Agenda

- Section I – Overall Revenue and Expense Trends
- Section II – Student, Staff and Faculty Trends
- Section III – Cash and Net Asset Trends
- Section IV - Ratios
Section I

Overall Revenue and Expense Trends
## 2014 – 2015 Comparison

<table>
<thead>
<tr>
<th></th>
<th>2014 Actual</th>
<th>2015 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$ 55,082,018.00</td>
<td>$ 52,404,218.00</td>
</tr>
<tr>
<td>Non-operating Revenue</td>
<td>$ 41,587,685.00</td>
<td>$ 43,172,107.00</td>
</tr>
<tr>
<td>Capital Grants - State</td>
<td>$ 1,684,062.00</td>
<td>$ 3,209,674.00</td>
</tr>
<tr>
<td>Gain - P3 Transactions</td>
<td>$</td>
<td>$ 5,544,942.00</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 98,353,765.00</td>
<td>$ 104,330,941.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014 Actual</th>
<th>2015 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$ 93,969,457.00</td>
<td>$ 96,227,054.00</td>
</tr>
<tr>
<td>Non-operating Expenses</td>
<td>$ 4,588,520.00</td>
<td>$ 4,316,234.00</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 98,557,977.00</td>
<td>$ 100,543,288.00</td>
</tr>
</tbody>
</table>

$ (204,212.00) $ 3,787,653.00

FY 2015 benefitted from a capital gain resulting from the sale of P3 housing facilities.

**Armstrong State University**
Overview: FY15 Financial Results

- Cash position – remains adequate and stable
- Facilities outlook good due to state funded capital projects and priority attention to maintenance projects
- Conservative FY15 budget allowed for some year end spending, despite some revenue shortfalls.
- Major changes to Balance Sheet (assets and liabilities) due to P3 transfer and pension accounting changes.
FY14 versus FY15 Comparison

- Operating Revenue Decline by $2.7M
  - Tuition & Fees       -$1M
  - Auxiliary Revenues  -$600K
  - Fed. Fin. Aid       -$1.1M (net of accounting change)

- Non-operating revenue increased by $7.2M
  - Pell Grants         +$950K
  - State Approp.       +$700K
  - Non-op Cap. Gain    +$5.5M

- Capital Grants
  - Liberty Center Proj. +1.5M
FY14 versus FY15 Comparison (cont)

- Operating expenses increased by $2.3M
  - Increased employee salary and benefit costs

- Non-operating expenses decreased by $300K
  - Lower interest expenses
## Auxiliary Revenue Trend

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>9,211,665</td>
<td>8,900,283</td>
<td>8,345,600</td>
<td>7,798,930</td>
</tr>
<tr>
<td>Dining Services</td>
<td>3,412,132</td>
<td>3,756,423</td>
<td>3,436,076</td>
<td>3,304,084</td>
</tr>
<tr>
<td>Bookstore</td>
<td>375,432</td>
<td>354,320</td>
<td>270,014</td>
<td>297,914</td>
</tr>
<tr>
<td>Health</td>
<td>231,372</td>
<td>203,459</td>
<td>281,526</td>
<td>276,372</td>
</tr>
<tr>
<td>Parking</td>
<td>451,365</td>
<td>432,503</td>
<td>394,151</td>
<td>363,537</td>
</tr>
<tr>
<td>Other</td>
<td>2,794,218</td>
<td>3,133,714</td>
<td>2,785,029</td>
<td>2,629,550</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,159,619</td>
<td>19,196,790</td>
<td>17,819,040</td>
<td>17,340,754</td>
</tr>
</tbody>
</table>
Auxiliary Operations Rev vs Exp

ARMSTRONG STATE UNIVERSITY
Auxiliary Enterprise Financial Performance

- Housing Rev vs Exp
- Bookstore Rev vs Exp
- Parking Rev vs Exp
- Dining Services Rev vs Exp
- Other Auxiliaries Rev vs Exp
- Athletics Rev vs Exp
Revenues by Source
2012 – 2015 Actual, 2016 Budget

Fiscal Year

State Approp
Tuition
Auxiliary
Fees
Other
E&G Funding – Peer USG Institutions

<table>
<thead>
<tr>
<th>Institution</th>
<th>FY2016 E&amp;G</th>
<th>2014 Fall FTE</th>
<th>$ / FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia College</td>
<td>$98,954,727</td>
<td>6,408</td>
<td>$15,442</td>
</tr>
<tr>
<td>Columbus State</td>
<td>$107,601,473</td>
<td>6,982</td>
<td>$15,411</td>
</tr>
<tr>
<td>Georgia Southwestern State</td>
<td>$35,287,664</td>
<td>2,293</td>
<td>$15,389</td>
</tr>
<tr>
<td>Clayton State</td>
<td>$81,759,892</td>
<td>5,728</td>
<td>$14,274</td>
</tr>
<tr>
<td>Armstrong State</td>
<td>$85,862,395</td>
<td>6,258</td>
<td>$13,720</td>
</tr>
<tr>
<td>Valdosta State</td>
<td>$136,984,050</td>
<td>10,364</td>
<td>$13,217</td>
</tr>
<tr>
<td>Middle Georgia State</td>
<td>$82,558,482</td>
<td>6,589</td>
<td>$12,530</td>
</tr>
<tr>
<td>Georgia Gwinnett College</td>
<td>$117,553,953</td>
<td>9,694</td>
<td>$12,126</td>
</tr>
<tr>
<td>University of North Georgia</td>
<td>$158,566,148</td>
<td>14,139</td>
<td>$11,215</td>
</tr>
</tbody>
</table>
State Funding per FTE

