2,361,701	(121,017)
Net cash provided (used) by investing activities	<u>75,530</u>	<u>43,468</u>
Net increase (decrease) in cash	2,486,686	(250,757)
Cash and cash equivalents, beginning of year	<u>441,319</u>	<u>692,076</u>
Cash and cash equivalents, end of year	<u>\$ 2,928,005</u>	<u>441,319</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	7.20	7.45

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 281,354	281,624
Net operating revenue *	240,188	228,685
Annual debt service/net operating income (%)	117.1%	123.1%

As of June 30, 2013, revenue pledged for future principal and interest payments was \$2,983,483.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AB – Operating Expenses by Function

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2013

Note AB – Operating Expenses by Function

Operating expenses by natural classification for the year ended June 30, 2012 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	\$ 75,101,280	1,327,476	652,416	1,194,375	422,621
Research	1,955,058	70,458	145,934	624,803	89,430
Public Service	11,582,226	3,584,522	1,097,007	3,101,570	354,919
Academic Support	19,850,453	553,213	672,815	405,777	2,439,674
Student Services	5,589,439	437,373	255,179	900,285	54,539
Institutional Support	23,097,491	229,067	430,485	3,142,056	339,741
Operation and Maintenance of Plant	10,888,179	19,868	225,276	304,069	3,507,710
Scholarships and Fellowships	619,676	715	127	112,999	-
Depreciation	-	-	-	-	-
Loan Cancellations and Write-Offs	-	-	-	48,110	-
Auxiliary Enterprises	<u>27,898,376</u>	<u>2,100,511</u>	<u>6,820,728</u>	<u>3,249,604</u>	<u>1,264,154</u>
Total Operating Expenses	<u>\$176,582,178</u>	<u>8,323,203</u>	<u>10,299,967</u>	<u>13,083,648</u>	<u>8,472,788</u>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits & Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
Operating Expenses: (continued)					
Instruction	497,743	72,393	1,023,660	-	\$ 80,291,964
Research	27,480	23,530	15,264	-	2,951,957
Public Service	1,605,143	620,477	206,601	-	22,152,465
Academic Support	292,683	470,854	170,459	-	24,855,928
Student Services	406,675	563,456	3,127	-	8,210,073
Institutional Support	1,313,357	1,103,942	27,146	-	29,683,285
Operation and Maintenance of Plant	5,200,644	295,332	-	-	20,441,078
Scholarships and Fellowships	140	-	5,737,147	-	6,470,804
Depreciation	-	-	-	16,105,032	16,105,032
Loan Cancellations and Write-Offs	539,456	(299,425)	-	-	288,141
Auxiliary Enterprises	<u>4,696,565</u>	<u>1,190,599</u>	<u>3,566,813</u>	<u>-</u>	<u>50,787,350</u>
Total Operating Expenses	<u>14,579,886</u>	<u>4,041,158</u>	<u>10,750,217</u>	<u>16,105,032</u>	<u>\$262,238,077</u>



2012-2013 Required Supplementary Information

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

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b – a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b – a) / c)</u>
2011	07/01/10	-	\$26,320	26,320	0.0%	\$134,586	19.5%
2012	07/01/11	-	37,697	37,697	0.0	137,768	27.4
2013	07/01/12	-	39,497	39,497	0.0	129,092	30.6

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



University of Northern Iowa Statistical Section

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

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

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

University of Northern Iowa

Schedule 1

HIGHER EDUCATION PRICE INDEX (HEPI)/FULL YEAR FTE

For the Last Ten Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Higher Education Price Index	7.074	6.964	6.850	6.694	6.637	6.406	6.183	5.983	5.689	5.499
Normalized HEPI	1.286	1.266	1.246	1.217	1.207	1.165	1.124	1.088	1.035	1.000
Full Year FTE	10,425	11,379	11,431	11,391	11,141	10,979	10,783	10,969	11,351	11,477

