

**THE UNIVERSITY OF IOWA**  
**Comprehensive Fiscal Report**  
**FY 2013**

Each year, the University of Iowa is required to submit to the Board of Regents, a comprehensive fiscal report which compares actual revenues and expenditures with approved budgets, to identify variances and summarize actual uses of funding increases. Details for FY 2013 are described below.

**A. GENERAL UNIVERSITY**

**Revenue**

Total General University revenues for FY 2013 were less than the revised budget by \$10,033,000 or 1.5% under budget.

In June 2013, the University requested a revised revenue budget adjustment for FY 2013. This adjustment included an interest income increase of \$500,000, a tuition revenue increase of \$350,000, and a reimbursed indirect cost increase of \$1,250,000. The budget revision also included \$6,500,000 in advanced commitment funds budgeted as "other income". The increase was requested to balance revenues with estimated expenses for the construction of the Library Student Commons project. With actual revenues reported in the year received, an expected budget-to-actual variance occurred in "other income". FY 2013 actual other income of \$41,000 was comparable to the original budget of \$125,000.

FY 2013 reimbursed indirect costs were less than budget by approximately \$759,000 or 1.7% under the revised budget. A complicating factor in projecting indirect cost recoveries has been in the application of substantial, one time federal ARRA awards.

Actual General University tuition revenues were less than the revised budget by approximately \$2,393,000. This represents a variance of 0.6%.

Interest income was less than the revised budget by approximately \$297,000. This variance was primarily due to the timing of expenditures during the year.

**Expense**

Total General University expenditures for FY 2013 were less than the revised budget by \$3,498,000 or 0.5%.

Salaries comprise 68% of all General Education Fund expenditures. Salary expenditures for FY 2013 exceeded the budget by 0.7%.

General University expenditures for Student Aid were over budget by \$3,253,000 or 4.0%. Expenditures for Student Aid were \$84,037,000 which equates to 21.8% of actual tuition revenues.

Supplies and Services were under budget by \$18,700,000. Many university units reallocated these resources toward other non-recurring expenses such as building repairs and student aid.

## **Cash Balance of Advanced Commitment Funds**

Actual expenditures exceeded revenues in FY 2013 due to the expenditure of advance commitment revenues earned and reported in prior years.

According to Iowa Code section 262.9, tuition revenues may be carried forward for use in subsequent years.

In FY 2011, tuition revenue of \$10,500,000 was carried forward to fund future expenses associated with the board approved Library Student Commons project. During FY 2013, \$6,565,520 of project expense was incurred.

The remaining carry-forward balance is as follows:

FY11 Carry-forward	\$10,500,000
Less: FY12 Expense	(2,255,543)
Less: FY13 Expense	<u>(6,565,520)</u>
Remaining Carry-forward	\$ 1,678,937

## **Reallocations**

As reported in the FY 2013 Final Budget, the University of Iowa planned to reallocate 0.5% of the FY 2012 original General Fund base. These reallocations were created by reducing each collegiate and vice presidential unit's funding and reinvesting those funds into the University's highest priority needs. Much of this supports student success initiatives. All reallocations occurred as indicated below.

### **FY 2013 Reallocations**

<b>STRATEGIC INITIATIVES</b>	<b>Reallocations</b>
<b>Undergraduate Student Success</b>	<b>\$1,009,000</b>
<b>Graduate and Professional Student Success</b>	<b>\$280,000</b>
<b>Total Strategic Initiatives</b>	<b>\$1,289,000</b>

  

<b>OTHER COST INCREASES</b>	<b>Reallocations</b>
<b>Support for Strategic Priorities</b>	<b>\$1,379,000</b>

  

<b>TOTAL STRATEGIC AND SUPPORT COST INCREASES</b>	<b>\$2,668,000</b>
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## **B. HEALTH CARE UNITS**

### **Supplemental Appropriation**

In addition to the \$27,300,000 of appropriation funds authorized in FY 2013 to support IowaCare, the legislature also approved supplemental appropriation funding of up to an additional \$52,600,000 to support services provided in FY 2013 for Iowa Care patients. Due to the lateness of legislative approval to increase the FY 2013 supplemental funding, a revision was not made to the budget. The \$8,725,000 variance over budget reflects this as well as the timing difference of actual cash receipts compared to the provision of services to Iowa Care patients.

### **Interest**

A conservative budget for Interest Income was developed for FY 2013. Actual performance exceeded this estimate.

