



# University of Northern Iowa

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

An enterprise fund of the  
State of Iowa

## 2008-2009 Comprehensive Annual Financial Report

For the years ended  
June 30, 2009 and 2008







**University of  
Northern  
Iowa**

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

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An Enterprise Fund  
of the State of Iowa

# 2008-2009 Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2009

President of the University:  
Benjamin J. Allen

Prepared by:  
Financial Accounting  
and Reporting Services



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**University of  
Northern  
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State of Iowa



**2008-2009**

**Introductory Section**







December 14, 2009

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

In accordance with Code of Iowa Sections 262.23 and 262.25, we are pleased to submit the Comprehensive Annual Financial Report of the University of Northern Iowa for the year ended June 30, 2009. The audit opinion letter of the Auditor of State appears in the Financial Section and expresses an unqualified opinion on the University's financial statements.

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

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

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 133 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 13,080 students and 1,703 full-time faculty and staff. Ninety-one percent of the students are from the State of Iowa. The student body represents every county in Iowa, 44 states, and 68 foreign countries. Approximately 85% of UNI's freshmen rank in the top 50% of their high school class, with about 60% ranking in the top 30%.

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

### **National Economic Outlook for 2009-2010**

On November 28, 2008 the National Bureau of Economic Research (NBER) made the official determination that the national economy entered into recession in December 2007. That announcement was made after a financial crisis rippled through worldwide financial markets in the fall of 2008. The U.S. Treasury, Federal Reserve Bank, and Congress stabilized the financial markets with a bailout of the financial sector and of insurance giant American International Group in 2008. In 2009, further actions were taken to stabilize the economy including the bailout of automakers General Motors and Chrysler. The American Recovery and Reinvestment Act of 2009, a \$787 billion stimulus package designed to stabilize the economy, was signed into law on February 17<sup>th</sup>. The Act provided supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and state and local fiscal stabilization.

While the NBER has not officially determined the national economy is no longer in a recession, recognized economists indicate the recession is over and the U.S. economy has entered a period of slow recovery.

During FY2009, there was a decline in the Real Gross Domestic Product each quarter. Real GDP growth was -6.4%, -0.7%, and 3.5% during the first three quarters of 2009. In FY2010, the Real Gross Domestic Product has turned from negative to positive. The Wells Fargo Economics Group predicts Real GDP will be 2.0% during the fourth quarter of 2009 and that it will average 2.4% during both 2010 and 2011.

High unemployment continues to be a problem. Unemployment was 8.1%, 9.3%, and 9.6% during the first three quarters of 2009. It accelerated to 10.2% in October 2009. The Wells Fargo Economics Group predicts unemployment will average 10.6% during both 2010 and 2011.

Inflation is controlled. The Consumer Price Index was -0.2%, -0.9%, and -1.6% during the first three quarters of 2009. The Wells Fargo Economics Group predicts it will be 1.2% for the fourth quarter of 2009, 1.8% for 2010, and 2.0% for 2011.

Housing starts continue to be very low in reaction to overbuilding. Housing starts increased 0.53%, 0.54%, and 0.59% during the first three quarters of 2009. The Wells Fargo Economics Group predicts housing starts will increase 0.60% for the fourth quarter of 2009, and they will increase 0.66% during 2010 and 0.80% during 2011.

The Federal Reserve Bank and the U.S. Treasury continue to hold down interest rates. The Federal Open Market Committee held the Federal Funds Target Rate to 0.25% for the first three quarters of 2009 and intends to do so for an extended period of time. The Treasury continues to hold down the interest rates on Treasury securities. The 10 Year Note yielded 2.71%, 3.53%, and 3.31% during the first three quarters of 2009. The Wells Fargo Economics Group predicts the yield will go to 3.5% during the fourth quarter of 2009, 3.70% during 2010, and 4.40% during 2011.

The pace of economic growth is expected to be slow during 2010. A subpar performance is also expected in consumer spending and business investment, unemployment will remain high, and monetary policy will keep the federal funds rate low.

## 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 and agriculture have become a more significant percent of the state gross domestic product, while manufacturing and wholesale and retail trade have become a less significant percent. In 1998, the largest industries in the Iowa gross domestic product were manufacturing (22.4%), wholesale and retail trade (13.4%), government (11.7%), and real estate, rental and leasing (8.6%). Agriculture accounted for 4.5%. In 2008, the largest industries in the Iowa gross domestic product were manufacturing (20.8%), wholesale and retail trade (11.5%), government (11.6%) and finance and insurance (10.5%). Agriculture increased to 6.4% of the Iowa gross domestic product.

According to the Iowa Department of Agriculture and Land Stewardship's Quick Facts on Iowa Agriculture, there were 88,400 farms in the state consisting of 31.5 million acres in 2007. The average farm size in that year was 356 acres and the average dollar value per acre was \$3,400. In 2007, corn production was 2.37 billion bushels, soybean production was 439 million bushels, cattle and calves marketed were 2.35 million head, hogs marketed were 32.9 million head, sheep and lambs marketed were 276 thousand head, milk production was 4.28 billion pounds, egg production was 13.9 billion, and turkey production was 274 million pounds. Market values of agricultural production in 2007 follow: corn crop, \$9.47 billion; soybeans crop, \$4.78 billion; cattle and calves, \$2.55 billion; hogs, \$4.15 billion; sheep and lambs, \$33.3 million; dairy, \$532 million; eggs, \$407 million; and turkeys, \$123 million. Iowa's total cash receipts for farm commodities totaled \$22.3 billion in 2007.

According to the Iowa Renewable Fuels Association, there are 40 ethanol refineries in production in the state. These refineries have 3.274 billion gallons of annual production capacity and they require over one billion bushels of corn annually. In addition, there are 15 biodiesel refineries in production. They have 323 million gallons of annual production capacity and they require 175 million bushels of soybeans.

**Farmland Values.** In 2009, there was a reversal in the upward trend of recent years in Iowa agricultural land 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 -5% in 2008-09, 15% in 2007-08, 18% in 2006-07, 8% in 2005-06, and 11% in 2004-05.

**Personal Income and Per-Capita Personal Income.** According to the October 2009 outlook prepared by the University of Iowa Institute for Economic Research, personal income in Iowa will grow by -1.1% in 2009 and 0.5% in 2010. According to the Bureau of Economic Analysis (BEA), Iowa's personal income, seasonally adjusted, grew at the rate of 0.9%, -1.0%, -0.7%, and 1.2%, respectively, during the four quarters of the 2008-09 fiscal year. The growth is similar to the nation as a whole, with personal income growth of 0.0%, -0.5%, -2.3%, and 0.2%, respectively. In 2008, Iowa's average per-capita income, as reported by BEA, was \$37,402. The average per-capita income in the nation was \$40,208.

**Employment.** Over the past ten years, Iowa's unemployment rate has been between 0.7 and 3.3 percentage points below the national average. According to Economagic.com, Iowa's seasonally adjusted percent unemployed for the State was 6.2% in June 2009 compared with 4.1% in June 2008, 3.7% in June 2007, 3.7% in June 2006, and 4.4% in June 2005. In June 2009, there were 1,578,813 employed Iowans compared with 1,606,076 in June 2008. While Iowa's personal income lags that of the nation, its high levels of employment help maintain median household income at levels only slightly below the national average. According to the U.S. Census Bureau, Iowa median household income was \$47,324 in 2007. The national median household income was reported as \$50,740.

**Manufacturing.** Iowa's manufacturing employment has decreased since 2006, which was the sector's high since the late 1990's. According to Economagic.com, Iowa's manufacturing employment averaged 231,142 for 2006, 229,650 for 2007, 227,908 for 2008 and 205,478 for the first 9 months of 2009.

**Exports.** According to the Foreign Trade Division of the U.S. Department of Census, Iowa's export shipments of merchandise in 2008 totaled \$12.1 billion. Iowa's export shipments grew 64.5% from 2005 to 2008. In 2008, Iowa exported merchandise valued at \$3.9 billion to Canada, \$1.9 billion to Mexico, \$824 million to Japan, \$573 million to the Federal Republic of Germany, \$379 million to Russia, and \$370

million to China. Other top markets included Brazil, United Kingdom, France, Australia, South Korea, Netherlands, Hong Kong, South Africa, and Saudi Arabia. Iowa's leading export category was tractors. Other top export categories were corn, swine meat, aircraft parts, soybeans, herbicide, aluminum alloy plates and mechanical shovels.

**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 2000. According to the Bureau of Economic Analysis, Iowa's real gross domestic product was \$110.41 billion in 2008 and \$108.13 billion in 2007, an increase of 2.1%. The growth rate in Iowa's real gross domestic product between 2005 and 2008 was 7.6%. The nation's real gross domestic product was \$11.52 trillion in 2008 and \$11.44 trillion in 2007, an increase of 0.7%. The growth rate in the nation's real gross domestic product between 2005 and 2008 was 5.6%.

**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 total nonfarm employment grew by 0.6%, jobs in financial activities grew by 15.4%, jobs in education and health services grew by 17.0%, jobs in professional and business services grew by 3.4%, jobs in leisure and hospitality grew by 5.8%, jobs in government grew by 6.4%, and jobs in trade, transportation, and utilities grew by 0.2%. Jobs in other services decreased 0.9%, jobs in construction decreased 2.7%, jobs in information services decreased 16.7%, and manufacturing jobs decreased 21.0%. Mining and logging experienced no growth.

**2008 Natural Disasters.** In May and June of 2008, Iowa was hit hard by tornadoes, storms, and flooding. The Governor declared 86 of the 99 counties disaster counties and 85 of the 86 counties were declared Presidential disaster counties. Eighteen people died during the storms and floods with 106 people injured and an estimated 38,000 people displaced. Property damage was in the billions of dollars. Approximately \$3.6 billion dollars of federal and state disaster assistance was approved as of November 2009.

**Waterloo-Cedar Falls Metropolitan Statistical Area.** The Waterloo-Cedar Falls Metropolitan Statistical Area (MSA) consists of Black Hawk, Bremer, and Grundy counties. Per capita personal income in 2006 was \$31,949. From 1996 to 2006, the per capita personal income in the MSA reflected an average annual growth rate of 4.2%, while the average annual growth rate for the nation was 4.3%. The 1996-2006 average annual growth rate of total personal income was 4.2%, while the average annual growth rate for the nation was 5.4%. In 2006, components of total personal income were: net earnings, 65.5%; dividends, interest, and rent, 17.0%; and personal current transfer receipts, 17.5%. From 1996 to 2006 net earnings increased on average 4.4% each year; dividends, interest, and rent increased on average 2.9%; and personal current transfer receipts increased on average 5.1%. The average annual growth rate of earnings from 1996 to 2006 was 4.4%, while the average annual growth rate of the nation was 5.5%.

### **State Economic Outlook for 2009-2010**

The State of Iowa's Fiscal 2010 budget was developed following the March 20, 2009 meeting of the State's Revenue Estimating Conference (REC). Members of the REC projected the State's Fiscal 2010 General Fund Revenues to be \$5,852.1 billion. Following that estimate, the Iowa General Assembly passed and the Governor signed into law a balanced budget with a positive year-end cash balance. Gross revenues of the State declined \$77.6 million during May and June, 2009. In order to avoid a deficit balance in the General Fund for Fiscal 2010, Governor Culver transferred \$45.3 million from the State Economic Emergency Fund on September 25, 2009.

On October 7, 2009, the State's Revenue Estimating Conference reviewed recent economic data. The REC reduced its official projection of State General Fund revenues for FY2010 down to \$5,438.0 billion, a decrease of \$414.1 million. The following day, Governor Culver issued Executive Order 19 which lowered General Fund appropriations 10 percent across-the-board. The reduction was designed to reduce FY2010 expenditures by \$565 million, to avoid a deficit in FY2010, and to provide a \$150 million year-end surplus in the General Fund.

Members of the REC and state officials consider the Iowa Leading Indicators Index (ILII) when forecasting the future direction of economic activity in the state of Iowa. According to the report of September 2009,

the index has declined for 18 straight months. From March 2008 to September 2009, the index has declined 11.9%. The weekly average of initial claims for unemployment insurance increased from 3,346 to 7,816. Average weekly manufacturing hours have decreased from 41.5 to 38.3. The new factory orders index dropped from 60.3% to 39.3%. The capitalization-weighted index of 34 Iowa publicly traded companies declined from \$64.00 to \$47.39. The number of building permits for residential housing units decreased from 844 to 565. Through the September 2009 report, the ILII is not signaling a turnaround in the Iowa economy.

The October 7, 2009 Revenue Estimating Conference provided its first estimate for FY2011 General Fund revenue. The REC forecast FY2011 revenue to be \$5,416.3 billion, which is \$21.7 million less than the revenue forecast for FY2010. Based on that forecast and previous commitments made by the Iowa General Assembly, it is probable Iowa State Government will have less money to expend in FY2011 than in FY2010.

The Governor and Iowa lawmakers face the challenge of establishing a FY2011 budget that does not exceed 99% of State General Fund revenue as determined by the Revenue Estimating Conference at its December 11<sup>th</sup> meeting. Chief executive officers of state departments and agencies face the challenge of running their operations with less money in FY2011 than in FY2010.

## **MAJOR INITIATIVES**

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

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

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

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

Initiatives for sustainability and diversity are also important.

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

## **FINANCIAL INFORMATION**

**Internal Controls.** Management of the University is responsible for establishing and maintaining a system of internal controls. In fulfilling this responsibility, estimates and judgments are routinely made to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal control is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with United States generally accepted accounting principles. The Office of Auditor of State reviews our internal control procedures as an integral part of the annual audit.

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

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

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

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

**Debt Administration.** Revenue bonds were issued in the amount of \$12.86 million during the year. Academic Building Revenue Bonds were issued to improve the Electrical Distribution Loop System, renovate Sabin Hall, and for various deferred maintenance projects.

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

## **OTHER INFORMATION**

**Independent Audit.** State law, federal guidelines, and certain bond indentures require 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. His report appears in the Financial Section of this report.

As a recipient of federal financial awards, the University is responsible for ensuring compliance with all applicable laws and regulations relating to such assistance. A combination of State and University policies and procedures, integrated with the University's internal controls, provides for this compliance. The Auditor of State conducts an annual single audit under the requirements set forth in the Single Audit Act of 1984, the Single Audit Amendments of 1996 and 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, 2008. 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.

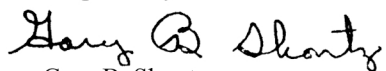
In order to be awarded a Certificate of Achievement, a University must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. This is the seventeenth 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 University Marketing and Public Relations, and other University offices for their efforts in assisting in the preparation of this report.

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

Respectfully submitted,

  
Gary B. Shontz  
Controller, University Secretary  
and Treasurer

  
Thomas G. Schellhardt  
Vice President for Administration  
and Financial Services

# 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, 2008

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



A handwritten signature in black ink, appearing to read "K. L. R. +".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen".

Executive Director



# **The Governing Board**

## **2008-09**

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

### **Board of Regents, State of Iowa**

#### **Officers of the Board**

David W. Miles, President  
Jack B. Evans, President Pro Tem  
Robert Donley, Executive Director

#### **Members of the Board (As of June 30, 2009)**

	<u>Term Expires</u>
Bonnie J. Campbell, Des Moines	April 30, 2011
Michael G. Gartner, Des Moines	April 30, 2011
Rose A. Vasquez, Des Moines	April 30, 2011
Jack B. Evans, Cedar Rapids	April 30, 2013
Craig A. Lang, Brooklyn	April 30, 2013
David W. Miles, West Des Moines	April 30, 2013
Robert N. Downer, Iowa City	April 30, 2015
Ruth R. Harkin, Cumming	April 30, 2015
Greta A. Johnson, Le Mars	April 30, 2015

#### **Officers of the University (As of June 30, 2009)**

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

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

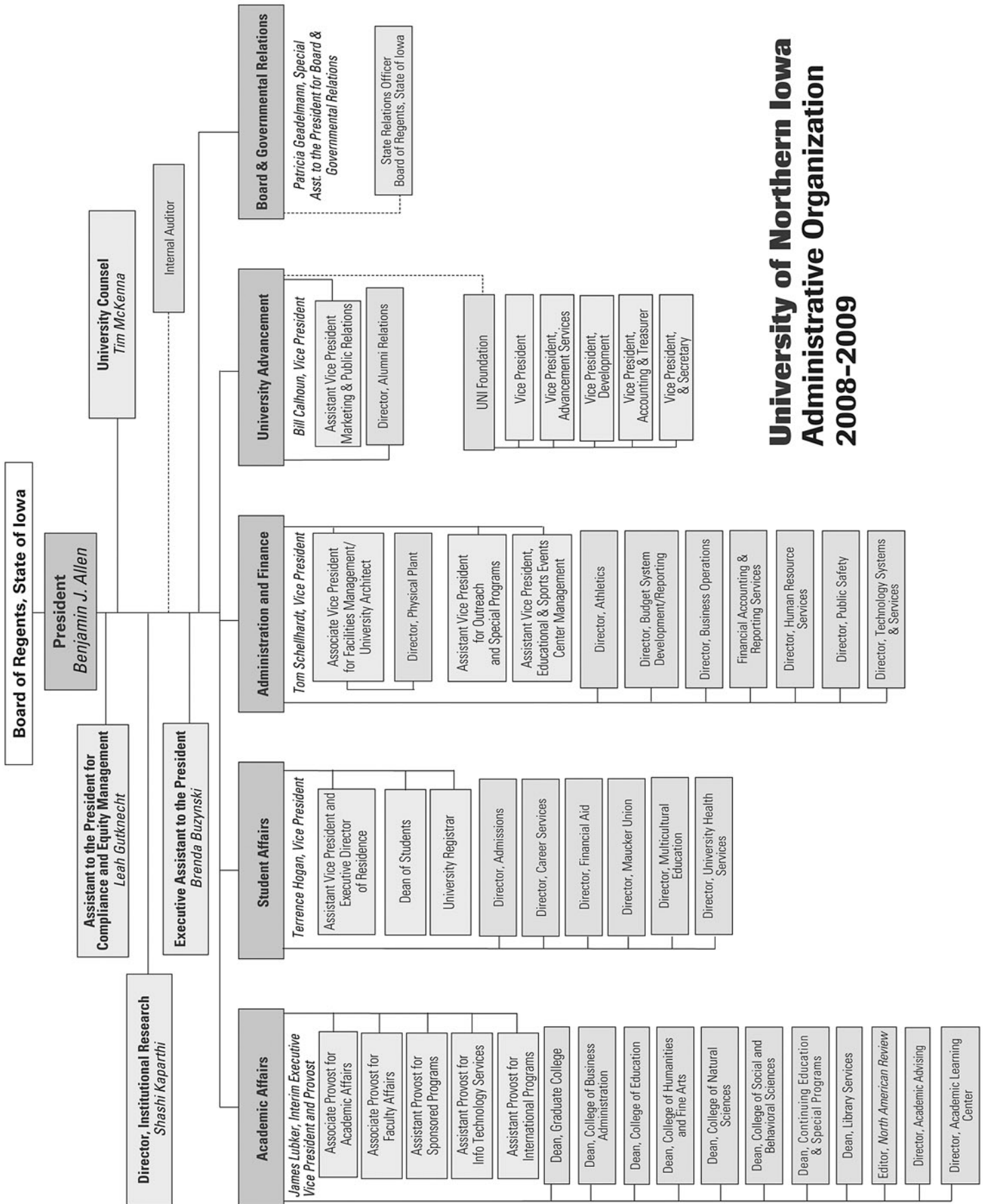
**Vice President for Administration and Financial Services**  
Thomas G. Schellhardt, B.S., M.S.

