
ARKANSAS STATE UNIVERSITY JONESBORO



Quarterly Report to the Board of Trustees

Financial Data

Risk Analysis

Composite Financial Index (CFI)

Capital Expenditures

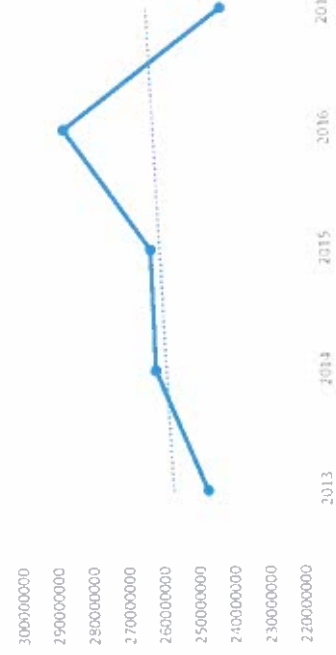
Key Performance Indicators (KPI)

2nd Quarter FY 2017

ARKANSAS STATE UNIVERSITY-JONESBORO
Statement of Net Position
December 31, 2016

	Educational & General (excluding OPEB and Pensions)	Educational & General (OPEB and Pensions)	Auxiliary	Plant	Other	Total
ASSETS AND DEFERRED OUTFLOWS						
Cash	\$ 25,420,834	\$ -	\$ (2,166,741)	\$ 30,299,235	\$ 7,408,471	\$ 60,961,799
Investments	\$ 6,299,847	\$ -	\$ -	-	13,667,232	\$ 19,967,079
Accounts Receivable	\$ 3,528,631	\$ -	\$ 1,874,867.04	65,752	1,561,761	\$ 7,031,011
Deposits with Trustees	\$ -	\$ -	\$ -	5,226,091	-	\$ 5,226,091
Inventories	\$ 2,179,130	\$ -	\$ -	-	-	\$ 2,179,130
Prepaid Expenses	\$ 108,568	\$ -	\$ -	419,877	13,498	\$ 541,944
Pensions	\$ -	\$ 3,265,596	\$ -	-	-	\$ 3,265,596
Loans Receivable	\$ -	\$ -	\$ -	-	5,077,488	\$ 5,077,488
Capital Assets, Net of Depreciation	\$ -	\$ -	\$ -	352,039,831	-	\$ 352,039,831
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 37,537,010	\$ 3,265,596	\$ (291,873.68)	\$ 388,050,786	\$ 27,728,450	\$ 456,289,968
LIABILITIES AND DEFERRED INFLOWS						
Accounts Payable	\$ 1,395,920	\$ -	\$ 547,888	\$ 1,737,258	\$ 13,640	\$ 3,694,706
Debt Payable	\$ -	\$ -	\$ -	168,958,395	-	168,958,395
Compensated Absences	\$ 6,914,398	\$ -	\$ 591,150	-	-	7,505,548
Other Post Employment Benefits	\$ -	\$ 9,382,516.00	\$ -	-	-	9,382,516
Refundable Federal Advances	\$ -	\$ -	\$ -	-	4,246,498	4,246,498
Unearned Revenue	\$ -	\$ -	\$ -	-	2,566,403	2,566,403
Pensions	\$ -	\$ 15,247,752.00	\$ -	-	-	15,247,752
Deposits	\$ 1,413,456.04	\$ -	\$ 336,800	-	-	1,750,256
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 9,723,774	\$ 24,630,268	\$ 1,475,838.22	\$ 170,695,653	\$ 6,826,541	\$ 213,352,073
NET POSITION	\$ 27,813,236	\$ (21,364,672)	\$ (1,767,711.90)	\$ 217,355,133	\$ 20,901,909	\$ 242,937,895

Net Position as of December 31 (Qtr 2) by Fiscal Year



*Net position declined significantly from Q2 FY 16 to Q2 FY 17 due to fully recognizing the other post-employment benefit and pension liabilities as of 6-30-16.

ARKANSAS STATE UNIVERSITY-JONESBORO
Actual and Budgeted Revenues, Expenses and Changes in Net Position
For the Quarter Ending December 31, 2016

	Educational & General (excluding OPEB and Pensions)		Educational & General (OPEB and Pensions)		Auxiliary		Plant		Other		Total	
	Annual Budget as of End of Q	Actual Year-to-Date	% of Budget Realized	Actual Year-to-Date	Annual Budget as of End of Q	Actual Year-to-Date	% of Budget Realized	Actual Year-to-Date	Actual Year-to-Date	Actual Year-to-Date	Actual Year-to-Date	Actual Year-to-Date
OPERATING REVENUE												
Student tuition & fees	\$ 93,356,854	\$ 50,992,311	54.6%								\$ 50,992,311	
Federal and county appropriations									184,495		184,495	
Grants and contracts	1,020	1,020	100.0%						7,567,416		7,567,416	
Sales/services of educational departments	1,336,581	952,308	71.2%					23,368			975,676	
Insurance plan					35,967,454	16,951,282	47.1%				2,070,130	
Auxiliary enterprises									(563,452)		16,951,282	
Other operating revenues	1,018,095	870,015	85.5%					20,616			327,179	
TOTAL OPERATING REVENUES	\$ 95,712,549	\$ 52,815,654	55.2%	\$ -	\$ 35,967,454	\$ 16,951,282	47.1%	\$ 43,984	\$ 9,258,589	\$ 79,069,508		
OPERATING EXPENSES												
Compensation & benefits	\$ 101,511,071	\$ 46,574,120	45.9%		\$ 10,161,741	\$ 4,866,111	47.9%		\$ 902,698	\$ 52,342,929		
Supplies & services	30,936,762	11,976,956	38.7%		13,172,644	7,978,163	60.6%	787,520	2,947,693	23,690,331		
Scholarships & fellowships	22,232,853	11,881,009	53.4%		5,930,174	2,983,238	50.3%		17,120,550	31,984,797		
Insurance plan									8,417,269	8,417,269		
Depreciation (Estimate)								9,400,000		9,400,000		
Other									22,771	1,127,600		
Contingency					474,837							
TOTAL OPERATING EXPENSES	\$ 154,680,686	\$ 70,432,085	45.5%	\$ 1,104,829	\$ 29,739,396	\$ 15,827,512	53.2%	\$ 10,187,520	\$ 29,410,980	\$ 125,858,097		
OPERATING INCOME (LOSS)	\$ (58,968,136)	\$ (17,616,431)	29.9%	\$ (1,104,829)	\$ 6,228,058	\$ 1,123,770	18.0%	\$ (30,143,536)	\$ (20,152,392)	\$ (46,788,589)		

	Educational & General (excluding OPEB and Pensions)		Educational & General (OPEB and Pensions)		Auxiliary		Plant		Other		Total	
	Annual Budget as of End of Q	Actual Year-to-Date	% of Budget Realized	Actual Year-to-Date	Annual Budget as of End of Q	Actual Year-to-Date	% of Budget Realized	Actual Year-to-Date	Actual Year-to-Date	Actual Year-to-Date	Actual Year-to-Date	Actual Year-to-Date
NON-OPERATING REVENUES (EXPENSES)												
State appropriations	\$ 62,806,778	\$ 30,464,617	48.5%						\$ 2,923,524	\$ 33,388,141		
Property & sales tax									16,637,930	16,637,930		
Grants	641,271	602,803	94.0%						61,343	664,147		
Gifts	400,000	169,359	42.3%					1,235	49,957	220,551		
Investment income	268,232	(118,378)	44.1%					(2,505,646)		(2,624,024)		
Interest on capital asset related debt	(753,271)	(618,193)	82.1%		(28,110)	(11,989)	42.7%	2,337,613	(70,997)	1,636,434		
Other	62,826,546	\$ 30,500,208	48.5%		\$ (28,110)	\$ (11,989)	42.7%	\$ (166,797)	\$ 19,601,757	\$ 49,923,178		
NET NON-OPERATING REVENUES	\$ 3,858,410	\$ 12,883,777	333.9%	\$ (1,104,829)	\$ 6,199,948	\$ 1,111,780	17.9%	\$ (10,310,333)	\$ (550,635)	\$ 2,029,761		
INCOME (LOSS) BEFORE OTHER REV/EXP												
OTHER CHANGES IN NET ASSETS												
Capital appropriations									\$ 26,908	\$ 26,908		
Capital gifts and grants	(316,345)	(323,640)	102.3%					76,500		76,500		
Interagency transfers	(1,345,899)	615,949	-45.8%		(108,323)		0.0%	(2,629)		(26,268)		
Other	(1,662,244)	\$ 292,309						\$ (10,369,909)	(1,107,460)	(10,861,420)		
TOTAL OTHER CHANGES	\$ (3,324,388)	\$ (32,000)	-9.6%	\$ -	\$ (108,323)	\$ -	0.0%	\$ (10,269,130)	\$ (1,107,460)	\$ (11,084,280)		
TRANSFERS IN (OUT)												
Debt service	(3,572,354)	(1,696,415)	47.5%		\$ (8,473,013)	\$ (2,261,621)	26.7%	\$ 3,958,035		\$ -		
Other	(12,432,881)	(7,236,418)	58.2%		2,381,388	(690,210)	-29.0%	7,695,407	231,220	\$ 0		
TOTAL TRANSFERS IN (OUT)	\$ (16,005,235)	\$ (8,932,833)	55.8%	\$ -	\$ (6,091,625)	\$ (2,951,831)	-29.0%	\$ 11,653,442	\$ 231,220	\$ 0		
INCREASE IN NET POSITION	\$ (13,809,070)	\$ 4,243,254	-30.7%	\$ (1,104,829)	\$ -	\$ (1,840,050)	-16.6%	\$ (8,926,020)	\$ (1,426,874)	\$ (9,054,520)		
BEGINNING NET POSITION		\$ 23,569,982		\$ (20,259,843)		\$ 72,338		\$ 216,881,154	\$ 22,328,784	\$ 242,592,414		
ENDING NET POSITION		\$ 27,813,236		\$ (21,364,672)		\$ (1,767,712)		\$ 207,955,133	\$ 20,901,909	\$ 233,537,895		

ARKANSAS STATE UNIVERSITY-JONESBORO
Actual and Budgeted Revenues, Expenses and Changes in Net Position
Auxiliary Unit Details
For the Quarter Ending December 31, 2016

	Athletics		Housing		Food Service		Bookstore		Other		TOTAL
	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Actual Year-To-Date
OPERATING REVENUE											
Auxiliary enterprises:											
Athletics	\$ 12,907,458	36.2%	\$ 15,125,052	51.1%	\$ 1,455,444	43.0%	\$ 309,000	52.0%	\$ 6,170,500	60.8%	\$ 4,677,067
Housing											7,734,383
Food Service											625,353
Bookstore											160,558
Other auxiliary enterprises											3,753,921
TOTAL OPERATING REVENUES	\$ 12,907,458	36.2%	\$ 15,125,052	51.1%	\$ 1,455,444	43.0%	\$ 309,000	52.0%	\$ 6,170,500	60.8%	\$ 16,951,282
OPERATING EXPENSES											
Compensation & benefits	\$ 6,104,854	49.6%	\$ 2,607,518	42.9%	\$ 17,204	8.383			\$ 1,432,165	49.5%	\$ 4,866,111
Supplies & services	6,185,210	68.4%	4,435,234	51.6%	225,327	85.4%	67,000	90.6%	2,259,872	53.4%	7,978,163
Scholarships & fellowships	5,896,129	50.2%	34,045	53.1%		#DIV/0!				4,425	2,983,238
Insurance plan											
Depreciation											
Contingency											
TOTAL OPERATING EXPENSES	\$ 18,186,194	56.2%	\$ 7,438,771	46.1%	\$ 242,531	82.8%	\$ 67,000	90.6%	\$ 3,804,900	50.5%	\$ 15,827,512
OPERATING INCOME (LOSS)	\$ (5,278,736)	105.0%	\$ 7,686,281	56.1%	\$ 1,212,913	35.0%	\$ 242,000	41.3%	\$ 2,365,600	77.5%	\$ 1,123,770

