

**University of Northern Colorado
Notes to FY23 Unaudited Financial Statements**

Highlights of the FY23 financial results are presented below:

Adoption of Accounting Pronouncements

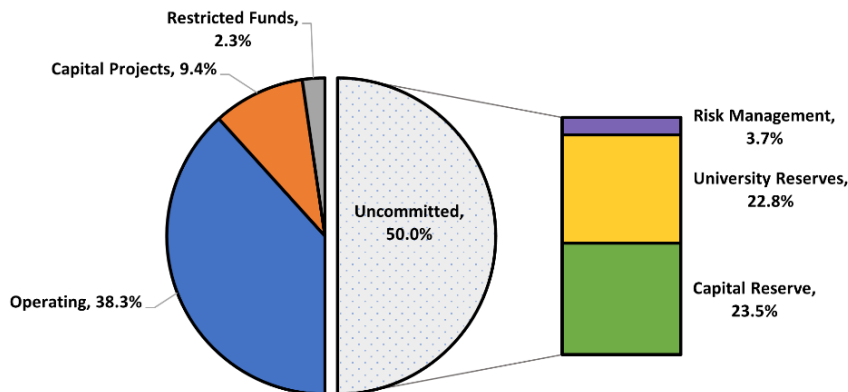
GASB 96, *Subscription Based Information Technology Agreements (SBITAs)*, requires recognition of certain subscription assets and liabilities. Prior to issuance of GASB 96, there was no accounting or financial reporting guidance specifically for government end users of SBITAs. GASB 96 establishes a definition for SBITAs and provides guidance on the accounting and financial reporting for such arrangements. GASB 96 defines a SBITA as a contract that conveys control of the right to use another party’s IT software for a specified period of time, alone or in combination with tangible IT assets, in an exchange or exchange-like transaction. Under this standard, the University is required to recognize a subscription liability and an intangible right-to-use subscription asset. The University implemented GASB 96 effective July 1, 2022.

Statement of Net Position

A. Year-end cash balances decreased from \$74.4 million at June 30, 2022 to \$71.2 million at June 30, 2023 (\$3.2 million).

University of Northern Colorado			
Unrestricted Cash and Cash Equivalents			
as of June 30,			
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating			
Committed Operating	\$ 27,244,305	\$ 36,880,126	\$ (9,635,821)
Uncommitted University Reserves	16,274,786	14,920,752	1,354,034
Uncommitted Risk Management Reserves	2,650,000	2,650,000	-
Total Operating Cash	<u>46,169,091</u>	<u>54,450,878</u>	<u>(8,281,787)</u>
Capital			
Committed Capital Projects	6,681,163	6,679,135	2,028
Uncommitted Capital Reserves	16,719,120	12,864,338	3,854,782
Total Capital Cash	<u>23,400,283</u>	<u>19,543,473</u>	<u>3,856,810</u>
Restricted Funds			
Committed Restricted	1,663,970	424,873	1,239,097
Total Restricted Cash	<u>1,663,970</u>	<u>424,873</u>	<u>1,239,097</u>
Total unrestricted cash and cash equivalents	<u>\$ 71,233,344</u>	<u>\$ 74,419,224</u>	<u>\$ (3,185,880)</u>

**Unrestricted Cash and Cash Equivalents
as of June 30, 2023**



- B. The asset balance in loans to students of \$2.4 million relates to Perkins loans receivable. The Perkins loan program was not renewed, effective October 1, 2017. The funds must be remitted back to the US Department of Education as the outstanding loans are collected. UNC recognizes a liability for the return of program funds, which amounts to \$1.3 million at June 30, 2023. As payments are made each year, the liability is reduced. UNC recorded nonoperating expenditures related to the Perkins loan program liability of \$113,947 in FY23.
- C. Capital assets are reported net of accumulated depreciation. Depreciation expense for FY23 is \$19.8 million.
- D. As required by GASB 87, *Leases*, which was implemented in FY22, the University, serving in a lessor capacity, recognizes a lease receivable and a deferred inflow of resources for certain lease transactions. At June 30, 2023, right-to-use assets receivable totaled \$3.7 million and deferred inflows on right-to-use assets totaled \$3.6 million. The balances are almost entirely related to rooftop leases for communication/antenna facilities, with the exception of a lease for an ATM in the University Center for approximately \$35,000. For leases in which the University is the lessee, a lease liability and intangible right-to-use asset are recognized. As of June 30, 2023, the lease liabilities and right-to-use assets each total \$0.7 million. The asset balances are included in Capital Assets in the Statement of Net Position.
- E. As a result of the FY23 implementation of GASB 96, *Subscription Based Information Technology Agreements (SBITAs)*, the University recognizes a subscription liability and intangible right-to-use subscription asset for applicable arrangements. As of June 30, 2023, the liabilities and subscription assets each total approximately \$4.6 million. The asset balances are included in Capital Assets in the Statement of Net Position.
- F. As required by GASB 65, deferred outflows/inflows of resources on debt refundings are the difference between the price of new bonds and the net carrying value of the old debt. A loss is reported as a deferred outflow and a gain is reported as a deferred inflow. The amounts are then amortized over the remaining economic life and are reported as a noncash component of interest expense.
- G. As required by GASB 68, UNC's proportionate share of the unfunded pension liability (PERA) is represented on the Statement of Net Position as three classifications:
- *Net pension liability* - The proportionate share of the unfunded pension liability as of June 30, 2023 is \$88.2 million.
 - *Deferred amount on pensions as a deferred outflow of resources* – Deferred outflows represent consumption of net position that applies to future periods and so will not be recognized as outflows until that time. Deferred outflows on pensions amount to \$14.9 million as of June 30, 2023 and contain deferred amounts related to investment results and contributions made after the measurement date (12/31).
 - *Deferred amount on pensions as a deferred inflow of resources* - Deferred inflows represent acquisition of net position that applies to future periods and so will not be recognized as inflows until that time. Deferred inflows on pensions amount to \$4.1 million as of June 30, 2023 and contain deferred amounts related to experience results and recalculation of UNC's proportionate share of the liability.

The total cumulative impact to net position was (\$77.4) and (\$85.2) million as of June 30, 2023 and 2022, respectively. The impact to net position during FY23 was \$7.8 million.

