

University of Southern Indiana 2018 Financial Report

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Agenda

- Audit opinion
- Definition of key terms
- 2018 financial overview
- Financial statements review
- Financial ratios review
- 2019 outlook
- Questions

Definition of Key Terms

- Statement of Net Position: equivalent to balance sheet
- Net position: equivalent to equity on a 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

2018 Financial Highlights

- Net position increased by \$12.7 million
- Total assets increased by \$14.3 million
- Total liabilities decreased by \$665,000
- Operating revenues stable
- Operating expenses stable
- Capital appropriations of \$16.4 million
- Capital gifts of \$2 million
- Implementation of GASB Statements 75 and 85

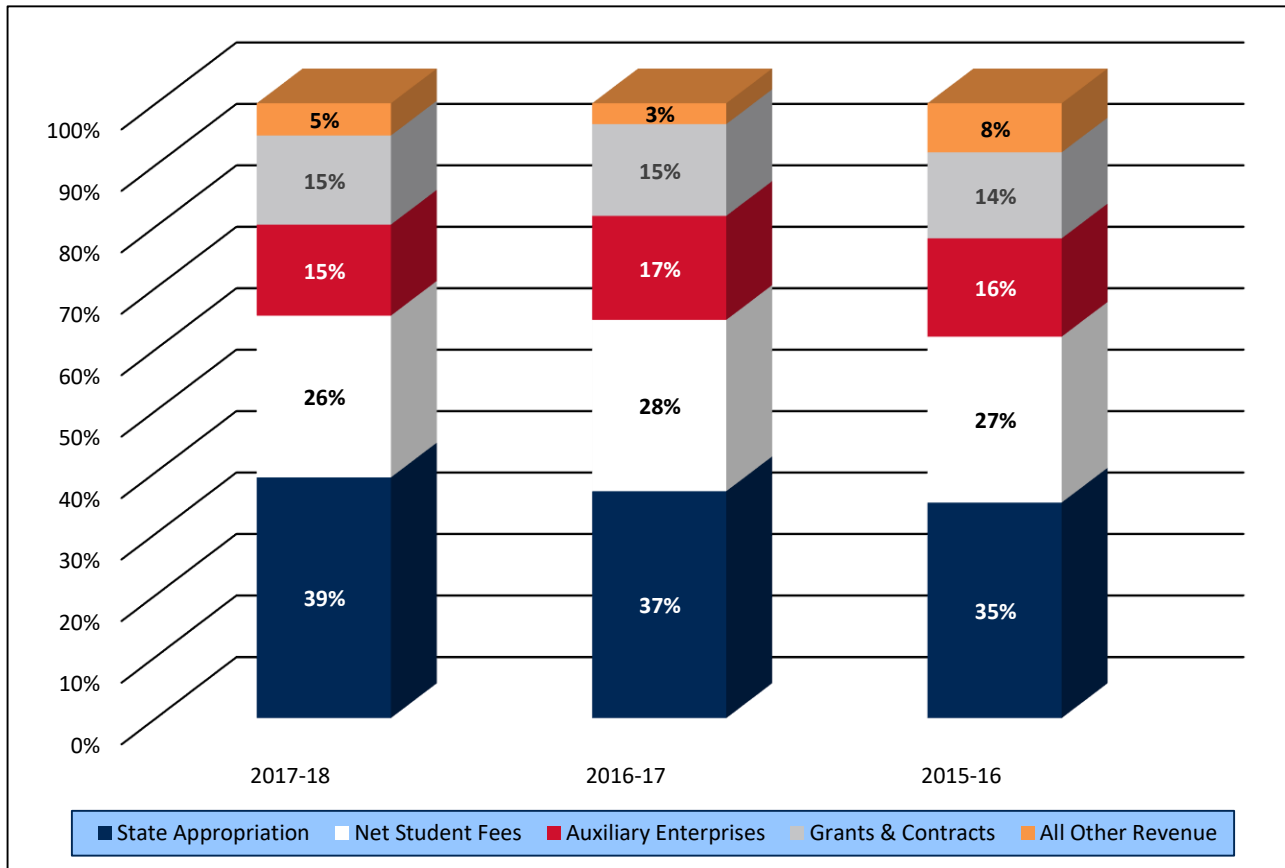
Condensed Statement of Net Position

Year Ended June 30 (in thousands)	2018	2017	2016
Current Assets	73,714	60,439	61,111
Noncurrent Assets:			
Capital assets, net of depreciation	195,979	180,762	178,605
Other non-current	49,958	64,197	60,443
Total Assets	\$ 319,651	\$ 305,398	\$ 300,159
Hedging Derivative Instruments	700	1,215	1,898
Deferred Outflow of Resources Related to Pensions	2,452	3,406	3,492
Deferred Outflow of Resources Related to OPEB	993		
