

**The University of Iowa
Comprehensive Fiscal Report
FY 2008**

GENERAL UNIVERSITY

Actual General University revenues and expenditures for FY 2008 were less than the revised budget by \$1,210,000 or 0.2%.

Revenue

In June 2008, the University requested a budget ceiling increase of \$2,383,000.

Actual General University tuition revenues were less than the revised budget by approximately \$649,000. This represents a variance of 0.3%.

Indirect cost recoveries were projected to exceed the original budget by as much as \$1,278,000 due to the new indirect cost rate effective July 1, 2007 and success in securing sponsored research in FY 2008. Final FY 2008 indirect cost revenue growth was approximately \$677,000, or 1.6% under the revised budget.

Interest income was over the revised budget by \$151,000. This variance is primarily due to higher than expected interest rates and the timing of expenditures during the year.

Expense

Salaries comprise 73% of General University expenditures. Salary expenditures for FY 2008 were at 99.08% of the amount budgeted.

Actual expenditures for Professional and Scientific Supplies were \$2,923,000 below the revised budget. A portion of this variance was a direct result of the net revenue shortfall of \$1,210,000. The balance is the result of collegiate reallocations to Student Aid, Equipment and Building Repairs.

Expenditures for Equipment were over the budget by \$2,260,000. This was primarily due to collegiate reallocations to Equipment and greater than anticipated salary savings.

General University expenditures for Student Aid were over budget by \$1,101,000 or 2.3%. This was due to reallocations within the colleges. Expenditures for Student Aid were 19.3% of actual tuition revenues.

General University expenditures for Building Repairs were \$1,589,000 over budget which were funded from collegiate reallocations. Examples of significant Building Repairs projects accomplished in FY 2008 include Chemistry Building renovation, Bowen Science Building Physiology renovation, University-wide classroom and laboratory renovations, security enhancements, and fire, life safety and environmental projects.

Reallocations

As reported in the FY2008 Final Budget, the University of Iowa planned to reallocate \$7,199,000. As indicated in the schedule below, all reallocations occurred as intended.

These reallocations provided partial funding of the multi-year plan to improve faculty salaries relative to peer institutions, helped to meet staff salary and benefit increases, and funded other unavoidable cost increases outlined below.

FY2008 was the third year in which reallocated funds were retained and redistributed during the course of the year by the Provost across collegiate units to support University-wide strategic initiatives. This funding, totaling \$1M, supported a broad spectrum of initiatives. Examples of these initiatives include: programs to promote diversity including the Faculty Diversity Opportunity Program; programs to enhance the undergraduate experience including the Honors Program, freshman seminars and technical communication programs; and programs to expand access to University Library resources.

THE UNIVERSITY OF IOWA
General Education Fund
FY 2008 Reallocations

	<u>Final Budget</u> (Form 1B)	<u>Actual</u>	<u>Change</u>
<u>SOURCE</u>			
Collegiate and Administrative Units	5,300,000	5,300,000	-
Collegiate Units (Provost Targeted Reallocation)	1,000,000	1,000,000	-
Intercollegiate Athletics	773,359	773,359	-
Student Health	125,479	125,479	-
Total Source	<u>\$ 7,198,838</u>	<u>\$ 7,198,838</u>	<u>\$ -</u>
<u>EXPENSE</u>			
Core Salary/Benefits Increases:			
P & S Compensation and Fringe Benefits	494,868	494,868	-
Graduate Assistants Compensation and Fringe Benefits	136,547	136,547	-
Graduate Assistants Scholarships	154,089	154,089	-
Merit Compensation and Fringe Benefits	530,659	530,659	-
Merit Annualization and Fringe Benefits	75,622	75,622	-
Subtotal	<u>1,391,785</u>	<u>1,391,785</u>	<u>-</u>
Investment in Faculty:			
Faculty Compensation and Fringe Benefits	1,479,136	1,479,136	-
Faculty Mid-Year Compensation Increase	247,491	247,491	-
Faculty Compensation Annualization	181,588	181,588	-
Provost Targeted Reallocation	1,000,000	1,000,000	-
Subtotal	<u>2,908,215</u>	<u>2,908,215</u>	<u>-</u>
Renewing Environments for Learning and Research:			
Utilities	298,838	298,838	-
Bridging/Security/Collegiate Support Commitments	850,000	850,000	-
Opening New Facilities	200,000	200,000	-
Staff Diversity Opportunity Program	200,000	200,000	-
Amortization of Capitalized Systems	750,000	750,000	-
Building Renewal	600,000	600,000	-
Subtotal	<u>2,898,838</u>	<u>2,898,838</u>	<u>-</u>
Total Expense	<u>\$ 7,198,838</u>	<u>\$ 7,198,838</u>	<u>\$ -</u>

HEALTH CARE UNITS

State Appropriation

During FY08, the \$7.3M appropriation funding to Psychiatric Hospital was eliminated due to provisions in SF2425. This funding was anticipated in development of the FY08 budget which then results in a variance between budget and actual appropriation receipts.