H. As required by *GASB 75: Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, (OPEB), UNC's proportionate share of the unfunded OPEB liability (PERA Health Care Trust Fund) (HCTF) is represented on the Statement of Net Position as three classifications:

- *Net OPEB liability* - The proportionate share of the unfunded OPEB liability as of June 30, 2023 is \$2.2 million.
- *Deferred amount on OPEB as a deferred outflow of resources* - Deferred outflows on other post-employment benefits amount to \$0.3 million as of June 30, 2023 and contain deferred amounts related to investment results, changes of assumptions, and contributions made after the measurement date (12/31).
- *Deferred amount on OPEB as a deferred inflow of resources* - Deferred inflows on other post-employment benefits amount to \$1.7 million as of June 30, 2023 and contain deferred amounts related to experience results, changes of assumptions, and recalculation of UNC's proportionate share of the liability.

The total cumulative impact to net position was (\$3.6) and (\$4.3) million as of June 30, 2023 and 2022, respectively. The impact to net position during FY23 was \$0.7 million.

I. Bonds include both the current and noncurrent portion. The decrease to bonds payable of \$6.0 million was entirely due to current year principal payments and amortization of premiums, with no new bond issuances in FY23.

Statement of Revenue, Expenses and Changes in Net Position

J. Tuition and fee revenue increased \$1.7 million between fiscal years 2022 and 2023 as a result of revisions to the financial aid awarding structure for undergraduate students, which increased aid funding from the state and decreased the amount of institutional aid expended. Tuition and fee revenue is shown net of scholarship allowances of \$25.5 and \$35.8 million, respectively, for FY23 and FY22. Scholarship allowances are those portions of the University's tuition and fees which are paid by other revenues, primarily federal and state grants for financial aid and general institutional scholarships.

- Fall 2022 undergraduate FTE decreased 9.4% and graduate FTE decreased 12% while FY23 undergraduate tuition and fee rates increased 3.0% and graduate tuition and fee rates increased 2.0%.

K. During fiscal year FY23, the Colorado Department of Higher Education (CDHE) provided the University \$56.9 million in College Opportunity Fund (COF) and Fee-For-Service (FFS) contract revenue, an increase of \$5.2 million over the FY22 appropriation of \$51.7 million. COF is included in tuition revenue (per above) and FFS has a separate line on the financial statements.

- State FFS contract revenue increased by \$5.2 million, from \$37.8 million in FY22 to \$43.0 million in FY23. These funds help to support graduate and specialized undergraduate education services.
- The College Opportunity Fund (COF) provides a stipend to qualified undergraduate students, who use the stipend to pay for a portion of their tuition. COF funding was \$13.9 million for both FY22 and FY23. The COF stipend provided to students increased from \$94 to \$104 per credit hour from FY22 to FY23.

L. Auxiliary operating revenue increased \$3.8 million in FY23 due to increases in the following areas:

- a. \$0.5 million increase in room and board revenue
- b. \$1.7 million decrease in auxiliary scholarship allowance
- c. \$1.6 million increase in other auxiliary revenues, which include catering, conferences, parking, retail sales, recreation center memberships, and athletic game guarantees

- M. Faculty and staff wages increased \$4.6 million (4.8%) from FY22 to FY23. Effective July 1, 2022, salaries were increased with an overall 3.0% salary pool for exempt and state classified positions. Faculty received a Flat increase ranging from \$1200 to \$1750; with some receiving additional increases for Promotion and Parity. In addition, effective January 1, 2023, all full-time faculty, exempt and state classified staff received a \$1,500 increase to their base salary. For part-time staff, the increase was prorated. The minimum wage for staff remained at \$15/hour and the minimum wage for student employees was increased to \$14.50/hour.
- N. Fringe benefits increased \$17.5 million, with \$15.8 million due to increases in GASB 68 and GASB 75 related expenses. If the expense changes from GASB 68 and GASB 75 were removed from both FY23 and FY22, fringe benefit expense would show an increase of \$1.7 million, or 6.5%.
- O. In fiscal year 2023, scholarships decreased by \$2.7 million. In 2023, the University adjusted its financial aid awarding process to take advantage of aid from more state and federal sources, reducing the burden on institutional resources.
- P. Other operating expenses (purchased services, supplies, utilities, etc.) and cost of sales increased \$5.5 million from FY22 to FY23. The primary factor in this increase was a \$7.6 million increase in cost of sales related to the vendor agreement with Sodexo which outsourced dining hall and retail food and beverage services.
- Q. The University reported investment income of \$0.8 million in FY23. This includes Colorado Treasury interest income of \$1.5 million, partially offset by a year-end adjustment of treasury holdings based on fair market value resulting in an unrealized loss of \$0.7 million.
- R. All federal HEERF funding awarded the University was expended as of June 30, 2022, therefore no revenue for HEERF funding is recognized in FY23.
- S. The State of Colorado committed to fully funding the pension plan within 30 years and is required to contribute \$225 million each year to PERA starting on July 1, 2018. Direct distributions to the pension plan were suspended for the State's 2020-21 fiscal year and therefore no allocation was received by UNC for FY21. The direct distributions to the pension plan of \$225 million were restored beginning in FY22. In FY23, the University was allocated \$1.6 million, which is reflected as both nonoperating revenue and fringe benefit expense.
- T. The University expended \$3.5 million in capital appropriations in FY23. This included \$2.9 million for the heating plant boiler replacement and \$0.5 million for the next generation cyber security network.
- U. Capital grant and gifts include restricted capital grants/gifts from third parties, which totaled \$1.8 million in FY23. This included \$1.1 million in State and Local Fiscal Recovery Funds (SLFRF) for the Butler Hancock roof replacement and \$0.7 million from the Foundation towards improvements and renovations in Campus Commons.

University of Northern Colorado
Statement of Net Position
As of June 30, 2023
(Preliminary and Unaudited)