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

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

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

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



# University of Northern Iowa

## Administrative Organization

### 2008-2009



**University of  
Northern  
Iowa**

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



**2008-2009**

**Financial Section**





# OFFICE OF AUDITOR OF STATE STATE OF IOWA

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

## Independent Auditor's Report

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

We have audited the accompanying statement of net assets, and the related statements of revenues, expenses and changes in net assets and cash flows, of the University of Northern Iowa, Cedar Falls, Iowa, and its discretely presented component unit as of and for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the component unit of the University, which represents 100% of the assets and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the component unit, is based on the report of the other auditor.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component unit were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits and the report of the other auditor provide a reasonable basis for our opinions.

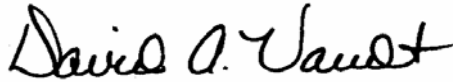
As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position and the changes in financial position and cash flows of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions of the University of Northern Iowa. They do not purport to, and do not, present fairly the financial position of the State of Iowa as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years ended June 30, 2009 and 2008 in conformity with U.S. generally accepted accounting principles.

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Northern Iowa and its discretely presented component unit at June 30, 2009 and 2008, and the respective changes in their financial position and their cash flows, where applicable, for the years then ended in conformity with U.S. generally accepted accounting principles.

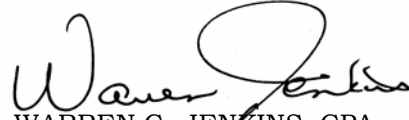
Management's Discussion and Analysis and the Schedule of Funding Progress on pages 13 through 22 and page 69, respectively, are not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our report on the University of Northern Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters required by Government Auditing Standards will be issued under separate cover. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

December 14, 2009

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

This section of the University of Northern Iowa comprehensive annual financial report presents management's discussion and analysis of the financial performance of the University for the two years ended June 30, 2009, and 2008. This discussion should be read in conjunction with the accompanying letter of transmittal, financial statements, and footnotes. The financial statements, footnotes, and this discussion are the responsibility of University management.

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

### 2009 FINANCIAL HIGHLIGHTS

- The 2009 Session of the Iowa General Assembly provided General Educational Fund appropriations to the University totaling \$88,322,779 for FY2010. This is a 12.3 percent decrease from FY2009 net appropriations totaling \$100,693,508.
- The Board of Regents, State of Iowa allocated \$12,376,434 of American Recovery and Reinvestment Act (ARRA) funds to the University. The Board approved spending the funds for a student information system, Early Retirement Incentive Program costs, adjunct funding, energy efficiency and sustainability projects, classroom technology, the implementation of revenue enhancement and cost reduction initiatives, and enhancement of the first year student experience.
- The Board of Regents, State of Iowa, issued \$13.86 million of Academic Building Revenue Bonds in March 2009 to complete Electrical Loop Distribution System Phase II, Sabin Hall Renovation, and various deferred maintenance projects.
- The University's fall 2009 headcount was 13,080 students, an increase of 172 students from fall 2008.
- The downturn in the national economy affected gifting to the UNI Foundation. Contribution revenue decreased from \$14.4 million in 2008 to \$8.9 million in 2009. Investment return was a negative \$15.2 million. Net assets of the Foundation decreased from \$79.2 million to \$61.7 million.
- The Foundation provided revenues of \$5.6 million to the University in 2009 and \$4.1 million in 2008, an increase of \$1.5 million.
- The Foundation is in the initial stages of its \$150 million "Imagine the Impact" capital campaign. At June 30, 2009, it was nearly halfway toward the \$150 million goal, which is to raise \$75 million each for scholarships and faculty and program support. The Foundation will launch the campaign nationally in the fall of 2010.
- An actuarial valuation of the retiree health plan was commissioned in 2008. The University currently finances the retiree benefit plan on a pay-as-you-go basis. The beginning of year net OPEB obligation was \$456,000. The end of year net OPEB obligation was \$917,000.
- 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, 2008. The Certificate has been received seventeen consecutive years.

### USING THIS ANNUAL REPORT

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

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

### THE UNIVERSITY AS A WHOLE

#### The Statement of Net Assets

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

<b>University</b> <b>The Statement of Net Assets</b>			
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
Current and other assets	\$168,224,670	155,532,219	148,334,659
Capital assets	<u>315,130,905</u>	<u>300,488,626</u>	<u>285,165,102</u>
Total assets	<u>483,355,575</u>	<u>456,020,845</u>	<u>433,499,761</u>
Current liabilities	39,244,953	36,751,237	33,049,203
Noncurrent liabilities	<u>145,476,791</u>	<u>132,056,719</u>	<u>127,243,060</u>
Total liabilities	<u>184,721,744</u>	<u>168,807,956</u>	<u>160,292,263</u>
Net assets:			
Invested in capital assets, net of related debt	205,106,280	194,237,507	180,719,681
Restricted	28,233,393	30,284,607	39,671,611
Unrestricted	<u>65,294,158</u>	<u>62,690,775</u>	<u>52,816,206</u>
Total net assets	<u>\$298,633,831</u>	<u>287,212,889</u>	<u>273,207,498</u>

The largest portion of the University's net assets (68.7 percent) is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (9.4 percent) includes resources subject to external restrictions. The remaining net assets (21.9 percent) are the unrestricted net assets that can be used to meet the University's obligations as they come due.

Total net assets of the University increased \$14.0 million from 2007 to 2008 and \$11.4 million from 2008 to 2009. Increases in total net assets, then, were 5.1 percent from 2007 to 2008 and 4.0 percent from 2008 to 2009.



# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

<b>Foundation</b>			
<b>The Combined Statements of Financial Position</b>			
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
Current assets	\$18,540,246	27,419,145	24,888,382
Noncurrent assets	<u>49,710,289</u>	<u>60,832,604</u>	<u>63,942,195</u>
Total assets	<u>68,250,535</u>	<u>88,251,749</u>	<u>88,830,577</u>
Current liabilities	1,621,964	3,102,987	2,924,751
Noncurrent liabilities	<u>4,917,399</u>	<u>5,951,434</u>	<u>8,090,245</u>
Total liabilities	<u>6,539,363</u>	<u>9,054,421</u>	<u>11,014,996</u>
Net assets:			
Unrestricted	(2,374,567)	6,159,062	6,726,278
Temporarily restricted	24,840,966	34,127,689	35,403,913
Permanently restricted	<u>39,244,773</u>	<u>38,910,577</u>	<u>35,685,390</u>
Total net assets	<u>\$61,711,172</u>	<u>79,197,328</u>	<u>77,815,581</u>

At June 30, 2009 nearly all of the Foundation's net assets were donor restricted, either temporarily or permanently.

Total net assets of the Foundation increased \$1.4 million from 2007 to 2008 and decreased \$17.5 million from 2008 to 2009. Total liabilities of the Foundation decreased \$2.0 million from 2007 to 2008 and decreased \$2.5 million from 2008 to 2009. The decrease in total liabilities from 2007 to 2008 and from 2008 to 2009 was the result of making time payments on funding contracts for Human Performance Complex, McLeod Center and Russell Hall construction projects.

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

### The Statement of Revenues, Expenses, and Changes in Net Assets

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

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

University The Statement of Revenues, Expenses, and Changes in Net Assets			
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating revenues:			
Tuition and fees	\$ 60,034,123	57,523,347	56,430,682
Receipts from other entities	241,941	143,924	86,580
Grants and contracts	36,708,661	32,073,018	30,862,654
Sales, rents and services	5,774,668	7,420,630	6,191,782
Miscellaneous	607,771	720,116	805,056
Auxiliary enterprises	<u>54,859,014</u>	<u>50,176,930</u>	<u>47,559,182</u>
Total operating revenue	<u>158,226,178</u>	<u>148,057,965</u>	<u>141,935,936</u>
Operating expenses:			
Instruction	76,484,933	72,605,101	68,768,086
Research	1,793,393	2,454,770	3,232,126
Public service	31,097,013	24,184,724	23,487,990
Academic support	22,729,813	22,050,064	19,770,673
Student services	7,076,945	6,558,084	6,277,839
Institutional support	29,348,125	20,230,830	19,162,659
Operation and maintenance of plant	22,185,917	21,396,250	20,686,896
Scholarships and fellowships	5,712,482	4,884,137	4,495,486
Depreciation	13,975,476	13,291,606	12,517,313
Loan cancellations and write-offs	513,815	251,886	278,590
Auxiliary enterprises	<u>50,077,862</u>	<u>49,043,443</u>	<u>43,779,370</u>
Total operating expenses	<u>260,995,774</u>	<u>236,950,895</u>	<u>222,457,028</u>
Operating loss	<u>(102,769,596)</u>	<u>(88,892,930)</u>	<u>(80,521,092)</u>
Nonoperating revenues (expenses):			
State appropriations	101,686,218	95,363,638	86,531,082
Gifts, grants and contracts	3,384,744	2,600,605	2,954,052
Investment return	(611,282)	1,687,404	5,246,906
Interest expense	(5,742,508)	(5,765,266)	(5,014,486)
Amortization and misc. expense	<u>(124,128)</u>	<u>(124,090)</u>	<u>(191,776)</u>
Net nonoperating revenues	<u>98,593,044</u>	<u>93,762,291</u>	<u>89,525,778</u>
Income/(Loss) before other revenues	(4,176,552)	4,869,361	9,004,686
State appropriations – capital projects	5,751,912	5,018,136	8,650,293
Capital contributions and grants	<u>9,845,582</u>	<u>4,117,894</u>	<u>9,988,308</u>
Change in net assets	11,420,942	14,005,391	27,643,287
Net assets, beginning of year	<u>287,212,889</u>	<u>273,207,498</u>	<u>245,564,211</u>
Net assets, end of year	<u>\$298,633,831</u>	<u>287,212,889</u>	<u>273,207,498</u>

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

The Statement of Revenues, Expenses, and Changes in Net Assets reflect three positive years. Net assets increased \$14.0 million from 2007 to 2008 and \$11.4 million from 2008 to 2009.

Operating revenue totaled \$158.2 million in 2009, \$148.1 million in 2008, and \$141.9 million in 2007. The increase from 2007 to 2008 was \$6.1 million and from 2008 to 2009 it was \$10.2 million. Net nonoperating revenues totaled \$98.6 million in 2009, \$93.8 million in 2008, and \$89.5 million in 2007. There was a \$4.2 million increase from 2007 to 2008 and a \$4.8 million increase from 2008 to 2009. Changes in operating, nonoperating, and other revenue from 2007 to 2008 and 2008 to 2009 follow:

- Tuition and fee income, net of scholarship allowances, increased \$1.1 million, or 1.9 percent, from 2007 to 2008 and increased \$2.5 million, or 4.4 percent, from 2008 to 2009. The Board of Regents, State of Iowa increased tuition and mandatory student fees effective with the 2007 academic year by 9.1 percent. A \$200 one-time energy surcharge was initiated to balance the budget. The net increase from 2007 to 2008, after eliminating the energy surcharge, was only 1.3 percent. The increase from 2008 to 2009 was 3.0 percent. Increases and decreases in enrollment account for the actual revenue increase.
- Operating grants and contracts revenue increased \$1.2 million, or 3.9 percent, from 2007 to 2008 and \$4.6 million, or 14.5 percent, from 2008 to 2009. Revenue is recognized as expenses are incurred and, accordingly, it varies from year to year. Grants and contracts revenue has been stable and it has increased steadily from \$30.9 million in 2007 to \$36.7 million in 2009.
- Auxiliary Enterprise revenue increased \$2.6 million, or 5.5 percent, from 2007 to 2008 and increased \$4.7 million, or 9.3 percent, from 2008 to 2009. The largest increases in both years were in Residence System and Intercollegiate Athletics revenues. In FY2009, accounting methodology for Intercollegiate Athletics was modified by consolidating several stand-alone activities into the Athletics primary auxiliary enterprise fund.
- State appropriations for operations increased \$8.8 million, or 10.2 percent, from 2007 to 2008 and increased \$6.3 million, or 6.6 percent, from 2008 to 2009. From 2008 to 2009, appropriations minus deappropriations to the primary General Fund increased 3.6 percent. The Biomass Production Project appropriation was discontinued. An appropriation in the net amount of \$3.9 million was made to the Science, Technology, Engineering and Math project.
- Investment income decreased \$3.6 million, or 67.8 percent, from 2007 to 2008, due to a decrease in the targeted federal funds rate, interest rates on Treasury and Agency securities, and a negative endowment return. Investment income from 2008 to 2009 decreased \$2.3 million, or 136.2 percent, largely due to a \$2.3 million realized loss on Commonfund's Intermediate Term Fund. Other factors include a targeted federal funds rate of 0.0 to 0.25 percent and very low interest rates on Treasury and Agency securities.
- Capital appropriations decreased \$3.6 million, or 42.0 percent, from 2007 to 2008, largely due to one-time funding of Battelle infrastructure projects in 2007. Capital appropriations increased \$0.7 million, or 14.6 percent, from 2008 to 2009. In lieu of making significant capital appropriations for fiscal years 2007, 2008 and 2009, the General Assembly granted permission to sell Academic Building Revenue Bonds in FY2008 and FY2009.
- Capital contributions and grants decreased \$5.9 million, or 58.8 percent, from 2007 to 2008. The decrease from 2007 to 2008 was largely due to one-time funding contracts signed by the UNI Foundation for the Human Performance Complex, the McLeod Center and Russell Hall Renovation in Fiscal 2007. Additional funding contracts were not required in 2008 because the projects were fully funded. Capital contributions and grants increased \$5.7 million, or 139.1 percent, from 2008 to 2009 due to Federal Transit Administration funding of the Multimodal Transportation Center and a construction gift for the Richard O. Jacobson Human Performance Complex.

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

Operating expenses totaled \$261.0 million in 2009, \$237.0 million in 2008, and \$222.5 million in 2007. Increases in operating expenses, then, were 6.5 percent from 2007 to 2008 and 10.2 percent from 2008 to 2009. Changes in operating expenses by object from 2007 to 2008 and 2008 to 2009 follow:

- Expenses for personnel services increased \$9.1 million, or 6.1 percent, from 2007 to 2008 and increased \$13.3 million, or 8.5 percent, from 2008 to 2009.
- Travel expenses increased \$1.0 million, or 11.9 percent, from 2007 to 2008, and increased \$0.6 million, or 6.3 percent, from 2008 to 2009.
- Expenses for supplies increased \$0.8 million, or 7.8 percent, from 2007 to 2008 and \$0.5 million, or 4.9 percent, from 2008 to 2009.
- Expenses for contractual services increased \$1.0 million, or 14.8 percent, from 2007 to 2008 and \$6.0 million, or 78.1 percent, from 2008 to 2009, due to Math and Science Education Collaborative Initiative.
- Expenses for equipment and repairs increased \$1.1 million, or 9.8 percent, from 2007 to 2008, and decreased \$0.5 million, or 3.7 percent, from 2008 to 2009.
- Expenses for scholarships and fellowships increased \$0.7 million, or 9.3 percent, from 2007 to 2008 and increased \$0.8 million, or 8.8 percent from 2008 to 2009.
- Depreciation expense increased \$0.8 million, or 6.2 percent, from 2007 to 2008 and increased \$0.7 million, or 5.1 percent, from 2008 to 2009, due in both years to placing new and renovated buildings in service.

Nonoperating expenses, primarily interest expense, totaled \$5.9 million in 2009, \$5.9 million in 2008 and \$5.2 million in 2007.

<b>Foundation</b> <b>The Combined Statements of Activities</b>			
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
Public support and revenue:			
Gifts and contributions	\$ 8,871,816	14,357,954	8,682,789
Investment income	(15,177,616)	(2,473,809)	10,890,653
Other operating revenues	<u>263,596</u>	<u>287,678</u>	<u>99,641</u>
Total public support and revenue	( 6,042,204)	12,171,823	19,673,083
Expenses	<u>11,443,952</u>	<u>10,790,076</u>	<u>15,459,219</u>
Change in net assets	(17,486,156)	1,381,747	4,213,864
Net assets, beginning of year	<u>79,197,328</u>	<u>77,815,581</u>	<u>73,601,717</u>
Net assets, end of year	<u>\$61,711,172</u>	<u>79,197,328</u>	<u>77,815,581</u>

Foundation public support and revenue was a negative \$6.0 million in 2009, \$12.2 million in 2008, and \$19.7 million in 2007, a decrease of 38.1 percent from 2007 to 2008 and a decrease of 149.6 percent from 2008 to 2009. Investment income was a negative \$15.2 million in 2009, negative \$2.5 million in 2008, and \$10.9 million in 2007. The decrease from 2008 to 2009 is largely due to depressed equity valuations which resulted from the worldwide financial crisis in September 2008. Gifts and contributions were \$8.9 million in 2009, \$14.4 million in 2008, and \$8.7 million in 2007. Expenses were \$11.4 million in 2009, \$10.8 million in 2008, and \$15.5 million in 2007. The increase from 2008 to 2009 was due to expenses for the Richard O. Jacobson Human Performance Complex.

The Foundation provided revenues to the University in the amount of \$5.6 million in 2009, \$4.1 million in 2008 and \$8.2 million in 2007. The increase for 2009 was due to construction costs for the Richard O. Jacobson Human Performance Complex mentioned in the previous paragraph. Contributions restricted for permanent investment in the Foundation's endowment were \$2.3 million in 2009, \$4.6 million in 2008 and \$2.5 million in 2007.

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

### 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.

<b>University</b> <b>The Statement of Cash Flows</b>			
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
Cash provided (used) by:			
Operating activities	\$(77,908,147)	(74,772,150)	(68,760,527)
Noncapital financing activities	104,418,993	98,407,972	88,223,758
Capital and related financing activities	(7,109,096)	(12,457,526)	(6,261,939)
Investing activities	<u>(3,210,465)</u>	<u>(5,402,841)</u>	<u>2,594,956</u>
Net increase in cash and cash equivalents	16,191,285	5,775,455	15,796,248
Cash and cash equivalents, beginning of year	<u>28,781,068</u>	<u>23,005,613</u>	<u>7,209,365</u>
Cash and cash equivalents, end of year	<u>\$ 44,972,353</u>	<u>28,781,068</u>	<u>23,005,613</u>

The largest sources and uses of University cash are provided for operating activities. The following analysis discusses the University's cash flows during fiscal year 2009. Cash provided for operating activities includes revenues from tuition and fees (\$59.5 million), grants and contracts (\$35.1 million), and auxiliary enterprise receipts (\$54.6 million). The largest uses of cash for operating activities includes payments for salaries and benefits (\$139.1 million), payments for goods and services (\$23.2 million), and auxiliary enterprise payments (\$49.8 million). Cash provided by noncapital financing activities includes state appropriations (\$100.8 million). Cash provided by capital and related financing activities includes capital appropriations (\$7.6 million), capital gifts and grants (\$13.3 million), and the proceeds from revenue bonds and capital leases (\$13.7 million). Cash used by capital and related financing activities includes the acquisition of capital assets (\$29.4 million) and principal and interest payments on debt (\$12.6 million). Cash used by investing activities was \$3.2 million.