### **Sales and Services**

In FY 2013, UIHC experienced volume levels below budget expectations. Variances compared to budget were seen for acute patient admissions (2.1% below), acute patient days (up 0.9%), inpatient and outpatient surgical procedures (0.9% below) and emergency treatment center visits (4.5% below). These patient volumes are reflected in actual patient revenue running below the sales and services budget.

### **Other Income**

The Hospital was awarded Meaningful Use funds of \$6,200,000 in FY 2013. These funds are associated with the incentives provided by Medicare and Medicaid for use of the electronic health record in the care of patients. These funds contributed to the variance over budget.

### **Salaries**

The lower than budgeted patient volumes resulted in labor costs under budget. A concerted effort to monitor and manage labor costs was utilized to minimize the need for additional staffing costs while still providing safe and high quality patient care services. All new position requests as well as requests to re-fill vacant positions were reviewed by a multi-disciplinary Hiring Board.

### **Professional & Scientific Supplies and Services**

A slight increase over budget occurred in the use of patient care related medical supplies and purchased services. Increased supply use of medical implants, robotic surgery supplies and other patient care supplies contributed to the variance over budget.

## **C. OTHER APPROPRIATED UNITS**

### **Oakdale Campus**

Both revenue and expense for the Oakdale unit were 94.6% of the budget.

### **Hygienic Laboratory**

Both revenue and expense for the Hygienic Laboratory unit were 99.9% of the budget.

### **Family Practice Program**

Both revenue and expense for the Family Practice Program unit were 99.9% of the revised budget.

### **Special Purpose Appropriations**

FY 2013 Special Purpose appropriations were as follows:

Primary Health Care	\$ 648,930
Iowa Online AP Academy	531,139
State of Iowa Cancer Registry	149,051
Substance Abuse	55,529
Non-Profit Resource Center	162,539
Biocatalysis	723,727
Advance Drug Development	93,645
Technology Innovation Center	37,119
Oakdale Research Park	78,515
Iowa Registry for Congenital and Inherited Disorders	38,288
Iowa Flood Center	<u>1,500,000</u>
Total	\$ 4,018,482

In FY 2012, acknowledgement of the Iowa Online AP Academy appropriation came late in the legislative session resulting in delayed advertisement of the online courses and therefore unused course seats. The University reverted \$98,578.82 of funds to the State at the end of FY 2012. As allowed by Section 8.62 of the Iowa Code, fifty percent (\$49,289.41) of the reverted funds were carried forward into FY 2013 for technology enhancements and spent accordingly.

## **D. RESTRICTED FUNDS**

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 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, University Housing, 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 FY 2013 Restricted Fund budget was approved by the Board in August 2012. The expenditure plan provided for required salary and benefit 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.

### **Revenue**

#### **State Appropriations**

Included in the Restricted Fund were four appropriations from the General Assembly for FY 2013.

Tuition replacement funding in the amount of \$9,638,000 was received to address debt service on outstanding Academic Building Revenue Bonds.

A total of \$10,250,000 of capital appropriations was drawn during FY 2013 for the Dental Science Building remodel.

The University received and spent \$1,050,000 from the Innovation Fund for the development of technology commercialization, marketing and business development efforts in areas related to technology commercialization, entrepreneurship, business growth, and infrastructure projects. An equal amount of matching funds is provided from other sources.

Additionally, \$13,265,000 was received related to the IowaCare physician reimbursement. The original budget of \$16,278,000 included the total physician reimbursement amount, although a portion of the actual receipts are reported with University Hospitals. A late legislative approval increased the total physician reimbursement amount to \$19,806,000.

### **Federal Support**

The Restricted Fund includes sponsored activities, predominantly research and student financial aid funded from federal and other external sources. Federal Support was approximately 0.1% under the budgeted amount. The University established a budget for FY 2013 grants and contracts based on experience in the past several years and anticipated ARRA awards.

### **Intra State Receipts**

It has been a longstanding requirement of the Board Office that the revenue and expenditure beginning budgets for the Restricted Fund 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.

### **Tuition and Fees**

Actual Non-General Education Fund Tuition and Fees (e.g. Continuing Education offerings and mandatory fees) were 4.5% more than the FY 2013 budget of \$77,508,000.

### **Bond & Loan Proceeds**

The original bond sale projection was \$328,000,000. The actual amount of bonds sold in FY 2013 totaled \$270,825,000. The amounts below include Master Lease drawdowns as well as bond proceeds.

