

UNIVERSITY OF
NORTHERN COLORADO

AGENDA
Finance & Audit Committee Meeting
May 10, 2017
Carter 4th Floor Boardroom
8:30AM-10:30AM

- | | |
|--|----------------|
| 1. State Update | Kay Norton |
| 2. FY18 Budget Preview (TAB A) | Michelle Quinn |
| 3. Financial Aid Discussion (TAB B) | Michelle Quinn |
| 4. 3 rd Quarter Results (TAB C) | Michelle Quinn |
| 5. Internal Audit Update (TAB D) | Brad Hoffner |

Special Meeting 10:30-12:00 p.m.

FY18 Budget Preview

UNC is completing the third year of its five-year fiscal sustainability plan and the FY18 budget is being finalized consistent with the parameters of that plan (Attachment 1), with adjustments as noted in this document. The draft FY18 budget recommendations include the following highlights:

Enrollment

In January we discussed our 2017-18 enrollment plan and targets to meet three overarching goals:

1. Have more students earn high quality degrees that prepare them for work, life and responsible citizenship.
2. Balance enrollment volume and student success to right-size UNC.
3. Serve students who reflect the diversity of the world around us.

Attachment 2 reflects our Fall 2017 enrollment targets and what we are currently predicting based upon point-in-time data for applications, admits, registrations, etc. We have used these predictions to build our FY18 budgeted net revenue.

Pricing and Discounting

Our FY18 pricing recommendation to the Board includes a 6.8% (\$468 per year) average resident undergraduate tuition increase while graduate tuition increases will vary by degree program. Proposed changes to student fees and room and board rates are shown in Table 1. The overall price increase for a resident undergraduate – including tuition, fees, and room and board – will be about 4.4% (\$868 for the year).

Table 1 Annual Undergraduate Resident Price

Tuition and Fees	FY17	FY18	\$ Increase	% Increase
Tuition (student share)	\$ 6,906	\$ 7,374	\$ 468	6.8%
Student Activity Fees	862	888	26	3.0%
LEAF	20	20	-	0.0%
Technology Fee	312	322	10	3.2%
Library Fee	138	142	4	3.0%
Capital Fee	650	800	150	23.1%
Subtotal Tuition and Fees	\$ 8,888	\$ 9,546	\$ 658	7.4%
Typical Room and Board	10,770	10,980	210	1.9%
Total Price	\$ 19,658	\$ 20,526	\$ 868	4.4%

UNC’s discounting strategy uses institutional scholarships, grants and graduate student assistantships to maximize net revenue while optimizing our enrollment, consistent with the goals of our enrollment plan. Our undergraduate financial aid includes Need-based grants, Merit scholarships, Athletic scholarships, Talent scholarships (primarily for Performing and Visual Arts), Match for certain third-party scholarships, and several other scholarships (e.g., Greeley Promise). Our annual financial aid packaging parameters are developed with the support of Ruffalo Noel Levitz using their econometric models. Graduate financial aid primarily consists of tuition waivers for graduate and teacher assistantships and some graduate scholarships. More information is included behind Tab B.

Sustainable Cost Savings

We exceeded our five-year fiscal sustainability plan target of \$0.8 million in sustainable cost savings by \$90 thousand dollars. Savings include the elimination of operating expenses for University Apartments; replacement of certain software licenses with in-house development; and reductions in staff travel, supplies and purchased services.

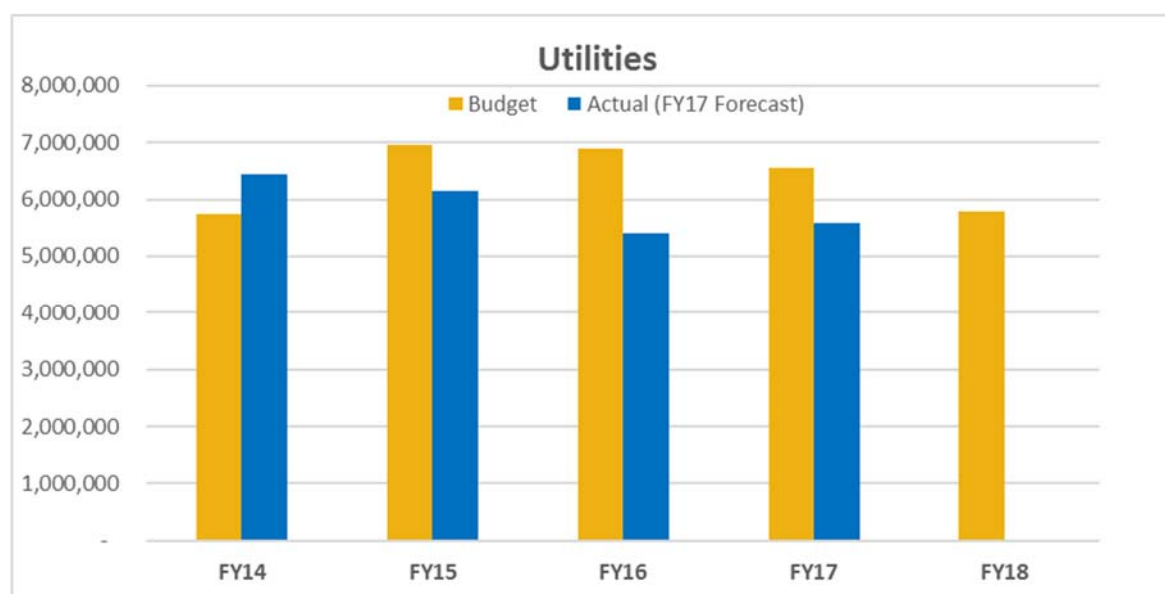
Compensation

The five-year fiscal sustainability plan included new faculty in support of enrollment growth and a limited number of staff positions associated with Campus Commons. These have been included in the FY18 staffing plan and budget. The FY18 proposed budget also includes a 2% salary pool for faculty and exempt staff (which is less than the 3% pool included in the five-year fiscal sustainability plan) and an estimate of 2.5% base increase for state classified staff.

Other budget adjustments related to compensation include: minimum wage increases, 8.0% health insurance increases (UNC pays 60% of the premiums) and PERA retirement costs increases. The FY18 proposed compensation budget is \$137.6 million or \$4.7 million more than the FY17 forecast.

Non-Personnel Operating Expenses

Currently our FY18 non-personnel budget is \$45.6 million or \$400 thousand below our fiscal sustainability plan amount. Note that we propose \$191 thousand increase to the FY18 utility budget, as compared to our FY17 forecast. This is based on projected increases in natural gas from the US Energy Info. Administration. Electricity and heating comprise about 80% of our utility costs and are both affected by natural gas prices.



Strategic Investments

Our proposed FY18 strategic investment budget is currently \$4.8 million as compared to our fiscal sustainability plan amount of \$5.1 million. It includes investments related to our nine core plans such as online course development, faculty research, new faculty start-up packages, grant-writing development, the Student Success Collaborative and it also includes the portfolio of information technology projects.

Capital

The current replacement value of UNC's facilities is estimated at \$880.0 million, with calculated deferred maintenance of \$224.0 million. Industry standards¹ recommend \$13.0 million-\$22.0 million in capital investment annually. Projects shown on Attachment 3 total \$52.3 million and include Campus Commons, deferred maintenance, small capital projects and equipment.

¹ The Association of Physical Plant Administrators recommends 1.5%-2.5% of the current replacement value be invested annually in capital projects.

Overall Summary

Operating Budget Revenue – Our FY18 budget will include about \$241.8 million in gross operating revenue, less \$39.0 million in discounting (institutional scholarships and waivers), for an approximate \$202.9 million of net operating revenue. This includes:

- \$39.6 million in state funding, a 1.2% increase from FY17
- \$118.4 million in gross tuition
- (\$39.0 million) in scholarships and waivers
- \$9.6 million in Foundation support
- \$34.6 million in room & board
- \$22.4 million in academic and student service fees
- \$17.2 million in gifts, conference revenue, athletics revenue, etc.

Operating Budget Expense – Our FY18 budget will include about \$194.9 million of expenses. This includes:

- \$137.6 million in personnel costs including fringe benefits
- \$4.7 million in costs of sales (mostly food for the dining halls)
- \$5.8 million in utilities (see prior page for additional information)
- \$4.5 million in travel
- \$30.6 million in purchased services, supplies, small equipment and other non-personnel costs
- \$11.7 million in long-term debt including bonds and capital leases

Strategic Investment Expenses – Our proposed FY18 strategic investment budget is currently \$4.8 million, as compared to \$5.1 million in our fiscal sustainability plan. It includes investments related to our nine core plans such as online course development, faculty research, new faculty start-up packages, grant-writing development, the student success collaborative, and community & civic engagement. It also includes continued innovation through the I@UNC program and the portfolio of information technology projects.

Capital – Our total FY18 capital budget will be about \$52.3 million: \$42.1 million for Campus Commons, \$2.9 million for state-funded deferred maintenance, \$5.4 million for institutional deferred maintenance, \$0.9 million for small capital projects, and \$0.9 million for equipment. There are 87 new projects. Attachment 3 includes more information.

Reserves – As shown in our FY17 3rd quarter financial report, we have \$23.2 million in reserves including:

- \$5.3 million in capital reserves
- \$14.4 million in our general University Reserve
- \$750 thousand in mandatory bond reserves
- \$2.7 million in risk management reserves

Any excess operating cash after the end of FY17 will be transferred to reserves. The FY18 Strategic Investment and Capital budgets will be funded from reserves.