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

### Capital Assets

At June 30, 2009, the University had \$516.6 million of capital assets at cost, accumulated depreciation of \$201.5 million and net capital assets of \$315.1 million. Depreciation charges totaled \$14.0 million for the 2009 fiscal year. Details of the capital assets, net of accumulated depreciation are shown below.

<b>University Schedule of Capital Assets, Net, at Year-End</b>			
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>
Land	\$ 4,916,643	4,579,892	4,304,880
Construction in progress	<u>23,589,686</u>	<u>13,422,890</u>	<u>19,460,622</u>
Capital assets not depreciated	<u>28,506,329</u>	<u>18,002,782</u>	<u>23,765,502</u>
Land improvements	5,235,370	5,602,981	5,837,303
Infrastructure	18,230,071	18,797,757	19,141,579
Buildings	241,587,110	237,229,800	216,617,944
Equipment	15,612,798	14,486,781	13,074,183
Library materials	<u>5,959,227</u>	<u>6,368,525</u>	<u>6,728,591</u>
Capital assets depreciated	<u>286,624,576</u>	<u>282,485,844</u>	<u>261,399,600</u>
Total capital assets	<u>\$315,130,905</u>	<u>300,488,626</u>	<u>285,165,102</u>

State funded capital projects for the fiscal year ended June 30, 2009 and beyond include renovation of science buildings and Sabin Hall; improvement of the electrical distribution loop system; and deferred maintenance projects. Residence System projects include installation of sprinkler systems and the replacement of elevators in various buildings. The lower level of the J.W. Maucker Student Union is being renovated. A Multimodal Transportation Center is being constructed with grant funds and local matching funds. The Business and Community Services Building is being constructed with state and federal grant funds. Gilchrist Hall has been renovated using insurance proceeds and a state appropriation to cover the insurance deductible. Private gifts are being used for various projects in the Richard O. Jacobson Human Performance Complex. 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 used for the Early Childhood Education Program. The net carrying value of the building and equipment was \$1.2 million at the end of 2009 and \$1.3 million at the end of 2008.

### LONG-TERM DEBT

During the fiscal year ended June 30, 2009, the Board of Regents, State of Iowa, on behalf of the University of Northern Iowa, issued one series of revenue bonds. Academic Building Revenue Bonds 2009 of \$13.9 million were issued to assist with the cost of improving the Electrical Distribution Loop System, Sabin Hall Renovation, and various deferred maintenance projects. The University's long-term debt is presented in Note N of the Notes to Financial Statements.

### CREDIT RATINGS

Moody's Investors Service continued its "A2" credit rating for all University bonds. The Standard and Poor's credit rating of the University remains an "A" for all bonds supported by unlimited student fees and BBB+ for Dormitory Revenue Bonds. Both ratings services assigned a "stable outlook" to University bonds. The highest achievable ratings are "Aaa" and "AAA", respectively. The University's capacity to meet its financial obligations is considered strong based upon these ratings.

# UNIVERSITY OF NORTHERN IOWA

## Management's Discussion and Analysis Years Ended 2009 and 2008

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

The State of Iowa experienced negative revenue growth in fiscal 2009. Iowa's General Fund Net Receipts and Transfers were \$4,926.3 million in fiscal 2005, \$5,382.5 million in fiscal 2006, \$5,646.3 million in fiscal 2007, and \$6,084.5 million in fiscal 2008, and \$5,934.0 million in fiscal 2009. Iowa's General Fund revenue growth was negative 2.5 percent in fiscal 2009.

General Fund appropriations for fiscal 2010 totaled \$5,768.3 million, a decrease of \$364.9 million from the actual 2009 General Fund budget. This reduction in General Fund appropriations was partially mitigated by the appropriation of American Recovery and Reinvestment Act (ARRA) funds in the amount of \$529.3 million. Total General Fund appropriations and ARRA appropriations, then, were \$6,297.6 million

On October 7, 2009, the Revenue Estimating Conference decreased the fiscal 2010 net General Fund revenue estimate \$414.9 million from the level established at the March 2009 meeting. The revised estimate reflects an 8.4 percent decrease from fiscal 2009 actual revenue. For fiscal 2011, the net General Fund revenue estimate was projected to shrink by 0.4 percent, to \$5,416.3 million, or \$21.7 million from fiscal Year 2010.

Following that meeting, Governor Culver signed Executive Order Number 19 requiring a 10.0 percent across-the-board reduction in all fiscal 2010 General Fund appropriations. This represents a reduction of \$564.4 million. It is the largest reduction in recent history. Appropriations to the University of Northern Iowa were cut \$8.8 million.

On November 25<sup>th</sup>, the Legislative Services Agency released an Issue Review entitled FY 2011 General Fund Budget Projection. Based on the October 2009 Revenue Estimating Conference projection of FY 2011 State General Fund Revenue and other stated assumptions, the Legislative Services Agency concluded "...the FY 2011 appropriations are projected to exceed the expenditure limitation by \$1.070 billion. The expenditure limitation is estimated at \$5.396 billion and appropriations are estimated to total \$6.466 billion."

The Governor and Iowa lawmakers face the challenge of balancing the fiscal 2010 budget and establishing a fiscal 2011 budget that does not exceed 99 percent of State General Fund revenue as determined by the Revenue Estimating Conference at its December 11<sup>th</sup> meeting.

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 General Assembly. The availability of these funds relates directly to the state of the economy.

Recent revenue performance has been sluggish, which is reflective of the slowdown of the national and state economies. In October 2009, Iowa's unemployment rate was 6.7 percent, which is lower than the national rate of 10.2 percent.

Nationally, recognized economists are suggesting the recession is over, but the expansion needed for recovery will not be robust. Economists expect the jobless rate to continue to rise and the expansion and new job creation to take longer to develop than has happened in past recessions. While the real gross domestic product was positive in the third quarter of 2009, it was largely driven by monetary policy and fiscal stimulus. Moody's Economy.com does not expect a self-sustaining economic expansion until calendar year 2011.

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

# **UNIVERSITY OF NORTHERN IOWA**

## **Management's Discussion and Analysis Years Ended 2009 and 2008**

The leadership team was pleased to note three years of enrollment growth after experiencing enrollment declines from fall 2002 through fall 2006. Fall 2007 enrollment of 12,609 students exceeded fall 2006 enrollment by 349 students, or 2.9 percent. Fall 2008 enrollment of 12,908 students exceeded fall 2007 enrollment by 299 students, or 2.4 percent. Fall 2009 enrollment of 13,080 students exceeded fall 2008 enrollment by 172 students, or 1.3 percent. The increase from the fall 2006 recent low of 12,260 students to the fall 2009 enrollment of 13,080 students is 820 students, or 6.7 percent.

The University is proud of its new and renovated facilities. During the past year, the University opened the newly renovated Russell Hall. It also opened Gilchrist Hall which was renovated following a fire. A number of capital projects are underway or are in the planning stage, including Sabin Hall Renovation, Electrical Distribution Loop System Improvements, the Business and Community Services Building, and a Multimodal Transportation Center.

Due to the national recession, gifts and contributions to the University of Northern Iowa Foundation totaled \$8.9 million in 2009, down \$5.5 million, or 38.2 percent, from 2008. Investment income decreased from a negative \$2.5 million in 2008 to a negative \$15.2 million in 2009, due to the decrease in equity valuations. Other operating revenues were stable at \$0.3 million in both 2008 and 2009. Public support and revenue, the total of the three mentioned categories, totaled a negative \$6.0 million in 2009, down \$18.2 million, or 149.6 percent, from 2008. The University of Northern Iowa Foundation continues to be in the initial "silent phase" of its new \$150 million capital campaign, which is entitled "Imagine the Impact." Goals of the campaign include raising \$75 million each for scholarships and program support. In October 2010, the Foundation will launch the campaign nationally.

The University has achieved success in Sponsored Programs. Grants and contracts expenses totaled \$36.4 million in 2009, up \$5.2 million, or 16.6 percent, from 2008.

On October 29<sup>th</sup>, the Board of Regents, State of Iowa voted preliminary approval of a \$100 tuition surcharge for the spring semester. The Board will vote on whether to grant final approval to the surcharge at its December 10<sup>th</sup> meeting. At the same meeting, the Board voted to table discussion on a possible 6.0 percent tuition increase for in-state students and a 3.0 percent increase for out-of-state students. The Board will discuss the tuition increase at its February 4<sup>th</sup> meeting. Increasing tuition requires a preliminary vote at one meeting and approval at a second meeting. The Board will also consider increasing mandatory student fees by 3.0 percent. The University's overall tuition and room and board costs remain competitive with Iowa's four-year public and private institutions and our comparison group of institutions.

To summarize, the state's economy remained strong in fiscal 2008, but it was slowing down and showing signs of a recession in fiscal 2009. By October of fiscal 2010, it was obvious the state's economy was in a recession. As a result of the recession, state revenue dropped precipitously during the first five months of fiscal 2010. State revenue is predicted to be flat in fiscal 2011. Looking ahead, the University strongly suspects fiscal 2011 appropriations will be less than fiscal 2010 net appropriations. The upcoming report of the Iowa Revenue Estimating Conference, scheduled for release on December 11<sup>th</sup>, will be used by the Governor and the Iowa General Assembly to prepare the fiscal 2011 budget.

University officials are monitoring the fiscal situation very closely. Officials continue to develop plans to increase certain revenues, to work with employee unions on concessions, and to decrease certain costs on a temporary or permanent basis. The leadership team will take the necessary actions to maintain the fiscal health of the University and to honor the "Students First" motto.

### **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.





**University of  
Northern  
Iowa**

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



# 2008-2009

## Financial Statements



**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Net Assets**  
**June 30, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents-Note B	\$ 44,972,353	28,781,068
Investments-Note B	33,676,186	24,497,922
Accounts receivable, net-Note C	8,322,108	9,215,679
Loans receivable, net-Note E	2,161,889	2,455,590
Interest receivable	1,108,761	963,027
Due from governmental agencies-Note F	5,114,359	7,342,161
Prepaid expenses-Note G	4,057,191	4,947,406
Inventories-Note H	2,603,077	2,434,902
Other assets	90,000	90,000
<b>Total Current Assets</b>	<u>102,105,924</u>	<u>80,727,755</u>
Noncurrent Assets		
Investments-Note B	54,311,223	61,268,643
Accounts receivable, net-Note C	1,453,017	2,245,740
Loans receivable, net-Note E	8,647,557	9,822,359
Prepaid expenses-Note G	135,497	18,305
Debt issuance costs-Note U	1,571,452	1,449,417
Capital assets, Nondepreciable-Note I	28,506,329	18,002,782
Capital assets, Depreciable-Note I	488,145,250	472,779,540
Accumulated depreciation-Note I	(201,520,674)	(190,293,696)
<b>Total Noncurrent Assets</b>	<u>381,249,651</u>	<u>375,293,090</u>
<b>Total Assets</b>	<u>483,355,575</u>	<u>456,020,845</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	14,626,092	9,805,604
Salaries and wages payable-Note J	710,876	464,234
Compensated absences payable-Note K	4,706,600	4,646,950
Unpaid claims-Note T	2,063,548	2,020,105
Unearned revenue-Note G	4,323,910	6,816,660
Accrued interest payable	3,202,957	3,335,081
Long-term debt-Note N	6,924,268	6,724,458
Deposits	2,631,450	2,820,465
Other current liabilities	55,252	117,680
<b>Total Current Liabilities</b>	<u>39,244,953</u>	<u>36,751,237</u>
Noncurrent Liabilities		
Accounts payable	5,930,260	29,537
Compensated absences payable-Note K	4,764,368	4,186,742
Refundable advances on student loans-Note P	9,384,190	9,839,199
Long-term debt-Note N	124,480,973	117,545,241
Net OPEB liability-Note O	917,000	456,000
<b>Total Noncurrent Liabilities</b>	<u>145,476,791</u>	<u>132,056,719</u>
<b>Total Liabilities</b>	<u>184,721,744</u>	<u>168,807,956</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	205,106,280	194,237,507
Restricted		
Nonexpendable		
Scholarships and fellowships	615,895	615,895
Expendable		
Scholarships and fellowships	273,782	339,801
Loans	2,817,087	2,995,792
Capital projects	429,081	4,575,646
Debt service	23,780,195	20,911,901
Other	317,353	845,572
Unrestricted	65,294,158	62,690,775
<b>Total Net Assets</b>	<u>\$ 298,633,831</u>	<u>287,212,889</u>

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA FOUNDATION**  
**Combined Statements of Financial Position**  
**June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 299,106	2,114,358
Investments	15,981,420	21,858,081
Pledges receivable, net-Note D	2,186,846	3,250,106
Interest receivable	23,514	40,659
Other receivables	27,893	124,669
Prepaid expenses	21,467	31,272
<b>Total Current Assets</b>	<u>18,540,246</u>	<u>27,419,145</u>
 Pledges receivable, less current portion-Note D	3,942,634	3,621,390
Long-term investments	43,447,618	54,834,065
Life insurance cash value	1,063,995	987,427
Donated assets	95,813	119,665
Building and equipment, net	1,160,229	1,270,057
<b>Total Assets</b>	<u><u>68,250,535</u></u>	<u><u>88,251,749</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and other liabilities	743,150	226,048
Pledge payable, current-Note M	878,814	2,876,939
<b>Total Current Liabilities</b>	<u>1,621,964</u>	<u>3,102,987</u>
 Pledge payable, less current portion-Note M	1,453,013	2,245,740
Annuities payable	1,719,784	1,873,294
Annuity trusts payable	1,017,440	1,080,149
Unitrusts payable	727,162	752,251
<b>Total Liabilities</b>	<u>6,539,363</u>	<u>9,054,421</u>
 Net Assets		
Unrestricted	(2,374,567)	6,159,062
Temporarily Restricted-Note S	24,840,966	34,127,689
Permanently Restricted	39,244,773	38,910,577
<b>Total Net Assets</b>	<u>61,711,172</u>	<u>79,197,328</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 68,250,535</u></u>	<u><u>88,251,749</u></u>

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Revenues, Expenses, and Changes In Net Assets**  
**Years Ended June 30, 2009 and 2008**

	2009	2008
<b>REVENUES</b>		
<b>Operating Revenues</b>		
Tuition and fees (net of scholarship allowances of \$17,226,327 for 2009, \$15,870,780 for 2008)	\$ 60,034,123	57,523,347
Receipts from other entities	241,941	143,924
Grants and contracts	36,708,661	32,073,018
Sales, rents and services	5,774,668	7,420,630
Miscellaneous	607,771	720,116
Auxiliary enterprises	54,859,014	50,176,930
<b>Total Operating Revenues</b>	<u>158,226,178</u>	<u>148,057,965</u>
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Instruction	76,484,933	72,605,101
Research	1,793,393	2,454,770
Public service	31,097,013	24,184,724
Academic support	22,729,813	22,050,064
Student services	7,076,945	6,558,084
Institutional support	29,348,125	20,230,830
Operation and maintenance of plant	22,185,917	21,396,250
Scholarships and fellowships	5,712,482	4,884,137
Depreciation	13,975,476	13,291,606
Loan cancellations and write-offs	513,815	251,886
Auxiliary enterprises	50,077,862	49,043,443
<b>Total Operating Expenses</b>	<u>260,995,774</u>	<u>236,950,895</u>
<b>Operating (Loss)</b>	<u>(102,769,596)</u>	<u>(88,892,930)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	101,686,218	95,363,638
Gifts, grants and contracts	3,384,744	2,600,605
Investment return	(611,282)	1,687,404
Interest expense	(5,742,508)	(5,765,266)
Amortization expense	(101,839)	(94,140)
Miscellaneous expense	(22,289)	(29,950)
<b>Net Nonoperating Revenues (Expenses)</b>	<u>98,593,044</u>	<u>93,762,291</u>
<b>Income/(Loss) Before Other Revenues</b>	<u>(4,176,552)</u>	<u>4,869,361</u>
<b>OTHER REVENUES</b>		
Capital appropriations	5,751,912	5,018,136
Capital contributions and grants	9,845,582	4,117,894
<b>Total Other Revenues</b>	<u>15,597,494</u>	<u>9,136,030</u>
<b>Change in Net Assets</b>	<u>11,420,942</u>	<u>14,005,391</u>
<b>NET ASSETS</b>		
<b>Net assets, beginning of year</b>	<u>287,212,889</u>	<u>273,207,498</u>
<b>Net assets, end of year</b>	<u>\$ 298,633,831</u>	<u>287,212,889</u>

The notes are an integral part of the financial statements.

**UNIVERSITY OF NORTHERN IOWA FOUNDATION**  
**Combined Statements of Activities**  
**Years Ended June 30, 2009 and 2008**

	<b>2009</b>			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
<b>Revenue, Support and Reclassifications:</b>				
Contribution revenue	\$ 926,891	5,676,285	2,268,640	8,871,816
Investment return	(4,363,602)	(10,827,593)	13,579	(15,177,616)
Miscellaneous income	143,604	94,930	25,062	263,596
Redesignation of funds	1,317,713	622,533	(1,940,246)	-
Reclassifications attributed to underwater endowments	(3,182,059)	3,182,059	-	-
Net assets released from restrictions	8,269,395	(8,269,395)	-	-
<b>Total Revenue, Support and Reclassifications</b>	<u>3,111,942</u>	<u>(9,521,181)</u>	<u>367,035</u>	<u>(6,042,204)</u>
<b>Expenses and Adjustments:</b>				
Scholarship expenses	3,023,767	-	-	3,023,767
Programming expenses	5,311,893	-	-	5,311,893
Administrative expenses	937,470	-	-	937,470
Fundraising expenses	1,873,998	-	-	1,873,998
Bad debt adjustments	(306)	(64,792)	32,839	(32,259)
Depreciation expense	109,828	-	-	109,828
Present value liability actuarial adjustment	-	219,255	-	219,255
<b>Total Expenses and Adjustments</b>	<u>11,256,650</u>	<u>154,463</u>	<u>32,839</u>	<u>11,443,952</u>
<b>Change in Net Assets</b>	<u>(8,144,708)</u>	<u>(9,675,644)</u>	<u>334,196</u>	<u>(17,486,156)</u>
<b>Net Assets, beginning of year</b>	6,159,062	34,127,689	38,910,577	79,197,328
<b>Net asset reclassification based on law change</b>	<u>(388,921)</u>	<u>388,921</u>	<u>-</u>	<u>-</u>
<b>Restated Net Assets, beginning of year</b>	<u>5,770,141</u>	<u>34,516,610</u>	<u>38,910,577</u>	<u>79,197,328</u>
<b>Net Assets, end of year</b>	<u>\$ (2,374,567)</u>	<u>24,840,966</u>	<u>39,244,773</u>	<u>61,711,172</u>

The notes are an integral part of the financial statements.