	<u>Budget</u>	<u>Actual</u>
UIHC (Children’s Hospital)	\$ 190.0 million	\$190.0 million
Residence System – New Dormitory	60.0 million	29.0 million
Parking (UIHC ramp 2 replacement)	25.0 million	25.0 million
ABRB (3-year flood note replacement)	28.0 million	25.0 million
Utility System (miscellaneous projects)	25.0 million	n/a
Fleet Services	n/a	1.8 million
	<u>\$ 328.0 million</u>	<u>\$270.8 million</u>

### **Sales and Services**

Actual income from Sales and Services exceeded the original budget by 7.1%. This variance is due to a conservative original budget.

### **Other Income**

Other Income was 6.1% higher than the amount budgeted. This variance is primarily due to a conservative original budget and higher than anticipated Non-Federal Gifts, Grants, and Contract revenues.

The Other Income revenue category consists of the following components:

- Non-Federal Gifts, Grants and Contracts
- Commissions and Royalties
- Transfers from Facilities Corp Bond proceeds
- Fines
- Other Miscellaneous Revenue

## **Expense**

Actual total expenses for FY 2013 were less than budget by \$29,942,000 or 2.1%.

Although expenditures were higher than anticipated in categories such as Salaries and Equipment, these increases were offset by lower than expected expenses in Plant Capital, Debt Service, and Supplies.

## **Supplies**

Professional and Scientific Supplies were under budget by \$7,554,000 or 2.2%.

## **Equipment**

Equipment expenditures were over budget by \$12,063,000 or 25.1% due to the timing of equipment purchases for the Iowa River Landing's project.

## **Debt Service**

Debt Service was under budget by \$34,044,000 or 28.5%. This was partially due to fewer bond issuances than budgeted. However, the larger issue was an error in applying a refunding of debt services within a schedule produced by Springsted, Inc. The budget error did not have an impact on the University or its management of debt service payments.

## **Plant Capital**

Plant Capital was under budget by \$17,372,000 or 7.4%. The variance in plant capital expenditures is the result of adjustments in earlier projections of construction schedules.

**The University of Iowa  
Department of Athletics  
FY13 Budget to Actual  
Variance Analysis**

**Revenue:**

- a) **Football**  
Football revenue was above budget due to additional revenue from home game ticket sales and higher parking revenue.
- b) **Men's Basketball**  
Men's Basketball revenue was above budget due to additional revenue from home game ticket sales and higher parking revenue.
- c) **Foundation Support**  
See Facility Debt Service below – with the football facilities master lease payments shifted to fiscal year 2014, so was the respective use of football facilities gifts.
- d) **Novelties – Bookstore**  
Greater licensing monies were received than expected.
- e) **General Income**  
Concessions income exceeded expectations.

**Expense:**

- f) **Football**  
Football salaries were above budget as well as scholarships.
- g) **Admin. & General Expenses**  
Administrative expenses were above budget because of higher postseason travel, unexpected IT equipment costs, higher interview and relocation expenses, and higher wage expenses.
- h) **Facility Debt Service/Student Fees**  
Football facilities master lease payments were expected to begin, but the payment start date was shifted to fiscal year 2014.
- i) **Buildings & Grounds**  
There were greater than expected costs at Carver Hawkeye Arena, Kinnick Stadium, and the Football Practice Facilities.