Attachment 1

Five-year Fiscal Sustainability Plan Implementation Progress as of: <small>*Plan as of November 2016 (FY19 Plan to be updated in Nov. 2017)</small>	Baseline FY14	FY15					FY16			FY17			FY18			FY19	Notes
		Actual	Actual	Actual	Actual	Actual	Plan*	3rd Qtr Forecast	Variance from Plan	Plan*	BUDGET	Variance from Plan	Plan*				
														Actual	Actual		
Enrollment	Fall 2013	Fall 2014	Fall 2015	Fall 2016			Fall 2017			Fall 2018							
1 New Domestic First-time Undergrads	1,954	1,938	2,035	2,142	2,142	-	2,280	2,280	-	2,386	2-year growth to Fall 18 (FY19) n=244						
2 New Domestic Transfer Undergrads	787	786	726	776	776	-	834	780	(54)	874	2-year growth to Fall 18 (FY19) n=98						
3 New Domestic Graduates	667	652	796	880	880	-	1,007	1,007	-	1,151	2-year growth to Fall 18 (FY19) n=271						
4 New Intn'l Undergrads (degree and non-degree)	102	76	71	124	124	-	144	144	-	164	2-year growth to Fall 18 (FY19) n=40						
5 New Int'l Graduates (degree and non-degree)	70	32	45	62	62	-	89	89	-	116	2-year growth to Fall 18 (FY19) n=54						
6 Continuing Domestic Undergrads	6,675	6,273	6,058	6,063	6,063	-	6,139	6,079	(60)	6,357	growth from new students and inc. persistence						
7 Fall to Fall Undergrad Persistence	80.8%	82.1%	83.5%	83.5%	83.5%	-	84.0%	83.6%	(0)	84.5%							
8 Continuing Domestic Graduates	1,267	1,301	1,338	1,475	1,475	-	1,694	1,694	-	1,859	growth from new students						
9 Cont. Int'l Undergrads & Grads (degree & non-degree)	231	258	211	209	209	-	233	233	-	276	growth from new students						
10 Non-Degree Domestic Undergrads & Grads	331	468	656	529	529	-	818	818	-	935	growth from new students						
11 Total Headcount (sum of blue lines above)	12,084	11,784	11,936	12,260	12,260	-	13,238	13,124	(114)	14,118							
Operating Factors	Dollars in millions except Tuition & Fee Rates																
12 Resident Undergrad Tuition Rate (Increase %)	\$5,748	\$6024 (4.8%)	\$6372 (5.8%)	\$6906 (8.4%)	\$6906 (8.4%)	-	\$7376 (6.8%)	\$7374 (6.8%)	-	\$7878 (6.8%)	Fall '18 tuition of \$7,878, projected to be less than UCCS, CSU and UC-D						
13 Resident Graduate Tuition Rate (Increase %)	varies	3.0%	3.0%	7.0%	7.0%	-	3.0%	3.0%	-	3.0%	Grad tuition at market rates, varies by program						
14 Full-time Student Capital Fee (Increase \$)	\$244	\$450 (\$206)	\$500 (\$50)	\$650 (\$150)	\$650 (\$150)	-	\$800 (\$150)	\$800 (\$150)	-	\$910 (\$110)	Capital fee grows to \$910 (\$580 def. maint/ sm. cap +\$170 old debt +\$160 Campus Commons)						
15 Other Mandatory Fees (Increase %)	\$1,176	\$1259 (7%)	\$1294 (2.8%)	\$1332 (3.0%)	\$1332 (3.0%)	-	\$1372 (3.0%)	\$1372 (3.0%)	-	\$1414 (3.0%)	Planned inflationary increases; est. 3% CPI						
16 Room & Board		0.7%	0.0%	2.0%	2.0%	-	2.0%	2.0%	-	2.0%							
17 Student Revenue (Tuition, Fees, Room & Board)	\$138.2	\$140.6	\$146.6	\$161.2	\$160.8	(0.4)	\$175.8	\$175.4	(0.4)	\$192.7	includes growth & rate increases above						
18 Discounting	(\$21.0)	(\$26.2)	(\$28.6)	(\$33.0)	(\$34.2)	(1.2)	(\$36.6)	(\$39.0)	(2.4)	(\$39.8)	FY18: 33.3% UG / 3.5% R&B / 16.3% GR discounting						
19 State Operating Revenue	\$33.6	\$37.4	\$41.1	\$39.0	\$39.1	0.1	\$39.0	\$39.6	0.6	\$39.0	1% increase in FY18 (FY19 to be updated next Fall)						
20 Other Revenue (incl. Fndn. operating and capital)	\$24.2	\$27.7	\$26.5	\$29.0	\$28.9	(0.1)	\$27.1	\$26.8	(0.3)	\$27.3	includes donor funds and new revenue from CC						
21 Average Salary Increase Pools	5.0%	3.0%	3.0%	3.0%	3.0%	-	3.0%	2.0%	-1.0%	3.0%	FY16 faculty salaries @ 90% and exempt salaries @ 86.8% of peers. Working towards goal of 90% of peers.						
22 Sustainable Cost Savings and Cash-conservation		\$1.2	\$3.4	\$0.2			\$0.8	\$0.9	\$0.1	\$0.8							
23 Utilities, Library & Software maintenance		5.0%	5.0%	\$0.8			\$0.6	\$0.7	\$0.1	\$1.1	2% utility; 4% library; 6% software						
24 All Other Non-Personnel Operating		1.0%	1.0%	\$0.9			\$1.0	\$1.2	\$0.2	\$1.0	2% inflation plus \$300,000 annual investments						
25 Total Compensation	(\$118.5)	(\$123.0)	(\$126.2)	(\$131.9)	(\$132.9)	(1.0)	(\$136.9)	(\$137.6)	(0.7)	(\$142.4)	No net staffing growth except psn in plan, 3% salary pools, plus health and PERA increases						
26 Total Non-Personnel Expenses	(\$41.3)	(\$42.5)	(\$42.7)	(\$44.7)	(\$45.1)	(0.4)	(\$46.0)	(\$45.6)	0.4	(\$47.7)	See lines 22,23 & 24						
27 Debt Service, Capital Lease, Capital Trf	(\$10.4)	(\$12.3)	(\$14.6)	(\$17.7)	(\$18.8)	(1.1)	(\$18.2)	(\$17.4)	0.8	(\$21.4)	1/2 yr. CC debt interest in FY17, full yr. in FY18						
28 Operating Revenues Less Expend.	\$4.8	\$1.7	\$2.1	\$1.9	(\$2.2)	(4.1)	\$4.2	\$2.2	(\$2.0)	\$7.7							
Strategic Investments	Dollars in millions																
29 Strategic Investment Expenditures	(\$6.1)	(\$5.3)	(\$3.8)	(\$4.4)	(\$3.6)	0.8	(\$5.1)	(\$4.8)	0.3	(\$5.2)							
Capital Investments	Dollars in millions																
30 State & Debt Funded Capital		\$1.6	\$6.4	\$47.8	\$31.1	(16.7)	\$21.4	\$41.5	\$20.1	\$4.0							
31 Capital Funds Trf. From Operations & Donors			\$3.7	\$5.7	\$6.8	1.1	\$5.7	\$5.7	-	\$8.9	Includes dedicated capital student fees						
32 Donor Funded Capital Expenditures			(\$1.0)	(\$3.0)	(\$3.2)	(0.2)	(\$3.4)	(\$3.5)		(\$1.0)	Includes bridge funding						
33 Institutionally Funded Capital Expenditures	(\$9.1)	(\$10.0)	(\$7.7)	(\$6.5)	(\$5.8)	0.7	(\$7.4)	(\$7.3)	0.1	(\$8.9)	Recommended is 1.5% CRV = \$11.5M. Funded primarily from reserves until capital fee and room & board revenues are sufficient						
Cash	Dollars in millions																
34 Net Cash Inflow /Outflow (sum of blue lines above)	(\$10.4)	(\$13.6)	(\$6.7)	(\$6.3)	(\$8.0)	(1.7)	(\$6.0)	(\$7.7)	(\$1.6)	\$1.5	Positive cash flow begins in FY19						
35 Payables, Receivables & Other Balance Sheet Chgs		\$5.1	(\$8.1)	\$14.2	\$14.3	0.1	-			-							
36 Year-end (6/30) Cash Balance	\$70.2	\$61.7	\$46.9	\$54.8	\$53.2	(1.6)	\$48.8	\$45.5	(\$3.3)	\$50.3	Cash low point @ 8/15 ~ \$20 mil less than 6/30						

Note: Line 35 Cash flow can vary based on the timing of actual capital expenditures. Line 35 FY16 \$8.1M = \$4.1 delayed FFS, \$4.0 due from Energy Perf.

Attachment 2

FY18 Enrollment and Revenue Cycle

The reporting cycle for Academic Year 2017-18 began in January 2017 when we set enrollment targets for Fall. The information in this document gives point-in-time data for Fall 2017 along with comparable information for last year. Table 1 shows where we are in our enrollment and revenue reporting cycle.

Table 1 Key 2017-18 Enrollment and Revenue Dates

Dates	Enrollment	Revenue
January 20, 2017	<ul style="list-style-type: none"> Enrollment targets set 	
May 10, 2017	<ul style="list-style-type: none"> Report to the Finance & Audit Committee on early indicators for FY18 enrollment 	
June 16, 2017	<ul style="list-style-type: none"> Report to the Board on early indicators for FY18 enrollment 	<ul style="list-style-type: none"> FY18 Budget approved by the Board
August 21, 2017	<ul style="list-style-type: none"> Opening Day enrollment statistics reported publicly 	
September 1, 2017	<ul style="list-style-type: none"> Fall Census Date-Official measurement day for most external enrollment reporting, including national databases and consumer publications (e.g., IPEDS, Peterson's, US News) 	
November 2017	<ul style="list-style-type: none"> Report to the Board on Fall Census enrollment 	<ul style="list-style-type: none"> FY18 revenue forecast updated based on Fall Census and reported to the Board
January 22, 2018	<ul style="list-style-type: none"> Spring Census Date-Enrollment statistics from this point are much less widely used than those from Fall Census, but are still reported to DHE and used internally for enrollment management and updated revenue forecasts 	
March 2018	<ul style="list-style-type: none"> Report to the Board on Fall Final enrollment Report to the Board on Spring Census enrollment 	<ul style="list-style-type: none"> FY18 revenue forecast updated based on Spring Census and reported to the Board
August 2018	<ul style="list-style-type: none"> Consolidated Fall, Interim, Spring and Summer enrollment 	<ul style="list-style-type: none"> Final revenue report to the Board (quarterly Finance & Audit Committee meeting)

Table 2 provides current and historical enrollment data beginning with opening day.

Table 2 Enrollment Trend Data

	FY15 (Fall 2014, Spring 2015, Summer 2015)	FY16 (Fall 2015, Spring 2016, Summer 2016)	FY17 (Fall 2016 Spring 2017, Summer 2017)
Opening Day	11,477	11,430	12,004
Fall Census (Targets/External Reports)	11,784	11,936	12,260
Fall Final	12,050	12,216	13,087
Spring Census	10,959	11,098	11,222
Spring Final	11,290	11,402	
Summer Final	4,726	4,952	
Full Year Unduplicated	14,231	14,514	

Fall 2017 (FY18) Target Enrollment Headcount

Our target enrollment for Fall Census 2017 is 13,238 students (10,112 undergraduates and 3,126 graduates), which is an 8.0% increase in headcount from 2016 actual. Tables 3 and 4 are from the 2017-18 Enrollment Plan the Board reviewed in January, they show our enrollment and persistence targets for Fall Census 2017.

Table 3 Fall 2017 Census Targets

	2013 Census Actual	2014 Census Actual	2015 Census Actual	2016 Census Actual	2017 Census Target
UNDERGRADUATE					
Total new first-time domestic undergraduates ¹	1,962	1,938	2,035	2,142	2,280
Total new transfer domestic undergraduates ¹	799	786	726	776	834
New UG international students ²	105	76	71	124	144
Continuing domestic undergraduates ¹	6,653	6,273	6,058	6,063	6,139
Continuing international undergraduates ²	98	113	98	93	110
All domestic non-degree undergraduates	93	238	406	305	605
Total UG	9,710	9,424	9,394	9,503	10,112
GRADUATE					
New first-time domestic graduate students ¹	701	652	796	880	1,007
New international graduate students ²	73	32	45	62	89
Continuing domestic graduate students ¹	1,237	1,301	1,338	1,475	1,694
Continuing international graduate students ²	127	145	113	116	123
All domestic non-degree graduate students	236	230	250	224	213
Total GR	2,374	2,360	2,542	2,757	3,126
Total Headcount	12,084	11,784	11,936	12,260	13,238

¹ Degree-seeking students only

² Degree-seeking and non-degree students (excludes high school concurrent)

³ Total equals sum of yellow highlighted rows

Table 4 Fall-to-Fall Persistence of All Degree-Seeking Students

ACTUAL							TARGET		
Fall 09 to Fall 10	Fall 10 to Fall 11	Fall 11 to Fall 12	Fall 12 to Fall 13	Fall 13 to Fall 14	Fall 14 to Fall 15	Fall 15 to Fall 16	Fall 16 to Fall 17	Fall 17 to Fall 18	Fall 18 to Fall 19
81.9%	81.5%	80.0%	80.8%	82.1%	83.5%	83.2%	83.8%	+0.2%	+0.5%

Undergraduate Enrollment Progress to Target

New Domestic First-Time Undergraduates

As shown in Table 5, our point-in-time Fall 2017 new domestic freshmen admits (as of April 23) is 6,395 as compared to 5,861 for Fall 2016. Our number of admits will continue to increase slightly over the summer; we are projecting 6,674 total admits. With a projected admit-to-enrolled yield of 34.2%, we predict we will reach our target of 2,280 new domestic first-time students.

Table 5 New Domestic Fall 17 First-Time Undergraduates

New Domestic First-Time Undergraduates			
	Fall 17 (FY18) Target	Fall 17 (FY18) Prediction	Fall 16 (FY17) Actual
Census Headcount	2,280	2,280	2,142
		Fall 17 (FY18) Projected	Fall 16 (FY17) Census Actual
Census Admits		6,674	6,094
Census Yield Rate		34.2%	35.2% ⁴
		Fall 17 (FY18) Point-in-Time	Fall 16 (FY17) Point-in-Time
Admits ¹		6,395	5,861
FAFSAs Received (Admits Only) ²		5,010	4,183
Housing Contracts (Residence Halls) ³		1,355	1,552

¹Point-in-time is 17 weeks before classes (4/23/17 and 4/24/16).

²Point-in-time is 17 weeks before classes (4/23/17 and 4/24/16).

³Point-in-time dates are 4/19/17 and 4/20/16.

⁴Calculated based on 2,144 enrolled admits, of which 2,142 were reported as "new domestic first-time"; the difference is students who were reported as "continuing."

New Domestic Transfer Undergraduates

As shown in Table 6, our point-in-time Fall 2017 new domestic transfer admits (as of April 23) is 1,082 as compared to 891 for Fall 2016. The number of admits will continue to increase slightly over the summer; we are projecting 1,521 total admits. With a projected admit-to-enrolled yield of 51.3%, we estimate 780 new domestic transfer students, which is above Fall 2016, but below the Fall 2017 target of 834.

Table 6 New Domestic Fall 17 Transfer Undergraduates

New Domestic Transfer Undergraduates			
	Fall 17 (FY18) Target	Fall 17 (FY18) Prediction	Fall 16 (FY17) Actual
Census Headcount	834	780	776
		Fall 17 (FY18) Projected	Fall 16 (FY17) Census Actual
Census Admits		1,521	1,446
Census Yield Rate		51.3%	54.8% ⁴
		Fall 17 (FY18) Point-in-Time	Fall 16 (FY17) Point-in-Time
Admits ¹		1,082	891
FAFSAs Received (Admits Only) ²		618	564
Housing Contracts (Residence Halls) ³		84	100

¹Point-in-time is 17 weeks before classes (4/23/17 and 4/24/16).

²Point-in-time is 17 weeks before classes (4/23/17 and 4/24/16).

³Point-in-time dates are 4/19/17 and 4/20/16.

⁴Calculated based on 793 enrolled admits, of which 776 were reported as "new domestic transfers"; the difference is students who were reported as "continuing."

Continuing Domestic Undergraduates

The calculation for the number of continuing students for Fall 2017 is based upon the number of students we currently have minus the number who graduate and minus the number who temporarily “take a break” or permanently withdraw, plus those that return from a temporary break.

As shown in Table 7, we had 8,057 undergraduates enrolled this Spring and expect 1,084 to graduate in May and an additional 319 to graduate this Summer. Given expected retention (those that don’t take a break or withdraw) and expected returns of students who took a break this spring, we predict 6,079 continuing domestic undergraduate students. This is higher than Fall 2016 actual but lower than Fall 2017 target.

Although it is still early for Fall undergraduate registrations, and data can vary significantly from year-to-year depending on the registration schedule, Table 7 also shows point-in-time (April 23) 4,922 registered continuing domestic undergraduates, as compared to 4,942 for Fall 2016.

Table 7 Continuing Fall 17 Domestic Undergraduates

Continuing Domestic Undergraduates			
	Fall 17 (FY18) Target	Fall 17 (FY18) Prediction	Fall 16 (FY17) Actual
Census Headcount	6,139	6,079	6,063
		Fall 17 (FY18) Actual	Fall 16 (FY17) Actual
Enrolled Prior Spring Census		8,057	7,941
		Fall 17 (FY18) Point-in-Time	Fall 16 (FY17) Point-in-Time
Registrations ¹		4,922	4,942
		2017 Expected	2016 Actual
Spring Graduates		1,084	1,021
Summer Graduates		319	289

¹Point-in-time is 17 weeks before classes (4/23/17 and 4/24/16).