**2008**

Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
672,677	9,062,031	4,623,246	14,357,954
(147,144)	(2,035,876)	(290,789)	(2,473,809)
4,778	282,275	625	287,678
1,514,554	(1,428,610)	(85,944)	-
-	-	-	-
7,221,551	(7,221,551)	-	-
9,266,416	(1,341,731)	4,247,138	12,171,823
2,646,762	-	-	2,646,762
4,030,200	-	-	4,030,200
1,152,654	-	-	1,152,654
1,887,146	-	-	1,887,146
(485)	35,015	7,008	41,538
117,355	-	-	117,355
-	(100,522)	1,014,943	914,421
9,833,632	(65,507)	1,021,951	10,790,076
(567,216)	(1,276,224)	3,225,187	1,381,747
6,726,278	35,403,913	35,685,390	77,815,581
-	-	-	-
6,726,278	35,403,913	35,685,390	77,815,581
6,159,062	34,127,689	38,910,577	79,197,328

**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Cash Flows**  
**Years Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 59,489,868	57,681,582
Grants and contracts receipts	35,115,041	34,397,985
Collections of loans from students	1,701,435	1,884,841
Auxiliary enterprise receipts	54,604,940	50,046,115
Payments for salaries and benefits	(139,096,089)	(133,010,159)
Payments for goods and services	(23,158,978)	(20,406,450)
Scholarships	(5,677,191)	(4,846,691)
Loans issued to students	(1,164,380)	(2,841,140)
Auxiliary enterprise payments	(49,803,897)	(48,878,357)
Other operating receipts	6,449,515	8,670,254
Other operating payments	(16,368,411)	(17,470,130)
<b>Net Cash Used by Operating Activities</b>	<u>(77,908,147)</u>	<u>(74,772,150)</u>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	100,803,526	93,887,653
William D. Ford direct lending and plus loans receipts	71,935,392	57,770,259
William D. Ford direct lending and plus loans made	(71,992,902)	(57,749,604)
Agency receipts	2,763,540	12,664,721
Agency payments	(2,841,757)	(10,937,025)
Non capital gifts	3,751,194	2,771,968
<b>Net Cash Provided by Non Capital Financing Activities</b>	<u>104,418,993</u>	<u>98,407,972</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations received	7,635,287	8,058,614
Capital gifts and grants received	13,253,424	6,482,614
Acquisition of capital assets	(29,382,120)	(28,760,980)
Proceeds from sale of capital assets	200,000	-
Principal paid on capital debt	(6,724,458)	(7,864,487)
Interest paid on capital debt	(5,902,270)	(4,758,486)
Proceeds from capital debt	13,724,912	11,873,305
Other capital and related financing receipts	86,129	2,511,894
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(7,109,096)</u>	<u>(12,457,526)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	2,571,971	3,495,862
Proceeds from sale and maturities of investments	66,354,108	75,974,447
Purchase of investments	(72,136,544)	(84,873,150)
<b>Net Cash Used by Investing Activities</b>	<u>(3,210,465)</u>	<u>(5,402,841)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	16,191,285	5,775,455
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>28,781,068</u>	<u>23,005,613</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 44,972,353</u>	<u>28,781,068</u>



**UNIVERSITY OF NORTHERN IOWA**  
**Statement of Cash Flows**  
**Years Ended June 30, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (102,769,596)	(88,892,930)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	13,975,476	13,291,606
Increase/(Decrease) in compensated absences	637,276	241,251
(Increase)/Decrease in accounts receivable	(648,749)	1,607,529
(Increase)/Decrease in loans receivable	1,468,503	(661,912)
(Increase)/Decrease in due from governmental agencies	1,102,041	(330,500)
(Increase)/Decrease in inventories	(168,175)	(97,216)
(Increase)/Decrease in prepaid expenses	642,337	(1,046,190)
(Increase)/Decrease in other assets	(151,158)	(51,609)
Increase/(Decrease) in accounts payable	10,646,241	(1,119,139)
Increase/(Decrease) in salaries and wages payable	234,737	108,018
Increase/(Decrease) in unearned revenue	(2,465,231)	1,949,519
Increase/(Decrease) in other liabilities	(411,849)	229,423
<b>Net Cash Used By Operating Activities</b>	<b>\$ <u>(77,908,147)</u></b>	<b><u>(74,772,150)</u></b>

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

Equipment with a fair market value of \$20,000 in 2009 and \$5,777 in 2008 was donated to the University

Bond issuance costs of \$162,726 in 2009 and \$141,000 in 2008 were deducted from the bond proceeds.  
These costs were capitalized and will be amortized over the debt repayment period

A net unrealized loss decreased the fair market value of the University's investments \$2,146,468 in 2009 and \$1,829,929 in 2008.

The notes are an integral part of the financial statements.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**Note A – Organization and Summary of Significant Accounting Policies**

**Organization and Basis of Presentation**

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

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

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

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

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

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

**Restricted:**

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

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

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

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

In May 2002, GASB issued Statement No. 39, Determining Whether Certain Organizations are Component Units. This statement was implemented for the year ended June 30, 2004. The GASB classification of these entities for the University's financial reporting purposes does not affect their respective legal or organizational relationships to the University. The financial statements of all component units are included in the University's financial statements.

**Blended Component Unit**

The University's only blended component unit is Friends of KHKE/KUNI (Friends), an Iowa non-profit corporation governed by a self-appointed 18-member board. Friends is a public radio support organization. Friends provide services entirely or almost entirely to KHKE-FM and KUNI-FM, which are public radio stations owned and operated by the University. A copy of Friends' financial statements may be obtained by contacting the Broadcasting Services department at the University of Northern Iowa.

**Discretely Presented Component Unit**

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

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

**Affiliated Organization**

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

**Encumbrances**

The University utilizes encumbrance accounting for budgetary compliance purposes. According to Section 8.33 of the Code of Iowa, the University is permitted to carry encumbrances for specialized equipment and building repairs forward to the next fiscal year. The June 30, 2009 encumbered balance carried forward to fiscal year 2010 was \$454,274 including items recognized as accounts payable for specialized equipment totaling \$62,652.

As allowed by Section 262.9(18)(b) of the Code of Iowa, the University has utilized non-tuition components of the General University funds first. Accordingly, General University funds remaining at June 30, 2009 are comprised solely of student fees and charges and are exempt from reversion.

**Cash and Cash Equivalents**

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

**Investments and Investment Income**

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

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

Credit Risk is the risk 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.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

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 2009 and 2008, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$242,556 and \$2,342,436, respectively.

**Investments (Foundation)**

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

**Capital Assets**

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

The following useful lives are used:

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

The following thresholds are used to define capital assets:

Infrastructure	\$10,000
Land, buildings, and improvements	\$25,000
Equipment	\$ 5,000

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

**Termination Benefits**

In June 2005, GASB issued Statement No. 47, Accounting for Termination Benefits, which the University had previously implemented. Disclosure of the Early Retirement Incentive Programs (ERIP) is presented in Note W.

**Endowment Appreciation**

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

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

**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 the lower of cost (first in, first out) or market.

**Debt Issuance Costs**

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

**Tuition and Fees**

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

**Operating and Nonoperating Activities**

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

**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.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentations.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note B – Cash Deposits and Investments**

(1) Cash and deposits:

The deposits of the University were covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. In the unlikely event a bank fails, the State Treasurer first determines the amount of the loss and validates the amount of applicable FDIC insurance. He is empowered by this chapter to cover the remaining loss from the State Sinking Fund for public deposits in banks. If the balance in that sinking fund is inadequate to pay the entire loss, he is empowered to make assessments against other banks to insure there will be no loss of public funds. The carrying values at June 30, 2009 and June 30, 2008 were \$44,972,353 and \$28,781,068, respectively. The bank balances at June 30, 2009 and June 30, 2008 were \$49,265,345 and \$33,426,607, respectively. The carrying value at June 30, 2009 and June 30, 2008 includes cash-on-hand of \$112,680 and \$186,230, 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. 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 market value of the endowment, based on a rolling market average, will be calculated and distributed. The net appreciation on true endowments available for expenditure at June 30, 2009 and 2008 was \$421,080 and \$767,945, respectively. The net appreciation is classified in the Statement of Net Assets as follows:

	<u>2009</u>	<u>2008</u>
Restricted Expendable		
Scholarships and fellowships	\$ 111,712	176,320
Loans	110,204	159,525
Other	<u>199,164</u>	<u>432,100</u>
Total	\$ <u>421,080</u>	<u>767,945</u>

The University's investments are recorded at fair value, as determined by quoted market price. At June 30, 2009, the University had the following investments and quality credit ratings by investment type:

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

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

Invested Assets	
Operating portfolio:	Fair Value
Fixed Income:	
U.S. Government Securities	
U.S. Government Treasuries	\$18,726,281
U.S. Government Agencies	52,444,308
Short-Term Securities	
Certificates of Deposit (Friends of KHKE/KUNI)	154,208
Fixed Income Mutual Funds, Intermediate Term	8,427,988
Total Fixed Income Securities	<u>79,752,785</u>
Equity and Other Securities:	
U.S. Equities (Friends of KHKE/KUNI)	424,832
U.S. Equities	45,415
Equity Mutual Funds (Friends of KHKE/KUNI)	<u>1,078,114</u>
Total Equity and Other Securities	<u>1,548,361</u>
Total Operating Portfolio	<u>81,301,146</u>
Endowment portfolio (UNI Equity in SUI Endowment Pool):	
Fixed Income:	
U.S. Government Securities	
U.S. Government Treasuries	251,664
U.S. Government Agencies	20,301
Mortgage-Backed Securities	13,858
Corporate Securities	
Corporate Bonds	352,411
Corporate Asset-Backed	121,916
Private Placements	91,870
Long-Term Securities	
Other Agencies	14,834
Fixed Income Mutual Funds	1,273,400
Cash & Cash Equivalents	<u>23,321</u>
Total Fixed Income Securities	<u>2,163,575</u>
Equity and Other Securities:	
U.S. Equities	2,155,597
International Equity Mutual Fund	<u>1,996,855</u>
Total Equity and Other Securities	<u>4,152,452</u>
Real Estate	<u>370,236</u>
Total Endowment Portfolio	<u>6,686,263</u>
Total Invested Assets	<u>\$87,987,409</u>



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

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

Credit Risk Concentration

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

Investment	Fair Value	% of Total Operating Portfolio Assets
Federal Home Loan Bank	\$19,833,882	24%
Federal Farm Credit Bank	16,217,700	20%
Federal National Mortgage Association	10,372,925	13%
Federal Home Loan Mortgage Corporation	6,040,102	7%

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

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

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

	Interest Rate Sensitivity – Duration	Fair Value	Duration
Operating portfolio:			
Fixed Income:			
U.S. Government Securities			
U.S. Government Treasuries		\$18,726,281	2.12
U.S. Government Agencies		52,444,308	2.40
Short-Term Securities			
Certificates of Deposit (Friends of KHKE/KUNI)		154,208	0.85
Fixed Income Mutual Funds, Intermediate Term		<u>8,427,988</u>	1.30
Operating Portfolio-Total Fixed Income Securities		<u>79,752,785</u>	
Operating Portfolio Duration			2.22
Endowment Portfolio:			
Fixed Income:			
U.S. Government Securities			
U.S. Government Treasuries		251,664	2.77
U.S. Government Agencies		20,301	7.50
Mortgage-Backed Securities		13,858	3.00
Corporate Securities			
Corporate Bonds		352,411	6.19
Corporate Asset-Backed		121,916	4.80
Private Placements		91,870	4.10
Short-Term Securities			
Other Agencies		14,834	4.33
Fixed Income Mutual Funds		<u>1,273,400</u>	3.46
Endowment Portfolio-Total Fixed Income Securities		<u>2,140,254</u>	
Endowment Portfolio Duration			3.97
Total All Portfolios		<u>\$81,893,039</u>	

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

	Credit Risk – Quality Ratings				
	<u>Treasury</u>	<u>Agency</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
Fixed Income Securities:					
U.S. Government Securities					
U.S. Government Treasuries	\$18,977,945	-	-	-	-
U.S. Government Agencies					
Federal Home Loan Bank	-	-	19,833,882	-	-
Federal National Mortgage Association	-	-	10,372,925	-	-
Federal Farm Credit Bank	-	-	16,217,700	-	-
Federal Home Loan Mortgage Corporation	-	-	6,040,102	-	-
Mortgage-Backed Securities	-	13,858	-	-	-
Corporate Securities					
Corporate Bonds	-	-	-	42,289	130,392
Corporate Asset-Backed	-	-	107,286	3,658	1,219
Private Placements	-	-	-	17,455	51,447
Short-Term Securities					
Other Agencies	-	2,077	-	-	-
Certificates of Deposit	-	-	-	-	-
Fixed Income Mutual Funds	<u>33,647</u>	<u>3,057,327</u>	<u>2,461,322</u>	<u>443,604</u>	<u>1,538,700</u>
Total Fixed Income Investments	<u>\$19,011,592</u>	<u>3,073,262</u>	<u>55,033,217</u>	<u>507,006</u>	<u>1,721,758</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>A1+/P1</u>	<u>NR</u>	<u>Total</u>
-	-	-	-	-	18,977,945
-	-	-	-	-	19,833,882
-	-	-	-	-	10,372,925
-	-	-	-	-	16,217,700
-	-	-	-	-	6,040,102
-	-	-	-	-	13,858
133,916	45,814	-	-	-	352,411
8,534	1,219	-	-	-	121,916
22,968	-	-	-	-	91,870
-	-	-	-	12,757	14,834
-	-	-	-	154,208	154,208
<u>625,715</u>	<u>1,177,000</u>	<u>207,935</u>	<u>145,185</u>	<u>10,953</u>	<u>9,701,388</u>
<u>791,133</u>	<u>1,224,033</u>	<u>207,935</u>	<u>145,185</u>	<u>177,918</u>	<u>81,893,039</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note C – Accounts Receivable**

Accounts receivable is summarized as follows:

	<u>2009</u>	<u>2008</u>
Student accounts	\$ 2,442,884	2,414,417
University of Northern Iowa Foundation	2,997,543	5,267,189
Sponsoring agencies	616,723	312,359
Casualty insurance	935,488	1,036,448
Other	<u>3,576,375</u>	<u>2,984,958</u>
	10,569,013	12,015,371
Less allowance for doubtful accounts	<u>(793,888)</u>	<u>(553,952)</u>
Total	<u>\$ 9,775,125</u>	<u>11,461,419</u>

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

Unconditional promises are included in the combined financial statements as pledges receivable and revenue of the appropriate net asset category. Unconditional promises are recorded at their net unrealizable 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>2009</u>	<u>2008</u>
In one year or less	\$ 2,272,047	3,382,220
Between one year and five years	2,959,838	2,631,656
More than five years	<u>1,639,604</u>	<u>1,710,145</u>
	6,871,489	7,724,021
Less discounts to net present value	<u>(385,944)</u>	<u>(464,200)</u>
Less allowance for uncollectible pledges	<u>(356,065)</u>	<u>(388,325)</u>
Total	<u>\$ 6,129,480</u>	<u>6,871,496</u>

Pledges receivable at June 30, 2009 and 2008 have the following restrictions:

	<u>2009</u>	<u>2008</u>
Unrestricted:		
Undesignated	\$ 58,665	62,517
Temporarily Restricted:		
Scholarships and department programs	2,151,385	1,972,276
Plant	2,374,808	3,998,319
Permanently Restricted:		
Endowments-Scholarships and department programs	<u>1,544,622</u>	<u>838,384</u>
Total	<u>\$ 6,129,480</u>	<u>\$ 6,871,496</u>

**Note E – Loans Receivable**

Loans receivable are summarized as follows:

	<u>2009</u>	<u>2008</u>
Student loans:		
Federal loan programs	\$12,129,144	12,910,137
University loan funds	<u>90,392</u>	<u>110,406</u>
	12,219,536	13,020,543
Less allowance for uncollectible loans	<u>(1,410,090)</u>	<u>(742,594)</u>
Total	<u>\$10,809,446</u>	<u>12,277,949</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note E – Loans Receivable (continued)**

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

**Note F – Due From Governmental Agencies**

Due from Governmental Agencies is summarized as follows:

	<u>2009</u>	<u>2008</u>
Federal Government	\$ 3,799,368	4,184,968
State Government	1,255,464	3,122,866
Local Government	<u>59,527</u>	<u>34,327</u>
Total	\$ <u>5,114,359</u>	<u>7,342,161</u>

**Note G – Prepaid Expenses/Unearned Revenue**

Prepaid expenses at June 30, 2009 and 2008 totaled \$4,192,688 and \$4,965,711, respectively, and unearned revenue at June 30, 2009 and 2008 totaled \$4,323,910 and \$6,816,660, respectively. The summer session portion for unearned tuition and fees for 2009 and 2008 was \$805,485 and \$753,880, respectively. Students sign housing contracts with the Department of Residence for the following Fall semester. Unearned revenue on housing contracts was \$623,800 and \$627,000 at June 30, 2009 and 2008, respectively. Season ticket sales for the Gallagher-Bluedorn Performing Arts Center Artist Series begin in the Spring for the following year. Unearned Performing Arts Center ticket sale revenues were \$428,231 and \$684,973 at June 30, 2009 and 2008, respectively.

**Note H – Inventories**

Inventories at June 30, 2009 and 2008, consisting mainly of supplies and merchandise, primarily valued at lower of cost or market (first in, first out), had values of \$2,603,077 and \$2,434,902, respectively.

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

**Note I – Capital Assets**

Capital assets activity for the year ended June 30, 2009 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 4,579,892	462,056	(125,305)	4,916,643	-	4,916,643
Construction in Progress	<u>13,422,890</u>	<u>18,236,437</u>	<u>(8,069,641)</u>	<u>23,589,686</u>	<u>-</u>	<u>23,589,686</u>
Capital Assets, Nondepreciable	<u>18,002,782</u>	<u>18,698,493</u>	<u>(8,194,946)</u>	<u>28,506,329</u>	<u>-</u>	<u>28,506,329</u>
Land Improvements	12,446,782	52,435	-	12,499,217	(7,263,847)	5,235,370
Infrastructure	27,402,882	120,386	-	27,523,268	(9,293,197)	18,230,071
Buildings	355,148,037	13,117,291	(179,876)	368,085,452	(126,498,342)	241,587,110
Equipment	43,812,340	4,276,658	(2,895,532)	45,193,466	(29,580,668)	15,612,798
Library Materials	<u>33,969,499</u>	<u>1,081,397</u>	<u>(207,049)</u>	<u>34,843,847</u>	<u>(28,884,620)</u>	<u>5,959,227</u>
Capital Assets, Depreciable	<u>472,779,540</u>	<u>18,648,167</u>	<u>(3,282,457)</u>	<u>488,145,250</u>	<u>(201,520,674)</u>	<u>286,624,576</u>
Total Capital Assets	<u>\$490,782,322</u>	<u>37,346,660</u>	<u>(11,477,403)</u>	<u>516,651,579</u>	<u>(201,520,674)</u>	<u>315,130,905</u>

Depreciation activity for the year ended June 30, 2009 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 6,843,801	420,046	-	7,263,847
Infrastructure	8,605,125	688,072	-	9,293,197
Buildings	117,918,237	8,702,667	(122,562)	126,498,342
Equipment	29,325,559	2,673,996	(2,418,887)	29,580,668
Library Materials	<u>27,600,974</u>	<u>1,490,695</u>	<u>(207,049)</u>	<u>28,884,620</u>
Total	<u>\$190,293,696</u>	<u>13,975,476</u>	<u>(2,748,498)</u>	<u>201,520,674</u>



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

**Note I – Capital Assets**

Capital assets activity for the year ended June 30, 2008 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Land	\$ 4,304,880	275,012	-	4,579,892	-	4,579,892
Construction in Progress	<u>19,460,622</u>	<u>19,808,429</u>	<u>(25,846,161)</u>	<u>13,422,890</u>	<u>-</u>	<u>13,422,890</u>
Capital Assets, Nondepreciable	<u>23,765,502</u>	<u>20,083,441</u>	<u>(25,846,161)</u>	<u>18,002,782</u>	<u>-</u>	<u>18,002,782</u>
Land Improvements	12,250,172	196,610	-	12,446,782	(6,843,801)	5,602,981
Infrastructure	27,043,061	359,821	-	27,402,882	(8,605,125)	18,797,757
Buildings	326,436,958	28,711,079	-	355,148,037	(117,918,237)	237,229,800
Equipment	41,060,058	4,004,192	(1,251,910)	43,812,340	(29,325,559)	14,486,781
Library Materials	<u>33,075,158</u>	<u>1,153,731</u>	<u>(259,390)</u>	<u>33,969,499</u>	<u>(27,600,974)</u>	<u>6,368,525</u>
Capital Assets, Depreciable	<u>439,865,407</u>	<u>34,425,433</u>	<u>(1,511,300)</u>	<u>472,779,540</u>	<u>(190,293,696)</u>	<u>282,485,844</u>
Total Capital Assets	<u>\$463,630,909</u>	<u>54,508,874</u>	<u>(27,357,461)</u>	<u>490,782,322</u>	<u>(190,293,696)</u>	<u>300,488,626</u>

Depreciation activity for the year ended June 30, 2008 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 6,412,869	430,932	-	6,843,801
Infrastructure	7,901,482	703,643	-	8,605,125
Buildings	109,819,014	8,099,223	-	117,918,237
Equipment	27,985,875	2,544,011	(1,204,327)	29,325,559
Library Materials	<u>26,346,567</u>	<u>1,513,797</u>	<u>(259,390)</u>	<u>27,600,974</u>
Total	<u>\$178,465,807</u>	<u>13,291,606</u>	<u>(1,463,717)</u>	<u>190,293,696</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**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, 2009 and 2008 were \$710,876 and \$464,234, 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 fiscal years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Amount of accrued compensated absences at beginning of year	\$8,833,692	8,592,441
Amount of compensated absences accrued during the fiscal year	7,421,051	6,804,361
Payments on compensated absences during the fiscal year	<u>(6,783,775)</u>	<u>(6,563,110)</u>
Amount of accrued compensated absences at end of year	<u>\$9,470,968</u>	<u>8,833,692</u>

The accumulated vacation and sick leave estimated to be paid from the year end balance during the next twelve months for fiscal years 2009 and 2008 is \$4,706,600 and \$4,646,950, respectively.