	Athletics		Housing		Food Service		Bookstore		Other		TOTAL
	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Annual Budget as of End of Q	% of Budget Actual Year-to-Date Realized	Actual Year-To-Date
NON-OPERATING REVENUES (EXPENSES)											
Gifts											0
Investment income											0
Interest on capital asset-related debt											0
Other											
NET NON-OPERATING REVENUES	\$ -		\$ (26,459)	42.2%	\$ -		\$ -		\$ (1,651)	50.0%	\$ (11,989)
INCOME (LOSS) BEFORE OTHER REV/EXP	\$ (5,278,736)	105.0%	\$ 7,659,822	56.1%	\$ 1,212,913	35.0%	\$ 242,000	41.3%	\$ 2,363,949	77.6%	\$ 1,111,780
OTHER CHANGES IN NET ASSETS											
Capital appropriations											0
Capital gifts and grants											0
Other											
TOTAL OTHER CHANGES	\$ (26,332)		\$ (20,000)	0.0%	\$ (31,991)	0.0%	\$ -		\$ (30,000)	0.0%	\$ -
TRANSFERS IN (OUT)											
Debt Service											
Other	\$ 1,267,591	-0.6%	\$ (6,864,513)	29.1%	\$ 47,417	100.0%	\$ (1,000)		\$ (1,608,500)	16.6%	\$ (2,261,621)
TOTAL TRANSFERS IN (OUT)	\$ 1,267,591	-0.6%	\$ (7,603,455)	78.2%	\$ 47,417	100.0%	\$ (1,000)		\$ 237,822	-6.5%	\$ (690,210)
INCREASE IN NET POSITION	\$ (4,037,477)	137.5%	\$ (3,633)	38.4%	\$ 1,228,339	38.4%	\$ 241,000	41.0%	\$ 2,571,771	56.3%	\$ (1,840,050)

Operating Revenues for FY 2017 with 5 year average comparison (FY 2012 - 2016)

\$140,000,000

\$120,000,000

\$100,000,000

\$80,000,000

\$60,000,000

\$40,000,000

\$20,000,000

\$-

Qtr 1-2017

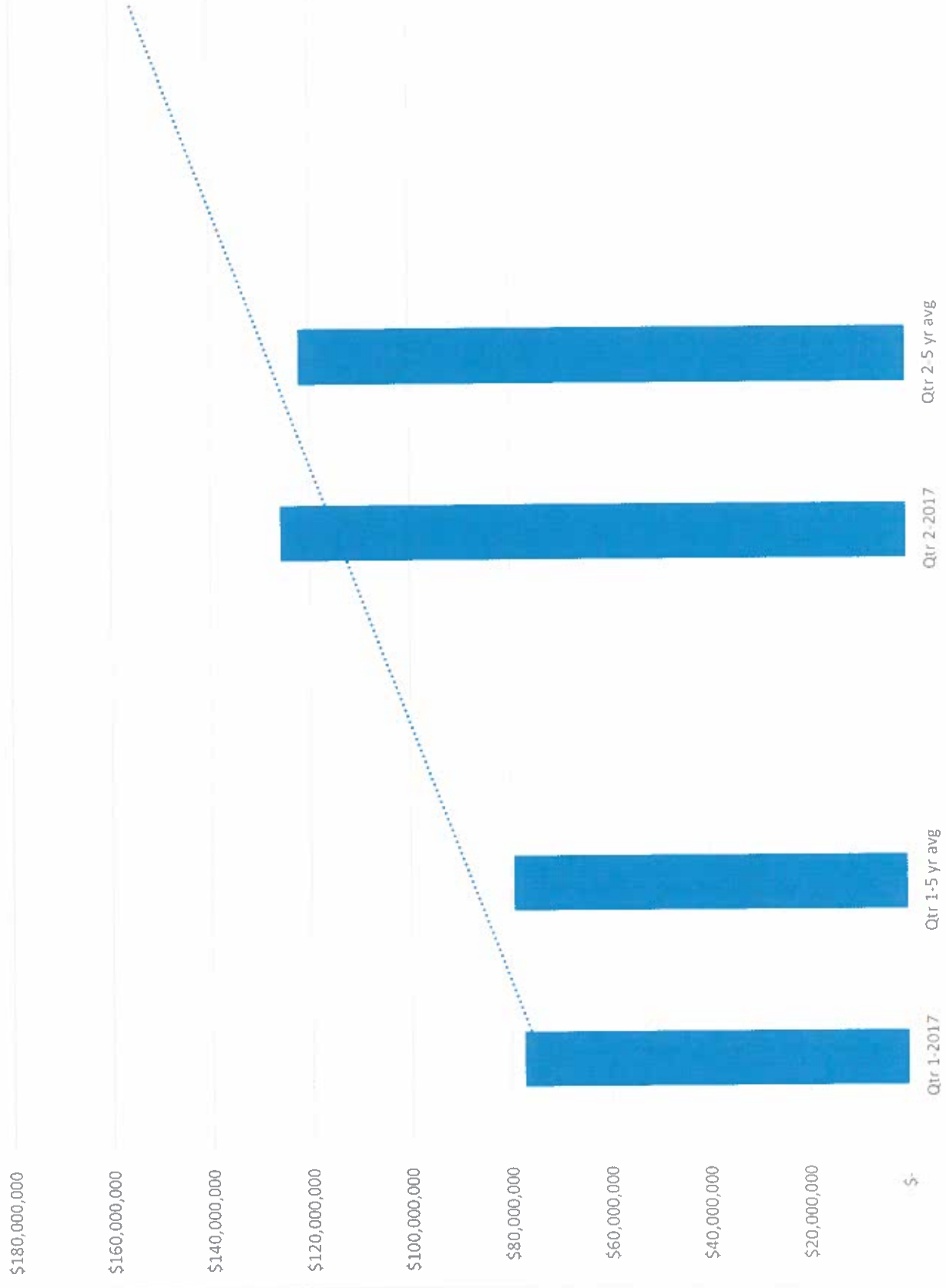
Qtr 1-5 yr avg

Qtr 2-2017

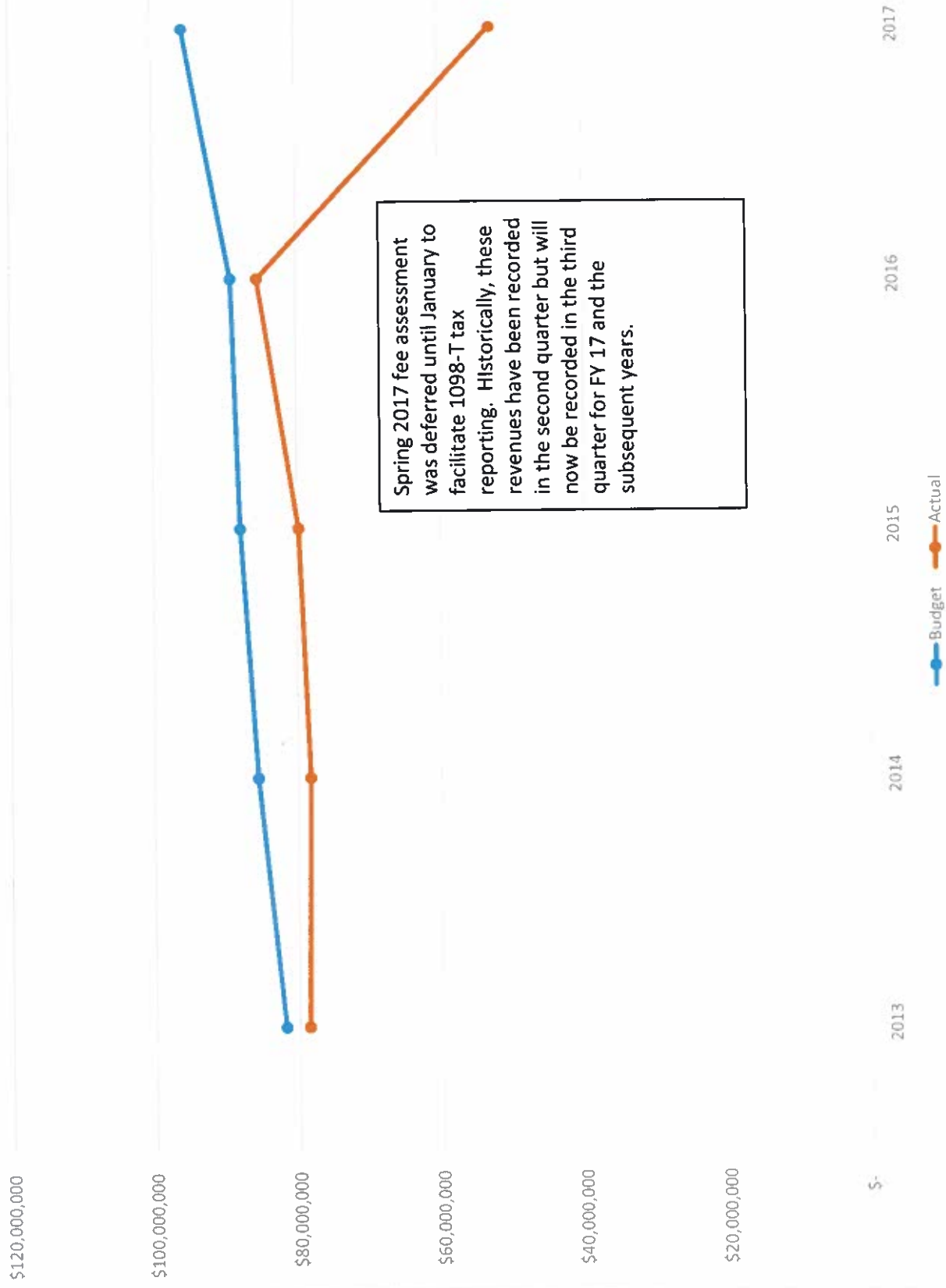
Qtr 2-5 yr avg

Spring 2017 fee assessment was deferred until January to facilitate 1098-T tax reporting. Historically, these revenues have been recorded in the second quarter but will now be recorded in the third quarter for FY 17 and the subsequent years.

