



UNIVERSITY OF  
**SOUTH CAROLINA**

**2018 SACUBO BEST PRACTICE ENTRY:**

**Bridging the Gap: Promoting Enhanced Understanding of the Relationship  
Between the Budget Document and Financial Statements for Board Members**

**Joseph Sobieralski, CMA, CFM, CIA**

Columbia Budget Director  
Division of Administration and Finance  
University of South Carolina

**Harrison Pressley, CPA**

Budget Analyst  
Division of Administration and Finance  
University of South Carolina

**Nick Peterson**

Budget Analyst  
Division of Administration and Finance  
University of South Carolina

## **Abstract**

*Beginning in 2016, the University of South Carolina recognized the need to provide its Board of Trustees with additional detail regarding the relationship between its annual budget document and externally audited financial statements. When comparing the audited financial statements to the approved budget document, the Trustees had difficulty determining how the two documents aligned with each other. University Budget Office and Controller's Office staff, along with the University's external auditors, thus began the process of developing an alternative presentation for existing budget information, expanding the scope of the annual budget to include funds not traditionally incorporated into the annual budget process, and creating an additional summary reconciliation schedule for the budget document. Ultimately, this process effectively demonstrated to members of the Board of Trustees and others that there is indeed an alignment between the budget document and the annual financial statements. Additionally, the process has contributed to enhanced understanding and improved relationships between members of the University's financial staff, plans for improved budget development practices and has become the foundation for the future development of unit-level profit and loss statements.*

## **Introduction of the Organization**

The University of South Carolina (USC), established in 1801 during the public college movement spurred by Thomas Jefferson, is the flagship institution of the Palmetto State. Now a system with eight campuses across 19 locations, the University enrolls more than 50,000 students and has an annual budget of nearly \$1.6 billion. As the largest and most comprehensive University in the state, complete with a medical school, law school, robust research program and major NCAA Division I athletics program, the university is a key component of South Carolina's health, prosperity and vibrancy. It is estimated that the USC System's annual economic impact is in excess of \$5.5 billion.

From its earliest years, the University of South Carolina has enjoyed a strong academic reputation. While the years after the civil war proved turbulent, the University has continued to be resilient and today can point to many indicators of its continued academic strength. This list includes, but is not limited to:

- A Top Producer of Fulbright Scholars (Chronicle of Higher Education)
- 1 of only 32 public universities with both research and community engagement designations (Carnegie Foundation)
- One of the Nation's Best First Year Experiences (US News & World Report)

In addition to the accolades above, the University of South Carolina is listed as a "Best Value" by multiple organizations, and proudly produces 40% of all bachelor and graduate degrees granted by public institutions within the Palmetto State.

A Board of Trustees governs the university. Members of the Board include the Governor of South Carolina/Governor's appointee, the state superintendent of education, and the president of the University alumni association. Other members are appointed by the legislature from of the state's 16 judicial circuits. The Governor also has one additional appointee.

## **Statement of the Problem/Initiative**

The University of South Carolina's Board of Trustees have a deep history of strong commitment to its oversight role. However, since the great recession of 2008, like many governing bodies, the board has desired a more robust understanding of the nuances of the University's financial structure. Given the business, law and other technical backgrounds of many of the Trustees, as well as the external validation provided by the annual audit opinion, the Trustees understandably have come to rely upon the university's income statement (Statement of Revenues, Expenses and Changes in Net Position) as presented in the University's Consolidated Annual Financial Report (CAFR), as one of its main indicators of annual financial performance. In addition to the income statement, trustees also approve the annual budget for current funds, and throughout the course of the fiscal year, the Trustees receive regular budget monitoring reports that provide periodic snapshots of actual budget performance.

A source of confusion surfaced in recent years when questions arose in regards to why budget results and income statement results differed. This confusion also led to questions regarding how the budget information and financial statements are related, and whether it was possible to better align the annual budget document with the University's income statement.

Working with the Controller's Office staff, members of the Budget Office reviewed source documents used to compile the University's income statement. During this review, presentation differences between the income statement and the budget document were observed in certain revenue and expense categories. For instance, indirect costs recovery is reported as a "contra-expense" for the purposes of financial statements (necessary to avoid duplication of revenue with grant funds), however for budgets, indirect cost recovery is included as revenue in unrestricted operating funds. Certain scholarship discounts and scholarship administration fees were treated similarly. These presentation differences, along with a number of other similar account-level differences, contributed further to the complexity and apparent misalignment between the budget and financial statements.

In addition to presentation challenges at the account level, another major difference between the income statement and the budget stemmed from the breadth of information included in each report. Although the University income statement is inclusive of all funds, the annual budget document is operationally focused and therefore includes only current operating funds (see appendix 1). The budget documents captured general funds, auxiliary funds, student activity funds, and grant/contract funds (among others), but did not include “noncurrent” funds such as endowment funds, debt service funds, fixed asset funds, loan funds and capital funds. The budget document also did not take into consideration financial statement adjustments such as depreciation and pension expense related to recent pronouncements of the Governmental Accounting Standards Board.

Once the major differences between the two reports were identified, the next step was to initiate a process to bring the budget into alignment with the financial statements.

### **Design**

Early in the review of this initiative, management determined that it would be premature to make any ERP system changes to accommodate this project, and therefore Microsoft Excel was identified as the main implementation tool. A Budget Office staff member with experience in both budgeting and accounting was tasked with responsibility for the initiative, however, it was expected and understood that the Budget Office staff member would have regular consultation with Controller’s Office staff (particularly in the area of financial reporting) as well as external auditors to gain additional insights and validate assumptions. No additional resources, other than dedication of staff time, were required.

### **Implementation**

A worksheet using the income statement account structure was created for every University fund, including a “fund” for financial statement adjustments. For those areas in which budgeted information was readily available (i.e. current operating funds) this information was input into the financial statement account and fund structure (See appendix 3) and although the account structure was

different, Budget Office staff could verify bottom line totals by fund with limited complexity (See appendix 4.) For those areas in which an annual budget was not historically developed, a combination of historical/projected information (e.g. endowment funds, loan funds, etc.), known information (e.g. debt service funds), and Controller's Office estimates (e.g. financial statement adjustment fund) were utilized. With all of the information captured by fund, University staff were then able to produce a projected or budgeted income statement inclusive of all funds (See appendix 2).

Once the projected/budgeted income statement was developed, staff were able to develop a "reconciliation" that tied the information presented in the budget document to the budgeted income statement. This was ultimately included as a new appendix within the budget document and presented to the Board of Trustees, providing a more enhanced understanding of the relationships between the budget that they approved and the income statement that they relied upon for assessing financial performance. (See appendix 5).

