UNCW
FY18 AUDITED FINANCIAL STATEMENTS
FY 2018 Financial Highlights

• State Auditor issued unqualified opinion

• No management letter comments or findings

• No material weaknesses in internal control over financial reporting

• Continued growth in net position, $34.2 million
Net Position Reporting History

• Historically, governmental organizations reported net assets:
  Assets
  - Liabilities
  Net Assets

• In 2011, GASB 63 (Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position) was approved
  – Reporting of net assets replaced with reporting of net position
  – Incorporated deferred inflows and outflows of resources

• In 2015 led to GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions)
GASB 75 (OPEB) Overview

• Objectives
  – Improve accountability and transparency of financial reporting
  – Improve the usefulness of information for decisions or judgments

• Considerations
  – Guidance of other accounting standards boards
  – Actuarial and financial analysis

• Implementation
  – Effective for fiscal year 2018
  – Actuarially computed and audited
  – Presented one year in arrears
GASB 75 (OPEB) Impacts

• University must report its share from the State’s OPEB Plans

• FY 17 Net Position Restatement – Net decrease of $331.7 million
  – Decrease in Unrestricted Net Position of $332.6 million
    • Retiree Health Benefit Fund (RHBF)
  – Increase in Restricted Net Position of $0.9 million
    • Disability Income Plan of North Carolina (DIPNC)

• Other Impacts
  – Operational impact
  – North Carolina General Assembly has changed the Retiree Health Benefit for new employees as of January 1, 2021
## 2018 Change in Net Position

<table>
<thead>
<tr>
<th>in (000's)</th>
<th>FY 2016</th>
<th>FY 2017*</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>$169,106</td>
<td>$174,917</td>
<td>$175,984</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>287,628</td>
<td>300,801</td>
<td>323,722</td>
</tr>
<tr>
<td>Total Operating Loss</td>
<td>(118,522)</td>
<td>(125,884)</td>
<td>(147,738)</td>
</tr>
<tr>
<td>Nonoperating Revenues</td>
<td>132,752</td>
<td>157,713</td>
<td>171,172</td>
</tr>
<tr>
<td>Income Before Other Revenues</td>
<td>14,229</td>
<td>31,829</td>
<td>23,434</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>6,860</td>
<td>5,451</td>
<td>10,751</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td><strong>21,089</strong></td>
<td><strong>37,280</strong></td>
<td><strong>34,185</strong></td>
</tr>
<tr>
<td>Net Position July 1</td>
<td>445,564</td>
<td>466,653</td>
<td>172,248</td>
</tr>
<tr>
<td>Change in Net Position (above)</td>
<td>21,089</td>
<td>37,280</td>
<td>34,185</td>
</tr>
<tr>
<td><strong>Net Position June 30</strong></td>
<td><strong>466,653</strong></td>
<td><strong>503,933</strong></td>
<td><strong>206,433</strong></td>
</tr>
<tr>
<td>Net Position Adjustment</td>
<td></td>
<td>(331,685)</td>
<td></td>
</tr>
<tr>
<td><strong>Restated Net Position June 30</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Change in Net Position (%)</strong></td>
<td>4.73%</td>
<td>-63.09%</td>
<td>19.85%</td>
</tr>
</tbody>
</table>

*Restated*
Diverse Revenue Sources

2018 Revenue by Source $366,610

($ Thousands)

- Student Tuition & Fees, Net $114,345 (31%)
- State Appropriations $136,796 (37%)
- Federal Grants & Contracts $5,688 (2%)
- Other Nonoperating Revenues $936 (<1%)
- Non-Federal Grants & Contracts $2,660 (1%)
- Investment Income, Net $11,765 (3%)
- Capital/Noncapital Gifts, Net $5,324 (1%)
- Capital/Noncapital Grants $32,264 (9%)
- Other Operating Revenues $3,297 (1%)
- Other Nonoperating Revenues $936 (<1%)
- Residential Life, Net $22,699 (6%)
- Dining, Net $15,117 (4%)
- Parking, Net $3,786 (1%)
- Other Sales & Services, Net $2,946 (1%)
- Recreation Services, Net $2,743 (1%)
- Sales & Services of Education & Related Activities, Net $2,700 (1%)
- Capital Appropriations $1,914 (<1%)
- Additions to Endowments $1,628 (<1%)

Total Revenue = $366,610
Total Expenses by Nature

2018 Operating Expense by Nature $323,722 ($ Thousands)

- Salaries and Benefits $195,218 (61%)
- Supplies and Materials $26,612 (8%)
- Services $61,806 (19%)
- Scholarships and Fellowships $20,209 (6%)
- Utilities $7,336, (2%)
- Depreciation $12,541 (4%)
Total Expenses by Function

2018 Operating Expense by Function $323,722

- Instruction $123,798 (38%)
- Research $10,558 (3%)
- Public Service $3,707 (2%)
- Academic Support $29,997 (9%)
- Student Services $14,358 (4%)
- Institutional Support $28,515 (9%)
- Operations & Maintenance of Plant $33,783 (11%)
- Student Financial Aid $18,790 (6%)
- Auxiliary Enterprises $47,674 (15%)
Financial Statement Audit Report

- Office of State Auditor financial statement audit link:
UNCW ASSOCIATED ENTITIES
FY18 AUDITED FINANCIAL STATEMENTS
Associated Entities Overview

North Carolina General Statute
- NCGS 116-30.20, Establishment of private, nonprofit corporations
  - Established to support UNC constituent institutions
  - Each institution may provide office space, equipment, supplies, and other resources
  - Annual financial audit requirement

UNC Policy
- UNC Policy 600.2.5.2[R], Required Elements of University-Associated Entity Relationship
  - Defines associated entities
  - Establishes requirements
FY18 Financial Statement Audits

• Unqualified opinions

• No management letter comments or findings

• No material weaknesses in internal control over financial reporting
QUESTIONS?