**Note L – Retirement Programs**

**Teachers Insurance and Annuity Association** - The University of Northern Iowa contributes to the Teachers Insurance and Annuity Association (TIAA) retirement program, a defined contribution plan administered by TIAA. The plan provides individual annuities for each plan participant. The Board of Regents, State of Iowa establishes and amends the plan's provision and contribution requirements. As required by Board policy, all eligible University employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified in the contract with TIAA, each employee contributes 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings through the fifth year of employment. Likewise, the University is required to contribute 6 2/3% of the first \$4,800 of earnings and 10% of earnings above the \$4,800 through the fifth year of employment. Upon completion of five years of service, the participant contributes 5% and the University 10% of all earnings. During fiscal years 2009 and 2008, the University's required and actual contributions amounted to \$10,537,041 and \$10,135,929, respectively. Employees' required and actual contributions amounted to \$5,243,856 and \$5,005,931 for the same two fiscal periods.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**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 are required to contribute 4.1% of their annual covered salary and the University is required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. For the years ended June 30, 2008, and 2007 plan members were required to contribute 3.9% and 3.7%, respectively, of the annual covered salary and the University was required to contribute 6.05% and 5.75%, respectively, of annual covered payroll. Contribution requirements are established by State statute.

The University's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$543,437, \$446,185 and \$370,513, 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, 2009 and 2008, \$14,944,981 and \$14,361,033, respectively, of the \$17,000,000 was paid to the University.

On October 29, 2004, the Foundation signed an amendment to the original agreement promising additional gifts in the amount of \$2,660,000 due to increased construction costs for the McLeod Center. As of June 30, 2009, this amendment was paid in full to the University.

On September 15, 2005, the Foundation signed a second amendment to the original agreement promising additional gifts in the amount of \$1,165,000 to fund a Hall of Fame entrance hall between the UNI-Dome and the McLeod Center. As of June 30, 2009, this amendment was paid in full to the University.

On May 5, 2006, the Foundation signed a third amendment to the original agreement promising additional gifts in the amount of \$500,000 due to increased construction costs for the McLeod Center. As of June 30, 2009, this amendment was paid in full to the University.

On August 9, 2006, the Foundation signed a fourth amendment to the original agreement promising additional gifts in the amount of \$250,000 due to increased construction costs for the McLeod Center. As of June 30, 2009, this amendment was paid in full to the University.

On May 25, 2007, the Foundation signed a fifth amendment to the original agreement promising additional gifts to the University of Northern Iowa in the amount of \$150,000 due to increased construction costs for the McLeod Center. As of June 30, 2009, this amendment was paid in full to the University.

On October 6, 2006, the Foundation entered into an agreement with the Board of Regents, State of Iowa to make gifts to the University of Northern Iowa of at least \$2,500,000 to be used solely and only to pay costs of constructing and equipping the Human Performance Complex on the University campus. Those costs could include principal and interest payments on \$2,150,000 of capital lease payments. As of June 30, 2009 and 2008, \$2,126,165 and \$1,833,174, respectively, was paid to the University.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

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

On May 25, 2007, the Foundation entered into an agreement with the Board of Regents, State of Iowa to make gifts to the University of Northern Iowa of at least \$2,000,000 to be used solely and only to pay costs of renovating and equipping Russell Hall on the University campus. As of June 30, 2009, the agreement was paid in full to the University.

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

The remaining payments are scheduled as follows:

	<u>2009</u>	<u>2008</u>
In one year or less	\$ 878,814	2,876,939
Between one year and five years	<u>1,550,040</u>	<u>2,428,854</u>
	2,428,854	5,305,793
Less discounts to net present value	<u>(97,027)</u>	<u>(183,114)</u>
Total	\$ <u><u>2,331,827</u></u>	<u><u>5,122,679</u></u>

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note N – Long-Term Debt**

Long-Term debt activity for the year ended June 30, 2009 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Long-Term Debt:					
Bonds Payable	\$121,971,061	13,860,000	6,532,302	129,298,759	6,720,227
Notes Payable	500,000	-	15,000	485,000	15,000
Capital Leases Payable	<u>1,798,638</u>	<u>-</u>	<u>177,156</u>	<u>1,621,482</u>	<u>189,041</u>
Total Long-Term Debt	<u>\$124,269,699</u>	<u>13,860,000</u>	<u>6,724,458</u>	<u>131,405,241</u>	<u>6,924,268</u>

**Bonds Payable**

Outstanding long-term revenue bond indebtedness at June 30, 2009 and 2008 consists of the following:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>2009 Total</u>	<u>2008 Total</u>
Academic Bldg. Revenue Bonds:						
Series 1994-Refunding	4.50 – 6.00	2015	\$ 140,000	980,000	1,120,000	1,250,000
Series 1994	5.00 – 8.25	2015	425,227	1,768,532	2,193,759	2,941,061
Series 1996-Refunding	4.55 – 6.00	2013	530,000	2,420,000	2,950,000	3,465,000
Series 2002-Refunding	4.00 – 5.50	2015	370,000	2,605,000	2,975,000	3,330,000
Series 2003-Refunding	3.00 – 3.80	2015	730,000	5,065,000	5,795,000	6,495,000
Series 2003A-Refunding	2.00 – 3.40	2012	465,000	1,455,000	1,920,000	2,380,000
Series 2005-Refunding	5.75 – 6.20	2020	400,000	3,915,000	4,315,000	4,405,000
Series 2005	2.90 – 4.25	2027	125,000	12,550,000	12,675,000	12,800,000
Series 2007	4.00 – 4.25	2027	100,000	7,800,000	7,900,000	8,000,000
Series 2008	4.00 – 5.00	2035	-	12,000,000	12,000,000	12,000,000
Series 2009	3.00 – 5.00	2035	-	13,860,000	13,860,000	-
Residence System Bonds:						
Series 1999	4.05 – 5.55	2020	315,000	4,650,000	4,965,000	5,265,000
Series 2000	5.00 – 6.50	2021	650,000	11,220,000	11,870,000	12,495,000
Series 2002-Refunding	3.00 – 4.50	2018	485,000	5,465,000	5,950,000	6,415,000
Series 2003	3.50 – 4.75	2023	390,000	7,415,000	7,805,000	8,180,000
Field House Bonds:						
Series 2001	3.75 – 4.75	2022	235,000	4,130,000	4,365,000	4,590,000
Series 2004	2.50 – 4.40	2024	325,000	6,530,000	6,855,000	7,175,000
Series 2005-Refunding	3.00 – 4.20	2022	360,000	6,155,000	6,515,000	6,865,000
Student Union Bonds:						
Series 2002	1.80 – 5.00	2022	520,000	9,460,000	9,980,000	10,480,000
Student Health Bonds:						
Series 2004	3.00 – 4.40	2024	<u>155,000</u>	<u>3,135,000</u>	<u>3,290,000</u>	<u>3,440,000</u>
Total Bonds Payable			<u>\$6,720,227</u>	<u>122,578,532</u>	<u>129,298,759</u>	<u>121,971,061</u>

The above bonds were issued for the following purposes:

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

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

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

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

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

All of the 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>
2010	\$ 6,720,227	5,863,093	12,583,320
2011	6,981,630	6,025,955	13,007,585
2012	7,496,706	5,261,223	12,757,929
2013	7,703,112	5,241,574	12,944,686
2014	7,744,222	4,647,287	12,391,509
2015-2019	36,127,862	18,995,893	55,123,755
2020-2024	31,195,000	9,225,798	40,420,798
2025-2029	13,410,000	4,352,022	17,762,022
2030-2034	8,100,000	2,011,250	10,111,250
2035-2039	<u>3,820,000</u>	<u>193,750</u>	<u>4,013,750</u>
Total	<u>\$129,298,759</u>	<u>61,817,845</u>	<u>191,116,604</u>

The changes in Bonds Payable for fiscal years 2009 and 2008 are detailed below:

	<u>2009</u>	<u>2008</u>
Bonds payable beginning of year	\$121,971,061	116,634,127
Bonds retired during the fiscal year	(6,532,302)	(6,663,066)
Bonds issued during the fiscal year	<u>13,860,000</u>	<u>12,000,000</u>
Bonds payable at end of year	<u>\$129,298,759</u>	<u>121,971,061</u>

**Notes Payable**

The following notes payable were outstanding at June 30, 2009 and 2008:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>2009 Total</u>	<u>2008 Total</u>
City of Cedar Falls	0.00	2027	\$ 15,000	470,000	485,000	500,000

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

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

**Capital Leases Payable**

The University has an equipment master lease agreement to finance the acquisition of certain equipment and real property. The University entered into a capital lease agreement with Wells Fargo Brokerage Services, LLC. Funds provided were to be used for the construction of a Human Performance Complex on campus to support the academic, research and public service programs of the School of Health, Physical Education and Leisure Services. The lease agreement provides funding for costs of \$2,150,000, with payments due semi-annually through fiscal year 2016 and bears an interest rate of 6.60%. The principal balance was \$1,621,482 as of June 30, 2009.

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 189,041	103,949	292,990
2011	201,724	91,267	292,991
2012	215,257	77,733	292,990
2013	229,699	63,292	292,991
2014	245,109	47,882	292,991
2015-2016	<u>540,652</u>	<u>45,328</u>	<u>585,980</u>
Total	<u>\$1,621,482</u>	<u>429,451</u>	<u>2,050,933</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note O – 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 480 retired members in the plan. Employees must be age 55 or older at retirement.

The healthcare 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. There is no subsidy or OPEB liability associated with the dental or the life insurance benefits.

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 for June 30, 2009, the amount actually contributed to the plan and changes in the University's net OPEB obligation:

Annual required contribution	\$ 1,114,000
Interest on net OPEB obligation	23,000
Adjustment to annual required contribution	<u>(18,000)</u>
Annual OPEB cost (expense)	1,119,000
Contributions made	<u>(658,000)</u>
Increase in net OPEB obligation	461,000
Net OPEB obligation – beginning of year	<u>456,000</u>
Net OPEB obligation – end of year	<u>\$ 917,000</u>

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, 2009.

For the fiscal year 2009, the University contributed \$658,000 to the medical plan. Plan members receiving benefits contributed \$2.1 million, or 76% of the premium costs.



**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note O – OPEB (Other Postemployment Benefits) (continued)**

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009 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>
6/30/2009	\$1,119,000	58.8%	\$917,000

Funded Status and Funding Progress. As of July 1, 2007, the most recent actuarial valuation date for the period July 1, 2007 through June 30, 2008, the actuarial accrued liability was \$13.3 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$13.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$118.8 million, and the ratio of the UAAL to the covered payroll was 11.2%. As of June 30, 2009, 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, presented as required supplementary information in the section following the Notes to Financial Statements, will present 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, 2007 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5% discount rate based on the University's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

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, 2006 to reflect the University's experienced retirement age of 62 and applying the termination factors used in IPERS Actuarial Report as of June 30, 2006.

Projected claim costs of the medical plan are \$721 per month for retirees less than 65 and \$310 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note P – Refundable Advances on Student Loans**

The Perkins Federal Loan program requires a return of Federal Capital Contribution if the United States Government terminates the program. The accumulated Federal Capital Contribution received by the University of Northern Iowa over the lifetime of the Perkins Loan program is \$9,384,190 and \$9,839,199 at June 30, 2009 and 2008, respectively.

**Note Q – Endowments**

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

	<u>2009</u>	<u>2008</u>
Restricted-Nonexpendable	<u>\$ 615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships	\$ 111,712	184,065
Loans	110,204	159,525
Other-Chair	<u>199,164</u>	<u>432,099</u>
Total	<u>\$ 421,080</u>	<u>775,689</u>

**Note R – Related Party Organization**

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

Significant Alumni Association financial data as of and for the years ended June 30, 2009 and 2008 follows:

	<u>2009</u>	<u>2008</u>
Total Assets	\$ 609,577	739,534
Total Liabilities	141,821	129,002
Total Equity	467,756	610,532
Due to the University	1,120	-
Total Support and Revenues	216,294	356,959
Total Expenses	359,070	427,773

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

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

	<u>2009</u>	<u>2008</u>
Program activities:		
Scholarships and department programs	\$ 21,237,856	29,535,117
Plant	2,145,871	4,503,918
Annuity restrictions	338,965	67,308
Annuity trust restrictions	73,171	-
Unitrust restrictions	<u>1,045,103</u>	<u>21,346</u>
Total Temporarily Restricted Net Assets	\$ <u>24,840,966</u>	<u>34,127,689</u>

**Note T – Risk Management**

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

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

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

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

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

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

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

The Board of Regents, State of Iowa entered into an agreement with the Department of Management, the State Appeal Board, and the Attorney General for resolution of tort claims of \$5,000 or less. The University is authorized to approve claims of \$5,000 or less, paying for the claims from institutional funds up to an annual limit of \$50,000. When a tort claim is filed against the State, the State Appeal Board has the authority to approve or reject ordinary claims less than ten years from occurrence and tort claims not

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

over \$5,000. Tort claims settled or allowed in excess of \$5,000 must have the unanimous approval of all the members of the State Appeal Board, the Attorney General, and the District Court of the State of Iowa for Polk County. Torts may be paid without limit from the State's general fund.

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

The University has purchased commercial property insurance, including earthquake and flood coverage, for its facilities. There is a \$2,000,000 deductible on general University buildings. Additional coverage is provided for Auxiliary Enterprises, such as the Residence System, Maucker Union, and the Field House, with deductibles ranging from \$25,000 to \$100,000 per occurrence.

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

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

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

**Medical and Dental-Self Insured.** The University self-funds on behalf of its departments for losses related to its professional employees. Employees share the cost of the coverage. The University insures its medical claims with 120% aggregate stop-loss insurance.

The following schedule presents the changes in claims liabilities for medical and dental insurance for professional staff and unemployment compensation for the fiscal years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Amount of claims and contingent liabilities accrued at beginning of year	\$ 2,020,105	1,711,791
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	14,780,195	12,525,454
Payments on claims during the fiscal year	<u>(14,736,752)</u>	<u>(12,217,140)</u>
Amount of claims liabilities at end of year	\$ <u>2,063,548</u>	<u>2,020,105</u>

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

**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 U – Debt Issuance Costs**

Debt issuance costs at June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Debt issuance costs	\$ 2,212,550	1,988,676
Less accumulated amortization	(641,098)	(539,259)
Net debt issuance costs	<u>\$ 1,571,452</u>	<u>1,449,417</u>

Amortization expense for fiscal years 2009 and 2008 was \$101,839 and \$94,140, respectively.

**Note V – Operating Leases**

The University has leased various buildings, tower space, and equipment. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. These leases expire between June 30, 2009 and June 30, 2015, 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, 2009:

Year ending <u>June 30,</u>	
2010	\$ 319,864
2011	284,051
2012	104,982
2013	54,825
2014	49,914
2015	<u>2,920</u>
Total	<u>\$ 816,556</u>

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

Rental expense for the years ended June 30, 2009 and 2008, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$961,360 and \$907,229, respectively.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

**Early Retirement Incentive Program 1986**

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

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

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

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

University policy requires departments to fully fund the ERIP liability upon signing ERIP contracts. No contracts were signed or funded during the fiscal year ended June 30, 2009. Current contracts will be fulfilled during fiscal 2010. At June 30, 2009 and 2008, the present value of future benefits was \$32,092 and \$234,111, respectively. The interest rate utilized to calculate the present value is the June 30 Merrill Lynch Ready Assets Trust rate. The rates on June 30, 2009 and 2008 were .04% and 2.22%, respectively. During fiscal 2009, benefit payments for 24 participants totaled \$209,998. During fiscal 2008, benefit payments for 48 participants totaled \$367,418.

**Early Retirement Incentive Program 2009**

The 2009 Early Retirement Incentive Program was approved by the Board of Regents, State of Iowa in April, 2009. The 2009 Program is a one-time program which permits employee participation through July 31, 2009. Eligible for participation are faculty, professional-scientific employees, institutional officials and merit system employees who have attained the age of 57 and whose age plus years of service equals 70 or more on his or her retirement date. Employees participating in the program must retire between June 1, 2009 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 will be made to TIAA/CREF for five years based on the employee's annual salary as of May 1, 2009.

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

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

The employee is permitted to elect to accept the present value of the health and dental insurance contributions as a lump sum payout in lieu of continuing coverage on the University's health and dental plans.

The University will fund the 2009 Program on a pay-as-you-go basis from ARRA Education Stimulus funds, health and dental insurance reserves, and operating funds. As of June 30, 2009, 79 contracts to retire were signed. At June 30, 2009, the present value of future benefits was \$5,968,113. The interest rate utilized to calculate the present value is based on the Merrill Lynch Ready Assets Trust rate. The rate on June 30, 2009 was 0.04%. During fiscal year 2009, benefit payments for two participants totaled \$57,965.

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

The University is a beneficiary of the Joseph S. Wright Trust, which is held by others and had an aggregate market value of \$576,289 and \$709,394 at June 30, 2009 and 2008, respectively. The income received by the University from this trust was \$12,516 for fiscal year 2009 and \$13,005 for fiscal year 2008.