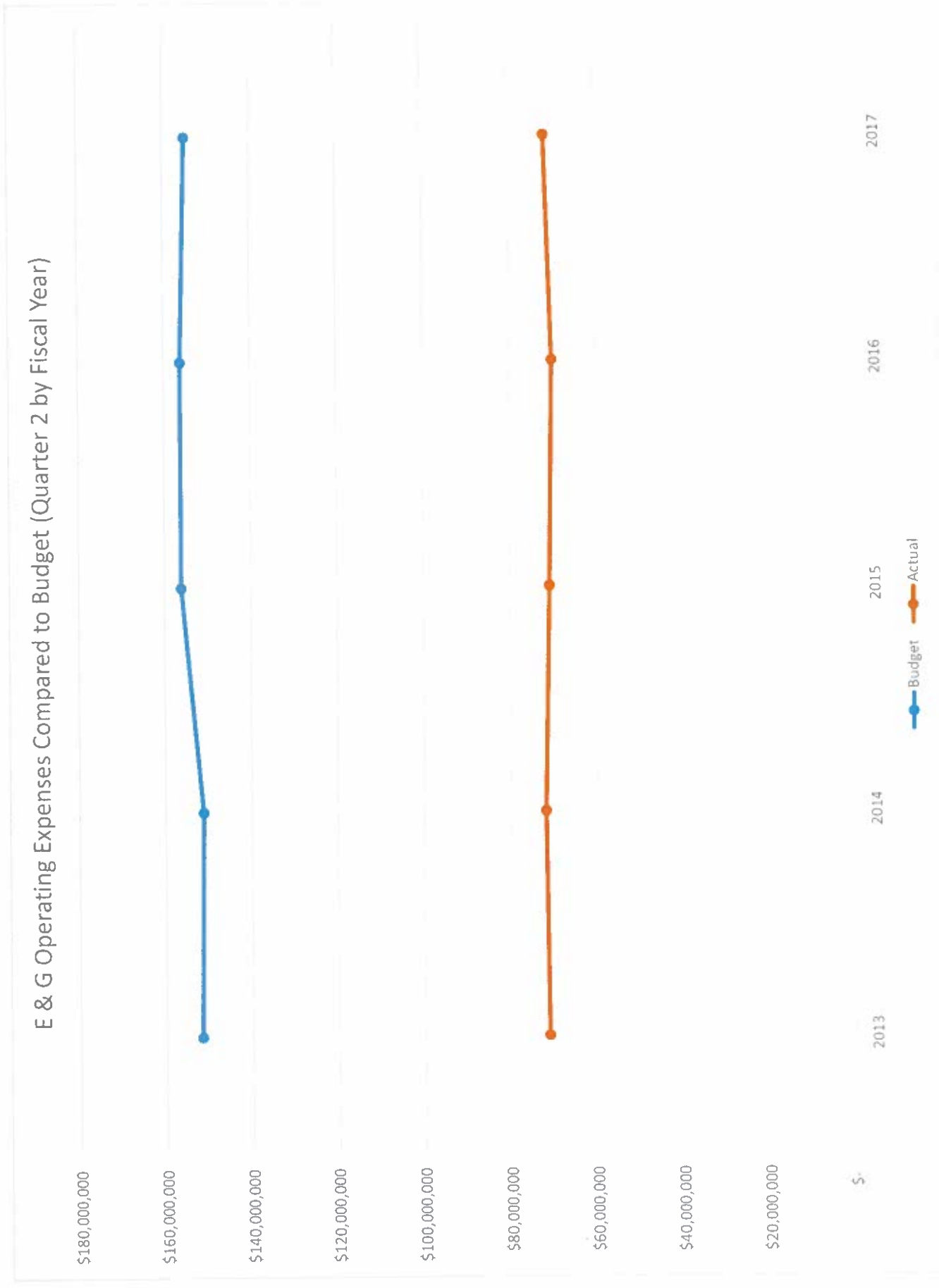
Operating Expenses for FY 2017 with 5 year average comparison (FY 2012 - 2016)



E & G Operating Revenues Compared to Budget (Quarter 2 by Fiscal Year)

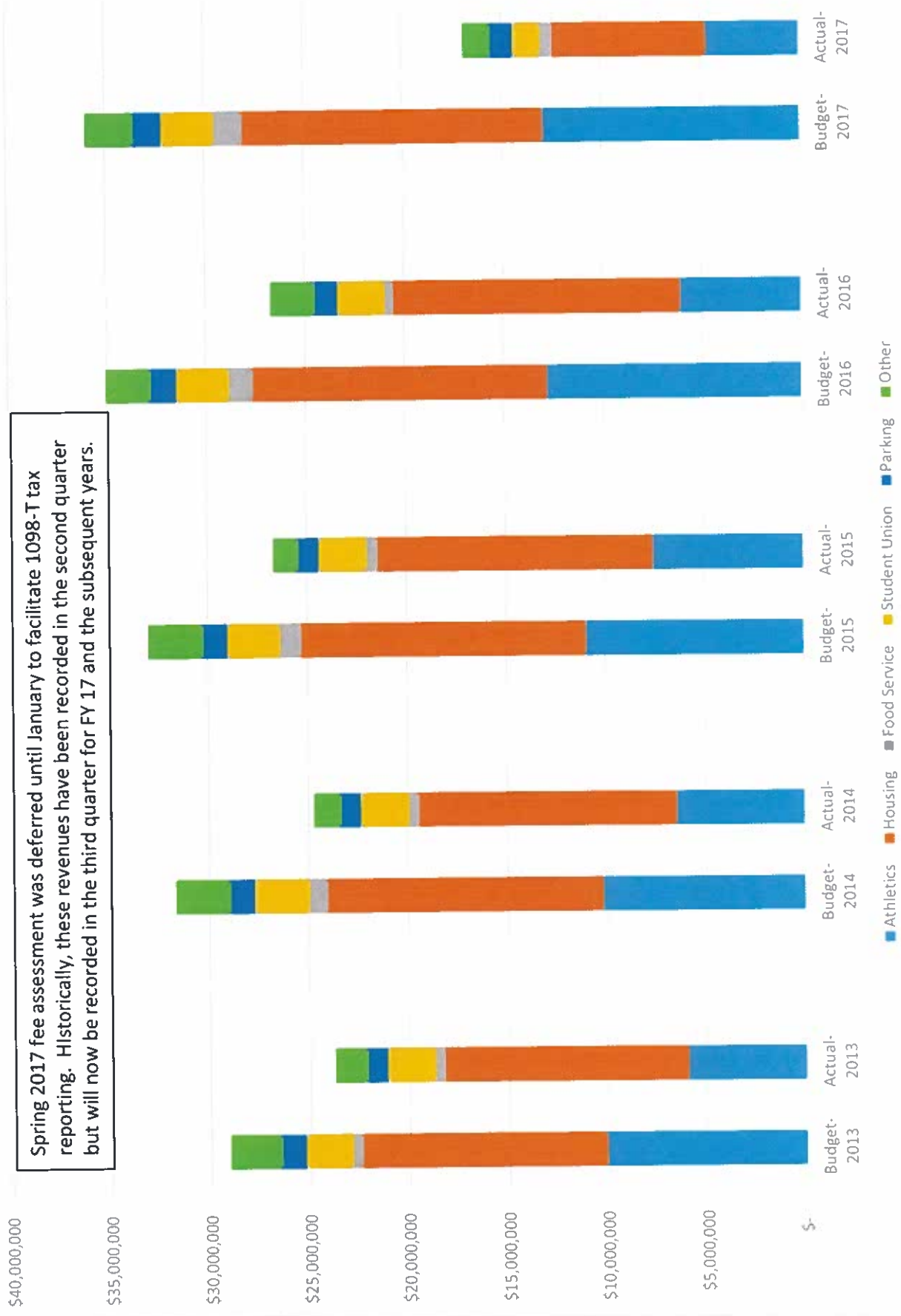


*Operating revenues for Q2 FY 17 show a decline when compared to the 5 year average/operating budget. This is due to a timing difference of calculating Spring tuition and fee revenue.



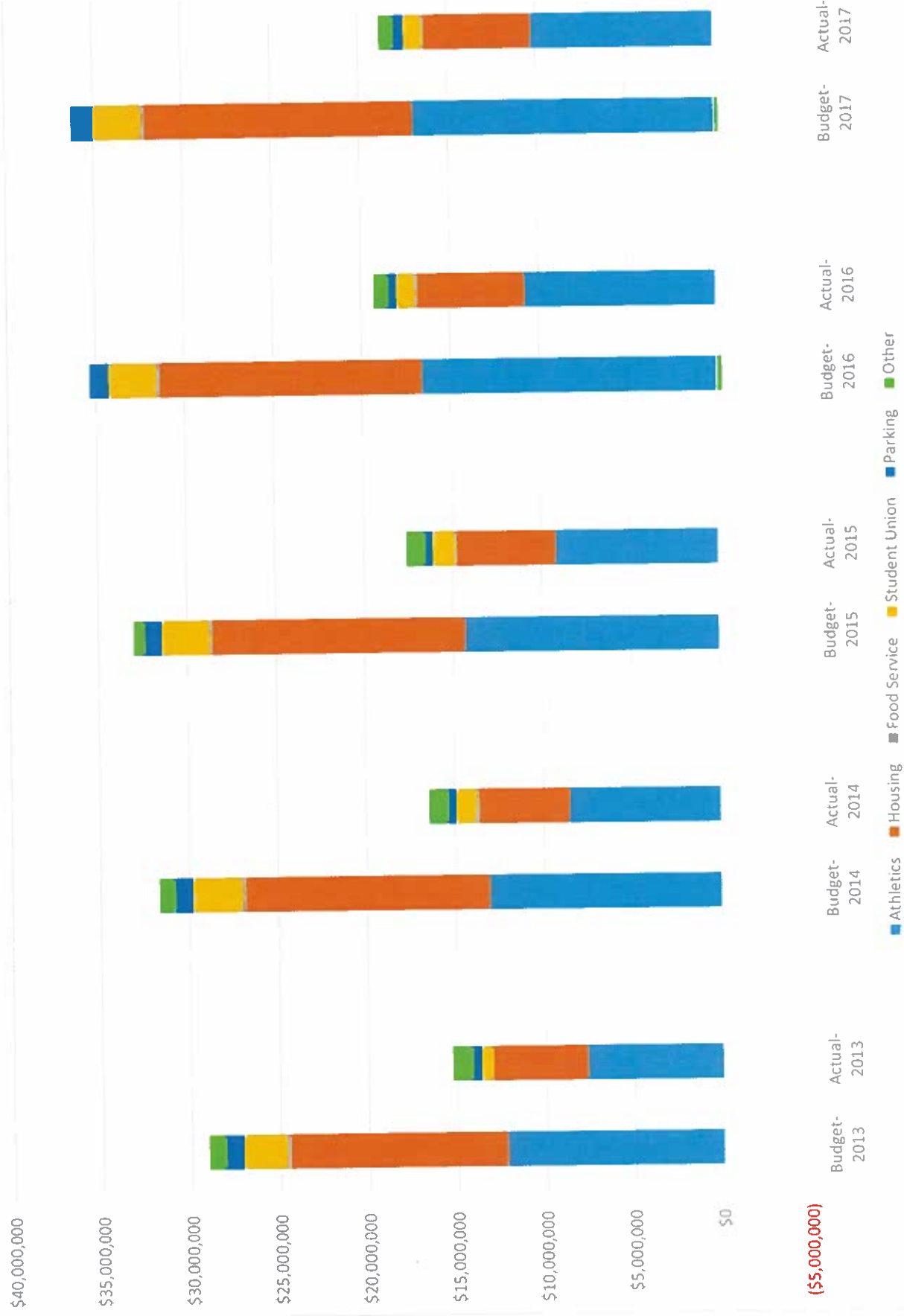
*Operating expenses for Q2 FY 17 are running slightly above the 5 year average/operating budget. This appears to be consistent with the budget.

Auxiliary Revenues Compared to Budget (Quarter 2 by Fiscal Year)