### **Benefits**

At its core, this project accomplished the mission of providing enhanced understanding of the relationship between the annual budget document and the audited income statement for the University's Board of Trustees and other users of the financial information. However, an additional, and perhaps more exciting, outcome of this project is its potential to be a catalyst for additional budgetary improvements. Because of this project, the Budget Office is exploring the opportunity to employ an "all funds" (i.e. current and non-current funds) budget approach using the University's ERP system. This would further enhance transparency to all parties, provide a greater opportunity to measure performance for those areas that typically operate in "noncurrent" funds, and strengthen the University's overall planning efforts. Additionally, by taking an all funds approach and utilizing the University's ERP system, University staff could then use the system's reporting tool to "automate" the process of creating projected financial statements. This should then help to simplify reconciliations between the budget document and the financial statements. Another possibility envisioned, due in part to the process of taking an all funds approach in the same format as the University's income statement, is the

development of comparative unit-level income statements. As the University continues to explore a new budget model, this format may also lend itself to application of allocations to highlight unit-level contribution margins and areas of required subsidy. Finally, the collaboration required between staff within the Controller's Office and Budget Office further enhanced relationships, provided greater insight into the value that both areas bring to the University, and helped to galvanize commitment to future projects.

### **Retrospect**

This process was considerably manual and took intense concentration and commitment to utilize Excel. While the decision to not make production environment changes to a university's ERP system is understandable, it may be beneficial to work with your information technology personnel to create a "test environment" that would allow for a more automated approach (this is especially true if institutional reporting systems can interact with your "test" environments.) This was an "after the fact" realization for our team, and discussions quickly began with Finance/IT personnel about the possibility of test environments.

Organizational placement of such a project is important to consider, and collaboration is critical. There are strong arguments to be made that responsibility for this project could be placed within the University's Controller's Office, rather than the Budget Office. In the case of USC, there were multiple members of the Budget Office staff with sufficient expertise in both accounting and budgeting to lead the project. More importantly, though, there is a strong working relationship between the two areas. Collaboration is also important with university staff responsible for ad hoc reporting. This process, while manual, was simplified by having talented staff who were able to develop ad hoc reports to synthesize information and make simple projections for those funds that were not historically budgeted.

**Appendix 1 – Summary of Current Funds Revenue & Expenditures (Budget Perspective) – FY18**

|   | Columbia             | School of<br>Medicine         | Greenville<br>School of<br>Medicine          | Aiken             | Beaufort          | Upstate            | Lancaster         | Salkehatchie        | Sumter            | Union            | Total                |
|---|----------------------|-------------------------------|--|-------------------|-------------------|--------------------|-------------------|---------------------|-------------------|------------------|----------------------|
| Tuition and Fees  | 598,357,904          | 20,928,732                    | 17,212,345                                   | 32,710,275        | 22,159,690        | 57,343,275         | 8,025,454         | 5,751,976           | 4,832,205         | 3,156,582        | 770,478,438          |
| % of Total Revenue  | 49.3%                | 27.7%                         | 65.4%  | 49.9%             | 59.1%             | 55.0%              | 43.1%             | 45.7%               | 37.1%             | 41.9%            | 48.9%                |
| State Appropriations  | 116,541,488          | 15,000,355                    | 0  | 8,502,570         | 3,852,812         | 11,738,022         | 2,581,741         | 1,953,289           | 3,262,361         | 1,009,597        | 164,442,235          |
| % of Total Revenue  | 9.6%                 | 19.9%                         | 0.0%   | 13.0%             | 10.3%             | 11.3%              | 13.9%             | 15.5%               | 25.0%             | 13.4%            | 10.4%                |
| Federal Grants and Contracts                                  | 162,273,217          | 25,515,592                    | 8,742,426                                    | 9,899,400         | 6,756,438         | 12,810,000         | 4,078,932         | 2,623,347           | 2,348,000         | 1,254,000        | 236,301,352          |
| % of Total Revenue  | 13.4%                | 33.8%                         | 33.2%  | 15.1%             | 18.0%             | 12.3%              | 21.9%             | 20.8%               | 18.0%             | 16.7%            | 15.0%                |
| State Grants and Contracts                                    | 65,009,963           | 926,459                       | 10,918                                       | 6,225,000         | 2,978,725         | 11,000,000         | 3,222,000         | 1,711,640           | 1,912,500         | 1,800,000        | 94,797,205           |
| % of Total Revenue  | 5.4%                 | 1.2%                          | 0.0%   | 9.5%              | 7.9%              | 10.5%              | 17.3%             | 13.6%               | 14.7%             | 23.9%            | 6.0%                 |
| Local Grants and Contracts                                    | 461,243              | 168,845                       | 0  | 155,000           | 267,277           | 27,000             | 10,100            | 0                   | 0                 | 30,000           | 1,119,465            |
| % of Total Revenue  | 0.0%                 | 0.2%                          | 0.0%   | 0.2%              | 0.7%              | 0.0%               | 0.1%              | 0.0%                | 0.0%              | 0.4%             | 0.1%                 |
| Private Gifts, Grants and Contracts                           | 24,094,616           | 12,231,443                    | 0  | 825,000           | 405,486           | 380,000            | 0                 | 5,100               | 110,000           | 50,000           | 38,101,645           |
| % of Total Revenue  | 2.0%                 | 16.2%                         | 0.0%   | 1.3%              | 1.1%              | 0.4%               | 0.0%              | 0.0%                | 0.8%              | 0.7%             | 2.4%                 |
| Sales & Service Educational<br>Activities and Other           | 37,507,968           | 736,688                       | 370,295                                      | 2,061,150         | 1,067,730         | 3,772,501          | 684,905           | 305,472             | 141,900           | 29,600           | 46,678,209           |
| % of Total Revenue  | 3.1%                 | 1.0%                          | 1.4%   | 3.1%              | 2.8%              | 3.6%               | 3.7%              | 2.4%                | 1.1%              | 0.4%             | 3.0%                 |
| Sales & Svc Auxiliary Enterprises                             | 208,943,577          | 0                             | 0  | 5,227,765         | 20,805            | 7,251,628          | 32,772            | 237,560             | 420,000           | 200,000          | 222,334,107          |
| % of Total Revenue  | 17.2%                | 0.0%                          | 0.0%   | 8.0%              | 0.1%              | 7.0%               | 0.2%              | 1.9%                | 3.2%              | 2.7%             | 14.1%                |
| <b>Total Current Funds Revenue</b>                            | <b>1,213,189,976</b> | <b>75,508,114</b>             | <b>26,335,984</b>                            | <b>65,606,160</b> | <b>37,508,963</b> | <b>104,322,426</b> | <b>18,635,904</b> | <b>12,588,384</b>   | <b>13,026,966</b> | <b>7,529,779</b> | <b>1,574,252,656</b> |
| % of Total Revenue  | 100%                 | 100%                          | 100%   | 100%              | 100%              | 100%               | 100%              | 100%                | 100%              | 100%             | 100%                 |
| <b>Campus Percentage of Total</b>                             | <b>77.1%</b>         | <b>4.8%</b>                   | <b>1.7%</b>                                  | <b>4.2%</b>       | <b>2.4%</b>       | <b>6.6%</b>        | <b>1.2%</b>       | <b>0.8%</b>         | <b>0.8%</b>       | <b>0.5%</b>      | <b>100%</b>          |
| <b>NOTE:</b> This schedule includes revenue from all sources. |                      |                               |  |                   |                   |                    |                   |                     |                   |                  |                      |
| <b>Budgeted Change in Fund Balance</b>                        | <b>Columbia</b>      | <b>School of<br/>Medicine</b> | <b>Greenville<br/>School of<br/>Medicine</b> | <b>Aiken</b>      | <b>Beaufort</b>   | <b>Upstate</b>     | <b>Lancaster</b>  | <b>Salkehatchie</b> | <b>Sumter</b>     | <b>Union</b>     | <b>Total</b>         |
| Budgeted Beginning Fund Balance                               | 204,244,142          | 20,221,167                    | 3,727,802                                    | 14,957,590        | 3,663,109         | 21,485,580         | 1,480,019         | 1,219,130           | 3,600,627         | 923,391          | 275,522,557          |
| Budgeted Ending Fund Balance                                  | 203,125,937          | 16,899,289                    | 2,827,517                                    | 14,616,953        | 3,275,867         | 21,595,990         | 1,709,554         | 1,285,877           | 3,791,627         | 955,341          | 270,083,952          |
| Changes in Budgeted Fund Balance                              | (1,118,205)          | (3,321,878)                   | (900,285)                                    | (340,637)         | (387,242)         | 110,410            | 229,535           | 66,747              | 191,000           | 31,950           | (5,438,605)          |



