

UNIVERSITY OF NORTHERN COLORADO: FINANCIAL REPORT

12/31/2018

OVERVIEW

Cash (pages 2-3): The University's cash position is \$39.8 million with \$19.0 million in centralized reserves. Cash at June 30, 2019 (fiscal year-end) is forecasted to be \$35.2 million.

Reserves (page 4): Reserves are currently \$19.0 million, with \$4.5 million in the University Reserve, after funding FY19 strategic investments and FY19 capital projects.

Accounts Receivable (page 5): The 2nd quarter net accounts receivable is \$5.0 million, which is about the same as last year at this time. The timing of receivables can vary noticeably from year to year; therefore, the most consistent benchmark is the fiscal year-end.

Operating Budget (pages 6-8): The FY19 2nd quarter forecast shows operating results of \$7.3 million before transfers of restricted and designated capital funds to reserves to finance future capital projects. Operating results less transfers is a deficit of \$1.7 million. Details of revenues, expenditures and transfers are as follows:

- Net revenue - \$201.4 million
 - Gross tuition, fees and room & board - \$170.0 million (\$5.3 million fees and \$1.8 room & board designated for capital projects)
 - Discounting - \$40.0 million
 - State appropriations - \$42.5 million
 - Foundation support - \$11.4 million (\$1.3 million restricted for capital projects)
 - All other revenue - \$17.5 parking, athletics, theater, etc. (\$0.6 designated for capital projects)
- Personnel expenditures - \$138.8 million
- Non-personnel expenditures - \$44.3 million
- Debt payments for bonds and capital leases - \$11.0 million
- Transfer of restricted or designated capital revenue to capital reserves - \$9.0 million

Strategic Investments Budget (page 9): Strategic investments are multi-year commitments that are funded from operating revenues. The total forecasted FY19 cash expenditure of projects and initiatives approved in FY19 and prior years is \$3.8 million.

Capital Projects (page 10): The total approved active capital project budget is \$38.9 million, with \$12.5 million expended year-to-date, an estimated \$22.3 million to be expended in the remainder of FY19, and \$4.0 million to be expended in FY20. About \$7.6 million of UNC capital reserves (funded by student capital fees and a portion of auxiliary revenues) will be used for capital projects in FY19. Other capital projects funding sources include: donors, state capital appropriations, and debt proceeds.

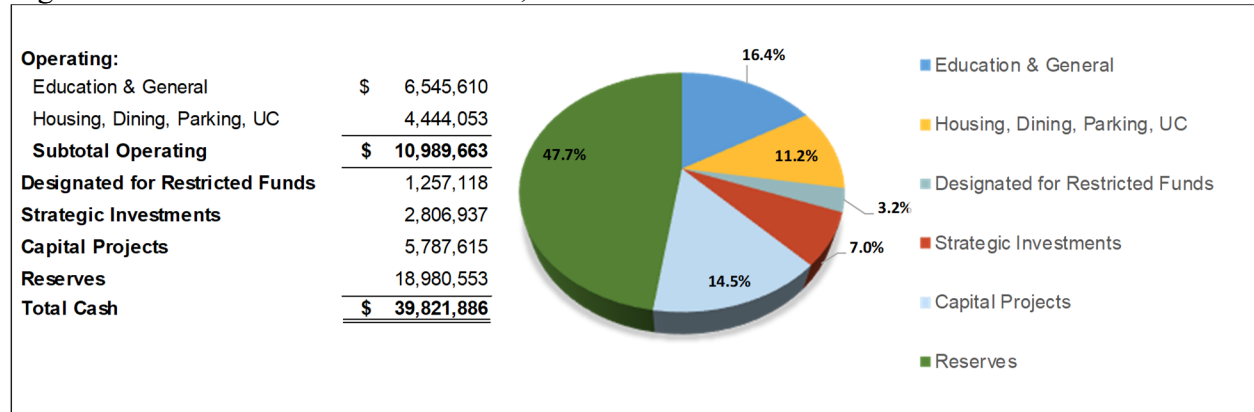
Restricted Grants and Contracts (page 11): Restricted grants and contracts are often multi-year awards. The estimated FY19 activity is \$6.9 million.

Financial Aid and Foundation Support (page 12-14): Details of external and internal financial aid (discounting) and the expected FY19 use of donor funds are provided.

CASH

Total cash, as of December 31, 2018, is \$39.8 million. Campus Commons bond proceeds of \$13.7 million held by the University are not included in the cash balances in Figure 1.

Figure 1. Cash Balance at December 31, 2018



Operating Cash: tuition, fees, state-funding and other resources used for the education and general operations of UNC.

Designated for Restriction: funds for restricted grants and financial aid activity, which is reimbursed by external parties.

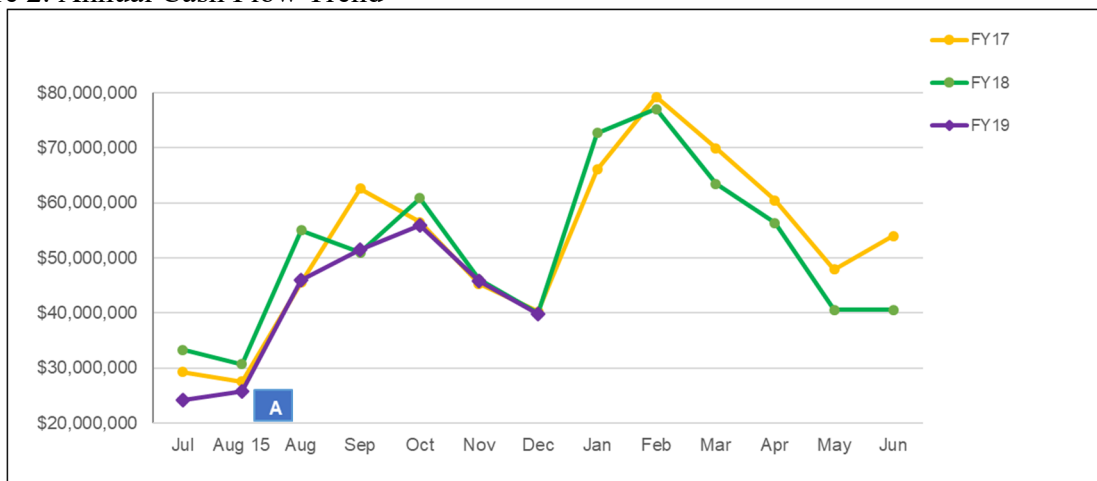
Strategic Investments: multi-year and special commitments, including grant match, accreditation, faculty startup, IT projects etc. are fully funded at the beginning of each fiscal year.

Capital Projects: institutional capital commitments are funded by a dedicated student capital fee and a part of auxiliary revenues. Like strategic investments, approved projects are fully funded at the beginning of each fiscal year.

Reserves: uncommitted cash balance, conceptually a savings account, although all institutional cash is commingled in the state treasury with daily transfers in and out of a commercial bank where deposits and disbursements are processed.

The cash flow trend is relatively consistent as shown in Figure 2. The low point during the year has traditionally occurred in mid-August and is a good point for benchmarking purposes. This is noted with the letter “A” in the graph.

Figure 2. Annual Cash Flow Trend



The University's 2nd quarter cash position is \$0.1 million less than the previous year at this time, as shown in Table 1. In both FY18 and FY19, the COF and Fee-For-Service payments were received in October rather than September as in previous years.

Table 1. Overall Cash Balance

Month	FY15	FY16	FY17	FY18	FY19
Jul	52,203,773	37,814,641	29,249,252	33,276,779	24,244,573
Aug 15	48,277,445	39,776,437	27,569,804	30,695,963	25,687,881
Aug	63,727,315	54,843,178	45,569,608	55,010,566	45,894,538
Sep	67,633,545	69,407,889	62,576,984	50,974,277	51,418,070
Oct	77,000,173	57,813,291	56,504,939	60,844,876	55,861,085
Nov	67,829,386	57,080,941	45,297,668	46,089,205	45,774,234
Dec	61,966,401	50,684,129	40,268,950	39,944,050	39,821,886
Jan	86,298,922	76,476,844	66,080,438	72,704,334	
Feb	86,539,392	85,070,248	79,274,077	77,058,925	
Mar	79,278,071	67,433,066	69,900,428	63,461,732	
Apr	71,527,719	57,968,958	60,462,128	56,317,591	
May	58,214,450	48,614,786	47,864,971	40,532,425	
Jun	61,721,397	46,873,470	53,966,795	40,531,605	

The University also has Campus Commons bond proceeds that are not included in the cash table for comparative purposes.

