

**The University of Iowa
Comprehensive Fiscal Report
FY 2003**

General Fund

1. Detailed Revenues and Expenditures (Attachment A):

The attached tables reflect the final revised FY 2003 budget and expenditures as reported in the year-end Department of Management reports, and variances by line item.

- a. Please verify that the information is accurate.**
- b. Explain significant line-item differences between budgeted dollars and the actual expenditures.**

General Education Fund

The numbers for the University of Iowa contained in Attachment A are correct.

Decisions among various expenditure categories are affected to a large degree by individual decisions regarding use of resources made by Deans and unit directors during the course of the academic year. Significant reductions in appropriations on July 1, 2002 and revenues short of budget also played a major role in these decisions.

Revenue

Actual General Education Fund revenues for FY 2003 fell short of the budget by \$1,750,000. Actual tuition revenues were under the budget by approximately \$1.3 million. Indirect cost revenues were approximately \$950,000 under the budget, which was primarily due to the timing of grant and contract awards. Interest income and other income were over budget by \$465,000.

Expense

As a consequence of the net revenue shortfall from all General Fund revenue sources and the significant collegiate reallocations required by earlier State appropriation reductions, equipment purchases were delayed. Expenditures for equipment were under the budget by \$2.2 million.

Salaries comprise 76% of the General Fund budget. Salary expenditures for FY 03 were at 99.26% of the amount budgeted.

The amount expended for Student Financial Aid in FY 03 exceeded the budget by approximately \$1.3 million. This additional amount is the result of the reallocation of funds to student aid within the colleges. The student aid budget was not reduced as a consequence of tuition revenue being lower than budget, nor was it reduced as a consequence of appropriation reductions. The result was that student aid expenditures were 17.2% of tuition revenue, which exceeds the University's longstanding 16% target. As reported to the Board in July, the amount budgeted for Student Financial Aid in FY 2004 was raised to 17% of budgeted tuition revenue.

The savings from utilities amounting to approximately \$330,000 was the result of favorable weather, favorable energy prices and increasingly efficient systems. This can be a volatile expenditure category and constant vigilance of the Utility Enterprise is required. Rental expense was approximately \$500,000 below budget due to the migration from leased space to University-owned Plaza Center I over a period of time. In FY 2003, utility and rental savings helped offset expenditure categories that exceeded budget, including supplies and building renewal.

Health Care Units

Professional & Scientific Supplies - Medical care costs continue to outpace the general rate of inflation. The Producer Price Index (PPI) indicates that medical care costs for hospitals have increased 6.7% in the twelve months ended June 30, 2003 compared to the general rate of producer inflation of 1.9% for the same time period. In particular, surgical implants, prescription drugs and medical supplies are the major causes of this increase.

Equipment – Equipment purchasing was reduced, and therefore below budget to offset the increase in Professional and Scientific supplies as well as other general operating costs.

2. The attached budget summary sheets for FY2003 (Attachment B) were presented to the Board in July 2002, prior to budget ceiling adjustments. Identify significant variances and include the following categories:

- **Strategic Planning Goals (impact to performance indicators – increase class size, etc.)**

In FY 03, the University of Iowa was able to successfully implement a number of initiatives with the support of increased tuition revenues and indirect cost recoveries and reallocating from the base budget. These initiatives were outlined on the attached schedule from the university's FY 03 budget submission. Each of these initiatives was linked to one or more of the university's five strategic planning goals and their implementation will be reflected in the report on strategic planning process, targets and indicators scheduled to be made to the Board in November of December.

- **New Revenues and Reallocation – Please explain any changes in the use of new revenues and identify actual reallocations made.**

Except for the shortfall in General Education Fund revenue explained above, new revenues in FY2003 were applied as recommended to and approved by the Board in July 2002.

Colleges and administrative units report that planned reallocations for FY2003 were accomplished substantially as reported to the Board in July 2002 with the following exception:

The College of Public Health reports the reallocation of \$250,000 from salary funds to general expense increases, faculty recruitment and faculty start-up. The amount previously reported to the Board was \$120,000.

3. Restricted Funds

a) Please identify any significant variances between budgeted and actual revenues and expenditures, accomplishments using sponsored funding, progress on capital projects, significance of federal funding, and other noteworthy items for the restricted funds that may provide the Board with basic fiscal year activity.

