



# **REVIEW OF UNC SYSTEM FINANCIAL INFORMATION**

# **Presentation Outline**

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- **University Financial Elements**
- **Financial Information Currently Available**
- **Comparison to Other States**
- **Moving Forward**





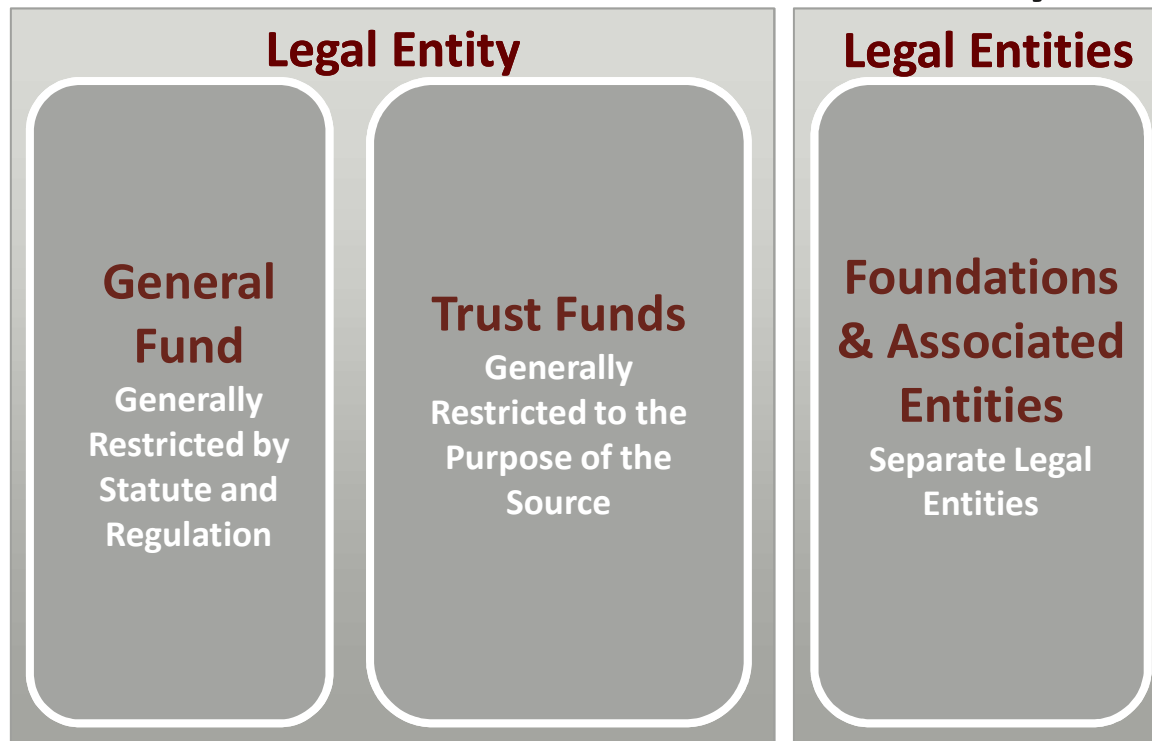
# UNIVERSITY FINANCIAL ELEMENTS

# “Colors of Money”

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- Even within these designations, there are additional subsets with further restrictions.