**Appendix 1 – Summary of Current Funds Revenue & Expenditures (Budget Perspective) – FY18 (Continued)**

|   | Columbia             | School of<br>Medicine | Greenville<br>School of<br>Medicine | Aiken             | Beaufort          | Upstate            | Lancaster         | Salkehatchie      | Sumter            | Union            | Total                |
|---|----------------------|-----------------------|-------------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|------------------|----------------------|
| Instruction                               | 342,787,559          | 23,707,529            | 10,886,670                          | 20,270,349        | 11,804,462        | 31,651,406         | 6,752,130         | 3,277,580         | 3,536,200         | 2,202,024        | 456,875,909          |
| % of Total Current Funds                  | 28.2%                | 30.1%                 | 40.0%                               | 30.7%             | 31.1%             | 30.4%              | 36.7%             | 26.2%             | 27.5%             | 29.4%            | 28.9%                |
| Research                                  | 132,386,775          | 15,549,530            | 1,002,127                           | 2,516,237         | 315,812           | 150,000            | 208,878           | 39,082            | 73,200            | 5,000            | 152,246,641          |
| % of Total Current Funds                  | 10.9%                | 19.7%                 | 3.7%                                | 3.8%              | 0.8%              | 0.1%               | 1.1%              | 0.3%              | 0.6%              | 0.1%             | 9.6%                 |
| Public Service                            | 38,737,986           | 24,573,519            | 111,875                             | 2,400,090         | 1,014,824         | 1,234,863          | 280,007           | 206,062           | 26,700            | 125,000          | 68,710,926           |
| % of Total Current Funds                  | 3.2%                 | 31.2%                 | 0.4%                                | 3.6%              | 2.7%              | 1.2%               | 1.5%              | 1.6%              | 0.2%              | 1.7%             | 4.3%                 |
| Academic Support                          | 57,049,290           | 7,036,122             | 3,753,293                           | 5,099,576         | 4,228,426         | 7,200,714          | 786,843           | 692,691           | 1,033,450         | 621,261          | 87,501,666           |
| % of Total Current Funds                  | 4.7%                 | 8.9%                  | 13.8%                               | 7.7%              | 11.2%             | 6.9%               | 4.3%              | 5.5%              | 8.1%              | 8.3%             | 5.5%                 |
| Student Services                          | 45,105,925           | 2,126,312             | 1,373,637                           | 6,212,869         | 4,870,448         | 9,915,300          | 1,854,931         | 1,527,116         | 1,722,042         | 582,987          | 75,291,567           |
| % of Total Current Funds                  | 3.7%                 | 2.7%                  | 5.0%                                | 9.4%              | 12.9%             | 9.5%               | 10.1%             | 12.2%             | 13.4%             | 7.8%             | 4.8%                 |
| Institutional Support                     | 96,698,535           | 4,955,016             | 3,054,207                           | 5,013,841         | 2,476,859         | 9,114,982          | 1,444,285         | 1,044,318         | 1,420,515         | 618,837          | 125,841,395          |
| % of Total Current Funds                  | 8.0%                 | 6.3%                  | 11.2%                               | 7.6%              | 6.5%              | 8.7%               | 7.8%              | 8.3%              | 11.1%             | 8.3%             | 8.0%                 |
| Operation and Maintenance of Plant        | 63,541,117           | 3,611,431             | 3,674,804                           | 3,946,050         | 3,655,916         | 10,264,183         | 1,185,406         | 1,084,211         | 983,027           | 374,230          | 92,320,375           |
| % of Total Current Funds                  | 5.2%                 | 4.6%                  | 13.5%                               | 6.0%              | 9.6%              | 9.8%               | 6.4%              | 8.7%              | 7.7%              | 5.0%             | 5.8%                 |
| Scholarships and Fellowships              | 214,849,432          | 405,444               | 3,379,656                           | 16,526,485        | 9,759,569         | 27,447,591         | 6,035,161         | 4,454,123         | 3,785,332         | 2,899,400        | 289,542,193          |
| % of Total Current Funds                  | 17.7%                | 0.5%                  | 12.4%                               | 25.1%             | 25.8%             | 26.3%              | 32.8%             | 35.6%             | 29.5%             | 38.7%            | 18.3%                |
| Net Mandatory and Non-Mandatory Transfers | 61,943,875           | (3,134,911)           | 0                                   | 1,670,170         | (242,111)         | 3,077,236          | (141,272)         | (28,009)          | (77,500)          | (122,910)        | 62,944,568           |
| % of Total Current Funds                  | 5.1%                 | -4.0%                 | 0.0%                                | 2.5%              | -0.6%             | 3.0%               | -0.8%             | -0.2%             | -0.6%             | -1.6%            | 4.0%                 |
| <b>SUBTOTAL</b>                           | <b>1,053,100,494</b> | <b>78,829,992</b>     | <b>27,236,269</b>                   | <b>63,655,667</b> | <b>37,884,205</b> | <b>100,056,275</b> | <b>18,406,369</b> | <b>12,297,174</b> | <b>12,502,966</b> | <b>7,305,829</b> | <b>1,411,275,240</b> |
| Auxiliary Enterprises                     | 161,207,687          | 0                     | 0                                   | 2,291,130         | 12,000            | 4,155,741          | 0                 | 224,463           | 333,000           | 192,000          | 168,416,021          |
| % of Total Current Funds                  | 13.3%                | 0.0%                  | 0.0%                                | 3.5%              | 0.0%              | 4.0%               | 0.0%              | 1.8%              | 2.6%              | 2.6%             | 10.7%                |
| <b>TOTAL CURRENT FUNDS EXPENDITURES</b>   | <b>1,214,308,181</b> | <b>78,829,992</b>     | <b>27,236,269</b>                   | <b>65,946,797</b> | <b>37,896,205</b> | <b>104,212,016</b> | <b>18,406,369</b> | <b>12,521,637</b> | <b>12,835,966</b> | <b>7,497,829</b> | <b>1,579,691,261</b> |
| % of Total Current Funds                  | 100%                 | 100%                  | 100%                                | 100%              | 100%              | 100%               | 100%              | 100%              | 100%              | 100%             | 100%                 |
| <b>Campus Percentage of Total</b>         | <b>76.9%</b>         | <b>5.0%</b>           | <b>1.7%</b>                         | <b>4.2%</b>       | <b>2.4%</b>       | <b>6.6%</b>        | <b>1.2%</b>       | <b>0.8%</b>       | <b>0.8%</b>       | <b>0.5%</b>      | <b>100%</b>          |