Total Deferred Outflow of Resources	\$ 4,145	\$ 4,621	\$ 5,390
Current Liabilities	19,954	19,661	22,778
Noncurrent Liabilities	118,212	119,170	118,449
Total Liabilities	\$ 138,166	\$ 138,831	\$ 141,227
Deferred Inflow of Resources Related to Pensions	838	1,131	944
Deferred Inflow of Resources Related to OPEB	2,062		
Total Deferred Inflow of Resources	\$ 2,900	\$ 1,131	\$ 944
Net Position:			
Net investment in capital assets	105,308	81,770	77,195
Restricted--expendable	4,632	6,825	1,034
Unrestricted	72,790	81,462	85,149
Total Net Position	\$ 182,730	\$ 170,057	\$ 163,378

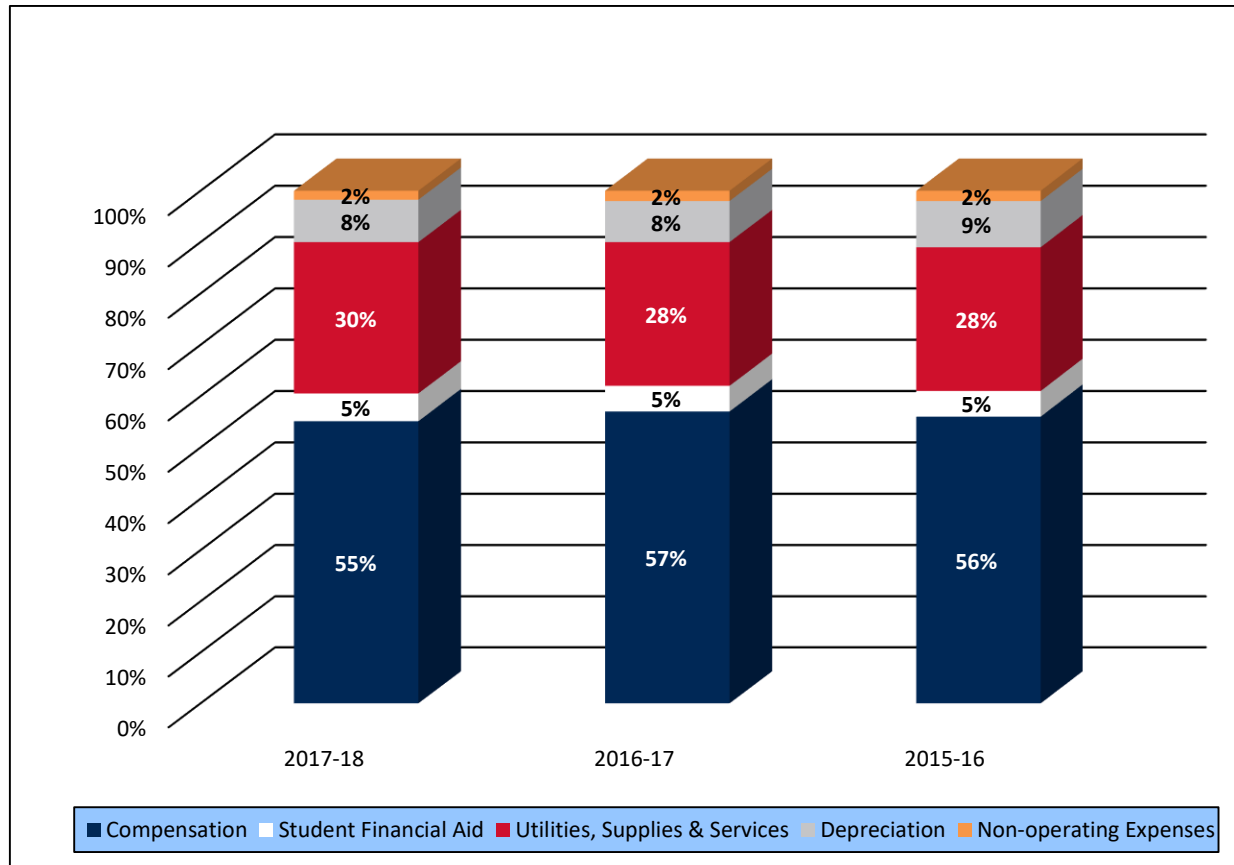
Condensed Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30 (in thousands)	2018	2017	2016
Operating Revenues	79,755	78,542	75,285
Operating Expenses	(158,004)	(156,333)	(149,961)
Operating Loss	\$ (78,249)	\$ (77,791)	\$ (74,676)
Non-operating Revenues	84,662	80,288	82,196
Non-operating Expenses	(2,793)	(3,496)	(3,887)
Income before other revenues, expenses, gains or losses	\$ 3,620	\$ (999)	\$ 3,633
Other Revenues	18,477	7,678	10,427
Increase in Net Position	\$ 22,097	\$ 6,679	\$ 14,060
Net Position--Beginning of Year	170,057	163,378	149,318
Prior-period Adjustment for Change in Accounting Principle	(9,424)	-	-
Net Position--End of Year	\$ 182,730	\$ 170,057	\$ 163,378