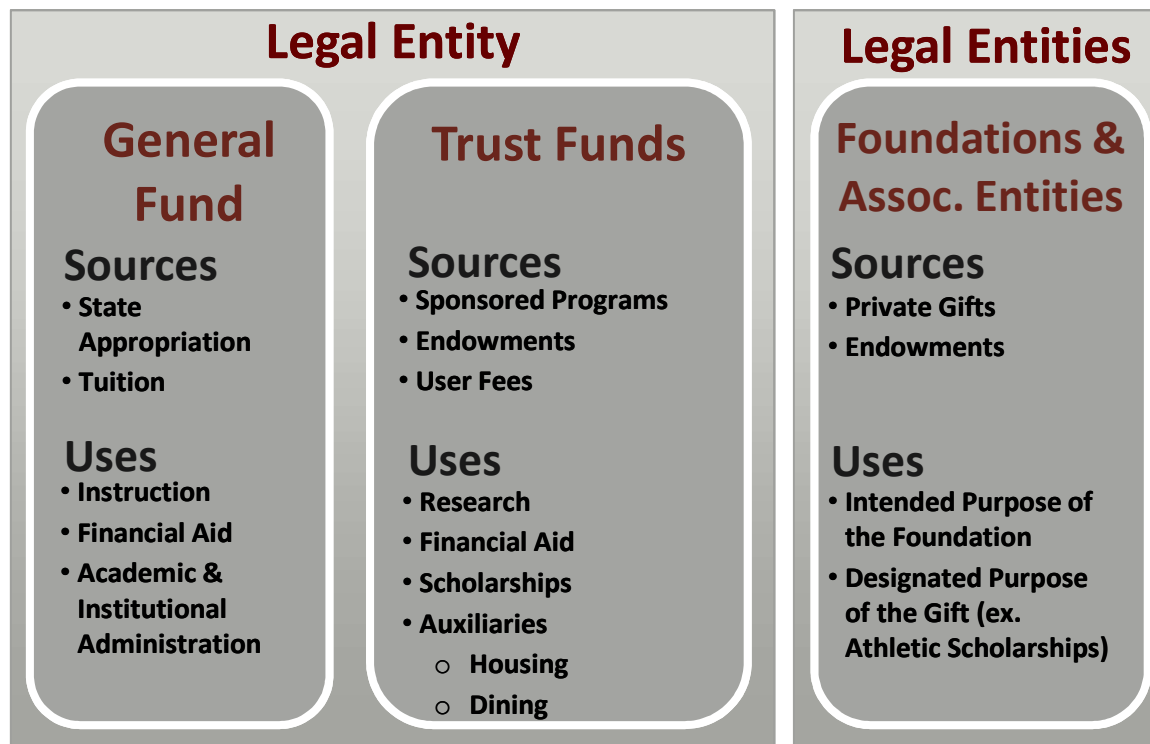
## Funds Associated with a University



# Sources and Uses of Funds

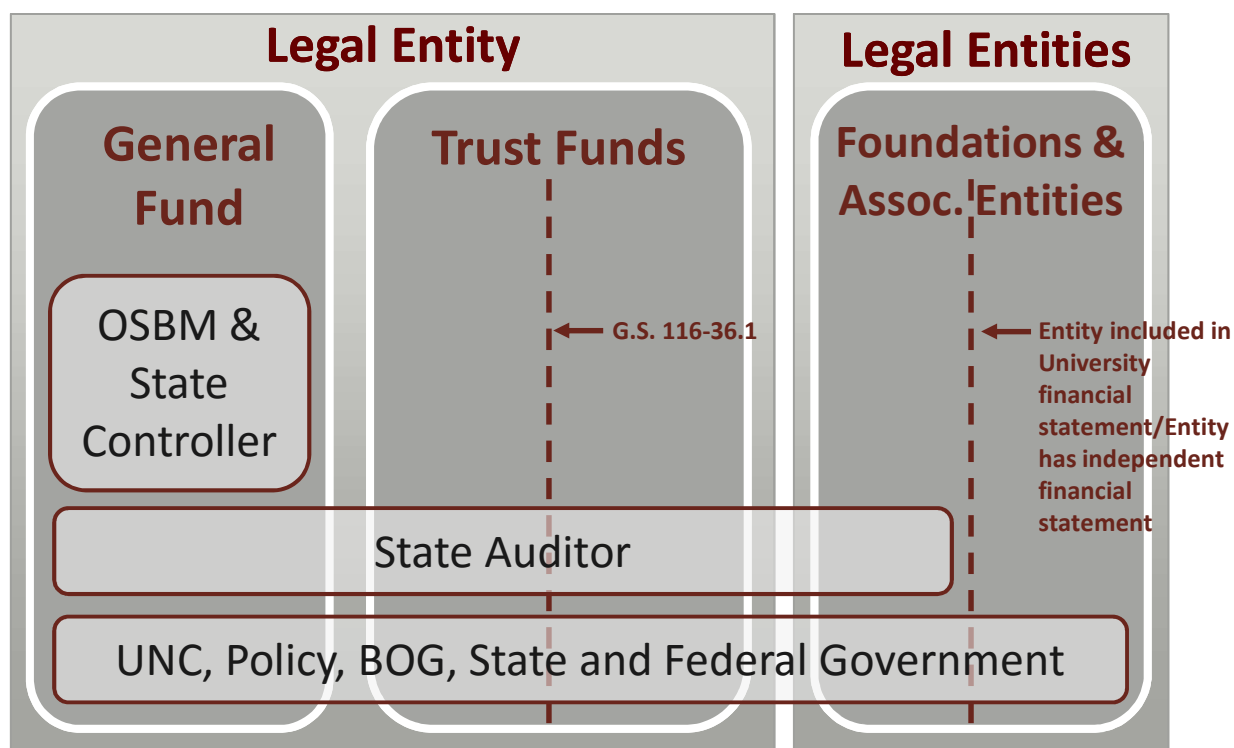
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- Each type of fund has specific revenue sources and intended uses.



# Regulation of these Funds

- These funds are regulated in different ways by various groups.

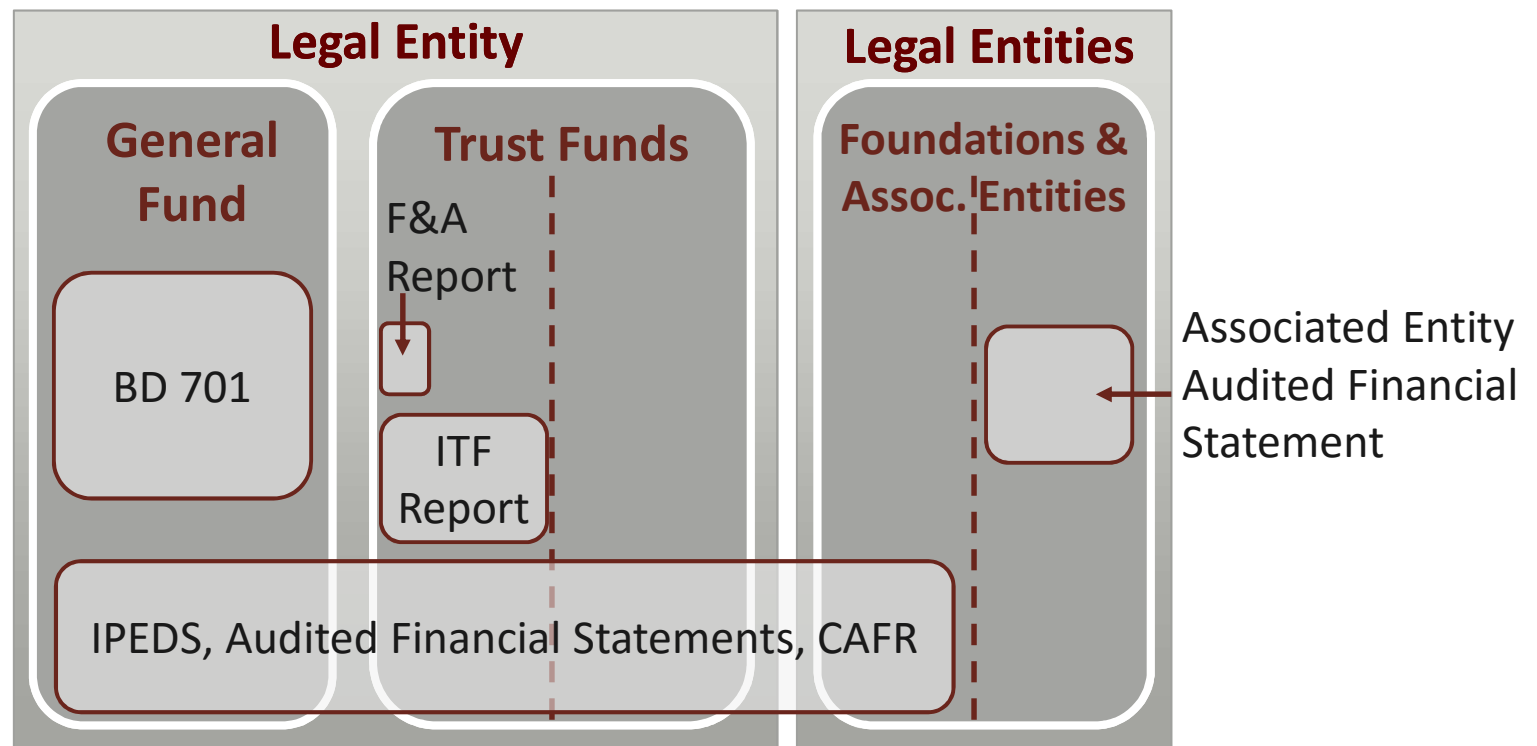




WHAT FINANCIAL INFORMATION  
IS CURRENTLY AVAILABLE?

# Financial Reports for Each Fund Type

- Each of these funds is regulated by different groups, which necessitates different financial reporting requirements.





