

UNIVERSITY OF NORTHERN COLORADO: FINANCIAL REPORT

09/30/2012

OVERVIEW

Financial highlights for the FY13 1st quarter financial report are summarized below:

Cash (page 2):

- The University's cash position remains strong at \$100.2 million with \$43.0 million in centralized reserves.

Reserves (page 3):

- As discussed at the May Finance & Audit Committee meeting and presented in the FY13 budget, we have increased our capital reserve to \$14.1 million and are in the process of identifying critical deferred maintenance projects.
- Final close out of FY12 resulted in a \$500 thousand increase of the CLIFF reserve to \$23.2 million.

Accounts Receivable (page 4):

- The 1st quarter net accounts receivable is \$14.7 million, which is \$1.6 million greater than last year at this time. We will be monitoring accounts receivable balances closely.

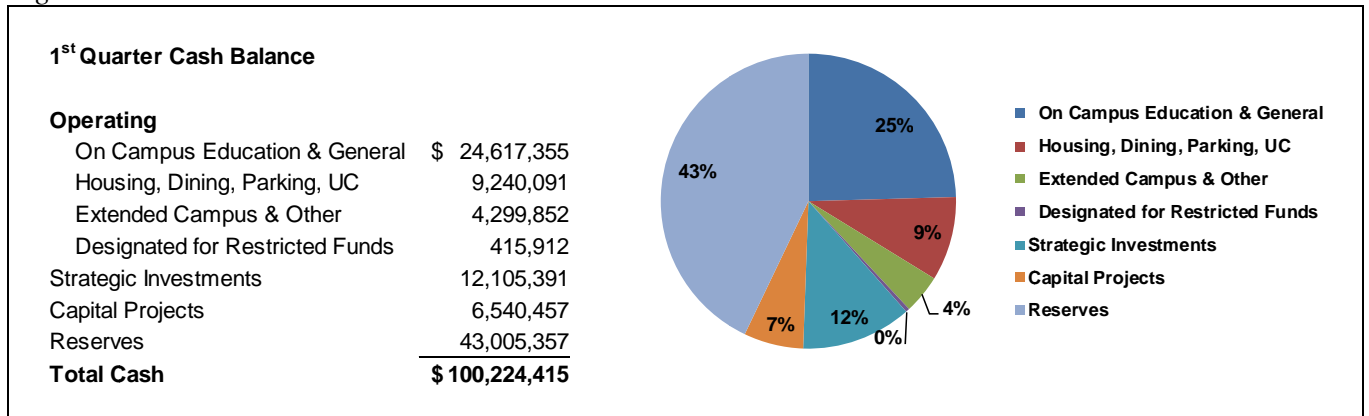
Budget to Forecast (pages 5-7):

- Fall enrollment is less than budgeted. We are forecasting annual tuition to be \$1.8 million less than budget, room and board to be \$2.1 million less than budget, and other revenue \$600 thousand over budget.
- Consistent with lower than expected enrollment, our scholarship expenditures are forecasted to be \$2.0 million less than budget. Other non-personnel expenditures are forecasted \$1.2 million less than budgeted, for a total positive variance of \$3.2 million. Personnel expenditures are forecasted to be \$1.5 million less than budget.

