



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

An enterprise fund of the State of Iowa



2009-2010

Comprehensive Annual Financial Report

For the fiscal years ended
June 30, 2010 and June 30, 2009



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For the fiscal years ended June 30, 2010
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Prepared by:
Financial Accounting
and Reporting Services

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2009-2010
Introductory Section



December 8, 2010

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, 2010. 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 134 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 13,201 students and 1,659 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, 40 states, and 60 foreign countries. Approximately 78% of UNI's freshmen rank in the top 50% of their high school class, with about 52% ranking in the top 30%.

The University of Northern Iowa provides transformative learning experiences that inspire students to embrace challenge, engage in critical inquiry and creative thought, and contribute to society. It is committed to being an intellectually and culturally diverse community. The University focuses both on undergraduate education and on selected master's, doctoral and other graduate programs. It is characterized by excellence in three areas: teaching and learning; research, scholarship, and creative work; and service. Through its varied endeavors, UNI shares its expertise with, and provides service to individuals, communities, and organizations throughout the state, the nation, and the world. Building on its traditional strength in teacher education, the University of Northern Iowa offers nationally recognized programs in its colleges of Business Administration, Education, Humanities 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 Schools. Individual programs are accredited by several national accrediting agencies. The University is a member of the American Association of State Colleges and Universities (AASCU), the

American Association of Colleges for Teacher Education (AACTE), and the Council of Graduate Schools in the United States.

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook for 2010-2011

In December 2007, the national economy entered into a serious recession that ended in June 2009. During that time period, the Treasury, Federal Reserve Bank, and Congress stabilized the financial markets with bailouts and Congress stabilized the economy in general with the \$787 billion American Recovery and Reinvestment Act of 2009, which provided supplemental appropriations for job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and state and local fiscal stabilization. The largest part of that assistance was expended in calendar years 2009 and 2010. The national economy continues to improve, but at a slow pace.

Real Gross Domestic Product quarter-over-quarter growth was -0.7%, 0.6%, -4.0%, and -6.8% during the four quarters of 2008. It continued to be negative in the first two quarters of 2009 with growth of -4.9% in the first quarter and -0.7% in the second quarter. It became positive in the third quarter of 2009 and remained positive through the third quarter of 2010. Real Gross Domestic Product growth was 1.6% during the third quarter of 2009 and 5.0% during the fourth quarter. It was 3.7%, 1.7%, and 2.5% during the first three quarters of 2010. The National Bureau of Economic Research determined the national recession ended in June 2009 after seeing multiple quarters of Real Gross Domestic Product growth. The Wells Fargo Economics Group predicts Real GDP will be 2.3% during 2011 and 3.0% during 2012.

High unemployment continues to be a problem, with 14,623,000 persons unemployed in June 2010. Of this number, 6,751,000 persons were unemployed for 27 weeks or longer. Unemployment was 9.7%, 9.7%, and 9.6% during the first three quarters of 2010. The Wells Fargo Economics Group predicts unemployment will average 9.7% in 2011 and 9.0% in 2012. Federal Reserve Bank officials expect unemployment to fall to 9.0% at the end of 2011 and 8.0% at the end of 2012.

Inflation is controlled. The Consumer Price Index was 2.4%, 1.8%, and 1.2% during the first three quarters of 2010. The "Core" Consumer Price Index, which excludes food and energy, was 1.3%, 1.0%, and 0.9% for the same time period. The Wells Fargo Economics Group predicts core inflation will continue to be modest averaging 1.0% in 2011 and 1.6% in 2012.

Housing starts continue to be very low in reaction to overbuilding and a large inventory of unsold units. Housing starts were 0.62 million, 0.60 million, and 0.59 million units during the first three quarters of 2010. The Wells Fargo Economics Group predicts housing starts will increase to 0.74 million units in 2011 and 1.00 million units in 2012.

Housing continues to delay economic recovery. The number of homes sold decreased after the federal tax credit for home purchases expired in April 2010. Foreclosures continue to depress home prices. The unemployed are finding it difficult to hold on to their homes. Depressed home prices make it difficult for homeowners to obtain home equity loans. About half of the persons who received a home loan modification under the administration's Home Affordable Modification Program defaulted within 12 months of the modification according to the Office of the Comptroller of the Currency. Financial institutions have repossessed millions of homes and are waiting to sell them.

The Federal Reserve Bank continues to suppress interest rates. The Federal Open Market Committee held the Federal Funds Target Rate to 0.25% for calendar year 2009 and the first three quarters of 2010 and intends to do so for an extended period of time. The Federal Reserve Bank, through its quantitative easing program, will purchase \$600 billion of U.S. government bonds to drive down medium term interest rates and encourage more borrowing and growth. The 2-Year Note yielded 1.02%, 0.61%, and 0.42% during the first three quarters of 2010. The Wells Fargo Economics Group predicts the yield will average 0.45% during 2011, and 1.10% during 2012.

The nation's economy is showing signs of recovery and the climate for doing business is improving. Businesses are likely to implement their business expansion plans and increase employment if Congress extends the Bush-era tax rate reductions, scales back health care reform costs, and eases the burden of financial regulation. Job gains are expected in the private sector. Unacceptably high unemployment is constraining consumer spending and housing, but both are expected to improve. Legal issues about

foreclosed homes are slowing down the recovery. Inflation is contained at present, but the Federal Reserve Bank's quantitative easing program may have the effect of raising commodity prices and weakening the U.S. dollar against other currencies. Full recovery from the recent recession is a few years away.

State and Local Economy

Introduction. Iowa's economy is supported by a diverse mix of agricultural, manufacturing, trade, service, and governmental employment. During the past ten years, finance and insurance has increased from 8.2% to 16.2% of the state's gross domestic product. Agriculture became more significant, increasing from 2.5% to 5.1% of the state gross domestic product. Manufacturing decreased from 22.3% to 16.7% and wholesale and retail trade become less significant, decreasing from 13.8% to 11.0%. In 1999, the largest industries in the Iowa gross domestic product were manufacturing (22.3%), wholesale and retail trade (13.8%), government (11.9%), and real estate, rental and leasing (9.0%). Agriculture accounted for 2.5%. In 2009, the largest industries in the Iowa gross domestic product were manufacturing (16.7%), finance and insurance (16.2%), government (11.4%), and wholesale and retail trade (11.0%). Agriculture increased to 5.1% of the Iowa gross domestic product.

According to the Iowa Department of Agriculture and Land Stewardship's Quick Facts on Iowa Agriculture for calendar year 2009, there were 92,600 farms in the state consisting of 30.8 million acres. The average farm size in that year was 333 acres and the average dollar value per acre was \$4,371. Corn production was 2.43 billion bushels, soybean production was 486 million bushels, cattle and calves marketed were 2.35 million head, hogs marketed were 32.7 million head, sheep and lambs marketed were 183 thousand head, milk production was 4.38 billion pounds, egg production was 14.5 billion eggs, and turkey production was 360 million pounds. Market values of agricultural production in 2009 follow: corn crop, \$7.77 billion; soybeans crop, \$4.43 billion; cattle and calves, \$2.47 billion; hogs, \$4.43 billion; sheep and lambs, \$24 million; dairy, \$576 million; eggs, \$776 million; and turkeys, \$201 million. Iowa's total cash receipts for farm commodities totaled \$20.7 billion.

According to the Iowa Renewable Fuels Association, there are 38 ethanol refineries in production in the state. These refineries have 3.3 billion gallons of annual production capacity and they require over one billion bushels of corn annually. In addition, there are 14 biodiesel refineries in production. They have 320 million gallons of annual production capacity and they require 175 million bushels of soybeans. There are 135 E85 stations and 239 biodiesel stations across Iowa.

Farmland Values. According to The Agricultural Newsletter published by the Federal Reserve Bank of Chicago, the annual percentage change in the dollar value of "good" Iowa farmland was 8% in 2009-2010, -5% in 2008-09, 15% in 2007-08, 18% in 2006-07, and 8% in 2005-06. Location was a major factor for land values this year, with regional price increases varying from a low of 2% to a high of 14%.

Personal Income and Per-Capita Personal Income. According to the October 2010 outlook prepared by the University of Iowa Institute for Economic Research, personal income in Iowa is expected to grow by 2.7% in 2010 and 2.9% in 2011. According to the Bureau of Economic Analysis (BEA), Iowa's personal income, seasonally adjusted, grew at the rate of 0.0%, 0.8%, 0.8%, and 1.1%, respectively, during the four quarters of the 2009-10 fiscal year. The growth is better than the nation as a whole, with personal income growth of -0.3%, 0.6%, 0.9%, and 1.0%, respectively. In 2009, Iowa's average per-capita income, as reported by BEA, was \$37,623. The average per-capita income in the nation was \$39,626. Iowa's per-capita personal income decreased 1.1% from 2008 to 2009, while the nation's decreased 1.7%.

Median Household Income. According to the U.S. Census Bureau, Iowa median household income was \$49,007 in 2008 and \$47,324 in 2007. The national median household income was reported as \$52,029 in 2008 and \$50,740 in 2007.

Employment. According to Economagic.com, Iowa's seasonally adjusted percent unemployed for the State was 6.7% in June 2010 compared with 6.0% in June 2009, 4.3% in June 2008, 3.7% in June 2007, and 3.7% in June 2006. For the nation, seasonally adjusted percent unemployed was 9.5% in June 2010 compared with 9.5% in June 2009, 5.5% in June 2008, 4.6% in June 2007, and 4.6% in June 2006. Over the past five years Iowa's unemployment rate has been between 0.9 and 3.5 percentage points below the national average. In June 2010, there were 1,567,185 employed Iowans compared with 1,572,436 in June 2009.

Manufacturing. According to the Iowa State University Center for Industrial Research and Service (CIRAS), Iowa's gross domestic product from manufacturing increased by 15.4% between 2000 and 2008, while the nation's gross domestic product from manufacturing decreased by 6.2%. During the same time period, Iowa's manufacturing employment decreased by 8.4% while the nation's manufacturing employment decreased by 20.6%. Manufacturing job increases were noted in machinery, chemicals, paper, and food and beverages, while job losses were noted in all other manufacturing areas. According to the Bureau of Labor Statistics, manufacturing employment in Iowa averaged 231,092 in 2006, 229,617 in 2007, 227,350 in 2008, 204,517 in 2009, and 202,933 during the first 9 months of 2010.

Exports. According to the Foreign Trade Division of the U.S. Department of Census, Iowa's export shipments of merchandise totaled \$9.0 billion in 2009 and \$12.1 billion in 2008. Iowa's export shipments grew 7.3% from 2006 to 2009. In 2009, Iowa exported merchandise valued at \$3.0 billion to Canada, \$1.4 billion to Mexico, \$822 million to Japan, \$452 million to the Federal Republic of Germany, \$367 million to China, and \$285 million to France. Other top markets included the United Kingdom, Australia, South Korea, Brazil, the Netherlands, and Hong Kong. Iowa's leading export category was tractors. Other top export categories were swine meat, soybeans, corn, aircraft parts, herbicide, and aluminum alloy plates.

Real Gross Domestic Product. The real gross domestic product is the U.S. Commerce Department's measure of the value of all goods and services produced in a given year. It is expressed in base-year prices for the year 2005. According to the Bureau of Economic Analysis, Iowa's real gross domestic product was \$131.28 billion in 2009, \$131.59 billion in 2008, \$127.45 billion in 2007, \$121.39 billion in 2006, and \$120.26 billion in 2005. While the growth rate in Iowa's real gross domestic product increased 9.2% between 2005 and 2009, it declined 0.2% from 2008 to 2009. The nation's real gross domestic product was \$12.90 trillion in 2009, \$13.18 trillion in 2008, \$13.16 trillion in 2007, \$12.90 trillion in 2006, and \$12.55 trillion in 2005. The growth rate in the nation's real gross domestic product between 2005 and 2009 was 2.8%. It declined 2.1% from 2008 to 2009. Iowa, then, experienced a smaller percentage decline in real gross domestic product than the nation from 2008 to 2009.

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 experienced no growth. Jobs in professional and business services grew by 16.9%, jobs in education and health services grew by 16.5%, jobs in mining and logging grew by 14.3%, jobs in financial activities grew by 11.8%, jobs in leisure and hospitality grew by 6.6%, jobs in government grew by 4.7%, and jobs in other services grew by 4.6%. Jobs in information services decreased 28.7%, jobs in manufacturing decreased 18.4%, jobs in trade, transportation and utilities decreased 6.5%, and construction jobs decreased 3.4%.

Waterloo-Cedar Falls Metropolitan Statistical Area. The Waterloo-Cedar Falls Metropolitan Statistical Area (MSA) consists of Black Hawk, Bremer, and Grundy counties. In 2009, Waterloo-Cedar Falls had a per-capita personal income (PCPI) of \$36,002. This PCPI was 91% of the national average of \$39,626. The 2009 PCPI reflected a decrease of 0.1% from 2008. The 2008-2009 national change was a decrease of 2.6%. In 1999, the PCPI of Waterloo-Cedar Falls was \$23,563. The 1999-2009 average annual growth rate of PCPI was 4.3%. The average annual growth rate for the nation was 3.4%. As of October 2010, the Waterloo-Cedar Falls MSA had an unemployment rate of 5.8%, while the nation had an unemployment rate of 9.6%.

State of Iowa's Economic Outlook for 2010-2011

The State of Iowa's Fiscal 2011 budget was finalized on March 30, 2010. The Iowa General Assembly appropriated \$5.279 billion of the \$5.371 billion available for appropriation. General Fund appropriations for Fiscal 2011 were \$23.0 million less than Fiscal 2010.

During the legislative session, the Iowa General Assembly passed the Government Reorganization and Efficiency Act. State General Fund savings related to reorganization is estimated to be \$70.5 million in Fiscal 2011. The General Assembly also approved the 2010 State Employee Retirement Incentive Program. The Program is estimated to result in total savings for Fiscal 2011 of \$53.7 million, consisting of \$22.8 million from the General Fund and \$30.9 million from other funds.

The Iowa Leading Indicators Index (ILII) is signaling improvement in the Iowa economy. The ILII reached its recent trough in September 2009, following a decline for 18 straight months. The Index increased in October 2009 and continued to increase through September 2010. From March 2008 to September 2009,

the index has declined 11.9%. From September 2009 to September 2010, the index increased 6.9%. From September 2009 through September 2010, the weekly average of initial claims for unemployment insurance decreased from 7,816 to 5,322. Average weekly manufacturing hours have increased from 38.3 to 40.9. The new factory orders index increased from 39.3% to 69.5%. The capitalization-weighted index of 34 Iowa publicly traded companies increased from \$58.33 to \$63.64. The number of building permits for residential housing units increased from 565 to 642. Corn, soybean, cattle, and hog profit levels have increased during the past few months.

Iowa General Fund revenue growth remains a concern. State Net General Fund Revenues peaked at \$6.085 billion in fiscal 2008. Revenues decreased to \$5.934 billion in Fiscal 2009 and decreased further to \$5.634 billion in Fiscal 2010. The December 2010 Revenue Estimating Conference reviewed recent economic data and projected Fiscal 2011 Net General Fund Revenues to be \$5.792 billion and Fiscal 2012 revenue to be \$6.031 billion, which is \$397.7 million more than the actual net revenue for Fiscal 2010 and \$239.7 million more than estimated net revenue for Fiscal 2011.

MAJOR INITIATIVES

Major initiatives of the University of Northern Iowa are guided by the University's strategic plan. The goals and objectives of the University's 2010-2015 Strategic Plan are:

- Goal 1. Be a leading undergraduate public university that provides a strong liberal arts foundation.
- Goal 2. Provide rigorous and relevant graduate education that meets the needs of graduate students, the University, and the community.
- Goal 3. Lead the state and nation in pre K-12 education.
- Goal 4. Create and maintain an inclusive educational environment that prepares students to thrive in a diverse global environment.
- Goal 5. Enhance the economic, social, cultural, and sustainable development of the state.
- Goal 6. Ensure accountability, affordability, and access.

The University has established institutional performance indicators that will be regularly assessed to determine progress in meeting the goals and objectives contained in its Strategic Plan. The University's Strategic Plan is aligned with the plans of its major divisions and units and with the Strategic Plan of 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 assets are safeguarded against loss from unauthorized use or disposition, and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with United States generally accepted accounting principles. The Office of Auditor of State reviews our internal control procedures as an integral part of the annual audit.

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

Long-Term Financial Planning. The success of the University's strategic plan is closely tied to the development of long-term financial plans at all levels of the organization. University officials are continually seeking ways to increase revenue from public and private sources as well as identifying internal reallocations and cost containment ideas to meet the goals and objectives of the University 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. Dormitory Revenue Refunding Bonds were issued in the amount of \$4.255 million during the year. The bonds were used to refund, as a current refunding, the outstanding principal of the July 1, 2011 through July 1, 2020 maturities of the Board's Dormitory Revenue Bonds, Series U.N.I. 1999, dated May 1, 1999. The realized net present value savings from the transaction was \$312,956.

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, 2009. 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.