Supplemental Appropriation

In addition to the \$27.3M of appropriation funds authorized in FY08 to support IowaCare, the legislature also approved funding of up to an additional \$25.7M to support services for Iowa Care patients. Due to timing of cash receipts, only \$20.7M of supplemental appropriations for the IowaCare program was received in FY 2008. These funds were composed of \$8.6M in cash receipts for care provided in FY07 and \$12.1M for care provided in FY08.

Federal Support

A delay in the receipt of grant funding contributes to this variance.

Sales and Services

The variance is a result of additional revenue support required to offset the loss of the \$7.3M Psychiatric Hospital appropriation. This is combined with increased patient service volumes beyond budget for UIHC.

Salaries

In FY2008, UIHC experienced a significant increase in patient volume demonstrated by a growth of 5.8% in admissions, 7.9% in patient days, and 11.2% for Emergency Treatment Center visits above the FY2008 budgeted volume levels. In addition, inpatient and outpatient surgeries exceeded the prior year levels by nearly 3% while clinic visits exceeded the prior year by 2%. UIHC's emphasis on productivity based operations allowed for the additional labor hours required to meet these increased patient volumes through the use of temporary staff, overtime hours and, in areas of sustained volume growth, new staff positions. During the flood of 2008, labor expense continued to be incurred even though operations were limited and many staff were requested not to report for their shifts.

Professional & Scientific Supplies and Services

A slight surplus occurred in the supplies and services category. Part of this surplus is the result of lower consumption of medical and surgical supplies during the flood due to reduced surgical procedures, limited patient admissions and fewer scheduled clinic visits for the 10 day period. Continued emphasis on product usage through supply chain initiatives assists in achieving cost savings.

Utilities

Actual utility consumption exceeded anticipated budget levels.

Building Repairs and Equipment

Limited spending using Hospital operating budget funds was available for new and replacement clinical and diagnostic equipment, inpatient unit renovations, and other building repair projects due to the higher spending required for labor efforts in support of volume growth.

OTHER APPROPRIATED UNITS

FY 2008 was the first fiscal year since 2001 that these appropriated units received incremental allocations. While these increases assisted with the salary and benefit increases for FY 2008, on average these units' annual appropriations remain 12% lower than their appropriations in FY 2001.

Oakdale Campus

Both revenue and expense for the Oakdale unit were 99.98% of the original budget.

Hygienic Laboratory

Both revenue and expense for the Hygienic Laboratory unit were 98.41% of the original budget.

Family Practice Program

Both revenue and expense for the Family Practice Program unit were 99.84% of the original budget

Special Purpose Appropriations

FY 2008 Special Purpose appropriations were as follows:

Primary Health Care	\$793,920
Ag Health & Safety	130,000
State of Iowa Cancer Registry	184,578
Substance Abuse	67,877
Non-Profit Resource Center	200,000
Biocatalysis	902,687
Advance Drug Development	115,749
Technology Innovation Center	45,879
Oakdale Research Park	97,578
Iowa Registry for Congenital and Inherited Disorders	46,685
Total	<u>\$2,584,953</u>

Both revenue and expense for each of the Special Purpose units were 100% of the original budget.

RESTRICTED FUNDS

The FY 2008 Restricted Fund budget was provided to the Board in August 2007. It 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. It 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 adjustments, met certain nondiscretionary 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.

Revenue

State Appropriations

Included in Restricted Funds were three appropriations from the General Assembly for FY 2008.

Tuition replacement funding in the amount of \$10,558,000 was appropriated to address debt service on outstanding Academic Building Revenue Bonds.

A total of \$6,106,000 of capital appropriations was drawn during FY 2008 for the new University Hygienic Lab and for architectural and engineering planning associated with the new College of Public Health building and the new Iowa Institute for Biomedical Discovery building.