CASH

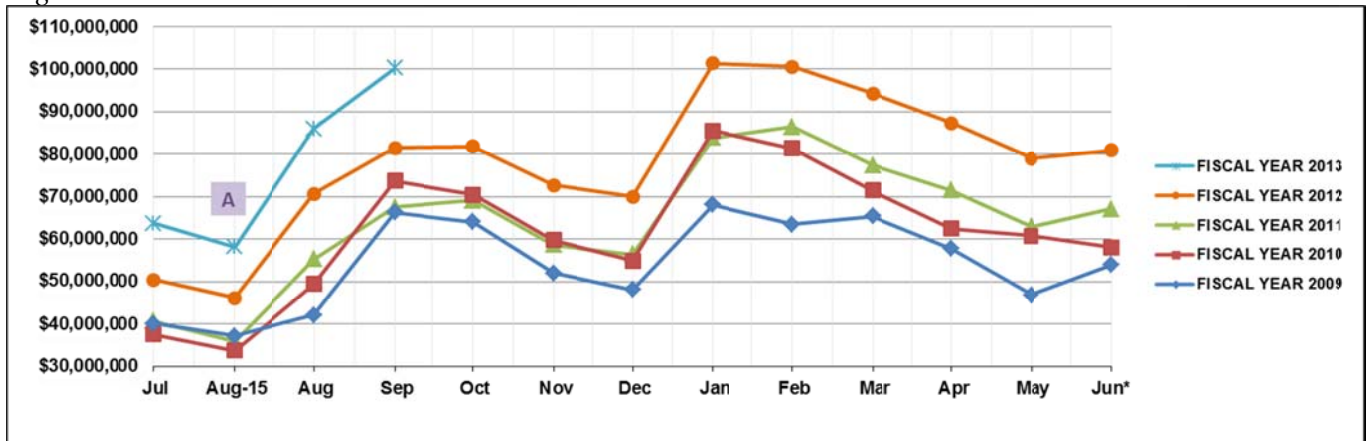
The University cash position is \$18.7 million higher than the previous fiscal year. Figure 1 below show amounts available for Operating, Strategic Investments, Capital Projects, and Reserves. (Note: Restricted funds have money owed to them from the grantors. Until the restricted funds are received, the balances are supported by operating funds.)

Figure 1



The cash flow trend has been relatively consistent over the last four years as shown in Figure 2. The low point during the year has traditionally been the end of July through mid-August and is a good point for benchmarking purposes. This is noted with the letter “A” in the graph.

Figure 2



The following table shows the monthly ending cash balances.

Table 1

Ending Cash Balance					
Month	Fiscal Year				
	2009	2010	2011	2012	2013
Jul	40,071,414	37,556,721	40,705,795	50,412,874	63,687,414
Aug-15	37,213,594	33,686,413	35,979,777	46,162,394	58,163,368
Aug	42,167,196	49,416,281	55,299,254	70,718,449	86,041,929
Sep	66,311,899	73,785,425	67,525,865	81,493,849	100,224,415
Oct	64,111,305	70,479,779	69,092,272	81,860,719	
Nov	52,056,981	59,763,724	58,623,010	72,700,349	
Dec	48,080,598	54,920,152	56,434,663	69,990,842	
Jan	68,138,855	85,483,248	83,877,579	101,358,936	
Feb	63,481,532	81,409,777	86,454,766	100,610,443	
Mar	65,453,966	71,434,865	77,466,620	94,302,314	
Apr	57,779,078	62,491,426	71,497,091	87,313,190	
May	46,839,152	60,836,341	62,962,073	78,996,119	
Jun*	53,993,854	58,076,672	67,076,266	80,930,581	

*The June balances in 2009,2010, and 2011 were adjusted to reflect unrestricted cash held at Arlington Park

CASH RESERVES

The following table shows cash reserves as of 1st quarter ending September 30, 2012.

Table 2

Cash Reserve Summary Q1	
Mandatory	
Bonded R&R	\$ 750,000
Capital	
Auxiliary Building	7,621,924
State Building	4,724,594
Smart Classroom	456,766
Rebate & Student Fees	1,303,540
Subtotal Capital	\$ 14,106,824
Other	
Variable Rate Debt Service	\$ 691,315
Risk Management and Insurance	2,633,300
Student Fees	1,633,635
Colorado Loss in Funding Fund (CLIFF)	23,190,283
Total Reserves	\$ 43,005,357