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 2013 Updates

Source: Research Associates of Washington; HEPI Index; 2004 Update

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
CHANGE IN NET POSITION										
Total Revenues - Schedule 3	\$ 269,925	265,525	269,678	284,297	278,283	256,846	255,306	239,105	231,310	239,576
Total Expenses - Schedule 4	269,238	268,762	262,662	258,396	266,862	242,840	227,663	226,703	217,262	217,447
Change in Net Position	687	(3,237)	7,016	25,901	11,421	14,006	27,643	12,402	14,048	22,129
Net Position - July 1	328,314	331,551	324,535	298,634	287,213	273,207	245,564	233,162	219,114	196,985
Net Position - June 30	\$ 329,001	328,314	331,551	324,535	298,634	287,213	273,207	245,564	233,162	219,114
NET POSITION BY CLASSIFICATION										
Invested in capital assets, net of related debt	\$ 251,763	225,622	226,533	219,730	205,107	194,237	180,720	158,553	145,911	136,015
Restricted										
Nonexpendable										
Scholarships and fellowships	615	615	615	615	615	615	615	615	615	615
Expendable										
Scholarships and fellowships	321	333	389	408	274	340	391	371	338	319
Loans	2,803	2,876	2,979	2,901	2,817	2,996	2,976	2,962	2,940	2,834
Capital projects	-	13,185	5,707	102	429	4,576	14,936	17,828	23,682	15,670
Debt service	23,735	24,351	24,204	22,813	23,780	20,912	19,719	27,548	20,389	23,683
Other	489	362	356	1,168	318	846	1,034	635	740	1,224
Unrestricted	49,275	60,970	70,768	76,798	65,294	62,691	52,816	37,052	38,547	38,754
Net Position - June 30	\$ 329,001	328,314	331,551	324,535	298,634	287,213	273,207	245,564	233,162	219,114

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING										
Gross Tuition & Fees	\$ 90,442	91,726	87,554	81,867	77,260	73,394	70,721	65,855	65,569	62,130
Less: Scholarship Allowance	25,335	25,483	24,139	21,202	17,226	15,871	14,290	13,351	13,689	13,052
Net Tuition & Fees	65,107	66,243	63,415	60,665	60,034	57,523	56,431	52,504	51,880	49,078
Receipts from other entities	119	112	120	111	242	144	86	100	83	991
Grants and contracts	34,938	39,370	42,888	42,493	36,708	32,073	30,863	29,100	30,744	29,123
Sales, rents and services	4,938	8,238	7,998	7,688	5,775	7,421	6,192	8,476	7,313	6,822
Miscellaneous	727	502	993	2,869	608	720	805	772	785	2,280
Auxiliary enterprises	56,344	58,742	56,156	55,193	54,859	50,177	47,559	41,967	38,524	36,857
Total Operating Income	162,173	173,207	171,570	169,019	158,226	148,058	141,936	132,919	129,329	125,151
NONOPERATING										
State appropriations	87,663	77,765	82,684	97,862	101,686	95,364	86,531	83,585	79,128	79,256
Investment return	1,710	1,922	3,023	2,990	(611)	1,687	5,247	2,694	2,154	1,665
Gifts, grants and contracts	3,102	3,701	3,180	3,333	3,385	2,601	2,954	2,433	2,386	2,213
Total Nonoperating Revenue	92,475	83,388	88,887	104,185	104,460	99,652	94,732	88,712	83,668	83,134
CAPITAL AND OTHER REVENUES										
Capital appropriations	14,083	7,017	5,808	5,928	5,752	5,018	8,650	6,188	14,307	15,440
Capital contributions and grants	1,194	1,913	3,413	5,165	9,845	4,118	9,988	4,311	4,006	15,851
Casualty reimbursement	-	-	-	-	-	-	-	3,170	#	-
Extraordinary gain on asset impairment	-	-	-	-	-	-	-	3,805	#	-
Total Capital and Other Revenues	15,277	8,930	9,221	11,093	15,597	9,136	18,638	17,474	18,313	31,291
Total Revenues	\$ 269,925	265,525	269,678	284,297	278,283	256,846	255,306	239,105	231,310	239,576
Constant Dollar Revenues	\$ 209,895	209,735	216,435	233,605	230,558	220,469	227,141	219,766	223,488	239,576
Revenues per FTE (Actual)	\$ 25,892	23,335	23,592	24,958	24,978	23,394	23,677	21,798	20,378	20,874
Constant Dollar										
Revenues per FTE (Actual)	\$ 20,134	18,432	18,934	20,508	20,694	20,081	21,065	20,035	19,689	20,874

Gilchrist arson October 16, 2005.