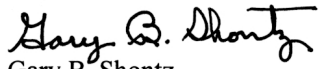
In order to be awarded a Certificate of Achievement, a university must publish an easily readable and efficiently organized annual financial report whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. Appreciation is expressed to the staff of Financial Accounting and Reporting Services, Office of Business Operations, Office of University 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 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, 2009

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 stylized, handwritten signature in black ink.

President

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

Executive Director

The Governing Board

2009-10

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, 2010)

	<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, 2010)

President of the University

Benjamin J. Allen, B.S., M.A., Ph. D.

Executive Vice President and Provost

Gloria J. Gibson, B.A., 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 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.



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Board of Regents,
State of Iowa

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2009-2010
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

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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, 2010 and 2009. 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, the University of Northern Iowa Foundation, discussed in Note A, 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.

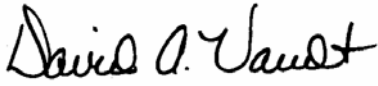
As discussed in Note A, the financial statements of the University of Northern Iowa are intended to present the financial position and the changes in financial position and cash flows of only that portion of the financial reporting entity of the State of Iowa that is attributable to the transactions 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, 2010 and 2009, and the changes in its financial position and its cash flows for the years ended June 30, 2010 and 2009 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, 2010 and 2009, 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.

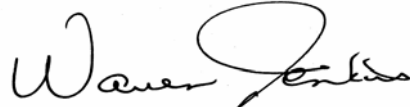
Management's Discussion and Analysis and the Schedule of Funding Progress on pages 13 through 22 and page 73, respectively, are not a required part of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 7, 2010

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

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, 2010, and 2009. 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.

2010 FINANCIAL HIGHLIGHTS

- The 2010 Session of the Iowa General Assembly provided an appropriation for the primary General Educational Fund in the amount of \$79,005,927 for Fiscal 2011, which includes one-time funds of \$1,456,118. This is a 1.7 percent decrease from the Fiscal 2010 appropriation of \$80,385,388.
- In 2009, the Board of Regents, State of Iowa allocated \$12,376,434 of American Recovery and Reinvestment Act (ARRA) funds to the University for Fiscal 2010. The University expended the funds for a student information system, Early Retirement Incentive Program costs, adjunct funding, energy efficiency and sustainability projects, classroom technology, implementation of revenue enhancement and cost reduction initiatives, and enhancement of the first year student experience.
- Expenditures from sponsored programs were a record \$41.4 million in Fiscal 2010, a 13.9 percent increase from Fiscal 2009.
- The Board of Regents, State of Iowa, issued \$4.26 million of Dormitory Revenue Refunding Bonds in March 2010 to refund Dormitory Revenue Bonds Series U.N.I. 1999. The current refunding resulted in an economic gain of \$312,956 and reduced aggregate debt service payments \$1,018,355 over ten years.
- The University's fall 2010 headcount enrollment was 13,201 students, an increase of 121 students from fall 2009. The headcount has increased each fall since 2006.
- Foundation contribution revenue recovered from the effects of the downturn in the national economy. Contribution revenue increased from \$8.9 million in Fiscal 2009 to \$14.2 million in Fiscal 2010. Investment return increased from a negative \$15.2 million in Fiscal 2009 to a positive \$8.1 million in Fiscal 2010. Net assets of the Foundation increased from \$61.7 million in Fiscal 2009 to \$72.6 million in Fiscal 2010.
- The Foundation provided revenues of \$3.8 million to the University in Fiscal 2010 and \$5.6 million in Fiscal 2009, a decrease of \$2.0 million. Scholarship support was lower in Fiscal 2010 due to under water endowments. Capital project support was lower due to the completion of a number of projects in the Wellness Recreation Center.
- The Foundation recently launched its \$150 million "Imagine the Impact" capital campaign nationally. At September 30, 2010, it was over two-thirds of the way toward the \$150 million goal, which is to raise \$75 million each for scholarships and faculty and program support.
- An actuarial valuation of the University's retiree health benefit plan was updated by a consulting actuary. The beginning of year net OPEB obligation was \$917,000. The end of year net OPEB obligation was \$1,600,000. The University currently finances the retiree benefit plan on a pay-as-you-go basis.
- The State of Iowa assigned financial responsibility for University employees covered by the State of Iowa postretirement medical plan for the first time. The University recognized a net OPEB liability of \$996,071 for the State's retiree health benefit plan.
- 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, 2009. The Certificate has been received eighteen consecutive years.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

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.

THE UNIVERSITY AS A WHOLE

The Statement of Net Assets

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

University The Statement of Net Assets			
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$177,652,145	168,224,670	155,532,219
Capital assets	<u>331,534,837</u>	<u>315,130,905</u>	<u>300,488,626</u>
Total assets	<u>509,186,982</u>	<u>483,355,575</u>	<u>456,020,845</u>
Current liabilities	44,380,946	39,244,953	36,751,237
Noncurrent liabilities	<u>140,271,012</u>	<u>145,476,791</u>	<u>132,056,719</u>
Total liabilities	<u>184,651,958</u>	<u>184,721,744</u>	<u>168,807,956</u>
Net assets:			
Invested in capital assets, net of related debt	219,729,638	205,106,280	194,237,507
Restricted	28,007,491	28,233,393	30,284,607
Unrestricted	<u>76,797,895</u>	<u>65,294,158</u>	<u>62,690,775</u>
Total net assets	<u>\$324,535,024</u>	<u>298,633,831</u>	<u>287,212,889</u>

The largest portion of the University's net assets (67.7 percent) is invested in capital assets (e.g., land, infrastructure, buildings, equipment and intangible assets), less the related debt. The debt related to capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (8.6 percent) includes resources subject to external restrictions. The remaining net assets (23.7 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 \$11.4 million from 2008 to 2009 and \$25.9 million from 2009 to 2010. Increases in total net assets, then, were 4.0 percent from 2008 to 2009 and 8.7 percent from 2009 to 2010.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

Foundation			
The Combined Statements of Financial Position			
	<u>2010</u>	<u>2009</u> (Restated)	<u>2008</u>
Current assets	\$16,472,853	18,540,246	27,419,145
Noncurrent assets	<u>61,573,547</u>	<u>49,710,289</u>	<u>60,832,604</u>
Total assets	<u>78,046,400</u>	<u>68,250,535</u>	<u>88,251,749</u>
Current liabilities	514,766	1,621,964	3,102,987
Noncurrent liabilities	<u>4,899,174</u>	<u>4,917,399</u>	<u>5,951,434</u>
Total liabilities	<u>5,413,940</u>	<u>6,539,363</u>	<u>9,054,421</u>
Net assets:			
Unrestricted	2,703,416	(1,685,504)	6,159,062
Temporarily restricted	27,219,907	23,063,517	34,127,689
Permanently restricted	<u>42,709,137</u>	<u>40,333,159</u>	<u>38,910,577</u>
Total net assets	<u>\$72,632,460</u>	<u>61,711,172</u>	<u>79,197,328</u>

At June 30, 2010 nearly all of the Foundation's net assets were donor restricted, either temporarily or permanently.

Total net assets of the Foundation decreased \$17.5 million from 2008 to 2009 and increased \$10.9 million from 2009 to 2010. Total liabilities of the Foundation decreased \$2.5 million from 2008 to 2009 and decreased \$1.13 million from 2009 to 2010. The decrease in total liabilities from 2008 to 2009 and from 2009 to 2010 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 2010 and 2009

University The Statement of Revenues, Expenses, and Changes in Net Assets			
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating revenues:			
Tuition and fees	\$ 60,664,817	60,034,123	57,523,347
Receipts from other entities	111,554	241,941	143,924
Grants and contracts	42,493,448	36,708,661	32,073,018
Sales, rents and services	7,687,525	5,774,668	7,420,630
Miscellaneous	2,868,615	607,771	720,116
Auxiliary enterprises	<u>55,193,227</u>	<u>54,859,014</u>	<u>50,176,930</u>
Total operating revenue	<u>169,019,186</u>	<u>158,226,178</u>	<u>148,057,965</u>
Operating expenses:			
Instruction	71,168,267	76,484,933	72,605,101
Research	2,507,353	1,793,393	2,454,770
Public service	31,497,042	31,097,013	24,184,724
Academic support	23,894,367	22,729,813	22,050,064
Student services	6,205,098	7,076,945	6,558,084
Institutional support	26,713,928	29,348,125	20,230,830
Operation and maintenance of plant	20,177,365	22,185,917	21,396,250
Scholarships and fellowships	6,760,209	5,712,482	4,884,137
Depreciation	14,461,097	13,975,476	13,291,606
Loan cancellations and write-offs	172,245	513,815	251,886
Auxiliary enterprises	<u>48,447,239</u>	<u>50,077,862</u>	<u>49,043,443</u>
Total operating expenses	<u>252,004,210</u>	<u>260,995,774</u>	<u>236,950,895</u>
Operating loss	<u>(82,985,024)</u>	<u>(102,769,596)</u>	<u>(88,892,930)</u>
Nonoperating revenues (expenses):			
State appropriations	97,861,782	101,686,218	95,363,638
Gifts, grants and contracts	3,332,794	3,384,744	2,600,605
Investment return	2,990,195	(611,282)	1,687,404
Interest expense	(6,274,646)	(5,742,508)	(5,765,266)
Amortization and misc. expense	<u>(116,705)</u>	<u>(124,128)</u>	<u>(124,090)</u>
Net nonoperating revenues	<u>97,793,420</u>	<u>98,593,044</u>	<u>93,762,291</u>
Income/(loss) before other revenues	14,808,396	(4,176,552)	4,869,361
State appropriations – capital projects	5,927,801	5,751,912	5,018,136
Capital contributions and grants	<u>5,164,996</u>	<u>9,845,582</u>	<u>4,117,894</u>
Change in net assets	25,901,193	11,420,942	14,005,391
Net assets, beginning of year	<u>298,633,831</u>	<u>287,212,889</u>	<u>273,207,498</u>
Net assets, end of year	<u>\$324,535,024</u>	<u>298,633,831</u>	<u>287,212,889</u>

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

The Statement of Revenues, Expenses, and Changes in Net Assets reflect three positive years. Net assets increased \$11.4 million from 2008 to 2009 and \$25.9 million from 2009 to 2010.

Operating revenue totaled \$169.0 million in 2010, \$158.2 million in 2009, and \$148.1 million in 2008. The increase from 2008 to 2009 was \$10.2 million and from 2009 to 2010 it was \$10.8 million. Net nonoperating revenues totaled \$97.8 million in 2010, \$98.6 million in 2009, and \$93.8 million in 2008. There was a \$4.8 million increase from 2008 to 2009 and a \$0.8 million decrease from 2009 to 2010. Changes in operating, nonoperating, and other revenue from 2008 to 2009 and 2009 to 2010 follow:

- Tuition and fee income, net of scholarship allowances, increased \$2.5 million, or 4.4 percent, from 2008 to 2009 and increased \$0.6 million, or 1.1 percent, from 2009 to 2010. The Board of Regents, State of Iowa increased tuition 4.2 percent from 2009 to 2010, which was larger than the 3.2 percent from 2008 to 2009. Mandatory fees were increased 3.0 percent from 2009 to 2010. Increases in enrollment and increases in scholarships account for the actual revenue increase.
- Operating grants and contracts revenue increased \$4.6 million, or 14.5 percent, from 2008 to 2009 and \$5.8 million, or 15.8 percent, from 2009 to 2010. 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 \$32.1 million in 2008 to \$42.5 million in 2010.
- Auxiliary Enterprise revenue increased \$4.7 million, or 9.3 percent, from 2008 to 2009 and increased \$0.3 million, or 0.6 percent, from 2009 to 2010. Revenues increased in the Residence System, Intercollegiate Athletics, Gallagher-Bluedorn Performing Arts Center, Wellness and Recreation Services, and the Health Clinic. Revenues decreased in the J.W. Maucker Union and the Field House Enterprise.
- State appropriations for operations increased \$6.3 million, or 6.6 percent, from 2008 to 2009 and decreased \$3.8 million, or 3.8 percent, from 2009 to 2010. The initial Fiscal 2010 primary General Educational Fund appropriation was \$83.8 million. It was decreased \$8.4 million in an across-the-board cut, decreased \$0.253 million due to forfeiture of AFSCME contract savings, and increased \$5.228 million because of the ARRA maintenance of effort requirement. The final level of the Fiscal 2010 appropriation was \$80.4 million.
- Investment income decreased \$2.3 million, or 136.2 percent, from 2008 to 2009, largely due to a \$2.3 million realized loss on Commonfund's Intermediate Term Fund. Investment income increased \$3.6 million, or 589.2 percent, largely due to the loss on Commonfund's Intermediate Term Fund being contained in one fiscal year. The targeted federal funds rate remained at 0.0 percent to 0.25 percent and interest rates on Treasury and Agency securities remain at unprecedented low levels.
- Capital appropriations increased \$0.7 million, or 14.6 percent, from 2008 to 2009 and 0.2 million, or 3.1 percent for 2009 to 2010. In lieu of making significant capital appropriations for Fiscal Years 2008, 2009 and 2010, the Iowa General Assembly granted permission to sell Academic Building Revenue Bonds in FY2008 and FY2009.
- 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. Capital contributions and grants decreased 4.7 million, or 47.5 percent, from 2009 to 2010 due a lower amount of earned revenue to complete the Multimodal Transportation Center and Richard O. Jacobson Human Performance Complex projects.

Operating expenses totaled \$252.0 million in 2010, \$261.0 million in 2009, and \$237.0 million in 2008. Operating expenses, then, increased 10.1 percent from 2008 to 2009 and decreased 3.4 percent from 2009 to 2010. The decrease in operating expenses from 2009 to 2010 is partially attributed to the \$3.8 million reduction in state appropriations. Changes in operating expenses by object from 2008 to 2009 and 2009 to 2010 follow:

- Expenses for personnel services increased \$13.3 million, or 8.5 percent, from 2008 to 2009 and decreased \$9.1 million, or 5.3 percent, from 2009 to 2010. The decrease from 2009 to 2010 was because of salary reductions for the faculty and furloughs for the staff. The Early Retirement Incentive Plan of 2009 also contributed to the savings.
- Travel expenses increased \$0.6 million, or 6.3 percent, from 2008 to 2009 and decreased \$0.6 million, or 5.8 percent from 2009 to 2010. Staff was directed to reduce travel in 2010 due to reduced operating appropriations.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

- Expenses for supplies increased \$0.5 million, or 4.9 percent, from 2008 to 2009 and decreased \$0.04 million, or 0.4 percent from 2009 to 2010. The reduction in operating appropriations necessitated this decrease.
- Expenses for contractual services increased \$6.0 million, or 78.1 percent, from 2008 to 2009, and increased \$1.0 million, or 7.1 percent from 2009 to 2010. Increases in this category are due to the Student Information System software project.
- Expenses for equipment and repairs decreased \$0.5 million, or 3.7 percent, from 2008 to 2009 and decreased \$0.6 million, or 5.0 percent from 2009 to 2010. The reduction in operating appropriation necessitated this decrease.
- Expenses for scholarships and fellowships increased \$0.8 million, or 8.8 percent from 2008 to 2009 and increased \$1.1 million, or 11.9 percent from 2009 to 2010. A number of UNI Foundation endowments which supported scholarships went under water in 2009. In 2010, the University honored the scholarship commitments the Foundation was unable to honor due to the Foundation's under water endowments.
- Depreciation expense increased \$0.7 million, or 5.1 percent, from 2008 to 2009 and \$0.5 million, or 3.5 percent, due to placing new or renovated buildings in service.

Nonoperating expenses, primarily interest expense, totaled \$6.4 million in 2010, \$5.9 million in 2009 and \$5.9 million in 2008.