The FY 2003 Restricted Fund budget was based upon the most current information available to inform revenue and expenditures projections for each of the funds contained therein. The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund, and involves virtually every department on campus in revenue and expenditure planning. Revenues are derived from federal and non-federal support for sponsored programs (primarily research and student aid), sales and services, bond proceeds, transfers from current unrestricted funds for debt service and depreciation, tuition replacement appropriations and capital appropriations. The expenditure plan provided for salary adjustment, met certain non-discretionary cost increases, and reflected the University's best efforts at planning to meet its most critical needs and to provide essential services within the limits of available resources, guided by the Strategic Plan.

The Organized Activities Fund includes Continuing Education programs, Medicine and Dentistry Practice Plan funds, Sports Camp activities, Conferences and Institutes, and various publications and workshops related to academic departments. The Auxiliary Enterprise Fund includes Intercollegiate Athletics, Residence Halls, the Iowa Memorial Union operations, Student Health, Recreational Services, Hancher Auditorium, Parking and Transportation, Cambus, and various smaller enterprises serving faculty, staff, students and the public. The current Restricted Fund includes sponsored activities, predominately research and student financial aid funded from federal and non-federal sources.

Capital

Included in the budget for the Restricted Funds are two appropriations from the General Assembly for FY03. Tuition replacement funding in the amount of \$10,036,521 was appropriated to address debt service on outstanding Academic Building Revenue Bonds. A total of \$5,900,000 of capital appropriations was drawn during FY03 for the construction of the Biological Sciences Renovation, the new Art Building and the Adler Journalism Building. The Biological Sciences Renovation is scheduled for completion in Spring 2004.

Construction of the new Art Building began in April 2003 and construction of the Adler Journalism Building began in the spring of 2003.

Information on progress with capital projects is also contained in the Capital Register provided to the Board each month and at the following website maintained by University Design and Construction Services <http://www.uiowa.edu/~fusfsg/dcs/dcs.htm>.

Other Income

In FY03, the original projection for the amount of funds to be transferred from the Hospital Operating Fund to the Renewal and Replacement Fund was approximately \$34.1 million. The actual transfer amount for the year was approximately \$4.8 million due to a temporary reduction in cash collections from the implementation of the new patient accounting, admitting, and registration system (IDX) and the advance funding of accounts receivable for physician services.

- c. **Please segregate budget and actual comparative information for Athletics and Residence systems. Residence systems should also submit the Annual Report. Also provide a detailed breakdown by type of revenue for the components of the revenue category “Other Income.”**

The “Other Income” revenue category consists of the following components:

- Non-Federal gifts, grants and contracts
- Interest, Dividends and Capital Gains & Losses
- Workshops and seminars
- Commissions
- Royalties
- Non-credit course fees
- Rental of equipment
- Parking and other fines
- Sales salvage and recycling
- Other miscellaneous revenue

The following is budget and actual comparative information for Athletics and Residence Services.