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
OPERATING EXPENSES BY FUNCTION										
Instruction	\$ 82,765	80,292	78,571	71,168	76,485	72,605	68,768	67,145	64,418	64,082
Research	3,139	2,952	3,106	2,507	1,793	2,455	3,232	1,428	2,518	2,568
Public service	24,325	22,153	25,396	31,497	31,097	24,185	23,488	22,589	22,165	19,978
Academic support	21,731	24,856	25,414	23,895	22,730	22,050	19,771	19,904	19,401	19,794
Student services	9,005	8,210	7,280	6,205	7,077	6,558	6,278	5,973	6,460	6,130
Institutional support	26,441	29,683	23,536	26,714	29,348	20,231	19,163	23,311	23,562	22,828
Operation and maintenance of plant	21,424	20,441	21,884	20,178	22,186	21,396	20,687	20,576	16,740	20,471
Scholarships and fellowships	4,983	6,471	7,150	6,760	5,712	4,884	4,495	4,861	5,454	6,415
Depreciation	16,095	16,105	15,271	14,461	13,975	13,292	12,517	11,469	12,646	12,833
Loan cancellations and write-offs	281	288	137	172	514	252	279	277	471	479
Auxiliary enterprises	50,976	50,787	48,859	48,447	50,078	49,043	43,779	41,066	38,220	36,486
Total Operating Expenses	261,165	262,238	256,604	252,004	260,995	236,951	222,457	218,599	212,055	212,064
NONOPERATING EXPENSES										
Interest expense	5,529	6,259	5,924	6,275	5,743	5,765	5,014	5,010	5,141	5,179
Amortization expense	162	147	134	110	102	94	77	91	66	107
Miscellaneous expense	2,382	118	-	7	22	30	115	3,003 *	-	97
Total Nonoperating Expenses	8,073	6,524	6,058	6,392	5,867	5,889	5,206	8,104	5,207	5,383
Total Expenses	\$ 269,238	268,762	262,662	258,396	266,862	242,840	227,663	226,703	217,262	217,447
 Constant Dollar Expenses	 \$ 209,361	 212,292	 210,804	 212,322	 221,095	 208,446	 202,547	 208,367	 209,915	 217,447
Expenses per FTE (Actual)	 \$ 25,826	 23,619	 22,978	 22,684	 23,953	 22,119	 21,113	 20,668	 19,140	 18,946
 Constant Dollar										
Expenses per FTE (Actual)	 \$ 20,082	 18,656	 18,441	 18,639	 19,845	 18,986	 18,784	 18,996	 18,493	 18,946

* 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)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
TUITION & FEES										
Total Tuition & Fees	\$ 90,442	91,726	87,554	81,867	77,260	73,394	70,721	65,855	65,569	62,130
Less: Other Funds Unrestricted	11,341	9,465	9,578	8,895	8,781	8,298	7,565	6,496	6,743	6,600
Unrestricted Scholarships & Fellowships	13,222	13,920	12,745	12,183	10,541	9,851	9,324	9,438	9,415	8,937
Net Tuition & Fees	\$ 65,879	68,341	65,231	60,789	57,938	55,245	53,832	49,921	49,411	46,593
Constant Dollar Net Tuition & Fees	\$ 51,228	53,982	52,352	49,950	48,002	47,421	47,893	45,883	47,740	46,593
Tuition & Fees per FTE Student (Actual)	\$ 6,319	6,006	5,706	5,337	5,200	5,032	4,992	4,551	4,353	4,060
Constant Dollar Tuition & Fees per FTE Student (Actual)	\$ 4,914	4,744	4,580	4,385	4,309	4,319	4,442	4,183	4,206	4,060
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
TUITION & FEES RATES										
Resident Undergraduate	\$ 7,635	7,350	7,008	6,636	6,376	6,190	6,112	5,602	5,387	4,916
Non-resident Undergraduate	16,721	16,106	15,348	14,900	14,596	14,282	14,028	13,214	12,705	11,874
Resident Graduate	8,743	8,418	8,026	7,596	7,298	7,084	6,962	6,420	6,173	5,612
Non-resident Graduate	18,013	17,352	16,534	16,052	15,726	15,392	15,100	14,244	13,697	12,686
FULL ROOM & BOARD RATE	\$ 7,597	7,426	7,140	6,980	6,790	6,280	5,740	5,519	5,261	5,018
TOTAL COST OF ATTENDANCE										
Resident Undergraduate	\$ 15,232	14,776	14,148	13,616	13,166	12,470	11,852	11,121	10,648	9,934
Non-resident Undergraduate	24,318	23,532	22,488	21,880	21,386	20,562	19,768	18,733	17,966	16,892
CONSTANT DOLLAR TUITION & FEE RATES										
Resident Undergraduate	\$ 5,937	5,806	5,624	5,453	5,283	5,313	5,438	5,149	5,205	4,916
Non-resident Undergraduate	13,002	12,722	12,318	12,243	12,093	12,259	12,480	12,145	12,275	11,874
Resident Graduate	6,799	6,649	6,441	6,242	6,046	6,081	6,194	5,901	5,964	5,612
Non-resident Graduate	14,007	13,706	13,270	13,190	13,029	13,212	13,434	13,092	13,234	12,686
CONSTANT DOLLAR FULL ROOM & BOARD RATE	\$ 5,907	5,866	5,730	5,735	5,626	5,391	5,107	5,073	5,083	5,018
CONSTANT DOLLAR COST OF ATTENDANCE										
Resident Undergraduate	\$ 11,844	11,672	11,354	11,188	10,909	10,704	10,545	10,222	10,288	9,934
Non-resident Undergraduate	18,909	18,588	18,048	17,978	17,719	17,650	17,587	17,218	17,358	16,892

