

**The University of Iowa  
Comprehensive Fiscal Report  
FY 2004**

**GENERAL FUND**

Detailed Revenues and Expenditures (Attachment A):

**1. The attached table entitled FY 2004.xls reflects the final budget summary.**

- a. Please verify that the information is accurate and enter the actual revenue and expenditures.**

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

- b. Explain significant line-item variances between the budgeted dollars and the actual expenditures.**

**GENERAL FUND**

FY 2004 presented several significant challenges for balancing the University's General Fund budget. These included reductions in appropriations in July, 2003 totaling \$7,172,109 and again in October, 2003 totaling \$5,914,094 as well as shortfalls in both tuition and indirect cost revenues for reasons previously described to the Board. In addition, health care units sustained cuts of \$1,286,854 in July 2003 and \$1,060,000 in October 2001. A portion of these reductions (\$697,408) was restored in June of 2004 on a non-recurring basis. These challenges were addressed in a variety of ways including reductions in the budgets of colleges and administrative units, targeted program reductions based on recommendations of the General Education Fund Task Force, and the deferral of expenditures, particularly in equipment and building repairs.

These challenges have had a great impact on decisions regarding use of diminished resources that have been made by Vice Presidents, Deans and unit directors. The results of these decisions, in terms of their effect on individual expenditure categories, are discussed below.

**Revenue**

Actual General Fund revenues for FY 2004 fell short of the revised budget by \$6,392,127.

Actual tuition revenues were under the budget by approximately \$3,328,334. This was due to lower than anticipated growth in enrollments (the University anticipated 500 additional enrollments contrasted with the actual fall enrollment that was up by 48, although overall enrollment was up slightly from FY 2003) and a reduction in the

percentage of non-resident students. Another important factor regarding FY 2004 tuition revenue is that the University changed its billing cycle for tuition, room and board beginning with the 2004 Summer session. Billing occurred one month sooner for Summer Session (June 1) than in past years to more closely align the receipt of tuition revenue with Summer Session expenditures. This billing schedule conforms to billing practices at Iowa State University, the University of Northern Iowa and most institutions within the Big Ten.

Indirect cost revenues were approximately \$3,304,845 under the budget. The University established a budget in FY 2004 for indirect cost recoveries on grants and contracts based on experience in the past several years and based on awards information through March 2003. This revenue source is typically volatile and difficult to project.

Interest income was over budget by \$365,039.

### **Expense**

Salaries comprise 76% of the General Fund budget. Salary expenditures for FY 2004 were at 99.2% of the amount budgeted.

As a consequence of the net revenue shortfall from all General Fund revenue sources and the significant collegiate reallocations required by State appropriation reductions, supply purchases, equipment purchases and building repairs were delayed. Expenditures for supplies, equipment and building repairs were under the budget by \$1,065,528, \$1,568,943 and \$1,320,725, respectively.

### **Health Care Units**

#### **Explanation of Significant Variances between FY2004 Budget and Actual Expenditures**

Salaries- Significant efforts to reduce the use and cost of outside agency staff have been successful during FY04. In addition, emphasis to align skill mix and increase productivity has also resulted in surplus variances from budget.

Professional & Scientific- 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 5.3% in for the twelve months ended March 2004 compared to the general rate of producer inflation of 1.1% for the same time period. In particular, surgical implants, prescription drugs and medical supplies are the major causes of this increase.

Building Repairs- Building Repairs services were reduced and therefore below budget to offset the increase in Professional and Scientific supplies.

**2. The attached budget summary sheets for FY 2004 were presented to the Board in July 2003, prior to budget ceiling adjustments. Identify significant variances in new revenues and actual reallocations made.**

## Revenue

Variances in revenue are discussed in an earlier section of this report.

## Reallocation

Colleges and administrative units report that planned reallocations for FY 2004 were accomplished substantially as reported to the Board in July 2003 with the following exceptions:

In FY 2004 units within the General Fund reallocated \$2,786,000 in order to accomplish salary increases within the approved guidelines. These salary reallocations were done without the knowledge that additional budget reductions would be necessary during FY 2004.

Because of appropriation reductions and revenue shortfalls in the General Education Fund it was necessary to impose budget reductions to colleges and administrative units on two occasions during FY 2004 totaling \$11.5 million. Although measures employed by units to address these budget reductions are not reportable as reallocation they must nevertheless be resolved through reallocation.