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

Commitments: Changes to the University's outstanding construction contract commitments for Plant construction for the fiscal year ended June 30, 2009 are as follows:

Construction Commitments beginning of year	\$ 9,428,365
Increases in Commitments	19,215,369
Payments and Decreases in Commitments	(17,499,175)
Construction Commitments at end of year	\$ <u>11,144,559</u>

The University of Northern Iowa Foundation recently discontinued a group-term life insurance program for certain donors. In connection with the discontinuation of the program, certain legal and tax issues have arisen. Documents have been requested from third parties in order to ascertain facts that could affect the calculation of unasserted tax claims relating to the discontinued program. Management and legal counsel of the Foundation do not believe that sufficient facts are currently available to reasonably estimate the amount of the Foundation's legal and tax liability, if any. Accordingly, no loss contingency estimate is included in the Foundation's financial statements.

With the exception of the contingent liability reported by the University of Northern Iowa Foundation, there were no material claims or contingencies as of June 30, 2009.

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note Z – Segment Reporting**

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bond issues are outstanding. 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 created to defray the costs of constructing, renovating and equipping of academic buildings, libraries, and administrative and service buildings of the University.

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

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

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

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

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**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

**Note Z – Segment Reporting** (continued)  
**Academic Building**

<b>Condensed Statement of Net Assets</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Assets:		
Current assets	\$ 22,857,323	16,029,641
Capital assets	61,971,418	57,215,162
Other noncurrent assets	<u>7,234,672</u>	<u>7,337,574</u>
Total assets	<u>92,063,413</u>	<u>80,582,377</u>
Liabilities:		
Current liabilities	5,661,727	5,568,659
Noncurrent liabilities	<u>64,418,532</u>	<u>53,843,758</u>
Total liabilities	<u>70,080,259</u>	<u>59,412,417</u>
Net assets:		
Invested in capital assets, net of related debt	12,009,235	14,882,608
Restricted, expendable	9,114,967	6,287,352
Unrestricted	<u>858,952</u>	<u>-</u>
Total net assets	<u>\$ 21,983,154</u>	<u>21,169,960</u>

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

Operating revenues	\$ 60,319,329	57,468,006
Depreciation expense	(2,200,356)	(1,925,705)
Other operating expenses	<u>-</u>	<u>-</u>
Net operating income (loss)	58,118,973	55,542,301
Nonoperating revenues (expenses)	3,155,008	2,054,950
Transfers from (to) University funds	<u>(60,460,787)</u>	<u>(57,468,006)</u>
Change in net assets	813,194	129,245
Net assets, beginning of year	<u>21,169,960</u>	<u>21,040,715</u>
Net assets, end of year	<u>\$ 21,983,154</u>	<u>21,169,960</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by operating activities	\$ 60,522,538	57,468,006
Net cash provided (used) by capital and related financing activities	(51,558,756)	(54,489,058)
Net cash provided (used) by investing activities	<u>(7,483,974)</u>	<u>(1,033,247)</u>
Net increase (decrease) in cash	1,479,808	1,945,701
Cash and cash equivalents, beginning of year	<u>11,390,816</u>	<u>9,445,115</u>
Cash and cash equivalents, end of year	<u>\$ 12,870,624</u>	<u>11,390,816</u>

**Debt Service Coverage**

Debt service coverage – required	1.25	1.25
Debt service coverage – actual	9.45	10.14

**Proportion of Revenue Pledged**

Annual debt service (principal & interest)	\$ 6,171,873	5,947,762
Net operating income *	60,319,329	57,468,006
Annual debt service/net operating income (%)	10.2%	10.4%

As of June 30, 2009, revenue pledged for future principal and interest payments was \$107,948,237.

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

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS** (continued)  
June 30, 2009

**Note Z – Segment Reporting** (continued)  
**Residence System**

**Condensed Statement of Net Assets**

	<u><b>2009</b></u>	<u><b>2008</b></u>
Assets:		
Current assets	\$ 16,154,279	9,793,779
Capital assets	31,176,686	29,452,695
Other noncurrent assets	<u>2,994,387</u>	<u>7,457,267</u>
Total assets	<u>50,325,352</u>	<u>46,703,741</u>
Liabilities:		
Current liabilities	4,409,242	4,354,316
Noncurrent liabilities	<u>29,290,929</u>	<u>30,898,838</u>
Total liabilities	<u>33,700,171</u>	<u>35,253,154</u>
Net assets:		
Invested in capital assets, net of related debt	2,426,686	(199,269)
Restricted, expendable	8,542,476	7,901,448
Unrestricted	<u>5,656,019</u>	<u>3,748,408</u>
Total net assets	<u>\$ 16,625,181</u>	<u>11,450,587</u>

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

Operating revenues	\$ 35,596,414	32,041,621
Depreciation expense	(1,352,018)	(1,378,126)
Other operating expenses	<u>(28,119,256)</u>	<u>(25,729,896)</u>
Net operating income (loss)	6,125,140	4,933,599
Nonoperating revenues (expenses)	(953,020)	(927,708)
Transfers from (to) University funds	<u>2,474</u>	<u>-</u>
Change in net assets	5,174,594	4,005,891
Net assets, beginning of year	<u>11,450,587</u>	<u>7,444,696</u>
Net assets, end of year	<u>\$ 16,625,181</u>	<u>11,450,587</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by operating activities	\$ 7,444,048	6,436,448
Net cash provided (used) by capital and related financing activities	(5,257,495)	(4,213,268)
Net cash provided (used) by investing activities	<u>(337,519)</u>	<u>(1,580,669)</u>
Net increase (decrease) in cash	1,849,034	642,511
Cash and cash equivalents, beginning of year	<u>8,966,715</u>	<u>8,324,204</u>
Cash and cash equivalents, end of year	<u>\$ 10,815,749</u>	<u>8,966,715</u>

**Debt Service Coverage**

Debt service coverage – required	1.35	1.35
Debt service coverage – actual	3.15	2.54

**Proportion of Revenue Pledged**

Annual debt service (principal & interest)	\$ 3,285,136	3,290,449
Net operating income *	10,539,558	8,498,622
Annual debt service/net operating income (%)	31.2%	38.7%

As of June 30, 2009, revenue pledged for future principal and interest payments was \$41,057,908.

\* 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, 2009

**Note Z – Segment Reporting** (continued)  
**Student Union**

**Condensed Statement of Net Assets**

	<u><b>2009</b></u>	<u><b>2008</b></u>
Assets:		
Current assets	\$ 3,073,974	1,893,312
Capital assets	12,871,088	12,515,147
Other noncurrent assets	<u>1,912,266</u>	<u>3,211,859</u>
Total assets	<u>17,857,328</u>	<u>17,620,318</u>
Liabilities:		
Current liabilities	886,202	790,389
Noncurrent liabilities	<u>9,490,242</u>	<u>10,005,874</u>
Total liabilities	<u>10,376,444</u>	<u>10,796,263</u>
Net assets:		
Invested in capital assets, net of related debt	3,411,088	2,730,913
Restricted, expendable	1,008,750	1,008,750
Unrestricted	<u>3,061,046</u>	<u>3,084,392</u>
Total net assets	<u>\$ 7,480,884</u>	<u>6,824,055</u>

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

Operating revenues	\$ 1,751,211	1,473,557
Depreciation expense	(422,864)	(426,184)
Other operating expenses	<u>(1,297,230)</u>	<u>(1,323,796)</u>
Net operating income (loss)	31,117	(276,423)
Nonoperating revenues (expenses)	(338,914)	(286,951)
Transfers from (to) University funds	<u>964,626</u>	<u>1,015,469</u>
Change in net assets	656,829	452,095
Net assets, beginning of year	<u>6,824,055</u>	<u>6,371,960</u>
Net assets, end of year	<u>\$ 7,480,884</u>	<u>6,824,055</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by operating activities	\$ 468,921	121,185
Net cash provided (used) by capital and related financing activities	(677,071)	(6,047)
Net cash provided (used) by investing activities	<u>(662,974)</u>	<u>(556,565)</u>
Net increase (decrease) in cash	(871,124)	(441,427)
Cash and cash equivalents, beginning of year	<u>1,827,376</u>	<u>2,268,803</u>
Cash and cash equivalents, end of year	<u>\$ 956,252</u>	<u>1,827,376</u>

**Debt Service Coverage**

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	4.55	4.52

**Proportion of Revenue Pledged**

Annual debt service (principal & interest)	\$ 991,613	990,613
Net operating revenue *	1,560,955	1,390,998
Annual debt service/net operating income (%)	63.5%	71.2%

As of June 30, 2009, revenue pledged for future principal and interest payments was \$13,768,376.

\* 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, 2009

**Note Z – Segment Reporting** (continued)  
**Field House System**

<b>Condensed Statement of Net Assets</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Assets:		
Current assets	\$ 3,850,066	4,858,527
Capital assets	36,172,471	37,410,407
Other noncurrent assets	<u>8,869,759</u>	<u>7,720,558</u>
Total assets	<u>48,892,296</u>	<u>49,989,492</u>
Liabilities:		
Current liabilities	1,342,430	1,340,117
Noncurrent liabilities	<u>17,326,108</u>	<u>18,259,637</u>
Total liabilities	<u>18,668,538</u>	<u>19,599,754</u>
Net assets:		
Invested in capital assets, net of related debt	18,887,471	19,616,077
Restricted, expendable	4,301,540	4,840,574
Unrestricted	<u>7,034,747</u>	<u>5,933,087</u>
Total net assets	<u>\$ 30,223,758</u>	<u>30,389,738</u>

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

Operating revenues	\$ 3,621,717	3,665,334
Depreciation expense	(1,287,487)	(1,276,512)
Other operating expenses	<u>(2,241,284)</u>	<u>(2,403,167)</u>
Net operating income (loss)	92,946	(14,345)
Nonoperating revenues (expenses)	<u>(258,926)</u>	<u>(301,642)</u>
Change in net assets	(165,980)	(315,987)
Net assets, beginning of year	<u>30,389,738</u>	<u>30,705,725</u>
Net assets, end of year	<u>\$ 30,223,758</u>	<u>30,389,738</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by operating activities	\$ 1,370,794	1,236,418
Net cash provided (used) by capital and related financing activities	(1,086,763)	(4,027,956)
Net cash provided (used) by investing activities	<u>(1,812,917)</u>	<u>(917,905)</u>
Net increase (decrease) in cash	(1,528,886)	(3,709,443)
Cash and cash equivalents, beginning of year	<u>4,172,651</u>	<u>7,882,094</u>
Cash and cash equivalents, end of year	<u>\$ 2,643,765</u>	<u>4,172,651</u>

**Debt Service Coverage**

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	5.26	4.73

**Proportion of Revenue Pledged**

Annual debt service (principal & interest)	\$ 1,632,255	1,620,068
Net operating revenue *	1,872,779	1,716,597
Annual debt service/net operating income (%)	87.2%	94.4%

As of June 30, 2009, revenue pledged for future principal and interest payments was \$24,194,754.

\* 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, 2009

**Note Z – Segment Reporting** (continued)  
**Student Health System**

<b>Condensed Statement of Net Assets</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Assets:		
Current assets	\$ 1,485,625	1,226,496
Capital assets	3,629,343	3,647,854
Other noncurrent assets	<u>1,101,769</u>	<u>1,155,057</u>
Total assets	<u>6,216,737</u>	<u>6,029,407</u>
Liabilities:		
Current liabilities	297,283	280,611
Noncurrent liabilities	<u>3,188,091</u>	<u>3,336,779</u>
Total liabilities	<u>3,485,374</u>	<u>3,617,390</u>
Net assets:		
Invested in capital assets, net of related debt	494,343	418,392
Restricted, expendable	289,980	289,980
Unrestricted	<u>1,947,040</u>	<u>1,703,645</u>
Total net assets	<u>\$ 2,731,363</u>	<u>2,412,017</u>

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

Operating revenues	\$ 3,016,838	2,923,436
Depreciation expense	(114,348)	(113,456)
Other operating expenses	<u>(2,982,730)</u>	<u>(2,717,946)</u>
Net operating income (loss)	(80,240)	92,034
Nonoperating revenues (expenses)	(77,936)	(29,457)
Transfers from (to) University funds	<u>477,522</u>	<u>417,201</u>
Change in net assets	319,346	479,778
Net assets, beginning of year	<u>2,412,017</u>	<u>1,932,239</u>
Net assets, end of year	<u>\$ 2,731,363</u>	<u>2,412,017</u>

**Condensed Statement of Cash Flows**

Net cash provided (used) by operating activities	\$ 48,956	242,488
Net cash provided (used) by capital and related financing activities	105,766	87,943
Net cash provided (used) by investing activities	<u>(600,210)</u>	<u>75,555</u>
Net increase (decrease) in cash	(445,488)	405,986
Cash and cash equivalents, beginning of year	<u>1,099,829</u>	<u>693,843</u>
Cash and cash equivalents, end of year	<u>\$ 654,341</u>	<u>1,099,829</u>

**Debt Service Coverage**

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	8.65	8.57

**Proportion of Revenue Pledged**

Annual debt service (principal & interest)	\$ 281,024	280,524
Net operating revenue *	534,155	720,180
Annual debt service/net operating income (%)	52.6%	39.0%

As of June 30, 2009, revenue pledged for future principal and interest payments was \$4,477,632.

\* 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, 2009

**Note AA – Operating Expenses by Function**

Operating expenses by natural classification for the year ended June 30, 2009 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	\$ 71,125,087	1,247,711	947,286	782,577	717,915
Research	1,139,897	60,939	190,540	208,380	95,667
Public Service	13,747,133	5,140,304	1,598,232	7,767,377	596,253
Academic Support	17,624,920	583,351	662,959	292,486	2,600,441
Student Services	5,040,358	432,259	331,462	305,019	52,423
Institutional Support	26,305,879	366,874	377,777	909,770	336,638
Operation and Maintenance of Plant	10,574,360	56,969	240,736	418,660	5,707,426
Scholarships and Fellowships	781,202	(65)	-	-	-
Depreciation	-	-	-	-	-
Loan cancellations and write-offs	-	-	-	44,118	-
Auxiliary Enterprises	<u>24,497,312</u>	<u>1,852,370</u>	<u>7,083,357</u>	<u>2,950,361</u>	<u>2,265,009</u>
Total Operating Expenses	<u>\$170,836,148</u>	<u>9,740,712</u>	<u>11,432,349</u>	<u>13,678,748</u>	<u>12,371,772</u>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits &amp; Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
Operating Expenses: (continued)					
Instruction	1,064,962	121,161	478,235	-	\$ 76,484,933
Research	57,765	4,121	36,086	-	1,793,393
Public Service	1,773,807	199,214	274,692	-	31,097,013
Academic Support	397,225	461,169	107,261	-	22,729,813
Student Services	396,996	511,982	6,446	-	7,076,945
Institutional Support	(1,179,675)	2,265,444	(34,582)	-	29,348,125
Operation and Maintenance of Plant	5,014,573	173,192	-	-	22,185,917
Scholarships and Fellowships	-	-	4,931,345	-	5,712,482
Depreciation	-	-	-	13,975,476	13,975,476
Loan cancellations and write-offs	924,706	(455,008)	-	-	513,815
Auxiliary Enterprises	<u>6,840,192</u>	<u>1,032,975</u>	<u>3,556,285</u>	<u>-</u>	<u>50,077,862</u>
Total Operating Expenses	<u>15,290,551</u>	<u>4,314,250</u>	<u>9,355,768</u>	<u>13,975,476</u>	<u>\$260,995,774</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note AA – Operating Expenses by Function**

Operating expenses by natural classification for the year ended June 30, 2008 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	\$ 67,346,192	1,296,924	969,426	531,355	949,283
Research	1,675,564	87,204	192,664	175,698	78,197
Public Service	12,992,492	4,436,912	1,447,850	2,748,665	535,867
Academic Support	16,921,135	584,358	583,696	358,600	2,793,961
Student Services	4,873,373	475,862	321,773	480,082	45,467
Institutional Support	19,323,508	377,042	303,760	436,355	268,520
Operation and Maintenance of Plant	10,218,843	69,031	155,186	215,211	5,922,066
Scholarships and Fellowships	708,138	137	748	241	-
Depreciation	-	-	-	-	-
Loan cancellations and write-offs	-	-	-	34,648	-
Auxiliary Enterprises	<u>23,441,013</u>	<u>1,840,241</u>	<u>6,925,721</u>	<u>2,701,299</u>	<u>2,253,792</u>
Total Operating Expenses	<u>\$157,500,258</u>	<u>9,167,711</u>	<u>10,900,824</u>	<u>7,682,154</u>	<u>12,847,153</u>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits &amp; Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
Operating Expenses: (continued)					
Instruction	950,399	68,427	493,095	-	\$ 72,605,101
Research	156,325	11,762	77,356	-	2,454,770
Public Service	1,690,408	176,770	155,760	-	24,184,724
Academic Support	336,159	399,131	73,024	-	22,050,064
Student Services	315,954	42,480	3,093	-	6,558,084
Institutional Support	(1,346,180)	885,139	(17,314)	-	20,230,830
Operation and Maintenance of Plant	4,712,250	103,663	-	-	21,396,250
Scholarships and Fellowships	211	-	4,174,662	-	4,884,137
Depreciation	-	-	-	13,291,606	13,291,606
Loan cancellations and write-offs	304,659	(87,421)	-	-	251,886
Auxiliary Enterprises	<u>7,268,535</u>	<u>977,382</u>	<u>3,635,460</u>	-	<u>49,043,443</u>
Total Operating Expenses	<u>14,388,720</u>	<u>2,577,333</u>	<u>8,595,136</u>	<u>13,291,606</u>	<u>\$236,950,895</u>

**University of Northern Iowa**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
June 30, 2009

**Note AB – Subsequent Events**

On July 10, 2009, severe winds caused approximately \$4.3 million of damage to the UNI-Dome roof, and \$0.5 million of damage to University facilities and grounds. The UNI-Dome loss is covered by insurance, as is the damage to Residence System and Rental Housing facilities. FEMA will reimburse the University for 75 percent of the loss to University facilities and grounds under Presidential Disaster Declaration 1854.

As stated in Note W of the Notes to Financial Statements, the Board of Regents, State of Iowa approved the University's request to establish the 2009 Early Retirement Incentive Program. As of June 30, 2009, 79 contracts to retire were signed. The present value of future benefits was \$5,968,113. Between July 1 and July 31, 2009, 36 additional contracts to retire were signed. As of July 31, 2009, the present value of future benefits for the 38 additional contracts was \$2,572,427.

On September 29, 2009, Standard and Poor's upgraded the credit rating on Academic Building Revenue Bonds from 'A' to 'A+'.

