

**THE UNIVERSITY OF IOWA
Comprehensive Fiscal Report
FY 2014**

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 2014 are described below.

A. GENERAL UNIVERSITY

Revenue

Total General University revenues for FY 2014 were less than the budget by \$1,270,000 or 0.2% under budget.

General University tuition revenues were under budget by \$30,000. This represents a variance of 0.01%.

A breakdown of actual tuition revenue by category is as follows:

	<u>Resident</u>	<u>Non-Resident</u>
Undergraduates	\$ 76,065,000	\$ 229,823,000
Graduate (1)	32,725,000	7,293,000
Professional (1)	42,050,000	20,495,000
Other	<u>2,095,000</u>	<u>2,311,000</u>
Total	\$ 152,935,000	\$ 259,922,000

(1) Non-Resident RA/TA's paying Resident tuition are included in Resident totals.

FY 2014 reimbursed indirect cost recoveries were less than budget by \$590,000 or 1.4% under budget. Projecting indirect cost recoveries has been challenging given the uncertainties of the federal budget sequestration and its impact on federal research funding.

Interest income was less than the budget by \$560,000. This variance was due to the timing of expenditures during the year. General Fund balances were reduced, thus reducing interest earnings.

Expense

General University expenditures supported by FY 2014 revenues were \$679,099,000 and under budget by \$1,270,000. Total expenditures, including expenditures supported by Board-approved advanced commitment funds, were \$680,778,000.

	<u>Budget</u>	<u>Actual</u>
FY2014 Expense	\$ 680,369,000	\$ 679,099,000
Approved Advanced Commitment Exp.	<u>n/a</u>	<u>1,679,000</u>
Total Expense	\$ 680,369,000	\$ 680,778,000

Salaries comprise 67% of all General Education Fund expenditures. Salary expenditures for FY 2014 exceeded the budget by 1.4%.

General University expenditures for Student Aid were over budget by \$130,000 or 0.2%. Expenditures for Student Aid were \$89,699,000 which equates to 21.7% of actual tuition revenues.

Supplies and Services were under budget by \$11,078,000. Many University units reallocated these resources toward other non-recurring expenses such as building repairs and equipment.

Expense by Functional Category

In addition to reporting expenses by expenditure type (i.e. salaries, supplies, utilities) the University tracks its expenses by purpose through coding of individual transactions. The table below identifies those categories and compares actual expenditures to budget for each.

	<u>Budget</u>	<u>Actual</u>
Instruction	\$ 278,830,000	\$ 276,715,000
Research	18,233,000	25,432,000
Public Service	2,696,000	3,597,000
Academic Support	98,381,000	96,186,000
Student Services	23,882,000	25,156,000
Institutional Support	62,058,000	59,866,000
Operations & Maintenance of Plant	106,720,000	102,448,000
Scholarships & Fellowships	<u>89,569,000</u>	<u>89,699,000</u>
Sub-Total	\$ 680,369,000	\$ 679,099,000
Adv. Commitments – O&M of Plant	<u>n/a</u>	<u>1,679,000</u>
Total	\$ 680,369,000	\$ 680,778,000

Research expenditures were higher than anticipated as collegiate units reallocated funding toward non-recurring grants and contracts cost share and start-up related to faculty hires.

Cash Balance of Advanced Commitment Funds

Actual FY 2014 expenditures exceeded FY 2014 earned revenues 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 for the Board-approved Library Student Learning Commons project. During FY 2014, \$1,679,000 of project expense was incurred. As of June 30, 2014, all carried forward funds have been spent.

Library Student Learning Commons Project

FY11 Carry-forward	\$ 10,500,000
Less: FY12 Expense	(2,255,543)
Less: FY13 Expense	(6,565,520)
Less: FY14 Expense	<u>(1,678,937)</u>
Balance	\$ - 0 -

Reallocations

As reported in the FY 2014 Final Budget, the University of Iowa planned to reallocate \$9,800,000 during FY 2014. These reallocations were created through fringe benefit cost reductions and through collegiate and vice presidential unit's review of programs to allow for redeployment of funds into more critical needs. Many of these reallocations supported student success initiatives, outreach and engagement, enhanced technologies, and performance-based salary increases for faculty and professional staff.