The cash forecast below is intended to give a quick summary of the projected effect of FY19 operating results, strategic investments and capital expenditures on cash. The total column may be most helpful, as it reflects the forecasted decrease in cash for FY19 of \$5.3 million, which is \$.08 million more than budget.

Table 2. Cash - Fiscal Year End 12/31/2018 Forecast

	Operating	Restricted	Strategic Investments	Capital Projects	Reserves	Total
Cash at 06/30/2018	\$ 8.5	\$ 0.1	\$ 1.9	\$ 4.4	\$ 25.6	\$ 40.5
FY19 Transfers						
Strategic Investments	-	-	2.2	-	(2.2)	-
Capital Projects/Small Equipment	(7.6)	(0.3)	-	5.7	2.2	-
Perkins UNC Portion	0.1	(0.1)	-	-	-	-
Reserve Transfers July 1	6.2	-	-	-	(6.2)	-
Foundation Capital Gifts	(1.3)	-	-	1.3	-	-
Subtotal Transfers	(2.6)	(0.4)	2.2	7.0	(6.2)	-
FY19 Net Cash Inflows (Outflows)						
Operating Results FY19	7.2	0.4	-	-	-	7.6
Strategic Investments	-	-	(3.8)	-	-	(3.8)
Capital Cash State & Debt	-	-	-	25.7	-	25.7
Capital Projects/Small Equipment	-	-	-	(34.8)	-	(34.8)
Subtotal Inflows (Outflows)	7.2	0.4	(3.8)	(9.1)	-	(5.3)
Cash at 06/30/2019	\$ 13.1	\$ 0.1	\$ 0.3	\$ 2.3	\$ 19.4	\$ 35.2

CASH RESERVES

Cash reserves, conceptually a savings account, provides a cushion for operational contingencies, other risks, capital planning, and potential large investments.

Table 3. Cash Reserves Summary at December 31, 2018

	06/30/2018		FY19 YTD Activity	12/31/2018
Mandatory				
Bonded R&R	\$ 750,000	a	\$ (750,000)	\$ -
Capital				
Student Fees, State & Smart Classroom	7,394,960	b,c,d	1,582,771	8,977,731
Auxiliary Capital Reserves	2,800,405	c,d	96,349	2,896,754
Other				
Risk Management	2,650,000		-	2,650,000
University Reserve	11,978,596	a,e,f	(7,522,528)	4,456,068
Total Reserves	\$ 25,573,961		\$ (6,593,408)	\$ 18,980,553

All reserves are funded by operating revenues. Capital reserves are funded by designated student capital fees, and designated portions of room and board, and other auxiliary revenues. Approved capital projects are fully funded from reserves at the start of the project. The risk management and University Reserve have been funded from general operating revenues. The following is an accounting of the transfers made so far in FY19 and the letters reference Table 3.

Mandatory Reserves:

- a. Transfer \$0.8 million from Bonded R & R to the University Reserve; with the refinancing of the Series 2008 Bonds this reserve is no longer required.

Capital Reserves: Each fiscal year, student capital fees and a portion of auxiliary revenues are transferred to capital reserves. Approved capital projects are fully funded at the beginning of each year.

- b. Transfer \$5.2 million from student capital fee and LEAF fee operating cash into capital reserves.
- c. Transfer \$0.5 million from parking services operating cash and rebate revenue into capital reserves.
- d. Fund \$3.4 million in FY19 capital projects and \$0.6 million in FY19 capital equipment.

Other Reserves: At August 15, (UNC's cash low point), sufficient cash is transferred between the University Reserve and operating funds to keep a minimum operating cash balance. Strategic investments are fully funded at the beginning of the year. The risk management reserve is used to cover deductibles and pay any legal claims (but not legal expenses).

- e. Transfer \$6.2 million from University reserve to operating cash.
- f. Fund \$2.2 million in FY19 strategic investments.

ACCOUNTS RECEIVABLE

Table 4 and Figure 3 show that the December 31, 2018, 2nd quarter balance in student accounts receivable was \$16,000 more than the previous year. In both FY18 and FY19, the COF payment was received in October rather than September, (as is typical), resulting in a higher net student accounts receivable. In FY19, the COF payment was \$7.9 million. Net student accounts receivable includes the accounting estimate for uncollectible accounts or “bad debt.”

Table 4. Student Accounts Receivable (Net)

	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Q1 - Sep 30	\$ 15,904,277	\$ 23,082,213	\$ 24,511,314
Q2 - Dec 31	4,791,141	4,989,072	5,004,956
Q3 - Mar 31	8,322,159	7,807,471	-
Q4 - Jun 30	6,853,821	5,752,210	-

Figure 3. Student Accounts Receivable (Net)

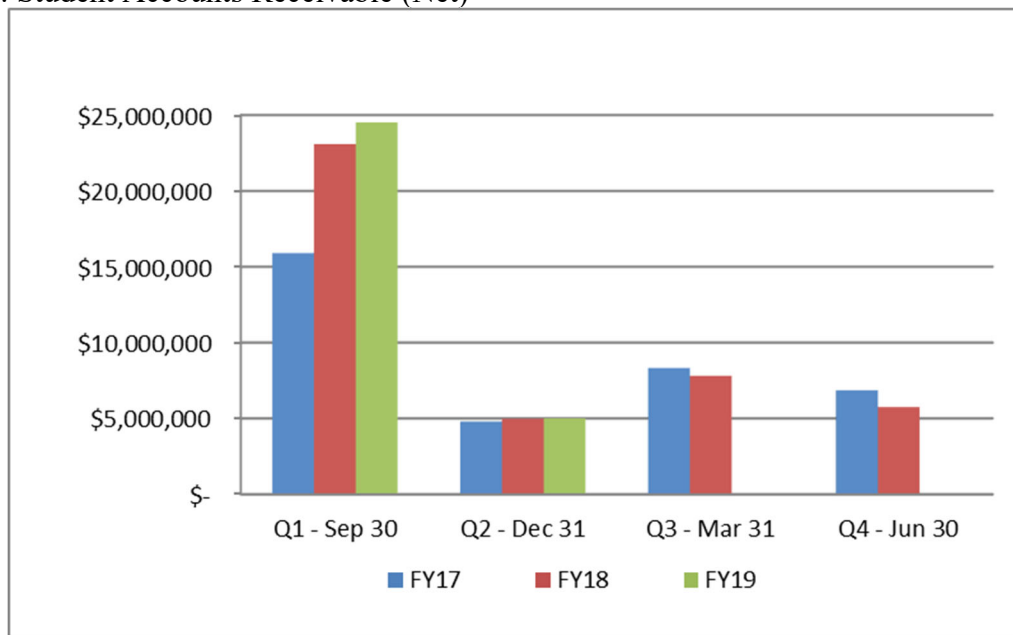


Table 5 represents accounts receivable as a percentage of tuition, fees and room and board revenue at fiscal year-end.