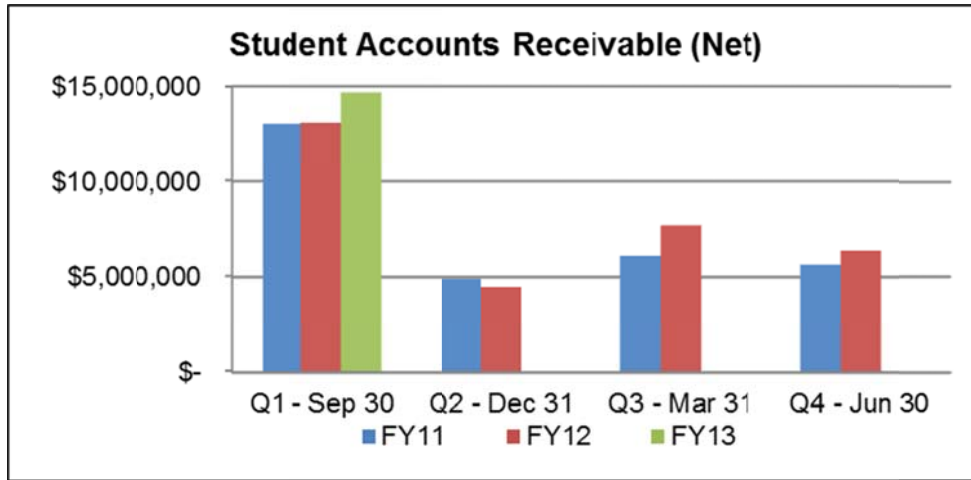
ACCOUNTS RECEIVABLE

The 1st quarter balance in student accounts receivable is about \$1.6 million greater than the previous year. Table 4 reflects that 89% of our accounts receivable is less than 150 days old.

Table 3

Student Accounts Receivable (Net)			
	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Q1 - Sep 30	\$ 13,034,598	\$ 13,086,450	\$ 14,672,636
Q2 - Dec 31	\$ 4,902,810	\$ 4,493,187	
Q3 - Mar 31	\$ 6,111,099	\$ 7,704,463	
Q4 - Jun 30	\$ 5,657,657	\$ 6,377,234	

Figure 3



Net Student Accounts Receivable includes the accounting estimate for uncollectible accounts, or “bad debt”. Table 4 shows the amount we believe will be collected, categorized by days outstanding.

Table 4

Accounts Receivable Aging at 9/30/12				
Days	Gross AR	Allowance	FY13 Net AR	FY12 Net AR
0 to 150*	\$ 13,311,924	\$ 253,064	\$ 13,058,860	\$ 11,704,036
151 to 360	1,118,883	184,616	934,267	824,488
361 to 540	1,170,408	585,204	585,204	457,949
541 to 810	1,347,207	1,252,902	94,304	99,976
810 & Over	3,511,817	3,511,817	-	-
Total	\$ 20,460,238	\$ 5,787,603	\$ 14,672,636	\$ 13,086,450

* This aging bucket includes "guaranteed" payments from 3rd parties.