Foundation			
The Combined Statements of Activities			
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Public support and revenue:			
Contribution revenue	\$14,240,782	8,871,816	14,357,954
Investment return	8,114,770	(15,177,616)	(2,473,809)
Miscellaneous income	<u>413,230</u>	<u>263,596</u>	<u>287,678</u>
Total revenue and support	22,768,782	(6,042,204)	12,171,823
Expenses and adjustments	<u>11,847,494</u>	<u>11,443,952</u>	<u>10,790,076</u>
Change in net assets	10,921,288	(17,486,156)	1,381,747
Net assets, beginning of year	<u>61,711,172</u>	<u>79,197,328</u>	<u>77,815,581</u>
Net assets, end of year	<u>\$72,632,460</u>	<u>61,711,172</u>	<u>79,197,328</u>

Foundation revenue and support was a positive \$22.8 million in 2010, negative \$6.0 million in 2009, and \$12.1 million in 2008, a decrease of 149.6 percent from 2008 to 2009 and an increase of \$28.8 million, or 476.8 percent from 2009 to 2010. Investment income was a positive \$8.1 million in 2010, negative \$15.2 million in 2009, and negative \$2.5 million in 2008. The decrease from 2008 to 2009 is due to depressed equity valuations which resulted from the worldwide financial crisis in September 2008. The increase from 2009 to 2010 was due to a partial recovery of equity markets. Contribution revenue was \$14.2 million in 2010, \$8.9 million in 2009, and \$14.4 million in 2008. Contributions were down in 2009 due to adverse donor sentiment resulting from the worldwide financial crisis in September 2008. Expenses were \$11.8 million in 2010, \$11.4 million in 2009, and \$10.8 million in 2008. 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 \$3.8 million in 2010, \$5.6 million in 2009, and \$4.1 million in 2008. The increase for 2009 was due to construction costs for the Richard O. Jacobson Human Performance Complex mentioned in the previous paragraph. The decrease in 2010 was due to lower than normal scholarship contributions due to under water endowments. Contributions restricted for permanent investment in the Foundation's endowment were \$2.2 million in 2010, \$2.6 million in 2009, as restated, and \$4.6 million in 2008. The Foundation received a higher than normal dollar amount of endowment funding in 2008 because of a short-term endowed scholarship campaign.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

The Statement of Cash Flows

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

University			
The Statement of Cash Flows			
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash provided (used) by:			
Operating activities	\$(70,310,139)	(77,908,147)	(74,772,150)
Noncapital financing activities	100,761,639	104,418,993	98,407,972
Capital and related financing activities	(22,089,250)	(7,109,096)	(12,457,526)
Investing activities	<u>(29,104,226)</u>	<u>(3,210,465)</u>	<u>(5,402,841)</u>
Net increase in cash			
and cash equivalents	(20,741,976)	16,191,285	5,775,455
Cash and cash equivalents, beginning of year	<u>44,972,353</u>	<u>28,781,068</u>	<u>23,005,613</u>
Cash and cash equivalents, end of year	<u>\$ 24,230,377</u>	<u>44,972,353</u>	<u>28,781,068</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 2010. Cash provided for operating activities includes revenues from tuition and fees (\$61.1 million), grants and contracts (\$39.6 million), and auxiliary enterprise receipts (\$55.6 million). The largest uses of cash for operating activities includes payments for salaries and benefits (\$137.8 million), payments for goods and services (\$26.1 million), and auxiliary enterprise payments (\$48.2 million). Cash provided by noncapital financing activities includes state appropriations (\$97.8 million). Cash provided by capital and related financing activities includes capital appropriations (\$5.9 million), capital gifts and grants (\$5.8 million), and the proceeds from refunding bonds (\$4.2 million). Cash used by capital and related financing activities includes the acquisition of capital assets (\$25.4 million) and principal and interest payments on debt (\$12.9 million). Cash used by investing activities was \$29.1 million.

Capital Assets

At June 30, 2010, the University had \$544.5 million of capital assets at cost, accumulated depreciation of \$213.1 million and net capital assets of \$331.5 million. Depreciation charges totaled \$14.5 million for the 2010 Fiscal Year. Details of the capital assets, net of accumulated depreciation are shown below.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

University			
Schedule of Capital Assets, Net, at Year-End			
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land	\$ 4,916,643	4,916,643	4,579,892
Construction in progress	11,353,911	23,589,686	13,422,890
Software in progress	<u>4,576,092</u>	<u>-</u>	<u>-</u>
Capital assets not depreciated	<u>20,846,646</u>	<u>28,506,329</u>	<u>18,002,782</u>
Land improvements	5,372,442	5,235,370	5,602,981
Infrastructure	26,168,653	18,230,071	18,797,757
Buildings	256,082,617	241,587,110	237,229,800
Equipment	17,648,390	15,612,798	14,486,781
Library materials	<u>5,416,089</u>	<u>5,959,227</u>	<u>6,368,525</u>
Capital assets depreciated	<u>310,688,191</u>	<u>286,624,576</u>	<u>282,485,844</u>
Total capital assets	<u><u>\$331,534,837</u></u>	<u><u>315,130,905</u></u>	<u><u>300,488,626</u></u>

State funded capital projects for the Fiscal Year ended June 30, 2010 and beyond include renovation of Sabin Hall; improvement of the electrical distribution loop system; and several deferred maintenance projects. Residence System projects include construction of apartments, asbestos abatement, installation of sprinkler systems, repair of roofs, and replacement of elevators in various buildings. The ballroom and lower level of the J.W. Maucker Student Union are being renovated. A Multimodal Transportation Center was constructed with grant funds and local matching funds. The Business and Community Services Building was constructed with state and federal grant funds. Private gifts are being used for various projects in the Richard O. Jacobson Human Performance Complex and to construct the Messersmith Track Building. 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 \$1.1 million at the end of 2010 and \$1.2 million at the end of 2009.

LONG-TERM DEBT

During the Fiscal Year ended June 30, 2010, the Board of Regents, State of Iowa, on behalf of the University of Northern Iowa, issued one series of refunding bonds. Dormitory Refunding Bonds 2010 in the amount of \$4.3 million were issued to refund Dormitory Revenue Bonds 1999. A net present value savings of \$312,956 was achieved by this refunding. The University's long-term debt is presented in Note N of the Notes to Financial Statements.

CREDIT RATINGS

Moody's Investors Service has assigned its "A1" credit rating to the University for all outstanding bond issues. Standard and Poor's assigned its "A+" credit rating to the University revenue bonds supported by unlimited student fees and its BBB+ rating for Dormitory Revenue Bonds. Standard and Poor's assigned a "stable outlook" to all University bonds with the exception of Dormitory Revenue Bonds. It assigned a "positive outlook" to those 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 2010 and 2009

ECONOMIC FACTORS THAT WILL AFFECT FUTURE BUDGETS AND RATES

According to the Center for Budget and Policy Priorities at least 47 states are dealing with budget gap issues largely caused by the recession. Budget shortfalls were \$110 billion in Fiscal 2009 and \$191 billion in Fiscal 2010. The Center's forecast is \$160 billion in Fiscal 2011 and \$140 billion in Fiscal 2012. ARRA appropriations helped reduce the funding gap in the amounts of \$31 billion in 2009, \$68 billion in 2010, \$59 billion in 2011, and \$6 billion in 2012. The State of Iowa faced a \$1.1 billion pre-budget adoption gap for Fiscal 2011 that was closed when the budget was adopted. Iowa's funding gap was 18.9 percent of the adopted Fiscal 2011 budget.

The recession caused the State of Iowa to experience negative revenue growth in both Fiscal 2009 and 2010. Iowa's General Fund Net Receipts and Transfers were \$5.383 billion in Fiscal 2006, \$5.646 billion in Fiscal 2007, \$6.085 billion in Fiscal 2008, \$5.934 billion in Fiscal 2009, and \$5.634 billion in Fiscal 2010. Positive revenue growth is expected in Fiscal 2011 and 2012. The December 2010 Revenue Estimating Conference forecast for Fiscal 2011 revenue was \$5.791 billion and the forecast for Fiscal 2012 revenue was \$6.031 billion. Slow revenue growth remains a concern.

Reduced revenues are responsible for the decline in General Fund appropriations. General Fund appropriations for Fiscal 2011 totaled \$5.279 billion. In addition to General Fund appropriations, \$323.9 million in federal stimulus (ARRA) funds and \$267.4 million from reserve funds, and the anticipated savings from reorganization and early retirement were used to balance the budget for a total appropriation for Fiscal 2011 of \$5.871 billion.

The State General Fund budget is balanced for Fiscal 2011 and no budget cuts are expected for the remainder of the fiscal year. The new Governor and Iowa lawmakers face the challenge of establishing a Fiscal 2012 budget that does not exceed 99 percent of State General Fund revenue estimate of \$6.031 billion, or \$5.971 billion, which is only \$100 million more than Fiscal 2011 appropriations.

Recent revenue growth has been slow, which is reflective of the sluggish growth of the state and national economies. Iowa's unemployment rate of 6.7 percent in October 2010 is lower than the nation's rate of 9.6 percent. This demonstrates the Iowa labor market is better able to withstand a recession than the nation as a whole. It will be necessary to lower Iowa unemployment to pre-recession levels to improve Iowa revenue levels.

The National Bureau of Economic Research issued a report on September 20, 2010, stating the recession that started in December 2007 ended in June 2009. Economists expect the jobless rate to continue during the next two years. Clearly, the recovery from the recession of 2007 will take longer than in prior recessions. While the real gross domestic product was positive in the third quarter of 2009 and it continues to be positive, full recovery from the recession is not expected until unemployment returns to pre-recession levels and the housing price problem is solved.

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

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.

The leadership team was pleased to note four years of enrollment growth after experiencing enrollment declines from fall 2002 through fall 2006. The increase from the fall 2006 recent low of 12,260 students to the fall 2010 enrollment of 13,201 students is 941 students, or 7.7 percent.

UNIVERSITY OF NORTHERN IOWA

Management's Discussion and Analysis Years Ended 2010 and 2009

The University is proud of its new and renovated facilities. The Business and Community Services building, the Richard O. Jacobson Human Performance Center, and the Multimodal Transportation Center were recently completed. Sabin Hall Renovation is nearly complete. A number of capital projects are underway or are in the planning stage, including Apartments, Electrical Distribution Loop System Improvements, Messersmith Track and Field building, and a number of deferred maintenance projects.

Foundation contribution revenue recovered from the effects of the downturn in the national economy. Contribution revenue increased from \$8.9 million in Fiscal 2009 to \$14.2 million in Fiscal 2010. Investment return increased from a negative \$15.2 million in Fiscal 2009 to a positive \$8.1 million in Fiscal 2010. Net assets of the Foundation increased from \$61.7 million in Fiscal 2009 to \$72.6 million in Fiscal 2010. The Foundation recently launched its \$150 million "Imagine the Impact" capital campaign nationally. At September 30, 2010, it was over two-thirds of the way toward the \$150 million goal, which is to raise \$75 million each for scholarships and faculty and program support.

The University has achieved success in Sponsored Programs. Grants and contracts expenses totaled \$41.4 million, up \$5.1 million, or 13.9 percent, from 2009.

The Board of Regents, State of Iowa will discuss the tuition increase for 2012 at its February 2011 meeting and approve the increase at the March 2011 meeting. 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 Iowa Leading Indicators Index is signaling a slow recovery of the Iowa economy. The December 2010 Revenue Estimating Conference has projected Fiscal 2011 revenue to be 2.2% greater than Fiscal 2010 actual revenue and Fiscal 2012 revenue to be 3.3% greater than the Fiscal 2011 estimate. Looking ahead, the University suspects Fiscal 2012 appropriations will at the Fiscal 2011 level or decreased slightly. The mentioned report of the Iowa Revenue Estimating Conference will be used by the new Governor and the Iowa General Assembly to prepare the Fiscal 2012 budget.

University officials are monitoring the fiscal situation very closely. Officials are currently working through a number of budgeting scenarios utilizing state appropriation and tuition increase assumptions for the revenue budget and base budget, salary and benefit increases, and fixed cost increases for the expense budget. Officials continue to develop plans to increase certain revenues and to decrease certain costs. As decisions are made in the weeks and months ahead, we will continue to do everything we can to maintain academic quality, ensure progress to graduation, make student financial aid accessible and available, and keep the campus safe and secure. We are committed to taking 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.



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

An enterprise fund of the State of Iowa



2009-2010

Financial Statements

UNIVERSITY OF NORTHERN IOWA
Statement of Net Assets
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents-Note B	\$ 24,230,377	44,972,353
Investments-Note B	16,157,724	33,676,186
Accounts receivable, net-Note C	6,236,478	8,322,108
Loans receivable, net-Note E	2,045,647	2,161,889
Interest receivable	866,630	1,108,761
Due from governmental agencies-Note F	6,964,356	5,114,359
Prepaid expenses-Note G	4,271,122	4,057,191
Inventories-Note H	3,541,302	2,603,077
Other assets	100,000	90,000
Total Current Assets	<u>64,413,636</u>	<u>102,105,924</u>
Noncurrent Assets		
Investments-Note B	102,522,631	54,311,223
Accounts receivable, net-Note C	835,923	1,453,017
Loans receivable, net-Note E	8,182,586	8,647,557
Prepaid expenses-Note G	169,395	135,497
Debt issuance costs-Note V	1,527,974	1,571,452
Capital assets, Nondepreciable-Note I	20,846,646	28,506,329
Capital assets, Depreciable-Note I	523,748,478	488,145,250
Accumulated depreciation-Note I	(213,060,287)	(201,520,674)
Total Noncurrent Assets	<u>444,773,346</u>	<u>381,249,651</u>
Total Assets	<u>509,186,982</u>	<u>483,355,575</u>
LIABILITIES		
Current Liabilities		
Accounts payable	15,871,991	14,626,092
Salaries and wages payable-Note J	490,409	710,876
Compensated absences payable-Note K	4,209,500	4,706,600
Unpaid claims-Note U	1,757,248	2,063,548
Unearned revenue-Note G	3,942,356	4,323,910
Accrued interest payable	3,516,663	3,202,957
Long-term debt-Note N	11,518,353	6,924,268
Deposits	3,031,048	2,631,450
Other current liabilities	43,378	55,252
Total Current Liabilities	<u>44,380,946</u>	<u>39,244,953</u>
Noncurrent Liabilities		
Accounts payable	5,755,372	5,930,260
Compensated absences payable-Note K	5,214,539	4,764,368
Refundable advances on student loans-Note Q	9,487,410	9,384,190
Long-term debt-Note N	117,217,620	124,480,973
Net OPEB liability-Note P	2,596,071	917,000
Total Noncurrent Liabilities	<u>140,271,012</u>	<u>145,476,791</u>
Total Liabilities	<u>184,651,958</u>	<u>184,721,744</u>
NET ASSETS		
Invested in capital assets, net of related debt	219,729,638	205,106,280
Restricted		
Nonexpendable		
Scholarships and fellowships	615,895	615,895
Expendable		
Scholarships and fellowships	408,280	273,782
Loans	2,900,751	2,817,087
Capital projects	102,040	429,081
Debt service	22,812,820	23,780,195
Other	1,167,705	317,353
Unrestricted	76,797,895	65,294,158
Total Net Assets	<u>\$ 324,535,024</u>	<u>298,633,831</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Financial Position
June 30, 2010 and 2009

	2010	2009 (Restated)
ASSETS		
Cash and cash equivalents	\$ 298,879	299,106
Investments	66,916,851	59,429,038
Pledges receivable, net-Note D	8,476,225	6,129,480
Interest receivable	2,711	23,514
Other receivables	41,430	27,893
Prepaid expenses	6,778	21,467
Life insurance cash value	1,138,992	1,063,995
Donated assets	99,485	95,813
Building and equipment, net	1,065,049	1,160,229
	<u>\$ 78,046,400</u>	<u>68,250,535</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 433,921	743,150
Pledges payable-Note M	1,503,882	2,331,827
Annuities payable	1,891,937	1,719,784
Annuity trusts payable	981,236	1,017,440
Unitrusts payable	602,964	727,162
	<u>5,413,940</u>	<u>6,539,363</u>
NET ASSETS		
Unrestricted	2,703,416	(1,685,504)
Temporarily restricted, as restated-Note AC	27,219,907	23,063,517
Permanently restricted, as restated-Note AC	42,709,137	40,333,159
	<u>72,632,460</u>	<u>61,711,172</u>
	<u>\$ 78,046,400</u>	<u>68,250,535</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, 2010 and 2009

	2010	2009
REVENUES		
Operating Revenues		
Tuition and fees (net of scholarship allowances of \$21,202,125 for 2010, \$17,226,327 for 2009)	\$ 60,664,817	60,034,123
Receipts from other entities	111,554	241,941
Grants and contracts	42,493,448	36,708,661
Sales, rents and services	7,687,525	5,774,668
Miscellaneous	2,868,615	607,771
Auxiliary enterprises	55,193,227	54,859,014
Total Operating Revenues	<u>169,019,186</u>	<u>158,226,178</u>
EXPENSES		
Operating Expenses		
Instruction	71,168,267	76,484,933
Research	2,507,353	1,793,393
Public service	31,497,042	31,097,013
Academic support	23,894,367	22,729,813
Student services	6,205,098	7,076,945
Institutional support	26,713,928	29,348,125
Operation and maintenance of plant	20,177,365	22,185,917
Scholarships and fellowships	6,760,209	5,712,482
Depreciation	14,461,097	13,975,476
Loan cancellations and write-offs	172,245	513,815
Auxiliary enterprises	48,447,239	50,077,862
Total Operating Expenses	<u>252,004,210</u>	<u>260,995,774</u>
Operating (Loss)	<u>(82,985,024)</u>	<u>(102,769,596)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	97,861,782	101,686,218
Gifts, grants and contracts	3,332,794	3,384,744
Investment return	2,990,195	(611,282)
Interest expense	(6,274,646)	(5,742,508)
Amortization expense	(109,855)	(101,839)
Miscellaneous expense	(6,850)	(22,289)
Net Nonoperating Revenues (Expenses)	<u>97,793,420</u>	<u>98,593,044</u>
Income/(Loss) Before Other Revenues	<u>14,808,396</u>	<u>(4,176,552)</u>
OTHER REVENUES		
Capital appropriations	5,927,801	5,751,912
Capital contributions and grants	5,164,996	9,845,582
Total Other Revenues	<u>11,092,797</u>	<u>15,597,494</u>
Change in Net Assets	<u>25,901,193</u>	<u>11,420,942</u>
NET ASSETS		
Net assets, beginning of year	<u>298,633,831</u>	<u>287,212,889</u>
Net assets, end of year	<u>\$ 324,535,024</u>	<u>298,633,831</u>

The notes are an integral part of the financial statements.

