The University of North Carolina at Greensboro
Budget Overview
December 9, 2016

Division of Business Affairs
Vice Chancellor Charles Maimone
Budget Overview

• Fund Accounting
  • Revenues
  • Expenses
  • Finance
  • Debt and Debt Service
  • Endowment
• Enrollment Growth Funding
Fund Accounting

• Refers to the management and allocation of revenue an organization acquires through donations, tax payments, grants and other public and private sources.

• Organizations that receive revenue through public and private sources of funding use the system of fund accountancy rather than traditional business methods of accounting.

• Fund accounting principles used in higher education require that income be reported based on funding source and expenditures be reported based on function (use).
FINANCIAL / FUND ACCOUNTING
Why Fund Accounting?

Colleges and universities are nonprofit organizations with missions in the fields of instruction, research, and public service.

The different constituencies that have special interests in the ways universities use their funds include federal, state, and local governments, commercial organizations, individual donors, and bondholders.

Institutions of higher education have unique obligations for accounting and financial reporting according to the sources of funds received and their subsequent uses rather than to report net income to investors.
Budget Overview

- Fund Accounting
- **Type of Funds**
  - Revenues
  - Expenses
  - Finance
  - Debt and Debt Service
  - Endowment
- Enrollment Growth Funding
Types of Funds

• State Funds
  – State Appropriations
  – Tuition

• Institutional Trust Funds
  – Contracts and Grants
  – Auxiliaries
  – Discretionary
  – Student Fees
  – Facilities and Administrative (Overhead Receipts)
  – Other Institutional Trust Funds

• Other Funds
  – Capital Improvements
  – Agency Funds
  – Foundation Funds
State Funds

• State Funds are composed of State Appropriations and tuition receipts

• Timeline
  – Annual Components
    • Enrollment estimates
    • Campus Initiated Tuition Increase
    • General Assembly meets in “Short” session in May even numbered years and may consider adjustments to the budget
  – Biennial Components
    • UNCG develops a base budget and an expansion budget in the fall of even number years for approval of the General Assembly in the “Long” session, which begins in January of odd numbered years
Institutional Trust Funds

• Contracts and Grants
  – Example – SERVE
  – Timing – when notified of the grant, can be for a few months or several years

• Auxiliaries
  – Examples
    • Housing
    • Bookstore
    • Food Service
    • EUC
    • Parking
  – Timing – Annual, including a 5-year plan updated yearly

• Discretionary
  – Example – Chancellor’s Discretionary Fund
  – Timing - Annual
Institutional Trust Funds

• Student Fees
  – Examples
    • Athletics
    • EUC
    • Health Services
    • Education and Technology Fees
  – Timing – Annual

• Facilities and Administrative (Overhead Receipts)
  – Example – Sponsored Programs Office
  – Timing – Annual

• Other Institutional Trust Funds
  – Example – Theater
  – Timing - Annual
Other Funds

Capital Improvements

• Fund for major projects such as a building

• Funding Sources
  – State Appropriations – Nursing and Instruction Building
  – Self-Liquidating – Spartan Village

• Depending on the total amount of the project, it could be authorized by the Chancellor, BOG or General Assembly

• Once the project is authorized, any change in the amount would need to be approved
Other Funds

Agency Funds
• Funds held for others (not owned by UNCG)
• Example – A conference that moves from one university to another

Foundation Funds
• Generally, the foundation is established to raise private funds for UNCG
• Example - Weatherspoon
Budget Overview

• Fund Accounting
• Type of Funds

• Revenues
• Expenses
• Finance
• Debt and Debt Service
• Endowment

• Enrollment Growth Funding
2015-16 Revenue by Source
$366.6 million

- State Appropriations: 41%
- Tuition and Fees: 27%
- Sales and Services: 14%
- Grants and Contracts: 9%
- Other Operating: 9%
What are our Revenue Sources?  
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>1995-96</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>58,832</td>
<td>148,800</td>
</tr>
</tbody>
</table>

Contribute to:  
Instruction  
Instructional support  
Institutional support

Total         | 140,743  | 366,600  |
What are our Revenue Sources? ($ in millions)

<table>
<thead>
<tr>
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</tr>
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<tbody>
<tr>
<td>State Appropriations</td>
<td>58,832</td>
<td>148,800</td>
</tr>
<tr>
<td>Tuition and Some Fees</td>
<td>34,763</td>
<td>99,600</td>
</tr>
</tbody>
</table>

State Appropriations and Tuition and (a few) Fees is referred to as the General Fund

Contribute to:
- Instruction
- Instructional support
- Institutional support
- Specific Academic Student Support Services