Reallocations occurred as indicated below.

Collegiate Reallocations	\$ 2,840,000
VP Unit Reallocations	\$ 967,000
General University Reallocations	
Salaries	1,716,000
Fringe Benefit Rate Savings	<u>4,286,000</u>
Total General University	<u>\$ 6,002,000</u>
Total Reallocations	<u><u>\$ 9,809,000</u></u>

B. HEALTH CARE UNITS

Supplemental Appropriation

The supplemental appropriation in FY2014 was provided to support Iowa Care patients through the end of December. Due to the termination of the program, fewer patients were enrolled into the program and less funding was required.

Sales and Services

The Iowa Care program was terminated in December 2013 which contributed to lower overall volumes compared to budget for acute patient admissions (1.3% below), inpatient and outpatient surgical procedures (0.9% below) and emergency treatment center visits (10.1% below). However, a change in payor mix resulted in increased revenue due to a shift in patients from Iowa Care and Medicaid to commercial insurance payers.

Salaries

The lower than budgeted patient volumes resulted in labor costs under budget. In addition to volumes under budget, a concerted effort to monitor and manage labor costs was utilized to minimize the need for additional staffing while 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. Variances on specific line budget categories (i.e. Faculty) also occurred as the result of realigning actual effort with appropriate funding sources.

Professional & Scientific Supplies and Services

Although certain patient volumes were below budgeted volumes, increased costs over budget occurred in the use of patient care related medical supplies, drugs and purchased services. Increased supply use of medical implants, robotic surgery supplies and other patient care supplies contributed to the variance. In addition, UI Health Care reported actual bad debt expense and fund transfers that support capital and other commitments exceeded their budgeted levels.

Building Repairs

The need for non-capital building repairs varies annually and is impacted by the availability of resources. In FY2014, various non-recurring building repairs were able to be addressed.

Student Aid

A separate budget for student aid is not developed in the health care units. The funding for this expense is instead included within the professional services line.

C. OTHER APPROPRIATED UNITS

Oakdale Campus

Both revenue and expense for the Oakdale unit were 87.7% of the budget. Reimbursed indirect cost recoveries were down by 35% or \$374,000. As a result, the General Fund supported a larger portion of utility costs for the Oakdale campus than originally anticipated. The State Hygienic Laboratory is the largest consumer of overall Oakdale Campus utilities.

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 budget.

Special Purpose Appropriations

FY 2014 Special Purpose appropriations were as follows:

Primary Health Care	\$ 648,930
Iowa Online AP Academy	481,849
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	1,500,000
Entrepreneurship and Economic Growth	<u>2,000,000</u>
Total	\$ 5,969,192

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

D. RESTRICTED FUNDS

The Restricted Fund includes the Organized Activities Fund, the Auxiliary Enterprise Fund, the Current Restricted Fund and the Plant Fund. Activity highlights and significant actual to budget variances are described below.

Revenue

State Appropriations

Included in the Restricted Fund were four appropriations from the General Assembly for FY 2014.

Tuition replacement funding in the amount of \$9,930,000 was received to address debt service on outstanding Academic Building Revenue Bonds.

Capital appropriations of \$11,510,000 were drawn during FY 2014 for fire safety, the Dental Science Building remodel and fit-out of rooms at the University Hygienic Laboratory.

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, and business growth. An equal amount of matching funds was provided from other sources.

Additionally, \$8,392,000 was received for Iowa Care physician reimbursement. The remaining funds appropriated for this program were reported with University Hospitals.

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 9.7% over the budgeted amount due to higher than expected FEMA reimbursements for the flood of 2008. FEMA reimbursements fluctuate due to building construction schedules and timing of FEMA obligations and reimbursement approvals.