UNIVERSITY OF NORTHERN IOWA FOUNDATION
Combined Statements of Activities
Years Ended June 30, 2010 and 2009

	2010			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Revenue, support and classifications:				
Contribution revenue	\$ 3,696,075	8,336,797	2,207,910	14,240,782
Investment return	4,660,409	2,889,157	565,204	8,114,770
Miscellaneous income	311,340	101,890	-	413,230
Reclassifications attributed to underwater endowments	(402,442)	402,442	-	-
Fees and donor redesignations	881,174	(923,740)	42,566	-
Net assets released from restrictions	6,227,008	(6,227,008)	-	-
Total revenue, support and reclassifications	<u>15,373,564</u>	<u>4,579,538</u>	<u>2,815,680</u>	<u>22,768,782</u>
Expenses and Adjustments:				
Scholarship expenses	2,288,804	-	-	2,288,804
Programming expenses	5,857,501	-	-	5,857,501
Administrative expenses	992,247	-	-	992,247
Fundraising expenses	1,736,534	-	-	1,736,534
Bad debt adjustments	14,378	439,193	100,666	554,237
Depreciation expense	95,180	-	-	95,180
Present value liability actuarial adjustment	-	(16,045)	339,036	322,991
Total expenses and adjustments	<u>10,984,644</u>	<u>423,148</u>	<u>439,702</u>	<u>11,847,494</u>
Change in net assets	4,388,920	4,156,390	2,375,978	10,921,288
Net assets, beginning of year, as restated-Note AC	<u>(1,685,504)</u>	<u>23,063,517</u>	<u>40,333,159</u>	<u>61,711,172</u>
Net assets, end of year	<u>\$ 2,703,416</u>	<u>27,219,907</u>	<u>42,709,137</u>	<u>72,632,460</u>

The notes are an integral part of the financial statements.

2009 (Restated)			
Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
927,991	5,330,331	2,613,494	8,871,816
(3,606,773)	(10,821,252)	(749,591)	(15,177,616)
143,604	94,910	25,082	263,596
(3,224,330)	3,224,330	-	-
1,501,094	(1,292,008)	(209,086)	-
8,059,419	(8,059,419)	-	-
3,801,005	(11,523,108)	1,679,899	(6,042,204)
3,023,767	-	-	3,023,767
5,311,893	-	-	5,311,893
937,470	-	-	937,470
1,873,998	-	-	1,873,998
(306)	(64,792)	32,839	(32,259)
109,828	-	-	109,828
-	(5,223)	224,478	219,255
11,256,650	(70,015)	257,317	11,443,952
(7,455,645)	(11,453,093)	1,422,582	(17,486,156)
5,770,141	34,516,610	38,910,577	79,197,328
(1,685,504)	23,063,517	40,333,159	61,711,172

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 61,066,780	59,489,868
Grants and contracts receipts	39,578,270	35,115,041
Collections of loans from students	1,707,448	1,701,435
Auxiliary enterprise receipts	55,645,317	54,604,940
Payments for salaries and benefits	(137,805,278)	(139,096,089)
Payments for goods and services	(26,105,646)	(23,158,978)
Scholarships	(6,619,827)	(5,677,191)
Loans issued to students	(1,124,592)	(1,164,380)
Auxiliary enterprise payments	(48,154,232)	(49,803,897)
Other operating receipts	10,589,847	6,449,515
Other operating payments	(19,088,226)	(16,368,411)
Net Cash Used by Operating Activities	<u>(70,310,139)</u>	<u>(77,908,147)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES		
State appropriations	97,785,246	100,803,526
William D. Ford direct lending and plus loans receipts	75,223,613	71,935,392
William D. Ford direct lending and plus loans made	(75,260,230)	(71,992,902)
Agency receipts	2,504,663	2,763,540
Agency payments	(2,351,151)	(2,841,757)
Non capital gifts	2,859,498	3,751,194
Net Cash Provided by Non Capital Financing Activities	<u>100,761,639</u>	<u>104,418,993</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations received	5,927,801	7,635,287
Capital gifts and grants received	5,824,887	13,253,424
Acquisition of capital assets	(25,359,070)	(29,382,120)
Proceeds from sale of capital assets	-	200,000
Principal paid on capital debt	(6,924,268)	(6,724,458)
Interest paid on capital debt	(5,967,042)	(5,902,270)
Proceeds from capital debt	4,232,304	13,724,912
Other capital and related financing receipts	935,487	86,129
Other capital and related financing payments	(759,349)	-
Net Cash Used by Capital and Related Financing Activities	<u>(22,089,250)</u>	<u>(7,109,096)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	2,250,817	2,571,971
Proceeds from sale and maturities of investments	101,690,775	66,354,108
Purchase of investments	(133,045,818)	(72,136,544)
Net Cash Used by Investing Activities	<u>(29,104,226)</u>	<u>(3,210,465)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(20,741,976)	16,191,285
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>44,972,353</u>	<u>28,781,068</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 24,230,377</u>	<u>44,972,353</u>

UNIVERSITY OF NORTHERN IOWA
Statement of Cash Flows
Years Ended June 30, 2010 and 2009

	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (82,985,024)	(102,769,596)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	14,461,097	13,975,476
Increase/(Decrease) in compensated absences	(46,929)	637,276
(Increase)/Decrease in accounts receivable	469,781	(648,749)
(Increase)/Decrease in loans receivable	581,213	1,468,503
(Increase)/Decrease in due from governmental agencies	(1,867,865)	1,102,041
(Increase)/Decrease in inventories	(938,225)	(168,175)
(Increase)/Decrease in prepaid expenses	(234,818)	642,337
(Increase)/Decrease in other assets	247,814	(151,158)
Increase/(Decrease) in accounts payable	717,849	10,646,241
Increase/(Decrease) in salaries and wages payable	(128,377)	234,737
Increase/(Decrease) in unearned revenue	(381,286)	(2,465,231)
Increase/(Decrease) in other liabilities	(205,369)	(411,849)
Net Cash Used By Operating Activities	\$ <u>(70,310,139)</u>	<u>(77,908,147)</u>

Noncash Capital, Financing and Investing Activities:

Equipment with a fair market value of \$22,800 in 2010 and \$20,000 in 2009 was donated to the University.

Bond issuance costs of \$28,800 in 2010 and \$162,726 in 2009 were deducted from the bond proceeds. These costs were capitalized and will be amortized over the debt repayment period.

A net unrealized gain increased the fair market value of the University's investments \$837,359 in 2010 and a net unrealized loss decreased the fair market value \$2,146,468 in 2009.

The notes are an integral part of the financial statements.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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, 2010

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.

Friends of KHKE/KUNI (Friends) was accounted for as a blended component unit of the University through June 30, 2009. The Board of Regents, State of Iowa transferred the operation and management of the radio stations KHKE and KUNI and the net assets of Friends from the University to Iowa Public Radio. Because of these transfers, the University removed the net assets of Friends from its financial statements during fiscal year 2010.

Discretely Presented Component Unit

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

The accompanying combined financial statements 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 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, 2010

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

Cash and Cash Equivalents

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

Investments and Investment Income

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

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

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

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

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

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

With the exception of funds specifically invested for bond issues and endowment funds, all other monies are pooled in an investment pool entitled "Treasurer's Temporary Investments". Investment income on the investment pool is allocated to the activities that participate in the pool. In fiscal years 2010 and 2009, the amount of income allocated from the Treasurer's Temporary Investment Pool was \$2,104,132 and \$242,556, respectively.

Investments (Foundation)

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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

Capital Assets

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

The following useful lives are used:

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

The following thresholds are used to define capital assets:

Infrastructure	\$ 10,000
Land, buildings, and improvements	\$ 25,000
Equipment	\$ 5,000
Intangible assets	\$500,000

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

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

Termination Benefits

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

Endowment Appreciation

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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

Unearned Revenue

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

Auxiliary Enterprise Revenues

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

Summer Session

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

Inventories

Inventories, consisting mainly of coal, fuel oil, foodstuffs and supplies, are primarily valued at 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 in 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, 2010

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, 2010 and June 30, 2009 were \$24,230,377 and \$44,972,353, respectively. The bank balances at June 30, 2010 and June 30, 2009 were \$29,358,500 and \$49,265,345, respectively. The carrying value at June 30, 2010 and June 30, 2009 includes cash-on-hand of \$123,955 and \$112,680, 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 the three year moving average of the market value of the endowment will be calculated and distributed. The net appreciation on true endowments available for expenditure at June 30, 2010 and 2009 was \$461,708 and \$421,080, respectively. The net appreciation is classified in the Statement of Net Assets as follows:

	<u>2010</u>	<u>2009</u>
Restricted Expendable		
Scholarships and fellowships	\$ 120,001	111,712
Loans	115,855	110,204
Other	<u>225,852</u>	<u>199,164</u>
Total	\$ <u>461,708</u>	<u>421,080</u>

The University's investments are recorded at fair value, as determined by quoted market price. At June 30, 2010, the University had the following investments and quality credit ratings by investment type:

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note B – Cash Deposits and Investments (continued)

Invested Assets	
Operating portfolio:	Fair Value
Fixed Income:	
U.S. Government Securities:	
U.S. Government Treasuries	\$ 18,292,282
U.S. Government Agencies	92,137,815
Short-Term Securities:	
Certificates of Deposit	<u>1,221,081</u>
Total Fixed Income Securities	111,651,178
Equity and Other Securities:	
U.S. Equities	<u>74,758</u>
Total Operating Portfolio	<u>111,725,936</u>
Endowment portfolio (UNI Equity in SUI Endowment Pool):	
Fixed Income:	
U.S. Government Securities:	
U.S. Government Treasuries	476,396
Agency Mortgage-Backed Securities	30,799
Corporate Securities:	
Corporate Bonds	213,679
Corporate Asset-Backed	154,292
Private Placements	73,924
Short-Term Securities:	
Other Agencies	203,318
Fixed Income Mutual Funds	<u>1,551,535</u>
Total Fixed Income Securities	<u>2,703,943</u>
Equity and Other Securities:	
U.S. Equities	2,140,185
International Equity Mutual Fund	<u>1,849,016</u>
Total Equity and Other Securities	<u>3,989,201</u>
Real Estate	<u>261,275</u>
Total Endowment Portfolio	<u>6,954,419</u>
Total Invested Assets	<u>\$118,680,355</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note B – Cash Deposits and Investments (continued)

Credit Risk Concentration

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

Investment	Fair Value	% of Total Operating Portfolio Assets
Federal Home Loan Bank	\$52,155,906	46%
Federal National Mortgage Association	26,417,887	23%
Federal Farm Credit Bank	7,034,375	6%
Federal Home Loan Mortgage Corporation	6,529,647	6%

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note B – Cash Deposits and Investments (continued)

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

	Interest Rate Sensitivity – Duration	Fair Value	Duration (in years)
Operating portfolio:			
Fixed Income:			
U.S. Government Securities:			
U.S. Government Treasuries		\$ 18,292,282	2.53
U.S. Government Agencies		92,137,815	2.34
Short-Term Securities:			
Certificates of Deposit		<u>1,221,081</u>	1.15
Operating Portfolio-Total Fixed Income Securities		<u>111,651,178</u>	
Operating Portfolio Duration			2.36
Endowment Portfolio:			
Fixed Income:			
U.S. Government Securities:			
U.S. Government Treasuries		476,396	4.31
Agency Mortgage-Backed Securities		30,799	2.47
Corporate Securities:			
Corporate Bonds		213,679	6.81
Corporate Asset-Backed		154,292	2.30
Private Placements		73,924	3.28
Short-Term Securities:			
Other Agencies		203,318	2.20
Fixed Income Mutual Funds		<u>1,551,535</u>	3.95
Endowment Portfolio-Total Fixed Income Securities		<u>2,703,943</u>	
Endowment Portfolio Duration			3.98
Total All Portfolios		<u>\$114,355,121</u>	

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note B – Cash Deposits and Investments (continued)

	Credit Risk – Quality Ratings			
	<u>Treasury</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
Fixed Income Securities:				
U.S. Government Guaranteed				
U.S. Government Treasuries	\$18,768,678	-	-	-
U.S. Government Non-Guaranteed				
Federal Home Loan Bank	-	52,155,906	-	-
Federal National Mortgage Association	-	26,417,887	-	-
Federal Farm Credit Bank	-	7,034,375	-	-
Federal Home Loan Mortgage Corporation	-	6,529,647	-	-
Agency Mortgage-Backed Securities	-	-	-	-
Corporate Securities				
Corporate Bonds	-	-	51,783	107,919
Corporate Asset-Backed	-	120,532	9,461	10,639
Private Placements	-	-	-	52,337
Short-Term Securities				
Other Agencies	-	-	-	-
Certificates of Deposit	-	-	-	-
Fixed Income Mutual Funds	<u>40,695</u>	<u>33,036</u>	<u>47,669</u>	<u>165,640</u>
Total Fixed Income Investments	<u>\$18,809,373</u>	<u>92,291,383</u>	<u>108,913</u>	<u>336,535</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>NR</u>	<u>Total</u>
-	-	-	-	18,768,678
-	-	-	-	52,155,906
-	-	-	-	26,417,887
-	-	-	-	7,034,375
-	-	-	-	6,529,647
-	-	-	30,799	30,799
53,977	-	-	-	213,679
12,976	684	-	-	154,292
21,587	-	-	-	73,924
-	-	-	203,318	203,318
-	-	-	1,221,081	1,221,081
<u>219,312</u>	<u>157,997</u>	<u>280,773</u>	<u>606,413</u>	<u>1,551,535</u>
<u>307,852</u>	<u>158,681</u>	<u>280,773</u>	<u>2,061,611</u>	<u>114,355,121</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note C – Accounts Receivable

Accounts receivable are summarized as follows:

	<u>2010</u>	<u>2009</u>
Student accounts	\$ 2,131,648	2,442,884
University of Northern Iowa Foundation	1,684,722	2,997,543
Sponsoring agencies	1,231,222	616,723
Casualty insurance	-	935,488
Other	<u>2,862,206</u>	<u>3,576,375</u>
	7,909,798	10,569,013
Less allowance for doubtful accounts	<u>(837,397)</u>	<u>(793,888)</u>
Total	<u>\$ 7,072,401</u>	<u>9,775,125</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>2010</u>	<u>2009</u>
In one year or less	\$ 2,528,287	2,272,047
Between one year and five years	5,086,385	2,959,838
More than five years	<u>2,009,145</u>	<u>1,639,604</u>
	9,623,817	6,871,489
Less discounts to net present value	(685,279)	(385,944)
Less allowance for uncollectible pledges	<u>(462,313)</u>	<u>(356,065)</u>
Total	<u>\$ 8,476,225</u>	<u>6,129,480</u>

Pledges receivable at June 30, 2010 and 2009 have the following restrictions:

	<u>2010</u>	<u>2009</u>
Unrestricted:		
Undesignated	\$ 128,892	58,665
Temporarily Restricted:		
Scholarships and department programs	2,947,527	2,151,385
Plant	3,018,634	2,374,808
Permanently Restricted:		
Endowments-Scholarships and department programs	<u>2,381,172</u>	<u>1,544,622</u>
Total	<u>\$ 8,476,225</u>	<u>6,129,480</u>

Note E – Loans Receivable

Loans receivable are summarized as follows:

	<u>2010</u>	<u>2009</u>
Student loans:		
Federal loan programs	\$11,245,743	12,129,144
University loan funds	<u>87,723</u>	<u>90,392</u>
	11,333,466	12,219,536
Less allowance for uncollectible loans	<u>(1,105,233)</u>	<u>(1,410,090)</u>
Total	<u>\$10,228,233</u>	<u>10,809,446</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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>2010</u>	<u>2009</u>
Federal Government	\$ 5,175,810	3,799,368
State Government	1,772,568	1,255,464
Local Government	<u>15,978</u>	<u>59,527</u>
Total	\$ <u>6,964,356</u>	<u>5,114,359</u>

Note G – Prepaid Expenses/Unearned Revenue

Prepaid expenses at June 30, 2010 and 2009 totaled \$4,440,517 and \$4,192,688, respectively, and unearned revenue at June 30, 2010 and 2009 totaled \$3,942,356 and \$4,323,910, respectively. The summer session portion for unearned tuition and fees for 2010 and 2009 was \$776,460 and \$805,485, respectively. Students sign housing contracts with the Department of Residence for the following Fall semester. Unearned revenue on housing contracts was \$635,800 and \$623,800 at June 30, 2010 and 2009, 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 \$537,620 and \$428,231 at June 30, 2010 and 2009, respectively.

Note H – Inventories

Inventories at June 30, 2010 and 2009, consisting mainly of supplies and merchandise, primarily valued at lower of cost or market (first in, first out), had values of \$3,541,302 and \$2,603,077, respectively.