Undergraduate International and Non-Degree Students

We currently predict international and non-degree enrollment will increase over Fall Census 2016. This would indicate progress is being made in developing our international partnerships, particularly in East Asia.

Graduate Enrollment Progress to Target

Graduate students tend to delay their application and registration longer than undergraduate students. There is less pressure to register since graduate course sections do not close as undergraduate courses do. In addition, 53% of our graduate enrollment is in extended campus and online programs, which use a cohort model and often have start dates later than our main campus start of classes. This makes projecting our graduate enrollment more difficult.

New Domestic Degree-Seeking Graduates As shown in Table 8, our point-in-time Fall 2017 new domestic graduate applicants (as of April 23) are 2,056 as compared to 2,271 for Fall 2016. Our number of admits will continue to increase over the summer and into fall; we are currently projecting 1,622 total admits. With a projected admit-to-enrolled yield of 62.1%, we predict 1,007 new domestic graduate students.

Table 8 New Domestic Fall 17 Degree-Seeking Graduates

New Domestic Degree-Seeking Graduates			
	Fall 17 (FY18) Target	Fall 17 (FY18) Prediction	Fall 16 (FY17) Actual
Census Headcount	1,007	1,007	880
Final Headcount	--	1,009	882
		Fall 17 (FY18) Projected	Fall 16 (FY17) Census Actual
Census Admits		1,622	1,453
Census Yield Rate		62.1%	61.9% ³
		Fall 17 (FY18) Point-in-Time	Fall 16 (FY17) Point-in-Time
Applicants ¹		2,056	2,271
Admits ¹		1,044	889
Registrations ²		230	151

¹Students with "complete" applications; 17 weeks before classes (4/23/17 and 4/24/16).

²Point-in-time is 17 weeks before classes (4/23/17 and 4/24/16).

³Calculated based on 900 enrolled admits, of which 880 were reported as "new"; the difference is students who were reported as "continuing."

Continuing Domestic Degree-Seeking Graduates As shown in Table 9, we had 2,208 graduates enrolled this Spring; we expect 313 to graduate in May and an additional 292 to graduate this Summer. Given expected retention (those that don't take a break or withdraw) and expected returns of students who took a break this spring, we predict 1,694 continuing domestic graduate students. This is equal to our Fall 2017 target and 219 students above Fall 2016 actual.

Although it is still very early for Fall graduate registrations and data can vary significantly from year-to-year. Table 9 also shows point-in-time (April 23) 636 registered continuing domestic graduates as compared to 666 for Fall 2016.

Table 9 Continuing Fall 17 Domestic Degree-Seeking Graduates

Continuing Domestic Degree-Seeking Graduates			
	Fall 17 (FY18) Target	Fall 17 (FY18) Prediction	Fall 16 (FY17) Actual
Census Headcount	1,694	1,694	1,475
Final Headcount	--	1,694	1,486
		Fall 17 (FY18) Actual	Fall 16 (FY17) Actual
Enrolled Prior Spring Census		2,208	1,973
		Fall 17 (FY18) Point-in-Time	Fall 16 (FY17) Point-in-Time
Registrations ¹		636	666
		2017 Expected	2016 Actual
Spring Graduates		313	284
Summer Graduates		292	236

¹Point-in-time is 17 weeks before classes (4/23/17 and 4/24/16).

Graduate International and Non-Degree Students We currently predict international and non-degree enrollment will increase over Fall Census 2016. As with the undergraduate international enrollment, the increase we predict is a direct result of the progress is being made in developing our partnerships in East Asia.

Attachment 3

Capital Projects and Funding 2017-18

Planning Context

UNC’s facilities and capital equipment are our most significant asset and a critical consideration regarding our long-term financial health. For financial statement and composite financial index (the diamond) purposes we report a capital assets book value of \$244 million or 76% of our \$320 million total assets. The book value, however, understates the economic value of our facilities and equipment; I think the following numbers give a better sense of the importance of our capital investment in our planning work:

- Facilities building and infrastructure current replacement value (CRV) \$880 million
- Furniture and Equipment (Personal Property) insured value \$81 million

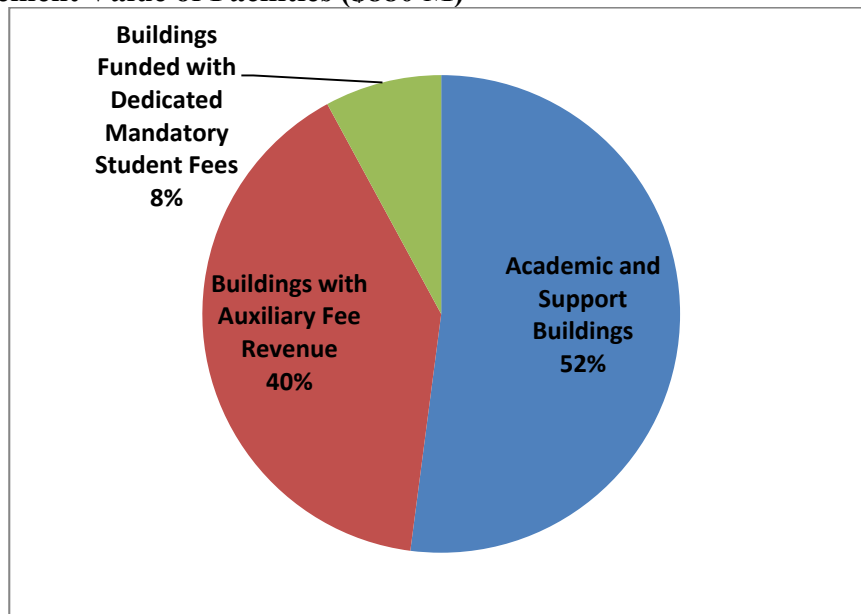
The current replacement value (CRV) of our facilities is \$880 million. Our current “audit” calculates our deferred maintenance on these facilities at \$224 million (Table 1). The Association of Higher Education Facilities Officers (APPA) recommends that **1.5%-2.5% of the CRV of facilities (\$13 million-\$22 million) be invested annually in capital projects.**

Table 1 CRV and Deferred Maintenance

System	Current Replacement Value			Audit Value	% Audit to Replacement Value
	Buildings	Shared Infrastructure*	Buildings & Infrastructure		
Academic and Support Buildings	\$409,119,550	\$48,853,206	\$457,972,756	\$119,353,235	26%
Buildings with Auxiliary Fee Revenue (Auxiliary-includes Residence and Dining Halls)	314,330,468	37,579,390	351,909,858	91,312,255	26%
Buildings Funded with Dedicated Mandatory Student Fees	62,154,398	7,515,878	69,670,276	13,288,852	19%
Totals	\$785,604,416	\$93,948,474	\$879,552,890	\$223,954,342	25%

*Shared infrastructure includes HTHW piping, parking, roads, primary electrical, sanitary sewer, storm sewer, tunnel and water systems.

Figure 1 Replacement Value of Facilities (\$880 M)



In our planning map, we have identified the need for an updated multiyear Facilities Master Plan as one of the 5 support plans that functions in service to our nine core plans. The Facilities Master Plan will be rooted in our evolving Academic Portfolio and Enrollment Plan (systemic thinking). We are not waiting for the completion of the multiyear plans to make annual decisions about capital projects and capital equipment. **The purpose of this document is to address short-term 2017-18 capital project and equipment plans, without losing sight of the multiyear, systems-based context.**

Capital Planning Framework

To provide a framework for thinking about facilities capital planning and funding we categorize capital projects as:

- **Deferred Maintenance** – major maintenance projects to address backlog in work necessary to maintain facilities in a condition suitable for its intended purpose. Includes “hidden” systems and infrastructure (roofing, boilers, plumbing, parking lots resurfacing, etc.)
- **Small Capital** – projects (~\$15,000-\$1,000,000) to address programmatic needs, repurposing of space, finishing refresh, etc.
- **Major Renewal and Replacement** – projects (\$1,000,000 +) to support multiyear strategic intentions as articulated in our nine core plans and the supporting Facilities Master Plan

Furniture and Equipment

Furniture and equipment needs are partially met through funds embedded within individual unit operating budgets. However, there is a sense that there has been inequity in available funding, resulting in differing levels of capital investment that may or may not be consistent with our priorities. We include a furnishing and equipment needs inventory as part of our annual capital planning but are still developing a more thorough way to address these needs.

Summary

For 2017-18, our Five-Year Fiscal Sustainability Plan includes \$7.4 million in capital (0.9% of CRV). This includes \$5.4 million in deferred maintenance, \$1.0 million in small capital projects and \$1.0 million in equipment. Based upon the prioritization work that has been completed, and the availability of other funding proposed, 2017-18 distribution of capital funding is shown in Table 2. Tables 3, 4 and 5 show the detailed lists of projects.

Table 2 2017-18 Proposed Capital Projects and Funding

	Sources of Funding	Capital Projects
Reserves funded from FY17 and prior operating revenues (tuition, room & board, student fees, etc.)	\$7,289,381	
State capital and donor funding estimate	\$42,113,843	
State controlled maintenance Level I & II (not final)	\$2,888,345	
Campus Commons		\$42,113,843
Deferred Maintenance (See Table 3)		\$8,303,995 (total list \$51.4 million)
Small Capital Projects (See Table 4)		\$947,897 (total list \$10.8 million)
Equipment (See Table 5)		\$925,834 (total list \$3.2 million)
Total	\$52,291,569	\$52,291,569

Table 3 Deferred Maintenance
 OUTSTANDING MAJOR MAINTENANCE NEEDS

BUILDING	FACILITY	DESCRIPTION	Estimate	Various Sources	Source: Capital Reserves
Gunter / Frasier	State	Fire sprinkler systems (CM Request) \$2475118 total 2 yr request	\$ 1,611,931	\$ 1,611,931	
Frasier	State	replace tunnel piping, including abatement CM Request) NOTE: level II CM NOT FINAL	\$ 339,146	\$ 339,146	
Butler Hancock	State	replace pool AHU (CM Request) NOTE: level II CM NOT FINAL	\$ 937,268	\$ 937,268	
Arts Annex	State	Silica dust capture system (design and phase 1 const)	\$ 200,000		\$ 200,000
Site	Aux	Sorority Row emerg phone replace cabling	\$ 20,000		\$ 20,000
All	All	IM&T UPS replacement ANNUAL	\$ 75,000		\$ 75,000
All	State	Office refresh program ANNUAL	\$ 150,000		\$ 150,000
All	State	Classroom Reno & furniture fund ANNUAL	\$ 150,000		\$ 150,000
Parking		Parking lot maintenance ANNUAL	\$ -		\$ -
Site	All	sidewalk repair full campus ANNUAL	\$ 75,000		\$ 75,000
Arlington	Aux	replace wireless data system	\$ 300,000		\$ 300,000
Parsons / Heat Plant	State	Emergency generator to serve Parsons EOC and/or Heating Plant 200kw	\$ 150,000		\$ 150,000
Candelaria	State	West entry Vestibules	\$ 45,000		\$ 45,000
Kohl House	State	Repair foundation leaks, bsmt interior repairs and landscaping	\$ 50,000		\$ 50,000
Site	State	Replace 10" valve North of CRC	\$ 15,000		\$ 15,000
Site	All	Repaint the central campus light poles (100 poles)	\$ 35,000		\$ 35,000
Frasier	State	Data rewire	\$ 75,000		\$ 75,000
University Center	StFee	Replace DHWR on 2nd floor	\$ 44,650		\$ 44,650
Parking	All	"L" lot reconstruction upper level (\$850K total)	\$ 350,000		\$ 350,000
Heating Plant	State	Replace underground storage tanks	\$ 450,000		\$ 450,000
University Center	StFee	Retube UC Chiller	\$ 70,000		\$ 70,000
Candelaria	State	Retube chiller	\$ 70,000		\$ 70,000
Central campus halls	Aux	carpet and paint student rooms \$4.7 M total	\$ 500,000		\$ 500,000
Michener	State	Carpet replacement 1st fl entry, 2nd fl at stair	\$ 116,500		\$ 116,500
Lawrenson	Aux	carpet replacement phase 2 \$(420K total)	\$ 220,000		\$ 220,000
Crabbe	State	Steam producer, steam & condensate lines	\$ 100,000		\$ 100,000
Roudebush Cottage	State	replace window AC units	\$ 10,000		\$ 10,000
Michener Hall	State	replace plaza base flashing	\$ 40,000		\$ 40,000
Michener Hall	State	replace east sliding door	\$ 40,000		\$ 40,000
Butler Hancock	State	replaster and paint pool	\$ 150,000		\$ 150,000
University Center	St Fee	MCC replacement (incl design)	\$ 130,000		\$ 130,000
Gunter	State	Recarpet 2nd fl west SES corridors	\$ 6,500		\$ 6,500
Michener Hall	State	replace floor tile in basement corridors	\$ 300,000		\$ 300,000
Wilson / Wiebking	Aux	lobby roof repl	\$ 145,000		\$ 145,000
McKee	State	Recaulk exterior precast panels	\$ 50,000		\$ 50,000
Davis House	State	replace windows in house	\$ 65,000		\$ 65,000
Gray Hall	State	repair foundation leaks and drainage	\$ 20,000		\$ 20,000
Kepner	State	Kepner elevator pump & controller	\$ 100,000		\$ 100,000
Michener Hall	State	A/C replacement archives collection	\$ 23,000		\$ 23,000
Tobey Kendal	Aux	Frt elevator modernization	\$ 80,000		\$ 80,000
Frasier Hall	State	paint interior walls	\$ 250,000		\$ 250,000
University Center	StFee	need to replace the main level lobby ceilings in areas - concealed grid system & lighting	\$ 250,000		\$ 250,000
Ross Hall	State	reroof '89 wing	\$ 150,000		\$ 150,000
Skinner Music Library	State	replace roof	\$ 250,000		\$ 250,000
Michener Hall	State	Replace N. ext doors	\$ 75,000		\$ 75,000
Harrison	Aux	perimeter caulking	\$ 20,000		\$ 20,000
PROPOSED FY18 BUDGET			\$ 8,303,995	\$ 2,888,345	\$ 5,415,650