	Notes	2023	2022	Variance	% Change
ASSETS					
Current Assets					
Cash and cash equivalents	A	\$ 71,233,344	\$ 74,419,224	\$ (3,185,880)	-4.3%
Student accounts receivable, net		4,863,539	5,175,827	(312,288)	-6.0%
Right-to-use leases receivable, current portion	D	113,039	231,001	(117,962)	-51.1%
Other receivables, net		8,227,412	9,219,043	(991,631)	-10.8%
Inventories		1,130,848	1,184,972	(54,124)	-4.6%
Loans to students, net, current portion	B	113,066	206,850	(93,784)	-45.3%
Prepaid Expenses		155,489	235,287	(79,798)	-33.9%
Total Current Assets		<u>85,836,737</u>	<u>90,672,204</u>	<u>(4,835,467)</u>	<u>-5.3%</u>
Noncurrent Assets					
Restricted investments		452,604	470,808	(18,204)	-3.9%
Right-to-use leases receivable, noncurrent portion	D	3,572,471	4,318,344	(745,873)	-17.3%
Loans to students, net, noncurrent portion	B	2,271,741	2,523,890	(252,149)	-10.0%
Capital assets, net	C	272,698,922	272,769,396	(70,474)	0.0%
Total Noncurrent Assets		<u>278,995,738</u>	<u>280,082,438</u>	<u>(1,086,700)</u>	<u>-0.4%</u>
TOTAL ASSETS		<u>364,832,475</u>	<u>370,754,642</u>	<u>(5,922,167)</u>	<u>-1.6%</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on debt refundings	F	2,228,989	2,447,509	(218,520)	-8.9%
Deferred amount on pensions	G	14,931,782	5,291,213	9,640,569	182.2%
Deferred amount on other post-employment benefits	H	319,534	192,380	127,154	66.1%
TOTAL DEFERRED OUTFLOWS OF RESOURCES		<u>17,480,305</u>	<u>7,931,102</u>	<u>9,549,203</u>	<u>120.4%</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities		9,620,022	10,134,483	(514,461)	-5.1%
Unearned revenue		9,837,689	9,828,956	8,733	0.1%
Bonds payable, current portion	I	6,525,000	5,600,000	925,000	16.5%
Notes (formerly capital leases) payable, current portion		640,965	576,929	64,036	11.1%
Right-to-use leases payable, current portion	D	489,730	481,296	8,434	1.8%
Right-to-use subscriptions payable, current portion	E	1,553,395	-	1,553,395	100.0%
Perkins liquidation liability, current portion	B	552,712	788,200	(235,488)	-29.9%
Other current liabilities		2,224,126	2,369,348	(145,222)	-6.1%
Total Current Liabilities		<u>31,443,639</u>	<u>29,779,212</u>	<u>1,664,427</u>	<u>5.6%</u>
Noncurrent Liabilities					
Unearned revenue		60,000	-	60,000	100.0%
Bonds payable, noncurrent portion	I	122,022,723	128,924,828	(6,902,105)	-5.4%
Notes (formerly capital leases) payable, noncurrent portion		4,481,636	4,918,150	(436,514)	-8.9%
Right-to-use leases payable, noncurrent portion	D	202,089	652,697	(450,608)	-69.0%
Right-to-use subscriptions payable, noncurrent portion	E	3,003,712	-	3,003,712	100.0%
Other noncurrent liabilities		1,431,120	1,262,154	168,966	13.4%
Net pension liabilities	G	88,229,517	58,983,574	29,245,943	49.6%
Net other postemployment benefits liabilities	H	2,226,533	2,351,885	(125,352)	-5.3%
Perkins liquidation liability, noncurrent portion	B	765,490	1,133,488	(367,998)	-32.5%
Compensated absence liabilities		5,685,462	4,292,977	1,392,485	32.4%
Total Noncurrent Liabilities		<u>228,108,282</u>	<u>202,519,753</u>	<u>25,588,529</u>	<u>12.6%</u>
TOTAL LIABILITIES		<u>259,551,921</u>	<u>232,298,965</u>	<u>27,252,956</u>	<u>11.7%</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amount on debt refundings	F	634,729	672,250	(37,521)	-5.6%
Deferred amount on right-to-use leases receivable	D	3,589,419	4,488,602	(899,183)	-20.0%
Deferred amount on pensions	G	4,110,453	31,470,998	(27,360,545)	-86.9%
Deferred amount on other postemployment benefits	H	1,692,854	2,121,409	(428,555)	-20.2%
TOTAL DEFERRED INFLOWS OF RESOURCES		<u>10,027,455</u>	<u>38,753,259</u>	<u>(28,725,804)</u>	<u>-74.1%</u>
NET POSITION					
TOTAL NET POSITION		<u>\$ 112,733,404</u>	<u>\$ 107,633,520</u>	<u>\$ 5,099,884</u>	<u>4.7%</u>

University of Northern Colorado
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023
(Preliminary and Unaudited)

	Notes	2023	2022	Variance	% Change
Operating Revenues					
Student tuition and fees, net	J	\$ 89,164,599	\$ 87,478,291	\$ 1,686,308	1.9%
Federal grants and contracts		8,016,533	6,641,868	1,374,665	20.7%
State and local grants and contracts		12,752,866	11,207,708	1,545,158	13.8%
State Fee-For-Service contract	K	42,978,042	37,813,185	5,164,857	13.7%
Nongovernmental gifts, grants and contracts		12,751,153	10,880,703	1,870,450	17.2%
Sales and services of educational activities		318,879	393,826	(74,947)	-19.0%
Auxiliary operating revenue	L	27,978,843	24,224,416	3,754,427	15.5%
Other operating revenue		4,849,991	4,466,586	383,405	8.6%
Total Operating Revenues		198,810,906	183,106,583	15,704,323	8.6%
Operating Expenses					
Faculty and staff wages	M	98,898,386	94,325,696	4,572,690	4.8%
GA/TA stipends and waivers		10,611,112	10,427,360	183,752	1.8%
Fringe benefits	N	21,618,563	4,127,974	17,490,589	423.7%
Travel		4,332,127	3,825,574	506,553	13.2%
Student scholarships	O	13,465,039	16,173,206	(2,708,167)	-16.7%
Other operating & cost of sales	P	46,291,879	40,743,504	5,548,375	13.6%
Depreciation	C	19,829,512	18,476,328	1,353,184	7.3%
Total Operating Expenses		215,046,618	188,099,642	26,946,976	14.3%
Operating Income (Loss)		(16,235,712)	(4,993,059)	(11,242,653)	225.2%
Nonoperating Revenues (Expenses)					
Investment income, net of investment expense	Q	808,563	(2,707,719)	3,516,282	-129.9%
Interest on capital asset related debt		(4,508,849)	(4,791,598)	282,749	-5.9%
Federal grants and contracts revenue - PELL		8,843,679	9,476,007	(632,328)	-6.7%
Federal grants and contracts - HEERF	R	-	28,804,736	(28,804,736)	-100.0%
Perkins return of federal loan program contributions (expense)	B	(113,947)	(77,990)	(35,957)	46.1%
Other nonoperating revenue (expense)		2,121,658	5,165,108	(3,043,450)	-58.9%
Net Nonoperating Revenues (Expenses)		7,151,104	35,868,544	(28,717,440)	-80.1%
Income (Loss) Before Other Revenues (Expenses) or Gains (Losses)		(9,084,608)	30,875,485	(39,960,093)	-129.4%
Other Changes					
State appropriations - direct distribution / on behalf to PERA	S	1,608,750	613,471	995,279	162.2%
Capital appropriations	T	3,580,361	1,723,435	1,856,926	107.7%
Capital contribution - certificates of participation		(1,927)	(388,545)	386,618	-99.5%
Capital grants and gifts	U	1,755,887	3,346,521	(1,590,634)	-47.5%
Student capital fee revenue		6,335,659	6,827,090	(491,431)	-7.2%
Gain (Loss) on disposal of capital assets		905,762	-	905,762	100.0%
Total Other Changes		14,184,492	12,121,972	2,062,520	17.0%
Increase (Decrease) in Net Position		5,099,884	42,997,457	(37,897,573)	-88.1%
Net Position, Beginning of year		107,633,520	64,636,063	42,997,457	66.5%
Net Position, End of Year		\$ 112,733,404	\$ 107,633,520	\$ 5,099,884	4.7%