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 off-campus offerings and mandatory fees) were 11.9% less than the FY 2014 budget of \$71,814,000.

Bond & Loan Proceeds

The original bond sale projection was \$102,900,000. The actual amount of bonds and master financial leases sold in FY 2014 totaled \$150,485,000. The amounts below include Master Lease drawdowns as well as bond proceeds.

	<u>Budget</u>	<u>Actual</u>
Residence System (new dormitory)	29.00 million	27.94 million
Parking (UIHC ramp 2 replacement)	21.40 million	20.00 million
ABRB (flood funding)	27.50 million	57.60 million
Utility System	25.00 million	n/a
Athletics Master Lease (Kinnick Scoreboard and Football Ops Facility)	n/a	38.00 million
Parking Master Lease (Parking Access and Revenue Control System)	n/a	4.50 million
Fleet Services (vehicle purchases)	<u>n/a</u>	<u>2.45 million</u>
	\$ 102.90 million	\$ 150.49 million

Sales and Services

Actual income from Sales and Services exceeded the original budget by 3.1%. This variance is due to a conservative original budget.

Other Income

Other Income was 10.0% higher than the amount budgeted. This variance is primarily due to a conservative original budget and higher than anticipated Non-Federal Grants and Contracts revenues.

The Other Income revenue category consists of the following components:

- Non-Federal Gifts, Grants and Contracts
- Commissions and Royalties
- Fines
- Other Miscellaneous Revenue

Expense

Actual total expenses for FY 2014 were greater than the budget by \$66,849,000 or 4.5%.

Although expenditures were higher than anticipated in categories such as Supplies, Utilities, Rentals, Debt Service and Equipment, these increases were offset by lower than expected expenses in Salaries and Building Repairs. Actual Restricted Fund Student Aid for FY 2014 was similar to FY 2013.

Plant Capital

Plant Capital was over budget by \$60,829,000 or 24.3%. The variance in plant capital expenditures is the result of adjustments in earlier projections of construction schedules and the large number of capital projects occurring on campus, particularly UIHC and flood recovery.

**The University of Iowa
University Housing
Comparison of Budget vs Actual
FY 2013-2014**

	<u>Actual 2013-2014</u>	<u>Board Approved Budget 2013-2014</u>	<u>Over / (Under) Budget</u>	
OPERATIONS				
Revenues	\$ 68,725,380	\$ 68,309,504	\$ 415,876	
Expenditures for Operations	<u>52,044,867</u>	<u>52,639,643</u>	<u>(594,776)</u>	
Net Revenues	<u>16,680,513</u>	<u>15,669,861</u>	<u>1,010,652</u>	
% of Revenues	24.3%	22.9%		
Debt Service (due July 1)	6,940,926	6,663,750	(277,176)	(1)
Mandatory Transfers	<u>600,000</u>	<u>600,000</u>	<u>-</u>	
Net After Debt Service & Mandatory Transfers	<u>\$ 9,139,587</u>	<u>\$ 8,406,111</u>	<u>\$ 733,476</u>	
% of Revenues	13.3%	12.3%		
 University Overhead Payment From Surplus	 \$ 524,700	 \$ 524,700	 \$ -	
 REVENUES AND EXPENDITURES DETAIL				
Revenues				
Contracts	\$ 55,774,222	\$ 55,894,136	\$ (119,914)	(2)
Interest	698,112	616,589	81,523	(3)
Other Income	<u>12,253,046</u>	<u>11,798,779</u>	<u>454,267</u>	(4)
Total Revenues	<u>\$ 68,725,380</u>	<u>\$ 68,309,504</u>	<u>\$ 415,876</u>	
Expenditures for Operations				
Salaries, Wages & Benefits	22,660,774	23,467,502	(806,728)	(5)
Cost of Food or Goods Sold	9,246,978	9,335,438	(88,460)	
Utilities	6,325,603	6,036,583	289,020	(6)
Repairs & Maintenance	3,199,232	3,271,288	(72,056)	
Other Operating Expense	<u>10,612,280</u>	<u>10,528,832</u>	<u>83,448</u>	
Total Expenditures	<u>\$ 52,044,867</u>	<u>\$ 52,639,643</u>	<u>\$ (594,776)</u>	
 RESIDENCE SYSTEM FUND BALANCES (June 30)				
Revenue Fund	\$ -	\$ -	\$ -	
Operation & Maintenance Fund	1,000,000	1,000,000	-	
Improvement Fund	14,605,245	9,152,438	5,452,807	(7)
Surplus Fund	<u>5,049,685</u>	<u>3,222,959</u>	<u>1,826,726</u>	(8)
Subtotal--Voluntary Reserves	<u>20,654,930</u>	<u>13,375,397</u>	<u>7,279,533</u>	
Bond Reserve Fund	8,075,047	6,150,195	1,924,852	(9)
Construction Fund	<u>24,026,389</u>	<u>2,000,000</u>	<u>22,026,389</u>	(10)
Subtotal--Mandatory Reserves	<u>32,101,436</u>	<u>8,150,195</u>	<u>23,951,241</u>	
Total Reserve Balances (June 30)	<u>\$ 52,756,366</u>	<u>\$ 21,525,592</u>	<u>\$ 31,230,774</u>	