Table 4 CAMPUS CAPITAL PROJECTS FY18

REQ #	COLL / DEPT	BLDG / LOCATION	DESCRIPTION	FM / IMT / Sched / UNCPD Comments & Ongoing costs	ESTIMATE
C18-009	ATAG	Gunter	Rm 1530 tech classroom, furn	Academic Technology	\$ 39,774
C18-010	ATAG	Kepner	Rm 40 demo podium, tech, furniture	Academic Technology	\$ 66,103
C18-011	ATAG	Candelaria	Rm 1065 individual tech classroom	Academic Technology	\$ 43,618
C18-012	ATAG	McKee	Rm 219/220 demo wall, tech, furniture (w/equip)	Academic Technology	\$ 32,610
C18-042	NHS Chem	Ross	RM 3695 remodel into wet chemistry lab		\$ 118,950
C18-051	PVA STAD	Frasier	RM 69 renovate costume storage, laundry, lighting		\$ 15,500
C18-040	NHS Bio	Ross	Zoology Museum renovation		\$ 21,180
C18-052	PVA music	Frasier	RM 0204 reno		\$ 49,975
C18-055	ARF	Ross	Renovate Bat room	Add EQUIP	\$ 66,117
C18-057	Athletics	Softball	Construct new dugouts	Donor \$220,000	\$ -
C18-026	COE SE	McKee	RM 44E furniture, tech, paint, clg tiles		\$ 37,260
C18-048	PVA STAD	Gray	Renovate dressing rooms		\$ 75,500
C18-053	PVA music	Frasier	RM 0121, 0122, 0123A, 0123B, 0123 renovation		\$ 145,500
C18-038	Research	Kepner	Renovate 0025 OSP, Biz Hub, IDEA, SBDC	NOT INCLU FURNITURE	\$ 75,000
C18-081a	CCC	Jaccaud	Gender and Sexuality Resource Center		\$ 75,740
C17-013	DOS/EMSA-H	TBD	Identify and create office space for office of student rights currently housed in Decker Hall. Decker is needed for housing in Fall 2016	early start project	\$ 10,000
C18-083	Athletics	BH	elec & data for ad tables (provided by others)		\$ 12,870
C16-055	EMSA - H	Arlington	EM phone speakers and wiring (from IM&T project list) Wood		\$ 20,000
C18-059	Library	Michener	Create 24 hour study space	Ongoing operating costs TBD	\$ 36,700
C18-067	CCC	Davis	install / replace 3 doors		\$ 5,500
Proposed FY18 Budget					\$ 947,897
	Mandated				
	Safety				

Table 5 EQUIPMENT AND FURNISHINGS FY18

REQ #	COLL / DEPT	BLDG / LOCATION	DESCRIPTION	Category	Replacement of exist or additional equipment	ESTIMATE
14-021	Library	Michener	refinish, reupholster furniture	Furniture	replacement	\$ 25,750
15-095	EMSA Dining	TK	replace chairs	Furniture	replacement	\$ 86,500
E18-009	HSS Econ	Candelaria	Ergonomic office furniture for faculty & staff	Furniture	replacement	\$ 2,000
E18-039	CCC MGC	Davis	conference room furniture	Furniture	replacement	\$ 2,735
E18-018	HSS Comm	Candelaria	Updated office furniture desks, bookcases, file cabinets, credenzas. 15 offices	Furniture	replacement	\$ 21,000
E18-019	HSS HS	Candelaria	Office furniture 7 offices + reception	Furniture	replacement	\$ 31,240
15-027	Univ College	BH	chairs for academic center	Furniture	replacement	\$ 22,062
E17-035	PVA - Theater	Frasier	Replacement CNC router for Langworthy. Used for set design and construction based on 3D drafting.	Instructional equip	replacement	\$ 46,350
E18-024	NHS Chem	Ross	2 gas chromatographs with FID/TCD detectors	Instructional equip	replacement	\$ 74,000
E18-021	NHS Bio	Ross	Fluorescence Activated Cell Sorter (FACS) used by 8 faculty	Instructional equip	replacement	\$ 246,097
E18-025	NHS Chem	Ross	Furniture, tables, chairs, white board, periodic table for Chem Education research room. Need by start of 2017 AY for new faculty member RM 3620	Instructional equip	additional	\$ 4,140
E18-027	NHS ES	Ross	2 petrographic microscopes	Instructional equip	additional	\$ 10,800
E18-003	FM	Custodial	Classroom furniture	Instructional equip	replacement	\$ 50,000
14-020	Library	Michener & Skinner	compact shelving Phase 3 Skinner	Other equip	additional	\$ 79,310
E18-034	FM	EHS	flammable / explosion proof mini-refrigerator for Ross haz waste storage room	Other equip	additional	\$ 4,800
E18-043/E18-054	EMSA Housing/FM	Custodial	Custodial equipment 12" scrubber \$590, 4 space vacs \$9600, 1 HS buffer \$575, 12 backpack vacs \$4860, 2 shower machines \$9800, 1 extractor \$3200, 1 carpet cleaning system \$3925/Custodial equipment BH riding sweeper \$12,000, Square scrub floor machine \$3300, Liftgate \$9000, Whittaker stair system \$2095, Host carpet machine \$4950, Windsoar burnisher , automops & wide area vac \$14900, Table & Chair repl \$10,000	Other equip	replacement	\$ 85,000
E18-002	FM	Grounds	Grounds equipment tractor w/ backhoe attachment, loader, broom	Other equip	replacement	\$ 60,000
E17-002	FM Planning & Const	Parsons	large format copier / scanner / printer includes trade in for existing equipment	Other equip	replacement	\$ 9,600
15-074	FM EHS		AED's final phase	Other equip	additional	\$ 20,600
E17-024	FM admin	Campus	Radio repeater	Other equip	replacement	\$ 5,600
15-030	Athletics	BH Pool	starting blocks	Other equip	replacement	\$ 26,750
E18-035	Athletics	BH	barbells, plyo boxes, resistance sleds, bungee cords	Other equip	replacement	\$ 11,500
Proposed FY18 Budget						\$ 925,834
	Safety items					

Financial Aid Discussion

Background

UNC will process about \$140 million in student financial aid in FY17. About 70% of this is applied to student bills for tuition, fees, room & board, etc. The remaining 30% is refunded to students for educational costs (rent, books, living expenses, etc.) that are not paid to UNC. As shown in Table 1, about \$60 million of FY17 student financial aid is in the form of grants and scholarships, with the remaining \$80 million being loans.

Table 1 Financial Aid by Type and Source

Aid Type and Source	FY17 Budget	FY17 Forecast	FY18 Budget	FY17 Forecast to FY18 Budget Change
Grants & Scholarships				
State	\$ 5,711,646	\$ 6,258,675	\$ 6,158,675	\$ (100,000)
Federal	14,167,712	13,601,952	13,601,952	-
UG Institutional ^(a)	21,798,480	23,501,734	27,915,144	4,413,410
UG Room & Board Wavers ^(a)	1,200,000	1,122,000	1,200,000	78,000
GR Institutional ^(a)	4,714,393	5,405,436	5,616,839	211,403
UNC Foundation (UG & Grad) ^(b)	4,281,972	4,195,005	4,225,000	29,995
Private	6,422,988	6,548,100	6,798,100	250,000
Subtotal Grants & Scholarships	\$ 58,297,191	\$ 60,632,902	\$ 65,515,710	\$ 4,882,808
Loans-All Sources	78,281,000	79,549,000	82,349,000	2,800,000
Total Financial Aid	\$ 136,578,191	\$ 140,181,902	\$ 147,864,710	\$ 7,682,808
^(a) Total Institutional Aid	\$ 27,712,873	\$ 30,029,170		
^(b) UNC Foundation	4,281,972	4,195,005		
Total Discounting on Quarterly Report	\$ 31,994,845	\$ 34,224,175		

UNC's FY17 institutional grants and scholarships come from general resources that could be used for any purpose; they are "unfunded". This is the aid that we use to calculate institutional discount rates (See Tables 3 and 5 on pages 3 and 4). If you refer to the operating budget (page 6) of our third quarter financial report, you will see that the discounting section includes both institutional aid (unfunded) and UNC Foundation scholarships (funded) totaling \$34,224,175. While it is admittedly confusing to include UNC Foundation scholarships there, it seemed the least problematic; we can certainly change the presentation!

Undergraduate Cost of Attendance and Grants/ Scholarships

Table 2 on the next page summarizes the distribution of all sources of grants and scholarships to UNC's undergraduate students. For example, the typical undergraduate resident cost of attendance (COA), including educational expenses not paid to UNC, is \$23,000-\$24,000:

- 24% do not receive any grants or scholarships
- 24% receive grants or scholarships that cover less than 20% of their COA
- 22% receive grants or scholarships that cover 20%-39% of their COA
- 19% receive grants or scholarships that cover 40%-59% of their COA
- The remaining undergraduate residents receive grants or scholarships covering 60% or more

Table 2 includes the same data for non-resident and WUE students and typical award amounts by source.

Table 2 Total Grant/Scholarship Aid as a Percentage of Total Cost of Attendance

Degree-Seeking Domestic UG Students Enrolled Full-Time in Fall 2016 & Spring 2017

		Resident	Non-Resident	WUE	
Number of Students ¹		5,687	324	579	
Typical Cost of Attendance (Based on 30 Credit Hours)		Resident	Non-Resident	WUE	
Tuition ²		≈ \$6,900	≈ \$18,400	≈ \$13,500	
Fees		≈ \$1,900	≈ \$1,900	≈ \$1,900	
Typical Room and Board		≈ \$10,700	≈ \$10,700	≈ \$10,700	
Other Costs (books, insurance, transportation, etc.)		≈ \$3,900	≈ \$3,900	≈ \$3,900	
Typical Cost of Attendance ³		\$23,000 - \$24,000	\$34,000 - \$35,000	\$30,000 - \$31,000	
% of Total Cost of Attendance met with Grants/Scholarships ⁴		% of Resident Population	% of Non-Resident Population	% of WUE Population	
No Grants/Scholarships		24%	18%	19%	
Some Grants/Scholarships, <20% of COA		24%	29%	39%	
20% - 39% of COA		22%	29%	19%	
40% - 59% of COA		19%	8%	14%	
60% - 79% of COA		7%	5%	4%	
80% - 99% of COA		3%	9%	4%	
100% or more of COA		1%	2%	1%	
Grant/Scholarship Award Frequency & Amount by Source		Resident	Non-Resident	WUE	
Any Grants/Scholarships		% with Award(s) ⁵	76%	82%	81%
		Typical Award Total ⁶	\$2,000 - \$3,000	\$6,000 - \$7,000	\$1,000 - \$2,000
Grants/Scholarships by Source	Institutional	% with Award(s)	70%	78%	74%
		Typical Award Total	\$2,000 - \$3,000	\$6,000 - \$7,000	\$1,000 - \$2,000
	Foundation	% with Award(s)	14%	15%	15%
		Typical Award Total	\$1,000 - \$2,000	\$1,000 - \$2,000	\$1,000 - \$2,000
	Federal	% with Award(s)	35%	26%	29%
		Typical Award Total	\$5,000 - \$6,000	\$5,000 - \$6,000	\$5,000 - \$6,000
	State	% with Award(s)	35%	n/a	n/a
		Typical Award Total	\$3,000 - \$4,000	n/a	n/a
	Private	% with Award(s)	15%	10%	10%
		Typical Award Total	\$3,000 - \$4,000	<\$1,000	\$1,000 - \$2,000

¹ Based on Fall 2016 "final" and Spring 2017 "census." Students are included in these calculations if they were enrolled as a degree-seeking undergraduate in both Fall and Spring and were fulltime (12+ CH) in each term. International students are excluded. Students are also excluded for any of the following reasons: the student's residency changed between fall and spring, the student received a tuition waiver for being an employee or a dependent of an employee, or the student withdrew from courses after census and was refunded some or all of their tuition and fees.

² Differential tuition and course fees are additional cost, which vary from student to student.

³ For this summary, cost of attendance is calculated based on a combination of actual amounts each student was billed by the institution and budget figures from the Office of Financial Aid. All costs for tuition and fees are based on what the student was actually billed. Room and board costs are based either on actuals or on budget figures, depending on whether the student lived on campus and/or had a full meal plan. All other costs (e.g., books, insurance, transportation, etc.) are based on budget figures.

⁴ The calculations in this table are based on total Grant/Scholarship aid from all sources (institutional, foundation, federal, state, and private). All calculations are based on student level data; a student's specific award package is compared to their own specific calculated COA.

⁵ Represents the percentage of students in this population (Resident/Non-Resident/WUE) with at least one of these awards "paid."

⁶ For students with at least one of these awards paid, this is the most common range for their total from this type of award (using standardized \$1,000 intervals).