**UNIVERSITY OF IOWA  
ATHLETIC BUDGET SUMMARY**

	FY 13 Budget	FY 13 Actuals	Variance	Explanation Reference
<b>INCOME:</b>				
<b>Men's Sports</b>				
Football	\$ 22,863,371	\$ 23,367,668	\$ 504,297	a
Basketball	2,870,421	3,298,603	428,183	b
Wrestling	475,000	597,054	122,054	
All Other	12,000	17,536	5,536	
<b>Total Men's Sports</b>	<b>\$ 26,220,792</b>	<b>\$ 27,280,860</b>	<b>\$ 1,060,069</b>	
<b>Women's Sports</b>				
Basketball	\$ 185,000	\$ 213,432	\$ 28,432	
Volleyball	13,000	16,869	3,869	
All Other	13,000	16,618	3,618	
<b>Total Women's Sports</b>	<b>\$ 211,000</b>	<b>\$ 246,919</b>	<b>\$ 35,919</b>	
<b>Other Income</b>				
Facility Debt Service/Student Fees	\$ 650,000	\$ 678,842	\$ 28,842	
Learfield Multi Media Contract Income	5,557,000	5,408,883	(148,117)	
Athletic Conference	25,107,000	24,792,992	(314,008)	
University General Fund Support	-	-	-	
University Student Financial Aid Set Aside	-	-	-	
Interest	500,000	605,932	105,932	
Foundation Support	8,838,779	5,813,775	(3,025,005)	c
Foundation Premium Seat Revenue	7,850,000	8,097,495	247,495	
Novelties--Bookstore	3,000,000	3,392,540	392,540	d
General Income	2,686,200	3,058,567	372,367	e
<b>Total Other Income</b>	<b>\$ 54,188,979</b>	<b>\$ 51,849,024</b>	<b>\$ (2,339,955)</b>	
<b>TOTAL INCOME</b>	<b>\$ 80,620,771</b>	<b>\$ 79,376,803</b>	<b>\$ (1,243,968)</b>	
<b>EXPENSES:</b>				
<b>Men's Sports</b>				
Football	\$ 18,095,891	\$ 18,762,837	\$ 666,946	f
Basketball	5,114,506	5,073,257	(41,249)	
Wrestling	1,292,938	1,212,311	(80,627)	
Other Sports	4,324,011	4,286,965	(37,046)	
<b>Total Men's Sports</b>	<b>\$ 28,827,346</b>	<b>\$ 29,335,371</b>	<b>\$ 508,025</b>	
<b>Women's Sports</b>				
Basketball	\$ 3,319,629	\$ 3,362,048	\$ 42,419	
Volleyball	1,187,516	1,203,359	15,843	
Other Sports	8,324,227	8,218,989	(105,238)	
<b>Total Women's Sports</b>	<b>\$ 12,831,372</b>	<b>\$ 12,784,396</b>	<b>\$ (46,976)</b>	
<b>Other Expenses</b>				
Training Services	\$ 1,655,047	\$ 1,637,428	\$ (17,619)	
Sports Information	670,086	665,872	(4,214)	
Admin. & General Expenses	9,983,579	10,608,561	624,982	g
Facility Debt Service/Student Fees	14,593,071	11,815,171	(2,777,900)	h
Transfer for New Facility Costs & Reserves	1,000,000	1,000,000	-	
Contribution for Joint Recreation Projects	-	-	-	
Academic & Counseling	1,695,600	1,578,571	(117,029)	
Buildings & Grounds	9,364,670	9,951,433	586,763	i
<b>Total Other Expenses</b>	<b>\$ 38,962,053</b>	<b>\$ 37,257,036</b>	<b>\$ (1,705,017)</b>	
<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 80,620,771</b>	<b>\$ 79,376,803</b>	<b>\$ (1,243,968)</b>	
<b>TOTAL OPERATING BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**The University of Iowa  
Residence System  
FY13 Budget to Actual  
Variance Analysis**

**Operations:**

- (1) Debt Service: Debt service is \$1,085,097 less than originally budgeted due to the timing of the first principal payments on the Series 2012 bond issue not being due until FY 2014, instead of FY 2013 as originally projected.

**Revenues:**

- (2) Contract Revenues: Contract revenues are higher than budgeted due to the continued situation of demand for residence hall space exceeding capacity, and the associated meal plan contracts. The original FY2013 budget was based on fall 2012 occupancy of 5,910 beds in the residence hall system. Actual fall 2012 occupancy was 6,001.
- (3) Interest Income: Interest income is \$40,151 higher than originally budgeted due to higher than estimated voluntary reserve balances during FY 2013.
- (4) Other Income: Other income revenues are higher than budgeted due to the higher than expected non-contract food sales, offset by lower summer conference room and board income.

**Expenses:**

- (5) Salaries, Wages & Benefits: Salaries, wages and benefits expense is higher than budgeted due primarily to additional positions and hours related to the retail food service operations transitioned into University Housing & Dining.
- (6) Utilities: Utility expenses are higher than budgeted due to increased consumption of steam, up \$760,157 over budget, offset partially by a decreased consumption of chilled water, down \$113,346 below budget.
- (7) Cost of Goods Sold: Cost of goods sold is higher than budgeted, consistent with the increased volume of non-contract food and beverage sales in the retail and catering food service operations.
- (8) Repairs & Maintenance: Repairs and maintenance expenses are lower than budget in both the residence halls (\$172,606 below budget) and the apartments (\$177,585 below budget) due to a reduced need for purchased maintenance services.
- (9) Other Operating Expense: Other operating expenses are lower than budget due to cost savings in the areas of contracted grounds and snow removal, telecommunications and data services, and other miscellaneous general expenses. Operating expenses for the retail food service operations transitioned into University Housing & Dining were also over-estimated during development of the original budget.