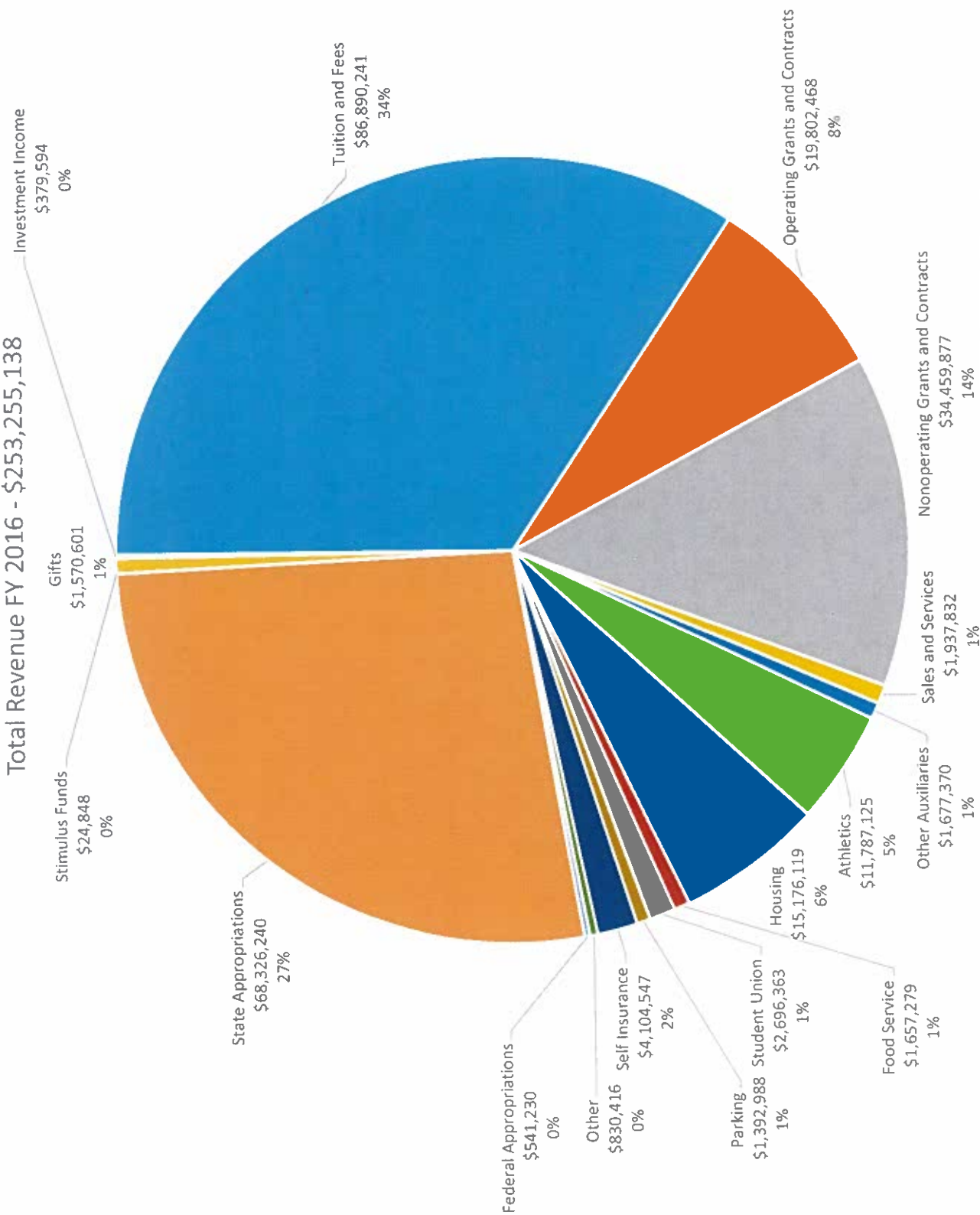
*Auxiliary revenues for Q2 FY 17 show a decline when compared to the operating budget. This is due to a timing difference of calculating Spring tuition and fee revenue.

Auxiliary Expenses Compared to Budget (Quarter 2 by Fiscal Year)

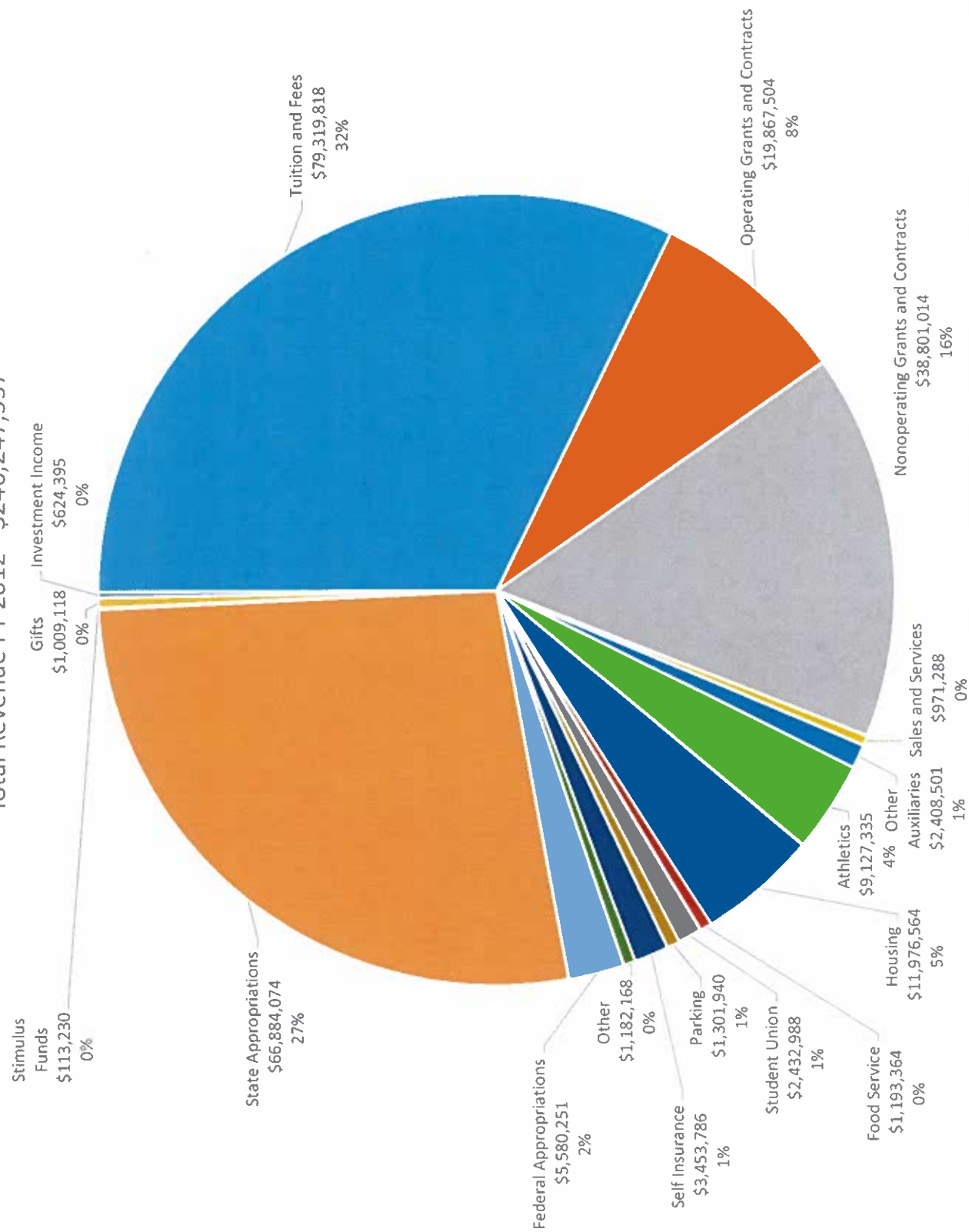


*Actual auxiliary expenses for Q2 FY 17 are running slightly below Q2 FY 16 actual auxiliary expenses.

Total Revenue FY 2016 - \$253,255,138



Total Revenue FY 2012 - \$246,247,337



Revenue Summary

- Risk
- ✓ Mitigation

2016 Tuition and Fee revenue equals \$86.9 million or 34% of the University's total revenue

- Decline in enrollment
- Change in enrollment mix
- Disruption in ability to provide service
- ✓ Budget tuition and fee revenue conservatively
- ✓ Maintain and test the business contingency plan
- ✓ Consider business interruption insurance

2016 State Appropriations total \$68.3 million or 27% of the University's total revenue

- Reduction in state funding
- New funding formula
- ✓ Closely monitor state funding trends
- ✓ Budget conservatively
- ✓ Continue to seek other revenue sources
- ✓ Increase reserves

2016 Nonoperating Grants and Contracts (Federal and State financial aid/scholarships) totaled \$34.5 million or 14% of the University's total revenue

- Reduction in federal/state funding
- Change in enrollment mix
- ✓ Closely monitor enrollment trends, government funding, and institutional scholarship trends
- ✓ Continue to develop private scholarship funding
- ✓ Maintain compliance

2016 Operating Grants and Contracts totaled \$19.8 million or 8% of the University's total revenue

- Reduction in federal/state funding
- Decline in funded research activity
- Noncompliance with regulations/standards
- ✓ Continue to encourage and incentivize funded research
- ✓ Maintain compliance efforts
- ✓ Intensify grant identification and application efforts

2016 Housing revenue totaled \$15.2 million or 6% of the University's total revenue

- Decline in demand for on-campus housing/competition
- Aging facilities/deferred maintenance
- Disruption in ability to provide service
- ✓ Closely monitor on-campus housing and competitive trends
- ✓ Review current housing price structure
- ✓ Address deferred maintenance issues
- ✓ Maintain and test the business contingency plan
- ✓ Consider business interruption insurance
- ✓ Consider ancillary housing revenue opportunities

2016 Athletic revenue totaled \$11.8 million or 5% of the University's total revenue

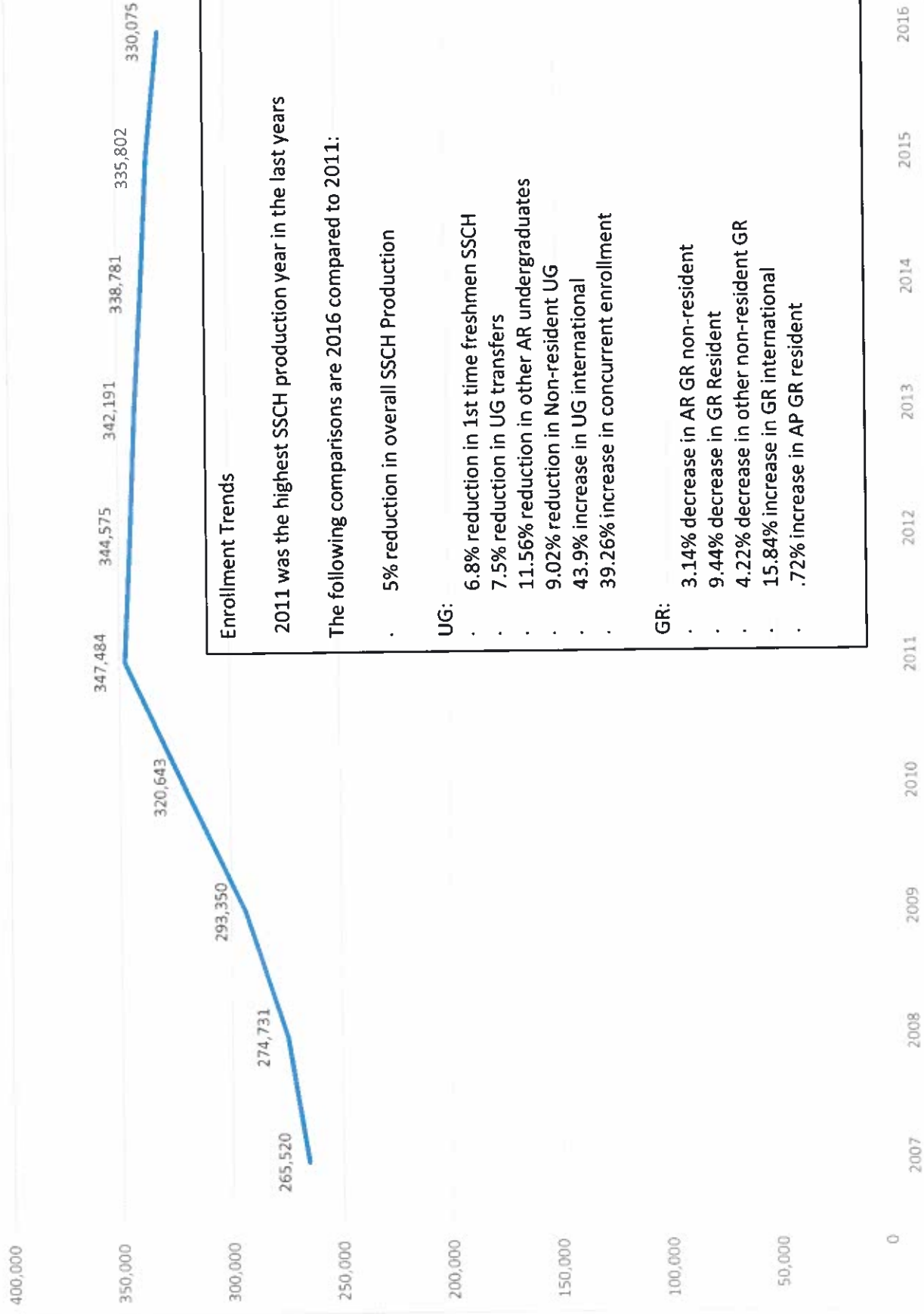
- Reduction in game guarantees
- Inability to meet current revenue targets
- Reduction in demand
- Enrollment mix impact on athletic fee
- Disruption in ability to provide service
- Inability of Red Wolves Foundation to meet obligations
- ✓ Consider additional game guarantees
- ✓ Consider extending athletic fee to all system campuses
- ✓ Review application of athletic fee to enrollment mix
- ✓ Continue to closely monitor athletic expenses
- ✓ Delay/suspend athletic capital projects
- ✓ Carefully monitor RWF financial activity
- ✓ Maintain and test the business contingency plan
- ✓ Consider business interruption insurance
- ✓ Continue to carefully monitor E & G and other auxiliaries ability to supplement athletics

All other revenues during 2016 totaled \$16.8 million or 6% of the University's total revenue

- ✓ Continue to identify and develop alternative revenue sources and entrepreneurial activities

Total revenue percentages in 2016 compared to 2012 remained consistent.