OPERATING BUDGET TO FORECAST

For the Quarter Ended September 30, 2012¹

	Notes	Original Budget	Annual Forecast	Variance	Actual at 09/30/2012	% Actual to Budget
Revenues						
Resident Tuition	2	\$ 59,639,982	\$ 58,014,673	\$ (1,625,309)	\$ 27,861,049	46.7%
Non-Resident Tuition	2	16,048,781	15,474,082	(574,699)	7,241,017	45.1%
Other Tuition WUI/WICHE	2	4,539,736	5,084,347	544,611	2,788,134	61.4%
Extended Campus Tuition	3	12,522,391	12,392,072	(130,319)	4,107,694	32.8%
COF Stipend	4	14,971,140	14,528,263	(442,877)	6,925,028	46.3%
Fee-for-Service	4	16,885,955	17,328,832	442,877	4,221,489	25.0%
Academic Fees-General Funds		5,425,328	5,425,328	-	2,490,207	45.9%
Student Fees/Other Fees		10,824,528	10,824,528	-	5,138,718	47.5%
Restricted Gifts for Operations		3,205,741	3,342,000	136,259	608,860	19.0%
Room and Board	5	31,764,483	29,595,476	(2,169,007)	15,529,208	48.9%
Other Auxiliary Services	6	9,070,541	9,296,417	225,876	3,474,649	38.3%
Restricted Grant Facilities/Admin Recovery		881,000	881,000	-	174,921	19.9%
Other Revenue	6	9,781,710	10,144,573	362,863	3,461,782	35.4%
Net NonOperating Revenues		<u>1,537,547</u>	<u>1,537,547</u>	<u>-</u>	<u>138,832</u>	<u>9.0%</u>
Total Revenues		\$ 197,098,863	\$ 193,869,138	\$ (3,229,725)	\$ 84,161,588	42.7%
Expenditures & Transfers						
Personnel Expenditures						
Faculty Salaries		\$ 38,184,332	\$ 38,141,174	\$ 43,158	\$ 8,442,010	22.1%
Exempt Salaries		21,535,792	21,377,314	158,478	5,246,108	24.4%
GA and TA Salaries and Scholarships		8,994,296	8,994,296	-	3,094,185	34.4%
Classified Salaries		19,622,680	18,836,654	786,026	4,720,472	24.1%
Others Wages		5,853,341	5,632,336	221,005	1,207,631	20.6%
Fringe Benefits		<u>23,403,935</u>	<u>23,112,602</u>	<u>291,333</u>	<u>5,928,906</u>	<u>25.3%</u>
Subtotal Personnel Expenditures	7	\$ 117,594,376	\$ 116,094,376	\$ 1,500,000	\$ 28,639,312	24.4%
Non-Personnel Expenditures						
Cost of Sales	8	\$ 5,329,160	\$ 5,769,000	\$ (439,840)	\$ 1,384,774	26.0%
Other Current Expenses	8	7,906,332	3,834,900	4,071,432	3,117,307	39.4%
Purchased Services	8	11,266,963	14,499,300	(3,232,337)	3,331,216	29.6%
Supplies	8	6,101,062	5,585,300	515,762	1,415,519	23.2%
Scholarships	9	18,959,842	16,898,000	2,061,842	7,789,537	41.1%
Utilities	10	5,638,048	5,789,000	(150,952)	1,381,840	24.5%
Travel	8	3,394,521	3,151,200	243,321	734,694	21.6%
Capital	8	<u>2,218,141</u>	<u>2,086,200</u>	<u>131,941</u>	<u>691,299</u>	<u>31.2%</u>
Subtotal Non-Personnel Expenditures		\$ 60,814,069	\$ 57,612,900	\$ 3,201,169	\$ 19,846,186	32.63%
Transfers						
Mandatory Transfer Out-Debt Service	11	\$ 10,149,226	\$ 9,595,342	\$ 553,884	\$ 2,276,134	22.4%
Mandatory Transfer Out-Capital Lease		1,424,032	1,424,032	-	273,686	19.2%
Transfers Out-Strategic Investment/Other		2,550,847	1,823,287	727,560	1,814,161	0.0%
Transfer Out-Capital Project/Reserves		7,008,683	7,562,567	(553,884)	7,399,890	105.6%
Transfer Out-Other		<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Subtotal Transfers		\$ 21,207,788	\$ 20,480,228	\$ 727,560	\$ 11,763,871	55.5%
Total Expenditures and Transfers		\$ 199,616,233	\$ 194,187,504	\$ 5,428,729	\$ 60,249,369	30.2%
Revenues Less Expenditures and Transfers		\$ (2,517,370)	\$ (318,366)	\$ 2,199,004	\$ 23,912,219	

See Explanation of Notes on page 6

Notes to First Quarter Budget to Forecast Report (page 5)

1	The budget to forecast report includes operating and restricted gift funds from the UNC Foundation. This report does not include strategic investments, innovation, internal sales, capital projects, restricted grants and contracts, restricted financial aid or reserve funds. The report shows the forecast to budget variance indicating how the university expects to measure against the budget for the fiscal year.
2,3	Our 2012-13 enrollment plan targets included 1% fall undergraduate headcount growth and flat graduate headcount. Our fall undergraduate headcount is down 2% and fall graduate headcount is up 1%. Our fall graduate credit hours per student are down slightly. Complete enrollment information will be provided at the November Board meeting. Based on fall enrollment, plans for new students in Spring and Summer, shifts among pricing tiers, and other variables that affect revenue, we are forecasting tuition to be \$1.8 million below budget -- \$1.2 million main campus undergraduate shortfall, \$500 thousand main campus graduate shortfall, and \$100 thousand extended campus shortfall
4	There will be a shift between the COF stipend and fee-for-service revenue due to the revised undergraduate resident student credit hour estimate.
5	Room and board revenues are forecasted to be \$2.1 million (6.8%) below budget. The budget was based on a 93% average occupancy rate, but the current occupancy projection for FY13 is just below 86%.
6	The Other Auxiliary Revenues and Other Revenue forecast are based on actual receipts for FY11 and FY12, as well as, FY13 1 st quarter revenues. Other revenue was increased \$625,000 for the west campus generator utility contract.
7	Personnel expenditures are expected to be \$1.5 million favorable to budget. We believe our personnel budget is significantly more accurate than in the past; last year's actual personnel expenditures were \$6.5 million less than budget. Total expenditures are forecasted at \$116.1 million as compared to \$108.5 million last year. The increase is based on 5% average salary increase, filling of previously frozen positions and increases in fringe benefit costs.
8	The estimates for cost-of-sales, OCE, purchased services; supplies, travel, and capital are based on an analysis of the past two fiscal years actual expenditures and the 1 st quarter FY13 expenditures. They are forecasted to be \$1.3 million favorable to budget. Continued clean-up of budget in specific line items is needed.
9	Estimated scholarship expenditures are \$2.1 million below budget due to lower than budgeted enrollment.
10	The utilities budget includes a \$652,000 credit for energy cost related to the West Campus Generator. This will be treated as other revenue rather than a credit to utilities expense and has been moved in the forecast. Utilities are forecasted to be \$501,000 favorable to budget because at the time the budget was prepared we assumed increases in utility rates, however natural gas and electricity rates have decreased. The net of these two adjustments equals the \$151,000 unfavorable variance in utilities.
11	Bond Debt/Capital Reserves – The difference between the budgeted interest rate on the 2011B variable rate bonds of 3.5% and the actual interest rate paid is expected to be \$554,000 for the year. This amount is recorded as a non-mandatory transfer out to capital reserves because it is not a mandatory debt service obligation. This creates an off-setting variance between the two line items in the operating budget report.