Overall change in net position:	2023	2022
Current year GASB 68 impact on net position	7,755,172	21,929,010
Current year GASB 75 impact on net position	681,061	661,294
Current year impact from University operations	(3,336,349)	20,407,153
Total increase (decrease) in net position	5,099,884	42,997,457



UNIVERSITY OF
**NORTHERN
COLORADO**

FY23

**Financial Report
Quarter 4
Ended 06/30/2023**

UNC

Office of Budget and
Financial Planning

Executive Summary

The year-end operating result for fiscal 2022-23 (FY23) was a deficit of \$3.8 million, compared to the FY23 budgeted deficit of \$8.9 million. This was due to the prudent spending throughout the year, as well as significant vacancy savings.

Net Student Revenues were less than budget by \$1.3 million. Undergraduate net tuition and fee revenue exceeded budget, primarily due to changes to the financial aid awarding structure and an increase in available student aid funding from the State. Those changes offset the impact of lower-than-expected revenue from Graduate enrollment which was under budget by \$2.5 million.

Foundation and Other Revenues were \$4.0 million better than budget with a \$2.0 million investment from Sodexo and an increase in usage of donor funding as the primary drivers. Combined with Net Student Revenues, this resulted in Total Operating Revenues of \$189.0 million, \$2.8 million more than originally budgeted.

Personnel expenses were \$2.8 million less than budget, including the implementation of a mid-year compensation increase in January 2023. The university experienced greater than normal vacancy savings and adjusted the internal fringe benefit rate to align with recent trends. These savings allowed absorption of the compensation increase, as well as medical benefit premiums increases, and the implementation of Colorado's Family and Medical Insurance Program (FAMLI).

Non-personnel expenses were \$0.7 million less than the budget. Increases in Cost of Sales, Utilities, and Travel, which were higher due to inflation were offset by \$3.5 million in savings in Service, Supplies, and Other Non-personnel.

At year end, a strategic decision was made to support capital financing needs by transferring \$4.4 million from operating reserves to capital reserves. The transfer did not change the overall cash position of the university. It simply shifted balances earned in prior years, from operating to capital.

Cash

Total cash, as of June 30, 2023, was \$71.2 million, with \$35.6 million in reserves (uncommitted cash).

Figure 1. Cash at June 30, 2023

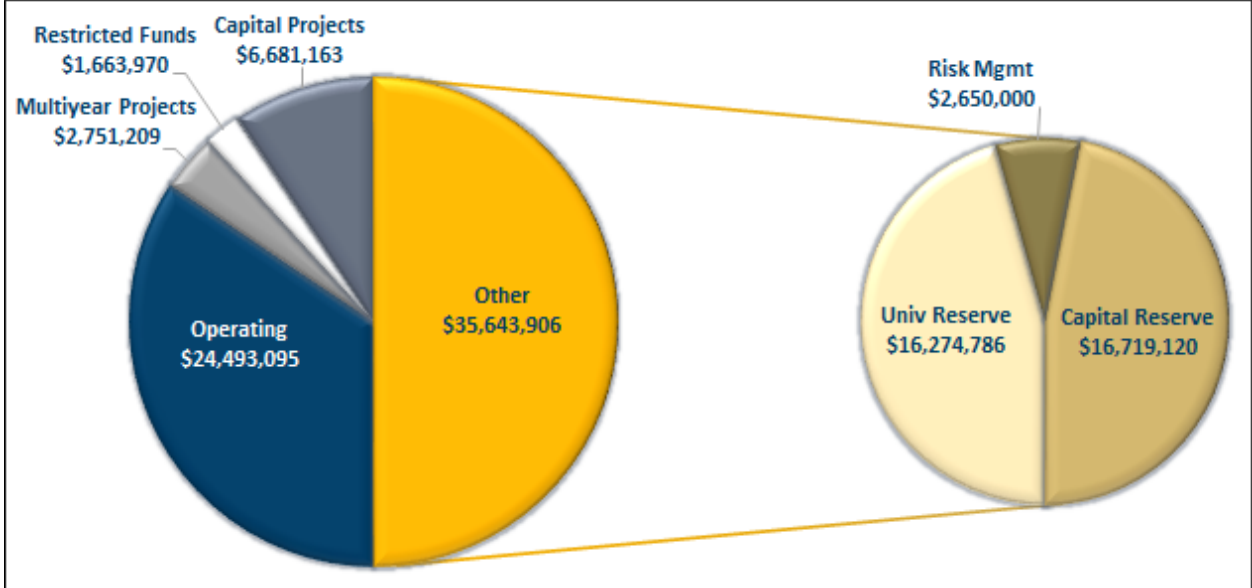


Table 1. Committed and Uncommitted Cash

	FY21 End 06/30/21	FY22 End 06/30/22	FY23 Begin 07/01/22	FY23 End 06/30/23
Committed Cash				
Operating Funds	\$ 24,324,421	\$ 36,880,127	\$ 36,880,127	\$ 27,244,304
Capital Projects	4,799,206	6,679,135	14,368,622	6,681,163
Restricted Funds				
CARES Act Funding ⁽¹⁾	(3,000,084)	8,300	8,300	-
Other Restricted Funds	601,539	416,573	416,573	1,663,971
Sub-total Committed Cash	26,725,082	43,984,135	51,673,622	35,589,438
Reserves				
Operating Reserve	12,931,476	17,570,752	17,570,752	18,924,786
Capital Reserves	16,803,783	12,864,338	5,174,851	16,719,120
Restricted Reserves	-	-	-	-
Sub-total Reserves	29,735,259	30,435,090	22,745,603	35,643,906
Cash Balance	\$ 56,460,341	\$ 74,419,225	\$ 74,419,225	\$ 71,233,344

