

University of Southern Indiana 2017 Financial Report

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Agenda

- Audit opinion
- Definition of key terms
- 2017 financial overview
- Financial statement review
- Summary and outlook
- Questions

Definition of Key Terms

- Net position: equivalent to equity on a balance sheet
- Statement of Net Position: equivalent to balance sheet
- Statement of Revenues, Expenses and Changes in Net Position: equivalent to income statement
- GASB: Governmental Accounting Standards Board, the source of generally accepted accounting principles used by public colleges and universities

2017 Financial Highlights

- Net position increased by \$6.7 million
- Total assets increased by \$5.2 million
- Total liabilities decreased by \$2.4 million
- University issued Series L bonds in May 2017
 - \$8 million in new debt
 - Partial refunding of Series J
- University received \$6 million from the State of Indiana for the Multi-Institutional Academic Health Science and Research Center

Assets and Deferred Outflow of Resources

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	\$ 17,641,471	\$ 26,801,969
Short term investments	20,375,311	17,074,345
Accounts receivable, net	10,172,146	11,505,058
Due from the State of Indiana	671,424	3,496,055
Inventories	1,550,701	1,370,569
Deposits with bond trustee	8,018,871	
Other current assets	2,009,103	862,809
Total current assets	<u>\$ 60,439,027</u>	<u>\$ 61,110,805</u>
Noncurrent Assets		
Long-term investments	\$ 64,090,712	\$ 60,026,180
Deposits with bond trustee	106,120	416,861
Capital assets, net	180,762,147	178,605,172
Total noncurrent assets	<u>\$ 244,958,979</u>	<u>\$ 239,048,213</u>
Total Assets	<u>\$ 305,398,006</u>	<u>\$ 300,159,018</u>
DEFERRED OUTFLOW OF RESOURCES		
Hedging derivative instruments	\$ 1,215,237	\$ 1,897,793
Deferred outflow of resources related to pensions	3,405,907	3,491,997
Total deferred outflow of resources	<u>\$ 4,621,144</u>	<u>\$ 5,389,790</u>

Change in Cash and Cash Equivalents

- Amount allocated to short-term investments increased by \$3.3 million
- Amount allocated to long-term investments increased by \$4.1 million
- Allocated \$2.3 million to student housing projects from reserves
- Cumulative amount generated by all other sources was \$500,000

Liabilities and Deferred Inflow of Resources

LIABILITIES	2017	2016
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,760,803	\$ 2,091,778
Accrued payroll, benefits, and deductions	6,544,838	7,306,433
Notes, bonds, and leases payable	8,664,611	10,427,995
Debt interest payable	690,057	951,968
Unearned revenue	1,406,893	1,311,185
Other current liabilities	593,547	688,632
Total current liabilities	<u>\$ 19,660,749</u>	<u>\$ 22,777,991</u>
Noncurrent Liabilities		
Notes, bonds, and leases payable	\$ 90,037,044	\$ 90,563,824
Derivative instruments--interest rate swap	1,215,237	1,897,793
Other postemployment benefits	17,487,663	15,605,114
Compensated absences and termination benefits	2,959,029	2,610,390
Net pension liability	7,449,403	7,749,103
Other noncurrent liabilities	21,663	23,126
Total Noncurrent liabilities	<u>\$ 119,170,039</u>	<u>\$ 118,449,350</u>
Total Liabilities	\$ 138,830,788	\$ 141,227,341
DEFERRED INFLOW OF RESOURCES		
Deferred inflow of resources related to pensions	\$ 1,131,279	\$ 943,768