**NOTE:** This schedule includes current fund expenditures and transfers from all sources. The net difference between revenue versus expenditures and transfers will be added or deducted from existing fund balances.

**Appendix 2 – Budgeted information in Income Statement Format (Consolidated)**

| <b>University of South Carolina</b>                      |                      |                         |                     |
|--|----------------------|-------------------------|---------------------|
| <i>For the budget year beginning July 1, 2017 (FY18)</i> |                      |                         |                     |
| <b>All Operating Units Combined</b>                      |                      |                         |                     |
| <b>ALL FUNDS</b>   |                      |                         |                     |
| <b>GRAND TOTAL</b>                                       |                      |                         |                     |
|  | <b><u>DIRECT</u></b> | <b><u>INDIRECT*</u></b> | <b><u>TOTAL</u></b> |
| <b>Operating revenues</b>                                |                      |                         |                     |
| Student tuition and fees                                 | \$ 820,984,476       | \$ -                    | \$ 820,984,476      |
| Scholarship allowance (tuition)                          | (297,012,510)        | -                       | (297,012,510)       |
| Federal grants and contracts                             | 141,290,563          | -                       | 141,290,563         |
| State grants and contracts                               | 94,989,841           | -                       | 94,989,841          |
| Local grants and contracts                               | 1,651,631            | -                       | 1,651,631           |
| Nongovernmental grants and contracts                     | 32,890,641           | -                       | 32,890,641          |
| Sales and services of educational and other activities   | 33,316,138           | -                       | 33,316,138          |
| Sales and services of auxiliary enterprises              | 179,001,356          | -                       | 179,001,356         |
| Scholarship allowance (sales and services)               | (4,330,000)          | -                       | (4,330,000)         |
| Interest collected on Student Loans                      | 299,350              | -                       | 299,350             |
| Other fees   | 8,115,565            | -                       | 8,115,565           |
| Other operating revenues                                 | 2,326,902            | -                       | 2,326,902           |
| Total operating revenues                                 | 1,013,523,953        | -                       | 1,013,523,953       |
| <b>Operating expenses</b>                                |                      |                         |                     |
| Salaries and wages                                       | 602,087,727          | -                       | 602,087,727         |
| Fringe benefits  | 212,994,976          | -                       | 212,994,976         |
| Services and supplies                                    | 325,022,371          | -                       | 325,022,371         |
| Utilities  | 34,588,053           | -                       | 34,588,053          |
| Scholarships and fellowships                             | 17,282,626           | -                       | 17,282,626          |
| Depreciation expense                                     | 64,820,000           | -                       | 64,820,000          |
| Total operating expenses                                 | 1,256,795,753        | -                       | 1,256,795,753       |
| Operating Income (loss)                                  | (243,271,801)        | -                       | (243,271,801)       |
| <b>Nonoperating revenues (expenses)</b>                  |                      |                         |                     |
| State appropriations                                     | 164,442,235          | -                       | 164,442,235         |
| Federal grants   | 54,572,362           | -                       | 54,572,362          |
| Gifts  | 44,194,187           | -                       | 44,194,187          |
| Investment income  | 3,402,304            | -                       | 3,402,304           |
| Endowment income   | 6,856,273            | -                       | 6,856,273           |
| Gain (loss) on disposal of capital assets                | -                    | -                       | -                   |
| Interest on capital asset related debt                   | (27,306,483)         | -                       | (27,306,483)        |
| Other nonoperating revenues (expenses)                   | -                    | -                       | -                   |
| Net nonoperating revenues (expenses)                     | 246,160,878          | -                       | 246,160,878         |
| Income (loss) before other revenues                      | 2,889,077            | -                       | 2,889,077           |
| Transfers  | -                    | -                       | -                   |
| State capital appropriations                             | -                    | -                       | -                   |
| Capital grants and gifts                                 | -                    | -                       | -                   |
| Additions to permanent endowments                        | 350,000              | -                       | 350,000             |
| <b>Change in net position</b>                            | <b>\$ 3,239,077</b>  | <b>\$ -</b>             | <b>\$ 3,239,077</b> |