Note: Actual FY2014 amounts are preliminary, subject to final audit adjustments
See attached page for explanation of significant variances

**The University of Iowa
University Housing
FY14 Budget to Actual
Variance Analysis**

Operations:

- (1) **Debt Service:** Debt service is \$277,176 more than originally budgeted due to the debt service on the Series 2014 bonds, which were issued in the spring of 2014. The bonds were initially budgeted for a summer 2014 issuance date, with interest payments not beginning until FY2015.

Revenue:

- (2) **Contract Revenues:** Contract revenues are slightly lower than budgeted due to the small number of empty beds in the system as of the fall reporting date and throughout the academic year. The original FY2014 budget was based on fall 2013 occupancy of 5,959 beds in the residence hall system. Actual fall 2013 occupancy was 5,868.
- (3) **Interest Income:** Interest income is \$81,523 higher than originally budgeted due to timing of revenue and expense cash flows.
- (4) **Other Income:** Other income revenues are higher than budgeted due to the higher than budgeted non-contract food sales, offset partially by lower than budgeted summer conference room and board income.

Expense:

- (5) **Salaries, Wages & Benefits:** Salaries, wages and benefits expense is lower than budgeted due primarily to vacancies and turnover experienced throughout the year, particularly in the custodial and maintenance areas of the department.
- (6) **Utilities:** Utility expenses are slightly higher than budgeted due primarily to increased consumption of steam and chilled water throughout the system.

Balances:

- (7) **Improvement Fund Balance:** The improvement fund balance is higher than budgeted due to the timing of costs for projects funded in the current year. \$4,156,482 of costs related to a significant number of improvement projects funded in FY2014 had not yet been incurred as of the end of the fiscal year. The entire improvement fund balance of \$14,605,245 is committed toward funding projects underway or scheduled to begin in FY2015.
- (8) **Surplus Fund Balance:** The surplus fund balance is higher than budgeted by \$1,826,726 due to a combination of higher than expected beginning balances coming forward from fiscal year 2013, the higher than budgeted net revenues from operations, the timing of debt service payments and the timing of funding for capital projects in the improvement fund.

- (9) **Bond Reserve Fund Balance**: The balance in the mandatory bond reserve fund as of June 30, 2014 is higher than budgeted by \$1,924,852 due to the issuance of the Series 2014 bonds in the spring of 2014. The bonds were initially budgeted for a summer 2014 issuance date, which would have funded the bond reserve fund in FY2015.
- (10) **Construction Fund Balance**: The balance in the construction fund as of June 30, 2014 is higher than budgeted by \$22,026,389 due primarily to the issuance of the Series 2014 bonds in the spring of 2014 rather than during FY 2015 as budgeted.