Total: 140,743 | 366,600
UNCG’s Budgeted Recurring State Appropriation per Budgeted In-State Full Time Equivalent Students

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition In-State Undergraduate</th>
<th>Budgeted Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>$3,454</td>
<td>$9,668</td>
</tr>
<tr>
<td>2012-13</td>
<td>$3,779</td>
<td>$9,985</td>
</tr>
<tr>
<td>2013-14</td>
<td>$3,932</td>
<td>$9,569</td>
</tr>
<tr>
<td>2014-15</td>
<td>$4,129</td>
<td>$9,721</td>
</tr>
<tr>
<td>2015-16</td>
<td>$4,335</td>
<td>$9,856</td>
</tr>
<tr>
<td></td>
<td>Budget</td>
<td>Actual Fall</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td><strong>Regular Term</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-State</td>
<td>60,976,084</td>
<td>34,468,570</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>21,436,902</td>
<td>13,568,299</td>
</tr>
<tr>
<td>Total Regular Term</td>
<td>82,412,986</td>
<td>48,036,869</td>
</tr>
<tr>
<td><strong>Distance Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-State</td>
<td>7,985,016</td>
<td>2,983,360</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>683,669</td>
<td>79,215</td>
</tr>
<tr>
<td>Total Distance Education</td>
<td>8,668,685</td>
<td>3,062,575</td>
</tr>
<tr>
<td><strong>Total Tuition</strong></td>
<td>91,081,671</td>
<td>51,099,444</td>
</tr>
</tbody>
</table>
## Tuition Dashboard

### Regular Term Enrollment

<table>
<thead>
<tr>
<th>Students (FTE)</th>
<th>2016-17 Budget</th>
<th>Estimated AAFTE Based on Preliminary Fall 2016 Data</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Undergraduate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-State</td>
<td>12,334</td>
<td>12,641</td>
<td>307</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>765</td>
<td>790</td>
<td>25</td>
</tr>
<tr>
<td>Total Undergraduate</td>
<td>13,099</td>
<td>13,431</td>
<td>332</td>
</tr>
<tr>
<td><strong>Graduate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-State</td>
<td>1,450</td>
<td>1,399</td>
<td>(51)</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>370</td>
<td>434</td>
<td>64</td>
</tr>
<tr>
<td>Total Graduate</td>
<td>1,820</td>
<td>1,833</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total FTE</strong></td>
<td>14,919</td>
<td>15,264</td>
<td>345</td>
</tr>
</tbody>
</table>

AAFTE = Annualized Average Full Time Equivalent
2015-16 CITI Distribution
$3,305,280

ARP Process
49%

Graduate Waivers and Awards
17%

Student Services
22%

Benefits
12%
2016-17 CITI Distribution

$3,520,017

ARP Process 49%

Graduate Waivers and Awards 17%

Student Services 22%

Benefits 12%
## What are our Revenue Sources? ($ in millions)

<table>
<thead>
<tr>
<th>Source</th>
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<td>Sales and Services</td>
<td>23,687</td>
<td>51,400</td>
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<td><strong>Total</strong></td>
<td><strong>140,743</strong></td>
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 Auxiliary and Administrative Services
   Housing, Dining, Parking, Vending, Printing, Motor Fleet, Camps, Conferences...
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Federal, State and local research and service agreements
Research Expenditures by School
FY15

- Arts & Sciences, 4.2, 14%
- Business & Economics, 0.5, 2%
- Education, 4.2, 13%
- Health and Human Sciences, 9.5, 30%
- ORED, 5.6, 18%
- SERVE, 4.4, 14%
- Other, 0.7, 2%
- Nursing, 1.9, 6%
- Joint School Nanoscience & Nanoengr, 0.2, 1%

Contracts & Grants
### What are our Revenue Sources? ($ in millions)

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<td>35,000</td>
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<tr>
<td>Other Operating (Gifts, Investment Income)</td>
<td>8,139</td>
<td>31,800</td>
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<td><strong>Total</strong></td>
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FY2016 Revenue Sources Compared to FY96
(Percentage of Total)

Total Revenue
1995-96 $141 million
2015-16 $367 million
Revenue drivers

• State economic outlook
• Legislative support for Higher Education
• Public support for public higher education
• Tuition rate and competitive environment
• Overall enrollment
• Federal and state financial aid funding policy
Generating $1M in Operating Revenue

- State Appropriations: $1 million
- Tuition: $67 per student annually (enrollment of 15,000 FTE)
- Housing, Dining, and Mandatory Fees: $50 million (65% increase, mandatory fee increase of $1,655 per student)
- Contracts and Grants: $7.4 million (F&A rate at 13.6% of expenditures)
- Endowment: $23.5 million (4.25% spending rate)
Budget Overview