**Appendix 3 – Budget Information in Income Statement Format, By Fund Type (Noncurrent Funds Consolidated)**

|  | "A" Funds           | "B" Funds         | "C" Funds          | "D" Funds         | "E" Funds         | "R" Funds        | "S" Funds          | TOTAL<br>CURRENT<br>UNRESTRICTED<br>FUNDS | TOTAL<br>CURRENT<br>RESTRICTED<br>FUNDS | TOTAL<br>CURRENT<br>FUNDS | TOTAL<br>NONCURRENT<br>FUNDS | GRAND<br>TOTAL - ALL<br>FUNDS |
|--|---------------------|-------------------|--------------------|-------------------|-------------------|------------------|--------------------|---|---|---------------------------|------------------------------|-------------------------------|
| <b>Operating revenues</b>                              |                     |                   |                    |                   |                   |                  |                    |   |   |                           |                              |                               |
| Student tuition and fees                               | \$ 722,854,250      | \$ 10,765,763     | \$ 5,625,275       | \$16,224,253      | \$31,361,179      | \$ -             | \$ -               | \$ 786,830,720                            | \$ 38,756                               | \$ 786,869,476            | \$ 34,115,000                | \$ 820,984,476                |
| Scholarship allowance (tuition)                        | (107,806,510)       | -                 | -                  | -                 | -                 | -                | -                  | (107,806,510)                             | -                                       | (107,806,510)             | (189,206,000)                | (297,012,510)                 |
| Federal grants and contracts                           | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | 141,185,563                             | 141,185,563               | 105,000                      | 141,290,563                   |
| State grants and contracts                             | 16,000              | -                 | -                  | -                 | 145,000           | -                | -                  | 161,000                                   | 94,828,841                              | 94,989,841                | -                            | 94,989,841                    |
| Local grants and contracts                             | 19,000              | -                 | -                  | 61,914            | 22,000            | -                | -                  | 102,914                                   | 1,548,717                               | 1,651,631                 | -                            | 1,651,631                     |
| Nongovernmental grants and contracts                   | 947,665             | -                 | -                  | -                 | 9,222,409         | -                | -                  | 10,170,074                                | 22,720,567                              | 32,890,641                | -                            | 32,890,641                    |
| Sales and services of educational and other activities | 8,338,159           | -                 | -                  | 3,884,232         | 20,342,232        | 15,000           | 736,515            | 33,316,138                                | -                                       | 33,316,138                | -                            | 33,316,138                    |
| Sales and services of auxiliary enterprises            | -                   | 66,372,712        | 112,346,144        | -                 | 282,500           | -                | -                  | 179,001,356                               | -                                       | 179,001,356               | -                            | 179,001,356                   |
| Scholarship allowance (sales and services)             | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | (4,330,000)                  | (4,330,000)                   |
| Interest collected on Student Loans                    | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | 299,350                      | 299,350                       |
| Other fees   | 3,212,875           | -                 | -                  | 548,963           | 346,607           | -                | -                  | 4,108,445                                 | 3,750                                   | 4,112,195                 | 4,003,370                    | 8,115,565                     |
| Other operating revenues                               | 75,391              | 156,417           | 71,203             | -                 | 1,450             | -                | -                  | 304,461                                   | 2,022,441                               | 2,326,902                 | -                            | 2,326,902                     |
| <b>Total operating revenues</b>                        | <b>627,656,830</b>  | <b>77,294,892</b> | <b>118,042,622</b> | <b>20,719,362</b> | <b>61,723,377</b> | <b>15,000</b>    | <b>736,515</b>     | <b>906,188,598</b>                        | <b>262,348,635</b>                      | <b>1,168,537,233</b>      | <b>(155,013,280)</b>         | <b>1,013,523,953</b>          |
| <b>Operating expenses</b>                              |                     |                   |                    |                   |                   |                  |                    |   |   |                           |                              |                               |
| Salaries and wages                                     | 435,503,835         | 17,867,489        | 40,067,187         | 5,124,409         | 24,163,783        | -                | -                  | 522,726,703                               | 79,361,024                              | 602,087,727               | -                            | 602,087,727                   |
| Fringe benefits  | 155,067,109         | 6,139,205         | 8,253,484          | 1,259,490         | 6,281,655         | -                | -                  | 177,000,943                               | 19,046,033                              | 196,046,976               | 16,948,000                   | 212,994,976                   |
| Services and supplies                                  | 174,398,318         | 24,113,855        | 49,551,559         | 11,838,788        | 4,234,535         | 1,146,978        | -                  | 265,284,033                               | 72,772,718                              | 338,056,751               | (13,034,380)                 | 325,022,371                   |
| Utilities  | 23,227,186          | 7,326,951         | 3,139,551          | -                 | 873,175           | -                | -                  | 34,566,863                                | 21,190                                  | 34,588,053                | -                            | 34,588,053                    |
| Scholarships and fellowships                           | 25,305,713          | 124,575           | 11,832,165         | 646,580           | 468,918           | 7,640            | 9,451,970          | 47,837,561                                | 162,981,065                             | 210,818,626               | (193,536,000)                | 17,282,626                    |
| Depreciation expense                                   | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | 64,820,000                   | 64,820,000                    |
| <b>Total operating expenses</b>                        | <b>813,502,161</b>  | <b>55,572,075</b> | <b>112,843,946</b> | <b>18,869,267</b> | <b>36,022,066</b> | <b>1,154,618</b> | <b>9,451,970</b>   | <b>1,047,416,103</b>                      | <b>334,182,030</b>                      | <b>1,381,598,133</b>      | <b>(124,802,380)</b>         | <b>1,256,795,753</b>          |
|  | (185,845,331)       | 21,722,817        | 5,198,676          | 1,850,095         | 25,701,311        | (1,139,618)      | (8,715,455)        | (141,227,506)                             | (71,833,395)                            | (213,060,901)             | (30,210,900)                 | (243,271,801)                 |
| <b>Nonoperating revenues (expenses)</b>                |                     |                   |                    |                   |                   |                  |                    |   |   |                           |                              |                               |
| State appropriations                                   | 162,726,812         | -                 | -                  | -                 | -                 | -                | -                  | 162,726,812                               | 1,715,423                               | 164,442,235               | -                            | 164,442,235                   |
| Federal grants   | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | 54,572,362                              | 54,572,362                | -                            | 54,572,362                    |
| Gifts  | 3,875,690           | -                 | 25,492,385         | 463,743           | 867,149           | 196,800          | -                  | 30,895,767                                | 11,698,420                              | 42,594,187                | 1,600,000                    | 44,194,187                    |
| Investment income                                      | -                   | 343,081           | 1,036,299          | -                 | 140,754           | -                | 50,000             | 1,570,134                                 | 688,170                                 | 2,258,304                 | 1,144,000                    | 3,402,304                     |
| Endowment income                                       | -                   | -                 | 124,828            | -                 | 953,980           | -                | 150,000            | 1,228,808                                 | 4,622,465                               | 5,851,273                 | 1,005,000                    | 6,856,273                     |
| Gain (loss) on disposal of capital assets              | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | -                            | -                             |
| Interest on capital asset related debt                 | 2,000               | -                 | -                  | -                 | 846,500           | -                | -                  | 848,500                                   | -                                       | 848,500                   | (28,154,983)                 | (27,306,483)                  |
| Other nonoperating revenues (expenses)                 | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | -                            | -                             |
| <b>Net nonoperating revenues (expenses)</b>            | <b>166,604,502</b>  | <b>343,081</b>    | <b>26,653,512</b>  | <b>463,743</b>    | <b>2,808,383</b>  | <b>196,800</b>   | <b>200,000</b>     | <b>197,270,021</b>                        | <b>73,296,840</b>                       | <b>270,566,861</b>        | <b>(24,405,983)</b>          | <b>246,160,878</b>            |
| <b>Income Before Other Revenues</b>                    | <b>(19,240,829)</b> | <b>22,065,898</b> | <b>31,852,188</b>  | <b>2,313,838</b>  | <b>28,509,694</b> | <b>(942,818)</b> | <b>(8,515,455)</b> | <b>56,042,515</b>                         | <b>1,463,445</b>                        | <b>57,505,960</b>         | <b>(54,616,883)</b>          | <b>2,889,077</b>              |
| Transfers (Should = Zero/Eliminate)                    | 14,759,666          | (26,605,766)      | (29,288,013)       | (1,782,060)       | (27,875,272)      | 753,000          | 8,557,322          | (61,481,123)                              | (1,463,445)                             | (62,944,568)              | 62,944,568                   | -                             |
| State capital appropriations                           | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | -                            | -                             |
| Capital grants and gifts                               | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | -                            | -                             |
| Additions to permanent endowments                      | -                   | -                 | -                  | -                 | -                 | -                | -                  | -   | -                                       | -                         | 350,000                      | 350,000                       |
|  | \$ (4,481,163)      | \$ (4,539,868)    | \$ 2,564,175       | \$ 531,778        | \$ 634,422        | \$ (189,818)     | \$ 41,867          | \$ (5,438,608)                            | \$ -                                    | \$ (5,438,608)            | \$ 8,677,685                 | \$ 3,239,077                  |