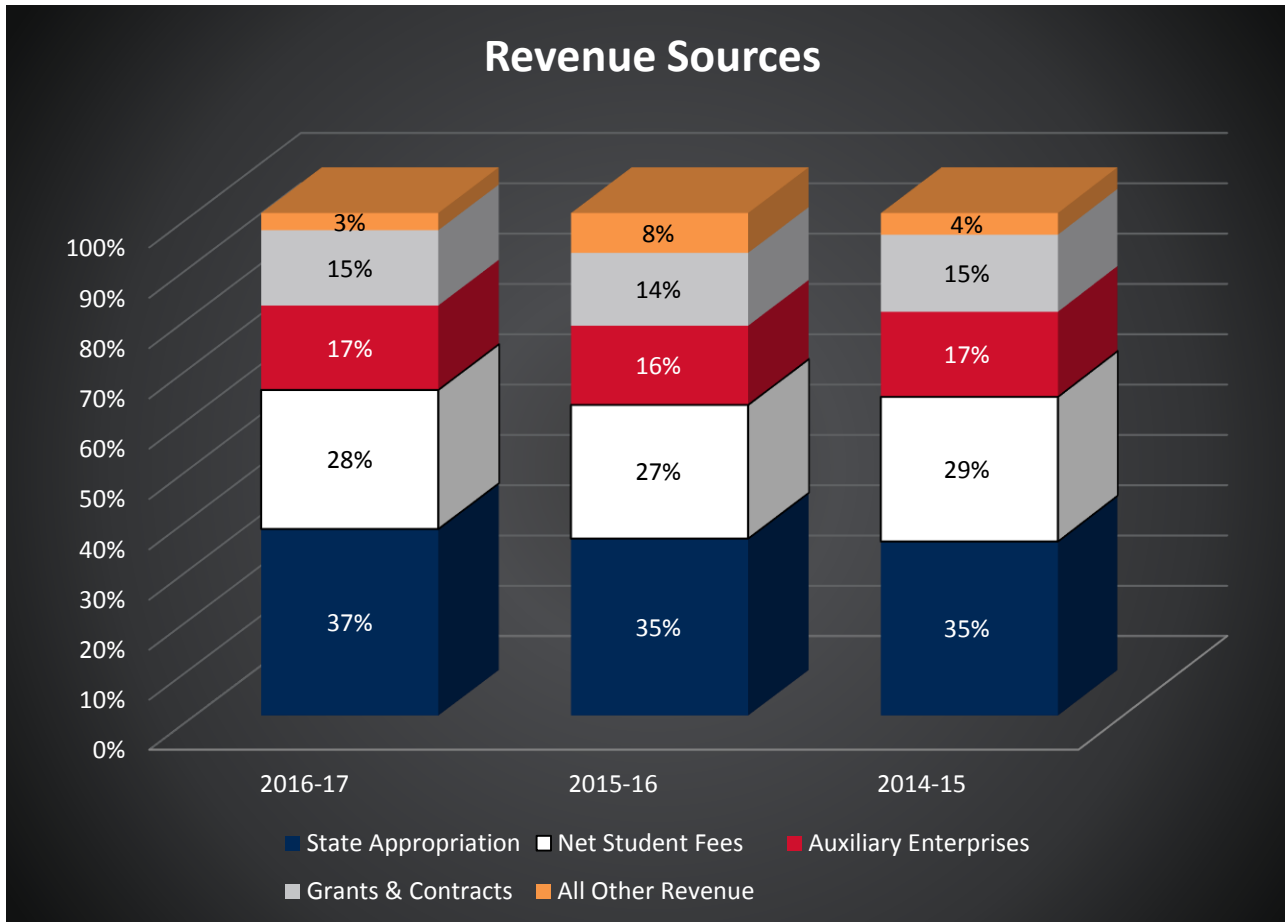
Operating Revenues and Expenses

REVENUES	2017	2016
Operating Revenues		
Student fees	\$ 70,253,620	\$ 67,160,394
Scholarship discounts and allowances	(24,434,934)	(22,523,773)
Grants and contracts	2,121,487	2,004,112
Auxiliary enterprises	28,560,779	26,410,386
Room and board discounts and allowances	(811,070)	(29,930)
Other operating revenues	2,852,746	2,263,897
Total operating revenues	\$ 78,542,628	\$ 75,285,086
EXPENSES		
Operating Expenses		
Salaries and wages	\$ 63,403,236	\$ 60,811,952
Benefits	26,856,863	25,898,473
Student financial aid	7,518,308	7,406,676
Utilities	5,574,125	5,390,599
Supplies and other services	39,401,716	37,102,434
Depreciation	13,579,006	13,350,787
Total operating expenses	\$ 156,333,254	\$ 149,960,921
Operating loss	\$ (77,790,626)	\$ (74,675,835)