SSCH by Fiscal Year



Enrollment Trends

2011 was the highest SSCH production year in the last years

The following comparisons are 2016 compared to 2011:

- 5% reduction in overall SSCH Production

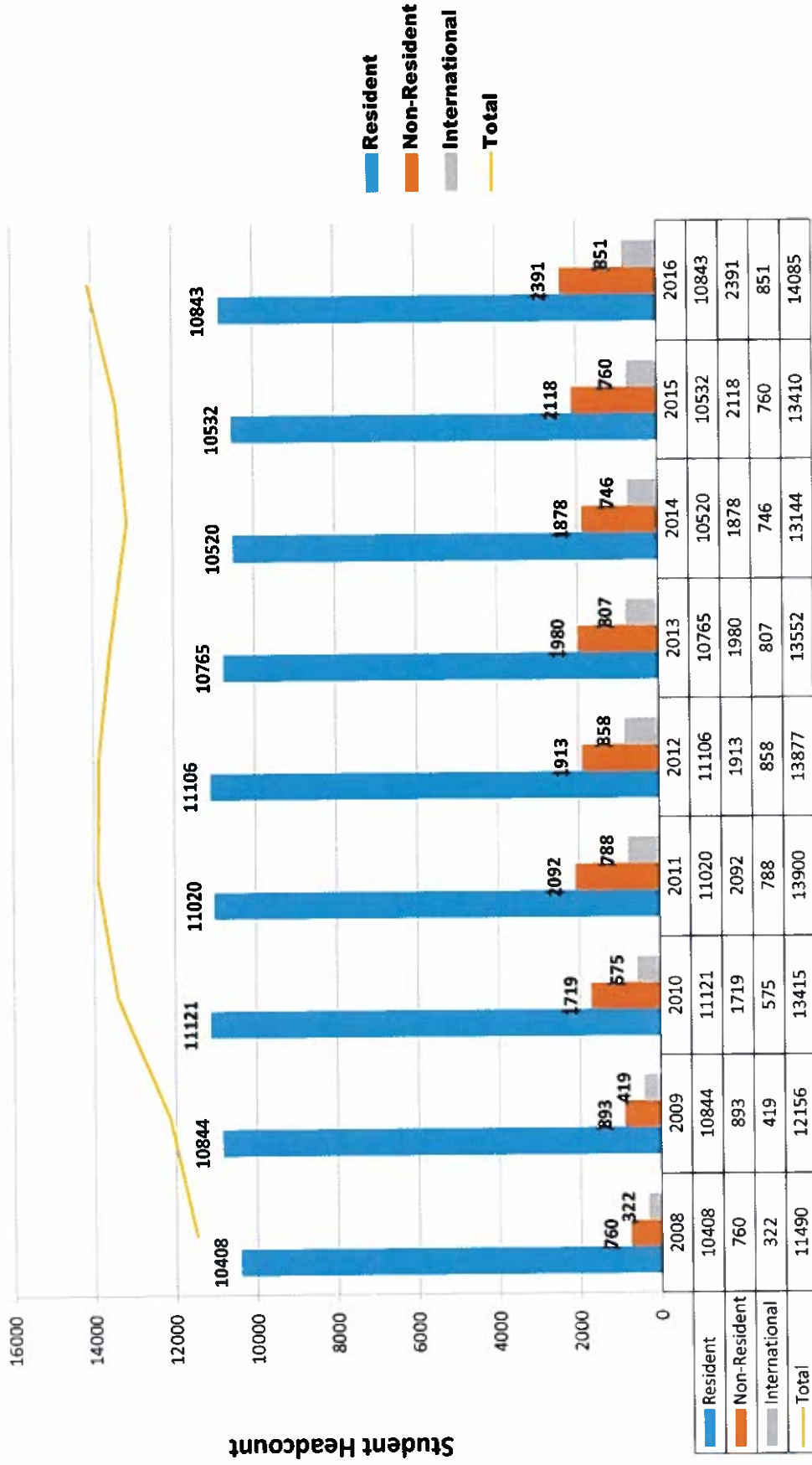
UG:

- 6.8% reduction in 1st time freshmen SSCH
- 7.5% reduction in UG transfers
- 11.56% reduction in other AR undergraduates
- 9.02% reduction in Non-resident UG
- 43.9% increase in UG international
- 39.26% increase in concurrent enrollment

GR:

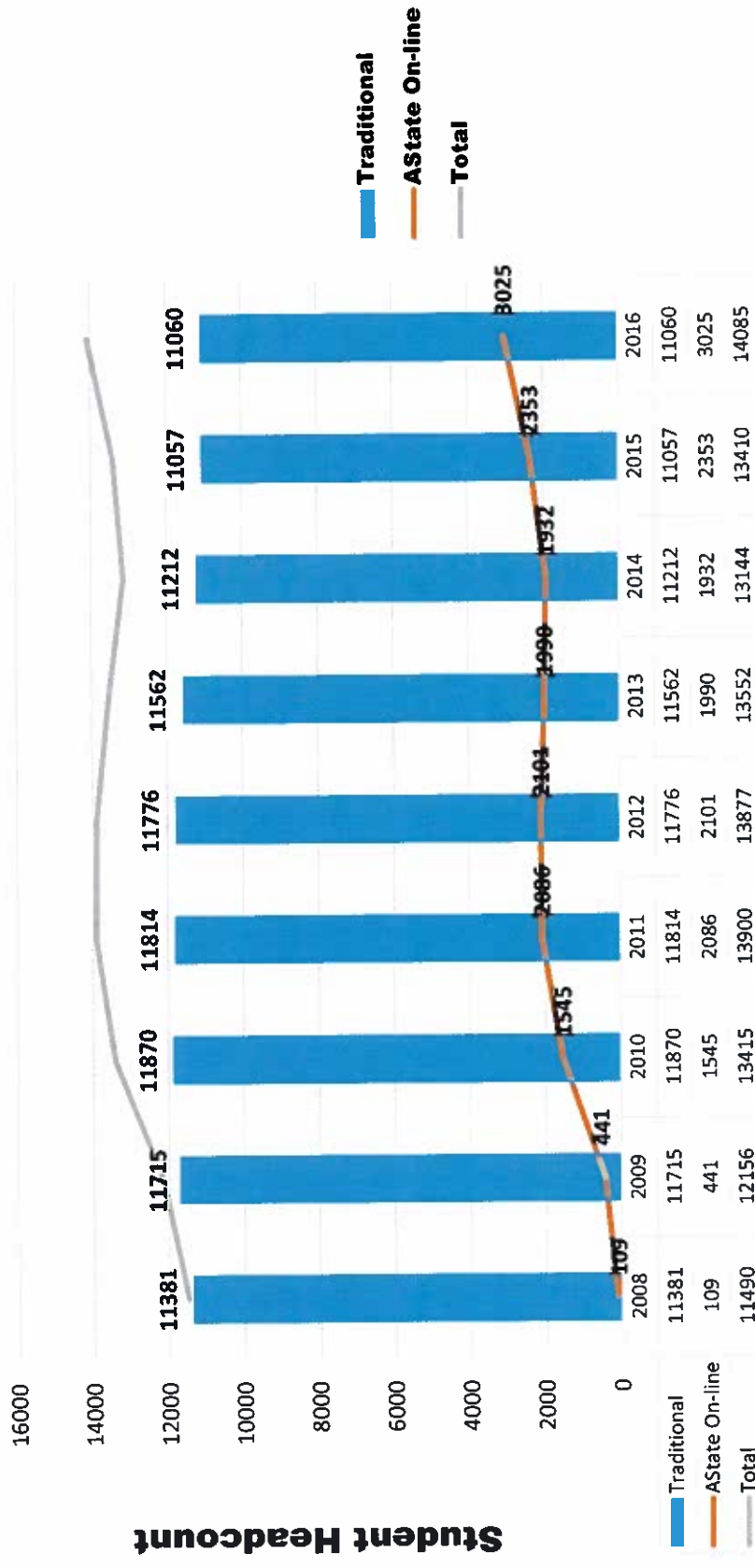
- 3.14% decrease in AR GR non-resident
- 9.44% decrease in GR Resident
- 4.22% decrease in other non-resident GR
- 15.84% increase in GR international
- .72% increase in AP GR resident