### **3. The attached table titled 5-Year Actuals contains revenues and expenditures for fiscal years 2000 and 2003.**

**- Please verify that the information is accurate and enter the actual revenue and expenditures for FY 2004.**

The information is accurate. FY2004 actuals have been entered.

## 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 2004 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, predominantly research and student financial aid funded from federal and non-federal sources.

Federal Support was 95.4% of the amount budgeted. The University established a budget for FY2004 grants and contracts based on experience in the past several years. This revenue source is typically volatile and difficult to project.

Sales and Services were 93.3% of the amount budgeted, due to lower sales volumes than anticipated.

Other income was \$17,690,066 above the amount budgeted. This is due to bond sales in excess of what had been budgeted.

## **Capital**

Included in the budget for the Restricted Funds are two appropriations from the General Assembly for FY04. Tuition replacement funding in the amount of \$10,016,419 was appropriated to address debt service on outstanding Academic Building Revenue Bonds. A total of \$12,050,000 of capital appropriations was drawn during FY04 for the construction of the new Art Building, Adler Journalism Building and the Old Capitol Restoration.

Construction of the new Art Building began in April 2003, construction of the Adler Journalism Building began in the spring of 2003, and construction of the Old Capitol Restoration project began in Spring 2002.

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>.

### **b. Please 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 and Losses  
Workshops and seminars  
Commissions  
Royalties  
Non-credit course fees  
Rental of equipment  
Parking and other fines  
Sales salvage and recycling  
Other miscellaneous revenue

- c. Please segregate budget and actual comparative information for Athletics and Residence systems. Residence systems should also submit the Annual Report at this time.**

The University of Iowa  
Department of Athletics  
FY 2004 Budget to Actual

**Revenue**

*Football*

Increase primarily related to the increase in ticket sales due to the success of the team. Other increases resulted in higher than anticipated Big Ten Settlement (35% gate sharing) as well as a substantial increase in Parking revenue.

*Men's Basketball*

Ticket sales – primarily student season tickets - were down as well as Parking revenue.

*Wrestling*

Lower ticket sales than anticipated attributed to the decline in revenue.

*Women's Basketball*

Lower ticket sales than anticipated attributed to the decline in revenue.

*Athletic Conference*

Increased revenue was due to the Big Ten Conference having a 2<sup>nd</sup> football team in the BCS (Bowl Championship Series) and Conference Distribution (television revenue).

*Foundation Support*

Higher than anticipated annual contributions to Athletics and higher annual interest earnings from endowment accounts.

*Novelties – Bookstore*

Increase directly related to the Outback Bowl appearance.

*General Income*

This decrease is related to lower net revenue from our Corporate Partners program.

**Expense***Football*

Increase related to success of the team - various contract incentives achieved by the Head Coach; Big Ten Settlement (Big Ten gate sharing) varied by \$200,000. Medical costs were up \$140,000

*Wrestling*

Increase attributable to higher medical costs.

*Men's Gymnastics*

Increase attributable to higher than anticipated and medical expenses.

*Baseball*

Increase attributable to higher salaries due to new coaching staff, higher medical costs and higher team travel expenses.

*Women's Gymnastics*

Related to higher medical and team travel expenses.

*Field Hockey*

Increase attributable to higher than anticipated medical expenses and higher scholarship expenses.

*Administrative & General Expenses*

Increase reflects higher Post Season Bonus' awarded to some of our coaching staff during the year, higher voice and data phone expenses during the year, increased Office Expense and higher Sports Promotion expenses.

*Building & Grounds*

Increase reflects higher utility & maintenance expenses throughout Athletics; increased expenses associated with service fees for on-line ticket ordering; and higher credit card transaction fees associated with the purchase of tickets.