MAIN CAMPUS RESIDENT AND NON-RESIDENT TUITION DETAIL

Table 5

Budget					Estimate					Variance at 9/30/2012
Undergrad Main Campus	Resident	Non-Resident	WUE	Total	Undergrad Main Campus	Resident	Non-Resident	WUE	Total	Total
Fall 12	\$ 24,608,966	\$ 5,053,658	\$ 2,224,766	\$ 31,887,390	Fall 12	\$ 23,631,079	\$ 4,638,701	\$ 2,528,396	\$ 30,798,176	\$ (1,089,214)
Interim 12-13	274,243	40,679	15,515	330,437	Interim 12-13	295,912	48,300	17,652	361,864	31,427
Spring 13	22,127,238	4,552,137	2,099,204	28,778,579	Spring 13	21,243,618	4,145,169	2,259,744	27,648,531	(1,130,048)
Summer 13	2,694,830	442,453	200,251	3,337,534	Summer 13	3,269,556	754,472	278,555	4,302,583	965,049
Total FY12	\$ 49,705,277	\$ 10,088,927	\$ 4,539,736	\$ 64,333,940	Total FY12	\$ 48,440,165	\$ 9,586,642	\$ 5,084,347	\$ 63,111,154	\$ (1,222,786)
Graduate Main Campus	Resident	Non-Resident	WICHE	Total	Graduate Main Campus	Resident	Non-Resident	WICHE	Total	Total
Fall 12	\$ 4,184,071	\$ 2,793,342		\$ 6,977,413	Fall 12	\$ 4,024,869	\$ 2,745,958		\$ 6,770,827	\$ (206,586)
Interim 12-13	-	-		-	Interim 12-13	-	-		-	-
Spring 13	3,797,705	2,317,350		6,115,055	Spring 13	3,682,195	2,315,031		5,997,226	(117,829)
Summer 13	1,952,929	849,162		2,802,091	Summer 13	1,867,444	826,451		2,693,895	(108,196)
Total FY12	\$ 9,934,705	\$ 5,959,854	\$ -	\$ 15,894,559	Total FY12	\$ 9,574,508	\$ 5,887,440	\$ -	\$ 15,461,948	\$ (432,611)
Total Main Campus	Resident	Non-Resident	WUE/WICHE	Total	Total Main Campus	Resident	Non-Resident	WUE/WICHE	Total	Total
Fall 12	\$ 28,793,037	\$ 7,847,000	\$ 2,224,766	\$ 38,864,803	Fall 12	\$ 27,655,948	\$ 7,384,659	\$ 2,528,396	\$ 37,569,003	\$ (1,295,800)
Interim 12-13	274,243	40,679	15,515	330,437	Interim 12-13	295,912	48,300	17,652	361,864	31,427
Spring 13	25,924,943	6,869,487	2,099,204	34,893,634	Spring 13	24,925,813	6,460,200	2,259,744	33,645,757	(1,247,877)
Summer 13	4,647,759	1,291,615	200,251	6,139,625	Summer 13	5,137,000	1,580,923	278,555	6,996,478	856,853
Total FY12	\$ 59,639,982	\$ 16,048,781	\$ 4,539,736	\$ 80,228,499	Total FY12	\$ 58,014,673	\$ 15,474,082	\$ 5,084,347	\$ 78,573,102	\$ (1,655,397)
Total Forecast for Fiscal Year 2012-13										\$ (1,655,397)