Institutional Discounting -- Undergraduates

As shown in Table 1, UNC forecasts to award \$23,501,734 in institutional scholarships to undergraduates in FY17. These are considered “unfunded” as there is no dedicated financial resource supporting these awards; another way to represent unfunded aid is to show it as a discount to tuition. Table 3A compares these institutional unfunded scholarships to undergraduate tuition, and shows the resulting discounted (or net) revenue and the discount percent. As seen in Table 3A this rate has been rising, consistent with national trends.

Table 3A Undergraduate Discount Trend

	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Forecast	FY18 Budget
Undergraduate Tuition (Main & Extended)	\$ 67,067,715	\$ 67,163,518	\$ 70,403,863	\$ 77,220,934	\$ 83,896,681
Institutional Scholarships	(15,296,814)	(16,810,417)	(18,229,527)	(23,501,734)	(27,915,144)
Discounted Revenue	\$ 51,770,901	\$ 50,353,101	\$ 52,174,336	\$ 53,719,200	\$ 55,981,537
Discount Percent	22.81%	25.03%	25.89%	30.43%	33.27%

It is important to note that we do not target a particular discount rate, but develop our financial aid packaging with the intent of maximizing net revenue, without compromising strategic enrollment goals (e.g., enrollment by program, maintaining a diverse student body, etc.). Our consultant, Ruffalo Noel Levitz, assists us with an econometric model to build financial aid packages for incoming freshmen and transfers. The financial aid packages are generally renewable until the student completes his or her degree.

Table 3B shows institutional discounting specifically for room and board. Note that in many cases the financial aid packages that make up the institutional scholarships in Table 3A may also be applied toward room and board cost. Table 3B only shows waivers and scholarships specifically for room and board.

Table 3B Undergraduate Room and Board Discount Trend

	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Forecast	FY18 Budget
Undergrad Room and Board Revenue	\$ 30,540,293	\$ 30,824,114	\$ 31,851,176	\$ 33,337,578	\$ 34,621,092
Room and Board Waivers/Scholarships	(951,349)	(1,047,182)	(1,104,576)	(1,122,000)	(1,200,000)
Discounted Revenue	\$ 29,588,944	\$ 29,776,932	\$ 30,746,600	\$ 32,215,578	\$ 33,421,092
Discount Percent	3.1%	3.4%	3.5%	3.4%	3.5%

Our undergraduate institutional financial aid packages include an array of awards in the following categories:

- Need-based grants that consider both a student’s need (Expected Family Contribution, or EFC) and their level of academic preparation.
- Merit scholarships to attract high achieving students (Trustee, Presidential, Provost, etc.).
- Talent scholarships targeted to attract students to particular programs. Athletics scholarships are a type of talent scholarship. Most of the remainder of our Talent awards are for students in Performing and Visual Arts programs.
- Match scholarships are used for partnerships with external programs like the Daniels Fund, Denver Scholarship Foundation and Reisher Scholars Program. Typically these partnerships include both academic support programs and financial support.
- Other scholarship are relative small and most notably include the Greeley Promise.

Our institutional grants and scholarships are awarded based on consistent, clear criteria and are not negotiated on a student-by-student basis. An exception is made for a pool of about \$100,000 per year that is used for special student situations. As an example, the federal calculation of need (EFC) is based on historical family finances. If a parent has recently been laid off or if there are other extenuating financial circumstances, the Financial Aid Office has a review process for making awards based on documented need. Professional judgment has also been used for special “Academic Achievement” awards. As an example, a student may technically have missed the criteria for, say, a Presidential Merit scholarship because of poor academic performance during their Junior year due to a significant illness. If academic performance before and after demonstrates the ability to be highly successful at UNC, they may be offered an Academic Achievement award in an amount comparable to the Presidential Merit scholarship. Table 4 summarizes undergraduate institutional aid by type.

Table 4 Undergraduate Institutional Aid by Type

Aid Type	FY17 Budget	FY17 Forecast	FY18 Budget
Resident Need-Based	\$ 6,815,201	\$ 8,130,559	\$ 10,537,105
Non-Resident Need-Based	790,000	540,012	375,000
Athletics	4,312,373	4,292,221	4,670,651
Resident Merit	5,074,650	5,574,274	6,888,799
Non-Resident Merit	2,174,850	2,385,108	2,675,089
Talent		741,888	744,000
Match		290,970	332,000
Other	2,631,406	1,546,702	1,692,500
Subtotal Undergraduate Institutional Aid	21,798,480	23,501,734	27,915,144
Room and Board Waivers	1,200,000	1,122,000	1,200,000
Foundation-Funded Scholarships	4,281,972	4,056,358	4,140,000
Total	\$ 27,280,452	\$ 28,680,092	\$ 33,255,144

Institutional Discounting -- Graduates

As shown in Table 1, UNC forecasts to award \$5,405,436 in institutional aid to graduate students in FY17. About 90% of this aid is for graduate and teaching assistantship tuition and fee waivers. Almost all assistantships are for main campus students, but total graduate tuition (main and extended campus) is used to calculate the discount rate as shown in Table 5.

Table 5 Graduate Discount Trend

	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Forecast	FY18 Budget
Graduate Tuition (Main & Extended)	\$ 24,909,640	\$ 24,950,925	\$ 26,658,783	\$ 30,394,267	\$ 34,477,390
Institutional Scholarships and Waivers	(3,983,065)	(4,144,139)	(4,680,713)	(5,405,436)	(5,616,839)
Discounted Revenue	\$ 20,926,575	\$ 20,806,786	\$ 21,978,070	\$ 24,988,831	\$ 28,860,551
Discount Percent	16.0%	16.6%	17.6%	17.8%	16.3%

UNC does not categorize graduate scholarships in the same way as undergraduate scholarships. Table 6 shows the distribution of assistantship waivers and scholarships.

Table 6 Graduate Institutional Aid by Type

Aid Type	FY17 Budget	FY17 Forecast	FY18 Budget
Waivers	\$ 4,374,999	\$ 4,854,500	\$ 5,026,539
Scholarships	339,394	550,936	590,300
Subtotal Graduate Institutional Aid	4,714,393	5,405,436	5,616,839
Foundation-Funded Scholarships	-	138,647	85,000
Total	\$ 4,714,393	\$ 5,544,083	\$ 5,701,839

We will include all of these tables in the FY18 budget document for your June meeting. We also can add as many of them as would be helpful to the quarterly financial reports.

UNIVERSITY OF NORTHERN COLORADO: FINANCIAL REPORT

03/31/2017

OVERVIEW

Financial highlights of the fiscal year 2016-17 3rd quarter financial report are summarized below:

Cash (pages 2-3)

- The University's cash position is \$69.9 million with \$23.2 million in centralized reserves.

Reserves (page 4)

- Reserves are currently \$23.2 million, with \$14.5 million in the university reserve after funding FY17 strategic investments and FY17 capital projects.

Accounts Receivable (page 5)

- The 3rd quarter net accounts receivable is \$8.3 million, which is \$1.5 million higher than last year at this time. The timing of receivables can vary noticeably from year to year. The most consistent benchmark is the fiscal year-end. Trend information is shown in Tables 4 and 5.

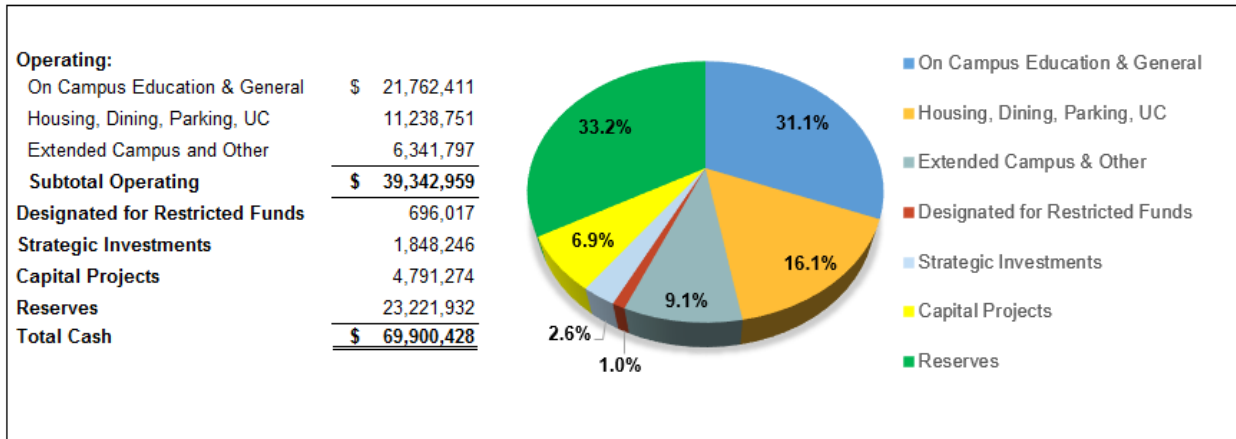
Operating Budget (page 6)

- The fiscal year 2016-17 operating budget 3rd quarter forecast shows operating results of \$4.6 million before internal transfers of UNC Foundation capital gifts and student capital fees. Operating results less transfers is (\$2.2) million. Details of revenues, expenditures and transfers are forecasted as follows:
 - Net revenue - \$194.6 million
 - Gross tuition, fees and room & board - \$160.8 million
 - Discounting - \$34.2 million
 - State appropriations - \$39.1 million
 - Foundation support - \$11.7 million
 - All other revenue - \$17.2 million
(catering, conferences, parking, athletics, theater, etc.)
 - Personnel expenditures - \$132.9 million
 - Non-personnel expenditures - \$45.1 million
 - Debt payments for bonds and capital leases - \$12.0 million
 - Transfer of restricted Foundation and other operating funds to the capital budget - \$3.2 million
 - Transfer of student capital fee funds to the capital budget - \$3.6 million

CASH

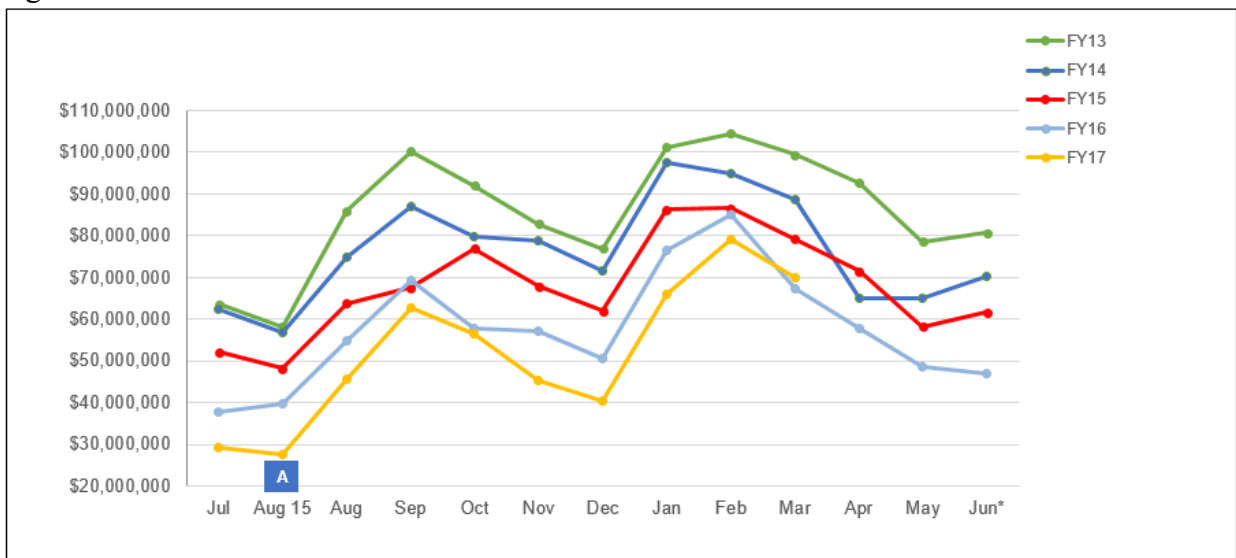
Total cash as of March 31, 2017, is \$69.9 million. Figure 1 shows amounts available for operating, strategic investments, capital projects and reserves. FY18 strategic investments and capital projects are funded from reserves in July. Campus Commons bond proceeds of \$27.3 million are not included in the cash balances in Figure 1.

Figure 1. Cash Balance at March 31, 2017



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 occurred in mid-August and is a good point for benchmarking purposes. This is noted with the letter “A” in the graph. Consistent with the University’s Fiscal Sustainability Plan, we anticipate net cash outflows in both FY17 and FY18.

Figure 2. Annual Cash Flow Trend



The University's cash position is \$2.5 million more than the previous fiscal year at this time, as shown in Table 1. We received \$6.6 million in cash in February from the sale of University Apartments.

Table 1. Overall Cash Balance

Month	FY13	FY14	FY15	FY16	FY17
Jul	63,687,414	62,564,780	52,203,773	37,814,641	29,249,252
Aug 15	58,163,368	56,778,921	48,277,445	39,776,437	27,569,804
Aug	86,041,929	75,042,476	63,727,315	54,843,178	45,569,608
Sep	100,224,416	87,172,851	67,633,545	69,407,889	62,576,984
Oct	92,027,359	79,928,173	77,000,173	57,813,291	56,504,939
Nov	82,859,466	78,689,806	67,829,386	57,080,941	45,297,668
Dec	76,860,713	71,509,152	61,966,401	50,684,129	40,268,950
Jan	101,228,767	97,526,719	86,298,922	76,476,844	66,080,438
Feb	104,469,317	94,867,317	86,539,392	85,070,248	79,274,077
Mar	99,487,663	88,777,015	79,278,071	67,433,066	69,900,428
Apr	92,693,707	65,053,621	71,527,719	57,968,958	
May	78,621,639	65,053,621	58,214,450	48,614,786	
Jun*	80,640,709	70,241,267	61,721,397	46,873,470	

*The June balance in 2014 was updated for the GASB 31 FMV adjustment.