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note I – Capital Assets

Capital assets activity for the year ended June 30, 2010 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	\$ 4,916,643	-	-	4,916,643	-	4,916,643
Construction in Progress	23,589,686	18,855,944	(31,091,719)	11,353,911	-	11,353,911
Software in Progress	-	4,576,092	-	4,576,092	-	4,576,092
Capital Assets, Nondepreciable	28,506,329	23,432,036	(31,091,719)	20,846,646	-	20,846,646
Land Improvements	12,499,217	556,378	-	13,055,595	(7,683,153)	5,372,442
Infrastructure	27,523,268	8,705,792	(61,534)	36,167,526	(9,998,873)	26,168,653
Buildings	368,085,452	23,415,758	-	391,501,210	(135,418,593)	256,082,617
Equipment	45,193,466	5,280,296	(2,256,326)	48,217,436	(30,569,046)	17,648,390
Library Materials	34,843,847	873,852	(910,988)	34,806,711	(29,390,622)	5,416,089
Capital Assets, Depreciable	488,145,250	38,832,076	(3,228,848)	523,748,478	(213,060,287)	310,688,191
Total Capital Assets	\$516,651,579	62,264,112	(34,320,567)	544,595,124	(213,060,287)	331,534,837

Depreciation activity for the year ended June 30, 2010 is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land Improvements	\$ 7,263,847	419,306	-	7,683,153
Infrastructure	9,293,197	705,676	-	9,998,873
Buildings	126,498,342	8,920,251	-	135,418,593
Equipment	29,580,668	2,998,874	(2,010,496)	30,569,046
Library Materials	28,884,620	1,416,990	(910,988)	29,390,622
Total	\$201,520,674	14,461,097	(2,921,484)	213,060,287

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note I – Capital Assets (continued)

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, 2010

Note I – Capital Assets (continued)

Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets, was implemented during fiscal year 2010. Software totaling \$4,576,092 was classified as intangibles. Restatement of the beginning net assets and capital assets was not necessary because costs incurred prior to July 1, 2009, for internally generated computer software were not capitalized.

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, 2010 and 2009 were \$490,409 and \$710,876, respectively.

Note K – Compensated Absences Payable

University employees accumulate vacation and sick leave under provisions of Chapter 70A of the Code of Iowa. These accumulated benefits may be liquidated under specific circumstances. Accumulated vacation is paid at the employee's hourly rate upon retirement, death, or termination.

With certain exceptions, accumulated sick leave is paid at the employee's hourly rate to a maximum of \$2,000 on retirement.

The following schedule presents the changes in the liability for compensated absences, including accrued retirement and FICA contributions, for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Amount of accrued compensated absences at beginning of year	\$9,470,968	8,833,692
Amount of compensated absences accrued during the fiscal year	6,025,580	7,421,051
Payments on compensated absences during the fiscal year	<u>(6,072,509)</u>	<u>(6,783,775)</u>
Amount of accrued compensated absences at end of year	<u>\$9,424,039</u>	<u>9,470,968</u>

As of June 30, 2010 and 2009, the current liabilities for compensated absences payable were \$4,209,500 and \$4,706,600, respectively.

Note L – Retirement Programs

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note L – Retirement Programs (continued)

all earnings. The Board of Regents, State of Iowa has approved a temporary reduction of the University required contribution from November 2009 through June 2011. During this period of time, the University, through the fifth year of employment, is required to contribute 5 1/3% of the first \$4,800 of earnings and 8% on earnings above \$4,800. Upon completion of five years of service, the University is required to contribute 8% on all earnings. During fiscal years 2010 and 2009, the University's required and actual contribution amounted to \$9,084,297 and \$10,537,041, respectively. During fiscal years 2010 and 2009, the employees' required and actual contribution amounted to \$5,020,759 and \$5,243,856, respectively.

Iowa Public Employees' Retirement System - The University contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members were required to contribute 4.3% of their annual covered salary and the University was required to contribute 6.65% of annual covered payroll for the year ended June 30, 2010. For the years ended June 30, 2009, and 2008, plan members were required to contribute 4.1% and 3.9%, respectively, of the annual covered salary and the University was required to contribute 6.35% and 6.05%, respectively, of annual covered payroll. Contribution requirements are established by State statute.

The University's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$614,811, \$543,437 and \$446,185, 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, 2010 and 2009, \$15,530,805 and \$14,944,981, 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, 2010, 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, 2010, 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, 2010, 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, 2010, 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, 2010, this amendment was paid in full to the University.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note M – Pledge Payable (Foundation) (continued)

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 leases. As of June 30, 2010 and 2009, \$2,419,155 and \$2,126,165, respectively, was paid to the University.

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, 2010, 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>2010</u>	<u>2009</u>
In one year or less	\$ 667,959	878,814
Between one year and five years	<u>882,081</u>	<u>1,550,040</u>
	1,550,040	2,428,854
Less discounts to net present value	<u>(46,158)</u>	<u>(97,027)</u>
Total	<u>\$ 1,503,882</u>	<u>2,331,827</u>

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note N – Long-Term Debt

Long-Term debt on June 30, 2010, consisted of the following:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Original Value</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Academic Bldg. Revenue Bonds:								
Series 1994-Refunding	4.50 – 6.00	2015	\$ 2,180,000	1,120,000	-	140,000	980,000	140,000
Series 1994	5.00 – 8.25	2015	9,201,461	2,193,759	-	425,227	1,768,532	531,629
Series 1996-Refunding	4.55 – 6.00	2013	7,600,000	2,950,000	-	530,000	2,420,000	565,000
Series 2002-Refunding	4.00 – 5.50	2015	4,890,000	2,975,000	-	370,000	2,605,000	390,000
Series 2003-Refunding	3.00 – 3.80	2015	8,465,000	5,795,000	-	730,000	5,065,000	755,000
Series 2003A-Refunding	2.00 – 3.40	2012	4,225,000	1,920,000	-	465,000	1,455,000	465,000
Series 2005-Refunding	5.75 – 6.20	2020	5,110,000	4,315,000	-	400,000	3,915,000	305,000
Series 2005	2.90 – 4.25	2027	12,800,000	12,675,000	-	125,000	12,550,000	150,000
Series 2007	4.00 – 4.25	2027	8,000,000	7,900,000	-	100,000	7,800,000	100,000
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	-	-	13,860,000	-
Residence System Bonds:								
Series 1999	4.05 – 5.55	2020	7,000,000	4,965,000	-	315,000	4,650,000	4,650,000
Series 2000	5.00 – 6.50	2021	14,040,000	11,870,000	-	650,000	11,220,000	675,000
Series 2002-Refunding	3.00 – 4.50	2018	9,535,000	5,950,000	-	485,000	5,465,000	510,000
Series 2003	3.50 – 4.75	2023	9,210,000	7,805,000	-	390,000	7,415,000	405,000
Series 2010-Refunding	2.00 – 3.13	2020	4,255,000	-	4,255,000	-	4,255,000	-
Field House Bonds:								
Series 2001	3.75 – 4.75	2022	5,625,000	4,365,000	-	235,000	4,130,000	245,000
Series 2004	2.50 – 4.40	2024	10,000,000	6,855,000	-	325,000	6,530,000	335,000
Series 2005-Refunding	3.00 – 4.20	2022	7,465,000	6,515,000	-	360,000	6,155,000	375,000
Student Union Bonds:								
Series 2002	1.80 – 5.00	2022	12,755,000	9,980,000	-	520,000	9,460,000	545,000
Student Health System Bonds:								
Series 2004	3.00 – 4.40	2024	<u>3,875,000</u>	<u>3,290,000</u>	<u>-</u>	<u>155,000</u>	<u>3,135,000</u>	<u>160,000</u>
Total Bonds Payable			172,091,461	129,298,759	4,255,000	6,720,227	126,833,532	11,301,629
Notes Payable	0.00	2027	500,000	485,000	-	15,000	470,000	15,000
Capital Leases Payable	6.60	2016	<u>2,150,000</u>	<u>1,621,482</u>	<u>-</u>	<u>189,041</u>	<u>1,432,441</u>	<u>201,724</u>
Total Long-Term Debt Payable			<u>\$174,741,461</u>	<u>131,405,241</u>	<u>4,255,000</u>	<u>6,924,268</u>	<u>128,735,973</u>	<u>11,518,353</u>

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note N – Long-Term Debt (continued)

Long-Term debt on June 30, 2009, consisted of the following:

	<u>Interest Rates %</u>	<u>Maturity Date</u>	<u>Original Value</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Academic Bldg. Revenue Bonds:								
Series 1994-Refunding	4.50 – 6.00	2015	\$ 2,180,000	1,250,000	-	130,000	1,120,000	140,000
Series 1994	5.00 – 8.25	2015	9,201,461	2,941,061	-	747,302	2,193,759	425,227
Series 1996-Refunding	4.55 – 6.00	2013	7,600,000	3,465,000	-	515,000	2,950,000	530,000
Series 2002-Refunding	4.00 – 5.50	2015	4,890,000	3,330,000	-	355,000	2,975,000	370,000
Series 2003-Refunding	3.00 – 3.80	2015	8,465,000	6,495,000	-	700,000	5,795,000	730,000
Series 2003A-Refunding	2.00 – 3.40	2012	4,225,000	2,380,000	-	460,000	1,920,000	465,000
Series 2005-Refunding	5.75 – 6.20	2020	5,110,000	4,405,000	-	90,000	4,315,000	400,000
Series 2005	2.90 – 4.25	2027	12,800,000	12,800,000	-	125,000	12,675,000	125,000
Series 2007	4.00 – 4.25	2027	8,000,000	8,000,000	-	100,000	7,900,000	100,000
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	-	13,860,000	-
Residence System Bonds:								
Series 1999	4.05 – 5.55	2020	7,000,000	5,265,000	-	300,000	4,965,000	315,000
Series 2000	5.00 – 6.50	2021	14,040,000	12,495,000	-	625,000	11,870,000	650,000
Series 2002-Refunding	3.00 – 4.50	2018	9,535,000	6,415,000	-	465,000	5,950,000	485,000
Series 2003	3.50 – 4.75	2023	9,210,000	8,180,000	-	375,000	7,805,000	390,000
Field House Bonds:								
Series 2001	3.75 – 4.75	2022	5,625,000	4,590,000	-	225,000	4,365,000	235,000
Series 2004	2.50 – 4.40	2024	10,000,000	7,175,000	-	320,000	6,855,000	325,000
Series 2005-Refunding	3.00 – 4.20	2022	7,465,000	6,865,000	-	350,000	6,515,000	360,000
Student Union Bonds:								
Series 2002	1.80 – 5.00	2022	12,755,000	10,480,000	-	500,000	9,980,000	520,000
Student Health System Bonds:								
Series 2004	3.00 – 4.40	2024	<u>3,875,000</u>	<u>3,440,000</u>	<u>-</u>	<u>150,000</u>	<u>3,290,000</u>	<u>155,000</u>
Total Bonds Payable			167,836,461	121,971,061	13,860,000	6,532,302	129,298,759	6,720,227
Notes Payable	0.00	2027	500,000	500,000	-	15,000	485,000	15,000
Capital Leases Payable	6.60	2016	<u>2,150,000</u>	<u>1,798,638</u>	<u>-</u>	<u>177,156</u>	<u>1,621,482</u>	<u>189,041</u>
Total Long-Term Debt Payable			<u>\$170,486,461</u>	<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>

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note N – Long-Term Debt (continued)

The above bonds were issued for the following purposes:

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

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

Field House System Revenue Bonds were issued in 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,	Principal	Interest	Total
2011	\$ 11,301,630	6,004,568	17,306,198
2012	7,506,706	5,170,089	12,676,795
2013	7,738,112	5,158,454	12,896,566
2014	7,769,222	4,572,727	12,341,949
2015	7,496,126	4,647,581	12,143,707
2016-2020	35,651,736	16,576,445	52,228,181
2021-2025	27,495,000	7,880,311	35,375,311
2026-2030	11,405,000	3,782,841	15,187,841
2031-2035	8,505,000	1,596,125	10,101,125
2036-2040	1,965,000	49,125	2,014,125
Total	<u>\$126,833,532</u>	<u>55,438,266</u>	<u>182,271,798</u>

The changes in Bonds Payable for fiscal years 2010 and 2009 are detailed below:

	<u>2010</u>	<u>2009</u>
Bonds payable beginning of year	\$129,298,759	121,971,061
Bonds retired during the fiscal year	(6,720,227)	(6,532,302)
Bonds issued during the fiscal year	<u>4,255,000</u>	<u>13,860,000</u>
Bonds payable end of year	<u>\$126,833,532</u>	<u>129,298,759</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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 provided 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 \$1,432,441 as of June 30, 2010.

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>
2011	\$ 201,724	91,267	292,991
2012	215,257	77,733	292,990
2013	229,698	63,292	292,990
2014	245,109	47,882	292,991
2015	261,553	31,438	292,991
2016	279,100	13,890	292,990
Total	<u>\$1,432,441</u>	<u>325,502</u>	<u>1,757,943</u>

Note O – Current Refunding

As of April 1, 2010, the University issued \$4,255,000 of Dormitory Revenue Refunding Bonds, Series U.N.I. 2010 with an average interest rate of 2.691% and accrued interest of \$6,103. The bonds were issued in the form of a current refunding to refund the July 1, 2011 through July 1, 2020 maturities of Dormitory Revenue Bonds, Series U.N.I. 1999. University funds were used to refund the July 1, 2010 maturities. Outstanding Series U.N.I. 1999 bonds totaled \$4,650,000 and interest ranged between 4.25% and 4.75%.

Aggregate debt service payments are reduced \$1,018,355 over the next ten years.

The net proceeds of \$4,180,661 and \$997,281 in University funds were deposited in an irrevocable escrow account with the University as trustee. The escrow account is sufficient to fully pay the remaining principal and interest due on the outstanding bonds. The 1999 Dormitory Revenue Bonds were called on July 1, 2010. The current refunding resulted in an economic gain of \$312,956.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note P – OPEB (Other Postemployment Benefits)

Plan Description. The University operates a single-employer retiree benefit plan which provides medical, dental and life insurance benefits for retirees and their spouses. There are 1,351 active and 538 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.

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

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

The following table shows the components of the University's annual OPEB cost as of June 30, 2010, the amount actually contributed to the plan and changes in the University's net OPEB obligation:

Annual required contribution	\$ 2,296,000
Interest on net OPEB obligation	41,000
Adjustment to annual required contribution	(35,000)
Annual OPEB cost (expense)	2,302,000
Contributions made	(1,619,000)
Increase in net OPEB obligation	683,000
Net OPEB obligation – beginning of year	917,000
Net OPEB obligation – end of year	\$ 1,600,000

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, 2010.

For fiscal year 2010, the University contributed \$1,619,000 to the medical plan. Plan members receiving benefits contributed \$2.1 million, or 56% of the premium costs.

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
6/30/2008	\$1,114,000	59.1%	\$ 456,000
6/30/2009	1,119,000	58.8%	917,000
6/30/2010	2,302,000	70.3%	1,600,000

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$26.7 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$26.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$120.6 million, and the ratio of the UAAL to the covered payroll was 22.1%. As of June 30, 2010, 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, 2009 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate based on the University's funding policy. The projected annual health care trend rate is 11%. The ultimate health care trend rate is 5%. The health care trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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 \$938 per month for retirees age 69 or less and \$330 per month for retirees who have attained age 70. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

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

Allocated Other Postemployment Benefits Liability.

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

The annual valuation of liabilities under the OPEB Plan is calculated using the entry age normal cost method. The method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$293,000,000 for the State of Iowa at June 30, 2009. The University's allocation of the unfunded liability is not separately determinable.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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

Details of the OPEB Plan are provided on a state-wide basis and are available in the State of Iowa's Comprehensive Annual Financial Report for the year ended June 30, 2010. The report may be obtained by writing the Iowa Department of Administrative Services, Hoover State Office Building, Des Moines, Iowa 50319.

The University recognized a net OPEB liability of \$996,071 for other postemployment benefits, which represents the University's allocated portion of the State's net OPEB liability. The University's portion of the net OPEB liability was calculated using the ratio of full time equivalent University merit employees compared to all full time equivalent employees of the State of Iowa.

In summary, the University has recognized a net OPEB liability of \$1,600,000 for its retiree benefit plan and a liability of \$996,071 for its allocated portion of the State's net OPEB liability, for a total net OPEB liability of \$2,596,071.

Note Q – Refundable Advances on Student Loans

The Perkins Federal Loan program requires a return of Federal Capital Contribution if the United States Government terminates the program. The accumulated Federal Capital Contribution received by the University of Northern Iowa over the lifetime of the Perkins Loan program is \$9,487,410 and \$9,384,190 at June 30, 2010 and 2009, respectively.