Table 5. Year-end Student Accounts Receivable as a Percent of Billings

	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
Total Student Accounts Receivable	\$ 6,435,476	\$ 6,120,899	\$ 6,212,773	\$ 6,853,281	\$ 5,752,210
Net Tuition, Fees, Room & Board	\$114,489,682	\$111,033,128	\$116,043,009	\$124,393,382	\$129,903,365
A/R as a % of Net Tuition, Fees & Room & Board	5.6%	5.5%	5.4%	5.5%	4.4%

OPERATING BUDGET

For the Quarter Ended December 31, 2018¹

	Notes	Original Budget	Annual Forecast	% of Total	Variance fav (unfav)	Actual at 12/31/2018	% Actual to Budget
REVENUES							
Tuition-Undergraduate Main Campus	2	\$ 79,996,337	\$ 77,079,382	38.2%	\$ (2,916,955)	\$ 38,098,968	47.6%
Tuition-Graduate Main Campus	3	17,079,161	14,434,104	7.2%	(2,645,057)	6,841,359	40.1%
Tuition-Undergraduate Extended Campus	2	5,032,826	5,509,664	2.7%	476,838	2,195,685	43.6%
Tuition-Graduate Extended Campus	3	18,225,765	17,887,424	8.9%	(338,341)	6,486,380	35.6%
Student Fees	2/3	16,276,843	16,290,000	8.1%	13,157	7,970,044	49.0%
Academic Fees - Main Campus	2/3	6,418,857	6,160,359	3.1%	(258,498)	2,992,394	46.6%
Academic Fees - Extended Campus	2/3	111,658	136,913	0.1%	25,255	50,512	45.2%
Room and Board	4	35,342,265	32,518,056	16.1%	(2,824,209)	17,100,801	48.4%
Subtotal Tuition, Fees and Room & Board		178,483,712	170,015,902	84.4%	(8,467,810)	81,736,143	45.8%
Scholarships (Institutional Discounting)	5	(32,939,794)	(29,533,567)	-14.7%	3,406,227	(15,372,878)	46.7%
Foundation Funded Scholarships	5	(4,350,000)	(4,301,954)	-2.1%	48,046	(2,214,131)	50.9%
Graduate GA/TA Waivers	5	(5,717,537)	(5,000,000)	-2.5%	717,537	(2,635,934)	46.1%
R & B Waivers	5	(1,130,000)	(1,150,000)	-0.6%	(20,000)	(498,782)	44.1%
Subtotal Discounting		(44,137,331)	(39,985,521)	-19.9%	4,151,810	(20,721,725)	46.9%
COF Resident	6	16,789,891	16,693,388	8.3%	(96,503)	8,482,492	50.5%
Fee For Service	6	25,689,034	25,785,537	12.8%	96,503	12,851,418	50.0%
Subtotal State Support		42,478,925	42,478,925	21.1%	-	21,333,910	50.2%
Foundation Restricted Gifts for Operations	7	3,027,042	3,564,260	1.8%	537,218	1,781,631	58.9%
Foundation Restricted Capital Gifts	8	2,247,518	1,917,847	1.0%	(329,671)	1,022,033	45.5%
Foundation Restricted Scholarships	7	4,350,000	4,301,954	2.1%	(48,046)	2,214,131	50.9%
Foundation Unrestricted (design. for scholarships)	7	1,550,000	1,607,000	0.8%	57,000	775,000	50.0%
Subtotal Foundation Support		11,174,560	11,391,061	5.7%	216,501	5,792,795	51.8%
Other Auxiliary Services	9	7,303,273	6,887,883	3.4%	(415,390)	3,964,306	54.3%
Restricted Grant Facilities/Admin Recovery	9	600,000	600,000	0.3%	-	289,515	48.3%
Other Revenue	9	7,713,686	8,135,783	4.0%	422,097	3,979,493	51.6%
Net Non-Operating Revenues	9	1,531,250	1,854,129	1.0%	322,879	776,866	50.7%
Subtotal Other Revenue		17,148,209	17,477,795	8.7%	329,586	9,010,180	52.5%
NET REVENUES		\$205,148,075	\$ 201,378,162	100.0%	\$ (3,769,913)	\$ 97,151,303	47.4%
EXPENDITURES AND DEBT PAYMENTS							
Faculty Salaries	10	\$ 46,589,312	\$ 47,247,000	24.5%	\$ (657,688)	\$ 23,288,630	50.0%
Exempt Salaries	10	30,988,725	30,300,000	15.5%	688,725	15,201,892	49.1%
Classified Salaries	10	19,406,629	18,875,000	9.8%	531,629	9,474,099	48.8%
Graduate Stipends	10	5,678,771	5,470,000	2.8%	208,771	2,887,253	50.8%
Student and Other Wages	10	6,367,157	5,570,000	2.9%	797,157	2,810,540	44.1%
Fringe Benefits	10	31,534,858	31,321,800	16.1%	213,058	15,065,841	47.8%
Subtotal Personnel Expenses		140,565,452	138,783,800	71.6%	1,781,652	68,728,255	48.9%
Cost of Sales	11	4,927,214	4,428,364	2.3%	498,850	2,376,138	48.2%
Other Current Expenses	11	12,605,039	12,243,871	6.2%	361,168	7,401,807	58.7%
Purchased Services	11	10,389,234	10,105,560	5.2%	283,674	4,697,219	45.2%
Supplies	11	6,367,290	6,167,228	3.2%	200,062	2,578,089	40.5%
Cost Allocation and Recoveries	11	(898,173)	(952,574)	-0.5%	54,401	(481,073)	53.6%
Utilities	11	5,562,313	5,090,110	2.6%	472,203	2,602,787	46.8%
Travel	11	4,225,166	4,040,798	2.1%	184,368	1,818,156	43.0%
Capital	11	2,607,842	3,181,164	1.6%	(573,322)	699,931	26.8%
Subtotal Non-personnel Expenses		45,785,925	44,304,521	22.7%	1,481,404	21,693,054	47.4%
Debt Service on Bonds	12	10,810,242	10,232,639	5.3%	577,603	5,156,286	47.7%
Capital Lease Payment	12	803,668	803,668	0.4%	-	358,834	44.6%
Subtotal Debt Payments		11,613,910	11,036,307	5.7%	577,603	5,515,120	47.5%
TOTAL EXPENDITURES AND DEBT PAYMENTS		\$197,965,287	\$ 194,124,628	100.0%	\$ 3,840,659	\$ 95,936,429	48.5%
OPERATING RESULTS		\$ 7,182,788	\$ 7,253,534		\$ 70,746	\$ 1,214,874	
Transfer to Capital Budget - Foundation	8	2,247,518	1,303,847		943,671	116,292	
Transfers to Capital Budget	13	7,667,513	7,667,513		-	5,727,513	
OPERATING RESULTS LESS TRANSFERS		\$ (2,732,243)	\$ (1,717,826)		\$ 1,014,417		

See Explanation of Notes on page 7.

Recap of FY18 Forecasted Cash Outflow	
Operating Results (above)	\$ 7,253,534
Strategic Investments (page 9)	(3,815,988)
Capital (page 10)	(8,908,928)
Other (page 3)	127,750
Total (Table 2, page 3)	\$ (5,343,632)

Notes to Second Quarter Budget to Forecast Report (page 6)	
1	This report includes operating funds and restricted gift funds from the UNC Foundation. This report does not include strategic investments, internal sales, capital projects, restricted grants and contracts, or restricted financial aid.
2	Net undergraduate tuition and fees revenue are 37% of the net operating revenue and are forecasted to be \$0.7 million over budget for FY19.
3	Net graduate tuition and fees revenue are 14% of the net operating revenue and are forecasted to be \$2.3 million under budget for FY19.
4	Net room and board revenues represent 16% of the net operating revenue and are forecasted to be \$2.8 million under budget for FY19.
5	Discounting includes scholarship expense, graduate tuition waivers and room and board waivers. Total discounting is forecasted to be \$4.2 million less than budget. This is partially due to \$900 thousand more in state financial aid.
6	State support is 21% of net operating revenue.
7	Support from the UNC Foundation consists of capital gifts that are restricted for program support, capital, or scholarships. UNC also has an agreement with the Foundation to receive \$1.6 million in unrestricted support, which funds institutional scholarships. Total Foundation support in the operating budget is \$11.4 million, or 6% of net operating revenue.
8	The forecast for FY19 includes \$1.9 million in capital gifts which includes \$1.3 million primarily for the Campus Commons and \$0.6 million for pianos in PVA. Foundation funded capital projects that are part of the university capital budget have a corresponding transfer out of the operating budget. Capitalizable gifts, such as the pianos, are included in the capital expense line in the operating budget.
9	Other sources of revenue comprised 9% of net operating revenue and come from parking, retail sales, athletics events, vending machines, licensing, theatre, grant administrative revenue, late fees and treasury interest. Other revenue is forecasted to be \$0.3 million more than budget.
10	Personnel expenditures are 72% of total expenditures. Personnel expenditures are \$1.8 million under budget due to larger than budgeted vacancy savings, reduced GA/TA stipends and student & other wages.
11	Non-personnel expenditures are 23% of total expenditures. The University is working to contain costs this year and we currently forecast being \$1.5 million under budget.
12	Debt service and capital leases are 6% of total expenditures. The University will have \$0.5 million in cash flow savings from the refinancing of the 2008 and 2011B bond issues to the 2018A and 2018B issues.
13	Transfers to capital budget include \$0.1 million from the facilities management capital budget, \$5.3 million from student capital fee revenue and \$2.3 million of housing, dining and parking revenue.