**The University of Iowa
Residence System
Comparison of Budget vs Actual
FY 2002-2003**

	Actual <u>2002-2003</u>	Board Approved Budget <u>2002-2003</u>	Over/ (Under) Budget	
OPERATIONS (Modified Cash Basis)				
Revenues	\$ 34,980,611	\$ 35,091,333	\$ (110,722)	
Expenditures for Operations	<u>25,061,687</u>	<u>25,558,541</u>	<u>(496,854)</u>	
Net Revenues	<u>9,918,924</u>	<u>9,532,792</u>	<u>386,132</u>	
% of Revenues	28.4%	27.2%		
Debt Service (due July 1)	5,149,070	5,149,070	-	
Mandatory Transfers	<u>600,000</u>	<u>600,000</u>	<u>-</u>	
Net After Debt Service & Mandatory Transfers	<u>\$ 4,169,854</u>	<u>\$ 3,783,722</u>	<u>\$ 386,132</u>	
% of Revenues	11.9%	10.8%		
 University Overhead Payment From Surplus	 \$ 371,652	 \$ 371,652	 -	
 REVENUES AND EXPENDITURES DETAILS				
Revenues				
Contracts	\$ 31,103,806	\$ 31,441,070	\$ (337,264)	(1)
Interest	708,898	787,210	(6,312)	
Other Income	<u>3,095,907</u>	<u>2,863,053</u>	<u>232,854</u>	(2)
Total Revenues	<u>\$ 34,980,611</u>	<u>\$ 35,091,333</u>	<u>(110,722)</u>	
Expenditures for Operations				
Salaries, Wages & Benefits	9,638,805	10,300,448	(661,643)	(3)
Cost of Food or Goods Sold	2,635,597	2,719,342	(83,745)	
Other Operating Expense	5,594,084	5,669,492	(75,408)	
Utilities	3,991,866	3,783,307	208,559	(4)
Repairs & Maintenance	<u>3,201,335</u>	<u>3,085,952</u>	<u>115,383</u>	(5)
Total Expenditures	<u>\$ 25,061,687</u>	<u>\$ 25,558,541</u>	<u>\$ (496,854)</u>	
 CASH AND INVESTMENT BALANCES (June 30)				
Revenue Fund	\$ 427,390	\$ -	\$ 427,390	
Operation & Maintenance Fund	602,061	1,000,000	(397,939)	
Improvement Fund	2,806,407	3,013,000	(206,593)	(6)
Surplus Fund	<u>122,077</u>	<u>5,913,193</u>	<u>(5,791,116)</u>	(7)
Subtotal—Voluntary Reserves	<u>3,957,935</u>	<u>9,926,193</u>	<u>(5,968,258)</u>	
Sinking Fund	4,099,535	4,099,535	-	
Bond Reserve Fund	5,271,473	5,271,473	-	
Construction Fund	-	-	-	
Subtotal—Mandatory Reserves	<u>9,371,008</u>	<u>9,371,008</u>	<u>-</u>	
Total Reserve Balances (June 30)	<u>\$ 13,328,943</u>	<u>\$ 19,297,201</u>	<u>\$ (5,968,258)</u>	

Note: See attached page for explanation of major variances

Explanation of variances between Budget and Actual for FY2003:

- (1) Contract Revenues: Contract revenues are lower than budgeted due to a lower number of academic year room and board contracts than budgeted, primarily board contracts. Board contracts were 4% lower than budgeted.
- (2) Other Income Revenues: Revenues from guest meals at the contract dining facilities exceeded budgeted estimates by nearly \$100,000, and Hillcrest convenience store sales were also greater than budgeted for the year.
- (3) Salaries, Wages & Benefits: Salaries and wage expense was lower than budgeted due to numerous vacancies and unfilled positions, primarily in the residence life and food service areas.
- (4) Utilities: Steam costs were higher than budgeted, due to increased usage during the winter months. Gas purchased from Mid-American Energy was also higher than budgeted, due to a combination of increased usage and unpredicted rate increases.
- (5) Repairs & Maintenance: Maintenance costs, particularly those related to the large projects being completed under occupancy, were slightly higher than budgeted.
- (6) Improvement Fund Cash & Investment Balance: The year-end cash balance of the Improvement Fund is based on the projected capital expenditures for the upcoming year plus any unspent funds for projects in progress at year-end, less expenses incurred for projects budgeted for future years. Because of large amounts of expenses for future year projects, the ending balance at June 30, 2003 is slightly lower than originally budgeted.
- (7) Surplus Fund Cash & Investment Balance: The lower cash balance in the Surplus Fund is due to capital expenditures made from the Surplus Fund, which will be reimbursed by proceeds from the September 2003 bond sale. As of June 30, 2003, \$7.9M had been spent from the Surplus Fund for projects to be reimbursed by the September bond issue.

The University of Iowa
Department of Athletics
FY 2003 Budget to Actual

Overall revenues and expenses for FY 2003 were very close to the same (\$50,000 excess of expense over revenue). However, both revenues and expenses exceeded the FY 2003 budget by approximately \$2.6 million and \$3 million respectively. The following are explanations of significant budget variances:

Revenue

Football

Football revenue exceeded budget due to greater than anticipated ticket sales due to the success of the team.

Novelties – Bookstore

This budget variance is related almost completely to increased sales associated with the Orange Bowl.

General Income

This income category exceeds budget because of net revenues from the Orange Bowl.