 ARMSTRONG STATE UNIVERSITY
State Appropriations

FY2015 Final: $29,628,154
FY2016 Additions: $284,841
FY2016 Original: $29,912,995

- Addition: Health Insurance $440K
- Addition: M & O $44K
- Addition: Retirement $266K
- Addition: Merit Pay Increase $169K
- Addition: DOAS Insurance $21K
- Subtraction: Enrollment decline <$655K>
Section II

Student, Staff and Faculty Trends
Student Headcount Trends

Headcount

Headcount values range from 5500 to 8000.
Staff and Faculty Headcount Trends (Full-time, Part-time)

- FT Instructional Faculty
- FT Staff
- Total FT
- PT Instructional Faculty
- PT Staff
- Total PT
- Graduate Assistants

Years: Fall 2009 to Fall 2014
Section III

Cash Position as of June 30

Cash and Equivalents

$25,000,000.00
$20,000,000.00
$15,000,000.00
$10,000,000.00
$5,000,000.00
$ -


Cash and Equivalents
Analysis of Net Asset Changes

- 2009 – 2014: increase of $21M
  - Cash +$15M
  - State funded cap. Projects +$5.5M (Gamble Hall Renov.)

- 2014 – 2015: decrease of $21.25M
  - P3 gain +$5.5M
  - Pension accounting change -$27M
Pension Accounting Change

- GASB 67/68 also shifts primary focus from expense to balance sheet – Prior standards focused on “Annual Required Contribution (ARC)” and employers’ contributions relative to ARC
- A liability only appeared on employer’s balance sheet to the extent the employer did not contribute an amount equal to the ARC
- New standard assigns a plan’s unfunded liability to the balance sheet of employer(s) who are responsible for funding the plan
Section IV

Key Financial Ratios
And
Benchmarks
Prime Reserve Ratio

Primary Reserve Ratio – measures financial strength, higher is better

Expendable net assets*  
-------------------------------  
Total Expenses

Recommended that this ratio be at least 0.40
Note: Constrained by requirement that unspent state funds must be returned.

*Expendable net assets = Total net assets – Permanently restricted net assets – Property, Plant & Equipment, net + Long-term Debt
Primary Reserve Ratio
Adjusted for GASB 68 Pension Entry
Current Ratio

Current Ratio – Measures liquidity and solvency

_current Assets

Current Liabilities

Recommended that this ratio be at least 1.5
Viability Ratio

- Viability Ratio – availability of expendable net assets to cover debt

Expendable net assets

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Long-term debt

For Public Institutions trend should be flat or positive
This ratio was negatively impacted by the new GASB requirement that an actuarially calculated Pension Liability be recorded at the institution level in FY 2015.
Viability Ratio – Adjusted for GASB 68 Entry

Viability Ratio

Lease Payments as % of Total Operating Expenses

This calculates the percentage of total Operating Expenses attributable to annual lease payments.

Note: The ratio is reported to the BOR annually for each institution. Goal – less than 5.0
Note: With the transfer of debt financed housing properties to the University System of Georgia and the corresponding forgiveness of the capital lease obligation on those facilities, Armstrong’s FY 2016 lease payments will be significantly lower than in prior years.
Age of Facilities

- Measures the average age of total plant facilities by measuring the relationship of current depreciation to total depreciation.

- This ratio is important because it provides a rough sense of the age of the facilities, and the potential need for considerable future resources to be invested in plant to cover deferred maintenance.

It is calculated as follows:

\[
\text{Accumulated Depreciation} \over \text{Depreciation Expense}
\]

- A high ratio signifies that an institution has deferred reinvestment in plant and is likely to require a significant expenditure for plant facilities in the near future.

- Goal: 14 years or less
Age of Facilities Ratio

Age of Facilities Ratio - YRS

Year: 2010 - 2015

- 2010: 9.85
- 2011: 8.79
- 2012: 9.45
- 2013: 9.80
- 2014: 9.09
- 2015: 9.64
Age of Facilities Ratio

Years

Academic Year

2010  2011  2012  2013  2014  2015

9.85  8.79  9.45  9.80  9.09  9.64
Physical Asset Reinvestment Ratio

It is calculated as follows:

\[
\frac{\text{Capital Asset Spending}}{\text{Depreciation Expense}}
\]

- A 1.0 ratio would recognize $1 reinvested in the acquisition of new assets as compared to each $1 recognized as depreciation.
- While a 1.0 ratio is generally desired, it is not always feasible every year.
- Therefore, the ratio should be evaluated on a multiyear basis since facilities investment is highly variable from year to year.
Physical Asset Reinvestment Ratio
Facilities Burden Ratio

The facilities burden ratio measures total annual cost of facility ownership in relation to the net value of facilities.

Depreciation Expense / Net Capital Assets

Trend line should be flat or negative
Facilities Burden & Maintenance Ratios

Facilities Burden Ratio