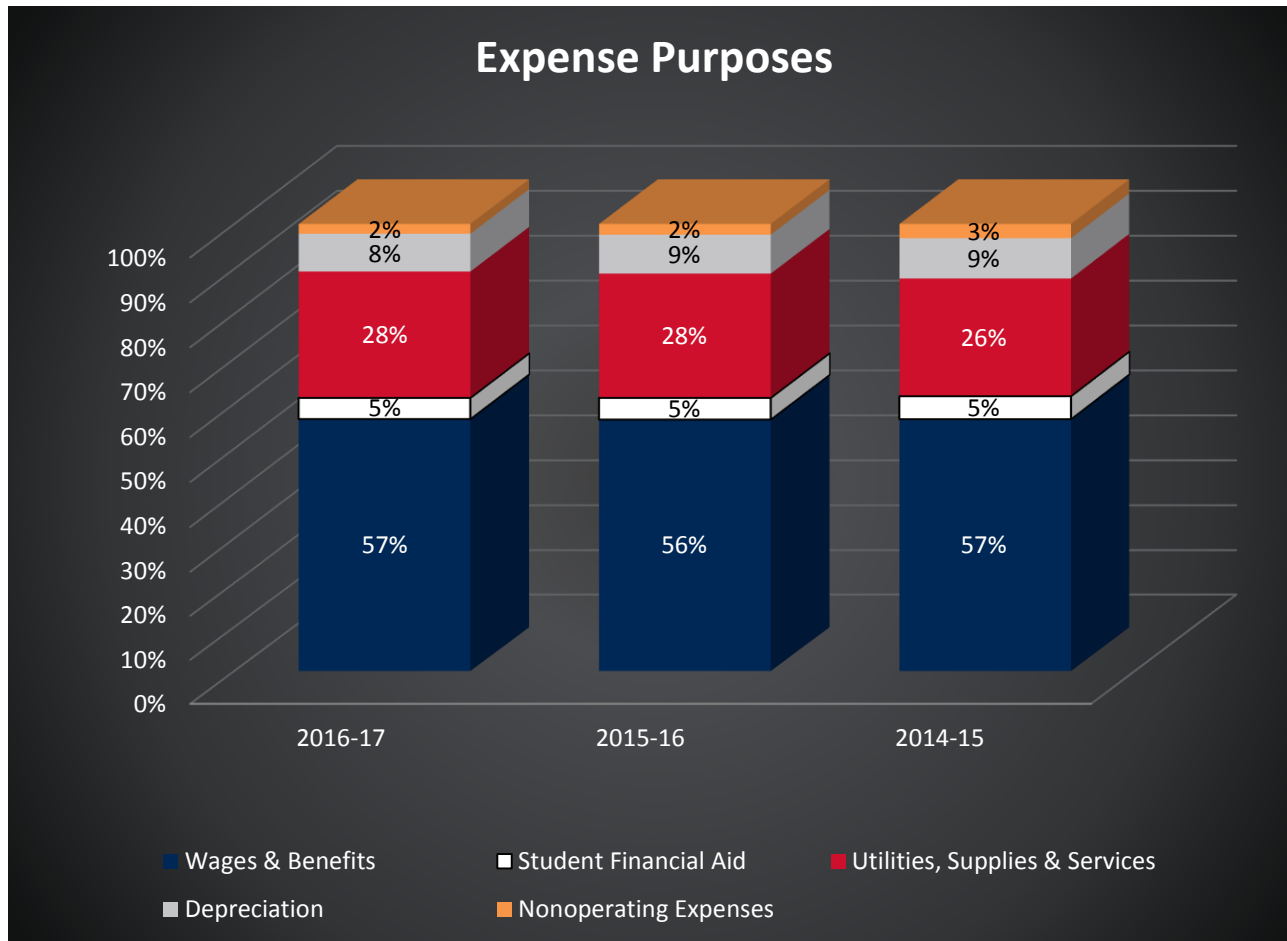
Non-operating Revenues and Expenses

NON-OPERATING REVENUES (EXPENSES)	2017	2016
State appropriations	\$ 54,051,765	\$ 55,241,808
Gifts	3,419,324	3,285,325
Federal grants and contracts	12,564,307	12,367,381
State/Local grants and contracts	9,202,081	9,126,728
Nongovernmental grants and contracts	919,021	769,196
Net investment income	131,247	1,405,474
Interest on capital asset related debt	(3,217,324)	(3,836,822)
Bond issuance costs	(232,791)	
Other non-operating revenues/(expenses)	(46,109)	(50,952)
Net non-operating revenues (expenses)	\$ 76,791,521	\$ 78,308,138
Income before other revenues, expenses, gains or losses	\$ (999,105)	\$ 3,632,303
Capital appropriations	\$ 7,668,289	\$ 4,091,049
Capital grants and gifts	10,200	6,336,294
Total other revenues	\$ 7,678,489	\$ 10,427,343