The University also has Campus Commons bond proceeds of \$27,346,200. It is not included in the cash table for comparative purposes.

The cash forecast below is intended to give a quick summary of the effect of FY17 operating results, strategic investments and capital expenditures on cash. The total column may be most helpful.

Table 2. Cash Forecast - Preliminary Comparison of Actual 06/30/16 to Forecast 06/30/17

	Operating	Restricted	Strategic Investments	Capital Projects	Reserves	Total
Cash at 06/30/2016	\$ 24.5	\$ 1.1	\$ 1.1	\$ (1.6)	\$ 21.8	\$ 46.9
FY17 Transfers						
Strategic Investments	(1.2)	-	3.6	-	(2.4)	-
Capital Projects/Small Equipment	(4.2)	-	-	6.1	(1.9)	-
Perkins UNC Portion	0.1	(0.1)	-	-	-	-
Fiscal Year End Transfers	(4.6)	-	-	0.2	4.4	-
Subtotal Transfers	(9.9)	(0.1)	3.6	6.3	0.1	-
FY17 Forecasted Net Cash Inflows (Outflows)						
Operating Results FY17	4.6	(0.4)	-	-	-	4.2
Receivables and Sale of Assets	4.1	-	-	-	6.6	10.7
Energy Performance Contract	-	-	-	4.0	-	4.0
Strategic Investments	-	-	(3.6)	-	-	(3.6)
Foundation Capital Gifts	(3.2)	-	-	3.1	0.1	-
Capital Cash State & Debt	-	-	-	31.1	-	31.1
Capital Projects/Small Equipment	-	-	-	(40.1)	-	(40.1)
Subtotal Inflows (Outflows)	5.5	(0.4)	(3.6)	(1.9)	6.7	6.3
Cash Forecast at 06/30/2017 (a) (b)	\$ 20.1	\$ 0.6	\$ 1.1	\$ 2.8	\$ 28.6	\$ 53.2

(a) UNC's cash low point at August 15th is typically \$20-\$25 million less than cash at June 30th.

(b) This forecast assumes \$8.7 million of bond proceeds will be expended on the Campus Commons in FY17.

The year-end annual report will include \$18.6 million of unexpended Campus Commons bond proceeds in Cash and Cash Equivalents in addition to this forecast.

CASH RESERVES

Our cash reserves, which is cash that is segregated from our operating, strategic investment and capital balances, provide a cushion for operational contingencies and more significant risks. The University Reserve is declining as we continue to make strategic investments and fund capital projects.

Table 3. Cash Reserves Summary at March 31, 2017

	12/31/2016	FY17 Q3 Activity	03/31/2017
Mandatory			
Bonded R&R	\$ 750,000	\$ -	\$ 750,000
Capital			
Student Fees	4,468,912	a (47,450)	4,421,462
Other Capital Reserves	949,484	-	949,484
Other			
Risk Management and Insurance	2,650,000	-	2,650,000
University Reserve	8,115,918	b 6,335,068	14,450,986
Total Reserves	\$ 16,934,314	\$ 6,287,618	\$ 23,221,932

a. Opened 3 new LEAF projects.

b. Proceeds from the sale of University Apartments less \$250K transferred to Equipment fund for Housing furniture.

ACCOUNTS RECEIVABLE

Table 4 and Figure 3 show that the FY17 3rd quarter balance in student accounts receivable is \$1.5 million more than the previous year. The first quarter FY15 accounts receivable balance was high in comparison to FY16 because \$7.6 million in COF stipend payments was received from the State in the second quarter of FY15. Net Student Accounts Receivable includes the accounting estimate for uncollectible accounts or “bad debt.”

Table 4. Student Accounts Receivable (Net)

	FY15	FY16	FY17
Q1 - Sep 30	\$ 22,770,004	\$ 16,299,215	\$ 15,904,277
Q2 - Dec 31	\$ 4,376,132	\$ 4,598,349	\$ 4,791,141
Q3 - Mar 31	\$ 6,571,233	\$ 6,811,815	\$ 8,322,159
Q4 - Jun 30	\$ 6,120,889	\$ 6,212,773	\$ -

Figure 3. Student Accounts Receivable (Net)

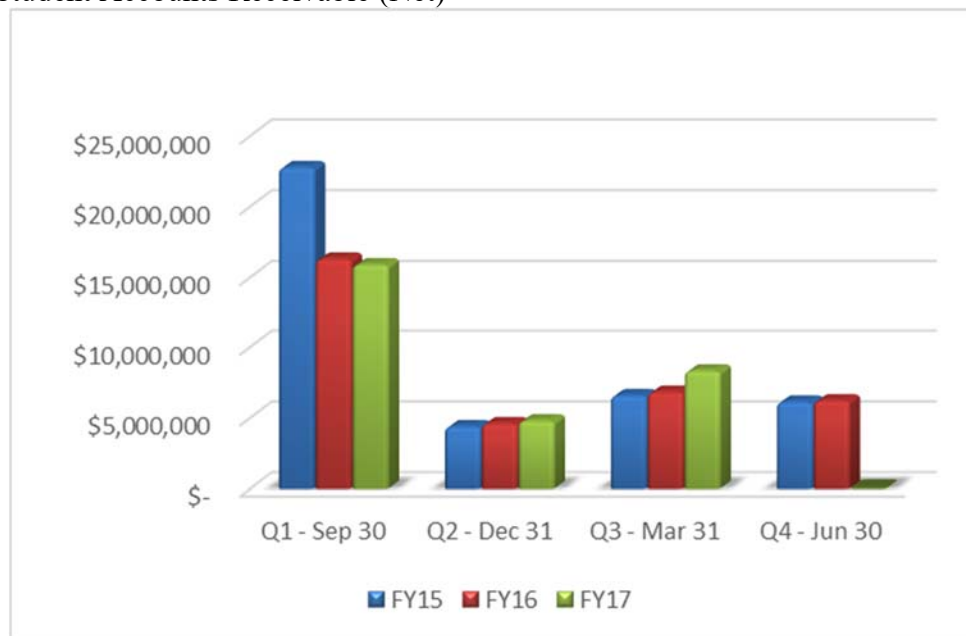


Table 5 represents accounts receivable as a percentage of tuition, fees and room and board revenue at fiscal year-end.

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

	FY12	FY13	FY14	FY15	FY16
Total Student Accounts Receivable	\$ 6,377,234	\$ 7,212,570	\$ 6,435,476	\$ 6,120,899	\$ 6,212,773
Net Tuition, Fees, Room and Board	\$114,064,188	\$116,054,460	\$114,489,682	\$111,033,128	\$116,043,009
A/R as a % of Net Tuition, Fees & Room and Board	5.6%	6.2%	5.6%	5.5%	5.4%

Notes to First Quarter Budget to Forecast Report (page 6)

1	This report includes operating funds and restricted gift funds from the UNC Foundation. This report does not include strategic investments, internal sales, capital projects, restricted grants and contracts, or restricted financial aid.
2	Main campus tuition and fees are 55.5% of the forecasted net operating revenue and are expected to be \$1.7 million under budget for FY17. Based on spring census forecast, undergraduate main campus credit hours are forecasted to be 0.3% below budgeted credit hours. Graduate main campus credit hours are forecasted to be 16.1% below budgeted credit hours.
3	Extended Campus tuition and fees are 10.0% of forecasted net operating revenue and are expected to be \$2.6 million over budget for FY17.
4	Room and Board revenues represent 17.1% of forecasted net operating revenue and are expected to be \$0.2 million over budget for FY17.
5	Discounting includes scholarship expense, graduate tuition waivers and room and board waivers. Total discounting is projected to be \$2.2 million more than budget, primarily due to undergraduate need-based awards and undergraduate merit awards exceeding budgeted amounts.
6	State support is 20.1% of forecasted net operating revenue. UNC's 2016-17 Fee-For-Service revenue increased by \$75,000 for the pilot program for inclusive higher education for persons with intellectual and developmental disabilities.
7	Support from the UNC Foundation consists of gifts that are restricted for program support, capital, or scholarships. UNC also has an agreement with the Foundation to receive \$1.6 million in unrestricted support, which funds institutional scholarships. Total Foundation support in the operating budget is forecasted at \$11.7 million, or 6.0% of forecasted net operating revenue.
8	Other sources of revenue comprise 8.9% of forecasted net operating revenue and come from parking, retail sales, athletics events, vending machines, licensing, theatre, grant administrative revenue, late fees and treasury interest. The forecast for these revenues is \$0.4 million more than budgeted revenues.
9	Personnel expenditures are 69.9% of total expenditures. Personnel expenditures are \$2.0 million above budget due to adjustments in anticipation of overtime law changes, a shift in staff from the Foundation, and lower than budgeted savings from vacant positions.
10	Non-personnel expenditures are 23.8% of total expenditures. The FY17 forecast shows a \$0.4 million positive variance to the overall budget for these categories. This includes a \$1.0 million surplus in utilities. Natural gas prices have been lower than what was originally budgeted, but have been trending upward in the past few months.
11	Debt service and capital leases are 6.3% of total expenditures. Campus Commons debt service, which is paid from the student capital fee, was budgeted at \$1.6 million. The bonds were issued in November 2017 and the FY17 debt service will be only \$0.6 million. Therefore, the student fees of \$1.0 million that were not needed to pay bond debt in FY17 will be transferred to capital reserves for future capital projects.

RESIDENT AND NON-RESIDENT TUITION DETAIL

	Budget					Forecast					Variance at 03/31/2017
Undergrad	Fall	Interim	Spring	Summer	Total	Fall	Interim	Spring	Summer	Total	Total
Resident	\$ 25,778,670	\$ 398,999	\$ 23,027,380	\$ 3,278,491	\$ 52,483,540	\$ 25,847,936	\$ 368,703	\$ 23,162,872	\$ 3,267,204	\$ 52,646,715	\$ 163,175
Non-Resident	5,244,529	57,342	4,715,626	789,002	10,806,499	5,201,530	72,322	4,624,638	821,233	10,719,723	(86,776)
WUE	4,476,877	55,769	4,090,899	599,961	9,223,506	4,647,207	58,072	4,234,460	694,862	9,634,601	411,095
Subtotal	35,500,076	512,110	31,833,905	4,667,454	72,513,545	35,696,673	499,097	32,021,970	4,783,299	73,001,039	487,494
Extended Campus	1,614,176	53,535	1,192,695	1,172,638	4,033,044	1,657,540	98,074	1,171,292	1,292,989	4,219,895	186,851
FY17 Total	\$ 37,114,252	\$ 565,645	\$ 33,026,600	\$ 5,840,092	\$ 76,546,589	\$ 37,354,213	\$ 597,171	\$ 33,193,262	\$ 6,076,288	\$ 77,220,934	\$ 674,345
Graduate	Fall	Interim	Spring	Summer	Total	Fall	Interim	Spring	Summer	Total	Total
Resident	\$ 5,185,678	\$ -	\$ 4,820,137	\$ 2,036,791	\$ 12,042,606	\$ 4,185,534	\$ -	\$ 3,994,415	\$ 1,283,907	\$ 9,463,856	\$ (2,578,750)
Non-Resident	2,472,610	-	2,176,840	543,073	5,192,523	2,794,679	-	2,580,680	490,454	5,865,813	673,290
Subtotal	7,658,288	-	6,996,977	2,579,864	17,235,129	6,980,213	-	6,575,095	1,774,361	15,329,669	(1,905,460)
Extended Campus	4,852,800	-	4,200,005	3,619,270	12,672,075	5,332,866	-	5,180,000	4,551,732	15,064,598	2,392,523
FY17 Total	\$ 12,511,088	\$ -	\$ 11,196,982	\$ 6,199,134	\$ 29,907,204	\$ 12,313,079	\$ -	\$ 11,755,095	\$ 6,326,093	\$ 30,394,267	\$ 487,063
Total	Fall	Interim	Spring	Summer	Total	Fall	Interim	Spring	Summer	Total	Total
Resident	\$ 30,964,348	\$ 398,999	\$ 27,847,517	\$ 5,315,282	\$ 64,526,146	\$ 30,033,470	\$ 368,703	\$ 27,157,287	\$ 4,551,111	\$ 62,110,571	\$ (2,415,575)
Non-Resident	7,717,139	57,342	6,892,466	1,332,075	15,999,022	7,996,209	72,322	7,205,318	1,311,687	16,585,536	586,514
WUE	4,476,877	55,769	4,090,899	599,961	9,223,506	4,647,207	58,072	4,234,460	694,862	9,634,601	411,095
Subtotal	43,158,364	512,110	38,830,882	7,247,318	89,748,674	42,676,886	499,097	38,597,065	6,557,660	88,330,708	(1,417,966)
Extended Campus	6,466,976	53,535	5,392,700	4,791,908	16,705,119	6,990,406	98,074	6,351,292	5,844,721	19,284,493	2,579,374
FY17 Total	\$ 49,625,340	\$ 565,645	\$ 44,223,582	\$ 12,039,226	\$ 106,453,793	\$ 49,667,292	\$ 597,171	\$ 44,948,357	\$ 12,402,381	\$ 107,615,201	\$ 1,161,408