RESIDENT AND NON-RESIDENT TUITION DETAIL

Level	Budget					Forecast					Variance at 12/31/2018
Undergrad	Fall	Interim	Spring	Summer	Total	Fall	Interim	Spring	Summer	Total	Total
Resident	\$ 28,317,963	\$ 424,621	\$ 25,240,597	\$ 3,285,982	\$ 57,269,163	\$ 27,204,751	\$ 366,461	\$ 24,547,582	\$ 3,517,897	\$ 55,636,691	\$ (1,632,472)
Non-Resident	5,970,331	57,540	5,209,211	889,371	12,126,453	5,775,955	82,974	5,240,320	965,128	12,064,377	(62,076)
WUE	5,207,771	62,643	4,697,684	632,623	10,600,721	4,641,152	77,002	4,108,649	551,511	9,378,314	(1,222,407)
Subtotal	39,496,065	544,804	35,147,492	4,807,976	79,996,337	37,621,858	526,437	33,896,551	5,034,536	77,079,382	(2,916,955)
Extended Campus	1,860,657	134,857	1,445,733	1,591,579	5,032,826	2,032,574	121,770	1,602,337	1,752,983	5,509,664	476,838
FY18 Total Tuition	\$ 41,356,722	\$ 679,661	\$ 36,593,225	\$ 6,399,555	\$ 85,029,163	\$ 39,654,432	\$ 648,207	\$ 35,498,888	\$ 6,787,519	\$ 82,589,046	\$ (2,440,117)
Fees					20,781,094					20,591,376	(189,718)
Subtotal: Tuition & Fees					\$ 105,810,257					\$ 103,180,422	\$ (2,629,835)
Institutional Scholarships					(32,342,794)					(28,968,133)	3,374,661
Discounted Revenue					\$ 73,467,463					\$ 74,212,289	\$ 744,826
Discounting Percentage					30.6%					28.1%	

Graduate	Fall	Interim	Spring	Summer	Total	Fall	Interim	Spring	Summer	Total	Total
Resident	\$ 4,668,174	\$ -	\$ 4,437,507	\$ 1,883,874	\$ 10,989,555	\$ 3,803,405	\$ -	\$ 3,558,728	\$ 1,297,100	\$ 8,659,233	\$ (2,330,322)
Non-Resident	2,797,803	-	2,428,379	547,960	5,774,142	2,718,486	-	2,363,733	381,115	5,463,334	(310,808)
CSPH	147,904	-	127,700	39,860	315,464	147,904	-	127,700	35,933	311,537	(3,927)
Subtotal	7,613,881	-	6,993,586	2,471,694	17,079,161	6,669,795	-	6,050,161	1,714,148	14,434,104	(2,645,057)
Extended Campus	6,483,444	-	6,189,972	5,552,349	18,225,765	6,433,851	-	5,875,861	5,577,712	17,887,424	(338,341)
FY18 Total	\$ 14,097,325	\$ -	\$ 13,183,558	\$ 8,024,043	\$ 35,304,926	\$ 13,103,646	\$ -	\$ 11,926,022	\$ 7,291,860	\$ 32,321,528	\$ (2,983,398)
Fees					2,026,264					1,995,896	(30,368)
Subtotal: Tuition & Fees					\$ 37,331,190					\$ 34,317,424	\$ (3,013,766)
Institutional Scholarships					(6,314,537)					(5,565,434)	749,103
Discounted Revenue					\$ 31,016,653					\$ 28,751,990	\$ (2,264,663)
Discounting Percentage					16.9%					16.2%	

Total	Fall	Interim	Spring	Summer	Total	Fall	Interim	Spring	Summer	Total	Total
Resident	\$ 32,986,137	\$ 424,621	\$ 29,678,104	\$ 5,169,856	\$ 68,258,718	\$ 31,008,156	\$ 366,461	\$ 28,106,310	\$ 4,814,997	\$ 64,295,924	\$ (3,962,794)
Non-Resident	8,768,134	57,540	7,637,590	1,437,331	17,900,595	8,494,441	82,974	7,604,053	1,346,243	17,527,711	(372,884)
WUE	5,207,771	62,643	4,697,684	632,623	10,600,721	4,641,152	77,002	4,108,649	551,511	9,378,314	(1,222,407)
CSPH	147,904	-	127,700	39,860	315,464	147,904	-	127,700	35,933	311,537	(3,927)
Subtotal	47,109,946	544,804	42,141,078	7,279,670	97,075,498	44,291,653	526,437	39,946,712	6,748,684	91,513,486	(5,562,012)
Extended Campus	8,344,101	134,857	7,635,705	7,143,928	23,258,591	8,466,425	121,770	7,478,198	7,330,695	23,397,088	138,497
FY18 Total	\$ 55,454,047	\$ 679,661	\$ 49,776,783	\$ 14,423,598	\$ 120,334,089	\$ 52,758,078	\$ 648,207	\$ 47,424,910	\$ 14,079,379	\$ 114,910,574	\$ (5,423,515)
Fees					22,807,358					22,587,272	(220,086)
Subtotal: Tuition & Fees					\$ 143,141,447					\$ 137,497,846	\$ (5,643,601)
Institutional Scholarships					(38,657,331)					(34,533,567)	4,123,764
Discounted Revenue					\$ 104,484,116					\$ 102,964,279	\$ (1,519,837)

STRATEGIC INVESTMENTS BUDGET

For the Quarter Ended December 31, 2018

Strategic Investment Cash

Unexpended balances committed to FY19	\$ 1,355,999
Cash Transferred from University Reserve	2,234,403
Cash from NCAA Endowment Distribution	515,425
Total Cash in Strategic Investments at July 1, 2018	\$ 4,105,827
Accounts Payable from FY18 paid in FY19	-
Accounts Payable in FY19	1,620
Cash transfers to Nursing Scholarship	(26,423)
Year to date FY19 expenditures	(1,274,087)
Cash in Strategic Investments at December 31, 2018	\$ 2,806,937

	Total FY19 Budget	Annual Forecast	Variance fav (unfav)	Actual Expenditures at 12/31/2018
Multiyear Commitments				
Enrollment and Pricing	\$ 75,000	\$ 350,000	\$ (275,000)	\$ 56,000
Equity and Diversity	62,276	62,276	-	32,211
Integrated Student Support Plans				
Student Success Collaborative	210,000	210,000	-	122,791
Student Food Insecurity Project	40,000	40,000	-	19,360
LEAP	63,382	63,382	-	-
Subtotal Integrated Student Support Plans	\$ 313,382	\$ 313,382	\$ -	\$ 142,151
Academic Portfolio				
Accreditation	150,000	147,260	2,740	81,895
Program Review & Assessment	50,000	50,000	-	7,549
Subtotal Academic Portfolio	\$ 200,000	\$ 197,260	\$ 2,740	\$ 89,443
Research Scholarship and Creative Works				
Grant Match Funds	375,000	498,397	(123,397)	187,413
Faculty Start-Up Packages	400,000	375,000	25,000	164,307
Faculty Awards & Development	262,804	376,700	(113,896)	107,604
UNC Cancer Rehabilitation Institute	32,136	23,000	9,136	228
Center for Inclusion in STEM	-	45,027	(45,027)	300
RSCW Faculty Reassign Program	120,000	115,000	5,000	9,341
Unrestricted Research Incentive	483,674	452,946	30,728	226,473
Subtotal Research Scholarship and Creative Works	\$ 1,673,614	\$ 1,886,070	\$ (212,456)	\$ 695,665
Total Core Plan Investments	\$ 2,324,272	\$ 2,808,988	\$ (484,716)	\$ 1,015,471
Support Plan Investments				
Information Management Plan	300,000	275,000	25,000	40,842
Total Support Plan Investments	\$ 300,000	\$ 275,000	\$ 25,000	\$ 40,842
Other Strategic Investments				
Emergency Management	2,000	2,000	-	-
Emerging University Priorities	125,000	125,000	-	10,553
Athletics NCAA Distribution	100,000	130,000	(30,000)	47,638
Campus Commons	25,000	25,000	-	-
Innovation - Online Course Development	450,000	450,000	-	159,585
Total Other Strategic Investments	\$ 702,000	\$ 732,000	\$ (30,000)	\$ 217,775
Grand Total	\$ 3,326,272	\$ 3,815,988	\$ (489,716)	\$ 1,274,087