Note R – Endowments

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

	<u>2010</u>	<u>2009</u>
Restricted-Nonexpendable	\$ <u>615,895</u>	<u>615,895</u>
Restricted-Expendable:		
Scholarships	\$ 120,001	111,712
Loans	115,855	110,204
Other-Chair	<u>225,852</u>	<u>199,164</u>
Total	\$ <u>461,708</u>	<u>421,080</u>

Note S – Related Party Organization

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note S – Related Party Organization (continued)

Significant Alumni Association financial data as of and for the years ended June 30, 2010 and 2009 follows:

	<u>2010</u>	<u>2009</u>
Total Assets	\$ 675,626	609,577
Total Liabilities	150,489	141,821
Total Equity	525,137	467,756
Due to the University	908	1,120
Total Support and Revenues	432,740	216,294
Total Expenses	375,359	359,070

Note T – Restrictions on Net Assets (Foundation)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2010</u>	<u>2009</u>
Program activities:		
Scholarships and department programs	\$ 5,240,194	5,660,260
Plant	<u>986,814</u>	<u>2,399,159</u>
Total Temporarily Restricted Net Assets	\$ <u>6,227,008</u>	<u>8,059,419</u>

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

	<u>2010</u>	<u>2009</u>
Program activities:		
Scholarships and department programs	\$ 25,876,485	20,548,795
Plant	898,533	2,145,872
Charitable gift annuities	22,958	21,090
Charitable remainder unitrusts	<u>421,931</u>	<u>347,760</u>
Total Temporarily Restricted Net Assets	\$ <u>27,219,907</u>	<u>23,063,517</u>

Permanently restricted net assets are restricted for the following purposes:

	<u>2010</u>	<u>2009</u>
Endowment	\$ 41,578,391	39,244,772
Charitable gift annuities	112,531	317,875
Charitable remainder trust annuities	145,284	73,171
Charitable remainder unitrusts	<u>872,931</u>	<u>697,341</u>
Total Permanently Restricted Net Assets	\$ <u>42,709,137</u>	<u>40,333,159</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note U – Risk Management

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

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

Business 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 losses for other buildings.

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

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 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.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note U – Risk Management (continued)

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

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

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

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

The following schedule presents the changes in claims liabilities for medical and dental insurance for professional staff and unemployment compensation for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Amount of claims and contingent liabilities accrued beginning of year	\$ 2,063,548	2,020,105
Claims incurred and contingent liabilities accrued for the previous and current year and any changes in amounts estimated for prior years	15,333,516	14,780,195
Payments on claims during the fiscal year	<u>(15,639,816)</u>	<u>(14,736,752)</u>
Amount of claims liabilities end of year	\$ <u>1,757,248</u>	<u>2,063,548</u>

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

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note V – Debt Issuance Costs

Debt issuance costs at June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Debt issuance costs	\$ 2,278,927	2,212,550
Less accumulated amortization	<u>(750,953)</u>	<u>(641,098)</u>
Net debt issuance costs	<u>\$ 1,527,974</u>	<u>1,571,452</u>

Amortization expense for fiscal years 2010 and 2009 was \$109,855 and \$101,839, respectively.

Note W – Operating Leases

The University has leased various buildings, tower space, and equipment. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. These leases expire between June 30, 2010 and June 30, 2020, 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, 2010:

<u>Year ending June 30,</u>	<u>Amount</u>
2011	\$ 441,477
2012	258,545
2013	208,749
2014	216,563
2015	136,279
2016 - 2020	<u>12,880</u>
Total	<u>\$ 1,274,493</u>

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

Rental expense for the years ended June 30, 2010 and 2009, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$953,801 and \$961,360, respectively.

Note X – Retirement Incentive Programs and Termination Benefits

Early Retirement Incentive Program of 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. This program expired on June 30, 2004. Eligible for participation were 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 approved the employee's participation.

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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

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

- 1) Health and Dental Insurance - The employer's contributions were made until the employee was eligible for Medicare coverage.
- 2) Group Life Insurance - The employer provided 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 were made for up to three (3) years; the employer's contributions were made for up to an additional two (2) years; the employer's contributions were payable for a maximum of five (5) years or until the employee was eligible for full Social Security benefits, whichever occurred first.

The employee may have elected, prior to approval of participation in the program, 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 required departments to fully fund the ERIP liability upon signing ERIP contracts. All contracts were fulfilled during fiscal year 2010. At June 30, 2010 and 2009, the present value of future benefits was \$0 and \$32,092, respectively. The interest rate utilized to calculate the present value was 0.04% on June 30, 2009. During fiscal year 2010, benefit payments for 10 participants totaled \$32,092. During fiscal year 2009, benefit payments for 24 participants totaled \$209,998.

Early Retirement Incentive Program of 2009

The Early Retirement Incentive Program of 2009 was approved by the Board of Regents, State of Iowa in April, 2009. The 2009 Program was a one-time program which expired on July 31, 2009. Eligible for participation were faculty, professional-scientific employees, institutional officials and merit system employees who 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 were required to retire between June 1 and December 31, 2009.

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

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

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

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

The University is funding the 2009 Program on a pay-as-you-go basis using ARRA Education Stimulus funds, health and dental insurance reserves, and operating funds. As of June 30, 2009, 79 contracts to retire were signed. During July, 2010, 38 additional contracts were signed. At June 30, 2010 and 2009, the present value of future benefits was \$6,567,070 and \$5,968,113, respectively. The liabilities are included in Accounts Payable in the Statement of Net Assets. The interest rate utilized to calculate the present value was 0.04% at June 30, 2010 and 0.22% at June 30, 2009. During fiscal year 2010, benefits payments for 117 participants totaled \$1,642,229. During fiscal year 2009, benefit payments for 2 participants totaled \$57,965.

Note Y – Funds Held in Trust by Others

The University is a beneficiary of the Joseph S. Wright Trust, which is held by others and had an aggregate market value of \$620,467 and \$576,289 at June 30, 2010 and 2009, respectively. The income received by the University from this trust was \$18,005 in fiscal year 2010 and \$12,516 in fiscal year 2009.

Note Z – Other Commitments, Claims, and Contingencies

Commitments: Changes to the University's outstanding construction contract commitments for Plant construction for the year ended June 30, 2010 are as follows:

Construction Commitments beginning of year	\$ 11,144,559
Increases in Commitments	11,863,833
Payments and Decreases in Commitments	<u>(16,977,030)</u>
Construction Commitments at end of year	\$ <u>6,031,362</u>

There were no material claims or contingencies as of June 30, 2010.

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note AA – Segment Reporting

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

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

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

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

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University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note AA – Segment Reporting (continued)
Academic Building

Condensed Statement of Net Assets	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 13,151,543	22,857,323
Capital assets	68,579,448	61,971,418
Other noncurrent assets	<u>7,738,726</u>	<u>7,234,672</u>
Total assets	<u>89,469,717</u>	<u>92,063,413</u>
Liabilities:		
Current liabilities	6,238,435	5,661,727
Noncurrent liabilities	<u>61,016,902</u>	<u>64,418,532</u>
Total liabilities	<u>67,255,337</u>	<u>70,080,259</u>
Net assets:		
Invested in capital assets, net of related debt	12,974,966	12,009,235
Restricted, expendable	8,422,231	9,114,967
Restricted, other	11,875	-
Unrestricted	<u>805,308</u>	<u>858,952</u>
Total net assets	<u>\$ 22,214,380</u>	<u>21,983,154</u>

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

Operating revenues	\$ 63,489,894	60,319,329
Depreciation expense	(2,250,499)	(2,200,356)
Other operating expenses	-	-
Net operating income (loss)	61,239,395	58,118,973
Nonoperating revenues (expenses)	2,579,249	3,155,008
Transfers from (to) University funds	(63,587,418)	(60,460,787)
Change in net assets	231,226	813,194
Net assets, beginning of year	<u>21,983,154</u>	<u>21,169,960</u>
Net assets, end of year	<u>\$ 22,214,380</u>	<u>21,983,154</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 63,525,667	60,522,538
Net cash provided (used) by capital and related financing activities	(73,059,144)	(51,558,756)
Net cash provided (used) by investing activities	<u>3,274,852</u>	<u>(7,483,974)</u>
Net increase (decrease) in cash	(6,258,625)	1,479,808
Cash and cash equivalents, beginning of year	<u>12,870,624</u>	<u>11,390,816</u>
Cash and cash equivalents, end of year	<u>\$ 6,611,999</u>	<u>12,870,624</u>

Debt Service Coverage

Debt service coverage – required	1.25	1.25
Debt service coverage – actual	10.06	9.45

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 6,950,665	6,171,873
Net operating income *	63,489,894	60,319,329
Annual debt service/net operating income (%)	10.9%	10.2%

As of June 30, 2010, revenue pledged for future principal and interest payments was \$101,127,032.

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

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note AA – Segment Reporting (continued)
Residence System

Condensed Statement of Net Assets	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 19,160,896	16,154,279
Capital assets	35,037,223	31,176,686
Other noncurrent assets	<u>6,181,534</u>	<u>2,994,387</u>
Total assets	<u>60,379,653</u>	<u>50,325,352</u>
Liabilities:		
Current liabilities	9,362,999	4,409,242
Noncurrent liabilities	<u>27,364,409</u>	<u>29,290,929</u>
Total liabilities	<u>36,727,408</u>	<u>33,700,171</u>
Net assets:		
Invested in capital assets, net of related debt	8,272,223	2,426,686
Restricted, expendable	8,977,551	8,542,476
Unrestricted	<u>6,402,471</u>	<u>5,656,019</u>
Total net assets	\$ <u>23,652,245</u>	<u>16,625,181</u>

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

Operating revenues	\$ 36,003,367	35,596,414
Depreciation expense	(1,332,166)	(1,352,018)
Other operating expenses	<u>(26,902,270)</u>	<u>(28,119,256)</u>
Net operating income (loss)	7,768,931	6,125,140
Nonoperating revenues (expenses)	(741,867)	(953,020)
Transfers from (to) University funds	-	2,474
Change in net assets	<u>7,027,064</u>	<u>5,174,594</u>
Net assets, beginning of year	<u>16,625,181</u>	<u>11,450,587</u>
Net assets, end of year	\$ <u>23,652,245</u>	<u>16,625,181</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 9,343,438	7,444,048
Net cash provided (used) by capital and related financing activities	<u>(3,589,338)</u>	<u>(5,257,495)</u>
Net cash provided (used) by investing activities	<u>1,769,687</u>	<u>(337,519)</u>
Net increase (decrease) in cash	7,523,787	1,849,034
Cash and cash equivalents, beginning of year	<u>10,815,750</u>	<u>8,966,715</u>
Cash and cash equivalents, end of year	\$ <u>18,339,537</u>	<u>10,815,749</u>

Debt Service Coverage

Debt service coverage – required	1.35	1.35
Debt service coverage – actual	3.43	3.15

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 3,280,804	3,285,136
Net operating income *	11,576,378	10,539,558
Annual debt service/net operating income (%)	28.3%	31.2%

As of June 30, 2010, revenue pledged for future principal and interest payments was \$37,233,452.

* 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, 2010

Note AA – Segment Reporting (continued)
Field House System

Condensed Statement of Net Assets	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 7,149,119	3,850,066
Capital assets	35,769,598	36,172,471
Other noncurrent assets	<u>7,113,187</u>	<u>8,869,759</u>
Total assets	<u>50,031,904</u>	<u>48,892,296</u>
Liabilities:		
Current liabilities	1,450,694	1,342,430
Noncurrent liabilities	<u>16,349,290</u>	<u>17,326,108</u>
Total liabilities	<u>17,799,984</u>	<u>18,668,538</u>
Net assets:		
Invested in capital assets, net of related debt	19,454,598	18,887,471
Restricted, expendable	3,743,128	4,301,540
Unrestricted	<u>9,034,194</u>	<u>7,034,747</u>
Total net assets	<u>\$ 32,231,920</u>	<u>30,223,758</u>

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

Operating revenues	\$ 3,711,752	3,621,717
Depreciation expense	(1,352,230)	(1,287,487)
Other operating expenses	<u>(2,148,406)</u>	<u>(2,241,284)</u>
Net operating income (loss)	211,116	92,946
Nonoperating revenues (expenses)	<u>1,797,045</u>	<u>(258,926)</u>
Change in net assets	2,008,161	(165,980)
Net assets, beginning of year	<u>30,223,759</u>	<u>30,389,738</u>
Net assets, end of year	<u>\$ 32,231,920</u>	<u>30,223,758</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 1,535,010	1,370,794
Net cash provided (used) by capital and related financing activities	339,744	(1,086,763)
Net cash provided (used) by investing activities	<u>(954,314)</u>	<u>(1,812,917)</u>
Net increase (decrease) in cash	920,440	(1,528,886)
Cash and cash equivalents, beginning of year	<u>2,643,765</u>	<u>4,172,651</u>
Cash and cash equivalents, end of year	<u>\$ 3,564,205</u>	<u>2,643,765</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	6.40	5.26

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 1,638,618	1,632,255
Net operating revenue *	1,760,240	1,872,779
Annual debt service/net operating income (%)	93.1%	87.2%

As of June 30, 2010, revenue pledged for future principal and interest payments was \$22,576,818.

* 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, 2010

Note AA – Segment Reporting (continued)
Student Union

Condensed Statement of Net Assets	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 1,795,319	3,073,974
Capital assets	12,873,221	12,871,088
Other noncurrent assets	<u>3,067,508</u>	<u>1,912,266</u>
Total assets	<u>17,736,048</u>	<u>17,857,328</u>
Liabilities:		
Current liabilities	819,908	886,202
Noncurrent liabilities	<u>8,948,933</u>	<u>9,490,242</u>
Total liabilities	<u>9,768,841</u>	<u>10,376,444</u>
Net assets:		
Invested in capital assets, net of related debt	3,958,220	3,411,088
Restricted, expendable	1,008,750	1,008,750
Unrestricted	<u>3,000,237</u>	<u>3,061,046</u>
Total net assets	<u>\$ 7,967,207</u>	<u>7,480,884</u>

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

Operating revenues	\$ 1,694,932	1,751,211
Depreciation expense	(404,914)	(422,864)
Other operating expenses	<u>(1,048,229)</u>	<u>(1,297,230)</u>
Net operating income (loss)	241,789	31,117
Nonoperating revenues (expenses)	(375,303)	(338,914)
Transfers from (to) University funds	<u>619,837</u>	<u>964,626</u>
Change in net assets	486,323	656,829
Net assets, beginning of year	<u>7,480,884</u>	<u>6,824,055</u>
Net assets, end of year	<u>\$ 7,967,207</u>	<u>7,480,884</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 656,851	468,921
Net cash provided (used) by capital and related financing activities	(844,472)	(677,071)
Net cash provided (used) by investing activities	<u>854,445</u>	<u>(662,974)</u>
Net increase (decrease) in cash	(666,824)	(871,124)
Cash and cash equivalents, beginning of year	<u>956,252</u>	<u>1,827,376</u>
Cash and cash equivalents, end of year	<u>\$ 1,623,076</u>	<u>956,252</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	4.43	4.55

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 995,813	991,613
Net operating revenue *	1,499,804	1,560,955
Annual debt service/net operating income (%)	66.4%	63.5%

As of June 30, 2010, revenue pledged for future principal and interest payments was \$12,787,164.

* 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, 2010

Note AA – Segment Reporting (continued)
Student Health System

Condensed Statement of Net Assets	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 890,989	1,485,625
Capital assets	3,615,602	3,629,343
Other noncurrent assets	<u>1,908,013</u>	<u>1,101,769</u>
Total assets	<u>6,414,604</u>	<u>6,216,737</u>
Liabilities:		
Current liabilities	362,978	297,283
Noncurrent liabilities	<u>3,042,473</u>	<u>3,188,091</u>
Total liabilities	<u>3,405,451</u>	<u>3,485,374</u>
Net assets:		
Invested in capital assets, net of related debt	640,602	494,343
Restricted, expendable	289,980	289,980
Unrestricted	<u>2,078,571</u>	<u>1,947,040</u>
Total net assets	<u>\$ 3,009,153</u>	<u>2,731,363</u>

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

Operating revenues	\$ 3,060,998	3,016,838
Depreciation expense	(122,670)	(114,348)
Other operating expenses	<u>(3,016,679)</u>	<u>(2,982,730)</u>
Net operating income (loss)	(78,351)	(80,240)
Nonoperating revenues (expenses)	(64,270)	(77,936)
Transfers from (to) University funds	<u>420,411</u>	<u>477,522</u>
Change in net assets	277,790	319,346
Net assets, beginning of year	<u>2,731,363</u>	<u>2,412,017</u>
Net assets, end of year	<u>\$ 3,009,153</u>	<u>2,731,363</u>

Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 135,917	48,956
Net cash provided (used) by capital and related financing activities	30,429	105,766
Net cash provided (used) by investing activities	<u>(87,989)</u>	<u>(600,210)</u>
Net increase (decrease) in cash	78,357	(445,488)
Cash and cash equivalents, beginning of year	<u>654,341</u>	<u>1,099,829</u>
Cash and cash equivalents, end of year	<u>\$ 732,698</u>	<u>654,341</u>

Debt Service Coverage

Debt service coverage – required	1.20	1.20
Debt service coverage – actual	9.67	8.65

Proportion of Revenue Pledged

Annual debt service (principal & interest)	\$ 281,374	281,024
Net operating revenue *	587,228	534,144
Annual debt service/net operating income (%)	47.9%	52.6%

As of June 30, 2010, revenue pledged for future principal and interest payments was \$4,198,933.