The FY 2008 Restricted Fund budget contained \$1,925,000 from the Grow Iowa Values Fund for new economic development. The table below indicates expenses during FY 2008 related to the economic development appropriation:

Spending in FY 2008

	<u>FY 2007 Appropriation</u>	<u>FY 2008 Appropriation</u>	<u>Total</u>
GIVF *	\$1,434,000	\$1,414,000	\$2,848,000

*An equal amount of matching funds provided from other sources.

Additional detail regarding FY 2008 GIVF expenditures and attendant match as well as planned programming for FY 2009 and beyond is available from the Office of the Vice President for Research and is reported to the Board quarterly.

Federal Support

The current Restricted Fund includes sponsored activities, predominantly research and student financial aid funded from federal and other external sources. Federal Support was approximately 4.3% over the budgeted amount. The University established a budget for FY 2008 grants and contracts based on experience in the past several years. The cash flows from this revenue source are variable and difficult to project.

Intra State Receipts

It has been a longstanding requirement of the Board Office that the revenue and expenditure beginning budgets for the Restricted Funds be in balance even though this is never the case at the end of the year given the “going concern” nature of the Restricted Fund’s major components. In order to accomplish this required balancing in the original budget, the University uses the Intra State Receipts line in the Department of Management Report. At the end of each year this creates a significant variance between budget and actual numbers for Intra State Receipts. Intra State Receipts are intended to reflect only net transfers for the year.

Bond Proceeds

The original bond sale projection was \$76,000,000. The actual amount of bonds sold in FY 2008 totaled \$126,000,000. The following sales were not anticipated when the FY 2008 budget was developed:

- UIHC \$25,000,000
- Academic Building Revenue bonds for the Old Music Building renovation and the new College of Public Health Building \$25,000,000

Other Income

Other Income was 21.1% higher than the amount budgeted. This variance is primarily due to a conservative original budget; higher than anticipated Medicine and Dentistry Practice Plan revenues; interest, dividends, and capital gains and losses; as well as commissions and royalties.

The Other Income revenue category consists of the following components:

Non-Federal Gifts, Grants and Contracts	\$99.2 M
Medicine and Dentistry Practice Plans	\$34.0 M *
Interest, Dividends and Capital Gains and Losses	\$29.6 M
Workshops and Seminars	\$ 6.1 M
Commissions and Royalties	\$13.9 M
Rental of Equipment	\$ 5.0 M
Parking Fines	\$ 1.0 M
Other Miscellaneous Revenue	\$ 5.1 M

*This includes transfers from agency fund operations only. FY 2008 total revenues for the Medical Practice Plan were \$202,086,000 and \$13,636,000 for the Dentistry Practice Plans.

Expense

Actual total expenses for FY 2008 were under budget by \$33,079,000 or 3.7%.

Although expenditures were higher than anticipated in several categories including Salaries, Utilities and Student Aid, these increases were offset substantially by lower than expected expenses in Rentals, Building Repairs, Equipment and Debt Service.

Plant Capital

The variance in plant capital expenditures is the result of adjustments in earlier projections of construction schedules.

**The University of Iowa
Department of Athletics
FY08 Budget to Actual Variance Analysis**

Revenue:

- a) **Football**
Football revenue was above budget because of higher than anticipated season ticket sales.
- b) **Men's Basketball**
Men's basketball revenue was below budget due to lower than anticipated single game ticket sales.
- c) **Multi Media Income**
The rights fees earned by the UI Department of Intercollegiate Athletics were less than anticipated in the budget as a result of the transition into the multi-media relationship with Learfield and the UI's decisions on sponsorship relationships with some advertisers.
- d) **Athletic Conference Distribution**
This increase is attributable to having two football teams in the Bowl Championship Series (BCS).
- e) **Interest**
The increase in interest revenue is due to an increase in Facility Enterprise cash balances due to earlier receipt of premium seating revenues from the UI Foundation, BigTen Network revenues and Media rights contracts as well as an increase in the operating reserve fund.
- f) **Novelties (Licensing)**
Revenue was above budget due to enrollment growth and success of the teams.

Expense:

- g) **Men's Basketball**
The variance in Basketball expense is due to transition expenses for the new coaching staff.
- h) **Women's Basketball**
Expenses associated with team travel and recruiting were higher than anticipated.
- i) **Volleyball**
Expenses for team travel were less than originally anticipated.
- j) **Women's Other Sports**
The variance is mainly attributable to higher medical costs and team travel costs.
- k) **Administrative and General Expenses**
The variance is attributable to higher than anticipated computer costs, and additional compensation paid to coaches and staff based on achievement incentives.
- l) **Academic & Counseling**
The variance is primarily attributable to unfilled permanent salaried positions. All vacant positions are expected to be filled by January 2009.
- m) **Buildings & Grounds**
The variance is mainly attributable to higher utility and maintenance expenses for all Athletic venues.