Expense

Football

Football expenses exceeded the budget by approximately \$2 million. The major portion of this variance was due to contractual incentive bonuses paid to coaches as a consequence of the success of the team, including incentives earned over the prior three years.

Buildings and Grounds

Building and Grounds expenditures exceeded the budget due to higher than anticipated utility and maintenance expenses for Kinnick Stadium and Carver Hawkeye Arena.

FY 2003
UNIVERSITY OF IOWA
ATHLETIC BUDGET SUMMARY

Income	2002-03 Budget	2002-03 Actual
Men's Sports		
1. Football	11,400,000	12,410,060
2. Basketball	4,481,500	4,434,216
3. Baseball	2,000	2,910
4. Track	0	0
5. Swimming	1,000	0
6. Tennis	0	0
7. Golf	0	0
8. Wrestling	201,000	264,329
9. Gymnastics	500	1,471
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Total Men's Sports	16,086,000	17,112,986
Women's Sports		
1. Basketball	200,000	195,992
2. Track	0	0
3. Golf	0	0
4. Gymnastics	3,000	4,120
5. Softball	9,000	9,830
6. Swimming	0	0
7. Tennis	0	0
8. Volleyball	10,000	9,068
9. Field Hockey	0	0
10. Rowing	0	0
11. Soccer	0	0
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Total Women's Sports	222,000	219,010
Other Income		
1. Student Activity Fees	1,289,444	1,302,920
2. Athletic Conference	10,003,000	10,160,312
3. University General Support		
a. Salaries	1,057,600	1,057,600
b. Supplies & Services	266,061	266,061
c. Women's Scholarships	1,113,700	1,113,700
4. Interest	425,000	428,772
5. Alumni/Foundation Support	4,078,000	4,308,596
6. Novelties – Bookstore	470,000	852,165
7. Radio, Football & Basketball	1,275,000	1,263,000
8. General Income	2,130,000	2,745,649
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Total Other Income	22,107,805	23,498,775
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Total Income	38,415,805	40,830,771
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Expense	2002-03 Budget	2002-03 Actual
Men's Sports		
1. Football	10,093,886	12,064,124
2. Basketball	3,123,277	3,225,845
3. Baseball	566,779	577,522
4. Track	623,317	603,077
5. Swimming	458,583	425,933
6. Tennis	294,836	255,278
7. Golf	137,112	142,111
8. Wrestling	711,539	776,504
9. Gymnastics	437,775	473,595
Total Men's Sports	16,447,104	18,543,989
Women's Sports		
1. Basketball	1,615,177	1,765,602
2. Track	650,652	641,647
3. Golf	256,241	209,187
4. Gymnastics	558,898	586,379
5. Softball	610,036	598,104
6. Swimming	577,199	535,653
7. Tennis	335,192	280,611
8. Volleyball	651,798	648,094
9. Field Hockey	545,531	609,354
10. Rowing	805,486	789,596
11. Soccer	609,106	535,883
Total Women's Sports	7,215,316	7,200,110
Other Expense		
1. Training Room	765,000	765,027
2. Sports Information	634,137	604,309
3. Athletic Development	0	0
4. Adm. & General Expenses	6,031,859	6,136,651
5. Debt Retirement	1,765,944	1,765,944
6. Academic & Counseling	1,292,145	1,239,796
7. Building & Grounds	3,931,692	4,625,140
Total Other Expense	14,420,777	15,136,867
Total Operating Expense	38,083,197	40,880,966
A. Total Operating Income	38,415,805	40,830,771
B. Total Operating Expense	38,083,197	40,880,966
Total Operating Balance – June 30	332,608	(50,195)

