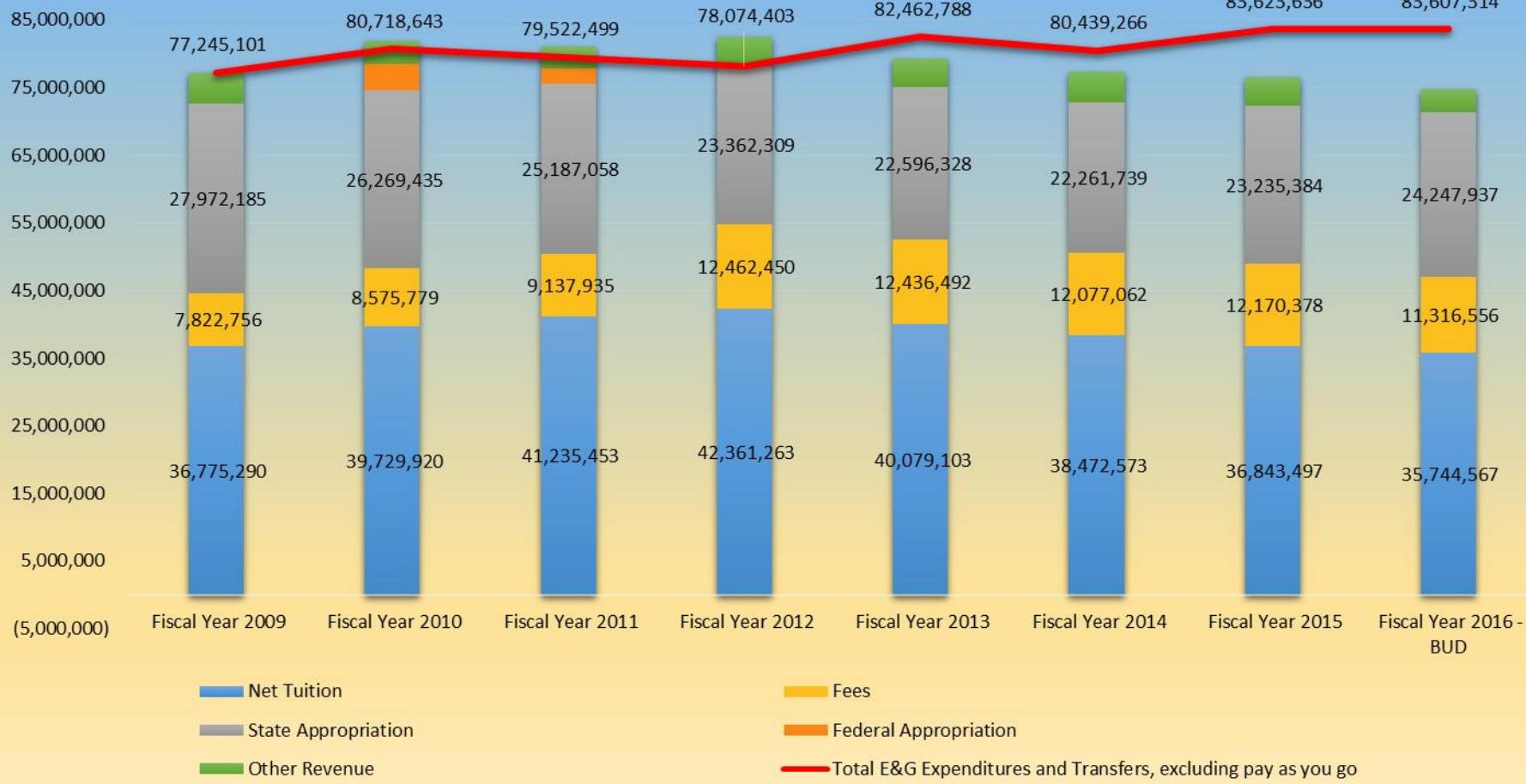


CLARION UNIVERSITY
FINANCIAL UPDATE AND
FY 2016 BUDGET REVIEW
COUNCIL OF TRUSTEES
SEPTEMBER 17, 2015

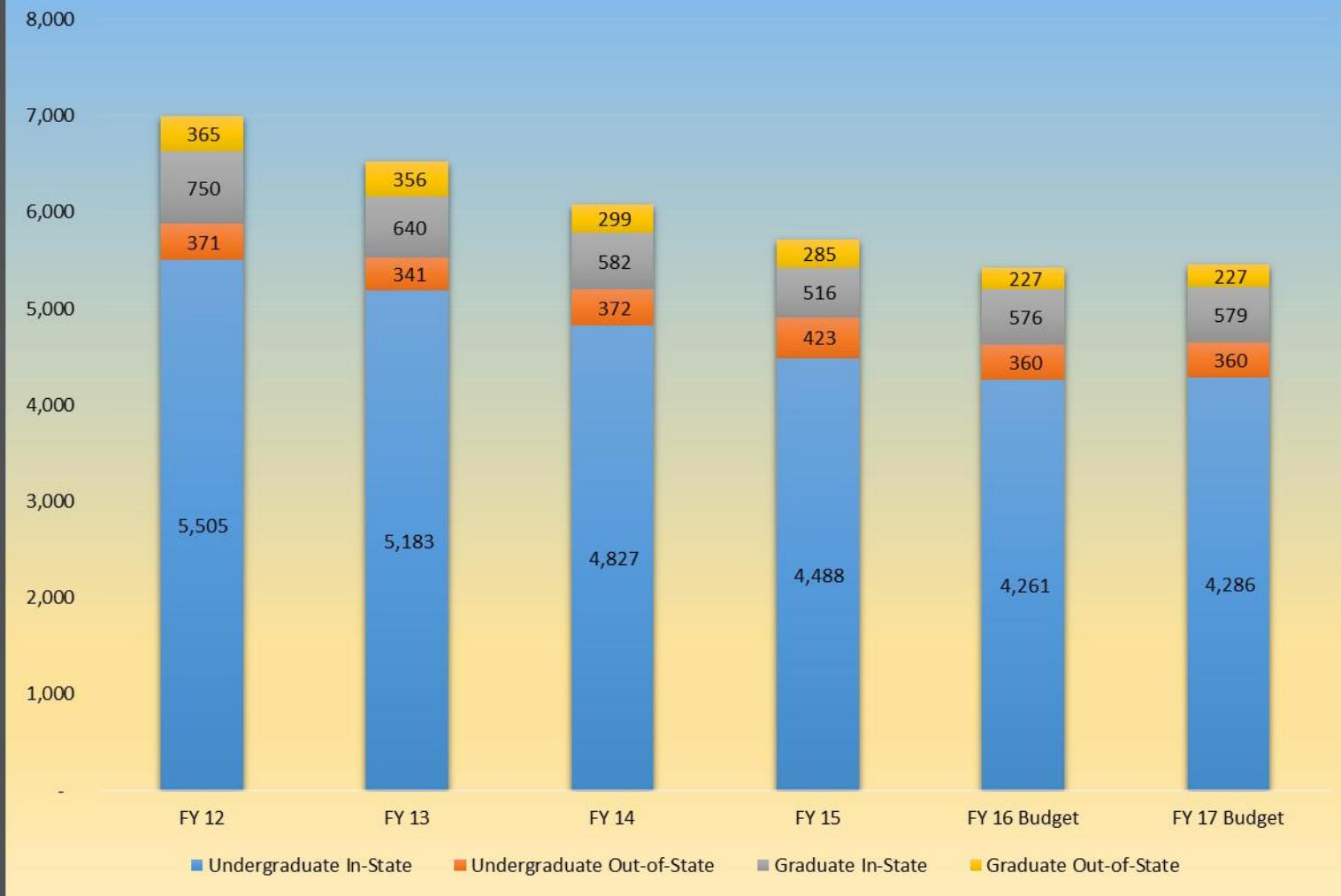
OVERVIEW

- Revenue & Expenses FY09 to FY16
- Enrollment FY12 to FY17
- FY15 Budget to Actual
- FY16 Budget
 - E&G
 - Restricted/Endowment
 - Auxiliary
 - Total
- Conclusion

Clarion E&G Revenue Sources in support of E&G expenses



Enrollment Trend



CLARION UNIVERSITY FY 2015 Budget to Actual (unaudited)