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
STATE APPROPRIATIONS										
Total	\$ 87,663	77,765	82,684	97,862	101,686	95,364	86,531	83,585	79,128	79,256
Less: Non-General Funds	974	420	956	1,023	993	1,606	1,544	677	723	677
Net State Appropriations	\$ 86,689	77,345	81,728	96,839	100,693	93,758	84,987	82,908	78,405	78,579
Constant Dollar Unrestricted State Appropriations	\$ 67,410	61,094	65,592	79,572	83,424	80,479	75,611	76,202	75,754	78,579
State Appropriations per FTE Student (Actual)	\$ 8,315	6,797	7,150	8,501	9,038	8,540	7,882	7,558	6,907	6,847
Constant Dollar State Appropriations per FTE Student (Actual)	\$ 6,466	5,369	5,738	6,986	7,488	7,330	7,012	6,947	6,674	6,847
CAPITAL APPROPRIATIONS	\$ 14,083	7,017	5,808	5,928	5,752	5,018	8,650	6,188	14,307	15,440
Constant Dollar Restricted Capital Appropriations	\$ 10,951	5,543	4,661	4,871	4,766	4,307	7,696	5,688	13,823	15,440
Capital Appropriations per FTE Student (Actual)	\$ 1,351	617	508	520	516	457	802	564	1,260	1,345
Constant Dollar Capital Appropriations per FTE Student (Actual)	\$ 1,050	487	408	428	428	392	714	519	1,218	1,345

University of Northern Iowa
Schedule 7

OUTSTANDING DEBT PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Bonded Debt										
Academic Building Revenue Bonds \$	53,422	57,250	61,017	64,419	67,704	57,066	47,854	42,738	37,890	35,707
Residence System Bonds	67,495	80,443	43,170	33,005	30,590	32,355	34,040	35,655	36,935	37,960
Field House Bonds	18,914	14,855	19,470	16,815	17,735	18,630	20,190	21,640	30,340	23,325
Student Union Bonds	7,670	8,425	8,915	9,460	9,980	10,480	10,965	11,430	11,885	12,325
Student Health Center Bonds	5,110	2,810	2,975	3,135	3,290	3,440	3,585	3,730	3,875	3,875
Total Bonded Debt	152,611	163,783	135,547	126,834	129,299	121,971	116,634	115,193	120,925	113,192
Notes Payable										
City of Cedar Falls	425	440	455	470	485	500	500	500	500	-
Wells Fargo	707	923	-	-	-	-	-	-	-	-
Iowa Finance Authority	1,122	1,217	-	-	-	-	-	-	-	-
Total Notes Payable	2,254	2,580	455	470	485	500	500	500	500	-
Capital Leases Payable										
Human Performance Center	-	-	1,131	1,432	1,621	1,799	1,965	-	-	-
McLeod Center Video Boards	-	-	-	-	-	-	717	-	-	-
Total Capital Leases Payable	-	-	1,131	1,432	1,621	1,799	2,682	-	-	-
Total Debt	\$ 154,865	166,363	137,133	128,736	131,405	124,270	119,816	115,693	121,425	113,192
Constant Dollar										
Outstanding Debt	\$ 120,424	131,408	110,059	105,781	108,869	106,670	106,598	106,335	117,319	113,192
Outstanding Debt										
per FTE Student (Actual)	\$ 14,855	14,620	11,997	11,302	11,795	11,319	11,112	10,547	10,697	9,863
Constant Dollar Debt										
per FTE Student (Actual)	\$ 11,551	11,548	9,628	9,286	9,772	9,716	9,886	9,694	10,336	9,863

University of Northern Iowa

Schedule 8

REVENUE BOND COVERAGE

For the Last Ten Years

(Dollars in Thousands)

ACADEMIC BUILDING REVENUE BONDS

Legal coverage = 1.25 of Maximum Debt Service Requirements

Fiscal Year Ended June 30	Pledged General Fund Tuition	Maximum Debt Service	Actual Coverage
2013	77,792	6,493	11.98
2012	80,776	6,493	12.44
2011	76,542	6,905	11.09
2010	71,581	7,116	10.06
2009	67,272	7,116	9.45
2008	63,771	6,287	10.14
2007	61,801	5,901	10.47
2006	58,158	5,392	10.79
2005	57,836	4,772	12.12
2004	54,447	4,824	11.29