UNIVERSITY OF IOWA
ATHLETIC BUDGET SUMMARY

	FY 08 Budget	FY 08 Actuals	Variance	Explanation Reference
<u>INCOME:</u>				
Men's Sports				
Football	\$ 16,513,500	\$ 17,481,842	\$ 968,342	a
Basketball	3,250,000	2,872,458	(377,542)	b
Wrestling	276,000	274,914	(1,086)	
All Other	7,000	12,864	5,864	
Total Men's Sports	\$ 20,046,500	\$ 20,642,078	\$ 595,578	
Women's Sports				
Basketball	\$ 175,000	\$ 127,028	\$ (47,972)	
Volleyball	10,000	10,459	459	
All Other	13,000	7,453	(5,547)	
Total Women's Sports	\$ 198,000	\$ 144,940	\$ (53,060)	
Other Income				
Rec Facilities Debt Service/Student Fees (1)	\$ 1,500,000	\$ 1,487,795	\$ (12,205)	
Learfield Multi Media Contract Income	4,821,700	4,575,794	(245,906)	c
Athletic Conference	18,448,000	18,781,140	333,140	d
University General Fund Support	-	-	-	
Financial Aid Set Aside from Athlete Tuition	800,000	800,000	-	
Interest	350,000	1,316,883	966,883	e
Foundation Support	7,192,026	6,855,735	(336,291)	
Foundation Premium Seat Revenue	5,100,000	5,100,000	-	
Novelties--Bookstore	1,500,000	1,833,494	333,494	f
General Income	1,598,000	1,633,469	35,469	
Total Other Income	\$ 41,309,726	\$ 42,384,310	\$ 1,074,584	
TOTAL INCOME	\$ 61,554,226	\$ 63,171,327	\$ 1,617,101	
<u>EXPENSES:</u>				
Men's Sports				
Football	\$ 13,475,363	\$ 13,434,545	\$ (40,818)	
Basketball	4,036,213	4,151,926	115,713	g
Wrestling	955,138	974,562	19,424	
Other Sports	3,374,776	3,336,113	(38,663)	
Total Men's Sports	\$ 21,841,489	\$ 21,897,146	\$ 55,657	
Women's Sports				
Basketball	\$ 2,479,774	\$ 2,601,183	\$ 121,409	h
Volleyball	1,039,529	1,001,256	(38,273)	i
Other Sports	6,488,158	6,621,690	133,532	j
Total Women's Sports	\$ 10,007,461	\$ 10,224,129	\$ 216,668	
Other Expenses				
Training Services	\$ 1,234,762	\$ 1,228,261	\$ (6,501)	
Sports Information	619,787	686,184	66,397	
Admin. & General Expenses	8,596,685	8,845,969	249,284	k
Facility Debt Service	8,083,894	8,385,737	301,843	
Transfer - Enterprise Reserve/Contingency	2,000,000	2,000,000	-	
Contribution for Joint Recreation Projects	1,000,000	1,000,000	-	
Academic & Counseling	1,569,371	1,383,541	(185,830)	l
Buildings & Grounds	6,600,777	7,153,061	552,284	m
Total Other Expenses	\$ 29,705,276	\$ 30,682,753	\$ 977,477	
TOTAL OPERATING EXPENSE	\$ 61,554,226	\$ 62,804,028	\$ 1,249,802	
TOTAL OPERATING BALANCE (2)	\$ -	\$ 367,299	\$ 367,299	

(1) Student fees attributable to recreation as a part of joint recreation/athletic projects.

(2) The balance will partially fund the Recreation Building capital project as described in the Carver Hawkeye Arena 20 Year Financing Plan proforma.