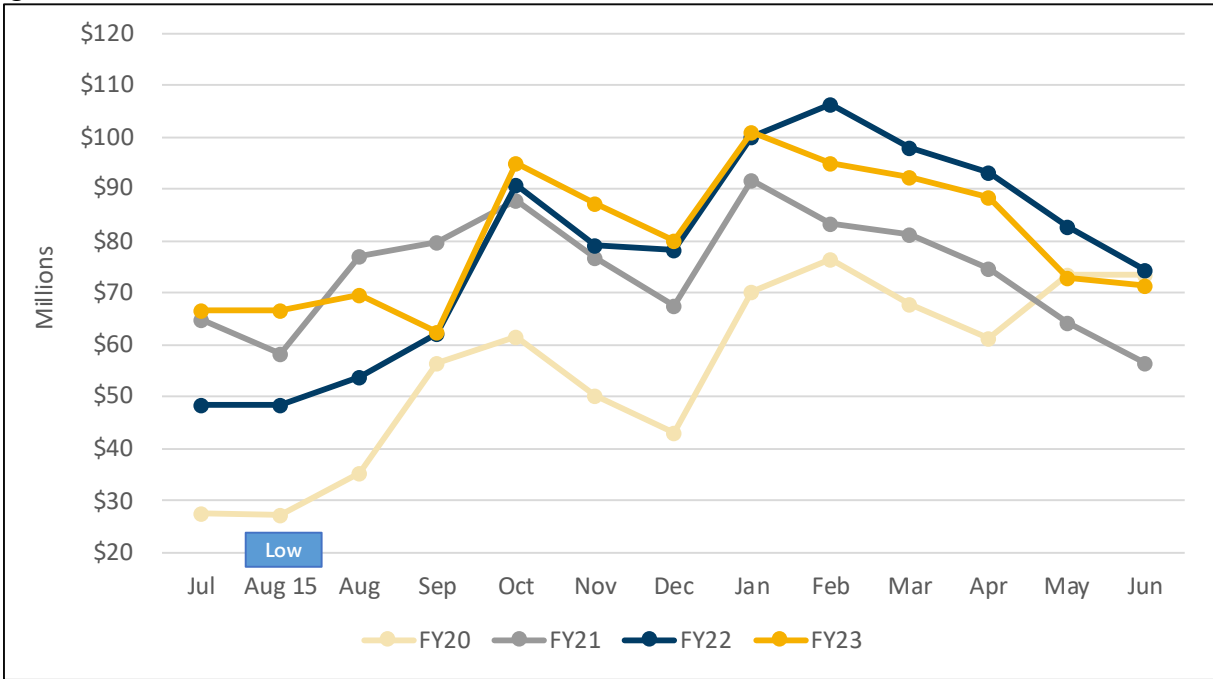
(1) The value of CARES Act Funding is net of expenditures and related balances. \$3.0M in CARES HEERF II funding was accrued in FY21, but the cash was recognized in FY22.

Cash

The cash flow trend is relatively consistent compared to prior years as shown in Figure 2. The low point during the year traditionally occurs in mid-August and is a good point for benchmarking purposes. This is noted as “low” in the graph.

The increase in cash in October 2021 (FY22) is noteworthy as the month in which approximately \$17 million in HEERF II and III grants were received, in addition to the typical increase related to the receipt of payments for student charges at the beginning of the fall term. In FY23, the change in cash from September to October is related to the timing of State payments. The first three months’ Fee for Service payments of \$10 million and Colorado student grant payments of \$4.8 million, which are normally received in September, were delayed until October 2022 (FY23).

Figure 2. Annual Cash Flow Trend



Operating Budget

Operating Budget Variances:

- **Undergraduate Net Tuition and Fee Revenue:** Actual was \$2.5 million more than budget with FTE enrollment of 5,653, 0.9% more than the budgeted FTE of 5,602. Although the FTE has only increased slightly in the forecast, the net tuition revenue has increased primarily due to two factors: 1) variations between budget estimates and actual experience in the enrolled population, and 2) increased aid funding from the State, along with revisions to the financial aid awarding structure, reduced the amount of institutional aid expended.
- **Graduate Net Tuition and Fee Revenue:** Actual was \$3.7 million under budget with the FTE enrollment at 1,761 or 16% less than the budgeted FTE of 2,096.
- **Foundation Revenue:** Actual was \$1.5 million more than budget as UNC increased the usage of donor funding. Of that amount, \$0.8 million was spent on operating expenditures and \$0.7 million for capital expenditures.
- **Other Revenue:** Actual was \$2.6 million more than budget due to increases of \$2.0 million from Sodexo for a capital investment, \$1.0 million in interest income, \$0.5 million for Senior meals, \$0.2 million for Athletics, and \$0.2 million for Conferences. This is partially offset by a decrease of \$1.3 million in AR service charges, transcript fees, application fees, and other miscellaneous revenue sources.
- **Personnel Expenses:** Actual was \$2.8 million less than budget. This was achieved through greater than expected vacancy savings plus adjustments to align the internal fringe benefit rate with recent actual trends. Overall personnel costs included the mid-year compensation increase for faculty and staff, a student minimum wage increase to \$14.50/hour, a one-time bonus of \$250 for GATA's and adjunct faculty, and the implementation of Proposition 118 Family and Medical Insurance (FAMLI) program, as well as the lack of a premium holiday from CHEIBA Trust.
- **Non-Personnel Expenses:** Actual was \$0.7 million less than the budget. Costs of sales, utilities and travel were all over budget, primarily due to inflation, but were offset by \$3.5 million savings in services, supplies and other non-personnel.
- **Institutionally Funded Capital Transfer(s):** Actual was \$6.4 million more than the budget (Table 3). This was due to \$4.4 million in operating cash that was transferred to capital reserves, a \$2.0 million investment from Sodexo and \$0.2 million to fund the dish machine project in Holmes Hall. This is partially offset by a \$0.2 million reduction in the transfer from Student Capital Fee revenue.