- Fund Accounting
- Revenues

**Expenses**
- Finance
- Debt and Debt Service
- Endowment
- Enrollment Growth Funding
FY2016 Expenditures by Purpose

- Instruction and Academic Support: 50%
- Student Financial Aid: 8%
- Physical Plant: 9%
- Institutional Support: 6%
- Student Services: 6%
- Research and Public Service: 8%
- Auxiliary Enterprises: 13%
FY2016 Expenditures by Function

- Salaries and Benefits: 66%
- Supplies and Materials: 6%
- Services: 17%
- Scholarships and Fellowships: 9%
- Utilities: 2%
Total 2015-16 Expenditures by Division

- Academic Affairs: 58%
- Student Affairs: 8%
- Business Affairs: 13%
- University Advancement: 1%
- Chancellor: 1%
- Gateway University Research Park: 1%
- Information Technology Services: 5%
- Intercollegiate Athletics: 4%
- Research & Economic Development: 3%
- Institutional: 3%
- Intercollegiate Athletics: 3%
- Research & Economic Development: 4%
Cost drivers

• Salaries and benefits
• Enrollments
• Technology (system maintenance and investments in new technology)
• Campus physical plants, building operations, maintenance and preservation
• Strategic Investment
Near Term Revenue/Expense Summary

- Affordability commitment
- Enrollment growth strategies
- Strategic Planning and Initiatives
- Capital budget development underway – McIver, Tate Street and Neil Street Projects
- Operating budget development underway - Legislative 2017-2019 biennium budget process begins in March 2017
- FY2015 audit complete – January presentation
Budget Overview

• Fund Accounting
• Revenues
• Expenses

• **Finance**
• Debt and Debt Service
• Endowment

• Enrollment Growth Funding
Scale Of Operations Per Year

FY2015: Financial Statement Highlights

• $1.1 billion in total assets
• $250 million in endowment investments
• $305 million in bonds payable
• $350 million in operating expenses
• $71 million in unrestricted net position
Scale Of Operations Per Year

Accounts Payable

• $208 million in payments to vendors
• 40,000 checks generated
• 921 1099s created and mailed for calendar year 2015
Scale Of Operations Per Year

Payroll

• $229 million in gross payroll payments processed
• 4,658 average number of employees paid per month
• 7,119 W-2 forms created for employees for calendar year 2015
• 55,253 direct deposits generated per year
• 336 NRA Students and Employees assisted with residency and withholding
Scale Of Operations Per Year

Financial Accounting

• $2.6 billion of JV transactions processed
• 134,655 JV entries created
• 1,190 fund and accounts created or modified
Scale Of Operations Per Year

Cashiers and Student Accounts Office

• $200 million in miscellaneous receipts processed per year ($67 million per cashier)
• $190 million in student charges posted to student accounts
• $175 million financial aid credits posted to student accounts
• $65 million in student refunds processed (69% refunded by direct deposit)
• 40,563 electronic bills created
• 24,795 1098-T statements created and mailed for calendar year 2015
Financial Transparency

• Publish 5 books that details where funds are budgeted
  – State Budget Book
  – Fiscal Profile
  – Unrestricted Gifts and Investment Income (UGII)
  – Student Fees
  – Auxiliary Budgets
FY2015 Finance Overview

- State Auditor issued unqualified opinion for FY2015 with no findings

- No material deficiencies in internal controls - ongoing effective internal control environment

- A year of continuing financial recovery from FY2008 with increase in net position of $18 million in FY2015
Primary Campus Uses of the Consolidated Financial Statements

The consolidated financial statement is mainly used for:

• Rating Agencies

• Providing rough “factoids”

• Looking at trends from 30,000-foot level
STATEMENT OF FINANCIAL POSITION - DIAGRAM

Assets
< Liabilities >
= Net Assets

Assets
- Current Assets
  - Cash
  - Cash Equivalents
  - Receivables (Short-Term)
  - Inventories
  - Prepaid Expenses
- Fixed Assets
  - Furniture & Equipment
  - Plant
  - Property
  - Accumulated Depreciation
- Other Assets
  - Deposits
  - Long-Term Investments

Liabilities
- Current Liabilities
  - Accounts Payable
  - Accrued Expenses
  - Payroll Liabilities
  - Deferred Revenue
  - Refundable Advances
  - Line of Credit
  - Current Portion of Loan
- Long-term Liabilities
  - Bond
  - Mortgage
  - Loan (over 1 year)