# Summary of Financial Reports

	Report Type	Report Contents	Reporting Frequency	Level of Detail	Required By	Cash/ Accrual	Budget Element?
<b>BD 701 (General Fund)</b>	Public	GF Requirements & Receipts	Monthly	NCAS Account	OSC	Cash (NCAS)	Yes
<b>Comprehensive Annual Financial Report Worksheet</b>	Internal	All University B/S & I/S	Annually End of Aug.	Campus	OSC	Accrual (GASB)	No
<b>University Audited Financial Statements</b>	Public	All University B/S, I/S and Cash Flow	Annually End of Dec.	Campus	State Auditor	Accrual (GASB)	No
<b>IPEDS</b>	Public	All University B/S, Rev., & Exp.	Annually In April	Campus	Federal Government	Accrual (GASB)	No
<b>Institutional Trust Fund Report</b>	Internal or Upon Request	TF Fund Bal., Rev., & Disbursements	Annually Mid Jan.	NCAS Fund	Legislature	Accrual (NCAS)	No
<b>Facilities &amp; Admin. Report</b>	Public	F&A Fund Balance, Rec., & Exp.	Annually Mid Jan.	Campus	OSBM & Legislature	Accrual (NCAS)	No
<b>UNC Consolidated Financial Report</b>	Public	All University B/S, I/S, and Cash Flow	Annually In March	Campus	Not Required	Accrual (GASB)	No
<b>Assoc. Entities Audited Financial Statements</b>	Internal	All University B/S, I/S and Cash Flow	Annually	Entity	State/Federal Government	Accrual (GASB/FASB)	No
<b>Campus Financial Reports</b>	Internal	Various	Various	Various	Campus Leadership	Both	Yes



# BD 701 – General Fund Report

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- Monthly report used by the Office of the State Controller (OSC) and OSBM to compare budget and actual activity at the detail account level and to verify that all transactions have been properly recorded in the North Carolina Accounting System (NCAS).
- Expenditures and revenues for the following are included:
  - Certified Budget
  - Authorized Budget
  - Current Month Actual
  - Year-to-Date Actual
  - Encumbrances
- This is UNC-GA's primary source for General Fund financial information for all institutions.



Data can be found here:

<http://www.nc.gov/government/open-budget>  
<https://osc.nc.gov/public-information/reports>

# BD 701 – General Fund Report

## Timeline

- Institutions submit BD 701s by budget code directly to OSC during the subsequent month.
- OSC then shares the reports for all budget codes back to UNC-GA with a ~2 month lag.
- OSC also shares the reports with OSBM quarterly.

## Revenues & Expenses

- By NCAS Account (ex. Resident Tuition)
- By Fund Code (ex. Instruction)
- By Budget Code (ex. Campus)

## BD701 ACCOUNT FULL DETAIL

	YTD CERTIFIED	YTD AUTHORIZED	MTD ACTUAL	YTD FISCAL ACTUAL
435810 - RESIDENT TUITION	67,564,389	69,574,769	34,385	69,285,640
435812 - RES TUITION SURCHARGE	275,092	275,092	0	250,118
435814 - Carryforward Unearned Resident	0	0	-2,858,595	-2,858,595
435820 - NON-RESIDENT TUITION	26,394,049	26,394,049	21,110	27,813,805
435822 - NON-RES GRAD ASST WAIVERS	-326,090	-326,090	0	-326,090
435823 - NON-RES TUITION SURCHARGE	20,310	20,310	0	12,228

**Certified Budget** – the budget enacted by the General Assembly

- By NCAS Account
- By Fund Code
- By Budget Code

**Authorized Budget** – the working budget that is adjusted monthly

- By NCAS Account
- By Fund Code
- By Budget Code



# BD 701 – General Fund Report

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## Benefits

- BD 701s are the most useful source of General Fund financial information.
- Standardized for all State entities.
- Contains budget information.
- Most up to date source of financial information available to UNC-GA (~2 month lag).
- Data is in an easy-to-consume format and can be downloaded into spreadsheets.

## Limitations

- Limited to NCAS account codes.
- Does not contain valuable information that is contained in some campus financial systems such as academic departments or undergraduate/graduate revenue distinctions.
- Not real time.
- Presented on a cash basis so it cannot be reconciled to other financial statements at the system level.



# BD 701 – General Fund Report

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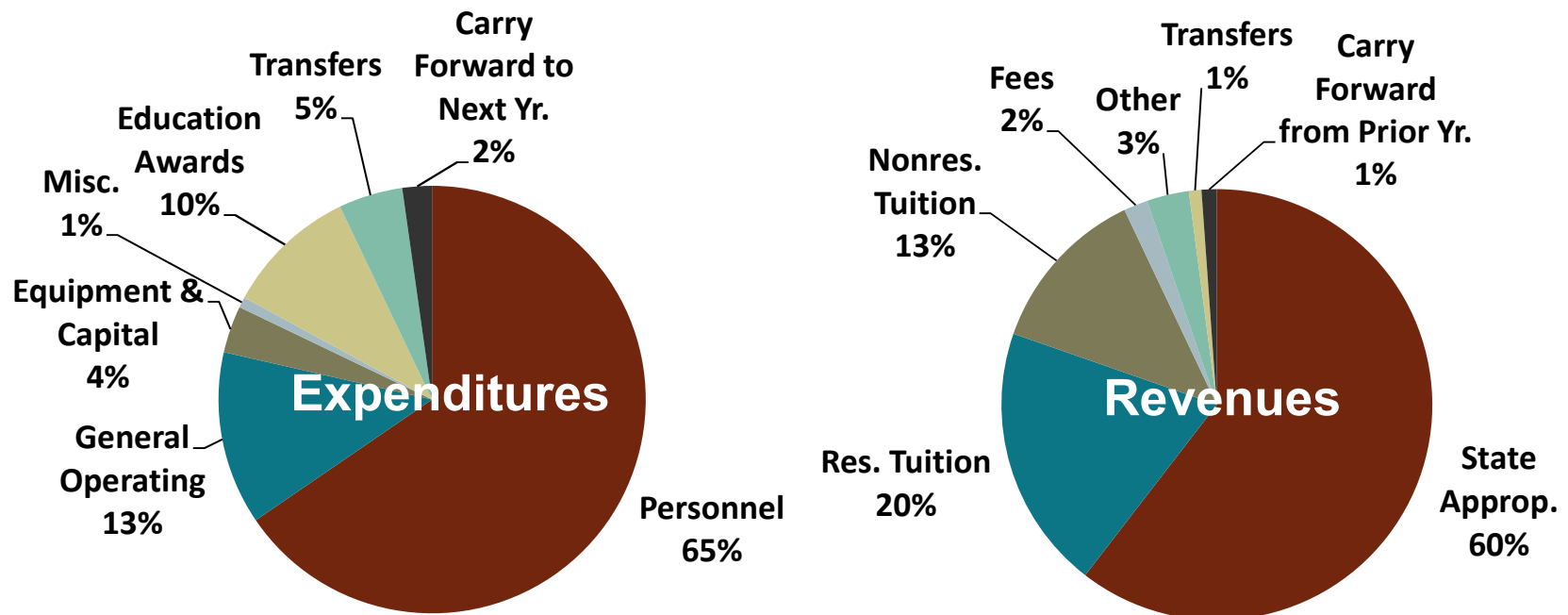
## How is this information shared with the BOG?