Statement of Revenues, Expenses, and Change in Net Position

Clarion University of PA	Statement of Revenues, Expenses, and Change in Net Position	FY 2014/15 - Actual	FY 2014/15 - COT Budget	Fav/(Unfav) Variance
Revenues				
Operating Revenues:				
Net tuition and fees	38,550,357	40,296,883	(1,746,526)	
Grants and contracts	10,511,573	10,367,356	144,217	
Sales and services	3,481,848	2,013,293	1,468,555	
Auxiliary enterprises, net of discounts	12,650,834	13,031,430	(380,596)	
Other revenues	264,582	223,500	41,082	
Total Operating Revenues	65,459,194	65,932,462	(473,268)	
Expenses				
Operating Expenses:				
Personnel compensation	68,617,422	71,035,369	2,417,947	
Compensated absences & postretirement	5,048,147	5,338,180	290,033	
All other expenses	34,839,560	33,234,951	(1,604,609)	
Total Operating Expenses	108,505,129	109,608,500	1,103,371	
Net Operating Revenues (Expenses)	(43,045,935)	(43,676,038)	(630,103)	
Nonoperating Revenues (Expenses)				
State appropriations, general and restricted	23,235,384	23,007,209	228,175	
Pell grants	8,265,141	8,245,000	20,141	
Investment income, net of related investment expense	423,820	425,000	(1,180)	
Gifts for other than capital purposes	1,181,926	892,647	289,279	
Interest expense on capital asset-related debt	(561,824)	(585,445)	(23,621)	
Other nonoperating revenue (expense)	45,102	56,000	(10,898)	
Net Nonoperating Revenues (Expenses)	32,589,549	32,040,411	549,138	
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	(10,456,386)	(11,635,627)	1,179,241	
State appropriations, capital	774,658	774,000	658	
Capital gifts and grants	257,440	250,000	7,440	
Total Other Revenues	1,032,098	1,024,000	8,098	
Increase (Decrease) in Net Position	(9,424,288)	(10,611,627)	1,187,339	

CLARION UNIVERSITY FY 2015 Budget to Actual (unaudited) Statement of Revenues, Expenses, and Change in Net Position

- The final audited FY15 financial statements will reflect an accounting change related to when revenue is recognized by the Northwest Aids Alliance. Previously, we recorded the annual excess revenue over expenses as deferred revenue. Our auditors, CliftonLarsonAllen, have determined that GASB requires that excess revenue should be recorded as income in the year it is received. Therefore, a cumulative adjustment of approximately \$3.1 million was made in FY 15. The adjustment will reduce the total decrease in net position on the final audited financial statements to \$6.4 million from the \$9.4 million shown on the previous slide. These funds are restricted for the sole use of the Northwest Aids Alliance program and will be spent and shown as expense at that time.
- The overall decrease in net position, prior to the year end adjustment, was approximately \$1.2 million dollars favorable to the budget of \$10.6 million. This variance is primarily due to favorable compensation expense variance of approximately \$2.4 million offset by unfavorable variances in all other expenses of \$1.6 million. This unfavorable variance is primarily due to bad debt expense of \$.5 million and CCN supply costs for pharmacy services of approximately \$1.1 million (the \$1.4 million favorable variance in sales and services revenue represents the additional funding source for these expenditures).

CLARION UNIVERSITY FY 2016 Education & General Budget

Clarion University of PA		FY15 Actual	FY16 Budget	\$ Vari 15 Act-16 Bud
Revenues:				
Net tuition and fees		49,013,874	47,061,123	(1,952,751)
State appropriations		23,235,384	24,247,937	1,012,553
Grants and contracts		476,156	332,598	(143,558)
Sales and services		3,081,798	2,462,156	(619,642)
Auxiliary enterprises, net of discounts		65,000	65,000	-
Gifts		42,341	0	(42,341)
Investment income		215,360	85,000	(130,360)
Other revenues		346,809	402,653	55,844
Use of prior year carryforward		0	130,621	130,621
	Total Revenues	76,476,722	74,787,088	(1,689,634)
Expenditures:				
Personnel compensation		62,035,560	63,745,640	(1,710,080)
All other expenses		21,588,076	19,861,674	1,726,402
	Total Expenditures and Transfers	83,623,636	83,607,314	16,322
Revenues less Expenditures and Transfers (excluding in Excess of Pay-as-you-go adjustments)				
		(7,146,914)	(8,820,226)	(1,673,312)

CLARION UNIVERSITY FY 2016 Education & General Budget - NOTES

- FY 2016 budgeted net tuition and fee revenue is down approximately \$2 million, or 4%, from FY 2015 due to the projected decline in enrollment of roughly 7.5%, offset by the 3.5% tuition increase.
- FY 2016 budgeted state appropriation is up approximately \$1 million, or 4%, from FY 2015 due to the anticipated 3.5% increase in funding and favorable results from the appropriation reallocation formula. The Governor's request in March, 2015 would have yielded an increase of approximately \$2.7 million.
- FY 2016 budgeted sales and services revenue is down approximately \$.6 million, or 20%, from FY 2015 due to potential declines in the Northwest Aids Alliance unrestricted pharmacy funding.
- FY 2016 budgeted personnel compensation is up approximately \$1.7 million, or 3%, from FY 2015. Benefit costs amount to approximately \$2.1 million of this variance offset by savings in salaries and wages of \$.4 million.
- FY 2016 budgeted all other expenses are down approximately \$1.7 million, or 8%. This decrease is related to a transfer made during FY 2015 of \$2.1 million from E&G to the Plant Fund to fund the required E&G portion of the Becht Hall project which will not recur in FY 2016. This savings is offset by an increase of approximately \$.4 million in student aid expense for E&G sourced scholarships.