**FY 2004**UNIVERSITY OF IOWA  
ATHLETIC BUDGET SUMMARY

09/16/04

**Final Close**

Income	2003-04 Budget	2003-04 Actual
Men's Sports		
1. Football	13,783,200	15,650,330
2. Basketball	4,462,000	4,392,849
3. Baseball	2,000	6,670
4. Track	-	1,660
5. Swimming	-	-
6. Tennis	-	-
7. Golf	-	-
8. Wrestling	226,000	181,324
9. Gymnastics	<u>500</u>	<u>1,126</u>
Total Men's Sports	18,473,700	20,233,958
Women's Sports		
1. Basketball	200,000	177,852
2. Track	-	-
3. Golf	-	-
4. Gymnastics	3,000	3,592
5. Softball	9,000	9,947
6. Swimming	-	-
7. Tennis	-	-
8. Volleyball	10,000	8,745
9. Field Hockey	-	-
10. Rowing	-	-
11. Soccer	<u>-</u>	<u>-</u>

Total Women's Sports	222,000	200,135
Other Income		
1. Student Activity Fees	1,401,944	1,401,944
2. Athletic Conference	10,236,000	10,562,297
3. University General Support		
a. Salaries	1,045,600	909,000
b. Supplies & Services	256,059	222,659
c. Women's Scholarships	1,091,700	1,091,700
4. Interest	412,500	274,806
5. Alumni/Foundation Support	4,702,748	5,224,344
6. Novelties--Bookstore	650,000	881,247
7. Radio, Football & Basketball	1,300,000	1,290,400
8. General Income	<u>2,678,975</u>	<u>2,497,408</u>
Total Other Income	<u>23,775,526</u>	<u>24,355,804</u>
Total Income	<u><u>42,471,226</u></u>	<u><u>44,789,898</u></u>

## Expense

## Men's Sports

1. Football	11,433,961	12,899,750
2. Basketball	3,820,967	3,777,483
3. Baseball	646,132	710,548
4. Track	700,766	703,140
5. Swimming	493,117	486,764
6. Tennis	310,239	301,070
7. Golf	154,845	142,282
8. Wrestling	805,876	870,078
9. Gymnastics	<u>485,176</u>	<u>502,008</u>
Total Men's Sports	18,851,079	20,393,123

## Women's Sports

1. Basketball	1,880,415	1,829,085
2. Track	783,503	748,056
3. Golf	272,490	265,601
4. Gymnastics	587,308	634,814
5. Softball	659,177	626,683
6. Swimming	594,554	536,153
7. Tennis	390,434	337,412
8. Volleyball	773,346	734,012
9. Field Hockey		

	605,053	628,417
10. Rowing	950,804	875,241
11. Soccer	<u>641,348</u>	<u>578,858</u>
Total Women's Sports	8,138,432	7,794,333
Other Expense		
1. Training Room	751,500	778,735
2. Sports Information	632,264	625,882
3. Athletic Development	-	
4. Adm. & General Expenses	6,793,035	7,210,907
5. Debt Retirement	1,701,944	1,701,944
6. Academic & Counseling	1,293,515	1,272,738
7. Building & Grounds	<u>4,309,457</u>	<u>4,429,644</u>
Total Other Expenses	<u>15,481,715</u>	<u>16,019,851</u>
Total Operating Expense	<u><u>42,471,226</u></u>	<u><u>44,207,306</u></u>
A. Total Operating Income	42,471,226	44,789,898
B. Total Operating Expense	<u>42,471,226</u>	<u>44,207,306</u>
Total Operating Balance--June 30	<u><u>-</u></u>	<u><u>582,592</u></u>

**University of Iowa - General Fund  
FY 2004**

			Variance	Actual as
	Budget	Actual	Over/(Under)	% of Budget
<b>University Approp. Units *</b>				
<b>REVENUES</b>				
General Appropriations	\$ 231,241,065	\$ 231,241,065	\$ -	100.0%
Interest	934,000	1,299,039	365,039	139.1%
Tuition and Fees	198,291,993	194,963,659	(3,328,334)	98.3%
Reimbursed Indirect Costs	42,333,300	39,028,455	(3,304,845)	92.2%
Sales and Services	2,827,566	2,735,129	(92,437)	96.7%
Other Income	200,000	168,450	(31,550)	84.2%
<b>TOTAL REVENUES</b>	<b>\$ 475,827,924</b>	<b>\$ 469,435,797</b>	<b>\$ (6,392,127)</b>	<b>98.7%</b>
<b>EXPENDITURES</b>				
Salaries	\$ 361,257,129	\$ 358,242,103	\$ (3,015,026)	99.2%
Prof. /Scientific Supplies	34,527,068	33,461,540	(1,065,528)	96.9%
Library Acquisitions	10,872,574	10,819,750	(52,824)	99.5%
Rentals	1,509,000	1,296,456	(212,544)	85.9%
Utilities	20,113,066	20,327,852	214,786	101.1%
Building Repairs	6,668,634	5,347,909	(1,320,725)	80.2%
Auditor of State	471,016	543,711	72,695	115.4%
Equipment	6,593,329	5,024,386	(1,568,943)	76.2%
Aid to Individuals	33,816,110	34,372,090	555,980	101.6%
<b>TOTAL EXPENDITURES</b>	<b>\$ 475,827,926</b>	<b>\$ 469,435,797</b>	<b>\$ (6,392,129)</b>	<b>98.7%</b>