**Appendix 4 – Reconciliation of Income Statement Format Information to Budget Book (Current Funds Only)**

|  | "A" Funds          | "B" Funds           | "C" Funds           | "D" Funds          | "E" Funds           | "R" Funds        | "S" Funds        | TOTAL CURRENT UNRESTRICTED FUNDS | TOTAL CURRENT RESTRICTED FUNDS | TOTAL CURRENT FUNDS  |  |
|--|--------------------|---------------------|---------------------|--------------------|---------------------|------------------|------------------|----------------------------------|--------------------------------|----------------------|--|
| <b>REVENUE:</b>  |                    |                     |                     |                    |                     |                  |                  |                                  |                                |                      |  |
| Operating Revenue (From Above)                                     | 627,656,830        | 77,294,892          | 118,042,622         | 20,719,362         | 61,723,377          | 15,000           | 736,515          | 906,188,598                      | 262,348,635                    | 1,168,537,233        |  |
| Non-Operating Revenue (From Above)                                 | 166,604,502        | 343,081             | 26,653,512          | 463,743            | 2,808,383           | 196,800          | 200,000          | 197,270,021                      | 73,296,840                     | 270,566,861          |  |
| Plus: Indirect Cost Recovery (Included in Exp for SRECNP)          | 1,000,000          | -                   | -                   | -                  | 26,937,951          | -                | -                | 27,937,951                       | -                              | 27,937,951           |  |
| Plus: Int. on Capital Asset related net (Incl. in Rev. for SRECNP) | (2,000)            | -                   | -                   | -                  | (846,500)           | -                | -                | (848,500)                        | -                              | (848,500)            |  |
| Plus: Abatements (Exp. Included in Rev. for SCRECNP)               | 107,806,510        | -                   | -                   | -                  | -                   | -                | -                | 107,806,510                      | -                              | 107,806,510          |  |
| Plus: Scholarship Admin Fees (Incl in Exp. For SRECNP)             | 252,600            | -                   | -                   | -                  | -                   | -                | -                | 252,600                          | -                              | 252,600              |  |
| <b>TOTAL REVENUE PER BUDGET BOOK - USC SYSTEM</b>                  | <b>903,318,442</b> | <b>77,637,973</b>   | <b>144,696,134</b>  | <b>21,183,105</b>  | <b>90,623,211</b>   | <b>211,800</b>   | <b>936,515</b>   | <b>1,238,607,179</b>             | <b>335,645,475</b>             | <b>1,574,252,654</b> |  |
| <b>TRANSFERS:</b>  |                    |                     |                     |                    |                     |                  |                  |                                  |                                |                      |  |
| Transfers - Net (From Above)                                       | 14,759,666         | (26,605,766)        | (29,288,013)        | (1,782,060)        | (27,875,272)        | 753,000          | 8,557,322        | (61,481,123)                     | (1,463,445)                    | (62,944,568)         |  |
| <b>TOTAL TRANSFERS - NET PER BUDGET BOOK - USC SYSTEM</b>          | <b>14,759,666</b>  | <b>(26,605,766)</b> | <b>(29,288,013)</b> | <b>(1,782,060)</b> | <b>(27,875,272)</b> | <b>753,000</b>   | <b>8,557,322</b> | <b>(61,481,123)</b>              | <b>(1,463,445)</b>             | <b>(62,944,568)</b>  |  |
| <b>USES:</b>   |                    |                     |                     |                    |                     |                  |                  |                                  |                                |                      |  |
| Operating Expenses (From Above)                                    | 813,502,161        | 55,572,075          | 112,843,946         | 18,869,267         | 36,022,066          | 1,154,618        | 9,451,970        | 1,047,416,103                    | 334,182,030                    | 1,381,598,133        |  |
| Plus: Indirect Cost Recovery (Included in Exp for SRECNP)          | 1,000,000          | -                   | -                   | -                  | 26,937,951          | -                | -                | 27,937,951                       | -                              | 27,937,951           |  |
| Plus: Int. on Capital Asset related net (Incl. in Rev. for SRECNP) | (2,000)            | -                   | -                   | -                  | (846,500)           | -                | -                | (848,500)                        | -                              | (848,500)            |  |
| Plus: Abatements (Exp. Included in Rev. for SCRECNP)               | 107,806,510        | -                   | -                   | -                  | -                   | -                | -                | 107,806,510                      | -                              | 107,806,510          |  |
| Plus: Scholarship Admin Fees (Incl in Exp. For SRECNP)             | 252,600            | -                   | -                   | -                  | -                   | -                | -                | 252,600                          | -                              | 252,600              |  |
| <b>TOTAL USES PER BUDGET BOOK - USC SYSTEM</b>                     | <b>922,559,271</b> | <b>55,572,075</b>   | <b>112,843,946</b>  | <b>18,869,267</b>  | <b>62,113,517</b>   | <b>1,154,618</b> | <b>9,451,970</b> | <b>1,182,564,664</b>             | <b>334,182,030</b>             | <b>1,516,746,694</b> |  |
| <b>TOTAL USES INCL. TRANSFERS PER BUDGET BOOK - USC SY</b>         | <b>907,799,605</b> | <b>82,177,841</b>   | <b>142,131,959</b>  | <b>20,651,327</b>  | <b>89,988,789</b>   | <b>401,618</b>   | <b>894,648</b>   | <b>1,244,045,787</b>             | <b>335,645,475</b>             | <b>1,579,691,262</b> |  |
| <b>CHANGE IN FUND BALANCE PER BUDGET BOOK - COLUMBIA</b>           | <b>(4,481,163)</b> | <b>(4,539,868)</b>  | <b>2,564,175</b>    | <b>531,778</b>     | <b>634,422</b>      | <b>(189,818)</b> | <b>41,867</b>    | <b>(5,438,608)</b>               | <b>-</b>                       | <b>(5,438,608)</b>   |  |