CAPITAL PROJECTS

Major Capital Project Expenditures by Funding Source For the Quarter Ended December 31, 2018

	Board Approved Budget June, 2018	Committed Projects at 12/31/2018	Expended FY19	Remaining To be Expended FY19	To be Expended FY20
A. Fiscal Year 2018-19 New Projects	(1)	(2)			
General Fund					
FY19 projects with budgets less than \$200,000	\$ 1,253,014	\$ 1,273,909	\$ 348,154	\$ 578,316	\$ 347,439
Arts Annex silica dust capture system (Phase II)	250,000	195,000	175,558	19,442	-
Cogen renovation (Phase II)	500,000	500,000	258,439	-	241,561
Heating Plant underground storage tank replacement	450,000	448,100	15,189	432,911	-
Fire sprinkler completion funds	500,000	500,000	-	500,000	-
Subtotal General Funded Projects	2,953,014	2,917,009	797,340	1,530,669	589,000
Housing, Dining, Extended Studies, Student Fees					
FY19 projects with budgets less than \$200,000	423,000	452,067	124,748	194,045	133,274
Subtotal Auxiliary and Other Funded Projects	423,000	452,067	124,748	194,045	133,274
Restricted Capital Gifts and Grants					
Connect rooms 1533/1630 for Biology research space	52,026	52,026	-	52,026	-
Add electrical for Physics/Astronomy laser	8,269	8,269	5,874	2,395	-
Convert Athletics standard streaming video to HD	130,000	-	-	-	-
Parsons rooftop solar project ³	-	550,000	739	299,261	250,000
Kepner 0060 renovation	-	55,814	880	54,934	-
Subtotal Restricted Capital Gifts and Grants	190,295	666,109	7,493	408,616	250,000
State Capital Appropriations					
Fire sprinkler upgrade-Gunter (Phase II) (COP)	863,187	863,187	-	-	863,187
Subtotal State Capital Appropriations	863,187	863,187	-	-	863,187
Equipment	484,623	587,275	414,773	122,502	50,000
Total Fiscal Year 2018-19 New Projects	\$ 4,914,119	\$ 5,485,647	\$ 1,344,354	\$ 2,255,832	\$ 1,885,461
B. Fiscal Year 2017-18 Projects in Progress					
General Fund					
FY18 projects with budgets less than \$200,000	\$ 455,000	\$ 369,468	\$ 162,154	\$ 193,264	\$ 14,050
Arts Annex silica dust capture system (Phase I)	-	27,164	27,164	-	-
Cogen renovation (Phase I)	102,000	59,731	59,731	-	-
Subtotal General Funded Projects	557,000	456,363	249,049	193,264	14,050
Housing, Dining, Extended Studies, Student Fees					
FY18 projects with budgets less than \$200,000	170,455	303,788	156,558	147,230	-
Residence halls carpet and paint (\$4.7M total)	335,400	335,349	-	335,349	-
Parking Lot "L" reconstruction Phase I & II	526,000	764,781	724,715	40,066	-
Arlington wireless upgrades	84,000	78,220	76,027	2,193	-
Subtotal Auxiliary and Other Funded Projects	1,115,855	1,482,138	957,300	524,838	-
Debt Funded Capital Projects					
Energy performance contract	178,000	131,984	-	131,984	-
Subtotal Restricted Capital Grants/Gifts	178,000	131,984	-	131,984	-
State Capital Appropriations					
Fire sprinkler upgrade-McKee	491,131	309,812	242,580	67,232	-
Fire sprinklers Phase III of III	450,923	748,570	117,181	631,389	-
Wireless & network upgrade	-	14,733	-	14,733	-
Butler Hancock pool AHU replacement (COP)	937,268	937,268	-	468,634	468,634
Frasier tunnel piping replacement & abatement (COP)	339,146	339,146	-	169,573	169,573
Fire sprinkler upgrade-Frasier (Phase I)	1,611,931	1,611,931	46,688	53,312	1,511,931
Subtotal State Capital Appropriations	3,830,399	3,961,460	406,449	1,404,873	2,150,138
Campus Commons (multi-year)					
State Capital Appropriation and Debt Funding	19,661,866	23,879,879	8,527,054	15,352,825	-
Capital Gifts from Foundation and Bridge Funding	3,388,678	3,388,678	941,738	2,446,940	-
Subtotal Campus Commons (multi-year)	23,050,544	27,268,557	9,468,792	17,799,765	-
Equipment	80,000	113,629	91,567	22,062	-
Total Fiscal Year 2017-18 Projects in Progress	\$ 28,811,798	\$ 33,414,131	\$ 11,173,157	\$ 20,076,786	\$ 2,164,188
Total Capital Projects	\$ 33,725,917	\$ 38,899,778	\$ 12,517,511	\$ 22,332,618	\$ 4,049,649

(1) Board Approved Budget includes (A) new FY19 project commitments and (B) estimated remaining expenditures on FY18 projects.

(2) Committed projects at 12/31/2018 includes (A) new FY19 projects commitments +/- project changes and (B) actual remaining commitments to complete FY18 projects at 12/31/2018

(3) The Parsons rooftop solar project is being funded via a \$500K State Grant, \$20K from LEAF & \$30K from the Rebate Capital Reserve.

RESTRICTED GRANTS AND CONTRACTS

For the Quarter Ended December 31, 2018

	Original Budget	Actual at 12/31/2018
REVENUE		
Federal Grants	\$ 4,400,000	\$ 2,216,342
State and Local Grants	1,097,000	344,722
Other Private Grants	197,000	729,612
UNC Foundation Grants	1,201,000	391,144
TOTAL REVENUE	\$ 6,895,000	\$ 3,681,819
EXPENSES/TRANSFERS		
Personnel Expenses		
Faculty Salaries	\$ 1,108,000	\$ 525,483
Administrative Exempt Salaries	1,277,000	575,276
Graduate Teaching Assistants	159,000	105,921
GA/TA/GRA Tuition Scholarships	96,000	34,934
Classified Salaries	6,000	2,246
Student Wages	167,000	91,453
Other Wages/Compensations	134,000	49,757
Fringe Benefits	738,000	347,459
Subtotal Personnel Expenses	\$ 3,685,000	\$ 1,732,529
Non-Personnel Expenses		
Other Current Expenses	\$ 215,000	\$ 143,858
Purchased Services	675,000	318,252
Supplies	158,000	94,504
Cost Allocation & Utilities	-	10,723
Grant Facility and Administrative Recovery	534,000	264,914
Scholarships	1,401,000	507,159
Travel	220,000	110,380
Capital	7,000	-
Subtotal Non-Personnel Expenses	\$ 3,210,000	\$ 1,449,790
NonMandatory Transfer In - Budgeted	-	(500)
NonMandatory Transfer Out - Projects	-	500,000
Subtotal Transfer	\$ -	\$ 499,500
TOTAL EXPENSES/TRANSFERS	\$ 6,895,000	\$ 3,681,819
REVENUE LESS EXPENSES/TRANSFERS	\$ -	\$ -

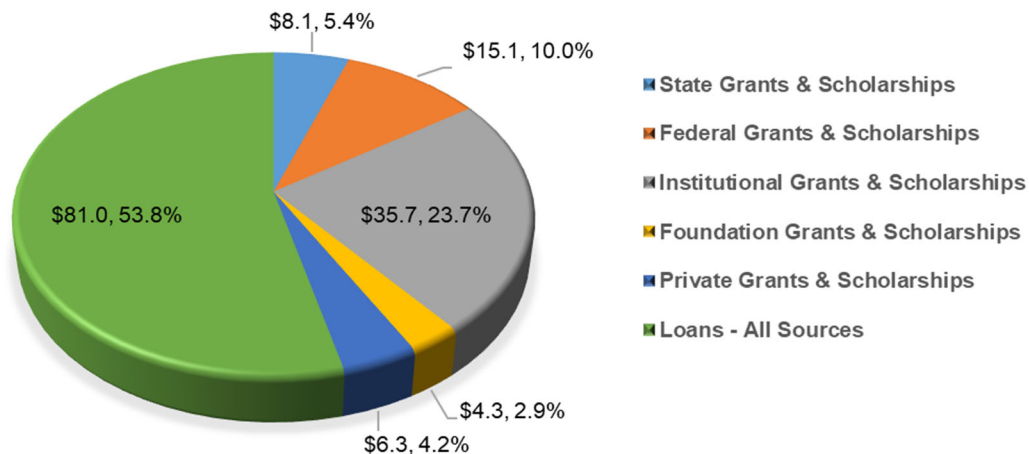
FINANCIAL AID

Table 6 and Figure 4 show the total financial aid available to students from all funding sources, including state, federal, institutional, private funds and loans. Table 6 includes the FY19 budget (aid expected to be paid when the budget was developed) and the FY19 forecast (aid expected to be paid in FY19). Figure 4 shows the allocation of the forecasted financial aid by source. Approximately 70% of total financial aid is used to pay student bills, while 30% is “refunded” to the students for living expenses and books.