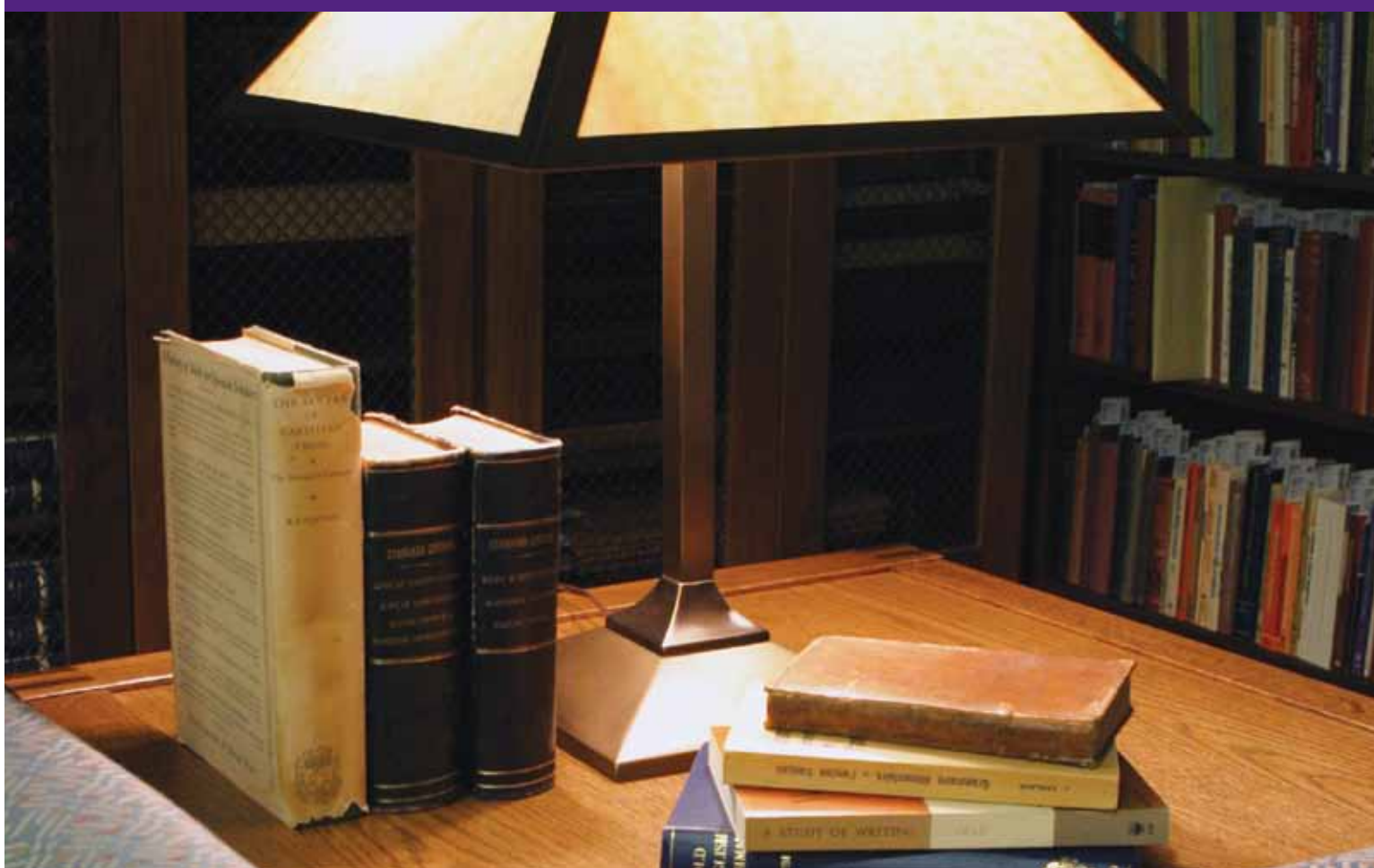
On October 8, 2009, Governor Chester J. Culver signed Executive Order Number 19. Under that Executive Order, all appropriations funded by the State General Fund for Fiscal 2010 were uniformly reduced by 10 percent, with the exception of those made to the Courts and the Legislature. According to the Executive Order, the appropriations will be reduced by approximately \$565 million and will help the State of Iowa by avoiding a deficit in the State General Fund at the end of Fiscal 2010. The appropriations to the General Fund were reduced by \$8.4 million and the Special General Funds were reduced by \$0.5 million. President Benjamin J. Allen presented a plan to the Board of Regents, State of Iowa on October 29, 2009 to modify the General Educational Fund budgets to accommodate the reduction in state appropriations.





**University of  
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A public university  
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Board of Regents,  
State of Iowa



Required Supplementary  
Information

**2008-2009**

**Required Supplementary Information**



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

<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>
07/01/08	-	\$13,303	\$13,303	0.0%	\$118,839	11.2%
07/01/09	-	\$13,303	\$13,303	0.0%	\$118,839	11.2%

See Note O 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  
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**2008-2009**  
**Statistical Section**



## **University of Northern Iowa Statistical Section**

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
 <b>Financial Trends</b>	
These schedules contain trend information to help understand how the University's financial performance has changed over time.	73-76
 <b>Revenue Capacity</b>	
These schedules provide information on the University's most significant revenue sources, tuition and fees, and state appropriations.	77-78
 <b>Debt Capacity</b>	
These schedules present the University's bonded debt obligation and the revenue bond coverage.	79-81
 <b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help understand the environment within which the University's financial activities take place.	82-83
 <b>Operating Information</b>	
These schedules contain information about the University's operations and resources to help the reader understand how the University's financial information relates to the students and services the University provides.	84-90

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





University of Northern Iowa

Schedule 1

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

For the Last Ten Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Higher Education Price Index	<b>6.637</b>	6.406	6.183	5.983	5.689	5.499	5.254	5.107	4.905	4.667
Normalized HEPI	<b>1.422</b>	1.373	1.325	1.282	1.219	1.178	1.126	1.094	1.051	1.000
Full Year FTE	11,141	10,979	10,783	10,969	11,351	11,477	11,959	12,186	11,947	11,804

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 2009 Updates

Source: Research Associates of Washington; HEPI Index; 2000 through 2004 Updates

## University of Northern Iowa

## Schedule 2

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

For the Last Eight Years

(Expressed in Thousands)

	2009	2008	2007	2006	2005	2004	2003	2002
<b>CHANGE IN NET ASSETS</b>								
Total Revenues - Schedule 3	\$ 278,283	256,846	255,306	239,105	231,310	239,576	225,894	222,614
Total Expenses - Schedule 4	<u>266,862</u>	<u>242,840</u>	<u>227,663</u>	<u>226,703</u>	<u>217,262</u>	<u>217,447</u>	<u>211,236</u>	<u>211,256</u>
Change in Net Assets	<b>11,421</b>	14,006	27,643	12,402	14,048	22,129	14,658	11,358
Net Assets - July 1	<b>287,213</b>	273,207	245,564	233,162	219,114	196,985	182,327	170,969
Net Assets - June 30	<u><b>\$ 298,634</b></u>	<u>287,213</u>	<u>273,207</u>	<u>245,564</u>	<u>233,162</u>	<u>219,114</u>	<u>196,985</u>	<u>182,327</u>
<b>NET ASSETS BY CLASSIFICATION</b>								
Invested in capital assets, net of related debt	\$ 205,107	194,237	180,720	158,553	145,911	136,015	136,364	119,586
Restricted								
Nonexpendable								
Scholarships and fellowships	<b>615</b>	615	615	615	615	615	615	615
Expendable								
Scholarships and fellowships	<b>274</b>	340	391	371	338	319	416	230
Loans	<b>2,817</b>	2,996	2,976	2,962	2,940	2,834	2,622	2,527
Capital projects	<b>429</b>	4,576	14,936	17,828	23,682	15,670	3,783	6,010
Debt service	<b>23,780</b>	20,912	19,719	27,548	20,389	23,683	16,832	14,327
Other	<b>318</b>	846	1,034	635	740	1,224	919	696
Unrestricted	<b>65,294</b>	62,691	52,816	37,052	38,547	38,754	35,434	38,336
<b>Net Assets - June 30</b>	<u><b>\$ 298,634</b></u>	<u>287,213</u>	<u>273,207</u>	<u>245,564</u>	<u>233,162</u>	<u>219,114</u>	<u>196,985</u>	<u>182,327</u>

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

	2009	2008	2007	2006	2005	2004	2003	2002
<b>OPERATING</b>								
Gross Tuition & Fees	\$ 77,260	73,394	70,721	65,855	65,569	62,130	54,886	47,695
Less: Scholarship Allowance	17,226	15,871	14,290	13,351	13,689	13,052	12,054	10,361
Net Tuition & Fees	60,034	57,523	56,431	52,504	51,880	49,078	42,832	37,334
Receipts from other entities	242	144	86	100	83	991	852	2,823
Grants and contracts	36,708	32,073	30,863	29,100	30,744	29,123	27,839	28,150
Sales, rents and services	5,775	7,421	6,192	8,476	7,313	6,822	6,519	5,351
Miscellaneous	608	720	805	772	785	2,280	2,176	811
Auxiliary enterprises	54,859	50,177	47,559	41,967	38,524	36,857	36,928	34,577
Total Operating Income	158,226	148,058	141,936	132,919	129,329	125,151	117,146	109,046
<b>NONOPERATING</b>								
State appropriations	101,686	95,364	86,531	83,585	79,128	79,256	83,107	85,103
Investment return	(611)	1,687	5,247	2,694	2,154	1,665	2,791	1,775
Gifts, grants and contracts	3,385	2,601	2,954	2,433	2,386	2,213	1,492	2,782
Other revenue	-	-	-	-	-	-	-	6,881 *
Total Nonoperating Revenue	104,460	99,652	94,732	88,712	83,668	83,134	87,390	96,541
<b>CAPITAL AND OTHER REVENUES</b>								
Capital appropriations	5,752	5,018	8,650	6,188	14,307	15,440	20,412	16,542
Capital contributions and grants	9,845	4,118	9,988	4,311	4,006	15,851	946	485
Casualty reimbursement	-	-	-	3,170 #	-	-	-	-
Extraordinary gain on asset impairment	-	-	-	3,805 #	-	-	-	-
Total Capital and Other Revenue	15,597	9,136	18,638	17,474	18,313	31,291	21,358	17,027
<b>Total Revenues</b>	<b>\$ 278,283</b>	<b>256,846</b>	<b>255,306</b>	<b>239,105</b>	<b>231,310</b>	<b>239,576</b>	<b>225,894</b>	<b>222,614</b>
 <b>Constant Dollar Revenues</b>	 \$ 195,698	 187,069	 192,684	 186,509	 189,754	 203,375	 200,616	 203,486
 <b>Revenues per FTE (Actual)</b>	 \$ 24,978	 23,394	 23,677	 21,798	 20,378	 20,874	 18,889	 18,268
 <b>Constant Dollar</b>								
<b>Revenues per FTE (Actual)</b>	<b>\$ 17,565</b>	<b>17,039</b>	<b>17,869</b>	<b>17,003</b>	<b>16,717</b>	<b>17,720</b>	<b>16,775</b>	<b>16,698</b>

# Gilchrist arson October 16, 2005.

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

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

	2009	2008	2007	2006	2005	2004	2003	2002
<b>OPERATING EXPENSES BY FUNCTION</b>								
Instruction	\$ 76,485	72,605	68,768	67,145	64,418	64,082	62,067	58,352
Research	1,793	2,455	3,232	1,428	2,518	2,568	2,513	2,961
Public service	31,097	24,185	23,488	22,589	22,165	19,978	18,382	20,394
Academic support	22,730	22,050	19,771	19,904	19,401	19,794	20,659	20,846
Student services	7,077	6,558	6,278	5,973	6,460	6,130	6,067	5,915
Institutional support	29,348	20,231	19,163	23,311	23,562	22,828	22,716	20,211
Operation and maintenance of plant	22,186	21,396	20,687	20,576	16,740	20,471	19,717	25,293
Scholarships and fellowships	5,712	4,884	4,495	4,861	5,454	6,415	6,563	5,922
Depreciation	13,975	13,292	12,517	11,469	12,646	12,833	12,512	12,631
Loan cancellations and write-offs	514	252	279	277	471	479	484	790
Auxiliary enterprises	50,078	49,043	43,779	41,066	38,220	36,486	34,275	33,383
Total Operating Expenses	260,995	236,951	222,457	218,599	212,055	212,064	205,955	206,698
<b>NONOPERATING EXPENSES</b>								
Interest expense	5,743	5,765	5,014	5,010	5,141	5,179	5,180	4,504
Amortization expense	102	94	77	91	66	107	101	54
Miscellaneous expense	22	30	115	3,003 *	-	97	-	-
Total Nonoperating Expenses	5,867	5,889	5,206	8,104	5,207	5,383	5,281	4,558
<b>Total Expenses</b>	<b>\$ 266,862</b>	<b>242,840</b>	<b>227,663</b>	<b>226,703</b>	<b>217,262</b>	<b>217,447</b>	<b>211,236</b>	<b>211,256</b>
<b>Constant Dollar Expenses</b>	<b>\$ 187,667</b>	176,868	171,821	176,835	178,230	184,590	187,599	193,104
<b>Expenses per FTE (Actual)</b>	<b>\$ 23,953</b>	22,119	21,113	20,668	19,140	18,946	17,663	17,336
<b>Constant Dollar</b>								
<b>Expenses per FTE (Actual)</b>	<b>\$ 16,845</b>	16,110	15,934	16,122	15,701	16,083	15,687	15,846

\* 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)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>TUITION &amp; FEES</b>										
Total Tuition & Fees	\$ 77,260	73,394	70,721	65,855	65,569	62,130	54,886	47,695	42,963	39,829
Less: Other Funds Unrestricted	8,781	8,298	7,565	6,496	6,743	6,600	6,087	7,767	4,640	3,907
Unrestricted Scholarships & Fellowships	10,541	9,851	9,324	9,438	9,415	8,937	8,078	6,537	6,415	6,230
Net Tuition & Fees	\$ 57,938	55,245	53,832	49,921	49,411	46,593	40,721	33,391	31,908	29,692
<b>Constant Dollar Net Tuition &amp; Fees</b>	\$ 40,744	40,237	40,628	38,940	40,534	39,553	36,164	30,522	30,360	29,692
<b>Tuition &amp; Fees per FTE Student (Actual)</b>	\$ 5,200	5,032	4,992	4,551	4,353	4,060	3,405	2,740	2,671	2,515
<b>Constant Dollar Tuition &amp; Fees per FTE Student (Actual)</b>	\$ 3,657	3,665	3,768	3,550	3,571	3,446	3,024	2,505	2,541	2,515
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>TUITION &amp; FEES RATES</b>										
Resident Undergraduate	\$ 6,376	6,190	6,112	5,602	5,387	4,916	4,118	3,440	3,130	2,988
Non-resident Undergraduate	14,596	14,282	14,028	13,214	12,705	11,874	10,426	8,762	8,094	7,748
Resident Graduate	7,298	7,084	6,962	6,420	6,173	5,612	4,814	4,028	3,676	3,510
Non-resident Graduate	15,726	15,392	15,100	14,244	13,697	12,686	11,238	9,446	8,732	8,358
<b>FULL ROOM &amp; BOARD RATE</b>	\$ 6,790	6,280	5,740	5,519	5,261	5,018	4,640	4,398	4,149	3,914
<b>TOTAL COST OF ATTENDANCE</b>										
Resident Undergraduate	\$ 13,166	12,470	11,852	11,121	10,648	9,934	8,758	7,838	7,279	6,902
Non-resident Undergraduate	21,386	20,562	19,768	18,733	17,966	16,892	15,066	13,160	12,243	11,662
<b>CONSTANT DOLLAR TUITION &amp; FEE RATES</b>										
Resident Undergraduate	\$ 4,484	4,508	4,613	4,370	4,419	4,173	3,657	3,144	2,978	2,988
Non-resident Undergraduate	10,264	10,402	10,587	10,307	10,422	10,080	9,259	8,009	7,701	7,748
Resident Graduate	5,132	5,160	5,254	5,008	5,064	4,764	4,275	3,682	3,498	3,510
Non-resident Graduate	11,059	11,210	11,396	11,111	11,236	10,769	9,980	8,634	8,308	8,358
<b>CONSTANT DOLLAR FULL ROOM &amp; BOARD RATE</b>	\$ 4,775	4,574	4,332	4,305	4,316	4,260	4,121	4,020	3,948	3,914
<b>CONSTANT DOLLAR COST OF ATTENDANCE</b>										
Resident Undergraduate	\$ 9,259	9,082	8,945	8,675	8,735	8,433	7,778	7,164	6,926	6,902
Non-resident Undergraduate	15,039	14,976	14,919	14,612	14,738	14,340	13,380	12,029	11,649	11,662

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>STATE APPROPRIATIONS</b>										
Total	\$ 101,686	95,364	86,531	83,585	79,128	79,256	83,107	85,102	96,898	93,239
Less: Non-General Funds	993	1,606	1,544	677	723	677	291	272	117	114
Tuition Replacement *	-	-	-	-	-	-	-	-	4,951	4,627
Net State Appropriations	\$ 100,693	93,758	84,987	82,908	78,405	78,579	82,816	84,830	91,830	88,498
<b>Constant Dollar Unrestricted State Appropriations</b>	\$ 70,811	68,287	64,141	64,671	64,319	66,705	73,549	77,541	87,374	88,498
<b>State Appropriations per FTE Student (Actual)</b>	\$ 9,038	8,540	7,882	7,558	6,907	6,847	6,925	6,961	7,686	7,497
<b>Constant Dollar State Appropriations per FTE Student (Actual)</b>	\$ 6,356	6,220	5,948	5,896	5,666	5,812	6,150	6,363	7,313	7,497
<b>CAPITAL APPROPRIATIONS</b>	\$ 5,752	5,018	8,650	6,188	14,307	15,440	20,412	16,542		
<b>Constant Dollar Restricted Capital Appropriations</b>	\$ 4,045	3,655	6,528	4,827	11,737	13,107	18,128	15,121		
<b>Capital Appropriations per FTE Student (Actual)</b>	\$ 516	457	802	564	1,260	1,345	1,707	1,357		
<b>Constant Dollar Capital Appropriations per FTE Student (Actual)</b>	\$ 363	333	605	440	1,034	1,142	1,516	1,241		

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

University of Northern Iowa  
Schedule 7

**OUTSTANDING DEBT PER FULL TIME EQUIVALENT (FTE) STUDENT**

For the Last Ten Years

(Expressed in Thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Bonded Debt</b>										
Academic Building Revenue Bonds \$	<b>67,704</b>	57,066	47,854	42,738	37,890	35,707	46,963	46,326	44,308	46,964
Residence System Bonds	<b>30,590</b>	32,355	34,040	35,655	36,935	37,960	39,570	31,140	32,250	33,045
Field House Bonds	<b>17,735</b>	18,630	20,190	21,640	30,340	23,325	13,760	13,990	8,585	8,795
Student Union Bonds	<b>9,980</b>	10,480	10,965	11,430	11,885	12,325	12,755	12,755	-	-
Student Health Center Bonds	<b>3,290</b>	3,440	3,585	3,730	3,875	3,875	-	-	-	-
Total Bonded Debt	<b>129,299</b>	121,971	116,634	115,193	120,925	113,192	113,048	104,211	85,143	88,804
<b>Notes Payable</b>										
City of Cedar Falls	<b>485</b>	500	500	500	500	-	-	-	-	-
Total Notes Payable	<b>485</b>	500	500	500	500	-	-	-	-	-
<b>Capital Leases Payable</b>										
Human Performance Center	<b>1,621</b>	1,799	1,965	-	-	-	-	-	-	-
McLeod Center Video Boards	<b>-</b>	-	717	-	-	-	-	-	-	-
Total Capital Leases Payable	<b>1,621</b>	1,799	2,682	-	-	-	-	-	-	-
Total Debt	<b>\$ 131,405</b>	124,270	119,816	115,693	121,425	113,192	113,048	104,211	85,143	88,804
<b>Constant Dollar</b>										
Outstanding Debt	<b>\$ 92,409</b>	90,510	90,427	90,244	99,610	96,088	100,398	95,257	81,011	88,804
<b>Outstanding Debt</b>										
per FTE Student (Actual)	<b>\$ 11,795</b>	11,319	11,112	10,547	10,697	9,863	9,453	8,552	7,127	7,523
<b>Constant Dollar Debt</b>										
per FTE Student (Actual)	<b>\$ 8,294</b>	8,244	8,386	8,227	8,775	8,372	8,395	7,817	6,781	7,523