NONCURRENT FUNDS ARE NOT INCLUDED IN THE BUDGET BOOK

## **Appendix 5 – Explanation of relationship between Budget Document and Income Statement included in Board of Trustees Budget Document**

The USC operating budget presented in this document provides detailed information on the University's current unrestricted and restricted operating accounts. The adoption of this document by the University's Board of Trustees represents a forward-looking statement of strategic priorities for the University of South Carolina that highlights responsible resource management as well as provides a basis for measuring progress over the course of the fiscal year.

This budget document does not include activity in the University's "noncurrent" funds. These funds, including student loan ("T") funds, endowment ("V") funds, unexpended plant/construction/project ("W") funds, debt service ("X") funds and fixed asset ("Y") funds, are specified in purpose and, due to underlying obligations, are not readily available to support the general operations of the University. While these funds are not included for Board of Trustees' approval as part of the operating budget, the activity is dictated by the Board's decisions to participate in federal and other loan programs, accept endowment funds, undertake projects, enter in to purchases of capitalizable equipment and issue debt.

Annually, all fund activities (current and noncurrent) are reported as part of the Statement of Revenues, Expenses and Changes in Net Position (SRECNP) that is included in the University's Comprehensive Annual Financial Report (CAFR). The CAFR and SRECNP represents a historical perspective on the University's performance in accordance with Generally Accepted Accounting Principles (GAAP). The CAFR presentation allows for enhanced comparability of the University's financial performance to other organizations in the public higher education sector. Annually, an external auditor issues an audit opinion on the financial statements included in the CAFR, which provides users with reasonable assurance that the financial information is presented fairly, in all material respects, and in accordance with GAAP.

In order to present information in accordance with GAAP, certain financial statement adjustments are made to account classifications. Examples of such adjustments are scholarship allowances that provide for the required spending authority to be offered, but may result in double counting revenue if not properly eliminated, and indirect cost recovery that recognizes the facility and administrative costs related to grant and contract activities, but can also result in duplicated revenue if not eliminated.

In the noncurrent funds, important adjustments are included for addition of capital assets, activity related to the repayment of debt (principal and interest portions), depreciation, changes to endowment, and GAAP-related adjustments for pension expense.

In an effort to provide readers of this document a better understanding of the relationship between the operating budget (budget document) and the CAFR, this narrative and supporting schedule have been drafted as a working document. This process is still in very early stages of development and will continue to be enhanced. However, even in its draft form, it should provide a helpful perspective on the interaction between these two important, but different, financial reports.

Using the USC System information to illustrate, the following schedule highlights relationships between the budget document and the CAFR:

|  |                | <b>ADJUSTMENTS TO RECONCILE BUDGET TO PROJECTED CAFR</b>   |  |  |  |                            |
|--|----------------|--|--|--|--|----------------------------|
| <b>TOTAL BUDGETED FUNDS (SYSTEM)</b>                         |                | <b>Adjustment Detail</b>   | <b>Financial Statement Adjustments</b> | <b>Loan and Endowment Fund Adjustments</b> | <b>Project, Debt and Fixed Asset Adjustments</b> | <b>TOTAL IN PROJ. CAFR</b> |
| <b>OPERATING REVENUE</b>                                     |                |  |  |  |  |                            |
| Tuition and fees   | \$786.9        |  |  |  |  | \$786.9                    |
|  |                | Bond Portion of Board Mandated Fees  |  |  | 34.1   | 34.1                       |
|  |                | Adjustment for Abatements – treated as expense in budget and as contra-revenue in CAFR               | (107.8)                                |  |  | (107.8)                    |
|  |                | Scholarship Allowance – Tuition  | (189.2)                                |  |  | (189.2)                    |
| <b>Tuition and Fees (Net) Per Projected CAFR</b>             |                |  |  |  |  | <b>\$524.0</b>             |
| Grants/Contracts   | 270.7          |  |  |  |  | 270.7                      |
|  |                | Loan fund activity   |  | 0.1  |  | 0.1                        |
| <b>Grants/Contracts Per Projected CAFR</b>                   |                |  |  |  |  | <b>270.8</b>               |
| Sales & Services – Educational                               | 61.5           |  |  |  |  | 61.5                       |
|  |                | Adjustment for indirect cost recovery – treated as a revenue in budget and as contra-expense in CAFR | (27.9)                                 |  |  | (27.9)                     |
|  |                | Adjustment for scholarship admin fees – treated as revenue in budget and as contra-expense in CAFR   | (0.3)                                  |  |  | (0.3)                      |
| <b>Sales &amp; Services – Educational Per Projected CAFR</b> |                |  |  |  |  | <b>33.3</b>                |
| Sales & Services – Auxiliary                                 | 179.0          |  |  |  |  | 179.0                      |
|  |                | Scholarship Allowance – Housing  | (4.3)                                  |  |  | (4.3)                      |
| <b>Sales &amp; Services – Auxiliary Per Projected CAFR</b>   |                |  |  |  |  | <b>174.7</b>               |
| Other Operating Revenue                                      | 6.5            |  |  |  |  | 6.5                        |
|  |                | Bond Portion of Ticket Sales   |  |  | 4.0  | 4.0                        |
|  |                | Interest Charges on Loans  |  | 0.3  |  | 0.3                        |
| <b>Other Operating Revenue – Per Projected CAFR</b>          |                |  |  |  |  | <b>10.8</b>                |
| <b>TOTAL OPERATING REVENUE</b>                               | <b>1,304.6</b> | <b>All Operating Adjustments</b>   | <b>(329.5)</b>                         | <b>0.4</b>                                 | <b>38.1</b>                                      | <b>1,013.6</b>             |
| <b>NON OPERATING REVENUE</b>                                 |                |  |  |  |  |                            |
| State Appropriations   | 164.4          |  |  |  |  | 164.4                      |
| Non Operating Grants/Contracts                               | 54.6           |  |  |  |  | 54.6                       |
| Invest/ Endow. Income  | 8.1            |  |  |  |  | 8.1                        |
|  |                | Int./Earnings on balances  |  | 0.8  | 1.1  | 1.9                        |
|  |                | Misc. Investment Income  |  |  | 0.3  | 0.3                        |
| <b>Investment/Endowment Income Per Projected CAFR</b>        |                |  |  |  |  | <b>10.3</b>                |
| Gifts  | 42.6           |  |  |  |  | 42.6                       |
|  |                | Gifts/Asset Additions  |  |  | 1.6  | 1.6                        |
| <b>Gifts Per Projected CAFR</b>                              |                |  |  |  |  | <b>44.2</b>                |
| Other Non-Operat. Rev.                                       | 0.0            |  |  |  |  | 0.0                        |
|  |                | Adj. for Int. on Capital Asset – treated as expense for budget and contra revenue for CAFR           | 0.8                                    |  |  | 0.8                        |
|  |                | Interest on Capital Asset related debt   |  |  | (28.2)   | (28.1)                     |
| <b>Other Non-Operating Revenue Per Projected CAFR</b>        |                |  |  |  |  | <b>(27.3)</b>              |
| <b>TOTAL NON OPERATING REVENUE</b>                           | <b>269.7</b>   | <b>All Non Operating Adjustments</b>   | <b>0.8</b>                             | <b>0.8</b>                                 | <b>(25.2)</b>                                    | <b>246.2</b>               |
| <b>TOTAL RESOURCES</b>                                       | <b>1,574.3</b> | <b>All Adjustments</b>   | <b>(328.7)</b>                         | <b>1.2</b>                                 | <b>12.9</b>                                      | <b>1,259.7</b>             |