STRATEGIC INVESTMENTS BUDGET

For the Quarter Ended September 30, 2012

Sources	Budgeted Sources	Actual at 09/30/2012		
Unexpended Balances from FY12	\$ 751,619	\$ 10,310,037		
FY13 Transfers in from Operating for MultiYear programs	601,902	1,181,059		
FY13 Transfers in from Operating for F&A IDC MultiYear Programs	750,000	750,000		
FY13 Transfers in from Operating for Innovation	615,914	615,914		
Total Multi-year Budget	\$ 2,719,435	\$ 12,857,010		
Less Expended to Date		(751,619)		
Total Cash in Strategic Investments		\$ 12,105,391		
	Budget	Actual at 09/30/2012	Available Balance	
Initiatives with Annual Investments:				
Instructional Technology	\$ 1,330,406	\$ 56,426	\$ 1,273,980	
University Strategic Priorities	376,165	106,165	270,000	
Grant Indirect Cost Recovery Initiatives	2,028,461	183,358	1,845,103	
College Incentive and Innovation Funds	858,945	39,700	819,245	
Small Awards for Faculty Research	91,964	712	91,252	
Online Course Development Innovation	813,663	115,256	698,407	
Grant Match Funds	606,997	55,392	551,605	
Subtotal Initiatives with Annual Investments	\$ 6,106,601	\$ 557,009	\$ 5,549,592	
Continuing Initiatives from Prior Year Commitments:				
New Faculty Start-up	\$ 1,121,161	\$ 47,823	\$ 1,073,338	
Faculty Professional Development	668,941	41,859	627,082	
Internal Grants and Research	32,219	-	32,219	
Education Innovation Institute	1,136,139	85,977	1,050,162	
Subtotal Continuing Initiatives from Prior Year Commitments	\$ 2,958,460	\$ 175,659	\$ 2,782,801	
New Initiatives:				
Program Accreditation	\$ 853,547	\$ 18,951	\$ 834,596	
Student Retention and Support (not in June Book)	120,000	-	120,000	
Faculty Tracking and Banner Waitlist Software (not in June book)	200	-	200	
Academic Portfolio Review	200,000	-	200,000	
Instructional Equipment Refresh	-	-	-	
Community and Civic Engagement	200,000	-	200,000	
International Plan	750,000	-	750,000	
Research and Creative works	718,202	-	718,202	
Program Assessment and Review	950,000	-	950,000	
Subtotal New Initiatives	3,791,949	18,951	3,772,998	
Total Multi-year Budgets	\$ 12,857,010	\$ 751,619	\$ 12,105,391	