- **General Fund only financial data**
  - UNC One Pagers – annually at the BOG retreat
  - Finance Update – annually at the BOG retreat
- **Appropriation Summaries**
  - Appropriation by Campus – periodically or upon request
  - Appropriation per FTE – periodically or upon request
- **Tuition Revenue**
  - System spending per FTE and Degree – periodically or upon request



# BD 701 – General Fund Report

## FY 2015-16 UNC System General Fund Expenditures and Revenues by Type

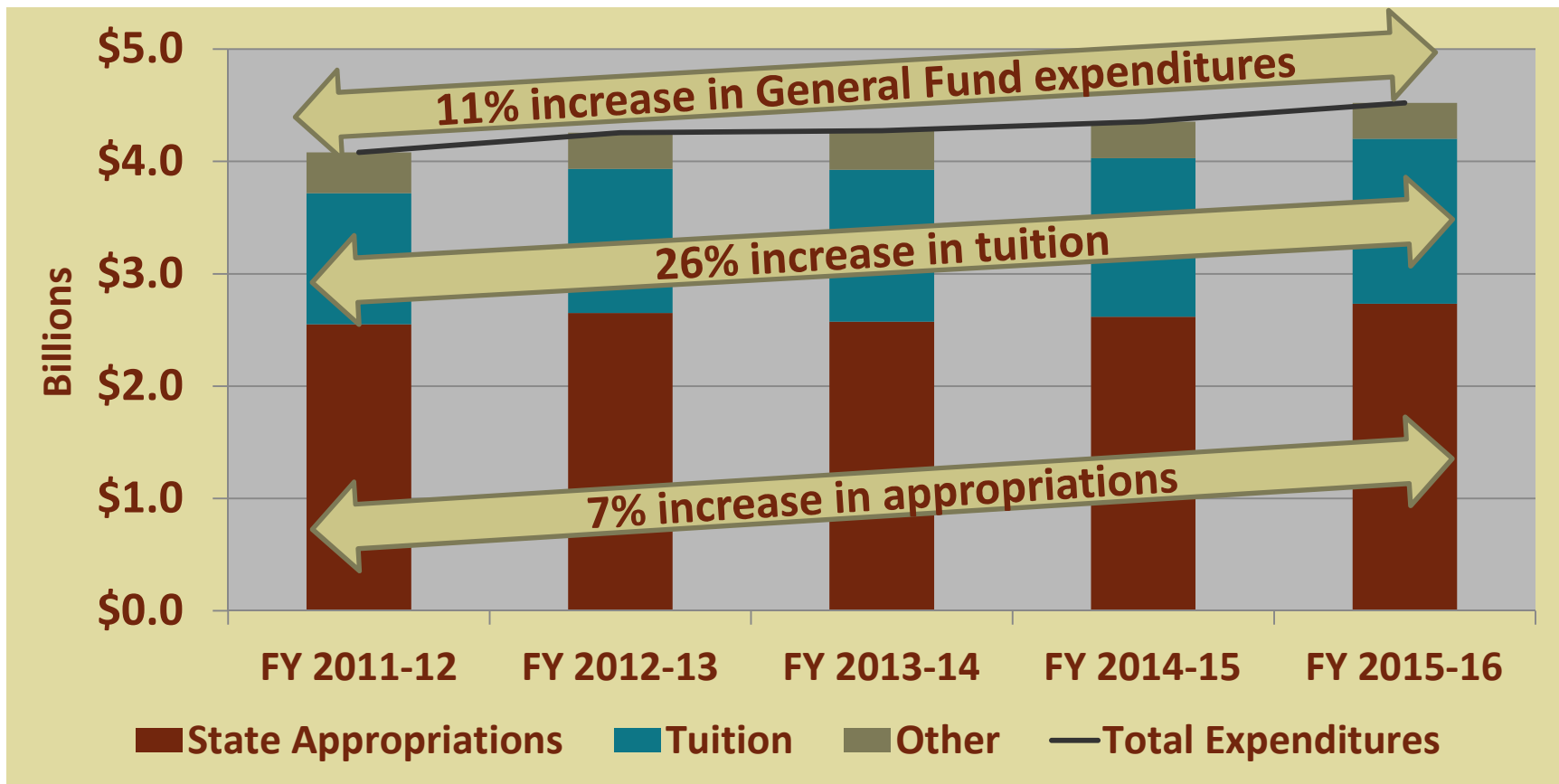


**Total \$4.52 Billion**



# BD 701 – General Fund Report

## Total General Fund Expenditures and Revenues FY 2011-12 to FY 2015-16



# Audited Financial Statements and CAFR

## Timeline

- Draft Consolidated Annual Financial Report Worksheets (CAFR) and Financial Statements are submitted to UNC-GA, OSC, and the State Auditor in August and September
- Campus CAFR Worksheets are compiled into the State CAFR
- Campus Audited Financial Statements are typically completed by December (except NCSSM)

## Balance Sheet

- Balance Sheet by Caption
- Receivables by Type
- Derivative Instruments
- Capital Asset Changes
- Accounts Payable
- Long Term Liabilities Changes, Requirements, and Purposes
- Operating Leases

## Income Statement Data

- Income Statement by Caption
- Revenues by Caption with Additional Subcategories
- Operating Expenses by Caption and Purpose

## Statement of Cash Flows

*The University of North Carolina at Chapel Hill  
Statement of Revenues, Expenses, and  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2016*

*Exhibit A-2*

### REVENUES

#### Operating Revenues:

Student Tuition and Fees, Net (Note 13)	\$ 405,808,354
Patient Services, Net (Note 13)	416,811,591
Federal Grants and Contracts	839,350,719
State and Local Grants and Contracts	29,432,614
Nongovernmental Grants and Contracts	160,714,422
Sales and Services, Net (Note 13)	416,012,618
Interest Earnings on Loans	1,449,722
Other Operating Revenues	17,631,796

Total Operating Revenues

2,087,211,836

### EXPENSES

#### Operating Expenses:

Salaries and Benefits	1,544,503,269
Supplies and Materials	216,969,075
Services	722,677,144
Scholarships and Fellowships	122,815,639
Utilities	83,711,025
Depreciation/Amortization	136,572,434

Total Operating Expenses

2,827,248,586

Operating Loss

(740,036,750)



Statements can be found here:  
<http://www.ncauditor.net/pub42/>



# Audited Financial Statements and CAFR

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## Benefits

- Contains financial information for both the General Fund and Trust Funds
- Standardized for all State entities
- Contains additional disclosures than what is available in IPEDS

## Limitations

- Limited to captions dictated by OSC and the State Auditor
- Low level of detail
- Does not have a budgeted component



# Audited Financial Statements and CAFR

## How is this information shared with the BOG?

- **UNC Consolidated Financial Report**

- Created for UNC Board of Governors
- Consists of side-by-side financial statements for each institution as well as system wide totals and analysis – presented annually in March

The Universities' operating expenses for the year ended June 30, 2016 are presented as follows:

	Appalachian State University	East Carolina University	Elizabeth City State University	Fayetteville State University	North Carolina A&T University	North Carolina Central University	North Carolina State University	UNC Asheville
<b>Total Operating Expenses</b>								
Salaries and Benefits	\$ 230,614,262	\$ 542,167,942	\$ 30,724,623	\$ 65,398,959	\$ 153,424,134	\$ 114,336,857	\$ 857,250,567	\$ 57,345,833
Supplies and Materials	40,915,818	86,829,639	2,911,736	5,589,849	16,337,949	12,017,709	127,911,047	5,279,264
Services	43,290,980	107,731,303	11,963,124	16,698,135	46,412,883	29,211,640	251,765,902	14,652,434
Scholarships and Fellowships	22,292,193	42,954,517	5,387,093	10,829,358	18,853,181	12,927,598	43,820,372	5,797,385
Utilities	10,482,173	17,455,581	2,379,553	2,795,098	5,367,842	4,807,433	32,028,497	2,596,968
Depreciation/ Amortization	20,397,827	28,203,747	4,388,342	5,536,486	11,414,876	8,957,952	88,721,461	5,208,173
<b>Total</b>	<b>\$ 367,993,253</b>	<b>\$ 825,342,729</b>	<b>\$ 57,754,471</b>	<b>\$106,847,885</b>	<b>\$251,810,865</b>	<b>\$ 182,259,189</b>	<b>\$1,401,497,846</b>	<b>\$ 90,880,057</b>
<b>% of Total UNC Campuses and GA</b>	<b>4.7%</b>	<b>10.4%</b>	<b>0.7%</b>	<b>1.4%</b>	<b>3.2%</b>	<b>2.3%</b>	<b>17.7%</b>	<b>1.2%</b>
Instruction	\$ 124,923,307	\$ 264,623,499	\$ 12,637,007	\$ 36,705,963	\$ 72,991,346	\$ 73,793,632	\$ 428,658,109	\$ 29,537,240
Research	2,367,183	17,735,098	1,026,636	815,858	27,891,533	5,802,011	268,414,931	1,978,445
Public Service	7,806,959	22,957,920	790,913	3,464,507	7,122,454	734,468	119,310,242	1,643,052
Academic Support	40,078,105	34,513,497	2,911,971	8,323,581	27,795,783	17,466,608	83,680,803	4,573,576
Student Services	9,217,673	11,973,070	6,140,509	4,101,059	6,963,321	5,250,401	28,499,998	5,495,447



# IPEDS

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- IPEDS is a higher education survey required for any institution that receives or applies for Federal financial assistance.
- The survey includes the following categories:
  - Institutional Characteristics
  - Admissions and Test Scores
  - Fall Enrollment and 12-Month Enrollment
  - Completions and Graduation Rates
  - Financial Aid and Net Price
  - Financial Information
  - Instructional and Staff Salaries and Fall Staff FTE
  - Employees by Assigned Position
  - Academic Libraries
- Financial information is reported by UNC-GA annually.



Data can be found here:  
<http://nces.ed.gov/ipeds/datacenter/>

# IPEDS

## Timeline

- Campuses populate templates with financial information and send to UNC-GA in November.
- UNC-GA compiles responses and reports to Federal Government by April.
- Data is typically available in IPEDS database by October.

## Balance Sheet

- Balance Sheet by Subcategory
- Endowment Assets
- Capital Asset Balances
- Pension Liability
- Deferred Inflows/Outflows

## Income Statement

- Revenues & Expenses by Caption
- Expenses by Purpose
- Scholarships and Fellowships
- Pension Expense

## Other

- Subset of Revenues & Expenditures by Source and Type/Category
- Subset of Debt and Assets

UNC System		
IPEDS FINANCE SURVEY		
Part C - Expenses and Other Deductions (Federal Format)		
Fiscal Year 2015		
REPORT IN WHOLE DOLLARS ONLY		
	Current year total	Salaries and wages
Description		
<b>Expenses and Deductions</b>		
Instruction	2,631,223,930	1,644,672,083
Research	1,058,323,876	453,095,975
Public service	422,836,474	173,311,317
Academic support	595,353,878	246,227,434
Student services	242,741,716	103,951,035
Institutional support	642,841,372	311,523,138
Operation and maintenance of plant		
Scholarships and fellowships expenses, excluding discounts and allowances	410,768,652	
Auxiliary enterprises	2,037,137,773	650,067,884
Hospital services	1,368,664,552	483,696,648
Independent operations	16,449,310	1,448,365



# IPEDS

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## Benefits

- IPEDS is the most useful source of financial information that contains both the General Fund and Trust Funds.
- The data is standardized for all institutions and is the main source of information for peer comparisons.
- Data is in an easy-to-consume format and can be downloaded into spreadsheets.

## Limitations

- Limited to a specific template when collecting and providing information.
- Revenue and expense categories do not align with the North Carolina Accounting System (NCAS) accounts.
- Financial information can only be reconciled to audited financial statements and the General Fund on a campus, not at the System level.
- 1.5 year lag on published data.



# IPEDS

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## How is this information shared with the BOG?

- **Financial data that includes both the general fund and trust funds**
  - UNC Consolidated Financial Report – annually in March
  - Finance Update – annually at the BOG retreat
- **Metrics or other financial analysis that includes comparisons to peers**
  - Education and Related Spending (E&R) per Degree – annually as supporting detail for operating allocations
  - Revenue and expense comparisons to US Public 4-years – during the strategic planning process