**UNIVERSITY OF IOWA
ATHLETIC BUDGET SUMMARY**

	FY 14 Budget	FY 14 Actuals	Variance	Explanation Reference
<u>INCOME:</u>				
Men's Sports				
Football	\$ 21,363,371	\$ 21,422,633	\$ 59,262	
Basketball	3,210,935	4,119,627	908,692	a
Wrestling	475,000	670,479	195,479	
All Other	12,000	22,781	10,781	
Total Men's Sports	\$ 25,061,306	\$ 26,235,520	\$ 1,174,214	
Women's Sports				
Basketball	\$ 185,000	\$ 198,096	\$ 13,096	
Volleyball	13,000	18,917	5,917	
All Other	13,000	15,883	2,883	
Total Women's Sports	\$ 211,000	\$ 232,896	\$ 21,896	
Other Income				
Facility Debt Service/Student Fees	\$ 650,000	\$ 683,917	\$ 33,917	
Learfield Multi Media Contract Income	5,707,000	5,523,884	(183,116)	
Athletic Conference	25,455,000	26,446,785	991,785	b
Interest	500,000	671,307	171,307	
Foundation Support	12,888,090	12,635,083	(253,007)	
Foundation Premium Seat Revenue	8,038,500	8,386,829	348,329	
Novelties--Bookstore	3,090,000	3,372,530	282,530	
General Income	2,692,436	3,152,513	460,077	c
Total Other Income	\$ 59,021,026	\$ 60,872,848	\$ 1,851,822	
TOTAL INCOME	\$ 84,293,331	\$ 87,341,264	\$ 3,047,933	
<u>EXPENSES:</u>				
Men's Sports				
Football	\$ 18,327,693	\$ 19,244,171	\$ 916,478	d
Basketball	5,108,665	5,272,626	163,961	
Wrestling	1,278,639	1,348,863	70,224	
Other Sports	4,392,744	4,629,724	236,980	
Total Men's Sports	\$ 29,107,741	\$ 30,495,384	\$ 1,387,643	
Women's Sports				
Basketball	\$ 3,629,530	\$ 3,537,363	\$ (92,167)	
Volleyball	1,277,035	1,332,239	55,204	
Other Sports	8,489,052	8,803,090	314,039	
Total Women's Sports	\$ 13,395,617	\$ 13,672,692	\$ 277,075	
Other Expenses				
Training Services	\$ 1,645,126	\$ 1,651,931	\$ 6,805	
Sports Information	655,674	663,549	7,875	
Admin. & General Expenses	10,498,064	10,867,746	369,682	e
Facility Debt Service/Student Fees	16,380,966	16,337,756	(43,210)	
Transfer for New Facility Costs & Reserves	1,000,000	1,000,000	-	
Academic & Counseling	1,868,055	1,869,201	1,146	
Buildings & Grounds	9,742,088	10,783,004	1,040,916	f
Total Other Expenses	\$ 41,789,973	\$ 43,173,188	\$ 1,383,214	
TOTAL OPERATING EXPENSE	\$ 84,293,331	\$ 87,341,264	\$ 3,047,933	
TOTAL OPERATING BALANCE	\$ -	\$ -	\$ -	

**The University of Iowa
Department of Athletics
FY14 Budget to Actual
Variance Analysis**

Revenue:

- a) **Men's Basketball**
Men's Basketball revenue was above budget due to additional revenue from home game ticket sales.
- b) **Athletic Conference**
Athletic Conference revenue was above budget due to additional conference football bowl game and television distributions and supplemental NCAA distributions.
- c) **General Income**
Concessions income exceeded expectations and Athletics received a signing bonus due to a contract extension with a seat cushion vendor.

Expense:

- d) **Football**
Football scholarships and general expense were above budget.
- e) **Admin. & General Expenses**
Administrative expenses were above budget because of higher postseason travel, higher interview and relocation expenses, and higher supplemental/postseason compensation.
- f) **Buildings & Grounds**
Utilities, maintenance and custodial services for Carver Hawkeye Arena and Kinnick Stadium were greater than expected.