Table 6. FY19 Total Financial Aid by Source and Type - Undergraduate and Graduate

Aid Type and Source	FY19 Budget	FY19 Forecast
Grants & Scholarships		
State	\$ 7,145,259	\$ 8,045,259
Federal	14,958,911	15,137,567
UG Institutional ^(a)	32,342,794	28,968,133
UG Room & Board Waivers ^(a)	1,130,000	1,150,000
GR Institutional ^(a)	6,314,537	5,565,434
UNC Foundation (UG & GR) ^(b)	4,350,000	4,301,954
Private	6,910,897	6,310,662
Subtotal Grants & Scholarships	\$ 73,152,398	\$ 69,479,009
Loans-All Sources	85,989,400	81,005,743
Total Financial Aid	\$ 159,141,798	\$ 150,484,752
<i>(a) Total Institutional Aid</i>	<i>\$ 39,787,331</i>	<i>\$ 35,683,567</i>
<i>(b) UNC Foundation</i>	<i>4,350,000</i>	<i>4,301,954</i>
<i>Total Discounting on Operating Budget</i>	<i>\$ 44,137,331</i>	<i>\$ 39,985,521</i>

Figure 4. FY19 Financial Aid Forecast at 12/31/2018 (\$150.5 million)



Our institutional discount rate demonstrates the financial impact on UNC of offering institutional revenue we use for scholarships and waivers. Table 7 shows the undergraduate discount rate.

Table 7. Undergraduate Tuition and Fee Discounting

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Budget	FY19 Forecast
Undergraduate Tuition & Fees (Main & Extended)	\$ 86,409,555	\$ 95,389,717	\$ 101,150,529	\$ 105,810,257	\$ 103,180,422
Institutional Grants and Scholarships	(18,551,234)	(23,449,422)	(30,294,507)	(32,342,794)	(28,968,133)
Discounted Revenue	\$ 67,858,321	\$ 71,940,295	\$ 70,856,022	\$ 73,467,463	\$ 74,212,289
Discount Percent	21.5%	24.6%	29.9%	30.6%	28.1%
Net Tuition Revenue Per FTE	\$ 8,007	\$ 8,313	\$ 8,168	\$ 8,535	\$ 8,721

Institutionally funded financial aid for graduate students includes tuition and fee waivers and stipends for students who are awarded teaching, research, or administrative assistantships, as well as a limited number of scholarships. Only tuition and fee waivers and scholarships are included in graduate discounting calculations; stipends are budgeted as personnel expense for teaching, conducting research, or performing administrative tasks. Table 8 shows the graduate discount rate.

Table 8. Graduate Tuition and Fee Discounting

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Budget	FY19 Forecast
Graduate Tuition & Fees (Main & Extended)	\$ 28,197,639	\$ 32,236,827	\$ 34,376,812	\$ 37,331,190	\$ 34,317,424
Institutional Scholarships and Waivers	(4,661,415)	(5,448,197)	(5,856,525)	(6,314,537)	(5,565,434)
Discounted Revenue	\$ 23,536,224	\$ 26,788,630	\$ 28,520,287	\$ 31,016,653	\$ 28,751,990
Discount Percent	16.5%	16.9%	17.0%	16.9%	16.2%
Net Tuition Revenue Per FTE	\$ 12,374	\$ 12,873	\$ 12,581	\$ 12,917	\$ 12,993

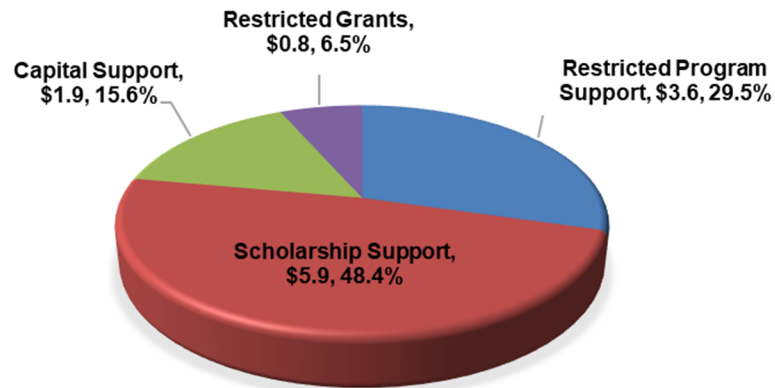
Table 9 shows the room and board discount rate.

Table 9. Room and Board Discounting

	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Budget	FY19 Forecast
Undergraduate Room & Board Revenue	\$ 31,851,176	\$ 33,324,849	\$ 34,160,857	\$ 35,342,265	\$ 32,518,056
Room & Board Waivers & Scholarships	(1,104,576)	(1,115,924)	(1,147,811)	(1,130,000)	(1,150,000)
Discounted Revenue	\$ 30,746,600	\$ 32,208,925	\$ 33,013,046	\$ 34,212,265	\$ 31,368,056
Discount Percent	3.5%	3.3%	3.4%	3.2%	3.5%

FOUNDATION SUPPORT EXPENDED*

\$12.2 Million



	FY19 Budget	FY19 Forecast	Variance
Restricted Program Support			
Athletics	\$ 482,125	\$ 628,766	\$ 146,641
Provost	5,200	5,000	(200)
Library	359,860	301,646	(58,214)
EBS	308,040	322,657	14,617
HSS	161,944	244,836	82,892
MCB	751,394	956,493	205,099
NHS	156,069	159,591	3,522
PVA	165,364	360,000	194,636
Stryker Institute	275,876	249,868	(26,008)
Tointon Institute	228,425	200,000	(28,425)
Other	132,745	135,403	2,658
Total Restricted Program Support	\$ 3,027,042	\$ 3,564,260	\$ 537,218
Scholarships			
Institutional Scholarship Support	1,550,000	1,607,000	57,000
Restricted Scholarships			
Named and Endowed Scholarships	3,575,000	3,760,000	185,000
Athletics Scholarships	500,000	325,954	(174,046)
Greeley Promise & Other Scholarships	275,000	216,000	(59,000)
Total Scholarship Support	\$ 5,900,000	\$ 5,908,954	\$ 8,954
Capital Support			
Campus Commons	2,037,223	1,167,738	(869,485)
NHS	60,295	60,295	
Athletics	130,000	-	(130,000)
PVA Pianos	-	614,000	614,000
PVA Gray Hall	20,000	20,000	-
MCB Kepner 0060 Renovation	-	55,814	55,814
Total Capital Support	\$ 2,247,518	\$ 1,917,847	\$ (329,671)
Grants			
Daniels Fund	149,000	182,000	33,000
Frontiers of Science	155,000	152,000	(3,000)
Healthy Schools Professional Developme	630,000	387,000	(243,000)
Grants under \$100,000	267,000	79,000	(188,000)
Total Grants Support	\$ 1,201,000	\$ 800,000	\$ (401,000)
Total Foundation Support	\$ 12,375,560	\$ 12,191,061	\$ (184,499)

* Reflects the forecast for funds that will be transferred to UNC and used in the current year. It does not reflect funds raised.



TO: Board of Trustees
 FROM: Michelle Quinn
 DATE: 2/1/19
 SUBJ: Tying Together UNC's Internal Financial Reports, Audited Financial Statements and Structural Deficit

At the January Board of Trustees meeting, there were questions about how our structural deficit is reflected in the University's financial statements.