Total Revenues by Source



Total Expenses by Type



Condensed Functional Operating Expenses

Year Ended June 30 (in thousands)	2018	2017	2016
Instruction	47,880	46,185	45,052
Academic Support	12,536	13,068	13,712
Student Services	10,923	10,832	9,897
Institutional Support	19,378	19,038	17,920
Operation and Maintenance of Plant	17,205	15,625	14,531
Depreciation	13,316	13,579	13,351
Student Aid	8,680	7,519	7,427
Public Service	2,855	3,232	3,099
Research	221	267	110
Auxiliary Enterprises	25,010	26,988	24,862
TOTAL	\$ 158,004	\$ 156,333	\$ 149,961

2018 Outlook: Estimated GASB Statement 75 Impact

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

Actual GASB Statement 75 Impact and Ending Net Position

Net Position (in thousands)	Amount
Beginning balance, July 1, 2017	170,057
Prior-period Adjustment for Change in Accounting Principle	(9,424)
Adjusted beginning balance	160,633
Increase in Net Position	22,097
Ending balance, June 30, 2018	\$182,730

Net Position Summary

Net Position (in thousands)	2018	2017	2016
Net investment in capital assets	105,308	81,770	77,195
Restricted--expendable	4,632	6,825	1,034
Unrestricted	72,790	81,462	85,149
Total Net Position	\$182,730	\$170,057	\$163,378

Higher Education Financial Ratio Definitions

Ratio	Definition	Benchmark
Primary reserve ratio	Indicates how long the institution could function using its expendable reserves without additional net assets	.4 or better (ratio times 12 months provides timeframe)
Net operating revenue ratio	Indicates whether institution is living within available resources	>0 = surplus for year
Return on net assets ratio	Indicates whether the institution is better off financially compared to one year ago	3-4 percent
Viability ratio	Indicates the capacity to repay total debt through reserves	1

Higher Education Financial Ratios

	2018	2017	2016
Primary reserve ratio	0.967	0.999	0.919
Net operating revenue ratio	2.3%	0.2%	4.1%
Return on net assets ratio	10.9%	7.0%	2.5%
Viability ratio	1.654	1.676	1.516
Composite financial indicator	5.200	4.750	4.260

2019 Outlook

- University leadership changes
- \$41 million bond issue for Phase II of PAC expansion and renovation
- Capitalization of Phase I of PAC expansion and renovation and Fuquay Welcome Center
- Effects of enrollment trends
- Next phase of student financial wellness project