RESIDENCE SYSTEM REVENUE BONDS

Legal coverage = 1.35 of Maximum Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	Maximum Debt Service	Actual Coverage
2013	36,642	25,375	11,267	6,769	1.66
2012	38,512	25,809	12,703	6,769	1.88
2011	37,511	24,906	12,605	4,473	2.82
2010	36,585	25,008	11,577	3,288	3.52
2009	36,099	25,559	10,540	3,347	3.15
2008	32,650	24,151	8,499	3,347	2.54
2007	30,323	22,701	7,622	3,347	2.28
2006	27,344	21,165	6,179	3,347	1.85
2005	24,836	20,092	4,744	3,347	1.42
2004	23,775	18,946	4,829	3,347	1.44

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

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

FIELD HOUSE REVENUE BONDS

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2013	3,827	2,502	1,325	7,215	1,070	504	1,574	5.43
2012	4,230	2,603	1,627	7,652	1,055	542	1,597	5.81
2011	4,319	2,386	1,933	7,620	986	638	1,624	5.88
2010	3,886	2,126	1,760	8,638	955	669	1,624	6.40
2009	4,029	2,156	1,873	6,627	920	697	1,617	5.26
2008	4,062	2,345	1,717	5,938	895	725	1,620	4.73
2007	4,419	1,916	2,503	6,751	1,560	769	2,329	3.97
2006	3,577	1,701	1,876	2,903	1,450	855	2,305	2.07
2005	3,162	1,567	1,595	2,423	1,320	956	2,276	1.76
2004	2,782	1,449	1,333	3,788	450	730	1,180	4.34

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	
2013	2,245	1,126	1,119	2,109	690	205	895	3.61
2012	2,410	1,089	1,321	1,961	755	202	957	3.43
2011	2,397	1,005	1,392	2,937	565	428	993	4.36
2010	2,402	897	1,505	2,907	545	451	996	4.43
2009	2,860	1,299	1,561	2,951	520	472	992	4.55
2008	2,704	1,313	1,391	3,089	500	491	991	4.52
2007	2,874	1,071	1,803	2,768	485	508	993	4.59
2006	2,357	1,121	1,236	1,991	465	523	988	3.26
2005	2,299	1,236	1,063	1,799	455	537	992	2.89
2004	2,067	1,019	1,048	2,243	440	548	988	3.33

STUDENT HEALTH SYSTEM REVENUE BONDS

Legal coverage = 1.20 of Annual Debt Service Requirements

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

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

For the Last Ten Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total Personal Income (expressed in millions)	\$ 135,063	130,131	119,080	117,411	118,980	110,484	103,072	97,827	95,269	87,755
Population (expressed in thousands)	3,074	3,062	3,046	3,008	3,003	2,988	2,982	2,966	2,954	2,944
Per Capita Personal Income (expressed in dollars)	\$ 43,935	42,470	39,038	38,713	39,440	36,838	34,557	33,000	32,255	29,828
Unemployment Percentage	4.6%	5.3%	6.0%	6.0%	4.1%	3.8%	3.7%	4.6%	4.5%	4.5%
Constant Dollar										
Per Capita Personal Income	\$ 34,164	33,547	31,331	31,810	32,676	31,621	30,745	30,331	31,164	29,828
Net UNI Appropriations										
(expressed in thousands)	\$ 77,345	81,728	96,839	100,693	93,758	84,987	82,908	78,405	78,579	82,816
UNI Appropriations per Capita	\$ 25.16	26.69	31.79	33.48	31.22	28.44	27.80	26.43	26.60	28.13
Constant Dollar										
UNI Appropriations per Capita	\$ 19.57	21.08	25.52	27.51	25.87	24.41	24.74	24.30	25.70	28.13

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

STATE OF IOWA PRINCIPAL NON-GOVERNMENTAL EMPLOYERS

Current Year and Nine Years Prior

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

Source: Iowa Workforce Development

Rank	Employer	Type of Business
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Principal Life Insurance Company	Insurance/Finance
5	Tyson Fresh Meats, Inc.	Food Manufacturing
6	Rockwell Collins, Inc.	Equipment Manufacturing
7	Pella Corporation	Wood Products Manufacturing
8	Fareway Stores, Inc.	Retail Food
9	Maytag Corporation	Equipment Manufacturing
10	Iowa Health Systems	Health Services

Source: Iowa Workforce Development

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

University of Northern Iowa

Schedule 11

FULL TIME EMPLOYEES AND FACULTY DATA

For the Last Eight Fiscal Years

STAFF POSITIONS (Full Time)