Operating Budget

Table 2: Operating Budget

	FY22 Actual	FY23 Budget	FY23 Actual	Variance from Budget to Actual fav/(unfav)
OPERATING REVENUES				
Undergraduate Tuition and Fees	\$ 82,369,800	\$ 75,190,792	\$ 75,829,467	\$ 638,675
Undergraduate Institutional Grants and Scholarships	(22,369,998)	(19,585,123)	(17,720,512)	1,864,611
Undergraduate Net Tuition and Fee Revenue	59,999,802	55,605,669	58,108,955	2,503,286
Graduate Tuition and Fees	33,724,654	34,254,014	29,874,460	(4,379,554)
Graduate Institutional Scholarships and Waivers	(4,491,063)	(5,363,693)	(4,663,625)	700,068
Graduate Net Tuition and Fee Revenue	29,233,591	28,890,321	25,210,835	(3,679,486)
Room and Board	24,302,924	24,857,241	24,545,999	(311,242)
Room and Board Waivers	(854,180)	(1,134,914)	(938,930)	195,984
Net Room and Board Revenue	23,448,744	23,722,327	23,607,069	(115,258)
NET STUDENT REVENUES	112,682,137	108,218,317	106,926,859	(1,291,458)
State Funding	51,724,570	56,984,728	56,875,899	(108,829)
Federal HEERF II & III	16,723,183	-	-	-
Subtotal State and Federal Funding	68,447,753	56,984,728	56,875,899	(108,829)
Foundation Restricted Gifts for Operations	4,922,438	4,609,587	5,456,743	847,156
Foundation Restricted Capital Gifts	1,872,074	-	699,789	699,789
Foundation Unrest (design. for scholarships)	1,610,000	1,610,000	1,610,000	-
Subtotal Foundation	8,404,512	6,219,587	7,766,532	1,546,945
Other Auxiliary Services (Athletics, Food serv., Senior meals)	7,939,579	6,741,247	9,437,608	2,696,361
Other Revenue (Orientation, Serv. Chgs., misc.)	4,107,525	5,563,300	4,460,755	(1,102,545)
Net Non-Operating Rev. (Interest, rebates, broad band lease)	5,804,812	2,555,725	3,569,080	1,013,355
Subtotal Other Revenue	17,851,916	14,860,272	17,467,442	2,607,170
NET OPERATING REVENUES	207,386,318	186,282,904	189,036,732	2,753,828
OPERATING EXPENSES				
Faculty Salaries	39,375,808	40,057,086	38,853,741	1,203,345
Exempt Salaries	31,887,601	37,007,050	36,752,057	254,993
Classified Salaries	14,141,986	12,926,306	13,428,722	(502,416)
Graduate Stipends	4,622,897	4,845,453	4,832,045	13,408
Student and Other Wages	3,740,151	3,697,238	3,460,814	236,424
Fringe Benefits	25,288,267	27,823,404	26,202,516	1,620,888
Subtotal Personnel Expenses	119,056,710	126,356,537	123,529,895	2,826,642
Cost of Sales	2,834,283	9,210,502	10,463,499	(1,252,997)
Utilities	6,126,494	5,821,318	6,972,500	(1,151,182)
Travel	3,573,699	3,625,287	3,974,854	(349,567)
Services, Supplies, and Other Non-personnel	31,067,931	32,218,355	28,754,999	3,463,356
Subtotal Non-personnel Expenses	43,602,407	50,875,462	50,165,852	709,610
Debt Service on Bonds and Notes Payable	11,140,010	10,969,081	10,883,040	86,041
Multiyear Projects (Current Year Portion)	2,987,466	3,160,756	1,875,987	1,284,769
Subtotal Debt & Notes Payable, Multiyear	14,127,476	14,129,837	12,759,027	1,370,810
NET OPERATING EXPENSES	176,786,593	191,361,836	186,454,774	4,907,062
NET OPERATING INFLOW / (OUTFLOW)	30,599,725	(5,078,932)	2,581,958	7,660,890

Operating Budget

Table 3: Transfers and Other Activity Affecting Operations

TRANSFERS AND OTHER ACTIVITY UTILIZING CURRENT YEAR REVENUES	FY22 Actual	FY23 Budget	FY23 Actual	Variance from Budget to Actual fav/(unfav)
Balance from Table Above	30,599,725	(5,078,932)	2,581,958	7,660,890
Transfers from Operations to Capital				
Foundation Capital Transfer(s)	2,042,074	-	825,966	(825,966)
Transfers to Capital Reserves				
From Student Fees	3,899,207	3,536,222	3,320,041	216,181
From Housing & Dining	1,051,620		2,200,000	(2,200,000)
From Parking	-	50,000	100,000	(50,000)
From General Operations	219,678	180,000	122,610	57,390
Subtotal Transfers	7,212,579	3,766,222	6,568,617	(2,802,395)
Other Changes in Balance Sheet/Timing				
Change in FFS AR from COF switch	2,423,922	-	(482,306)	482,306
Return of Perkins Loan Cash to Dept of Ed	(99,566)	(90,000)	(81,514)	(8,486)
Changes in Non-cash Assets	915,690	-	(1,189,393)	1,189,393
Changes in Non-cash Liabilities	(526,423)	-	810,617	(810,617)
Unrealized (Gain) / Loss from State Treasury	3,154,591	-	680,650	(680,650)
Other, incl. Fin Stmt Adj and Agency Funds	323,950	100,000	105,205	(5,205)
Subtotal Other Changes	6,192,164	10,000	(156,741)	166,741
NET CHANGE IN OPERATIONS, SURPLUS (DEFICIT)	\$ 17,194,982	\$ (8,855,154)	\$ (3,829,918)	\$ 5,025,236

TRANSFERS AND ADJUSTMENTS UTILIZING PRIOR YEAR REVENUES	FY22 Actual	FY23 Budget	FY23 Actual	Variance from Budget to Actual fav/(unfav)
Transfers of Prior Year Reserves				
Reduce Operating Cash	-	-	(4,451,871)	(4,451,871)
Increase Capital Reserves	-	-	4,451,871	4,451,871
Subtotal Transfers	-	-	-	-
OPERATING RESULTS, SURPLUS (DEFICIT)	\$ 17,194,982	\$ (8,855,154)	\$ (3,829,918)	\$ 5,025,236

Tuition and Room & Board Discounting

Our institutional discount rate demonstrates the financial impact on UNC of offering scholarships and waivers funded by institutional revenue. The tables below take it a step further and calculate the net tuition revenue per FTE.