Enrollment Trend 2008-2016



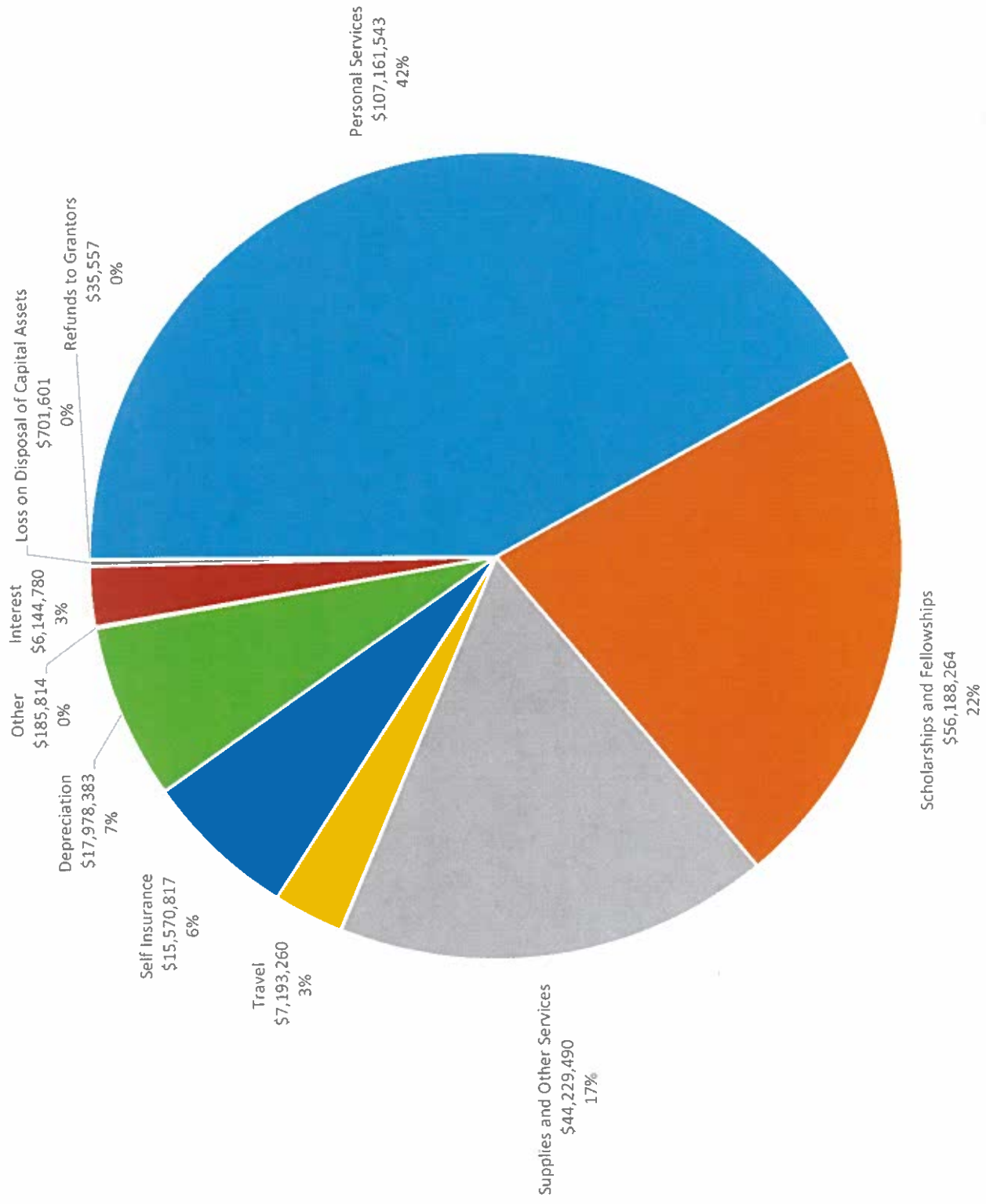
Fall Semester

Enrollment Trend 2008-2016

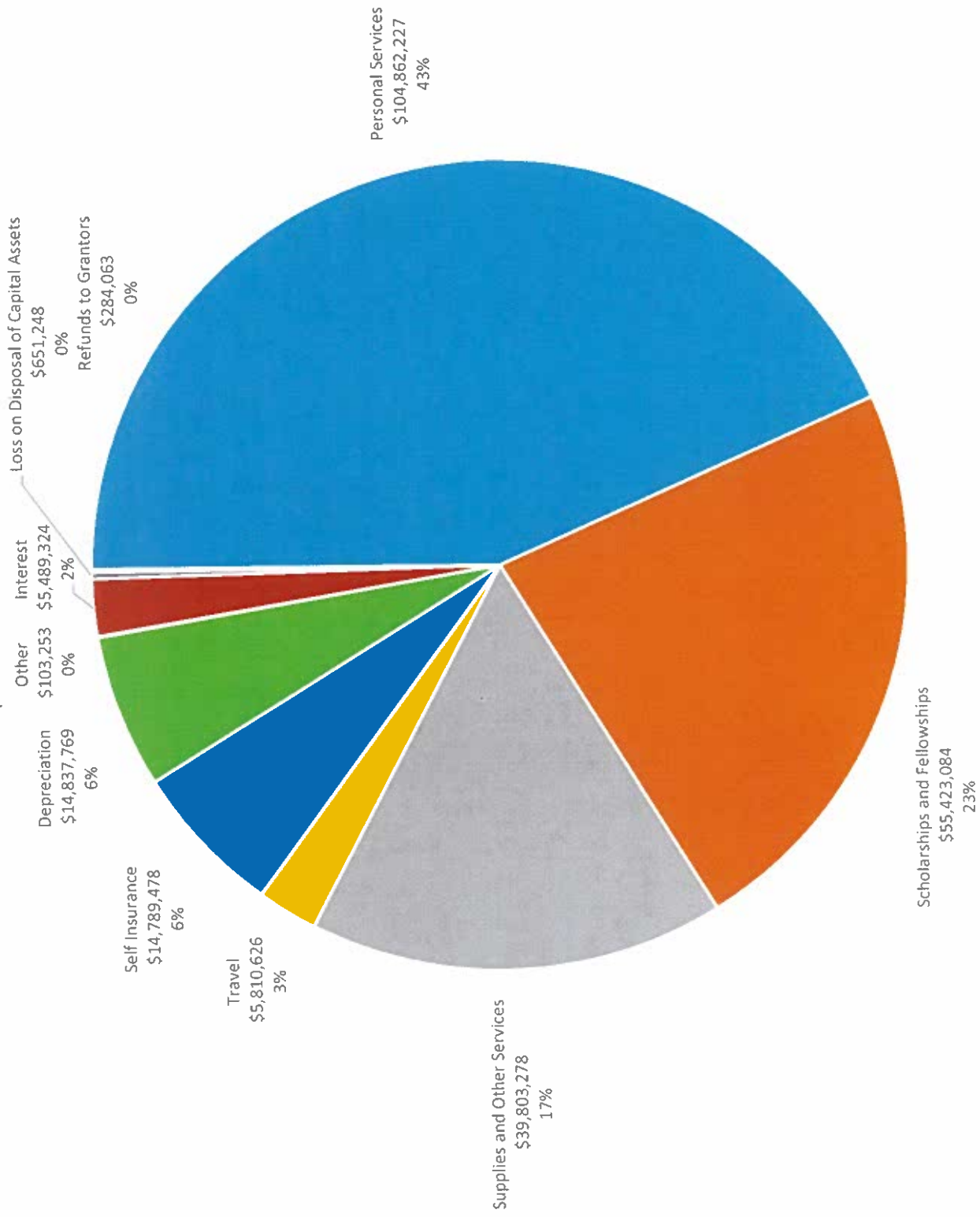


Fall Semester

Total Expenses FY 2016 - \$255,389,509



Total Expenses FY 2012 - \$242,054,350



Expense Summary

- Risk
- ✓ Mitigation

2016 Personal Services equaled \$107.2 million or 42% of the University's total expenses

- Uncontrolled changes in fringe benefit liabilities
- Mandated minimum wage increases
- Payroll tax increases
- Filling vacant positions
- Salary increases
- Consider effects on recruitment, retention and morale
- ✓ Consider fringe benefit mix
- ✓ Review employee tuition discount policy
- ✓ Review OPEB and pension obligations
- ✓ Closely monitor position and salary requests
- ✓ Continue to consider outsourcing/insourcing opportunities
- ✓ Review University contributions to employee insurance
- ✓ Consider early retirement incentives
- ✓ Consider appropriateness of staffing levels
- ✓ Consider strategic priority of salary increases

2016 Scholarships and Fellowships totaled \$56.2 million or 22% of the University's total expenses

- \$20.4 million Federal
- \$15.6 million Institutional
- \$14 million State
- \$5.4 million Auxiliary
- \$0.8 million Private
- Competition
- Uncontrolled growth/reduction in net tuition revenue
- ✓ Closely monitor competitor offerings
- ✓ Carefully consider mix of institutional scholarships
- ✓ Consider capping institutional scholarships

2016 Supplies and Other Services totaled \$44.2 million or 17% of the University's total expenses

- Inflation
- Change in sales tax laws
- Confirming requisitions/unauthorized purchases
- ✓ Closely monitor budget to actual expenses
- ✓ Budget conservatively
- ✓ Retain sales tax consultants
- ✓ Eliminate confirming requisitions and unauthorized purchases

2016 Depreciation totaled \$18.0 million or 7% of the University's total expenses

- Not funding depreciation through strategic investments in capital assets and deferred maintenance
- ✓ Continue to make strategic investments in capital assets and deferred maintenance
- ✓ Periodically review capitalization and depreciation policy
- ✓ Include depreciation expense in budget planning

2016 Self Insurance totaled \$15.6 million of 6% of the University's total expenses

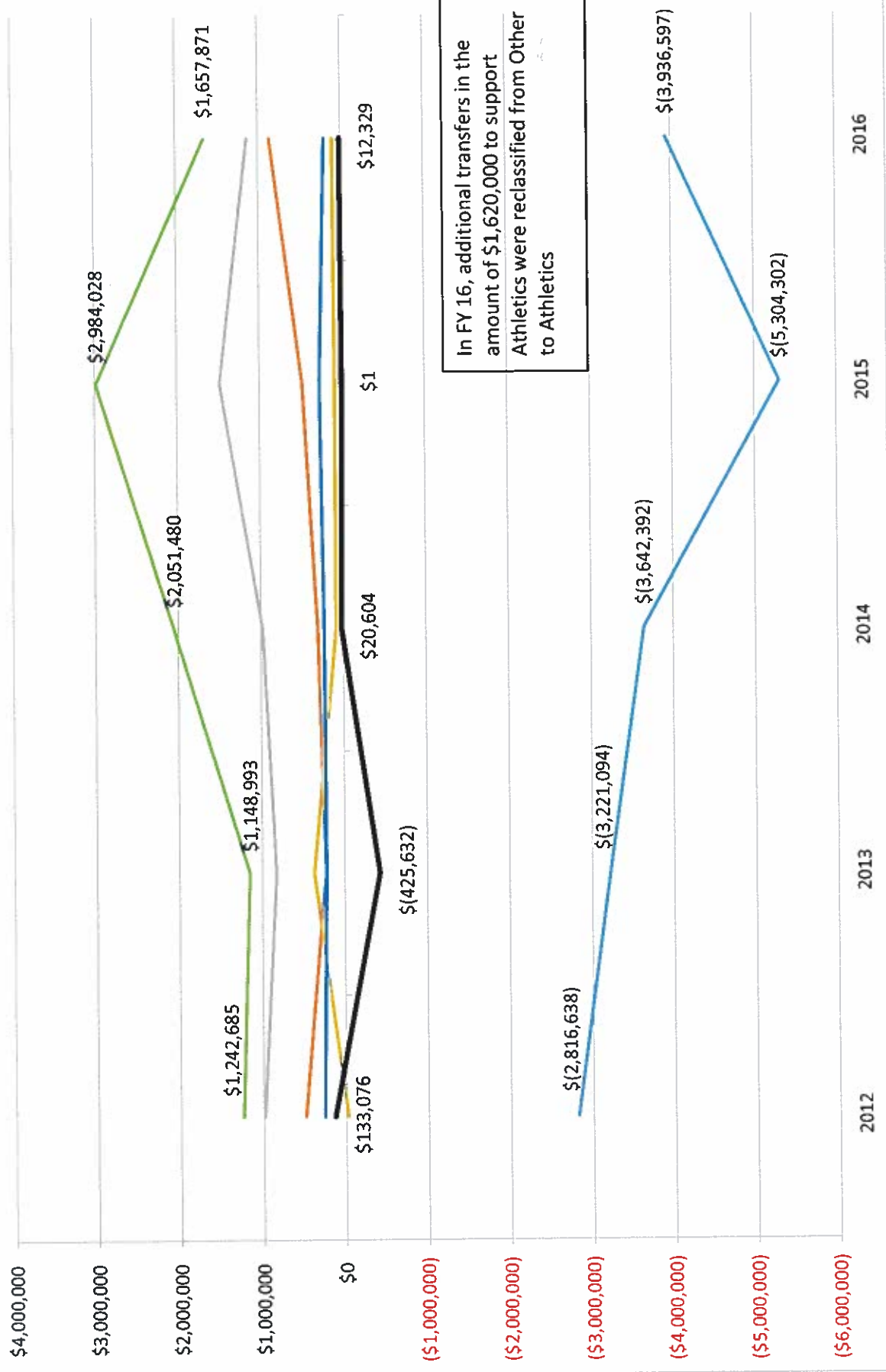
- Managed at the System level
- Increase in high dollar claims; increase in number of claims
- Uncontrolled growth in costs
- ✓ Continue to closely monitor claims and administrative expenses
- ✓ Actively promote preventive care
- ✓ Build self insurance reserves
- ✓ Review reinsurance levels

All other expenses totaled \$14.2 million or 6% of the University's total expenses

Total expense percentages in 2016 compared to 2012 remained consistent.