|  |                | <b>ADJUSTMENTS TO RECONCILE BUDGET TO PROJECTED CAFR</b>  |  |  |  |                            |
|--|----------------|---|--|--|--|----------------------------|
| <b>TOTAL BUDGETED FUNDS (SYSTEM)</b>                     |                | <b>Adjustment Detail</b>  | <b>Financial Statement Adjustments</b> | <b>Loan and Endowment Fund Adjustments</b> | <b>Project, Debt and Fixed Asset Adjustments</b> | <b>TOTAL IN PROJ. CAFR</b> |
| <b>OPERATING EXPENSES &amp; TRANSFERS</b>                |                |   |  |  |  |                            |
| Salaries & Wages   | 602.1          |   |  |  |  | <b>602.1</b>               |
| Fringe Benefits  | 196.0          |   |  |  |  | <b>196.0</b>               |
|  |                | Pension Expense   | 17.0                                   |  |  | <b>17.0</b>                |
| <b>Fringe Benefits Per Projected CAFR</b>                |                |   |  |  |  | <b>213.0</b>               |
| Utilities  | 34.6           |   |  |  |  | <b>34.6</b>                |
| Services & Supplies                                      | 365.1          |   |  |  |  | <b>365.1</b>               |
|  |                | Adjustment for indirect cost recovery – treated as a revenue in budget and as contra-expense in CAFR                                | (27.9)                                 |  |  | <b>(27.9)</b>              |
|  |                | Adj. for Int. on Capital Asset – treated as expense for budget and contra revenue for CAFR  | 0.9                                    |  |  | <b>0.9</b>                 |
|  |                | Loan Processing Activity  |  | 0.1  |  | <b>0.1</b>                 |
|  |                | Capital Project Expenses  |  |  | 77.2   | <b>77.2</b>                |
|  |                | Principal Portion of Debt   |  |  | 26.3   | <b>26.3</b>                |
|  |                | Offsets for principal portion of debt service and capital additions (including certain gifts) and plant investments (to capitalize) |  |  | (116.7)  | <b>(116.7)</b>             |
| <b>Supplies and Services – Per Projected CAFR</b>        |                |   |  |  |  | <b>325.0</b>               |
| Scholar.& Fellowships                                    | 318.9          |   |  |  |  | <b>318.9</b>               |
|  |                | Scholarship Allowance Exp.  | (193.5)                                |  |  | <b>(193.5)</b>             |
|  |                | Adjustment for Abatements – treated as expense in budget and as contra-revenue in CAFR  | (107.8)                                |  |  | <b>(107.8)</b>             |
|  |                | Adjustment for scholarship admin fee – treated as revenue in budget and contra-expense in CAFR                                      | (0.3)                                  |  |  | <b>(0.3)</b>               |
| <b>Scholarships &amp; Fellowships Per Projected CAFR</b> |                |   |  |  |  | <b>17.3</b>                |
| Depreciation Expense                                     | 0.0            |   |  |  |  | <b>0.0</b>                 |
|  |                | Depreciation Expense  |  |  | 64.8   | <b>64.8</b>                |
| <b>Depreciation Expense Per Projected CAFR</b>           |                |   |  |  |  | <b>64.8</b>                |
| <b>TOTAL OPERATING EXPENSES</b>                          | <b>1,516.7</b> | <b>All Adjustments</b>  | <b>(311.6)</b>                         | <b>0.1</b>                                 | <b>51.6</b>                                      | <b>1,256.8</b>             |
| Transfers Out – Net                                      | 63.0           |   |  |  |  | <b>63.0</b>                |
|  |                | Transfers to other funds from Endowment funds   |  | 0.1  |  | <b>0.1</b>                 |
|  |                | Transfers for Capital Project funds   |  |  | (47.0)   | <b>(47.0)</b>              |
|  |                | Transfers for Debt Service  |  |  | (16.1)   | <b>(16.1)</b>              |
| <b>Transfers Out – Net Per Projected CAFR</b>            |                |   |  |  |  | <b>0.0</b>                 |
| <b>TOTAL ALL USES</b>                                    | <b>1,579.7</b> | <b>All Adjustments</b>  | <b>(311.6)</b>                         | <b>0.2</b>                                 | <b>(11.5)</b>                                    | <b>1,256.8</b>             |
| <b>CHANGE IN NET POSITION BEFORE OTHER ADDITIONS</b>     | <b>(5.4)</b>   |   | <b>(17.1)</b>                          | <b>1.0</b>                                 | <b>24.4</b>                                      | <b>2.9</b>                 |
| <b>Other Additions</b>                                   | <b>0.0</b>     | <b>Addition to Endowment</b>  |  | <b>0.3</b>                                 |  | <b>0.3</b>                 |
| <b>TOTAL CHANGE IN NET POSITION</b>                      | <b>\$(5.4)</b> | <b>All Adjustments</b>  | <b>\$(17.1)</b>                        | <b>\$1.3</b>                               | <b>\$24.4</b>                                    | <b>\$3.2</b>               |