	2012	2011	2010	2009	2008	2007	2006	2005
Executive/Managerial								
Institutional Officials	13	13	13	15	15	16	15	15
Academic Administrators	47	46	50	57	53	50	44	47
Professional & Scientific	35	35	35	40	42	37	35	34
Faculty								
Professor	169	177	174	176	166	163	165	160
Associate Professor	200	207	205	202	204	209	209	205
Assistant Professor	114	123	119	121	127	122	133	143
Instructor	36	45	48	47	53	51	50	48
Faculty-Term/Renewable Term								
Professor	0	0	0	1	1	1	1	1
Associate Professor	0	0	0	0	0	0	0	1
Assistant Professor	2	3	2	1	2	1	0	0
Instructor	35	60	39	38	37	38	41	49
Professional/Scientific	592	603	578	577	570	541	530	523
Secretarial/Clerical								
Merit Supervisory	17	18	42	42	43	45	46	46
Merit Confidential	16	16	4	4	5	5	7	9
Merit AFSCME	221	230	210	226	227	230	229	232
Technical-AFSCME	20	22	24	27	30	31	31	33
Skilled Crafts-AFSCME								
Merit AFSCME	56	55	55	56	59	58	64	64
Merit Supervisory	0	0	0	4	4	4	4	4
Service/Maintenance								
Merit AFSCME	203	214	219	223	223	218	213	215
Merit Supervisory	25	27	25	26	29	27	26	22
Total	<u>1,801</u>	<u>1,894</u>	<u>1,842</u>	<u>1,883</u>	<u>1,890</u>	<u>1,847</u>	<u>1,843</u>	<u>1,851</u>

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

FACULTY POSITIONS (FTE)

Total Faculty	667.0	692.0	710.0	690.0	691.3	711.3	684.3	740.4
Percent Tenured	56.2%	57.5%	56.0%	56.2%	57.7%	54.1%	56.6%	58.6%
Students per Faculty Member	16.0	17.0	16.0	17.0	16.7	16.0	16.5	14.8

University of Northern Iowa
Schedule 12

ENROLLMENT AND FRESHMAN CLASS DATA

For the Last Ten Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
ENROLLMENT (Fall Headcount)										
Undergraduate - Lower	4,329	4,713	4,780	4,841	4,865	4,719	4,427	4,433	4,363	4,619
Undergraduate - Upper	6,326	6,695	6,611	6,453	6,182	6,291	6,275	6,519	6,857	7,155
Graduate - Masters	1,161	1,236	1,289	1,300	1,369	1,157	1,113	1,112	1,100	1,173
Graduate - Advanced	457	524	521	486	492	442	445	449	504	494
Total	12,273	13,168	13,201	13,080	12,908	12,609	12,260	12,513	12,824	13,441
Residents	11,095	11,915	11,978	11,896	11,562	11,444	11,129	11,400	11,793	12,356
Nonresidents	1,178	1,253	1,223	1,184	1,346	1,165	1,131	1,113	1,031	1,085
ENROLLMENT (FTE)										
Full Year FTE	10,425	11,379	11,431	11,391	11,141	10,979	10,783	10,969	11,351	11,477
Fall FTE	10,873	11,393	11,681	11,571	11,365	11,107	10,835	11,016	11,006	11,424
ADMISSIONS (Freshmen)										
Applications	4,109	4,322	4,666	4,092	4,133	4,584	4,722	4,585	4,360	4,216
Accepted	3,392	3,350	3,607	3,411	3,505	3,841	3,759	3,572	3,422	3,360
Acceptance Ratio	82.6%	77.5%	77.3%	83.4%	84.8%	83.8%	79.6%	77.9%	78.5%	79.7%
Enrolled	1,722	1,704	1,942	1,978	1,946	2,015	1,991	1,768	1,737	1,700
Enrollment Ratio	50.8%	50.9%	53.8%	58.0%	55.5%	52.5%	53.0%	49.5%	50.8%	50.6%
Average ACT Score	22.8	23.1	23.3	23.1	23.0	22.9	23.0	23.0	22.8	22.9
Percent in Upper 30% of High School Class	55.2%	57.2%	56.2%	51.5%	52.3%	50.6%	53.8%	57.5%	56.7%	57.3%
Percent in Upper 10% of High School Class	18.1%	20.0%	18.5%	17.3%	16.9%	16.6%	17.6%	18.2%	19.0%	19.1%