STRATEGIC INVESTMENTS BUDGET

For the Quarter Ended March 31, 2017

Strategic Investment Cash

Unexpended balances committed to FY17	\$ 1,069,277
Cash Transferred from University Reserve	2,412,403
Cash Transferred from Operating Budget	800,000
Total Cash in Strategic Investments at July 1, 2016	<u>\$ 4,281,680</u>
Accounts Payable from FY16 paid in FY17	(9,035)
Accounts Payable in FY17	207
Prepaid Expenses	40,625
Cash transfers to/from non-strategic investment funds	164,908
Year to date FY17 expenditures	(2,630,138)
Cash in Strategic Investments at March 31, 2017	<u><u>\$ 1,848,246</u></u>

Multiyear Commitments	Total FY17 Budget	Actual Expenditures at 03/31/2017	Available Balance
Community and Civic Engagement	\$ 170,000	\$ 129,569	\$ 40,431
Enrollment and Pricing	\$ 65,000	\$ 62,861	\$ 2,139
Integrated Student Support Plans			
Student Success Collaborative	160,000	203,125	(43,125)
Student Food Insecurity Project	40,000	22,349	17,651
Subtotal Integrated Student Support Plans	<u>\$ 200,000</u>	<u>\$ 225,474</u>	<u>\$ (25,474)</u>
Academic Portfolio			
Accreditation	150,000	140,160	9,840
Program Review & Assessment	35,000	16,672	18,328
Various Academic Portfolio	9,462	-	9,462
Subtotal Academic Portfolio	<u>\$ 194,462</u>	<u>\$ 156,832</u>	<u>\$ 37,630</u>
Research Scholarship and Creative Works			
Grant Match Funds	320,000	207,314	112,686
Faculty Start-Up Packages	130,000	216,445	(86,445)
Faculty Awards & Development	330,750	147,182	183,568
Innovation Dev. & Enterprise Adv. (IDEA)	150,000	92,471	57,529
Math & Science Teaching Inst. (MAST)	121,500	-	121,500
UNC Cancer Rehabilitation Institute	163,500	149,311	14,189
RSCW Faculty Reassign Program	84,000	3,661	80,339
Education Innovation Institute	120,000	64,356	55,644
Unrestricted Research Incentive	670,117	348,608	321,509
Subtotal Research Scholarship and Creative Works	<u>\$ 2,089,867</u>	<u>\$ 1,229,346</u>	<u>\$ 860,521</u>
Total Core Plan Investments	<u>\$ 2,719,329</u>	<u>\$ 1,804,082</u>	<u>\$ 915,247</u>
Support Plan Investments			
Information Management Plan	750,000	354,350	395,650
Total Support Plan Investments	<u>\$ 750,000</u>	<u>\$ 354,350</u>	<u>\$ 395,650</u>
Other Strategic Investments			
I@UNC	300,000	48,936	251,064
Emergency Management	50,000	-	50,000
Compensation Identity	-	6,000	(6,000)
Emerging University Priorities	125,000	80,896	44,104
Innovation - Online Course Development	450,000	335,874	114,126
Total Other Strategic Investments	<u>\$ 925,000</u>	<u>\$ 471,706</u>	<u>\$ 453,294</u>
Grand Total	<u><u>\$ 4,394,329</u></u>	<u><u>\$ 2,630,138</u></u>	<u><u>\$ 1,764,191</u></u>

CAPITAL PROJECTS

For the Quarter Ended March 31, 2017

	Board Approved Budget June, 2016	Committed Projects at 03/31/2017	Expended FY17	Remaining To be Expended FY17	To be Expended FY18
A. Fiscal Year 2016-17 New Projects					
General Fund					
FY17 projects with budgets less than \$200,000	\$ 1,540,085	\$ 1,448,202	\$ 797,147	\$ 340,828	\$ 310,227
Campus-wide wireless technology upgrades-Phase III	675,000	675,000	24,533	650,467	-
Parsons roof replacement	575,000	575,000	3,381	399,119	172,500
Subtotal General Funded Projects	2,790,085	2,698,202	825,061	1,390,414	482,727
Housing, Dining, Extended Studies, Student Fees					
FY17 projects with budgets less than \$200,000	396,300	606,754	169,177	202,577	235,000
Lawrenson carpet replacement Phase I (\$375K total)	200,000	199,707	9,847	99,860	90,000
Harrison roof replacement	800,000	800,000	25,197	534,803	240,000
UC roof replacement lobby area 2	360,000	360,000	1,724	250,276	108,000
Parking Lot "L" reconstruction lower level	500,000	500,000	-	-	500,000
Subtotal Auxiliary and Other Funded Projects	2,256,300	2,466,461	205,945	1,087,516	1,173,000
Restricted Capital Grants/Gifts					
Replace softball scoreboard	25,000	24,998	24,998	-	-
Subtotal Restricted Capital Grants/Gifts	25,000	24,998	24,998	-	-
State Capital Appropriations					
Fire sprinkler upgrade-McKee	996,364	996,364	5,233	-	991,131
Fire sprinklers Phase III of III	1,126,460	1,126,460	5,537	-	1,120,923
Campus-wide wireless technology upgrades	2,412,750	2,412,750	2,349,830	62,920	-
Subtotal State Capital Appropriations	4,535,574	4,535,574	2,360,600	62,920	2,112,054
Equipment					
768,166	1,003,306	753,652	199,654	50,000	
Campus Commons (multi-year)⁽³⁾					
State Capital Appropriation and Debt Funding	61,600,000	65,346,200	5,351,089	17,809,434	38,598,028
Capital Gifts from Foundation and Bridge Funding	12,000,000	8,253,800	62,785	3,049,715	3,515,815
Subtotal Campus Commons (multi-year)	73,600,000	73,600,000	5,413,874	20,859,149	42,113,843
Total Fiscal Year 2016-17 New Projects	\$ 83,975,125	\$ 84,328,541	\$ 9,584,130	\$ 23,599,653	\$ 45,931,624
B. Fiscal Year 2015-16 Projects in Progress					
General Fund					
FY16 projects with budgets less than \$200,000	\$ 409,368	\$ 481,954	\$ 159,743	\$ 177,783	\$ 144,428
Carter Hall window replacements	102,000	56,952	56,952	-	-
Sidewalk repairs	71,000	88,525	34,903	10,000	43,622
Annual office refresh program	41,000	82,976	24,028	58,948	-
Subtotal General Funded Projects	623,368	710,407	275,626	246,731	188,050
Housing, Dining, Extended Studies, Student Fees					
FY16 projects with budgets less than \$200,000	49,918	303,383	45,639	169,976	87,768
Seal coat multiple parking lots	55,987	55,774	5,327	50,447	-
Residence halls carpet and paint	412,000	402,637	72,853	123,784	206,000
Subtotal Auxiliary and Other Funded Projects	517,905	761,794	123,819	344,207	293,768
Debt Funded Capital Projects					
Energy Performance Contract	8,850,000	4,805,723	3,661,692	764,667	379,364
Subtotal Restricted Capital Grants/Gifts	8,850,000	4,805,723	3,661,692	764,667	379,364
State Capital Appropriations					
Fire sprinklers Phase I of III	63,319	-	-	-	-
Fire sprinklers Phase II of III	316,523	688,440	271,085	330,000	87,355
Roofs for Nottingham, Patton, Gunter, and Parsons	-	478,490	478,490	-	-
Subtotal State Capital Appropriations	379,842	1,166,930	749,575	330,000	87,355
Equipment					
50,000	100,662	48,015	52,647	-	
Total Fiscal Year 2015-16 Projects in Progress	\$ 10,421,115	\$ 7,545,516	\$ 4,858,727	\$ 1,738,252	\$ 948,537
C. Fiscal Year 2017-2018 Projects Expended Before 06/30/17					
\$ -	\$ 289,838	\$ -	\$ 289,838	\$ -	
Total Capital Projects	\$ 94,396,240	\$ 92,163,895	\$ 14,442,857	\$ 25,627,743	\$ 46,880,161

(1) Board Approved Budget includes (A) new FY17 project commitments and (B) estimated remaining expenditures on FY16 projects.

(2) Committed projects at 03/31/2017 includes (A) new FY17 projects commitments +/- project changes (B) actual remaining commitments to complete FY16 projects at 03/31/2017 and (C) early start FY18 projects.

(3) \$2.6 million of Campus Commons was expended in FY16; \$2.6 million of the Campus Commons will be completed in FY19.

RESTRICTED GRANTS AND CONTRACTS

Budget to Actual

For the Quarter Ended March 31, 2017

	Original Budget	Actual at 03/31/2017
REVENUE		
Federal Grants	\$ 4,960,000	\$ 3,934,780
State and Local Grants	250,000	205,850
Other Private Grants	60,000	86,584
UNC Foundation Grants	440,000	423,227
TOTAL REVENUE	\$ 5,710,000	\$ 4,650,441
EXPENSES/TRANSFERS		
Personnel Expenses		
Faculty Salaries	\$ 820,000	\$ 773,323
Administrative Exempt Salaries	1,140,000	822,979
Graduate Teaching Assistants	110,000	129,036
GA/TA/GRA Tuition Scholarships	47,000	45,944
Classified Salaries	4,000	6,463
Student Wages	130,000	116,623
Other Wages/Compensations	105,000	56,904
Fringe Benefits	570,000	476,855
Subtotal Personnel Expenses	\$ 2,926,000	\$ 2,428,127
Non-Personnel Expenses		
Other Current Expenses	\$ 240,000	\$ 209,536
Purchased Services	710,000	384,381
Supplies	170,000	173,425
Cost Allocation & Utilities	-	10,450
Grant Facility and Administrative Recovery	394,000	457,312
Scholarships	990,000	824,324
Travel	160,000	147,300
Capital	120,000	243
Subtotal Non-Personnel Expenses	\$ 2,784,000	\$ 2,206,972
TOTAL EXPENSES/TRANSFERS	\$ 5,710,000	\$ 4,635,099
REVENUE LESS EXPENSES/TRANSFERS	\$ -	\$ 15,342

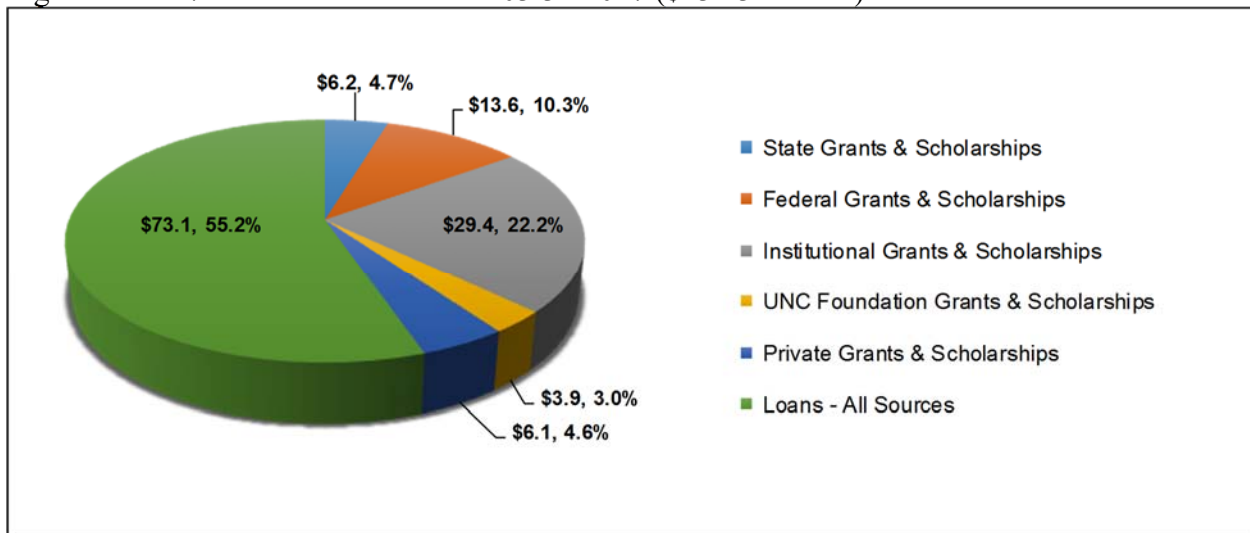
FINANCIAL AID

Table 6 and Figure 4 show the total financial aid available to students from all funding sources, including state, federal, institutional, private funds and loans. Table 6 includes the total financial aid expected and financial aid paid-to-date, while Figure 4 shows the allocation of financial aid by source paid-to-date. Approximately 70% of total financial aid is used to pay student bills, while 30% is “refunded” to the students for living expenses and books.