**The University of Iowa
University Residence System
FY08 Budget to Actual Variance Analysis**

- (1) Contract Revenues: Contract revenues are higher than budgeted due to an increase in the actual number of room and board contracts over the budgeted number of contracts. The original budget for FY2008 was based upon fall residence hall occupancy of 5,576, board contracts numbering 5,675, and 680 occupied apartments. When budgeting for room and board contracts, it is the department's procedure to not budget for temporary housing. As of September 7, 2007, there were 71 more room contracts, 271 more board contracts, and 4 more apartment contracts than budgeted.
- (2) Interest Income Revenues: FY2008 investment income was \$79,994 higher than budgeted due to a higher than expected distribution rate, combined with higher balances available for investment (due to deferred capital spending and higher cash balances from FY2007).
- (3) Other Income Revenues: Summer conference room and board revenues for summer 2008 were lower than budgeted due to the flood.
- (4) Salaries, Wages & Benefits: Salaries and wages expense was lower than budgeted due to numerous vacancies and unfilled positions, particularly in the areas of residence life, custodial operations, and general administration.
- (5) Utilities: Actual utility consumption (particularly steam, water and sewer) was much lower than estimates made at the time of the FY2008 budget preparation.
- (6) Cost of Goods Sold: Food costs exceeded budgeted amounts for FY2008, consistent with the increased volume at the marketplaces, due to the higher number of board contracts sold.
- (7) Repairs & Maintenance: Repairs and maintenance costs fell below budget, due primarily to costs related to the flood charged directly to specific flood accounts outside of the residence system. During the latter half of June, nearly all maintenance efforts were directed toward flood relief rather than typical summer maintenance work.
- (8) Other Operating Expense: Other operating expenses exceeded the budgeted amount due to an accounting change related to the treatment of board plans for the department's live-in staff. For the 2008 original budget, these costs were not included in the Other Operating Expense category.
- (9) Voluntary Reserve Balance: The voluntary reserve balance as of June 30, 2008, is \$710,767 higher than originally budgeted due to the higher than budgeted net income from operations of \$1.4 million, offset by increased spending from reserves for capital projects.

**The University of Iowa
University Residence System
Comparison of Budget vs Actual
FY 2007-2008**

	<u>Actual 2007-2008</u>	<u>Board Approved Budget 2007-2008</u>	<u>Over / (Under) Budget</u>	
OPERATIONS (Modified Cash Basis)				
Revenues	\$ 45,109,482	\$ 44,386,064	\$ 723,418	
Expenditures for Operations	<u>30,870,381</u>	<u>31,556,261</u>	<u>(685,880)</u>	
Net Revenues	<u>14,239,101</u>	<u>12,829,803</u>	<u>1,409,298</u>	
% of Revenues	31.6%	28.9%		
Debt Service (due July 1)	4,968,395	4,968,395	-	
Mandatory Transfers	<u>600,000</u>	<u>600,000</u>	-	
Net After Debt Service & Mandatory Transfers	<u>\$ 8,670,706</u>	<u>\$ 7,261,408</u>	<u>\$ 1,409,298</u>	
% of Revenues	19.2%	16.4%		
 University Overhead Payment From Surplus	 \$ 438,552	 \$ 438,552	 \$ -	
 REVENUES AND EXPENDITURES DETAIL				
Revenues				
Contracts	\$ 40,680,495	\$ 39,942,150	\$ 738,345	(1)
Interest	1,072,413	992,419	79,994	(2)
Other Income	3,356,574	3,451,495	(94,921)	(3)
Total Revenues	<u>\$ 45,109,482</u>	<u>\$ 44,386,064</u>	<u>\$ 723,418</u>	
Expenditures for Operations				
Salaries, Wages & Benefits	12,092,866	12,706,762	(613,896)	(4)
Utilities	4,945,359	5,243,497	(298,138)	(5)
Cost of Food or Goods Sold	4,175,768	4,050,065	125,703	(6)
Repairs & Maintenance	3,811,225	4,021,042	(209,817)	(7)
Other Operating Expense	5,845,163	5,534,895	310,268	(8)
Total Expenditures	<u>\$ 30,870,381</u>	<u>\$ 31,556,261</u>	<u>\$ (685,880)</u>	
 RESIDENCE SYSTEM FUND BALANCES (June 30)				
Revenue Fund	\$ -	\$ -	\$ -	
Operation & Maintenance Fund	1,000,000	1,000,000	-	
Improvement Fund	11,092,631	10,126,000	966,631	
Surplus Fund	858,065	1,113,929	(255,864)	
Subtotal--Voluntary Reserves	<u>12,950,696</u>	<u>12,239,929</u>	<u>710,767</u>	(9)
Sinking Fund	-	-	-	
Bond Reserve Fund	5,180,855	5,180,855	-	
Construction Fund	-	-	-	
Subtotal--Mandatory Reserves	<u>5,180,855</u>	<u>5,180,855</u>	<u>-</u>	
Total Reserve Balances (June 30)	<u>\$ 18,131,551</u>	<u>\$ 17,420,784</u>	<u>\$ 710,767</u>	