Auxiliary Net Profit (Loss) by Category FY 2012 - 2016

— Athletics
 — Housing
 — Food Service
 — Student Union
 — Parking
 — Other
 — Total



In FY 16, additional transfers in the amount of \$1,620,000 to support Athletics were reclassified from Other to Athletics

Auxiliary Summary

- Risk
- ✓ Mitigation

2016 Athletics net loss totaled \$3.9 million

- Athletic expenses will continue to outpace athletic revenue
- Athletic deficit will equal or exceed all other auxiliary net profits combined
- Reduction in game guarantees
- Inability to meet current revenue targets
- Reduction in demand
- Enrollment mix impact on athletic fee
- Disruption in ability to provide service
- Inability of Red Wolves Foundation to meet obligations
- Change in athletics legislation governing E & G support of Athletics
- Increasing pressure to compensate student athletes
- ✓ Consider additional game guarantees
- ✓ Consider extending athletic fee to all system campuses
- ✓ Review application of athletic fee to enrollment mix
- ✓ Continue to closely monitor athletic expenses
- ✓ Delay/suspend athletic capital projects
- ✓ Carefully monitor RWF financial activity
- ✓ Maintain and test the business contingency plan
- ✓ Consider business interruption insurance
- ✓ Continue to carefully monitor E & G and other auxiliaries ability to supplement athletics
- ✓ Continue to explore viability of changing conferences

2016 Housing net profit totaled \$861,785

- Housing must continue to maintain a significant profit margin to support Athletics
- Decline in demand for on-campus housing/competition
- Aging facilities/deferred maintenance
- Disruption in ability to provide service
- Shift from University owned housing to private providers
- ✓ Closely monitor on-campus housing and competitive trends/revenue opportunities
- ✓ Review current housing price structure
- ✓ Address deferred maintenance issues
- ✓ Maintain and test the business contingency plan
- ✓ Consider business interruption insurance
- ✓ Consider ancillary housing
- ✓ Housing should continue to closely control expenses

2016 Food Service net profit totaled \$1.1 million

- Food Service must continue to maintain a significant profit margin to support Athletics
- Provided by a third party contract; source of revenue is commissions
- Early contract termination would require significant repayment of capital investments
- Food Service operation highly dependent on Housing
- Disruption in ability to provide service
- ✓ Continue to actively manage third party contract
- ✓ Closely monitor pricing structure
- ✓ Continue to consider delivery location other than the Union (example food trucks, kiosks, second cafeteria, additional food court locations)
- ✓ Maintain and test the business contingency plan
- ✓ Consider business interruption insurance

2016 Other net profits totaled \$2 million

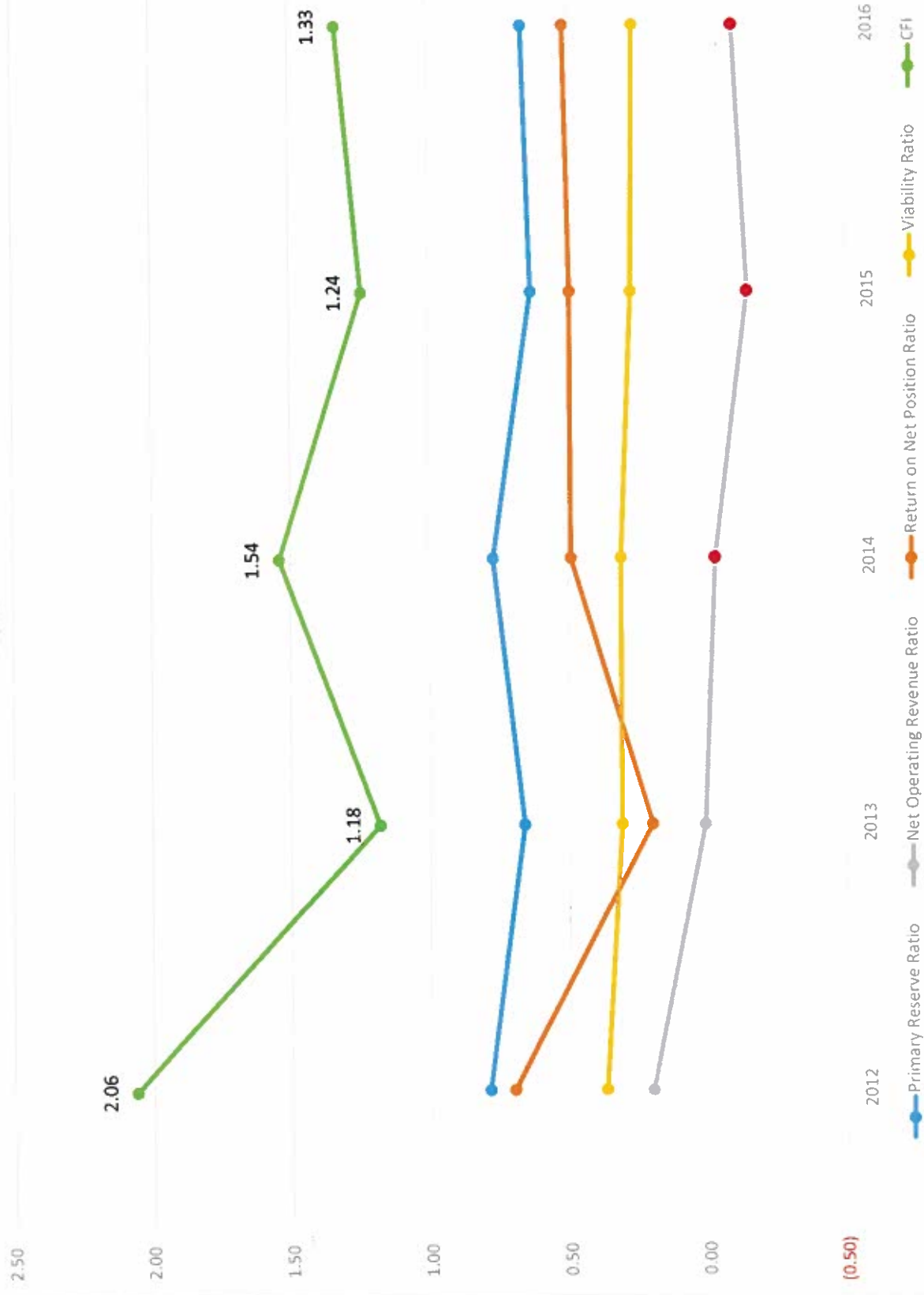
Convocation Center

- Disruption in ability to provide service
- Decline in demand/competition
- Aging facilities/deferred maintenance
- Scheduling constraints due to mixed use of building
- Competition with newer facilities (2 convention centers)
- ✓ Continue to aggressively recruit events
- ✓ Proactively address deferred maintenance issues as identified
- ✓ Continually review pricing structure in comparison to competition
- ✓ Continue to consider privatization options
- ✓ Maintain and test the business contingency plan
- ✓ Consider business interruption insurance
- ✓ Consider designating Convocation Center a strictly E & G activity (public service)

ASU
OTHER AUXILIARY PROFIT (LOSS)
FOR THE YEAR ENDED JUNE 30, 2016

FUND	AUX	REV	EXP	TRANS	FUND BAL ADJ	NET PROFIT (LOSS)
310025	HOUSING	\$ 14,410,875.52	\$ 5,908,995.84	\$ 7,659,489.98	\$ (14,306.95)	\$ 856,696.65
310031	DELTA ZETA	\$ 149,274.80	\$ 13,406.67	\$ 135,868.13	\$ -	\$ (0.00)
310032	CHI OMEGA	\$ 166,118.34	\$ 11,438.11	\$ 149,591.79	\$ -	\$ 5,088.44
310033	ZETA TAU ALPHA	\$ 146,000.04	\$ 14,580.00	\$ 131,420.04	\$ -	\$ -
310034	ALPHA OMICRON PI	\$ 149,675.00	\$ 12,829.70	\$ 136,845.30	\$ -	\$ -
310035	ALPHA GAMMA DELTA	\$ 154,175.49	\$ 15,682.97	\$ 138,492.52	\$ -	\$ -
310050	FOOD SERVICE	\$ 1,657,279.10	\$ 180,992.35	\$ 57,292.11	\$ 287,310.89	\$ 1,131,683.75
310075	STUDENT UNION	\$ 2,696,363.43	\$ 1,398,820.83	\$ 1,200,683.43	\$ (934.96)	\$ 97,794.13
310100	BOOKSTORE	\$ 307,615.13	\$ 60,716.00		\$ (75,962.00)	\$ 322,861.13
310125	STUDENT ORGS	\$ 142,484.12	\$ 140,627.07		\$ 693.72	\$ 1,163.33
320025	FARMS	\$ 58,161.29	\$ 31,503.54	\$ -	\$ -	\$ 26,657.75
320050	VENDING	\$ 244,155.19	\$ 6,075.94		\$ (88,913.74)	\$ 326,992.99
320075	CONVOCATION	\$ 1,069,621.78	\$ 1,489,131.13	\$ (886.59)	\$ (31,460.95)	\$ (387,161.81)
320100	POST OFFICE	\$ 17,116.75				\$ 17,116.75
320150	PARKING	\$ 1,392,987.59	\$ 605,320.27	\$ 587,020.68	\$ 854.07	\$ 199,792.57
320200	PROPERTY MGMT	\$ 113,905.00	\$ 2,123.14			\$ 111,781.86
350000	UNDESIGNATED*		\$ 385,553.65	\$ (1,624,012.65)		\$ 1,238,459.00
TOTAL		\$ 22,875,808.57	\$ 10,277,797.21	\$ 8,571,804.74	\$ 77,280.08	\$ 3,948,926.54
310000 ATHLETICS		\$ 11,787,124.69	\$ 18,612,866.66	\$ (2,797,435.00)	\$ (91,709.78)	\$ (3,936,597.19)
TOTAL		\$ 34,662,933.26	\$ 28,890,663.87	\$ 5,774,369.74	\$ (14,429.70)	\$ 12,329.35
TO LINE 13--OTH AUX PROFIT						\$ 3,936,597.19
						\$ 3,936,597.19
CHECK						
	FY 2015 FUND BALANCE		\$ 60,009.00			
	FY 2016 ACTIVITY		\$ 12,329.35			
	FY 2016 FUND BALANCE		\$ 72,338.35			
	FUND BAL		\$ 72,338.35			
	CHECK		\$ 0.00			
*Rivervale Endowment						
	Card Readers	\$ 39,201.00				
	Transfer from Housing	\$ 385,553.65				
	Athletic Scholarship Transfer	\$ 436,575.00				
		\$ 762,683.00				
		\$ 1,624,012.65				

Composite Financial Index (CFI) 5 Year History (Without Foundation and With GASB 68 Adjustments)



Composite Financial Index (CFI) Information and Methodology

The Composite Financial Index (CFI) provides a more complex picture of the financial health of the institution at a point in time than is possible by simply comparing multiple indicators.

Examining the trend of an institution's CFI score over an extended period offers a more stable long-term view of an institution's financial performance, given fluctuations in institutional conditions, and external circumstances, such as market performance.

The CFI Methodology

This method was developed by KPMG, Prager, Sealy & Co., LLC, and Bearing Point, Inc. The CFI includes four commonly used financial ratios:

- Primary Reserve Ratio – A measure of the level of financial flexibility
- Net Operating Revenues Ratio – A measure of the operating performance
- Return on Net Position Ratio – A measure of overall asset return and performance
- Viability Ratio – A measure of the ability to cover debt with available resources

Once each of the four ratios is calculated, the relative strength of the score, or strength factor, and its importance in the mix of creating a composite score, or weight, are computed. The result is one weighted score for each indicator that when added together produces the Composite Financial Index. The strength factors and CFI score are standardized scores that fall along a scale of -4 to 10.

Financial Indicator Process

The Higher Learning Commission (HLC) reviews accredited and candidate institutions' financial information to determine whether an institution operates with integrity in its financial functions.

Each year, institutions provide data to HLC through the Institutional Update. The Institutional Update includes financial data, which is reviewed through HLC's Financial Indicator Process.

The financial data submitted in the Institutional Update generate a Composite Financial Index (CFI). For private institutions, HLC uses the financial ratios required by the U.S. Department of Education and for public institutions, HLC relies on the financial ratios recommended in Strategic Financial Analysis for Higher Education: Identifying, Measuring & Reporting Financial Risks (Seventh Edition), by KPMG LLP; Prager, Sealy & Co., LLC; Attain LLC.

HLC's Financial Composite Index Evaluation Table illustrates the Composite Index Ratio zones that flag an institution for further review.