* 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, 2010

Note AB – Operating Expenses by Function

Operating expenses by natural classification for the year ended June 30, 2010 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	\$ 65,409,480	1,552,546	879,388	709,104	826,113
Research	1,856,499	136,785	150,230	179,587	62,678
Public Service	13,062,351	4,646,700	1,648,579	8,954,054	461,210
Academic Support	18,172,716	542,311	614,430	353,763	3,221,216
Student Services	4,462,621	468,625	303,730	487,143	58,444
Institutional Support	24,574,669	278,382	421,059	738,105	379,379
Operation and Maintenance of Plant	8,867,198	43,817	557,196	325,623	4,277,603
Scholarships and Fellowships	769,416	-	-	50,000	-
Depreciation	-	-	-	-	-
Loan Cancellations and Write-Offs	-	-	-	66,639	-
Auxiliary Enterprises	<u>24,597,067</u>	<u>1,511,199</u>	<u>6,813,364</u>	<u>2,779,257</u>	<u>2,465,275</u>
Total Operating Expenses	<u>\$161,772,017</u>	<u>9,180,365</u>	<u>11,387,976</u>	<u>14,643,275</u>	<u>11,751,918</u>

	<u>Claims and Miscellaneous</u>	<u>Licenses, Permits & Refunds</u>	<u>Scholarships and Fellowships</u>	<u>Depreciation</u>	<u>Total Operating Expenses</u>
Operating Expenses: (continued)					
Instruction	1,049,917	73,267	668,452	-	\$ 71,168,267
Research	82,829	4,529	34,216	-	2,507,353
Public Service	2,062,856	430,555	230,737	-	31,497,042
Academic Support	383,621	479,848	126,462	-	23,894,367
Student Services	348,746	44,895	30,894	-	6,205,098
Institutional Support	(937,834)	1,296,255	(36,087)	-	26,713,928
Operation and Maintenance of Plant	6,022,603	83,325	-	-	20,177,365
Scholarships and Fellowships	-	-	5,940,793	-	6,760,209
Depreciation	-	-	-	14,461,097	14,461,097
Loan Cancellations and Write-Offs	2,297	103,309	-	-	172,245
Auxiliary Enterprises	<u>5,993,631</u>	<u>811,690</u>	<u>3,475,756</u>	-	<u>48,447,239</u>
Total Operating Expenses	<u>15,008,666</u>	<u>3,327,673</u>	<u>10,471,223</u>	<u>14,461,097</u>	<u>\$252,004,210</u>

University of Northern Iowa
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2010

Note AB – Operating Expenses by Function (continued)

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 & 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, 2010

Note AC – Restatements and Reclassification (Foundation)

Foundation management has made corrections, resulting from the misapplication of accounting principles, in its Statement of Financial Condition and the Statement of Combined Changes in Activities as of and for the year ending June 30, 2009. The following table summarizes those corrections:

	Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, as previously reported	\$ (2,374,567)	24,840,966	39,244,773	61,711,172
Restatements:				
Reclassifications	(68,866)	(1,662,294)	1,731,160	-
Related revenue and expense affect	757,929	(115,155)	(642,774)	-
Net assets, as restated	<u>\$ (1,685,504)</u>	<u>23,063,517</u>	<u>40,333,159</u>	<u>61,711,172</u>

Note AD – Subsequent Events

On July 1, 2010, the Board of Regents, State of Iowa called a portion of outstanding Dormitory Revenue Bonds, Series U.N.I. 1999 to take advantage of lower interest rates. The called bonds were for outstanding principal of the July 1, 2011 through July 1, 2020 maturities of the Board's Dormitory Revenue Bonds, Series U.N.I. 1999, dated May 1, 1999.

Subsequent to June 30, 2010, the Foundation received a gift of \$11,000,000 to create the Richard O. Jacobson Center for Literacy at the University.

In December 2010, the Board of Regents, State of Iowa issued \$16,790,000 of Dormitory Revenue Bonds, Series U.N.I. 2010A. Proceeds of the sale of the bonds will be used to fund a portion of the costs of constructing and equipping a new apartment facility, funding a deposit to the Reserve Fund, and paying the costs of issuance of the bonds.

Also in December 2010, the Board of Regents, State of Iowa issued \$10,160,000 of Dormitory Revenue Refunding Bonds, Series U.N.I. 2010B. Proceeds of the sale of bonds will be used to refund, as an advance refunding, the outstanding principal of the July 1, 2012 through July 1, 2021 maturities of the Board's Dormitory Revenue Bonds, Series U.N.I. 2000, dated June 1, 2001, funding a deposit to the Reserve Fund, and paying the costs of issuance. The refunding bonds were sold to take advantage of lower interest rates.



A public university
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State of Iowa

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2009-2010

Required Supplementary
Information

Required Supplementary
Information

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

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b – a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b – a) / c)</u>
2008	07/01/07	-	\$13,303	\$13,303	0.0%	\$118,839	11.2%
2009	07/01/07	-	\$13,303	\$13,303	0.0%	\$118,839	11.2%
2010	07/01/09	-	\$26,708	\$26,708	0.0%	\$120,647	22.1%

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



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2009-2010
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.

<u>Contents</u>	<u>Page</u>
 Financial Trends	
These schedules contain trend information to help understand how the University's financial performance has changed over time.	77-80
 Revenue Capacity	
These schedules provide information on the University's most significant revenue sources, tuition and fees, and state appropriations.	81-82
 Debt Capacity	
These schedules present the University's bonded debt obligation and the revenue bond coverage.	83-85
 Demographic and Economic Information	
These schedules offer demographic and economic indicators to help understand the environment within which the University's financial activities take place.	86-87
 Operating Information	
These schedules contain information about the University's operations and resources to help the reader understand how the University's financial information relates to the students and services the University provides.	88-94

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Higher Education Price Index	6.694	6.637	6.406	6.183	5.983	5.689	5.499	5.254	5.107	4.905
Normalized HEPI	1.365	1.353	1.306	1.261	1.220	1.160	1.121	1.071	1.041	1.000
Full Year FTE	11,391	11,141	10,979	10,783	10,969	11,351	11,477	11,959	12,186	11,947

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 2010 Updates

Source: Research Associates of Washington; HEPI Index; 2001 through 2004 Updates

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
CHANGE IN NET ASSETS									
Total Revenues - Schedule 3	\$ 284,297	278,283	256,846	255,306	239,105	231,310	239,576	225,894	222,614
Total Expenses - Schedule 4	<u>258,396</u>	<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	25,901	11,421	14,006	27,643	12,402	14,048	22,129	14,658	11,358
Net Assets - July 1	<u>298,634</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>	<u>170,969</u>
Net Assets - June 30	\$ 324,535	<u>298,634</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>
NET ASSETS BY CLASSIFICATION									
Invested in capital assets, net of related debt	\$ 219,730	205,107	194,237	180,720	158,553	145,911	136,015	136,364	119,586
Restricted									
Nonexpendable									
Scholarships and fellowships	615	615	615	615	615	615	615	615	615
Expendable									
Scholarships and fellowships	408	274	340	391	371	338	319	416	230
Loans	2,901	2,817	2,996	2,976	2,962	2,940	2,834	2,622	2,527
Capital projects	102	429	4,576	14,936	17,828	23,682	15,670	3,783	6,010
Debt service	22,813	23,780	20,912	19,719	27,548	20,389	23,683	16,832	14,327
Other	1,168	318	846	1,034	635	740	1,224	919	696
Unrestricted	<u>76,798</u>	<u>65,294</u>	<u>62,691</u>	<u>52,816</u>	<u>37,052</u>	<u>38,547</u>	<u>38,754</u>	<u>35,434</u>	<u>38,336</u>
Net Assets - June 30	\$ 324,535	<u>298,634</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 Nine Years
(Expressed in Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
OPERATING									
Gross Tuition & Fees	\$ 81,867	77,260	73,394	70,721	65,855	65,569	62,130	54,886	47,695
Less: Scholarship Allowance	21,202	17,226	15,871	14,290	13,351	13,689	13,052	12,054	10,361
Net Tuition & Fees	60,665	60,034	57,523	56,431	52,504	51,880	49,078	42,832	37,334
Receipts from other entities	111	242	144	86	100	83	991	852	2,823
Grants and contracts	42,493	36,708	32,073	30,863	29,100	30,744	29,123	27,839	28,150
Sales, rents and services	7,688	5,775	7,421	6,192	8,476	7,313	6,822	6,519	5,351
Miscellaneous	2,869	608	720	805	772	785	2,280	2,176	811
Auxiliary enterprises	55,193	54,859	50,177	47,559	41,967	38,524	36,857	36,928	34,577
Total Operating Income	169,019	158,226	148,058	141,936	132,919	129,329	125,151	117,146	109,046
NONOPERATING									
State appropriations	97,862	101,686	95,364	86,531	83,585	79,128	79,256	83,107	85,103
Investment return	2,990	(611)	1,687	5,247	2,694	2,154	1,665	2,791	1,775
Gifts, grants and contracts	3,333	3,385	2,601	2,954	2,433	2,386	2,213	1,492	2,782
Other revenue	-	-	-	-	-	-	-	-	6,881 *
Total Nonoperating Revenue	104,185	104,460	99,652	94,732	88,712	83,668	83,134	87,390	96,541
CAPITAL AND OTHER REVENUES									
Capital appropriations	5,928	5,752	5,018	8,650	6,188	14,307	15,440	20,412	16,542
Capital contributions and grants	5,165	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	11,093	15,597	9,136	18,638	17,474	18,313	31,291	21,358	17,027
Total Revenues	\$ 284,297	278,283	256,846	255,306	239,105	231,310	239,576	225,894	222,614
 Constant Dollar Revenues	 \$ 208,276	 205,678	 196,666	 202,463	 195,988	 199,405	 213,716	 210,919	 213,846
 Revenues per FTE (Actual)	 \$ 24,958	 24,978	 23,394	 23,677	 21,798	 20,378	 20,874	 18,889	 18,268
 Constant Dollar									
Revenues per FTE (Actual)	\$ 18,284	18,461	17,913	18,776	17,867	17,567	18,621	17,637	17,549

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 Nine Years
(Expressed in Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
OPERATING EXPENSES BY FUNCTION									
Instruction	\$ 71,168	76,485	72,605	68,768	67,145	64,418	64,082	62,067	58,352
Research	2,507	1,793	2,455	3,232	1,428	2,518	2,568	2,513	2,961
Public service	31,497	31,097	24,185	23,488	22,589	22,165	19,978	18,382	20,394
Academic support	23,895	22,730	22,050	19,771	19,904	19,401	19,794	20,659	20,846
Student services	6,205	7,077	6,558	6,278	5,973	6,460	6,130	6,067	5,915
Institutional support	26,714	29,348	20,231	19,163	23,311	23,562	22,828	22,716	20,211
Operation and maintenance of plant	20,178	22,186	21,396	20,687	20,576	16,740	20,471	19,717	25,293
Scholarships and fellowships	6,760	5,712	4,884	4,495	4,861	5,454	6,415	6,563	5,922
Depreciation	14,461	13,975	13,292	12,517	11,469	12,646	12,833	12,512	12,631
Loan cancellations and write-offs	172	514	252	279	277	471	479	484	790
Auxiliary enterprises	48,447	50,078	49,043	43,779	41,066	38,220	36,486	34,275	33,383
Total Operating Expenses	252,004	260,995	236,951	222,457	218,599	212,055	212,064	205,955	206,698
NONOPERATING EXPENSES									
Interest expense	6,275	5,743	5,765	5,014	5,010	5,141	5,179	5,180	4,504
Amortization expense	110	102	94	77	91	66	107	101	54
Miscellaneous expense	7	22	30	115	3,003 *	-	97	-	-
Total Nonoperating Expenses	6,392	5,867	5,889	5,206	8,104	5,207	5,383	5,281	4,558
Total Expenses	\$ 258,396	266,862	242,840	227,663	226,703	217,262	217,447	211,236	211,256
 Constant Dollar Expenses	 \$ 189,301	 197,237	 185,942	 180,542	 185,822	 187,295	 193,976	 197,232	 202,936
 Expenses per FTE (Actual)	 \$ 22,684	 23,953	 22,119	 21,113	 20,668	 19,140	 18,946	 17,663	 17,336
 Constant Dollar									
Expenses per FTE (Actual)	\$ 16,618	17,704	16,936	16,743	16,941	16,500	16,901	16,492	16,653

* 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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
TUITION & FEES										
Total Tuition & Fees	\$ 81,867	77,260	73,394	70,721	65,855	65,569	62,130	54,886	47,695	42,963
Less: Other Funds Unrestricted	8,895	8,781	8,298	7,565	6,496	6,743	6,600	6,087	7,767	4,640
Unrestricted Scholarships & Fellowships	12,183	10,541	9,851	9,324	9,438	9,415	8,937	8,078	6,537	6,415
Net Tuition & Fees	\$ 60,789	57,938	55,245	53,832	49,921	49,411	46,593	40,721	33,391	31,908
Constant Dollar Net Tuition & Fees	\$ 44,534	42,822	42,301	42,690	40,919	42,596	41,564	38,021	32,076	31,908
Tuition & Fees per FTE Student (Actual)	\$ 5,337	5,200	5,032	4,992	4,551	4,353	4,060	3,405	2,740	2,671
Constant Dollar Tuition & Fees per FTE Student (Actual)	\$ 3,910	3,844	3,853	3,959	3,730	3,753	3,621	3,179	2,632	2,671
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
TUITION & FEES RATES										
Resident Undergraduate	\$ 6,636	6,376	6,190	6,112	5,602	5,387	4,916	4,118	3,440	3,130
Non-resident Undergraduate	14,900	14,596	14,282	14,028	13,214	12,705	11,874	10,426	8,762	8,094
Resident Graduate	7,596	7,298	7,084	6,962	6,420	6,173	5,612	4,814	4,028	3,676
Non-resident Graduate	16,052	15,726	15,392	15,100	14,244	13,697	12,686	11,238	9,446	8,732
FULL ROOM & BOARD RATE	\$ 6,980	6,790	6,280	5,740	5,519	5,261	5,018	4,640	4,398	4,149
TOTAL COST OF ATTENDANCE										
Resident Undergraduate	\$ 13,616	13,166	12,470	11,852	11,121	10,648	9,934	8,758	7,838	7,279
Non-resident Undergraduate	21,880	21,386	20,562	19,768	18,733	17,966	16,892	15,066	13,160	12,243
CONSTANT DOLLAR TUITION & FEE RATES										
Resident Undergraduate	\$ 4,862	4,712	4,740	4,847	4,592	4,644	4,385	3,845	3,305	3,130
Non-resident Undergraduate	10,916	10,788	10,936	11,125	10,831	10,953	10,592	9,734	8,417	8,094
Resident Graduate	5,565	5,394	5,424	5,521	5,262	5,322	5,006	4,494	3,869	3,676
Non-resident Graduate	11,760	11,623	11,786	11,975	11,675	11,808	11,317	10,493	9,074	8,732
CONSTANT DOLLAR FULL ROOM & BOARD RATE	\$ 5,114	5,018	4,809	4,552	4,524	4,535	4,476	4,332	4,225	4,149
CONSTANT DOLLAR COST OF ATTENDANCE										
Resident Undergraduate	\$ 9,975	9,730	9,549	9,399	9,116	9,179	8,861	8,177	7,530	7,279
Non-resident Undergraduate	16,029	15,806	15,745	15,677	15,355	15,488	15,068	14,066	12,642	12,243

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
STATE APPROPRIATIONS										
Total	\$ 97,862	101,686	95,364	86,531	83,585	79,128	79,256	83,107	85,102	96,898
Less: Non-General Funds	1,023	993	1,606	1,544	677	723	677	291	272	117
Tuition Replacement *	-	-	-	-	-	-	-	-	-	4,951
Net State Appropriations	\$ 96,839	100,693	93,758	84,987	82,908	78,405	78,579	82,816	84,830	91,830
Constant Dollar Unrestricted State Appropriations	\$ 70,944	74,422	71,790	67,397	67,957	67,591	70,097	77,326	81,489	91,830
State Appropriations per FTE Student (Actual)	\$ 8,501	9,038	8,540	7,882	7,558	6,907	6,847	6,925	6,961	7,686
Constant Dollar State Appropriations per FTE Student (Actual)	\$ 6,228	6,680	6,539	6,250	6,195	5,955	6,108	6,466	6,687	7,686
CAPITAL APPROPRIATIONS	\$ 5,928	5,752	5,018	8,650	6,188	14,307	15,440	20,412	16,542	-
Constant Dollar Restricted Capital Appropriations	\$ 4,343	4,251	3,842	6,860	5,072	12,334	13,773	19,059	15,890	-
Capital Appropriations per FTE Student (Actual)	\$ 520	516	457	802	564	1,260	1,345	1,707	1,357	-
Constant Dollar Capital Appropriations per FTE Student (Actual)	\$ 381	382	350	636	462	1,087	1,200	1,594	1,304	-

*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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Bonded Debt										
Academic Building Revenue Bonds\$	64,419	67,704	57,066	47,854	42,738	37,890	35,707	46,963	46,326	44,308
Residence System Bonds	33,005	30,590	32,355	34,040	35,655	36,935	37,960	39,570	31,140	32,250
Field House Bonds	16,815	17,735	18,630	20,190	21,640	30,340	23,325	13,760	13,990	8,585
Student Union Bonds	9,460	9,980	10,480	10,965	11,430	11,885	12,325	12,755	12,755	-
Student Health Center Bonds	3,135	3,290	3,440	3,585	3,730	3,875	3,875	-	-	-
Total Bonded Debt	126,834	129,299	121,971	116,634	115,193	120,925	113,192	113,048	104,211	85,143
Notes Payable										
City of Cedar Falls	470	485	500	500	500	500	-	-	-	-
Total Notes Payable	470	485	500	500	500	500	-	-	-	-
Capital Leases Payable										
Human Performance Center	1,432	1,621	1,799	1,965	-	-	-	-	-	-
McLeod Center Video Boards	-	-	-	717	-	-	-	-	-	-
Total Capital Leases Payable	1,432	1,621	1,799	2,682	-	-	-	-	-	-
Total Debt	\$ 128,736	131,405	124,270	119,816	115,693	121,425	113,192	113,048	104,211	85,143
Constant Dollar										
Outstanding Debt	\$ 94,312	97,121	95,153	95,017	94,830	104,677	100,974	105,554	100,107	85,143
Outstanding Debt										
per FTE Student (Actual)	\$ 11,302	11,795	11,319	11,112	10,547	10,697	9,863	9,453	8,552	7,127
Constant Dollar Debt										
per FTE Student (Actual)	\$ 8,280	8,717	8,667	8,812	8,645	9,222	8,798	8,826	8,215	7,127

University of Northern Iowa

Schedule 8

REVENUE BOND COVERAGE

For the Last Ten Years

(Dollars in Thousands)

ACADEMIC BUILDING REVENUE BONDS

Legal coverage = 1.25 of Maximum Debt Service Requirements

Fiscal Year Ended June 30	Pledged General Fund Tuition	Maximum Debt Service	Actual Coverage
2010	71,581	7,116	10.06
2009	67,272	7,116	9.45
2008	63,771	6,287	10.14
2007	61,801	5,901	10.47
2006	58,158	5,392	10.79
2005	57,836	4,772	12.12
2004	54,447	4,824	11.29
2003	47,670	4,294	11.10
2002	39,934	5,135	7.78
2001	36,506	5,200	7.02

RESIDENCE SYSTEM REVENUE BONDS

Legal coverage = 1.35 of Maximum Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	Maximum Debt Service	Actual Coverage
2010	36,585	25,008	11,577	3,378	3.43
2009	36,099	25,559	10,540	3,347	3.15
2008	32,650	24,151	8,499	3,347	2.54
2007	30,323	22,701	7,622	3,347	2.28
2006	27,344	21,165	6,179	3,347	1.85
2005	24,836	20,092	4,744	3,347	1.42
2004	23,775	18,946	4,829	3,347	1.44
2003	24,158	18,491	5,667	3,347	1.69
2002	24,818	19,282	5,536	2,816	1.97
2001	24,522	18,018	6,504	2,816	2.31

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.