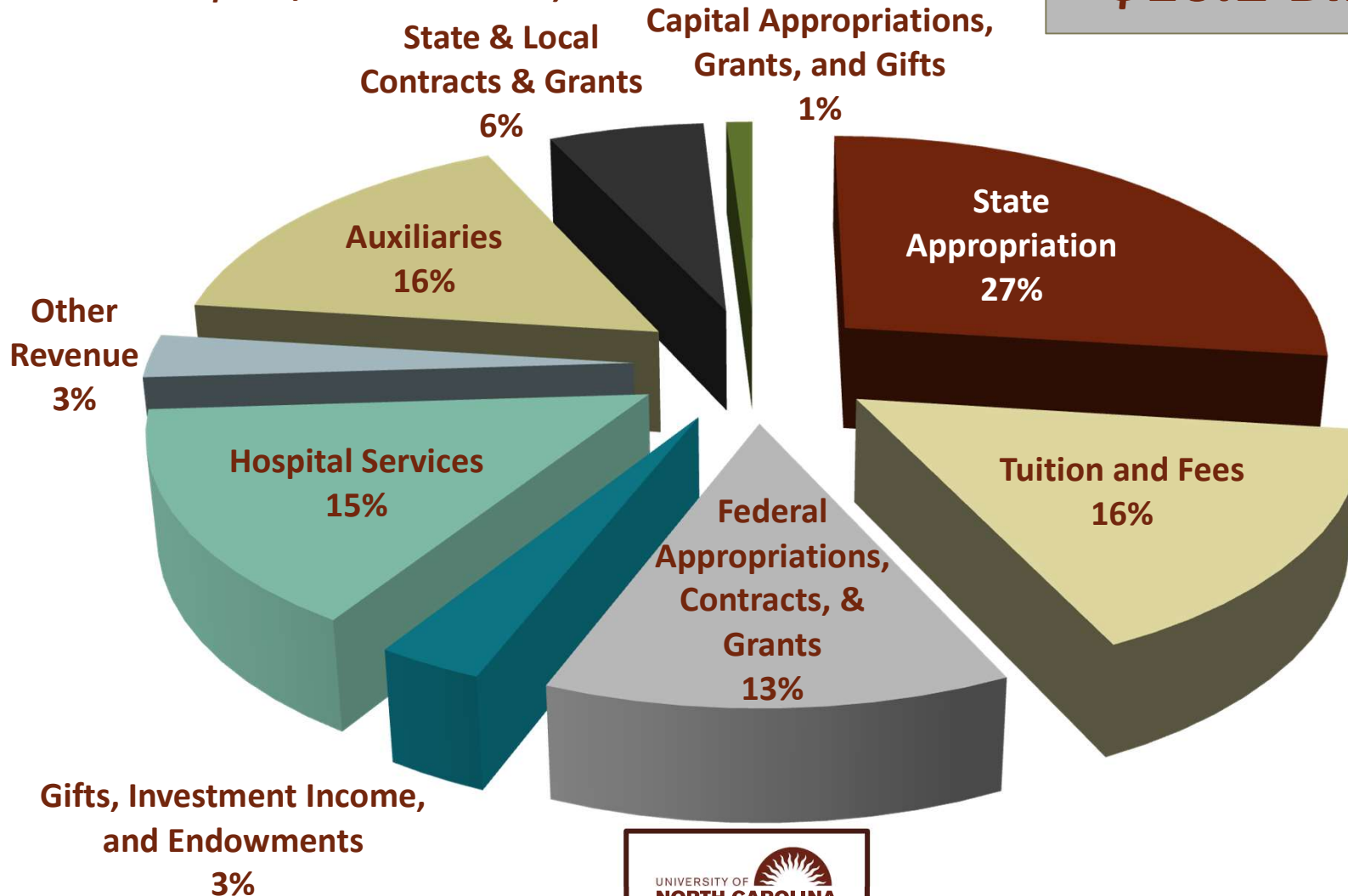


# IPEDES

## FY 2016 UNC System Revenues

(includes UNC Hospitals/excludes NCSSM)

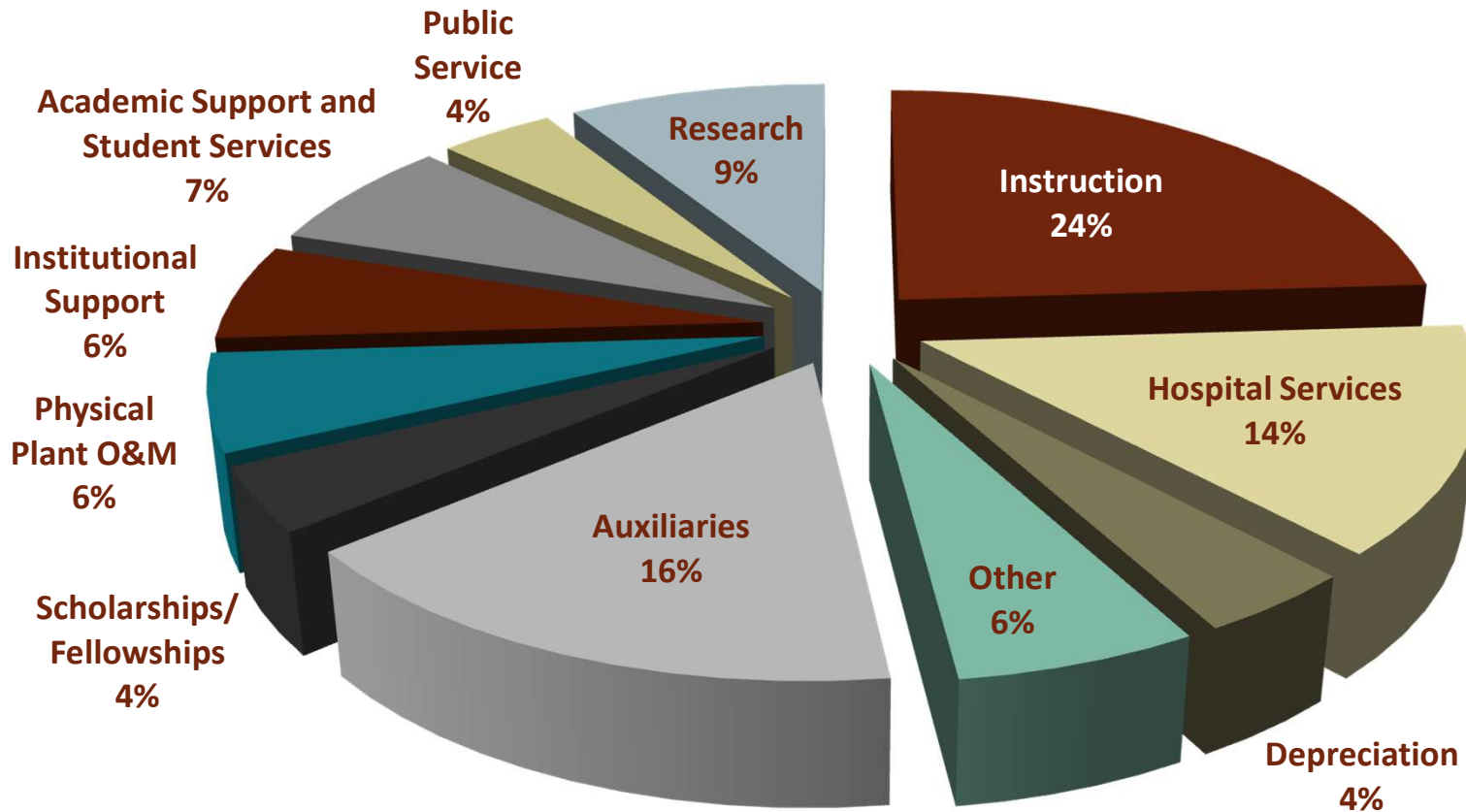
**\$10.2 Billion**



# IPEDS

## FY 2016 UNC System Expenditures (includes UNC Hospitals/excludes NCSSM)

**\$9.9 Billion**



*Note: Some research and private/endowment revenues are not available for immediate expenditure.*





# Institutional Trust Fund Report

- Institutional Trust Funds, as defined in G.S. 116-36.1, are primarily made up of revenue from gifts, contracts and grants, student fees, financial aid, and auxiliary enterprises.
- These funds are subject to oversight of the State Auditor, but they are not subject to the State Budget Act with the exception of capital improvement projects.