Table 4. Undergraduate Tuition and Fee Discounting

	FY22 Actual	FY23 Budget	FY23 Actual	Variance Budget to Actual fav/(unfav)
Undergraduate Tuition & Fees (Main & Extended)	\$ 82,369,800	\$ 75,190,792	75,829,467	\$ 638,675
UG Institutional Grants and Scholarships	(22,369,998)	(19,585,123)	(17,720,512)	1,864,611
Net Tuition Revenue	\$ 59,999,802	\$ 55,605,669	\$ 58,108,955	\$ 2,503,286
Discount Rate	27.2%	26.0%	23.4%	-2.7%
Net Tuition Revenue Per FTE	\$ 9,562	\$ 9,926	\$ 10,279	\$ 353
FTE	6,275	5,602	5,653	51

Table 5. Graduate Tuition and Fee Discounting

	FY22 Actual	FY23 Budget	FY23 Actual	Variance Budget to Actual fav/(unfav)
Graduate Tuition & Fees (Main & Extended)	\$ 33,724,654	\$ 34,254,014	\$ 29,874,460	\$ (4,379,554)
GR Institutional Scholarships and Waivers	(4,491,063)	(5,363,693)	(4,663,625)	700,068
Net Tuition Revenue	\$ 29,233,591	\$ 28,890,321	\$ 25,210,835	\$ (3,679,486)
Discount Rate	13.3%	15.7%	15.6%	0.0%
Net Tuition Revenue Per FTE	\$ 14,281	\$ 13,784	\$ 14,316	\$ 533
FTE	2,047	2,096	1,761	(335)

Table 6. Room and Board Discounting

	FY22 Actual	FY23 Budget	FY23 Actual	Variance Budget to Actual fav/(unfav)
Room & Board Revenue	\$ 24,302,924	\$ 24,857,241	\$ 24,545,999	\$ (311,242)
Room & Board Waivers	(854,180)	(1,134,914)	(938,930)	195,984
Net Room & Board Revenue	\$ 23,448,744	\$ 23,722,327	\$ 23,607,069	\$ (115,258)
Discount Rate	3.5%	4.6%	3.8%	-0.7%
Fall Opening Occupancy	1,900	1,889	1,899	10
Residence Hall Paid Equivalency*	58.7%	54.0%	57.9%	3.9%

*Residence Hall Paid Equivalency is basically an FTE for Housing; it converts partial year room payments into fractions and is portrayed as a percentage of design capacity.

Multiyear Projects

The approved FY23 budget for Multiyear Projects was \$3.2 million, which is the combination of newly authorized expenditures plus balances from previous fiscal year’s unexpired projects. The FY23 actual was \$1.9 million, or \$1.3 million less than budget.

Table 7. Multiyear Projects

	FY22 Actual	FY23 Budget	FY23 Actual	Variance Budget to Actual fav/(unfav)
Core Projects				
Strategic Enrollment and Student Success				
Student Success Collaborative	\$ 257,198	\$ 178,388	\$ 186,933	\$ (8,545)
Student Food Insecurity Project	42,585	44,279	30,405	13,874
LEAP	45,974	45,000	40,828	4,172
Subtotal Integrated Student Support Plans	345,757	267,667	258,166	9,501
Academic Portfolio				
Accreditation	145,075	289,387	201,238	88,149
Program Review & Assessment	13,812	40,000	16,098	23,902
Subtotal Academic Portfolio	158,887	329,387	217,336	112,052
Research Scholarship and Creative Works				
Grant Match Funds	239,791	202,727	193,533	9,194
Match for Federal Work Study	-	148,862	103,907	44,955
Faculty Start-Up Packages	72,617	228,000	115,214	112,786
Faculty Awards & Development	55,952	275,000	191,105	83,895
Center for Inclusion in STEM	10,407	14,000	10,186	3,814
Academic Revitalization & Innovation	-	250,000	73,801	176,199
Animal Care Facility	131,792	143,355	159,650	(16,295)
Unrestricted Research Incentive	209,816	348,758	184,858	163,900
Subtotal Res. Scholarship and Creative Works	720,375	1,610,702	1,032,255	578,447
Total Core Projects	1,225,019	2,207,756	1,507,757	699,999
Support Plan Investments				
Information Management Plan	283,000	848,000	245,749	602,251
Total Support Projects	283,000	848,000	245,749	602,251
Other Multiyear Projects				
Emergency Management	249,551	25,000	15,956	9,044
Athletics NCAA Distribution	70,088	80,000	18,331	61,669
Total Other Multiyear Projects	319,639	105,000	34,287	70,714
Additional Projects from Federal Stimulus Funds				
Student-ready University and Career Readiness	74,558	-	-	-
Information Management Projects	512,026	-	-	-
CETL and other faculty professional development	202,155	-	88,195	(88,195)
Human Resources projects	-	-	-	-
Support for Athletics' compliance requirements	6,880	-	-	-
Support for Bursar's Office HEERF requirements	5,150	-	-	-
EAB Additional Contractual Services	280,584	-	-	-
Additional Student Financial Aid	49,257	-	-	-
Incremental Research Incentive	2,935	-	-	-
Cultural and Resource Center Furniture	20,442	-	-	-
HSI Education and Events	5,821	-	-	-
Total Federal Stimulus Funds Projects	1,159,808	-	88,195	(88,195)
Grand Total	\$ 2,987,466	\$ 3,160,756	\$ 1,875,987	\$ 1,284,769

Capital Projects

Although forecasted expenditures by fiscal year are provided for context, new projects of \$14.5 million were fully approved by the Board of Trustees and funded at the beginning of the fiscal year. The FY23 actual expenditures were \$0.9 million less than budget. UNC funded projects were \$2.0 million less than budget partially due to several projects carrying forward into FY24.