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	
2010	3,886	2,126	1,760	8,638	955	669	1,624	6.40
2009	4,029	2,156	1,873	6,627	920	697	1,617	5.26
2008	4,062	2,345	1,717	5,938	895	725	1,620	4.73
2007	4,419	1,916	2,503	6,751	1,560	769	2,329	3.97
2006	3,577	1,701	1,876	2,903	1,450	855	2,305	2.07
2005	3,162	1,567	1,595	2,423	1,320	956	2,276	1.76
2004	2,782	1,449	1,333	3,788	450	730	1,180	4.34
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

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	
2010	2,402	897	1,505	2,907	545	451	996	4.43
2009	2,860	1,299	1,561	2,951	520	472	992	4.55
2008	2,704	1,313	1,391	3,089	500	491	991	4.52
2007	2,874	1,071	1,803	2,768	485	508	993	4.59
2006	2,357	1,121	1,236	1,991	465	523	988	3.26
2005	2,299	1,236	1,063	1,799	455	537	992	2.89
2004	2,067	1,019	1,048	2,243	440	548	988	3.33
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 SYSTEM REVENUE BONDS

Legal coverage = 1.20 of Annual Debt Service Requirements

Fiscal Year Ended June 30	Gross Revenues	Less Operating Expenses	Net Available Revenues	System Fund Balance	Debt Service Requirements			Actual Coverage
					Principal	Interest	Total	
2010	3,542	2,955	587	2,130	160	121	281	9.67
2009	3,546	3,012	534	1,898	155	126	281	8.65
2008	3,445	2,725	720	1,689	150	131	281	8.57
2007	3,247	2,650	597	1,263	145	135	280	6.64
2006	3,069	2,493	576	986	145	139	284	5.50
2005	2,489	1,838	651	1,166	145	144	289	6.30

University of Northern Iowa

Schedule 9

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

For the Last Ten Years

		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Personal Income											
(expressed in millions)	\$	113,166	112,302	104,651	99,112	95,858	90,289	85,506	83,051	79,753	78,200
Population											
(expressed in thousands)		3,008	3,003	2,988	2,982	2,966	2,954	2,944	2,937	2,923	2,926
Per Capita Personal Income											
(expressed in dollars)	\$	37,623	37,402	35,023	33,236	32,315	30,560	29,043	28,240	27,283	26,723
Unemployment Percentage		6.0%	4.1%	3.8%	3.7%	4.6%	4.5%	4.5%	4.0%	3.3%	2.6%
Constant Dollar											
Per Capita Personal Income	\$	27,563	27,644	26,817	26,357	26,488	26,345	25,908	26,368	26,208	26,723
Net UNI Appropriations											
(expressed in thousands)	\$	100,693	93,758	84,987	82,908	78,405	78,579	82,816	84,830	91,830	88,498
UNI Appropriations per Capita	\$	33.48	31.22	28.44	27.80	26.43	26.60	28.13	28.88	31.42	30.25
Constant Dollar											
UNI Appropriations per Capita	\$	24.52	23.08	21.78	22.05	21.67	22.93	25.09	26.97	30.18	30.25

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

STATE OF IOWA PRINCIPAL NON-GOVERNMENTAL EMPLOYERS

Current Year and Nine Years Prior

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

Based on 2009 calendar year annual average employment.

Source: Iowa Workforce Development, QCEW

Rank	Employer	Type of Business
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere & Company	Machinery Manufacturing
4	Rockwell Collins, Inc.	Electrical Equipment Manufacturing
5	Principal Financial Group	Insurance/Finance
6	Iowa Beef Processors, Inc	Meat Packing Plants
7	Pella Corporation	Wood Products Manufacturing
8	APAC Customer Services, Inc	Telemarketing
9	Central Hospital Corporation	Health Services
10	Fareway Stores, Inc.	Retail Food

Based on 2000 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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
STAFF POSITIONS (Full Time)										
General Operating Fund:										
Faculty	599	619	603	595	625	618	632	649	648	671
Administrative	318	327	288	285	282	303	295	272	286	296
Clerical/Secretarial	164	178	174	171	173	180	208	210	229	237
Technical	14	17	20	17	16	17	17	17	19	19
Craftsmen & Custodial	117	127	126	124	124	123	141	152	161	168
Security	14	14	11	12	11	12	12	14	12	15
All Other Funds	491	503	511	526	516	515	481	520	515	484
Total	<u>1,717</u>	<u>1,785</u>	<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>
FACULTY POSITIONS (FTE)										
Total Faculty	690.0	691.3	711.3	684.3	740.4	741.6	746.3	760.0	804.9	785.9
Percent Tenured	56.2%	57.7%	54.1%	56.6%	58.6%	57.0%	56.8%	55.2%	50.7%	50.2%
Students per Faculty Member	17.0	16.7	16.0	16.5	14.8	15.3	15.3	15.6	15.0	15.1

University of Northern Iowa

Schedule 12

ENROLLMENT AND FRESHMAN CLASS DATA

For the Last Ten Years

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ENROLLMENT (Fall Headcount)										
Undergraduate - Lower	4,841	4,865	4,719	4,427	4,433	4,363	4,619	5,112	5,425	5,495
Undergraduate - Upper	6,453	6,182	6,291	6,275	6,519	6,857	7,155	7,170	7,049	6,723
Graduate - Masters	1,300	1,369	1,157	1,113	1,112	1,100	1,173	1,163	1,174	1,144
Graduate - Advanced	486	492	442	445	449	504	494	481	422	412
Total	13,080	12,908	12,609	12,260	12,513	12,824	13,441	13,926	14,070	13,774
Residents	11,896	11,562	11,444	11,129	11,400	11,793	12,356	12,781	13,010	12,790
Nonresidents	1,184	1,346	1,165	1,131	1,113	1,031	1,085	1,145	1,060	984
ENROLLMENT (FTE)										
Full Year FTE	11,391	11,141	10,979	10,783	10,969	11,351	11,477	11,959	12,186	11,947
Fall FTE	11,571	11,365	11,107	10,835	11,016	11,006	11,424	11,879	12,081	11,868
ADMISSIONS (Freshmen)										
Applications	4,092	4,133	4,584	4,722	4,585	4,360	4,216	4,350	4,446	4,688
Accepted	3,411	3,505	3,841	3,759	3,572	3,422	3,360	3,518	3,554	3,786
Acceptance Ratio	83.4%	84.8%	83.8%	79.6%	77.9%	78.5%	79.7%	80.9%	79.9%	80.8%
Enrolled	1978	1946	2015	1,991	1,768	1,737	1,700	1,785	1,865	2,104
Enrollment Ratio	58.0%	55.5%	52.5%	53.0%	49.5%	50.8%	50.6%	50.7%	52.5%	55.6%
Average ACT Score	23.1	23.0	22.9	23.0	23.0	22.8	22.9	22.9	22.8	22.9
Percent in Upper 30% of High School Class	51.5%	52.3%	50.6%	53.8%	57.5%	56.7%	57.3%	58.4%	57.0%	57.9%
Percent in Upper 10% of High School Class	17.3%	16.9%	16.6%	17.6%	18.2%	19.0%	19.1%	19.2%	17.7%	18.1%

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
DEGREES GRANTED (Summary)										
Baccalaureate	2,347	2,268	2,221	2,259	2,423	2,669	2,584	2,592	2,420	2,266
Masters	561	467	474	471	485	494	434	405	415	383
Specialists	6	6	9	10	7	3	11	9	4	3
Doctorates	20	10	16	8	18	10	10	12	12	13
Total	2,934	2,751	2,720	2,748	2,933	3,176	3,039	3,018	2,851	2,665
DEGREES GRANTED (Detail)										
Doctor of Industrial Technology	2	1	1	-	3	1	2	2	5	11
Doctor of Education	18	9	15	8	15	9	8	10	7	2
Specialist in Education	6	6	9	10	7	3	11	9	4	3
Professional Science Master's	19	19	5	-	-	-	-	-	-	-
Master of Arts in Education	147	99	119	129	103	147	127	114	107	92
Master of Arts	243	204	208	231	237	206	198	215	217	211
Master of Business Administration	40	42	42	35	62	52	21	5	36	55
Master of Music	24	14	22	13	12	19	11	12	11	6
Master of Public Policy	4	10	16	11	5	6	11	8	10	1
Master of Science	15	16	10	10	20	21	13	17	16	18
Master of Accounting	29	36	23	11	19	13	23	7	2	-
Master of Social Work	40	27	29	31	27	30	30	27	16	-
Bachelor of Arts	2,201	2,148	2,121	2,148	2,272	2,514	2,463	2,449	2,307	2,144
Bachelor of Fine Arts	8	3	8	8	15	9	8	7	8	5
Bachelor of Music	27	22	14	19	19	22	23	24	22	20
Bachelor of Science	84	76	64	64	93	90	74	84	71	76
Bachelor of Technology	-	-	-	-	-	-	-	1	-	2
Bachelor of Liberal Studies	27	19	14	20	24	34	16	27	12	19
Total	2,934	2,751	2,720	2,748	2,933	3,176	3,039	3,018	2,851	2,665

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Educational Fund Expenditures	\$ 149,001	156,951	143,263	136,384	132,257	128,373	125,409	122,788	117,744	123,427
Less Separately Budgeted Expenditures:										
Research	504	656	628	581	487	499	480	471	650	839
Public Service	4,798	6,048	1,905	1,616	1,611	2,207	1,834	1,449	2,582	2,725
Scholarships/Fellowships	12,183	10,547	9,845	9,324	9,438	9,415	8,937	8,078	6,537	6,415
General Educational Fund Instructional Expenditures	\$ 131,516	139,700	130,885	124,863	120,721	116,252	114,158	112,790	107,975	113,448
 Cost per FTE Student (Actual)	 \$ 11,546	 12,539	 11,921	 11,580	 11,006	 10,242	 9,947	 9,431	 8,861	 9,496
 Constant Dollar Cost per FTE Student (Actual)	 \$ 8,458	 9,268	 9,128	 9,183	 9,021	 8,829	 8,873	 8,806	 8,512	 9,496

University of Northern Iowa

Schedule 15

SCHOLARSHIPS & FELLOWSHIPS PER FULL TIME EQUIVALENT (FTE) STUDENT

For the Last Ten Years

(Expressed in Thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
SCHOLARSHIPS & FELLOWSHIPS										
Unrestricted	\$ 12,183	10,541	9,851	9,324	9,438	9,415	8,937	8,078	6,537	6,415
Restricted	15,779	12,397	10,904	9,461	8,774	9,728	10,545	10,539	9,746	8,211
Total	\$ <u>27,962</u>	<u>22,938</u>	<u>20,755</u>	<u>18,785</u>	<u>18,212</u>	<u>19,143</u>	<u>19,482</u>	<u>18,617</u>	<u>16,283</u>	<u>14,626</u>

**CONSTANT DOLLAR
SCHOLARSHIPS &
FELLOWSHIPS**

Unrestricted	\$ 8,925	7,791	7,543	7,394	7,736	8,116	7,972	7,542	6,280	6,415
Restricted	11,560	9,163	8,349	7,503	7,192	8,386	9,407	9,840	9,362	8,211
Total	\$ <u>20,485</u>	<u>16,954</u>	<u>15,892</u>	<u>14,897</u>	<u>14,928</u>	<u>16,502</u>	<u>17,379</u>	<u>17,382</u>	<u>15,642</u>	<u>14,626</u>

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

Unrestricted	\$ 1,070	946	897	865	860	829	779	675	536	537
Restricted	1,385	1,113	993	877	800	857	919	881	800	687
Total	\$ <u>2,455</u>	<u>2,059</u>	<u>1,890</u>	<u>1,742</u>	<u>1,660</u>	<u>1,686</u>	<u>1,698</u>	<u>1,556</u>	<u>1,336</u>	<u>1,224</u>

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

Unrestricted	\$ 784	699	687	686	705	715	695	630	515	537
Restricted	1,015	823	760	695	656	739	820	823	768	687
Total	\$ <u>1,799</u>	<u>1,522</u>	<u>1,447</u>	<u>1,381</u>	<u>1,361</u>	<u>1,454</u>	<u>1,515</u>	<u>1,453</u>	<u>1,283</u>	<u>1,224</u>

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
Land	\$ 4,917	4,917	4,580	4,305	4,235	4,235	4,235	4,203	3,935
Construction in Progress	11,354	23,590	13,423	19,461	24,979	34,727	23,534	31,709	6,673
Software in Progress	4,576	-	-	-	-	-	-	-	-
Capital Assets Not Depreciated	20,847	28,507	18,003	23,766	29,214	38,962	27,769	35,912	10,608
Land Improvements	13,056	12,499	12,447	12,250	12,233	12,132	11,132	11,861	11,745
Infrastructure	36,167	27,523	27,403	27,043	27,040	14,070	13,455	13,456	13,456
Buildings	391,501	368,086	355,148	326,437	292,846	273,898	263,732	237,998	237,279
Equipment	48,217	45,193	43,812	41,060	37,655	50,222	48,672	46,902	45,163
Library Materials	34,807	34,844	33,969	33,075	32,158	31,165	30,289	28,801	27,651
Capital Assets Depreciated	523,748	488,145	472,779	439,865	401,932	381,487	367,280	339,018	335,294
Total Capital Assets	544,595	516,652	490,782	463,631	431,146	420,449	395,049	374,930	345,902
Less: Accumulated Depreciation	213,060	201,521	190,294	178,466	168,232	169,102	158,890	147,984	136,795
Net Book Value	\$ 331,535	315,131	300,488	285,165	262,914	251,347	236,159	226,946	209,107

ACCUMULATED DEPRECIATION

Land Improvements	\$ 7,683	7,264	6,844	6,413	5,992	5,551	5,379	4,999	4,607
Infrastructure	9,999	9,293	8,605	7,901	7,159	6,712	6,295	5,886	5,478
Buildings	135,418	126,498	117,918	109,819	102,524	96,216	89,662	83,363	77,636
Equipment	30,569	29,581	29,326	27,986	27,451	36,807	35,066	32,611	29,384
Library Materials	29,391	28,885	27,601	26,347	25,106	23,816	22,488	21,125	19,690
Total Accumulated Depreciation	\$ 213,060	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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Undergraduate - Lower	4,477	4,524	4,544	4,591	4,672	4,729	4,763	4,798	4,810	4,804
Undergraduate - Upper	6,760	6,759	6,777	6,844	6,910	6,982	7,061	7,122	7,165	7,203
Unclassified - Special	252	247	244	242	240	239	238	238	238	238
Graduate	1,907	1,990	2,062	2,125	2,181	2,226	2,262	2,291	2,314	2,333
Total	13,396	13,520	13,627	13,802	14,003	14,176	14,324	14,449	14,527	14,578

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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