University of Iowa - General Fund
FY 2003

	Revised Budget	Actual	Variance Over/(Under)	Actual as % of Budget
University Approp. Units *				
REVENUES				
General Appropriations	\$243,735,860	\$243,735,860	-	100.0%
RESOURCES				
Interest	938,000	1,422,646	484,646	151.7%
Tuition and Fees	171,468,028	170,198,158	(1,269,870)	99.3%
Reimbursed Indirect Costs	38,533,300	37,543,182	(990,118)	97.4%
Sales and Services	2,351,567	2,398,914	47,347	102.0%
Other Income	200,000	157,285	(42,715)	78.6%
TOTAL REVENUES	\$457,226,755	\$455,456,045	(1,770,710)	99.6%
EXPENDITURES				
Salaries	\$347,172,371	\$344,538,721	(2,633,650)	99.2%
Prof. /Scientific Supplies	36,510,611	38,502,946	1,992,335	105.5%
Library Acquisitions	10,354,574	10,390,988	36,414	100.4%
Rentals	1,509,000	1,182,599	(326,401)	78.4%
Utilities	19,766,000	19,497,089	(268,911)	98.6%
Building Repairs	6,502,301	6,868,408	366,107	105.6%
Auditor of State	471,016	493,634	22,618	104.8%
Equipment	6,892,172	4,677,293	(2,214,879)	67.9%
Aid to Individuals	28,048,710	29,304,367	1,255,657	104.5%
TOTAL EXPENDITURES	\$457,226,755	\$455,456,045	(1,770,710)	99.6%

	Revised Budget	Actual	Over/(Under)	Percent
Hospital Approp. Units**				
REVENUES				
General Appropriations	\$43,686,825	\$43,686,825	-	100.0%
RESOURCES				
Federal Support	2,748,538	2,530,102	(218,436)	92.1%
Reimbursed Indirect Costs	3,653,900	3,597,824	(56,076)	98.5%
Sales and Services	527,179,099	526,951,814	(227,285)	100.0%
Other Income	1,695,838	1,318,799	(377,039)	77.8%
TOTAL REVENUES	\$578,964,200	\$578,085,364	(878,836)	99.8%
EXPENDITURES				
Salaries	\$345,958,200	\$343,688,108	(2,270,092)	99.3%
Prof. /Scientific Supplies	198,870,400	202,847,608	3,977,208	102.0%
Rentals	3,866,400	4,320,832	454,432	111.8%
Utilities	14,045,800	14,580,314	534,514	103.8%
Building Repairs	7,401,500	7,345,055	(56,445)	99.2%
Equipment	8,821,900	5,457,487	(3,364,413)	61.9%
TOTAL EXPENDITURES	\$578,964,200	\$578,239,404	(724,796)	99.9%

	Revised Budget	Actual	Over/(Under)	Percent
Total General Fund				
REVENUES				
General Appropriations	\$287,422,685	\$287,422,685	0	100.0%
RESOURCES				
Federal Support	2,748,538	2,530,102	(218,436)	92.1%
Interest	938,000	1,422,646	484,646	151.7%
Tuition and Fees	171,468,028	170,198,158	(1,269,870)	99.3%
Reimbursed Indirect Costs	42,187,200	41,141,006	(1,046,194)	97.5%
Sales and Services	529,530,666	529,350,728	(179,938)	100.0%
Other Income	1,895,838	1,476,084	(419,754)	77.9%
TOTAL REVENUES	\$1,036,190,955	\$1,033,541,409	(2,649,546)	99.9%
EXPENDITURES				
Salaries	\$693,130,571	\$688,226,829	(4,903,742)	99.3%
Prof. /Scientific Supplies	235,381,011	241,350,554	5,969,543	102.5%
Library Acquisitions	10,354,574	10,390,988	36,414	100.4%
Rentals	5,375,400	5,503,431	128,031	102.4%
Utilities	33,811,800	34,077,403	265,603	100.8%
Building Repairs	13,903,801	14,213,463	309,662	102.2%
Auditor of State	471,016	493,634	22,618	104.8%
Equipment	15,714,072	10,134,780	(5,579,292)	64.5%
Aid to Individuals	28,048,710	29,304,367	1,255,657	104.5%
TOTAL EXPENDITURES	\$1,036,190,955	\$1,033,695,449	(2,495,506)	99.8%

* Includes all university appropriation units except for the hospital appropriation units.

** Includes University Hospitals, Psychiatric Hospital, SCHS, and Center for Development and Disabilities (formerly Hospital School).