**Balances:**

- (10) Improvement Fund Balance: The improvement fund balance is higher than budgeted due to the timing of costs related to projects funded in the current year. \$4,897,078 of costs related to a significant number of large projects funded in FY 2013 had not yet been fully incurred as of the end of the fiscal year. The entire improvement fund balance of \$13,220,697 is committed toward funding projects underway or scheduled to begin in FY 2014.
- (11) Surplus Fund Balance: The surplus fund balance is higher than budgeted by \$468,293 due to a combination of higher than expected beginning balances coming forward from fiscal year 2012, the higher than budgeted net revenues from operations, and the timing of funding for capital projects in the improvement fund.
- (12) Bond Reserve Fund Balance: The balance in the mandatory bond reserve fund as of June 30, 2013 is lower than budgeted by \$229,783 due to lower required balances resulting from the Series 2012 bond issue during FY 2013.
- (13) Construction Fund Balance: The balance in the construction fund as of June 30, 2013 is lower than budgeted by \$4,149,186 due to slower than originally projected timing of expenditures related to the construction of the new residence hall.

**The University of Iowa  
Residence System  
Comparison of Budget vs Actual  
FY 2012-2013**

	<u>Actual 2012-2013</u>	<u>Board Approved Budget 2012-2013</u>	<u>Over / (Under) Budget</u>	
<b>OPERATIONS</b>				
Revenues	\$ 65,973,805	\$ 64,587,971	\$ 1,385,834	
Expenditures for Operations	<u>50,624,106</u>	<u>49,957,404</u>	<u>666,702</u>	
Net Revenues	<u>15,349,699</u>	<u>14,630,567</u>	<u>719,132</u>	
% of Revenues	23.3%	22.7%		
Debt Service (due July 1)	5,369,285	6,454,382	1,085,097	(1)
Mandatory Transfers	<u>600,000</u>	<u>600,000</u>	<u>-</u>	
Net After Debt Service & Mandatory Transfers	<u>\$ 9,380,414</u>	<u>\$ 7,576,185</u>	<u>\$ 1,804,229</u>	
% of Revenues	14.2%	11.7%		
University Overhead Payment From Surplus	\$ 599,760	\$ 599,760	\$ -	
<b>REVENUES AND EXPENDITURES DETAIL</b>				
<b>Revenues</b>				
Contracts	\$ 54,215,230	\$ 53,058,324	\$ 1,156,906	(2)
Interest	616,909	576,758	40,151	(3)
Other Income	<u>11,141,666</u>	<u>10,952,889</u>	<u>188,777</u>	(4)
Total Revenues	<u>\$ 65,973,805</u>	<u>\$ 64,587,971</u>	<u>\$ 1,385,834</u>	
<b>Expenditures for Operations</b>				
Salaries, Wages & Benefits	22,957,558	22,318,076	639,482	(5)
Utilities	6,347,789	5,665,805	681,984	(6)
Cost of Food or Goods Sold	8,843,924	8,201,738	642,186	(7)
Repairs & Maintenance	3,091,435	3,441,626	(350,191)	(8)
Other Operating Expense	<u>9,383,400</u>	<u>10,330,159</u>	<u>(946,759)</u>	(9)
Total Expenditures	<u>\$ 50,624,106</u>	<u>\$ 49,957,404</u>	<u>\$ 666,702</u>	
<b>RESIDENCE SYSTEM FUND BALANCES (June 30)</b>				
Revenue Fund	\$ -	\$ -	\$ -	
Operation & Maintenance Fund	1,000,000	1,000,000	-	
Improvement Fund	13,220,697	8,455,000	4,765,697	(10)
Surplus Fund	<u>4,508,096</u>	<u>4,039,803</u>	<u>468,293</u>	(11)
Subtotal--Voluntary Reserves	<u>18,728,793</u>	<u>13,494,803</u>	<u>5,233,990</u>	
Bond Reserve Fund	6,146,523	6,376,306	(229,783)	(12)
Construction Fund	<u>18,149,186</u>	<u>14,000,000</u>	<u>4,149,186</u>	(13)
Subtotal--Mandatory Reserves	<u>24,295,709</u>	<u>20,376,306</u>	<u>3,919,403</u>	
<b>Total Reserve Balances (June 30)</b>	<u>\$ 43,024,502</u>	<u>\$ 33,871,109</u>	<u>\$ 9,153,393</u>	

**Note: Actual FY2013 amounts are preliminary, subject to audit adjustments  
See attached page for explanation of variances**