Table 8. Capital Projects

Active Capital Projects	Approved Project Budget	Prior Year(s) Actual	FY23 Budget	FY23 Actual	Variance Budget to Actual fav/(unfav)	Out Year(s) Forecast
UNC Funded Projects						
FY23 projects with budgets less than \$200,000	\$ 2,316,450	\$ 2,619	\$ 1,325,692	\$ 1,197,302	\$ 128,390	\$ 913,887
Lawrenson Hall unit G&H shower renovation	600,000	-	250,000	732,115	(482,115)	-
Arlington envelope & structural repair	1,000,000	-	375,000	155,167	219,833	844,833
Turner domestic hot water system	275,000	-	275,000	21,599	253,401	253,401
Parking maintenance / 14th Ave mill	460,000	301,747	383,000	309,824	73,176	-
McKee roofing supplemental funds	250,000	-	50,000	250,000	(200,000)	-
Michener chiller supplemental funds	200,000	-	-	-	-	200,000
Candelaria chiller supplemental funds	200,000	-	-	-	-	200,000
Heat Plant boiler supplemental funds	500,000	-	350,000	30,279	319,721	469,721
Heat Plant controls upgrade	250,000	-	200,000	-	200,000	250,000
MTRC fire alarm replacement	250,000	-	100,000	3,653	96,347	246,347
Frasier data wiring	225,000	-	100,000	80,268	19,732	144,732
Snyder card access pilot	263,834	-	263,835	27,235	236,600	236,599
Emergency phone replacement	200,000	-	200,000	76,982	123,018	123,018
Campus improvements FY23	300,000	-	200,000	-	200,000	300,000
Guggenheim structural repair	-	-	-	388,742	(388,742)	-
Holmes dishmachine installation	-	-	-	101,697	(101,697)	98,303
Capital equipment funds	634,203	-	464,203	193,096	271,107	331,297
Projects approved/initiated in a prior year			3,271,774	2,192,644	1,079,130	2,206,526
Early start projects approved for FY24			-	3,079	(3,079)	-
Subtotal of UNC Funded Projects	7,924,487	304,366	7,808,504	5,763,682	2,044,822	6,818,665
Foundation Funded Projects						
College of Medicine program plan	150,000	-	135,000	276,261	(141,261)	-
Butler-Hancock weight room renovation	240,000	-	240,000	240,000	-	-
Volleyball washer/dryer installation	-	-	-	9,906	(9,906)	11,819
Kepner room renovations			265,858	-	265,858	400,000
Michener planning			31,600	65,383	(33,783)	-
Sports Performance Center			-	(5,771)	5,771	-
Subtotal of Foundation Funded Projects	390,000	-	672,458	585,779	86,679	411,819
State Capital Appropriations						
Arts Annex fire sprinkler	242,722	-	180,000	19,410	160,590	223,312
Gray Hall mechanical system replacement	4,540,656	-	500,000	41,400	458,600	4,499,256
Butler Hancock roof repair	1,429,785	-	1,129,785	995,287	134,498	434,498
Projects approved/initiated in a prior year			2,676,327	3,945,790	(1,269,463)	1,643,820
Subtotal State Capital Appropriations	6,213,163	-	4,486,112	5,001,888	(515,776)	6,800,885
Campus Commons (multi-year)						
State funding			-	-	-	-
Debt, Foundation, and UNC funding			-	716,789	(716,789)	-
Subtotal Campus Commons (multi-year)	-	-	-	716,789	(716,789)	-
Total Active Capital Projects	\$ 14,527,650	\$ 304,366	\$ 12,967,074	\$ 12,068,138	\$ 898,936	\$ 14,031,369

Foundation Support

The below table includes only the Foundation funds expended by UNC as opposed to funds raised by the Foundation. Funds are generally transferred from the Foundation monthly after expenditures; however, capital projects are typically fully funded at the beginning of each project and expenses often cross multiple fiscal years.

Table 9. Foundation Support Expended

	FY22 Actual	FY23 Budget	FY23 Actual	Variance Budget to Actual fav/(unfav)
Restricted Program Support				
Athletics	\$ 1,102,205	\$ 534,718	\$ 1,135,733	\$ (601,015)
Provost	1,000	5,200	93	5,107
Library	489,045	409,548	258,241	151,307
EBS	268,228	251,815	371,993	(120,178)
HSS	284,115	255,240	240,954	14,286
MCB	1,201,256	1,380,251	1,277,154	103,097
NHS	185,699	151,458	262,101	(110,643)
PVA	58,126	165,806	188,479	(22,673)
OST	367,003	552,125	714,952	(162,827)
Stryker Institute	337,236	337,215	279,152	58,063
Tointon Institute	185,309	170,945	251,303	(80,358)
Other	518,554	395,266	534,106	(138,840)
Total Restricted Program Support	4,997,776	4,609,587	5,514,261	(904,674)
Scholarship Support				
Institutional Scholarship Support	1,610,000	1,610,000	1,610,000	-
Named and Endowed Scholarships	4,431,117	4,014,000	5,352,260	(1,338,260)
Athletics Scholarships	-	270,000	457,698	(187,698)
Greeley Promise & Other Scholarships	321,550	216,000	217,186	(1,186)
Total Scholarship Support	6,362,667	6,110,000	7,637,144	(1,527,144)
Capital Support				
Campus Commons	1,361,779	-	205,910	(205,910)
Disc golf improvements	16,697	-	-	-
Candelaria 1290 studio renovation	361,377	-	-	-
Sports Performance Center	3,163,545	-	(5,771)	5,771
Michener planning and conceptual design	2,554	31,600	65,383	(33,783)
Renovation of various Kepner rooms	31,074	350,000	-	350,000
College of Medicine program planning	-	100,000	276,261	(176,261)
Volleyball washer/dryer installation	-	-	9,906	(9,906)
Renovation of former weight room	-	160,000	240,000	(80,000)
Total Capital Support	4,937,026	641,600	791,689	(150,089)
Grant Support				
Daniels Fund	265,835	275,000	245,046	29,954
Frontiers of Science	97,850	100,000	37,091	62,909
UNCCRI Community Health	156,452	-	131,453	(131,453)
Grants under \$100,000	92,559	150,000	145,974	4,026
Total Grants Support	612,696	525,000	559,564	(34,564)
Total Foundation Support Expended	\$ 16,910,165	\$ 11,886,187	\$ 14,502,658	\$ (2,616,471)

Restricted Grants and Contracts

Restricted Grants and Contracts is funding received from various external sponsors for research activities or student financial aid. The revenue is typically recognized as costs are recorded. The revenues and expenditures increased \$3.1 million, or 45% from the budget of \$7.0 million. The primary driver of the increase is the new state program, Removing Barriers to Educator Prep, which provides a stipend to student educators with financial need.

Table 10. Restricted Grants and Contracts

	FY23 Budget	FY23 Actual as of 6/30/23
REVENUE		
Federal grants	\$4,875,000	\$7,145,264
State and local grants	1,225,000	1,862,439
UNC Foundation grants	525,000	1,157,000
Other private grants	400,000	-
Miscellaneous revenue	-	-
Other self-funded misc revenues	-	-
TOTAL REVENUE	7,025,000	10,164,703
EXPENSES		
Faculty Salaries	850,000	848,875
Exempt Salaries	1,350,000	1,610,652
Classified Salaries	-	153
Graduate Assistants	275,000	166,054
GA Tuition Scholarships	275,000	303,002
Student and Other Wages	225,000	1,568,168
Fringe Benefits	650,000	744,953
Subtotal Personnel Expenses	3,625,000	5,241,857
Cost of Sales	-	1,630
Grant Facility and Administrative Recovery	450,000	30,132
Scholarships	1,275,000	2,096,241
Travel	125,000	188,228
Services, Supplies, and Other Non-personnel	1,550,000	2,606,614
Subtotal Non-Personnel Expenses	3,400,000	4,922,845
TOTAL EXPENSES	7,025,000	10,164,702
REVENUE LESS EXPENSES	\$ -	\$ 1