## Balance Sheet

- Fund Balance by caption

## Income Statement

- Revenue by caption
- Disbursements by NCAS fund code

University of North Carolina			
Institutional Trust Fund Report			
June 30, 2016			
		June 30, 2016	June 30, 2015
<b>Summary of Receipts</b>		<b>ITF Receipts</b>	
	Restricted gifts, devices, and bequests	440,970,324.78	430,501,897.38
	Federal contracts, grants, and agreements	945,840,541.95	1,826,661,480.62
	Non-federal contacts and grants	643,677,496.54	400,512,573.43
	Student extracurricular activities	172,707,828.09	169,998,381.84
	Institutional auxiliary enterprises and activities supporting scholarship funds and student aid	1,175,719,775.25	1,407,048,508.72
	Student Instructional Fees	21,236,758.96	-
	Services for health care professionals (UNC-CH and ECU)	717,091,144.64	641,449,142.57
	Centennial campus activities (NCSU)	3,069,606.93	7,697,364.34
	Distinguished Professors Endowment	4,894.05	257.08
	School of Veterinary Science (NCSU)	4,115,147.44	3,853,439.17
	Overhead receipts	242,635,642.30	229,889,635.95
<b>Total Receipts</b>		<b>4,367,069,160.93</b>	<b>5,117,612,681.10</b>
<b>Summary of Disbursements</b>		<b>ITF Disbursements</b>	
101	Regular term instruction	191,669,822.01	154,733,583.03
102	Summer school	911,237.69	684,689.07
103	Extension	8,464,845.27	7,962,242.72



# Facilities and Administrative (F&A) Report

- The F&A Report is additional detail on the overhead receipts contained in the Institutional Trust Fund Report. G.S. 116-11, which was enacted in 2013, requires this report to be supplied to both the General Assembly and OSBM by March 1 of each year.
- The statute outlines what is to be contained in the report including receipts and expenditures by program and total collected for M&O of facilities that were constructed or operated by funds from the General Fund.

University of North Carolina 2015-16 Facilities and Administration Receipts Summary				
Institution Name	F&A Receipts			
	Federal	State	Other	Total Receipts
Appalachian State University	\$ 717,237	\$ 198,573	\$ 303,777	\$ 1,219,587
East Carolina University	3,580,745	251,360	1,177,746	5,009,852
Elizabeth City State University	128,647	18,072	-	146,719
Fayetteville State University	489,444	16,127	173,548	679,118
North Carolina Agricultural and Technical State University	3,790,942	12,087	78,688	3,881,717
North Carolina Central University	2,087,852	66,429	195,104	2,349,385
North Carolina State University	29,607,079	3,031,084	16,566,091	49,204,254
University of North Carolina at Asheville	311,924	18,536	23,779	354,239
University of North Carolina at Chapel Hill	127,218,385	2,361,105	36,938,607	166,518,097
University of North Carolina at Charlotte	5,563,663	404,221	1,522,979	7,490,862
University of North Carolina at Greensboro	3,992,455	129,536	187,373	4,309,364
University of North Carolina at Pembroke	396,600	-	-	396,600
University of North Carolina at Wilmington	1,092,236	98,001	183,672	1,373,909
Western Carolina University	375,517	34,068	37,863	447,448

## Balance Sheet

- Fund Balance in Total

## Income Statement

- Receipts by purpose
- Receipts by source
- Expenditures by purpose
- Expenditures by source



Reports can be found here:

<http://www.northcarolina.edu/apps/bog/index.php>

# Other Financial Information – Debt Affordability Study

- In response to the General Assembly’s requirement that UNC annually advise on the estimated debt capacity of the University, UNC-GA, with assistance of First Tryon Advisors, developed the UNC System Debt Affordability Study.
- This report, which will be presented to the Board in May, shows the financial health and capacity to borrow of each institution.

## Estimated Debt Capacity

- Current Estimated
- Projected Estimated

## Ratio Analysis

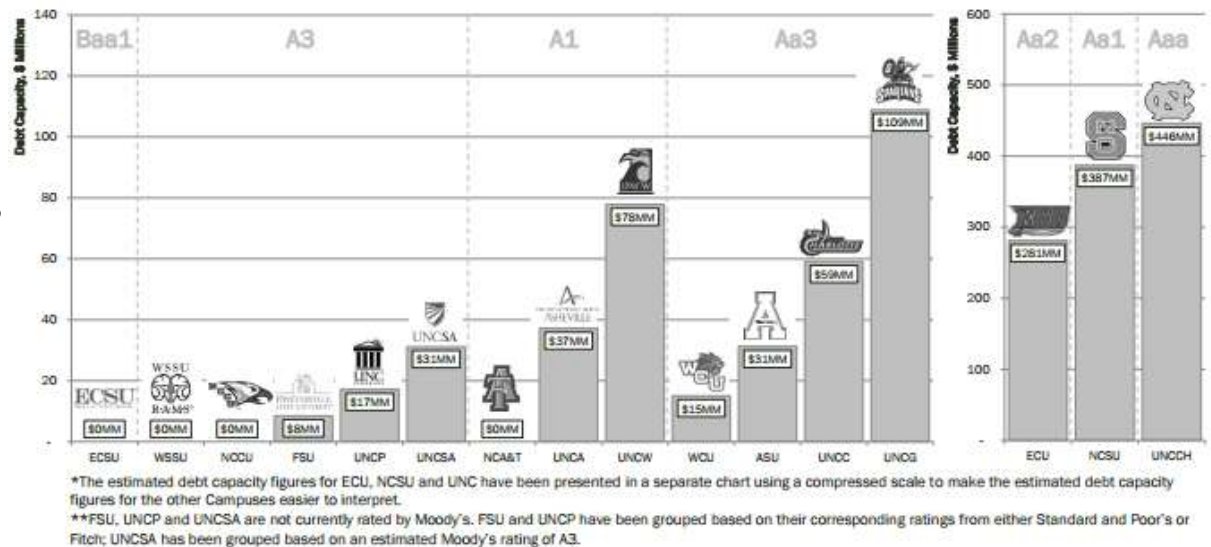
- Debt to Obligated Resources
- Five-Year Payout
- Debt Service to Operations
- Expendable Resources to Debt

## Institutional Profile

- Debt Profile
- Credit Profile

## Peer Comparison

Estimated Debt Capacity Across the System (2016)



Reports can be found here:  
<http://www.northcarolina.edu/apps/bog/index.php>

# Other Financial Information

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- Agency Credit Reports – available prior to bond issuance
- Fee supported activity revenues, expenditures, and fund balance – included as support during tuition and fee approval process
- Ad hoc financial analysis – as requested by the Board or as needed to support Board decisions or working groups