Our \$10 million dollar structural deficit is a fundamental imbalance in revenue and the cost of maintaining operations and facilities, as currently structured. In other words, our base budget is in deficit. In any given year, our actual surplus or deficit is affected by temporary budget decisions, but to permanently fix the deficit, sustainable changes need to be made to our budget. The following tables describe our structural deficit as compared to FY18 actual results and FY19 forecasted results.

FY18

Table 1 shows UNC's FY18 structural net revenue, operating expenses, strategic investments and capital budget that comprise the \$10 million dollar structural deficit.

Table 1	
FY18 Structural Deficit (in millions)	
Net Revenue	\$196.5
Personnel Expenses	(137.8)
Operating Expenses & Debt Payments	(56.4)
Strategic Investments	(4.0)
Donor Funded Capital	(1.3)
Institutional Funded Capital	(7.0)
Structural Deficit	(\$10.0)

UNC's *actual* deficit and how it relates to our reduction in cash balances is shown in Table 2. Details are included in Appendix A.

Table 2	
FY18 Actual Deficit (in millions)	
Structural Deficit	(\$10.0)
Temporary Budget Decisions:	
Adjustments to Revenue & Expenses	(0.6)
Defer Capital Expenditures	2.4
Actual Deficit	(8.2)
Unusual & Timing Differences:	
Pay Date Shift	(6.4)
Sale of Fdn Hall & Changes in A/P & A/R	1.2
Reduction in Cash Balance	(\$13.4)

At the Board meeting there was conversation about the \$72.0 million operating loss as shown in the PowerPoint presentation (see Table 3) and how it relates to the structural deficit. Table 4 is a simplified statement of cash flows that adds back the non-cash expenses to the operating loss, as was being discussed in the meeting. From this (\$12.9) million sub-total, table 4 shows adjustments from the non-operating results portion of the income statement (Statement of Revenues Expenses and Changes in Net Position) and balance sheet (Statement of Net Position) to get to our actual \$13.4 million reduction in cash balances. From there, adding back unusual and timing differences and temporary adjustments gets back to the structural deficit.

Appendix B includes the financial statements without notes.

Table 3-January Board PPT Condensed Statements of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, (in millions)	
	2018
Operating revenues	
Net tuition and fees (including COF)	\$112.1
Fee-For-Service	24.1
Grants and contracts	23.0
Auxiliary	32.3
Other	10.9
Total operating revenues	\$202.4
Operating expenses	
Education and general	\$189.3
Operating expenses (GASB 68 & 75)	41.9
Auxiliary	26.0
Depreciation	17.2
Total operating expenses	\$274.4
Operating loss	(\$72.0)

Table 4 FY18 Simplified Statement of Cash Flows (in millions)	
	FY18 Actual
Operating Revenues	\$202.4
Operating Expenses	(274.4)
Operating Loss	(\$72.0)
Add back Non-cash shown in Operating Expenses:	
GASB 68 & 75	41.9
Depreciation	17.2
Subtotal	(\$12.9)
Other Adjustments from non-operating results and the balance sheet:	
Pell	14.4
Perkins accrual & return of funds	(0.7)
Rent & Non-operating revenue	1.3
Capital Inflows	41.5
Capital Outflows	(44.4)
Debt - Principal & Interest	(11.9)
Sale of Fdn Hall, A/R & A/P chgs, etc.	(0.7)
Reduction in Cash Balance	(\$13.4)
Add back unusual and timing difference and temporary adjustments:	
Adjustments to Revenue & Expenses	(0.6)
Defer Capital Expenditures	2.4
Pay Date Shift	(6.4)
Sale of Fdn Hall & Changes in A/P & A/R	1.2
Structural Deficit	(\$10.0)

FY19 Results

Table 5 shows the details of our FY19 structural deficit—both revenues and expenses have increased, but our structural deficit is still \$10 million, (Of course, the structural deficit is an economic/financial position concept and not a literal accounting.)

Table 5	
FY19 Structural Deficit (in millions)	
Net Revenue	\$201.3
Personnel Expenses	(141.1)
Operating Expenses & Debt Payments	(56.8)
Strategic Investments	(4.0)
Donor Funded Capital	(1.3)
Institutional Funded Capital	(8.1)
Structural Deficit	(\$10.0)

Table 6 shows the temporary budget changes we have made to reduce our actual deficit and reduction in cash balances in FY19. Table 6 ties to page 6 of the quarterly report. Additional detail is in Appendix A.

Table 6	
FY 19 Forecasted Actual Deficit (in millions)	
Structural Deficit	(\$10.0)
Temporary Adjustments:	
60 Day Hold (Extra vacancies plus fringe)	1.4
Scaled back GA/TA	0.1
Controlled Students	0.8
Reduced Operating Costs	1.0
Utility Savings	0.5
Deferred Strategic Investment	0.2
Deferred Capital	0.5
Short-Term Savings	\$4.5
Forecasted Deficit	(\$5.5)
Add back estimated unusual and timing differences and temporary adjustments:	0.2
Forecasted Reduction in Cash Balance	(\$5.3)

Appendix A

Statement of Cash Flows*							
	FY18			FY19			
	Structural Deficit		FY18 Actual	Structural Deficit		FY19 Temporary Adjustments	FY19 Forecast
Net Tuition, Fees, Room & Board	132,400,000		132,389,355	134,200,000			134,200,000
State Funding	39,600,000		39,597,408	42,500,000			42,500,000
Foundation Funding (incl'd capital)	11,400,000	a	13,548,398	11,400,000			11,400,000
Less: Scholarships	(4,400,000)		(4,410,762)	(4,300,000)			(4,300,000)
Other Revenue	17,500,000	b	18,452,387	17,500,000			17,500,000
Net Revenues	196,500,000		199,576,786	201,300,000			201,300,000
Faculty Salaries (incl'd adjunct)	46,800,000		46,805,375	47,200,000			47,200,000
Exempt & Classified Salaries	49,500,000		49,444,487	50,400,000	g	(1,200,000)	49,200,000
GA/TA Stipends	5,200,000	c	5,904,846	5,600,000	h	(100,000)	5,500,000
Student and Other Wages	5,900,000		5,907,072	6,400,000	i	(800,000)	5,600,000
Fringe Benefits	30,400,000		30,420,140	31,500,000	g	(200,000)	31,300,000
Personnel Expenditures	137,800,000		138,481,920	141,100,000		(2,300,000)	138,800,000
General Operating Expenses	39,400,000		39,788,011	40,200,000		(1,000,000)	39,200,000
Utilities	5,300,000		5,001,757	5,600,000		(500,000)	5,100,000
Debt Payments	11,700,000		11,865,568	11,000,000		-	11,000,000
Non-personnel Expenditures	56,400,000	d	56,655,336	56,800,000	j	(1,500,000)	55,300,000
Strategic Investments (Multi-year)	4,000,000	e	4,217,931	4,000,000	k	(200,000)	3,800,000
Donor-funded Capital	1,300,000	a	3,806,156	1,300,000			1,300,000
Institutionally Funded Capital	7,000,000	f	4,615,971	8,100,000	i	(500,000)	7,600,000
Capital Expenditures	8,300,000		8,422,127	9,400,000		(500,000)	8,900,000
Change in Cash due to Operations & Capital	(10,000,000)		(8,200,528)	(10,000,000)		4,500,000	(5,500,000)
Pay Date Shift			(6,414,644)				
Sale of Fdn Hall, A/R & A/P chgs, etc.			1,179,982				200,000
			(5,234,662)				200,000
Actual Change in Cash			(13,435,190)				(5,300,000)

*UNC's Financial Statements include a Statement of Cash Flows prepared in accordance with the GAAP. This is a simplified statement using UNC's internal quarterly report format.