CAPITAL PROJECTS

For the Quarter Ended September 30, 2012

	Original Budget	Actual at 09/30/2012	Available Balance
UNIVERSITY FUNDED PROJECTS			
General Fund-Small Capital Projects			
<u>FY13 Capital Projects</u>			
Projects with original budgets less than \$200,000	\$ 1,547,673	\$ 95,444	\$ 1,452,229
Fiber optic cable upgrades	500,000	-	500,000
High voltage switch replacement	216,232	19,814	196,418
Frasier Langworthy seating replacement	311,530	851	310,679
Nottingham running track replacement	550,000	259	549,741
Butler-Hancock exterior gym wall replacement	490,000	-	490,000
College of NHS academic equipment	595,124	43,388	551,736
<u>Prior Year Capital Projects to be completed in FY13</u>			
Projects with original budgets less than \$200,000	389,999	121,059	268,940
<u>Projects with budgets over \$200,000 completed in FY12</u>			
College of NHS equipment	59,789	2,980	56,809
Butler-Hancock exterior gym wall replacement	207,642	112,535	95,107
Card access system upgrade	23,092	3,325	19,767
Subtotal General Funded Projects	\$ 4,891,081	\$ 399,655	\$ 4,491,426
Housing, Dining, Extended Studies, Student Fees			
<u>Projects assigned in FY13</u>			
Housing, dining projects under \$200,000	\$ 444,484	\$ 3,889	\$ 440,595
Housing, dining - Harrison bathroom remodel	486,245	225,883	260,362
Housing, dining - Univ Center mall flooring	364,697	411	364,286
Potential LEAF	204,500	-	204,500
Parking - M Lot resurfacing	620,000	453	619,547
Student fee projects under \$200,000	161,000	88,717	72,283
<u>Projects assigned in FY12</u>			
Projects with original budgets less than \$200,000-Student fee	201,269	29,066	172,203
Projects with original budgets less than \$200,000-H, D & UC	179,213	80,440	98,773
Subtotal Auxiliary and Other Funded Projects	\$ 2,661,408	\$ 428,859	\$ 2,232,549
Restricted Capital Grants/Gifts			
Projects with current budgets less than \$200,000	\$ 20,000	\$ (301)	\$ 20,301
Subtotal Restricted Grant/Gifts Funded Projects	\$ 20,000	\$ (301)	\$ 20,301
Total University Funded Projects	\$ 7,572,489	\$ 828,213	\$ 6,744,276
NON-UNIVERSITY FUNDED PROJECTS			
State Capital Appropriations			
Replace/install chillers	\$ 973,000	\$ -	\$ 973,000
Total State Capital Appropriated Projects	\$ 973,000	\$ -	\$ 973,000
Debt Funded Capital Projects			
West Campus Generator - capital lease	\$ 3,228,808	\$ 127,550	\$ 3,101,258
Total Debt Funded Capital Projects	\$ 3,228,808	\$ 127,550	\$ 3,101,258
Total Capital Projects Budget	\$ 11,774,297	\$ 955,763	\$ 10,818,534

RESTRICTED GRANTS AND CONTRACTS

For the Quarter Ended September 30, 2012

REVENUE	Budget	Actual at 09/30/2012
Federal Grants	\$ 7,155,200	\$ 2,291,971
State & Local Grants	80,110	37,548
UNC Foundation - Grants	1,357,824	72,613
Other Private Grants	135,900	53,654
Subtotal Revenue	\$ 8,729,034	\$ 2,455,786
EXPENSES/TRANSFERS		
Personnel Expenses		
Faculty Salaries	\$ 1,024,000	\$ 291,013
Administrative Exempt Salaries	1,482,000	351,117
Graduate Teaching Assistants	88,300	49,021
GA/TA GRA Tuition Scholarships	266,600	10,597
Classified Salaries	29,000	1,240
Student Wages	125,000	38,015
Other Wages/Compensations	150,000	26,627
Fringe Benefits	650,000	161,756
Subtotal Personnel Expenses	\$ 3,814,900	\$ 929,386
Non-Personnel Expenses		
Cost of Sales	\$ -	\$ -
Other Current Expenses	471,058	41,186
Purchased Services	1,493,583	503,404
Supplies	157,585	81,776
Grant Facility & Admin Recovery	734,908	141,984
Scholarships	1,799,500	646,606
Travel	234,000	106,194
Capital	23,500	-
Subtotal Non-Personnel Expenses	\$ 4,914,134	\$ 1,521,150
Transfers		
Non-Mandatory Transfer In	\$ -	\$ -
Non-Mandatory Transfer Out	-	5,250
Subtotal Transfers	\$ -	\$ 5,250
TOTAL EXPENSES/TRANSFERS	\$ 8,729,034	\$ 2,455,786
REVENUE LESS EXPENSES/TRANSFERS	\$ -	\$ -

FINANCIAL AID

The following table and figure show the total financial aid available to students from all funding sources including state, federal, institutional, private funds and loans. Table 6 includes the total financial aid expected and financial aid paid to date and Figure 4 shows the allocation of financial aid by source.

Table 6

Total Financial Aid by Source and Type Undergraduate and Graduate		
Source and Type	FY13 Budget	FY13 Actual
Grants & Scholarships		
State	\$ 3,334,591	\$ 1,645,440
Federal	13,643,000	7,580,175
Institutional	22,605,957	9,533,629
Auxiliary and Other	1,264,755	528,386
Foundation	3,940,500	989,016
Private	6,138,000	1,852,193
Subtotal	\$ 50,926,803	\$ 22,128,839
Loans - All Sources	\$ 79,525,500	\$ 36,244,851
Total Financial Assistance	\$130,452,303	\$ 58,373,690

Figure 4

