



ANNUAL FINANCIAL REPORT

“They Just Don’t Understand: Educating Your Campus Community”

TASSCUBO Winter Conference – January 30, 2018

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AGENDA

- School Overviews
- Annual Financial Report
 - What it tells us
 - What it doesn't tell us
- What's Relevant
- Measuring Performance
- Communication



SAM HOUSTON STATE UNIVERSITY

- Established 1879
- Over 21K students
- 7 Colleges/136 programs
- Doctoral Research University
- 316 Acres (main campus)
- 242 Bldgs/4.6 GSF



- \$352 M Operating Budget
- \$830M Assets
- \$686M Net Assets
- 3,000 Employees

UNIVERSITY OF TEXAS AT DALLAS

General Information

- Member of UT System since 1969
- Student enrollment $\approx 27,600$
- 8 schools and 141 degree programs
- Carnegie R1 institution



Financial Data

- Operating Budget of \$651M
- \$428M in Operating Revenue
- Net Position of \$1.7B
- \$52M in Restricted Research
- Total Endowment of \$482M

ANNUAL FINANCIAL REPORT

What does the AFR tell us

- Provides financial information and disclosures for financial constituents
- Broad viewpoint of the institution as a whole
- Displays results of operations and balance sheet position for measurement
- Provides limited visibility into sources and uses of funds
- Comprehensive basis for analysis and comparison
- What does it tell you?

ANNUAL FINANCIAL REPORT CONT'D

What doesn't the AFR tell us

- Are units meeting objectives with current allocations
- Is the institution sustaining target levels of cash
- Are institution financial ratios within bond rating targets
- Are programs following a trend to meet thresholds for special funding
- Are objectives that received additional resources providing a return on investment
- What do you wish you could see?

RELEVANT INFORMATION

Understanding the audience

- Audiences are typically not GAAP experts
- De-codify financial concepts and jargon
- Management v. GAAP compliant → Cash v. Accrual
- Main campus
 - How does this help me do my job
- Fiscal Officers/Business Managers
 - Impact analysis

RELEVANT INFORMATION CONT'D

- Leadership
 - Core or centrally allocated funds
 - Meeting targets for additional funding
 - Reserves
 - Margin
 - Meeting targets for overhead cost
 - Bond ratios
 - Operating cash

RELEVANT INFORMATION CONT'D

Sam Houston is using COGNOS...

- Monthly operating statements (P&L) where appropriate
- Multi period Actual to Budget - trends and variance analysis
- University/Division/College/Operation
- Not RCM
- Self service reporting

Sam Houston is working on...

- Reconciling existing reports to AFR
- Leverage historical information to improve predictive modeling

Sam Houston would like to...

- Increase BI support for resource allocation strategies
- Correlate non-financial and financial data

RELEVANT INFORMATION CONT'D

- UTD is using custom applications and OBIEE...
 - Focused on basic reports for tracking and reconciliation
 - Operating reports (such as encumbrance reviews)
 - AFR detail reports
- UTD is working on...
 - Developing standards for report categories
 - Consolidating data into functional groups for easier interface with non-financial users
 - Building a self-service Reporting Console
- UTD would like to...
 - Move toward interactive reports presented in “English”
 - Automate scenario based forecasting and ratio analysis

PERFORMANCE MEASURES

- Budget to Actuals
- Financial Ratios
 - Analysis of Financial Condition (AFC) / Composite Financial Index (CFI) and the Moody's Overall Scorecard Rating
- Restricted Research Expenditures
- Administrative Cost Ratio
- Monthly Financial Report (MFR)
- Operating Statements