<b>Hospital Approp. Units**</b>	<b>Budget</b>	<b>Actual</b>	<b>Over/(Under)</b>	<b>Percent</b>
<b>REVENUES</b>				
General Appropriations	\$ 41,445,971	\$ 41,445,971	\$ -	100.0%
Federal Support	2,749,293	3,081,766	332,473	112.1%
Reimbursed Indirect Costs	3,658,300	4,119,451	461,151	112.6%
Sales and Services	591,893,777	590,877,012	(1,016,765)	99.8%
Other Income	1,816,391	920,896	(895,495)	50.7%
<b>TOTAL REVENUES</b>	<b>\$641,563,732</b>	<b>\$640,445,096</b>	<b>(1,118,636)</b>	<b>99.8%</b>
<b>EXPENDITURES</b>				
Salaries	\$ 390,729,290	\$ 374,651,305	\$ (16,077,985)	95.9%
Prof. /Scientific Supplies	214,656,942	237,240,221	22,583,279	110.5%
Rentals	4,756,000	4,514,088	(241,912)	94.9%
Utilities	15,214,100	15,732,346	518,246	103.4%
Building Repairs	7,376,500	67,621		0.9%

Equipment	8,830,900	9,045,284	(7,308,879) 214,384	102.4%
<b>TOTAL EXPENDITURES</b>	<b>\$ 641,563,732</b>	<b>\$ 641,250,865</b>	<b>\$ (312,867)</b>	<b>100.0%</b>

<b>Total General Fund</b>	<b>Budget</b>	<b>Actual</b>	<b>Over/(Under)</b>	<b>Percent</b>
<b>REVENUES</b>				
General Appropriations	\$ 272,687,036	\$ 272,687,036	\$ -	100.0%
Federal Support	2,749,293	3,081,766	332,473	112.1%
Interest	934,000	1,299,039	365,039	139.1%
Tuition and Fees	198,291,993	194,963,659	(3,328,334)	98.3%
Reimbursed Indirect Costs	45,991,600	43,147,906	(2,843,694)	93.8%
Sales and Services	594,721,343	593,612,141	(1,109,202)	99.8%
Other Income	2,016,391	1,089,346	(927,045)	54.0%
<b>TOTAL REVENUES</b>	<b>\$ 1,117,391,656</b>	<b>\$ 1,109,880,893</b>	<b>\$ (7,510,763)</b>	<b>99.3%</b>
<b>EXPENDITURES</b>				
Salaries	\$ 751,986,419	\$ 732,893,408	\$ (19,093,011)	97.5%
Prof. /Scientific Supplies	249,184,010	270,701,761	21,517,751	108.6%
Library Acquisitions	10,872,574	10,819,750	(52,824)	99.5%
Rentals	6,265,000	5,810,544	(454,456)	92.7%
Utilities	35,327,166	36,060,198	733,032	102.1%
Building Repairs	14,045,134	5,415,530	(8,629,604)	38.6%
Auditor of State	471,016	543,711	72,695	115.4%
Equipment	15,424,229	14,069,670	(1,354,559)	91.2%
Aid to Individuals	33,816,110	34,372,090	555,980	101.6%
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,117,391,658</b>	<b>\$ 1,110,686,662</b>	<b>\$ (6,704,996)</b>	<b>99.4%</b>

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

\*\* Includes University Hospitals, Psychiatric Hospital, SCHS, and Center for Development and Disabilities.