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
DEGREES GRANTED (Summary)										
Baccalaureate	2,349	2,440	2,198	2,347	2,268	2,221	2,259	2,423	2,669	2,584
Masters	483	572	509	561	467	474	471	485	494	434
Specialists	13	10	5	6	6	9	10	7	3	11
Doctorates	30	13	14	22	11	17	8	21	11	12
Total	2,875	3,035	2,726	2,936	2,752	2,721	2,748	2,936	3,177	3,041
DEGREES GRANTED (Detail)										
Doctor of Industrial Technology	2	1	1	2	1	1	-	3	1	2
Doctor of Technology	2	1	1	2	1	1	-	3	1	2
Doctor of Education	26	11	12	18	9	15	8	15	9	8
Specialist in Education	13	10	5	6	6	9	10	7	3	11
Professional Science Master's	21	17	17	19	19	5	-	-	-	-
Master of Arts in Education	104	121	105	147	99	119	129	103	147	127
Master of Arts	235	284	255	243	204	208	231	237	206	198
Master of Business Administration	28	27	31	40	42	42	35	62	52	21
Master of Music	11	26	10	24	14	22	13	12	19	11
Master of Public Policy	9	11	10	4	10	16	11	5	6	11
Master of Science	22	21	19	15	16	10	10	20	21	13
Master of Accounting	20	25	21	29	36	23	11	19	13	23
Master of Social Work	33	40	41	40	27	29	31	27	30	30
Bachelor of Arts	2,227	2,293	2,079	2,201	2,148	2,121	2,148	2,272	2,514	2,463
Bachelor of Fine Arts	11	11	6	8	3	8	8	15	9	8
Bachelor of Music	18	22	15	27	22	14	19	19	22	23
Bachelor of Science	79	98	84	84	76	64	64	93	90	74
Bachelor of Liberal Studies	14	16	14	27	19	14	20	24	34	16
Total	2,875	3,035	2,726	2,936	2,752	2,721	2,748	2,936	3,177	3,041

University of Northern Iowa

Schedule 14

COST PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Educational Fund										
Expenditures	\$ 157,323	149,953	146,885	149,001	156,951	143,263	136,384	132,257	128,373	125,409
Less Separately Budgeted										
Expenditures:										
Research	564	651	506	504	656	628	581	487	499	480
Public Service	5,899	2,632	3,232	4,798	6,048	1,905	1,616	1,611	2,207	1,834
Scholarships/Fellowships	13,222	13,920	12,745	12,183	10,547	9,845	9,324	9,438	9,415	8,937
General Educational Fund										
Instructional Expenditures	\$ 137,638	132,750	130,402	131,516	139,700	130,885	124,863	120,721	116,252	114,158
Cost per FTE Student (Actual)	\$ 13,203	11,666	11,408	11,546	12,539	11,921	11,580	11,006	10,242	9,947
Constant Dollar Cost										
per FTE Student (Actual)	\$ 10,266	9,215	9,155	9,487	10,389	10,233	10,302	10,115	9,895	9,947

University of Northern Iowa

Schedule 15

SCHOLARSHIPS & FELLOWSHIPS PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
SCHOLARSHIPS & FELLOWSHIPS										
Unrestricted	\$ 13,222	13,920	12,745	12,183	10,541	9,851	9,324	9,438	9,415	8,937
Restricted	<u>17,096</u>	<u>18,034</u>	<u>18,544</u>	<u>15,779</u>	<u>12,397</u>	<u>10,904</u>	<u>9,461</u>	<u>8,774</u>	<u>9,728</u>	<u>10,545</u>
Total	<u>\$ 30,318</u>	<u>31,954</u>	<u>31,289</u>	<u>27,962</u>	<u>22,938</u>	<u>20,755</u>	<u>18,785</u>	<u>18,212</u>	<u>19,143</u>	<u>19,482</u>

**CONSTANT DOLLAR
SCHOLARSHIPS &
FELLOWSHIPS**

Unrestricted	\$ 10,281	10,995	10,229	10,011	8,733	8,456	8,295	8,675	9,097	8,937
Restricted	<u>13,294</u>	<u>14,245</u>	<u>14,883</u>	<u>12,965</u>	<u>10,271</u>	<u>9,360</u>	<u>8,417</u>	<u>8,064</u>	<u>9,399</u>	<u>10,545</u>
Total	<u>\$ 23,575</u>	<u>25,240</u>	<u>25,112</u>	<u>22,976</u>	<u>19,004</u>	<u>17,816</u>	<u>16,712</u>	<u>16,739</u>	<u>18,496</u>	<u>19,482</u>

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

Unrestricted	\$ 1,268	1,223	1,115	1,070	946	897	865	860	829	779
Restricted	<u>1,640</u>	<u>1,585</u>	<u>1,622</u>	<u>1,385</u>	<u>1,113</u>	<u>993</u>	<u>877</u>	<u>800</u>	<u>857</u>	<u>919</u>
Total	<u>\$ 2,908</u>	<u>2,808</u>	<u>2,737</u>	<u>2,455</u>	<u>2,059</u>	<u>1,890</u>	<u>1,742</u>	<u>1,660</u>	<u>1,686</u>	<u>1,698</u>