University of Iowa - Restricted Fund				
FY 2003				
	Revised		Variance	
	Budget	Actual	Over/(Under)	Percent
REVENUES				
APPROPRIATIONS				
Capital	\$13,510,000	\$5,900,000	(\$7,610,000)	43.7%
Tuition Replacement	10,298,318	10,036,521	(261,797)	97.5%
Technology	0	0	-	
RESOURCES				
Federal Support	177,250,000	177,503,705	253,705	100.1%
Tuition and Fees	28,200,000	32,525,366	4,325,366	115.3%
Reimbursed Indirect Costs	16,800,000	18,882,308	2,082,308	112.4%
Sales and Services	196,400,000	183,842,779	(12,557,221)	93.6%
Other Income	184,191,682	132,822,300	(51,369,382)	72.1%
TOTAL REVENUES	\$626,650,000	\$561,512,979	(\$65,137,021)	89.6%
EXPENDITURES				
Salaries	\$251,400,000	\$250,115,002	(\$1,284,998)	99.5%
Prof. /Scientific Supplies	143,800,000	142,506,815	(\$1,293,185)	99.1%
Rentals	10,500,000	11,827,897	\$1,327,897	112.6%
Utilities	6,000,000	6,653,416	\$653,416	110.9%
Building Repairs	3,950,000	3,603,823	(\$346,177)	91.2%
Equipment	13,500,000	12,762,667	(\$737,333)	94.5%
Aid to Individuals	40,800,000	37,963,742	(\$2,836,258)	93.0%
Debt Service	54,600,000	54,817,621	\$217,621	100.4%
Plant Capital	110,000,000	110,842,989	\$842,989	100.8%
TOTAL EXPENDITURES	\$634,550,000	\$631,093,972	(\$3,456,028)	99.5%

UNIVERSITY OF IOWA
FY 2003 General University Budget Summary

STRATEGIC PLANNING GOALS		
Goal #1	Create an undergraduate experience that enables students to fulfill their intellectual, social, and career objectives.	\$139,245,370
Goal #2	Achieve premier graduate and professional programs in a significant number of areas.	164,881,920
Goal #3	Foster distinguished research, scholarship, and artistic creation.	66,778,678
Goal #4	Facilitate interdisciplinary interaction in teaching, research, and service.	13,657,258
Goal #5	Develop a highly productive organization that supports the mission and values of the University.	<u>58,479,149</u>
	TOTAL	\$443,042,375

	Goal	General University FY 2003 New Revenues and Reallocations				
		Approp.	Tuition	Reallocation	Other	Total
<u>Strategic Initiatives</u>						
Faculty Recruitment	1,2	0	150,000	0	0	\$150,000
Building Renewal / Equipment Restoration	5	0	254,180	1,200,000	299,122	1,753,302
Liberal Arts Initiative / Enrollment	1	0	3,375,000	0	0	3,375,000
Collegiate Reallocations	1-5	0	0	5,062,500	0	5,062,500
Biosciences	1-4	0	0	1,100,000	0	1,100,000
Arts and Humanities	1-4	0	0	350,000	0	350,000
Interdisciplinary Faculty Hires	1,2	0	0	75,000	0	75,000
Internal Medicine Support	2	0	375,000	0	0	375,000
Graduate College Initiative	2	0	125,000	0	0	125,000
Tuition Surcharges	2,3	0	1,444,219	0	0	1,444,219
Restore Research Pool	3	0	300,000	0	300,000	600,000
Restore Provost Pools	1	0	500,000	0	0	500,000
Research Incentives	3,4	0	0	0	117,000	117,000
College of Public Health Research	2	0	500,000	0	0	500,000
Monitoring/Accreditation	3,4	0	0	0	200,695	200,695
IT/Telecom Increased Access	5	0	1,290,715	0	0	1,290,715
Student Aid Increases	1,2	0	5,882,576	0	0	5,882,576
Security Requirements	5	0	346,350	0	0	346,350
Office of University Relations	5	0	71,000	0	0	71,000
Women's Athletics	1	0	350,000	0	0	350,000
<u>Mandatory Cost Changes</u>						
Compensation Increases		10,103,619	1,992,837	0	1,285,127	13,381,583
Library Acquisitions		0	493,000	0	0	493,000
Opening New Buildings		0	1,583,000	0	600,000	2,183,000
Base Budget Reductions		(14,617,639)	9,947,441	0	0	(4,670,198)
TOTAL		\$(4,514,020)	\$28,980,318	\$7,787,500	\$2,801,944	\$35,055,742