Net Assets
- Unrestricted
- Temporarily Restricted
- Permanently Restricted

Debit Balance

Credit Balance

Author:
Hillary Coley, CPA
Trout Unlimited
Author: 
Hillary Coley, CPA
Trout Unlimited
Budget Overview

- Fund Accounting
- Revenues
- Expenses
- Finance

- **Debt and Debt Service**
  - Endowment
  - Enrollment Growth Funding
Debt
(as of June 30, 2016)

Principal - Currently Outstanding $295,786,000

Funding Sources for Debt Service:
  Housing  Parking
  Dining  Student Facilities

Notes Payable

  • Energy Savings Performance Contract $1,917,069
    (Debt service from State Appropriations)

Total Debt - Currently Outstanding $297,703,069

Annual Debt Service
Bonds Payable $26,000,000
Additional Debt Plans

Spartan Village Phase II (330 Beds) $48,000,000
Ragsdale/Mendenhall Renovations 6,800,000

Total Additional Debt Planned through 2021 $54,800,000

*McIver Transition – Capital Facilities Foundation For Real Estate and Renovations $9,300,000
Future Debt Service Payments

Financial Planning & Budgets
Budget Overview

- Fund Accounting
- Revenues
- Expenses
- Finance
- Debt and Debt Service

**Endowment**

- Enrollment Growth Funding
Donors

Advancement

Stock Brokers Relationships
- Charles Schwab
- Fidelity

Banking Relationships
- Bank of America
- PNC
- BB&T

Cashiers

Financial Services

Controller
5-Year Endowment History
(as of June 30) ($ in millions)

Market Value

Spending

UNCG 54.3%  HES 3.7%  Excellence 40.6%  Alumni Assoc. 1.2%  Campus Ministries .2%  Spending


0.0  50.0  100.0  150.0  200.0  250.0  300.0  0.0  1.0  2.0  3.0  4.0  5.0  6.0  7.0  8.0  9.0  10.0

THE UNIVERSITY of NORTH CAROLINA GREENSBORO

55
Budget Overview

• Fund Accounting
• Revenues
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• Endowment

• Enrollment Growth Funding
## UNCG SCH Regular Term Enrollment Model

### SCH Enrollment - Change Funding Model
Impact of 100 FTE to Authorized Level of Expenditures (Requirements)

<table>
<thead>
<tr>
<th>Change to SCHs</th>
<th>SCH per Instructional Position</th>
<th>Instructional Positions Required</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U/G Masters Doctoral</td>
<td>U/G Masters Doctoral</td>
</tr>
<tr>
<td>Cat 1</td>
<td>882 64 17</td>
<td>708.64 169.52 115.56</td>
</tr>
<tr>
<td>Cat 2</td>
<td>801 119 21</td>
<td>535.74 303.93 110.16</td>
</tr>
<tr>
<td>Cat 3</td>
<td>663 114 8</td>
<td>406.24 186.23 109.86</td>
</tr>
<tr>
<td>Cat 4</td>
<td>43 28 2</td>
<td>232.25 90.17 80.91</td>
</tr>
<tr>
<td>Totals</td>
<td>2,389 325 48</td>
<td>2,762</td>
</tr>
</tbody>
</table>

### Actual SCH

<table>
<thead>
<tr>
<th>Actual SCH</th>
<th>U/G Masters Doctoral</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>133,895 9,716 2,517</td>
</tr>
<tr>
<td></td>
<td>121,598 18,117 3,153</td>
</tr>
<tr>
<td></td>
<td>100,652 17,303 1,222</td>
</tr>
<tr>
<td></td>
<td>6,593 4,187 298</td>
</tr>
<tr>
<td></td>
<td>362,738 49,323 7,190</td>
</tr>
</tbody>
</table>

### % of total

<table>
<thead>
<tr>
<th>% of total</th>
<th>U/G Masters Doctoral</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.94%</td>
<td>2.32% 0.60%</td>
</tr>
<tr>
<td>29.00%</td>
<td>4.32% 0.75%</td>
</tr>
<tr>
<td>24.01%</td>
<td>4.13% 0.29%</td>
</tr>
<tr>
<td>1.57%</td>
<td>1.00% 0.07%</td>
</tr>
<tr>
<td>86.52%</td>
<td>11.76% 1.71% 100.00%</td>
</tr>
</tbody>
</table>

Note: The Residency Mix will affect the Revenue/Appropriations, which are not shown here.
2015-16 Enrollment Budget Distribution

$3,570,912

- Academic Instruction and Direct Academic Support Services: 98%
- Information Technology Services: 2%