Major Differences Between Structural and Actual /Forecasted Deficits	
FY18 Actual	FY19 Forecast
a) Donor funded capital revenue and expenditure were \$2.5 more than normal due to Campus Commons. Use of donor program funds was about \$400K less than normal	g) We are forecasting \$1.4 million in vacancy savings (including fringe) more than budget due to the 60 day hold
b) Other revenue was \$950K higher than normal due to athletics game guarantees, conferences	h) We are forecasting savings in \$100K GA/TA stipends
c) GA/TA stipends were overspent \$700K	i) We are forecasting \$800k savings in student & other wages
d) Operating expenses and debt payments were \$250K over budget	j) We are forecasting \$1 million savings in general operating expenses and \$500K in utilities
f) Strategic investments were \$200K more than typical	k) We temporarily reduced the tech project budget \$200K
e) UNC deferred \$2.4 million in capital projects	l) We temporarily reduced the capital project budget \$500K

FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2018

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 39,781,605	\$ 2,083,310
Student accounts receivable, net	5,752,210	-
Pledges receivable, net, current portion	-	1,385,161
Other receivables, net	3,571,571	95,136
Investments, current portion	-	2,000,000
Inventories	1,025,428	-
Loans to students, net, current portion	371,065	-
Other assets	746,136	104,961
Total Current Assets	51,248,015	5,668,568
Noncurrent Assets		
Restricted cash and cash equivalents	21,092,553	-
Restricted investments	551,030	-
Pledges receivable, net, noncurrent portion	-	2,234,403
Loans to students, net, noncurrent portion	4,633,357	-
Investments, noncurrent portion	-	125,844,131
Capital assets, net	280,451,539	873,949
Total Noncurrent Assets	306,728,479	128,952,483
TOTAL ASSETS	357,976,494	134,621,051
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on debt refundings	2,608,080	-
Deferred amount on pensions	54,929,065	-
Deferred amount on other post-employment benefits	201,050	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	57,738,195	-
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	14,547,066	915,890
Unearned revenue	8,431,282	-
Bonds payable, current portion	4,520,000	-
Capital leases payable, current portion	595,508	-
Funds held for the University of Northern Colorado	-	549,879
Perkins liquidation liability, current portion	399,551	-
Other current liabilities	1,875,462	-
Total Current Liabilities	30,368,869	1,465,769
Noncurrent Liabilities		
Unearned revenue	60,000	-
Bonds payable, noncurrent portion	149,468,992	-
Capital leases payable, noncurrent portion	7,380,475	-
Other noncurrent liabilities	64,802	-
Net pension liabilities	239,421,801	-
Net other postemployment benefits liabilities	5,574,596	-
Perkins liquidation liability, noncurrent portion	3,773,935	-
Annuity obligations	-	160,797
Compensated absence liabilities	4,815,917	-
Total Noncurrent Liabilities	410,560,518	160,797
TOTAL LIABILITIES	440,929,387	1,626,566
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on debt refundings	822,333	-
Deferred amount on pensions	19,289,079	-
Deferred amount on other postemployment benefits	342,378	-
Deferred amount on other	37,526	-
TOTAL DEFERRED INFLOWS OF RESOURCES	20,491,316	-
NET POSITION		
Net investment in capital assets	140,162,416	873,949
Restricted for:		
Nonexpendable		
Scholarships and fellowships	306,155	49,205,954
Academic support	1,400	-
Other	-	40,058,472
Expendable		
Scholarships and fellowships	237,894	4,997,264
Loans	855,118	-
Bond reserve	750,000	-
Other	91,118	26,672,668
Unrestricted	(188,110,115)	11,186,178
TOTAL NET POSITION	\$ (45,706,014)	\$ 132,994,485

See notes to the financial statements

FINANCIAL STATEMENTS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

	University of Northern Colorado	University of Northern Colorado Foundation, Incorporated
Operating Revenues		
Student tuition and fees, net	\$ 112,140,222	\$ -
Contributions	-	8,591,913
Contributed services and donations of property	-	9,374,935
Federal grants and contracts	6,104,048	-
State and local grants and contracts	7,991,588	-
State Fee-For-Service contract	24,101,529	-
Nongovernmental grants and contracts	8,900,643	-
Sales and services of educational activities	385,959	-
Auxiliary operating revenue	32,253,460	-
Interest and dividends	-	2,087,877
Net realized and unrealized gain (loss)	-	7,401,954
Other operating revenue	10,499,926	185,838
Total Operating Revenues	202,377,375	27,642,517
Operating Expenses		
Educational and general		
Instruction	95,536,017	-
Research	4,488,972	-
Public service	2,003,994	-
Academic support	26,058,018	-
Student services	33,574,940	-
Institutional support	26,912,753	-
Operation of plant	21,061,371	-
Scholarships and fellowships	17,499,491	-
Program	-	14,463,357
Management and general	-	806,279
Fundraising	-	-
Pledges receivable write off	-	43,708
Auxiliary operating expenditures	30,036,439	-
Depreciation	17,226,655	-
Total Operating Expenses	274,398,650	15,313,344
Operating Income (Loss)	(72,021,275)	12,329,173
Nonoperating Revenues (Expenses)		
Investment income, net of investment expense	498,878	-
Interest on capital asset related debt	(4,679,924)	-
Federal grants and contracts revenue	14,365,442	-
Perkins return of federal loan program contributions (expense)	(4,899,338)	-
Other nonoperating revenue (expense)	807,891	-
Net Nonoperating Revenues (Expenses)	6,092,949	-
Income (Loss) Before Other Revenues (Expenses) or Gains (Losses)	(65,928,326)	12,329,173
Capital appropriations	22,227,857	-
Capital grants and gifts	4,217,216	-
Student capital fee revenue	7,127,013	-
Gain (Loss) on disposal of capital assets	37,525	-
Total Other Changes	33,609,611	-
Increase (Decrease) in Net Position	(32,318,715)	12,329,173
Net Position		
Beginning of year, as previously reported	(7,707,511)	120,665,312
Prior period adjustment from change in accounting principle	(5,679,788)	-
Net Position, beginning of year, as restated	(13,387,299)	120,665,312
Net Position, End of Year	\$ (45,706,014)	\$ 132,994,485

See notes to the financial statements

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,

	2018	2017, as reclassified
Operating Activities		
<u>Cash Received</u>		
Tuition and fees	\$ 113,212,470	\$ 107,028,065
State Fee-For-Service contract	24,101,529	28,393,986
Sales and services of educational activities	41,958	108,664
Sales and services of auxiliary activities	32,305,562	32,473,061
Grants and contracts	6,556,716	6,185,212
Federal financial aid	682,317	682,180
State financial aid	7,062,458	7,526,981
UNC Foundation grants	799,206	690,154
UNC Foundation gifts	3,330,421	2,900,471
UNC Foundation scholarships	4,410,762	4,243,388
Other receipts	10,812,252	10,601,132
Student loans collected	1,038,392	898,156
<u>Cash Payments</u>		
Payments to or for employees	(155,459,915)	(144,800,363)
Payments to suppliers	(46,336,756)	(45,253,699)
Scholarships disbursed	(17,499,491)	(13,540,083)
Student loans disbursed	(926,450)	(556,363)
Net cash provided (used) by operating activities	(15,868,569)	(2,419,058)
Noncapital Financing Activities		
Federal Pell grant nonoperating funds	14,365,442	12,430,273
Other nonoperating revenues (expenses) - rental, lease, other	82,027	152,651
Agency inflows - campus organizations and scholarships	10,845,852	10,524,583
Agency outflows - campus organizations and scholarships	(10,834,114)	(10,505,015)
Agency inflows - student loans	81,378,097	79,578,238
Agency outflows - student loans	(81,378,097)	(79,578,238)
Net cash provided (used) by noncapital financing activities	14,459,207	12,602,492
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(44,402,202)	(25,575,180)
Net proceeds from disposal of capital assets	248,776	6,585,067
Proceeds from state capital appropriations	24,157,525	13,312,880
Proceeds from UNC Foundation for capital gifts	4,217,216	220,498
Proceeds from Student Capital Fee	7,127,013	5,926,231
Proceeds from 2016 bonds issued	-	27,558,906
Bond refinancing costs paid	-	(193,592)
Principal paid on bonds payable	(4,335,000)	(4,175,000)
Principal paid on capital leases	(976,179)	(1,655,526)
Interest paid on capital debt	(6,593,481)	(6,097,337)
Net cash provided (used) by capital and related financing activities	(20,556,332)	15,906,947
Investing Activities		
Investment and utilization of proceeds in escrow for energy performance capital lease	1,008,864	7,891,269
Investment earnings (loss)	498,878	476,990
Net cash provided (used) by investing activities	1,507,742	8,368,259
Increase (Decrease) in Cash and Cash Equivalents	(20,457,952)	34,458,640
Cash and Cash Equivalents, Beginning of Year	81,332,110	46,873,470
Cash and Cash Equivalents, End of Year	\$ 60,874,158	\$ 81,332,110

See notes to the financial statements