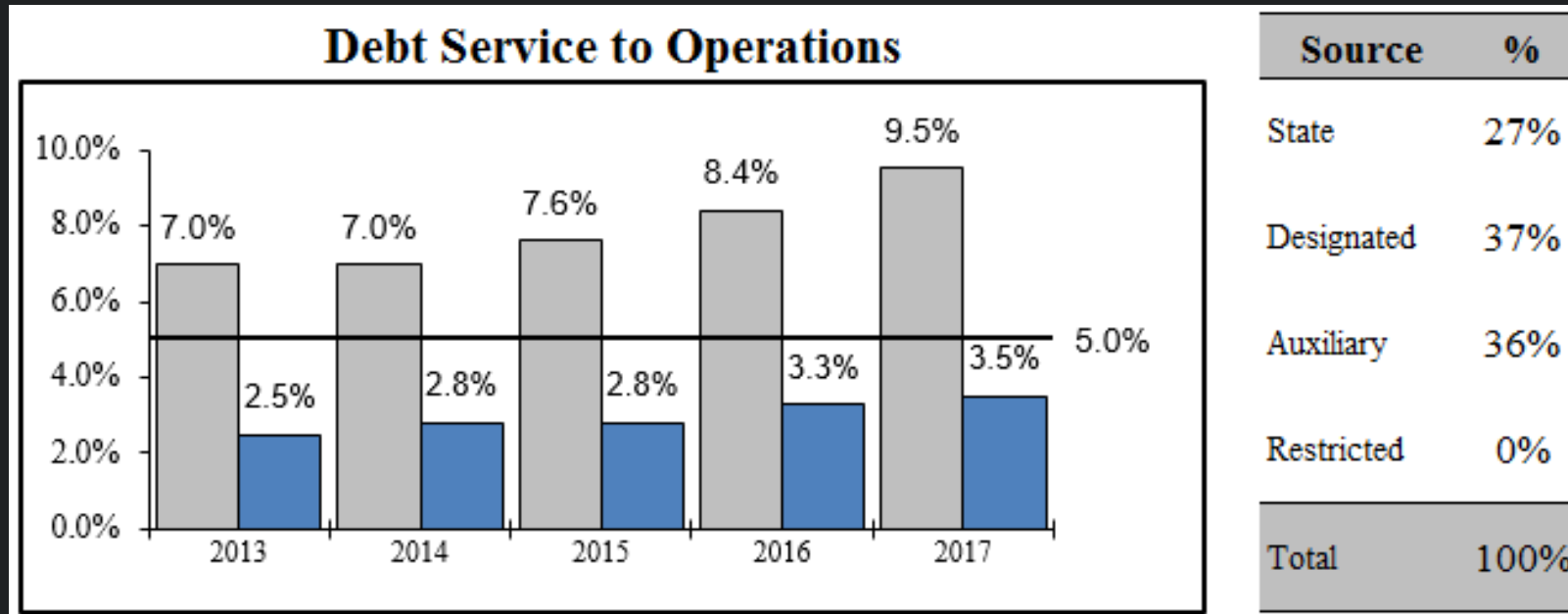
PERFORMANCE MEASURES CONT'D

Budget to Actuals

- University-wide budget to actuals with operating expense by purpose
- Not how most users think of budgets
- Looking to show by unit and with operating expense by natural classification

The University of Texas at Dallas Exhibit D Comparison of Budget to Actual Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended August 31, 2017		
	Operating Budget	Actual
OPERATING REVENUES:		
Net Student Tuition and Fees	\$ 300,123,577.00	308,770,236.46
Federal Sponsored Programs	35,542,791.00	38,274,440.14
State Sponsored Programs	11,905,070.00	11,849,827.78
Local and Private Sponsored Programs	12,792,896.00	10,204,368.93
Net Sales and Services of Educational Activities	12,104,194.00	20,432,339.95
Net Auxiliary Enterprises	40,641,239.00	33,852,349.77
Other Operating Revenues	3,179,891.00	5,378,415.69
Total Operating Revenues	416,289,658.00	428,761,978.72
OPERATING EXPENSES:		
Instruction	177,772,001.00	192,808,403.78
Research	83,180,853.00	90,243,541.98
Public Service	7,757,098.00	9,748,170.14
Academic Support	73,393,647.00	67,232,483.90
Student Services	18,588,417.00	20,497,693.49
Institutional Support	52,856,880.00	41,193,293.03
Operations and Maintenance of Plant	29,738,385.00	35,277,933.97
Scholarships and Fellowships	30,866,380.00	36,605,647.44
Auxiliary Enterprises	47,928,869.00	45,501,167.68
Depreciation and Amortization	70,000,000.00	73,377,371.67
Total Operating Expenses	592,082,530.00	612,485,707.08
Operating Income (Loss)	(175,792,872.00)	(183,723,728.36)
NONOPERATING REVENUES (EXPENSES):		
State Appropriations	119,018,809.00	106,110,919.05
Federal Nonexchange Sponsored Programs	23,264,093.00	25,518,684.00
State Nonexchange Sponsored Programs	7,728,440.00	7,728,439.51
Gift Contributions for Operations	14,922,979.00	12,737,150.13
Investment Income	24,501,440.00	32,628,251.90
Net Increase (Decrease) in Fair Value of Investments		35,819,835.66
Other Nonoperating Revenues (Expenses)		(444,335.63)
Net Nonoperating Revenues (Expenses)	189,435,761.00	220,098,944.62
TRANSFERS AND OTHERS:		
Capital Appropriations, Gifts, and Sponsored Programs	8,438,700.00	28,189,904.34
Additions to Permanent Endowments	4,405,500.00	4,637,680.37
Transfers for Debt Service	(59,381,652.00)	(56,901,622.49)
Transfers and Other	94,500,000.00	81,778,048.17
Total Transfers and Other	47,962,548.00	57,704,010.39
Change in Net Position	\$ 61,605,437.00	94,079,226.65

PERFORMANCE MEASURES CONT'D



AFC/Scorecard Example

- Ratio looks at debt service over operating expense
- University-wide ratio shows rapid growth
- Review for context separates ratio by source
 - State funds received solely for servicing debt
 - Auxiliary Enterprises have revenue growth to support new debt

PERFORMANCE MEASURES CONT'D

- Restricted research and administrative cost ratios calculated monthly with MFR process
- Monthly quality assurance checks are important as reports become available to ensure data integrity
- Monthly AFR supporting schedules produced at detailed level