University of Northern Iowa

Schedule 8

**REVENUE BOND COVERAGE**

For the Last Ten Years

(Dollars in Thousands)

**ACADEMIC BUILDING REVENUE BONDS**

Legal coverage = 1.25 of Maximum Debt Service Requirements

<b>Fiscal Year Ended June 30</b>	<b>Pledged General Fund Tuition</b>	<b>Maximum Debt Service</b>	<b>Actual Coverage</b>
<b>2009</b>	67,272	7,116	<b>9.45</b>
<b>2008</b>	63,771	6,287	<b>10.14</b>
<b>2007</b>	61,801	5,901	<b>10.47</b>
<b>2006</b>	58,158	5,392	<b>10.79</b>
<b>2005</b>	57,836	4,772	<b>12.12</b>
<b>2004</b>	54,447	4,824	<b>11.29</b>
<b>2003</b>	47,670	4,294	<b>11.10</b>
<b>2002</b>	39,934	5,135	<b>7.78</b>
<b>2001</b>	36,506	5,200	<b>7.02</b>
<b>2000</b>	34,171	5,200	<b>6.57</b>

**RESIDENCE SYSTEM REVENUE BONDS**

Legal coverage = 1.35 of Maximum Debt Service Requirements

<b>Fiscal Year Ended June 30</b>	<b>Gross Revenues</b>	<b>Less Operating Expenses</b>	<b>Net Available Revenues</b>	<b>Maximum Debt Service</b>	<b>Actual Coverage</b>
<b>2009</b>	36,099	25,559	10,540	3,347	<b>3.15</b>
<b>2008</b>	32,650	24,151	8,499	3,347	<b>2.54</b>
<b>2007</b>	30,323	22,701	7,622	3,347	<b>2.28</b>
<b>2006</b>	27,344	21,165	6,179	3,347	<b>1.85</b>
<b>2005</b>	24,836	20,092	4,744	3,347	<b>1.42</b>
<b>2004</b>	23,775	18,946	4,829	3,347	<b>1.44</b>
<b>2003</b>	24,158	18,491	5,667	3,347	<b>1.69</b>
<b>2002</b>	24,818	19,282	5,536	2,816	<b>1.97</b>
<b>2001</b>	24,522	18,018	6,504	2,816	<b>2.31</b>
<b>2000</b>	21,061	16,692	4,369	2,844	<b>1.54</b>

Maximum Debt Service is defined as the largest sum of principal and interest payable in any subsequent fiscal year. Legal coverage for the above bond issues is computed utilizing Maximum Debt Service.



## University of Northern Iowa

## Schedule 8 (continued)

**REVENUE BOND COVERAGE**

For the Last Ten Years

(Dollars in Thousands)

**FIELD HOUSE REVENUE BONDS**

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
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
2003	3,062	1,661	1,401	2,229	435	643	1,078	3.37
2002	2,675	1,680	995	3,521	230	554	784	5.76
2001	2,731	1,357	1,374	4,068	220	425	645	8.44
2000	2,147	931	1,216	5,398	210	434	644	10.27

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	
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
2003	2,510	968	1,542	2,794	430	555	985	4.40
2002	2,258	988	1,270	2,631	-	139	139	28.06

**STUDENT HEALTH CENTER REVENUE BONDS**

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
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

		<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Total Personal Income											
(expressed in millions)	<b>\$</b>	<b>112,302</b>	104,651	99,112	95,858	90,289	85,506	83,051	79,753	78,200	73,500
Population											
(expressed in thousands)		<b>3,003</b>	2,988	2,982	2,966	2,954	2,944	2,937	2,923	2,926	2,869
Per Capita Personal Income											
(expressed in dollars)	<b>\$</b>	<b>37,402</b>	35,023	33,236	32,315	30,560	29,043	28,240	27,283	26,723	25,615
Unemployment Percentage		<b>4.1%</b>	3.8%	3.7%	4.6%	4.5%	4.5%	4.0%	3.3%	2.6%	2.6%
<b>Constant Dollar</b>											
Per Capita Personal Income	<b>\$</b>	<b>26,302</b>	25,508	25,084	25,207	25,070	24,654	25,080	24,939	25,426	25,615
Net UNI Appropriations											
(expressed in thousands)	<b>\$</b>	<b>93,758</b>	84,987	82,908	78,405	78,579	82,816	84,830	91,830	88,498	83,998
UNI Appropriations per Capita	<b>\$</b>	<b>31.22</b>	28.44	27.80	26.43	26.60	28.13	28.88	31.42	30.25	29.28
<b>Constant Dollar</b>											
UNI Appropriations per Capita	<b>\$</b>	<b>21.96</b>	20.72	20.98	20.62	21.82	23.88	25.65	28.72	28.78	29.28

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

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Rockwell Collins, Inc.	Machinery Manufacturing
5	Wells Fargo Bank NA	Finance
6	Principal Life Insurance Company	Insurance
7	Tyson Fresh Meats Inc.	Manufacturing
8	Fareway Food Stores, Inc.	Retail Food
9	Iowa Health Systems	Health Services
10	Mercy Medical Centers	Health Services

Based on 2008 calendar year annual average employment.  
Source: Iowa Workforce Development, QCEW

<b>Rank</b>	<b>Employer</b>	<b>Type of Business</b>
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	John Deere Manufacturing	Machinery Manufacturing
4	Rockwell Collins, Inc.	Machinery Manufacturing
5	Principal Life Insurance Company	Insurance
6	Iowa Beef Processors, Inc	Meat Packing
7	APAC Customer Services Inc	Telemarketing
8	Pella Corporation	Manufacturing
9	Fareway Stores, Inc.	Retail Food
10	Central Iowa Hospital Corporation	Health Services

Based on 1999 calendar year annual average employment.  
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 Ten Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>STAFF POSITIONS (Full Time)</b>										
General Operating Fund:										
Faculty	<b>619</b>	603	595	625	618	632	649	648	671	644
Administrative	<b>320</b>	281	278	275	296	288	265	279	289	288
Library Professional	<b>24</b>	24	24	25	24	24	26	24	25	26
Clerical/Secretarial	<b>161</b>	157	154	155	163	191	191	212	219	221
Technical	<b>17</b>	20	17	16	17	17	17	19	19	15
Craftsmen & Custodial	<b>127</b>	126	124	124	123	141	152	161	168	178
Security	<b>14</b>	11	12	11	12	12	14	12	15	16
All Other Funds	<b>503</b>	511	526	516	515	481	520	515	484	458
<b>Total</b>	<b><u>1,785</u></b>	<u>1,733</u>	<u>1,730</u>	<u>1,747</u>	<u>1,768</u>	<u>1,786</u>	<u>1,834</u>	<u>1,870</u>	<u>1,890</u>	<u>1,846</u>
<b>FACULTY POSITIONS (FTE)</b>										
Total Faculty	<b>691.3</b>	711.3	684.3	740.4	741.6	746.3	760.0	804.9	785.9	789.6
Percent Tenured	<b>57.7%</b>	54.1%	56.6%	58.6%	57.0%	56.8%	55.2%	50.7%	50.2%	49.7%
Students per Faculty Member	<b>16.7</b>	16.0	16.5	14.8	15.3	15.3	15.6	15.0	15.1	14.7

## University of Northern Iowa

## Schedule 12

**ENROLLMENT AND FRESHMAN CLASS DATA**

For the Last Ten Years

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>ENROLLMENT (Fall Headcount)</b>										
Undergraduate - Lower	<b>4,865</b>	4,719	4,427	4,433	4,363	4,619	5,112	5,425	5,495	5,306
Undergraduate - Upper	<b>6,182</b>	6,291	6,275	6,519	6,857	7,155	7,170	7,049	6,723	6,678
Graduate - Masters	<b>1,369</b>	1,157	1,113	1,112	1,100	1,173	1,163	1,174	1,144	1,133
Graduate - Advanced	<b>492</b>	442	445	449	504	494	481	422	412	436
<b>Total</b>	<b><u>12,908</u></b>	<b><u>12,609</u></b>	<b><u>12,260</u></b>	<b><u>12,513</u></b>	<b><u>12,824</u></b>	<b><u>13,441</u></b>	<b><u>13,926</u></b>	<b><u>14,070</u></b>	<b><u>13,774</u></b>	<b><u>13,553</u></b>
Residents	<b>11,562</b>	11,444	11,129	11,400	11,793	12,356	12,781	13,010	12,790	12,630
Nonresidents	<b>1,346</b>	1,165	1,131	1,113	1,031	1,085	1,145	1,060	984	923
<b>ENROLLMENT (FTE)</b>										
Full Year FTE	<b>11,141</b>	10,979	10,783	10,969	11,351	11,477	11,959	12,186	11,947	11,804
Fall FTE	<b>11,365</b>	11,107	10,835	11,016	11,006	11,424	11,879	12,081	11,868	11,628
<b>ADMISSIONS (Freshmen)</b>										
Applications	<b>4,133</b>	4,584	4,722	4,585	4,360	4,216	4,350	4,446	4,688	4,700
Accepted	<b>3,505</b>	3,841	3,759	3,572	3,422	3,360	3,518	3,554	3,786	3,851
Acceptance Ratio	<b>84.8%</b>	83.8%	79.6%	77.9%	78.5%	79.7%	80.9%	79.9%	80.8%	81.9%
Enrolled	<b>1946</b>	2015	1,991	1,768	1,737	1,700	1,785	1,865	2,104	2,177
Enrollment Ratio	<b>55.5%</b>	52.5%	53.0%	49.5%	50.8%	50.6%	50.7%	52.5%	55.6%	56.5%
Average ACT Score	<b>23.0</b>	22.9	23.0	23.0	22.8	22.9	22.9	22.8	22.9	23.0
Percent in Upper 30% of High School Class	<b>52.3%</b>	50.6%	53.8%	57.5%	56.7%	57.3%	58.4%	57.0%	57.9%	60.2%
Percent in Upper 10% of High School Class	<b>16.9%</b>	16.6%	17.6%	18.2%	19.0%	19.1%	19.2%	17.7%	18.1%	19.1%

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>DEGREES GRANTED (Summary)</b>										
Baccalaureate	2,268	2,221	2,259	2,423	2,669	2,584	2,592	2,420	2,266	2,386
Masters	467	474	471	485	494	434	405	415	383	426
Specialists	6	9	10	7	3	11	9	4	3	10
Doctorates	10	16	8	18	10	10	12	12	13	8
<b>Total</b>	<b>2,751</b>	<b>2,720</b>	<b>2,748</b>	<b>2,933</b>	<b>3,176</b>	<b>3,039</b>	<b>3,018</b>	<b>2,851</b>	<b>2,665</b>	<b>2,830</b>
<b>DEGREES GRANTED (Detail)</b>										
Doctor of Industrial Technology	1	1	-	3	1	2	2	5	11	2
Doctor of Education	9	15	8	15	9	8	10	7	2	6
Specialist in Education	6	9	10	7	3	11	9	4	3	10
Professional Science Master's	19	5	-	-	-	-	-	-	-	-
Master of Arts in Education	99	119	129	103	147	127	114	107	92	127
Master of Arts	204	208	231	237	206	198	215	217	211	244
Master of Business Administration	42	42	35	62	52	21	5	36	55	35
Master of Music	14	22	13	12	19	11	12	11	6	5
Master of Public Policy	10	16	11	5	6	11	8	10	1	3
Master of Science	16	10	10	20	21	13	17	16	18	12
Master of Accounting	36	23	11	19	13	23	7	2	-	-
Master of Social Work	27	29	31	27	30	30	27	16	-	-
Bachelor of Arts	2,148	2,121	2,148	2,272	2,514	2,463	2,449	2,307	2,144	2,254
Bachelor of Fine Arts	3	8	8	15	9	8	7	8	5	8
Bachelor of Music	22	14	19	19	22	23	24	22	20	28
Bachelor of Science	76	64	64	93	90	74	84	71	76	77
Bachelor of Technology	-	-	-	-	-	-	1	-	2	4
Bachelor of Liberal Studies	19	14	20	24	34	16	27	12	19	15
<b>Total</b>	<b>2,751</b>	<b>2,720</b>	<b>2,748</b>	<b>2,933</b>	<b>3,176</b>	<b>3,039</b>	<b>3,018</b>	<b>2,851</b>	<b>2,665</b>	<b>2,830</b>

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Educational Fund Expenditures	\$ 156,951	143,263	136,384	132,257	128,373	125,409	122,788	117,744	123,427	119,070
Less Separately Budgeted Expenditures:										
Research	656	628	581	487	499	480	471	650	839	918
Public Service	6,048	1,905	1,616	1,611	2,207	1,834	1,449	2,582	2,725	2,572
Scholarships/Fellowships	10,547	9,845	9,324	9,438	9,415	8,937	8,078	6,537	6,415	6,230
General Educational Fund Instructional Expenditures	\$ 139,700	130,885	124,863	120,721	116,252	114,158	112,790	107,975	113,448	109,350
 Cost per FTE Student (Actual)	 \$ 12,539	 11,921	 11,580	 11,006	 10,242	 9,947	 9,431	 8,861	 9,496	 9,264
 Constant Dollar Cost per FTE Student (Actual)	 \$ 8,818	 8,683	 8,739	 8,585	 8,402	 8,444	 8,376	 8,099	 9,035	 9,264

## University of Northern Iowa

## Schedule 15

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

For the Last Ten Years

(Expressed in Thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>SCHOLARSHIPS &amp; FELLOWSHIPS</b>										
Unrestricted	\$ 10,541	9,851	9,324	9,438	9,415	8,937	8,078	6,537	6,415	6,230
Restricted	<u>12,397</u>	<u>10,904</u>	<u>9,461</u>	<u>8,774</u>	<u>9,728</u>	<u>10,545</u>	<u>10,539</u>	<u>9,746</u>	<u>8,211</u>	<u>7,766</u>
Total	<u>\$ 22,938</u>	<u>20,755</u>	<u>18,785</u>	<u>18,212</u>	<u>19,143</u>	<u>19,482</u>	<u>18,617</u>	<u>16,283</u>	<u>14,626</u>	<u>13,996</u>

**CONSTANT DOLLAR  
SCHOLARSHIPS &  
FELLOWSHIPS**

Unrestricted	\$ 7,413	7,175	7,037	7,362	7,724	7,587	7,174	5,975	6,104	6,230
Restricted	<u>8,718</u>	<u>7,942</u>	<u>7,140</u>	<u>6,844</u>	<u>7,980</u>	<u>8,952</u>	<u>9,360</u>	<u>8,909</u>	<u>7,813</u>	<u>7,766</u>
Total	<u>\$ 16,131</u>	<u>15,117</u>	<u>14,177</u>	<u>14,206</u>	<u>15,704</u>	<u>16,539</u>	<u>16,534</u>	<u>14,884</u>	<u>13,917</u>	<u>13,996</u>

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

Unrestricted	\$ 946	897	865	860	829	779	675	536	537	528
Restricted	<u>1,113</u>	<u>993</u>	<u>877</u>	<u>800</u>	<u>857</u>	<u>919</u>	<u>881</u>	<u>800</u>	<u>687</u>	<u>658</u>
Total	<u>\$ 2,059</u>	<u>1,890</u>	<u>1,742</u>	<u>1,660</u>	<u>1,686</u>	<u>1,698</u>	<u>1,556</u>	<u>1,336</u>	<u>1,224</u>	<u>1,186</u>

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

Unrestricted	\$ 665	653	653	671	680	661	599	490	511	528
Restricted	<u>783</u>	<u>723</u>	<u>662</u>	<u>624</u>	<u>703</u>	<u>780</u>	<u>782</u>	<u>731</u>	<u>654</u>	<u>658</u>
Total	<u>\$ 1,448</u>	<u>1,376</u>	<u>1,315</u>	<u>1,295</u>	<u>1,383</u>	<u>1,441</u>	<u>1,381</u>	<u>1,221</u>	<u>1,165</u>	<u>1,186</u>



University of Northern Iowa  
Schedule 16

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

For the Last Eight Years

(Expressed in Thousands)

	2009	2008	2007	2006	2005	2004	2003	2002
Land	\$ 4,917	4,580	4,305	4,235	4,235	4,235	4,203	3,935
Construction in Progress	23,590	13,423	19,461	24,979	34,727	23,534	31,709	6,673
Capital Assets Not Depreciated	28,507	18,003	23,766	29,214	38,962	27,769	35,912	10,608
Land Improvements	12,499	12,447	12,250	12,233	12,132	11,132	11,861	11,745
Infrastructure	27,523	27,403	27,043	27,040	14,070	13,455	13,456	13,456
Buildings	368,086	355,148	326,437	292,846	273,898	263,732	237,998	237,279
Equipment	45,193	43,812	41,060	37,655	50,222	48,672	46,902	45,163
Library Materials	34,844	33,969	33,075	32,158	31,165	30,289	28,801	27,651
Capital Assets Depreciated	488,145	472,779	439,865	401,932	381,487	367,280	339,018	335,294
Total Capital Assets	516,652	490,782	463,631	431,146	420,449	395,049	374,930	345,902
Less: Accumulated Depreciation	201,521	190,294	178,466	168,232	169,102	158,890	147,984	136,795
Net Book Value	\$ 315,131	300,488	285,165	262,914	251,347	236,159	226,946	209,107

**ACCUMULATED DEPRECIATION**

Land Improvements	\$ 7,264	6,844	6,413	5,992	5,551	5,379	4,999	4,607
Infrastructure	9,293	8,605	7,901	7,159	6,712	6,295	5,886	5,478
Buildings	126,498	117,918	109,819	102,524	96,216	89,662	83,363	77,636
Equipment	29,581	29,326	27,986	27,451	36,807	35,066	32,611	29,384
Library Materials	28,885	27,601	26,347	25,106	23,816	22,488	21,125	19,690
Total Accumulated Depreciation	\$ 201,521	190,294	178,466	168,232	169,102	158,890	147,984	136,795

## University of Northern Iowa

## Schedule 17

***ENROLLMENT PROJECTIONS (Headcount Basis)***

For the Next Ten Years

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Undergraduate - Lower	4,454	4,436	4,359	4,287	4,257	4,265	4,295	4,331	4,371	4,356
Undergraduate - Upper	6,706	6,664	6,587	6,540	6,471	6,399	6,359	6,353	6,373	6,405
Unclassified - Special	238	230	224	220	217	215	213	212	211	210
Graduate	1,703	1,642	1,597	1,564	1,540	1,522	1,509	1,499	1,492	1,487
<b>Total</b>	<b>13,101</b>	<b>12,972</b>	<b>12,767</b>	<b>12,611</b>	<b>12,485</b>	<b>12,401</b>	<b>12,376</b>	<b>12,395</b>	<b>12,447</b>	<b>12,458</b>

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

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