Composite Financial Index Evaluation Table

Zones	Private Institutions	Public Institutions	Financial Panel Review
	Composite Index Range	Composite Index Range	
ABOVE THE ZONE	1.5 to 3.0	1.1 to 10.0	No review
IN THE ZONE	1.0 to 1.4	0 to 1.0	Review if flagged two or more consecutive years, request additional financial documents
BELOW THE ZONE	-1.0 to 0.9	-1.0 to -0.1	Review and request additional financial documents

Definitions:

Composite Index Range – The range of ratios based on institution-type that may result in additional review.

2015

2016

Financial Ratios					
Primary Reserve Ratio Calculation:					
		Data	Strength	Weight	CFI
Institution unrestricted net assets	+	45,686,897.0			
Institution expendable restricted net assets	+	3,421,286.0			
C.U. unrestricted net assets	+	2,418,922.0			
C.U. temporary restricted net assets	+	4,734,662.0			
C.U. net investment in plant	-	985,017.0			
Numerator Total		55,276,750.0			
Institution operating expenses	+	200,809,737.0			
Institution non-operating expenses	+	5,827,941.0			
Elimination of inter-entity amounts	+	0.0			
C.U. total expenses	+	3,911,431.0			
Denominator Total		210,549,109.0			
Primary Reserve Ratio =	+	0.263	1.974	0.35	0.69
Net Operating Revenue Ratio Calculation:					
Institution operating income (loss)	+	(104,976,315.0)			
Institution net non-operating revenues	+	100,989,779.0			
C.U. change in unrestricted net assets	+	(60,297.0)			
Elimination of inter-entity amounts	+	0.0			
Numerator Total		(4,046,833.0)			
Institution operating revenues	+	95,833,422.0			
Institution non-operating revenues	+	106,817,720.0			
C.U. total unrestricted revenues	+	3,926,839.0			
Elimination of inter-entity amounts	+	0.0			
Denominator Total		206,577,981.0			
Net Operating Revenue Ratio =	+	-0.020	-1.507	0.10	-0.15
Return on Net Assets Ratio Calculation:					
Change in net assets + C.U. change in net assets		4,072,983.2			
Total net assets + C.U. total net assets (beginning of year)		277,303,019.2			
Return on Net Assets Ratio =	+	0.015	0.734	0.20	0.15
Viability Ratio Calculation:					
Expendable net assets		55,276,750.0			
Institution long-term debt (total project related debt)	+	193,370,188.0			
C.U. long-term debt (total project related debt)	+	0.0			
Denominator Total =		193,370,188.0			
Viability Ratio =	+	0.286	0.686	0.35	0.24
COMPOSITE FINANCIAL INDICATOR SCORE (CFI)					0.93

	Data	Strength	Weight	CFI
	45,686,897.0			
	3,421,286.0			
	2,418,922.0			
	4,734,662.0			
	985,017.0			
	55,276,750.0			
	203,527,887.7			
	7,554,766.8			
	0.0			
	3,911,431.0			
	214,994,085.6			
	0.267	1.933	0.35	0.68
	(104,976,315.0)			
	99,262,953.2			
	(60,297.0)			
	0.0			
	(9,134,568.6)			
	95,833,422.0			
	106,817,720.0			
	3,926,839.0			
	0.0			
	206,577,981.0			
	-0.044	-3.401	0.10	-0.34
	8,724,055.4			
	276,660,260.2			
	0.032	1.577	0.20	0.32
	55,276,750.0			
	190,578,308.1			
	0.0			
	190,578,308.1			
	0.290	0.696	0.35	0.24
				0.90

Notes:

2015 has been adjusted from the statements; the GASB 68 entries were eliminated for comparison (highlighted in yellow)

Amounts in green include debt after 6-30-15	
DO School	\$ 8,000,000.00
Performance Contract	\$ 15,226,080.00
ARRA Loans	\$ 1,204,000.00
Centennial Loan	\$ 17,000,000.00

This debt and the corresponding assets were added to the FY 15 audited amounts.
The FY 16 projection is a projection holding all other amounts equal and adding the depreciation and repayment of debt for the above.

ASU Jonesboro
Capital Projects
As of 1-27-17

Project	Total Projected Cost	Prior Year Funding	FY 17 Funding		Funding Source
			Planned	Unplanned	Pending
Energy Performance Contract	\$ 15,216,080	\$ 15,216,080			Capital Lease
Marion Berry-University Loop Extension	\$ 1,540,000	\$ 679,848	\$ 150,000		University Reserves
Convocation Center Fire Alarm/Fire Protection	\$ 943,250	\$ 571,084		\$ 710,152	University Reserves
IT Services Communications Room Fire Suppression	\$ 180,000	\$ 116,856			University Reserves
Football Stadium Drainage System	\$ 2,500,000		\$ 745,880	\$ 1,754,120	Insurance/University Reserves
Armory Roof Replacement	\$ 200,000			\$ 200,000	Not Yet Identified
Village Apartments Repairs and Modifications	\$ 6,343,509	\$ 6,343,509			University Reserves
Aggie Road Resurface/New Curb and Shoulder	\$ 850,000		\$ 834,210		University Reserves
Library Envelope Waterproofing/Roof Repair	\$ 585,564		\$ 574,470	11,171	University Reserves
Track Resurface	\$ 549,994	\$ 549,994			University Reserves
Collegiate Park Repairs	\$ 520,521	\$ 520,521			Auxiliary Funds
Fowler Center Envelope Waterproofing/Roof Repair	\$ 300,000	\$ 15,000	\$ 11,000	\$ 274,000	University Reserves
Ed Leadership HVAC	\$ 290,800	\$ 290,800			GIF/University Reserves
ABI Sterilization Replacement	\$ 273,461	\$ 273,461			ABI Appropriation
Parking Deck Repairs	\$ 243,617	\$ 130,000	\$ 113,617		Auxiliary Funds
Student Union Boiler Replacement	\$ 225,000		\$ 6,000	\$ 219,000	University Reserves/Deferred Maintenance Funds
HPSS Roof	\$ 222,310	\$ 222,310			Deferred Maintenance Funds
E W Smith Hall Step Replacements	\$ 220,000	\$ 15,000		\$ 205,000	University Reserves
Kays House Restoration	\$ 226,500		\$ 226,500		ANCRC Grant/Foundation Transfer
Aggie Circle	\$ 180,000	\$ 180,000			Humanities Bond Funds
IT Services Server Room HVAC Replacement	\$ 170,000			\$ 170,000	University Reserves
Convocation Center Generator Replacement	\$ 130,000	\$ 133,477			University Reserves
Math and Computer Science Roof Replacement	\$ 127,818	\$ 127,818			GIF
Parking Lot and Roadway Maintenance	\$ 100,000		\$ 1,420		Annual Budget Allocation from E & G
College of NHP Cadaver Lab	\$ 95,000	\$ 95,000			University Reserves
Math Exterior Envelope and Interior Renovations	\$ 90,000	\$ 30,000	\$ 2,928	\$ 57,072	Deferred Maintenance Funds
ABI Exhaust Fans Replacement	\$ 63,071	\$ 66,633			ABI Appropriation
Repair Red Wolf Brick and Pipe	\$ 50,000		\$ 49,101		University Reserves
Athletic Buildings Key Re-core	\$ 50,000			\$ 50,000	Deferred Maintenance Funds
Ed Leadership Carpet Replacement	\$ 50,000			\$ 50,000	Deferred Maintenance Funds
Fowler Center-Riceland Hall	\$ 40,000			\$ 40,000	University Reserves
FY 17 Planned Capital and Maintenance Projects	\$ 32,576,495	\$ 25,577,391	\$ 2,715,126	\$ 11,171	\$ 3,729,344
Watkins House Demolition	\$ 24,316	\$ 23,898		\$ 418	University Reserves
RV Stations-Baseball Parking Lot	\$ 60,000	\$ 10,000		\$ 50,000	University Reserves
Agri Parking Lot	\$ 9,400	\$ 9,400	\$ 62,305		Deferred Maintenance Funds/Parking Lot Funds
Bradbury Museum Remodel	\$ 99,842	\$ 88,042		\$ 11,800	Foundation Transfer/Deferred Maintenance Funds
COB Rm 201 Renovations	\$ 55,073	\$ 20,000		\$ 35,073	Departmental Budget
Driver Street	\$ 10,000			\$ 10,000	University Reserves
College of Business Sidewalks	\$ 8,890	\$ 8,890		\$ 8,890	Deferred Maintenance Funds
Women Business Leadership Ctr-117	\$ 81,030	\$ 81,030		\$ 81,030	Foundation Transfer
ARC Flash Requirements	\$ 10,000			\$ 10,000	Deferred Maintenance Funds
Collegiate Park Rm 618 Remediation	\$ 72,418	\$ 72,418		\$ 72,418	Auxiliary Funds
Agri Bldg AHU Replacement	\$ 7,000	\$ 7,000		\$ 7,000	Deferred Maintenance Funds
Kays House Roof	\$ 31,388	\$ 31,388		\$ 31,388	Deferred Maintenance Funds
Football Field Parking	\$ 42,456	\$ 42,456		\$ 42,456	Auxiliary Funds/Deferred Maintenance Funds/Parking Lot Funds
Collegiate Park-114	\$ 17,363	\$ 17,363		\$ 17,363	Auxiliary Funds
Village-Pine 11	\$ 13,859	\$ 13,859		\$ 13,859	Auxiliary Funds

Project	Total Projected Cost	Prior Year Funding	Planned	Unplanned	Pending	Funding Source
Library Speaker	\$ 15,000			\$ 15,000		Deferred Maintenance Funds
Zeta House Repairs	\$ 7,290			\$ 7,290		Auxiliary Funds
Village Houses Roof Repair	\$ 39,888			\$ 39,888		Auxiliary Funds
Innovation Center	\$ 32,558			\$ 32,558		University Reserves
Fine Arts ADA Restrooms	\$ 30,000			\$ 30,000		Deferred Maintenance Funds
Union Coolers-Freezer Phase II	\$ 20,000			\$ 20,000		Departmental Budget
Fine Arts Rectal Hall	\$ 32,100			\$ 32,100		Deferred Maintenance Funds
Village-Aspen Water Damage	\$ 38,162			\$ 38,162		Auxiliary Funds
Ed Comm Rm 141	\$ 16,900			\$ 16,900		Departmental Budget
Art Annex Security Cameras	\$ 6,000			\$ 6,000		University Reserves
Red Wolf Center Gym Floor	\$ 12,582			\$ 12,582		Departmental Budget
Residence Hall Wireless Upgrade	\$ 665,265			\$ 665,265		Internal Loan to Residence Life
Kays Hall Roof Repair	\$ 88,595			\$ 88,595		Auxiliary Funds
HPSS Shower Repairs	\$ 10,000			\$ 10,000		Deferred Maintenance Funds
Fac Mgmt Roof and Concrete Work	\$ 13,000			\$ 13,000		Deferred Maintenance Funds
Library Carpet Replacement	\$ 29,931			\$ 29,931		Departmental Budget
Arkansas Hall-Fan Coil Units	\$ 2,375			\$ 2,375		Auxiliary Funds
University Hall-Fan Coil Units	\$ 2,375			\$ 2,375		Auxiliary Funds
Collegiate Park Clubhouse	\$ 1,500			\$ 1,500		Auxiliary Funds
Classroom Projects-FY 17	\$ 100,000			\$ 100,000		Deferred Maintenance Funds
Misc Projects under \$10,000-FY 17	\$ 50,000			\$ 50,000		Deferred Maintenance Funds
B, G and F-FY 17	\$ 30,000			\$ 30,000		Annual Budget Allocation from E & G
Operations-FY 17	\$ 35,000			\$ 35,000		Deferred Maintenance Funds
FY 17 Unplanned Capital and Maintenance Projects	\$ 1,821,554	\$ 151,340	\$ 62,305	\$ 1,670,214	\$ -	
Total Projects	\$ 34,398,049	\$ 25,728,731	\$ 2,777,431	\$ 1,681,385	\$ 3,729,344	

Projects that are funded at a different amount than projected