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

Unrestricted	\$ 986	966	895	879	784	770	770	790	801	779
Restricted	<u>1,275</u>	<u>1,252</u>	<u>1,302</u>	<u>1,138</u>	<u>922</u>	<u>852</u>	<u>780</u>	<u>735</u>	<u>828</u>	<u>919</u>
Total	<u>\$ 2,261</u>	<u>2,218</u>	<u>2,197</u>	<u>2,017</u>	<u>1,706</u>	<u>1,622</u>	<u>1,550</u>	<u>1,525</u>	<u>1,629</u>	<u>1,698</u>

University of Northern Iowa
Schedule 16

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

For the Last Ten Years

(Expressed in Thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Land	\$ 4,905	4,917	4,917	4,917	4,917	4,580	4,305	4,235	4,235	4,235
Construction in Progress	45,977	39,059	16,165	11,354	23,590	13,423	19,461	24,979	34,727	23,534
Software in Progress	-	-	8,606	4,576	-	-	-	-	-	-
Capital Assets Not Depreciated	<u>50,882</u>	<u>43,976</u>	<u>29,688</u>	<u>20,847</u>	<u>28,507</u>	<u>18,003</u>	<u>23,766</u>	<u>29,214</u>	<u>38,962</u>	<u>27,769</u>
Land Improvements	14,159	13,691	13,492	13,056	12,499	12,447	12,250	12,233	12,132	11,132
Infrastructure	38,832	38,098	37,041	36,167	27,523	27,403	27,043	27,040	14,070	13,455
Buildings	439,069	418,008	410,710	391,501	368,086	355,148	326,437	292,846	273,898	263,732
Equipment	50,668	55,340	51,625	48,217	45,193	43,812	41,060	37,655	50,222	48,672
Intangibles	8,606	8,606	-	-	-	-	-	-	-	-
Library Materials	34,612	35,253	35,125	34,807	34,844	33,969	33,075	32,158	31,165	30,289
Capital Assets Depreciated	<u>585,946</u>	<u>568,996</u>	<u>547,993</u>	<u>523,748</u>	<u>488,145</u>	<u>472,779</u>	<u>439,865</u>	<u>401,932</u>	<u>381,487</u>	<u>367,280</u>
Total Capital Assets	<u>636,828</u>	<u>612,972</u>	<u>577,681</u>	<u>544,595</u>	<u>516,652</u>	<u>490,782</u>	<u>463,631</u>	<u>431,146</u>	<u>420,449</u>	<u>395,049</u>
Less: Accumulated Depreciation/ Amortization	<u>246,666</u>	<u>240,593</u>	<u>225,980</u>	<u>213,060</u>	<u>201,521</u>	<u>190,294</u>	<u>178,466</u>	<u>168,232</u>	<u>169,102</u>	<u>158,890</u>
Net Book Value	<u>\$ 390,162</u>	<u>372,379</u>	<u>351,701</u>	<u>331,535</u>	<u>315,131</u>	<u>300,488</u>	<u>285,165</u>	<u>262,914</u>	<u>251,347</u>	<u>236,159</u>

ACCUMULATED DEPRECIATION/AMORTIZATION

Land Improvements	\$ 9,014	8,554	8,110	7,683	7,264	6,844	6,413	5,992	5,551	5,379
Infrastructure	12,786	11,822	10,901	9,999	9,293	8,605	7,901	7,159	6,712	6,295
Buildings	161,212	153,872	144,359	135,418	126,498	117,918	109,819	102,524	96,216	89,662
Equipment	32,315	35,153	32,462	30,569	29,581	29,326	27,986	27,451	36,807	35,066
Intangibles	861	430	-	-	-	-	-	-	-	-
Library Materials	30,478	30,762	30,148	29,391	28,885	27,601	26,347	25,106	23,816	22,488
Total Accumulated Depreciation/ Amortization	<u>\$ 246,666</u>	<u>240,593</u>	<u>225,980</u>	<u>213,060</u>	<u>201,521</u>	<u>190,294</u>	<u>178,466</u>	<u>168,232</u>	<u>169,102</u>	<u>158,890</u>

University of Northern Iowa

Schedule 17

ENROLLMENT PROJECTIONS (Headcount Basis)

For the Next Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Undergraduate - Lower	4,424	4,683	4,781	4,801	4,836	4,886	4,941	4,998	5,054	5,110
Undergraduate - Upper	6,230	6,028	6,105	6,324	6,482	6,569	6,623	6,670	6,718	6,769
Unclassified - Special	200	200	200	200	200	200	200	200	200	200
Graduate	1,505	1,471	1,483	1,523	1,579	1,647	1,724	1,807	1,896	1,990
Total	<u>12,359</u>	<u>12,382</u>	<u>12,569</u>	<u>12,848</u>	<u>13,097</u>	<u>13,302</u>	<u>13,488</u>	<u>13,675</u>	<u>13,868</u>	<u>14,069</u>

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

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



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