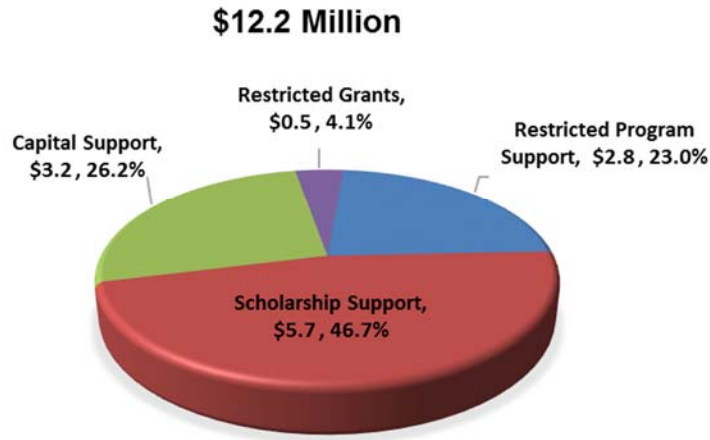
Table 6. FY17 Total Financial Aid by Source and Type - Undergraduate and Graduate

Aid Type and Source	FY17 Budget	Actual at 03/31/2017
Grants & Scholarships		
State	\$ 5,711,646	\$ 6,159,291
Federal	14,167,712	13,616,819
Institutional	27,712,873	29,408,665
UNC Foundation	4,281,972	3,912,005
Private	6,422,988	6,117,045
Subtotal Grants & Scholarships	\$ 58,297,191	\$ 59,213,825
Loans - All Sources	\$ 78,281,000	\$ 73,094,308
Total Financial Aid	\$ 136,578,191	\$ 132,308,133

Figure 4. FY17 Total Financial Aid at 03/31/2017 (\$132.3 million)



FOUNDATION SUPPORT EXPENDED*



	FY17 Budget	FY17 Forecast	Variance
Restricted Program Support			
Athletics	\$ 482,425	\$ 400,000	\$ (82,425)
Provost	112,331	100,000	(12,331)
Library	364,010	200,000	(164,010)
EBS	202,150	200,000	(2,150)
HSS	300,663	160,000	(140,663)
MCB	873,001	625,000	(248,001)
NHS	355,439	100,000	(255,439)
PVA	161,500	200,000	38,500
Stryker Institute	273,676	273,676	-
Tointon Institute	260,000	328,000	68,000
Other	147,500	170,100	22,600
Total Restricted Program Support	\$ 3,532,695	\$ 2,756,776	\$ (775,919)
Scholarships			
Institutional Scholarship Support	\$ 1,200,000	\$ 1,550,000	\$ 350,000
Restricted Scholarships			
Named and Endowed Scholarships	3,500,000	3,581,693	81,693
Athletics Scholarships	498,972	330,312	(168,660)
Greeley Promise & Other Scholarships	283,000	283,000	-
Total Scholarship Support	\$ 5,481,972	\$ 5,745,005	\$ 263,033
Capital Support			
Campus Commons	\$ 3,000,000	\$ 3,112,500	\$ 112,500
Athletics Softball Scoreboard	25,000	24,998	(2)
Athletics Softball Backstop	-	35,000	35,000
PVA Gray Hall	20,000	20,000	-
Total Capital Support	\$ 3,045,000	\$ 3,192,498	\$ 147,498
Grants			
Daniels Fund	\$ 200,000	\$ 185,000	\$ (15,000)
Frontiers of Science	160,000	160,000	-
Grants under \$100,000	80,000	175,000	95,000
Total Grants Support	\$ 440,000	\$ 520,000	\$ 80,000
Total Foundation Support	\$ 12,499,667	\$ 12,214,279	\$ (285,388)

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



UNIVERSITY OF
NORTHERN
COLORADO

Office of the Internal Auditor
Quarterly Summary Report of Internal Audit Activities
for the Period January 1, 2017 through March 31, 2017

Table of Contents

Cover Page	1
I.-II. Internal Audits Completed and in Progress	2
III. Other Audit Activities	3
IV. Purpose of Audit Summary	3



Office of the Internal Auditor
Quarterly Summary Report of Internal Audit Activities
For the Period January 1, 2017 through March 31, 2017

I. Proposed Upcoming or Completed Audits

Procurement Card Audit

Scope: The scope of this audit included:

- Review of the University's procurement card policies and procedures;
- Analysis of procurement card transaction data generated by the Wells Fargo System;
- Testing of the effectiveness of procurement card internal controls and compliance with these controls by procurement card administrators; and
- Examination of a sample of procurement card transactions initiated by individual procurement card holders.

Methods: During the audit, the Internal Auditor:

- Reviewed procurement card policies and procedures and examine their effectiveness for internal control purposes;
- Evaluated communication and information processes between procurement card holders and administrators; and
- Monitored compliance with established procurement card policies, procedures, and internal control.

Status: This audit was completed in May of 2017. It was noted that some p-card purchases included Colorado state sales taxes in the final receipt. Most of such purchases were updated in order to obtain refunds of Colorado state sales tax paid as required by the University of Northern Colorado p-card program. Timing for receiving statements and receipts is an issue in a few instances that are related to the same individuals who, or departments that, are constantly reminded to get the required information to the p-card department on a timely basis. In some instances, statements and receipts are not received on a quarterly basis but are received before year-end. The p-card program is operated with strong and professional oversight and with many Internal Controls that have minimized program compliance issues.

II. Parking Services and University Police Operations

Scope: The scope of this audit will include:

- Review of Parking Services and University Police Department policies and procedures;
- Analysis to ensure that revenue associated with permits, meters, and visitor lots are accurate, complete, and recorded in the General Ledger properly;
- Examination of cash handling controls and issuance of parking permits to ensure that proper guidelines are followed; and
- Review and evaluation of fines and citations to ensure they are issued and recorded properly.

Methods: During the audit, the Internal Auditor will:

- Review cash handling and reconciliation related to the four cash drawers at Parking Services;
- Test permits sold and compare them to Parking Services information for correct license plate and name on the vehicles permitted;
- Identify fines and citations through review with the University Police Department and Parking Services employees; and
- Observe collection of cash and coins from the meters and permits to determine whether counting and money handling follows reasonable cash handling guidelines.

Status: This audit is currently underway and is anticipated to be completed in June of 2017.

III. Other Audit Activities

Quarterly Activities

Internal audit activities related to quarterly cash counts were completed in April of 2017. All cash counts were satisfactory with no significant issues noted.

IV. Purpose of Audit Summary

The purpose of this summary is to provide information regarding internal audit work completed or in process during the 2017 calendar year. If you have any questions or comments regarding this summary, please contact me at 970-351-2105 or email me at bradley.hoffner@unco.edu.

Brad Hoffner
Internal Auditor
University of Northern Colorado



Audit Number 2017-1

Procurement Card Audit

May 1, 2017



Office of the Internal Auditor

Carter Hall

University of Northern Colorado

Greeley, Colorado 80639

(970)351-2105

Brad Hoffner
 Internal
 Auditor
bradley.hoffner@unco.edu
 (970) 351-2105

Audit Title: Procurement Card Audit

Date: May 1, 2017

Distribution: Board of Trustees Audit Committee
 Kay Norton, President
 Dan Satriana, General Counsel and Secretary to the Board of Trustees
 Michelle Quinn, Senior Vice President and Chief Financial Officer
 Robbyn Wacker, Provost and Senior Vice President
 Cristal Swain, Assistant Legal Counsel and Chief Procurement Officer
 Alta Herndon, Payments and Procurement Card Manager

Table of Contents

Cover Page	1
Distribution and Table of Contents	2
Internal Audit Scope and Methods	3
Overview of Procurement Cards	4
Summary of Controls	4

Procurement Card Audit

Purpose and Methods

This internal audit was initiated according to the 2017 Calendar Year Internal Audit Plan and the completed University Financial Risk Assessment process. This audit was completed as of May 2017.

Procurement Card Audit

Scope: The scope of this audit included:

- Review of the University's procurement card policies and procedures;
- Analysis of procurement card transaction data generated by the Wells Fargo System;
- Testing of the effectiveness of procurement card internal controls and compliance with these controls by procurement card administrators; and
- Examination of a sample of procurement card transactions initiated by individual procurement cardholders.

Methods: During the audit, the Internal Auditor:

- Reviewed procurement card policies and procedures and examine their effectiveness for internal control purposes;
- Evaluated communication and information processes between procurement card holders and administrators; and
- Monitored compliance with established procurement card policies, procedures, and internal control.

Status: This audit was completed in May of 2017. It was noted that some p-card purchases included Colorado state sales taxes in the final receipt. Most of such purchases were updated in order to obtain refunds of Colorado state sales tax paid as required by the University of Northern Colorado p-card program. Timing for receiving statements and receipts is an issue in a few instances that are related to the same individuals who, or departments that, are constantly reminded to get the required information to the p-card department on a timely basis. In some instances, statements and receipts are not received on a quarterly basis but are received before year-end. The p-card program is operated with strong and professional oversight and with many Internal Controls that have minimized program compliance issues.

Following the completion of the general overview and risk assessment process, professional judgment was utilized to select specific areas for additional focus and audit testing. Internal control is broadly defined as processes designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. Carefully implemented, practiced, and monitored internal controls are required to ensure adequate protection of assets and sensitive information. This review was dependent upon sampling and other audit techniques that do not examine all transactions; therefore, it may not disclose all instances of control weaknesses or non-compliance with policy.

Procurement Card Audit

Overview of Procurement Cards

The University of Northern Colorado has a contract with Wells Fargo Bank to provide chip-enabled VISA credit cards, also referred to as PCards, to use as a payment method when making approved university-related business purchases. The VISA PCards used by the University require a PIN be established in order to use the card.

An important fact to remember is that any purchase for the University that exceeds \$5,000 requires a purchase order prior to making the purchase!

A PCard can be configured to serve as a purchasing card, a travel card, or a combination purchasing/travel card. How each card is configured is determined by the cardholder's department or college. The UNC PCard is a corporate liability credit card, not a personal liability credit card, so your personal credit history is not accessed, considered, or impacted by having a UNC PCard.

The card can be used for in-store purchases as well as phone, email or online purchases. Each card is tailored to the cardholder's purchasing needs to help reduce card declines, and to minimize the potential for fraud if a card is lost or stolen.

UNC pays a combined PCard credit card bill each month; billing statements are not sent to individual cardholders.

PCards cannot be used to make personal purchases. Cardholders are asked to treat their PCard with the same sense of responsibility and security that they would use for their personal credit cards. Violations of policy and procedure can result in card suspension, card cancellation, or in some cases, termination of employment.

Summary of Internal Controls

Internal controls consist of five interrelated components: The control environment, risk assessment, control activities, information/communication, and monitoring.

Control environment:

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, management's operating style, delegation of authority systems, as well as the processes for managing and developing people in the organization. (Please note Methods and Scope of Audit).

Risk assessment:

Every entity faces a variety of risks from external and internal sources that must be assessed. A precondition to risk assessment is establishment of objectives and thus risk assessment is the identification and analysis of relevant risks to achievement of assigned objectives. Risk assessment is a prerequisite for determining how the risks should be managed. (Please note Recommendations 1 and 2 above).

Procurement Card Audit

Control activities:

Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, adequacy of technology and segregation of duties. (Please note Methods and Scope of Audit).

Information and communication:

Information systems play a key role in internal control systems as they produce reports, including operational, financial and compliance-related information that make it possible to run and control the organization. In a broader sense, effective communication must ensure information flows down, across and up the organization. (Please note Methods and Scope of Audit).

Monitoring:

Internal control systems need to be monitored--a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities or separate evaluations. Internal control deficiencies detected through these monitoring activities should be reported upstream and corrective actions should be taken to ensure continuous improvement of the system. (Please note Methods and Scope of Audit).

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UNIVERSITY OF
NORTHERN COLORADO

**Board of Trustees
Meeting Schedule**

FY16-17

Regular Board of Trustees meetings are held at 8:30 a.m. in the Panorama Room of the University Center, Finance and Audit Committee meetings are held at 9:00 a.m. in Carter Hall 4th Floor Board Room on the University of Northern Colorado campus, unless announced otherwise. Below is the proposed FY17 meeting schedule as well as key dates for the upcoming academic year.

Friday, August 19, 2016 (Convocation)

Wednesday, August 24, 2016 (Finance and Audit Committee Meeting)

- State Update
- FY15-16 Enrollment and Revenue Summary
- FY15-16, 4th Quarter Results
- Internal Audit Update

Wednesday, November 2, 2016 (Finance and Audit Committee Meeting)

- State Update
- Draft FY16 Financials
- FY16-17, 1st Quarter Results
- Internal Audit Update

Thursday, November 17, 2016 (Working Session)

Friday, November 18, 2016 (Regular Meeting)

- PASC Report
- CSC Report
- Faculty Senate Report
- Student Senate Report
- President's Report
- Fall 2016 Enrollment Census Report and Revenue Update Projections
- Personnel Items

Friday, December 9, 2016 (Graduate Commencement)

Saturday, December 10, 2016 (Undergraduate Commencement)

Friday, January 20, 2017 (Regular Meeting)

- Election of Officers
- PASC Report
- CSC Report
- Faculty Senate Report
- Student Senate Report
- President's Report
- 2017 Annual Financial Report, Financial and Compliance Audits and Financial Indicators
- FY18 Enrollment Plan
- Personnel Items

Wednesday, February 8, 2017 (Finance and Audit Committee Meeting)

- State Update
- FY16-17, 2nd Quarter Results
- FY18 Pricing and Enrollment Discussion
- Internal Audit Update

Thursday, March 2, 2017 (Working Session)

Friday, March 3, 2017 (Regular Meeting)

- PASC Report
- CSC Report
- Faculty Senate Report
- Student Senate Report
- President's Report
- FY18 Budget Discussion (including Capital Budget, Pricing and Compensation)
- Alumni and Development Strategic Direction
- Sabbatical Leaves
- Personnel Items

Friday, May 5, 2017 (Graduate Commencement)

Saturday, May 6, 2017 (Undergraduate Commencement)

Wednesday, May 10, 2017 (Finance and Audit Committee Meeting)

- State Update
- FY18 Budget Preview
- FY16-17, 3rd Quarter Results
- Internal Audit Update

Friday, June 16, 2017 (Regular Meeting)

- PASC Report
- CSC Report
- Faculty Senate Report
- Student Senate Report
- President's Report
- Personnel Items
- FY17-18 Budget
- Faculty Tenure & Promotion Recommendations
- Emeritus Faculty Recommendations