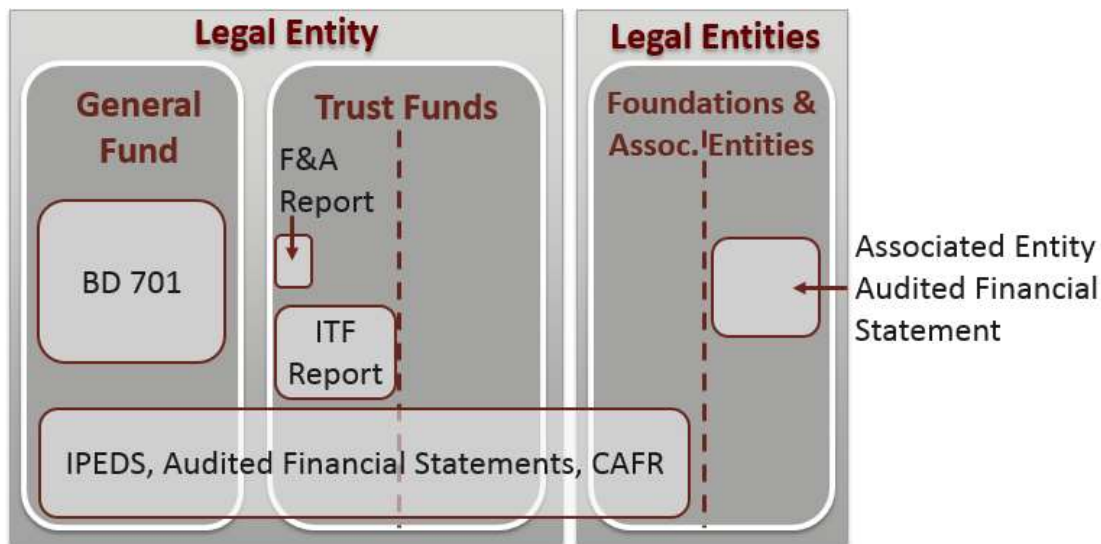
# How do these pieces fit together?

## The short answer is, they don't.

Each report must be reviewed separately. There is no way to look at all of the pieces in a consolidated way.

## Why?

- Since each of the funds is governed by a different group, each of the required reports has a different format.
- Each report requires a different Chart of Accounts and has a different level of detail.
- Reports containing multiple funds do not clearly delineate financial information based on fund type.





# WHAT DO OTHER STATES REVIEW?

Similarities and Gaps



# What Do Other Systems Review at the System Level?

August 24-25, 2016 Meeting of the U. T. System Board of Regents - Finance and Planning Committee

UNAUDITED

The University of Texas System Consolidated  
 Monthly Financial Report, Comparison of Operating Results and Margin  
 For the Period Ending June 30, 2016

	June Year-to-Date FY 2016	June Year-to-Date FY 2015	Variance	Fluctuation Percentage
<b>Operating Revenues</b>				
Net Student Tuition and Fees	1,356,845,711.60	1,253,513,636.19	103,332,075.41	8.2%
Sponsored Programs	2,561,729,464.35	2,327,903,625.23	233,825,839.12	10.0%
Net Sales and Services of Educational Activities	520,643,813.52	488,014,881.93	32,628,931.59	6.7%
Net Sales and Services of Hospitals	4,470,720,114.49	4,332,705,446.81	138,014,667.68	3.2%
Net Professional Fees	1,384,778,958.24	1,218,984,853.17	165,794,105.07	13.6%
Net Auxiliary Enterprises	513,083,389.50	479,832,559.33	33,250,830.17	6.9%
Other Operating Revenues	408,514,421.54	332,251,375.94	76,263,045.60	23.0%
<b>Total Operating Revenues</b>	<b>11,216,315,873.24</b>	<b>10,433,206,378.60</b>	<b>783,109,494.64</b>	<b>7.5%</b>
<b>Operating Expenses</b>				
Salaries and Wages	6,692,063,670.09	6,102,590,298.32	589,473,371.77	9.7%
Payroll Related Costs	1,817,549,048.28	1,598,024,317.16	219,524,731.12	13.7%

Similar to  
 UNC  
 Consolidated  
 Financial  
 Report

Explanations are provided for institutions having the largest variances in adjusted income (loss) year-to-date as compared to the prior year, both in terms of dollars and percentages. Explanations are also provided for institutions with a current year-to-date adjusted loss and/or a projected year-to-date loss.

Not included  
 in UNC  
 Consolidated  
 Report



# What do other Systems Review at the Campus Level?

## Expenses by Colleges and Units

PROVOST	2014-15 Revised Budget				2015-16 Original Proposed Budget			
	General Funds	Auxiliary Funds	Restricted Funds	Total	General Funds	Auxiliary Funds	Restricted Funds	Total
College of Fine Arts								
Administration	\$3,504,100	\$0	\$166,000	\$3,670,100	\$3,569,500	\$0	\$199,800	\$3,769,300
Art	2,989,200	0	62,500	3,051,700	3,158,300	0	81,200	3,239,500
Art Museum	560,000	0	337,500	897,500	521,300	0	319,500	840,800
Band	1,439,900	0	13,900	1,453,800	1,545,000	0	122,900	1,667,900
Music	4,214,000	0	691,800	4,905,800	4,485,200	0	777,400	5,262,600
Singletary Center for the Arts	0	1,027,600	15,900	1,043,500	0	775,900	19,300	795,200
Student Aid	0	0	215,200	215,200	0	0	296,400	296,400
Theatre Arts	1,251,700	0	82,400	1,334,100	1,286,800	0	107,100	1,393,900
<b>Total Fine Arts</b>	<b>\$13,958,900</b>	<b>\$1,027,600</b>	<b>\$1,585,200</b>	<b>\$16,571,700</b>	<b>\$14,566,100</b>	<b>\$775,900</b>	<b>\$1,923,600</b>	<b>\$17,265,600</b>

Level of detail in many internal campus reports

Similar to what is in a BD 701

Similar to what is in the ITF Report

Similar to what is in IPEDS and the Financial Statements

- Different campus structures prevent consolidation at this level of detail
- Different reporting requirements don't allow consolidation into one report
- Only the BD 701 has budgeted financial information





# Why do these gaps pose a problem?

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- The Strategic Plan calls for improvement on access and student success while keeping costs low.
- In order to reach these goals, it is important for the University to understand where there is already success and where there is room to improve.
- Identifying these areas can be difficult if there is not comparable information both internal to and between institutions.



# Why do these gaps pose a problem?

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- To identify specific areas in our institutions that are succeeding in key measures outlined in the strategic plan, necessary information may include:
  - Number and demographics of students
  - Number of degrees produced
  - Graduation and retention rate in a specific program
  - Expenses for the program
  - Fund sources of the department revenue
  - Comparison across institutions
  - Budgeted initiatives going forward





# MOVING FORWARD

# Moving Forward – Operating Budget Data Request

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- While some of the institutions have made strides to collect, consolidate, and plan at this level, much of the personnel is consumed completing the required financial reporting.
- The University needs to enable the constituent institutions to have more consistent and comparable data, which was requested as part of UNC's expansion budget for FY 2017-19.
- This information would not only help to achieve the goals in the strategic plan, but would be available at the System level to better equip GA to respond to the needs of the Board and the General Assembly.



THANK YOU

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