OPERATING REVENUES	Appropriations (21)	Appropriations (218)	Statutory Tuition (22)	Callier (2900)	Activity AFR (29xx)	CBH (2960)	Grand Total
1 - Gross Student Tuition	-	-	(61,379,228.05)	-	3,309,998.91	-	(58,069,229.14)
2 - Other Fees	-	-	(1,890,778.50)	-	80,741.67	-	(1,810,036.83)
3 - Discounts & Allowances Tuition and Fees	-	-	574,922.67	-	-	-	574,922.67
4 - State Sponsored Programs Pass-Thru from State Agencies	(105,860.31)	(5,077,951.00)	-	-	-	-	(5,183,811.31)
5 - Sales and Services of Educational Activities	-	-	-	(1,711,588.93)	-	(1,480.25)	(1,713,069.18)
6 - Discounts and Allowances Sales and Services of Educational Activities	-	-	-	-	-	-	-
7 - Other Operating Revenue	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	(105,860.31)	(5,077,951.00)	(62,695,083.88)	(1,711,588.93)	3,390,740.58	(1,480.25)	(66,201,223.79)
8 - Salaries and Wages	31,900,934.62	3,478.48	23,674,824.95	1,419,272.30	(813,597.61)	-	56,184,912.74
9 - Payroll Related Costs	7,800,310.53	-	5,322,292.59	473,413.19	(2,451.07)	-	13,593,565.24
10 - Professional Fees and Services	48,859.07	-	137,077.49	3,382.07	-	-	189,318.63
11 - Other Contracted Services	613.18	-	-	70,607.27	(134.30)	-	71,086.15
12 - Travel	3,365.18	-	-	2,633.98	-	-	5,999.16
13 - Materials and Supplies	75,645.66	-	361.39	169,384.33	(766.49)	-	244,624.89
14 - Utilities	-	-	-	10,284.94	-	-	10,284.94
15 - Communications	-	-	-	135.35	-	-	135.35
16 - Repairs and Maintenance	135.00	-	1,080.00	3,798.93	-	-	5,013.93
17 - Rentals and Leases	5,342.90	-	2,574.74	1,814.52	-	-	9,732.16
18 - Printing and Reproduction	120.00	-	875.50	448.67	-	-	1,444.17
19 - Scholarships and Fellowships	39,522.00	5,083,054.00	-	-	(545,111.66)	-	4,577,464.34
20 - Other Operating Expenses	14,267.67	-	1,436.00	50,617.85	-	-	66,321.52
TOTAL OPERATING EXPENSES	39,889,115.81	5,086,532.48	29,140,522.66	2,205,793.40	(1,362,061.13)	-	74,959,903.22
OPERATING (INCOME) / LOSS	39,783,255.50	8,581.48	(33,554,561.22)	494,204.47	2,028,679.45	(1,480.25)	8,758,679.43
21 - State Appropriations	(89,546,708.00)	-	-	-	-	-	(89,546,708.00)
22 - Benefits Revenue	(6,605,900.08)	-	-	-	-	-	(6,605,900.08)
23 - Gift Contributions for Operations	-	-	-	(4,196.90)	-	-	(4,196.90)
24 - Investment Income	-	-	(58,531.28)	-	-	-	(58,531.28)
NET NON-OPERATING (REVENUE) / (INCOME) / LOSS BEFORE OTHER REVENUES, EXPENSES GAINS OR LOSSES	(96,152,608.08)	-	(58,531.28)	(4,196.90)	-	-	(96,215,336.26)
EXPENSES GAINS OR LOSSES	(56,369,352.58)	8,581.48	(33,613,092.50)	490,007.57	2,028,679.45	(1,480.25)	(87,456,656.83)
25 - Capital Asset Purchases	91,021.49	-	7,724.00	-	21,000.01	-	119,745.50
26 - Transfers - Operating	-	-	-	-	-	-	-
27 - Transfers - Debt Service	8,757,062.00	-	-	-	-	-	8,757,062.00
28 - Transfers - Other	(0.00)	-	0.00	-	-	-	(0.00)
29 - Transfers - TPEG	-	-	4,973,034.00	-	814,498.40	-	5,787,532.40
NET TRANSFERS	8,848,083.49	-	4,980,758.00	-	835,498.41	-	14,664,339.90
GRAND TOTAL - Net Position	(47,521,269.09)	8,581.48	(28,632,334.50)	490,007.57	2,864,177.86	(1,480.25)	(72,792,316.93)

COMMUNICATION

- Comes down to communication
 - Constituents may never understand the data the way AFR preparers do, but the opportunity to discuss and ask questions regularly makes understanding possible
 - Translate/de-codify financial outcomes
 - Promotes buy-in from campus users
 - Provides training opportunities
 - Allows for other topics to be discussed and better understand the relationships

BEST PRACTICES

- How it's done?
 - Sam Houston
 - UT Dallas
- How should it be done?
 - Don't assume you KNOW what your users need/want
 - Collaborate to define campus-wide needs
 - Develop → vet → re-develop
- What works might be different by institution or by audience, be prepared to adapt

Discussion and Questions?