Total Revenues by Source



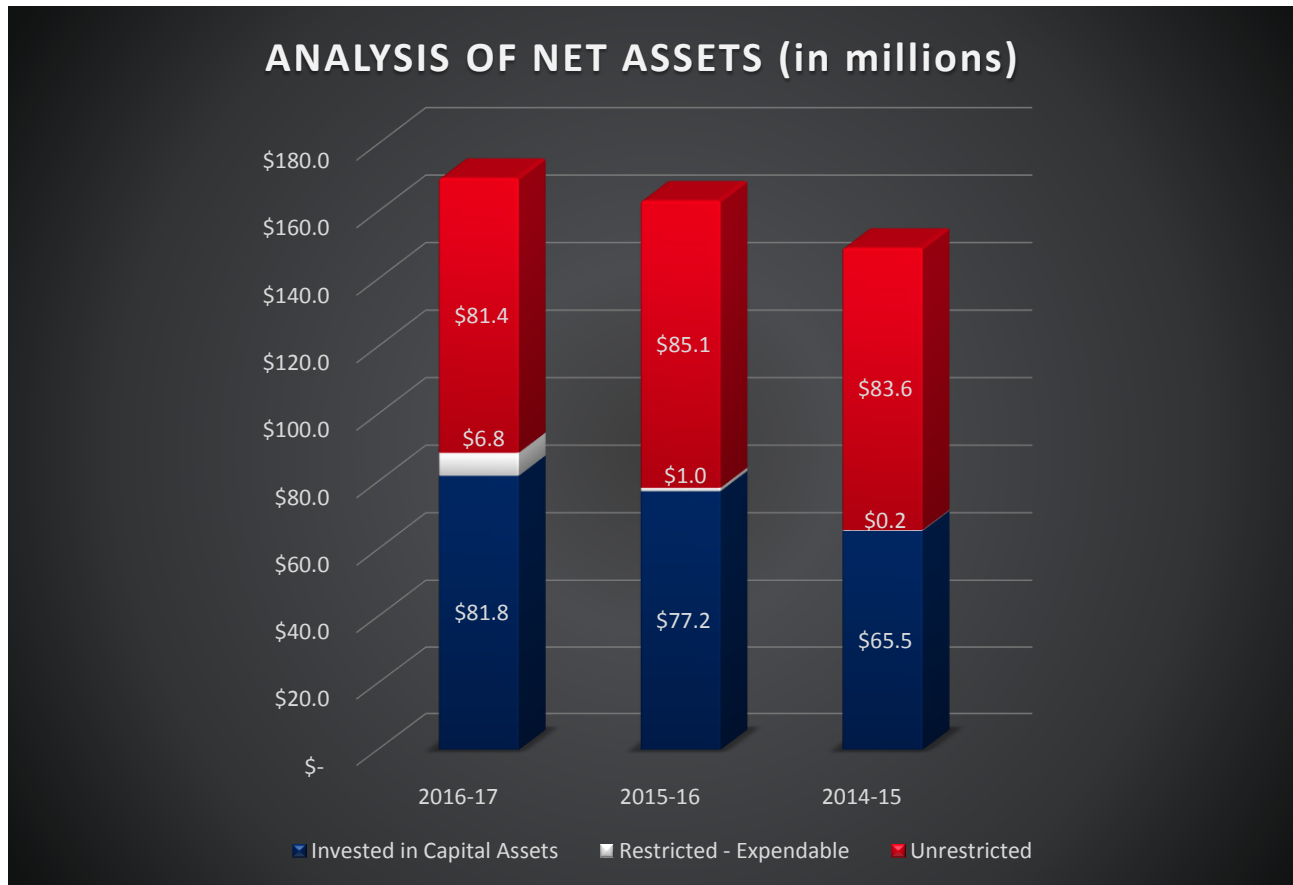
Total Expenses by Purpose



Net Position Summary

NET POSITION	2017	2016
Net investment in capital assets	\$ 81,770,230	\$ 77,194,649
Restricted		
Expendable		
Capital Project	6,668,424	507,456
Debt Service	120,460	416,861
Scholarship, research, and other	36,489	109,734
Unrestricted	81,461,480	85,148,999
Total Net Position	\$ 170,057,083	\$ 163,377,699

Net Position by Component



2018 Outlook: Estimated GASB Statement 75 Impact

Net Position	Amount
Beginning balance, July 1, 2017	\$ 170,057,083
Estimated GASB 75 adjustment	(12,000,000)
Adjusted beginning balance	\$ 158,057,083

2018 Outlook

- 22.5 percent increase in masters and doctoral program enrollment
- 2.2 percent increase in first-time college student enrollment
- Continue to improve net position through asset growth and debt reduction
- Monitor effect of proposed London Interbank Offered Rate (LIBOR) elimination
- Solicit proposals for investment management services
- Initiate Financial CARE Team