CLARION UNIVERSITY FY 2016 Restricted/Endowment Budget

Clarion University of PA		FY15 Actual	FY16 Budget	\$ Vari 15 Act-16 Bud
Revenues:				
Net tuition and fees		(10,463,517)	(10,500,000)	(36,483)
State appropriations		0	0	-
Grants and contracts		18,300,558	17,659,761	(640,797)
Sales and services		3,413,975	100,000	(3,313,975)
Auxiliary enterprises, net of discounts		0	0	-
Gifts		1,139,585	1,000,000	(139,585)
Investment income		25,313	21,500	(3,813)
Other revenues		23,924	7,000	(16,924)
Use of prior year carryforward		0	0	-
		Total Revenues	12,439,838	8,288,261
Expenditures:				
Personnel compensation		3,337,499	3,114,102	223,397
All other expenses		6,066,588	5,174,159	892,429
		Total Expenditures and Transfers	9,404,087	8,288,261
Revenues less Expenditures and Transfers (excluding in Excess of Pay-as-you-go adjustments)		3,035,751	0	(3,035,751)

CLARION UNIVERSITY FY 2016 Restricted/Endowment Budget-NOTES

- FY 2016 budgeted grants and contracts revenue is down approximately \$.6 million, or 3.5%, from FY 2015 due to anticipated reductions in the PELL and PHEAA programs due to the expected decreased enrollment.
- FY 2016 budgeted sales and services revenue is down approximately \$3.3 million, or 97%, from FY 2015 primarily due to the adjustment made in FY 2015 to record pharmacy revenue that in prior years had been deferred.
- FY 2016 budgeted all other expenses are down approximately \$.9 million, or 15%, from FY 2015 due to reductions in student aid expense resulting from the anticipated reductions in the PELL and PHEAA programs.

CLARION UNIVERSITY FY 2016 Auxiliary Budget

Clarion University of PA	FY15 Actual	FY16 Budget	\$ Vari 15 Act-16 Bud
Revenues:			
Net tuition and fees	0	0	-
State appropriations	0	0	-
Grants and contracts	0	0	-
Sales and services	0	0	-
Auxiliary enterprises, net of discounts	12,526,552	12,404,035	(122,517)
Gifts	0	0	-
Investment income	33,235	27,800	(5,435)
Other revenues	0	0	-
Use of prior year carryforward	0	0	-
Total Revenues	12,559,787	12,431,835	(127,952)
Expenditures:			
Personnel compensation	3,244,363	3,223,823	20,540
All other expenses	10,546,721	9,208,012	1,338,709
Total Expenditures and Transfers	13,791,084	12,431,835	1,359,249
Revenues less Expenditures and Transfers (excluding in Excess of Pay-as-you-go adjustments)	(1,231,297)	0	1,231,297

CLARION UNIVERSITY FY 2016 Total Budget

Clarion University of PA		FY15 Actual	FY16 Budget	\$ Vari 15 Act-16 Bud
Revenues:				
Net tuition and fees	38,550,357	36,561,123	(1,989,234)	
State appropriations	23,235,384	24,247,937	1,012,553	
Grants and contracts	18,776,714	17,992,359	(784,355)	
Sales and services	6,495,773	2,562,156	(3,933,617)	
Auxiliary enterprises, net of discounts	12,591,552	12,469,035	(122,517)	
Gifts	1,181,926	1,000,000	(181,926)	
Investment income	273,908	134,300	(139,608)	
Other revenues	370,733	409,653	38,920	
Use of prior year carryforward	0	130,621	130,621	
	Total Revenues	101,476,347	95,507,184	(5,969,163)
Expenditures:				
Personnel compensation	68,617,422	70,083,565	(1,466,143)	
All other expenses	38,201,385	34,243,845	3,957,540	
	Total Expenditures and Transfers	106,818,807	104,327,410	2,491,397
	Revenues less Expenditures and Transfers (excluding in Excess of Pay-as-you-go adjustments)	(5,342,460)	(8,820,226)	(3,477,766)

CONCLUSION

- FY15 results were better than budget by almost \$1.2 million
- Going forward we will use the budget report as our budget
 - Excludes compensated absences and post retirement benefits
 - Consistent with how all other PASSHE schools show their budget
- The increase in the FY16 budget deficit is driven by our decrease in enrollment; expenses are flat on a year-over-year basis
- At the Council of Trustees meeting we will be asking you to approve the budget.