

**BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE**

**Delores E. Crawford, Chair
James B. Greene, Vice Chair
All Trustees are Members
James P. Tressel, *Ex-Officio***

**BACKGROUND MATERIALS
Tuesday, September 16, 2014**

- 1. Fiscal Year 2014 Fourth Quarter Comparison of Budget to Actual for the General Operating Fund** **Tab 1**
- 2. Budget and Interfund Transfers for the Quarter Ending June 30, 2014, Reportable under Policy Number 3010.01, Budget Transfers, of the *University Guidebook*** **Tab 2**

BACKGROUND MATERIALS:
Finance and Facilities Committee

TAB 1: Fiscal Year 2014 Fourth Quarter Comparison of Budget to Actual for the General Operating Fund

STAFF CONTACT: Neal McNally, Interim Vice President for Finance & Administration

HIGHLIGHTS OR ISSUES:

- Overall revenues are below budgeted targets and expenses and transfers were not sufficiently reduced in light of declining revenue.
- The University developed a plan to meet this revenue shortfall, which focused primarily on reducing or holding down expenses.
- Management continued to curb spending and monitor expenses in an effort to mitigate the anticipated operating deficit at year-end.

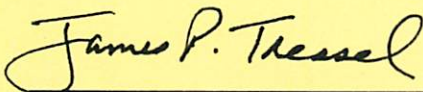
TAB 2: Budget and Interfund Transfers for the Quarter Ending June 30, 2014 Reportable under Policy Number 3010.01, Budget Transfers, of the *University Guidebook*

STAFF CONTACT: Katrena Davidson, Controller

HIGHLIGHTS OR ISSUES:

- Required to report transfers of \$25,000 or more, including year-end transfers.
- Ten year end transfers, from operating funds to designated and plant funds. Transfer of \$204,000 to fund expected legal liability. The General Fund had a net \$1.58 million FY2014 year-end deficit; whereas the Auxiliary Operating funds had a net year end excess of \$1.57 million.
- Fifteen fourth quarter transfers totaling \$1.9 million. Seven totaling \$794,000 from operating funds, including \$618,000 to plant funds for renovation projects; three totaling \$540,000 to reallocate bond proceeds and two totaling \$251,000 relating to debt service.

REVIEWED:



James P. Tressel, President

YOUNGSTOWN STATE UNIVERSITY
Budget to Actual Comparison
For the 12-month period of 7/1/13-6/30/14

Overall, actual general fund revenues are below budgeted targets, while expenses and transfers remain on target relative to budget.

- Tuition and mandatory fees as a percentage of the annual budget was 96.4%, lower than expected. This is attributable to a fall semester enrollment drop of 3.2% on an FTE basis, combined with a 1.8% FTE enrollment decline for the spring semester. The University developed a plan to meet this revenue shortfall, focusing primarily on reducing or holding down expenses related to everything from energy consumption to personnel costs.
- Other tuition and fees include non-resident surcharges, lab and material fees, college fees, graduation fees, and application fees. These fees as a percentage of the budget totaled 100.5% at the end of the fourth quarter.
- State appropriations were 97.0% of the annual budget. The annual budget was based on estimates. The Ohio Board of Regents finalized the State Share of Instruction (SSI) calculations in December 2013, which resulted in an approximate 3% difference between anticipated budget and anticipated actual at June 30, 2014.
- Recovery of indirect costs was 93.0% of the annual budget, below targeted levels. This is due primarily to a decrease in federal grant activity. Although revenues are below expected levels, spending is limited to actual revenue.
- Investment income, consisting of realized net gains and interest income, was 163.3% of the annual budget, higher than expected. This is due in part to market performance, a change in internal practices for disbursing investment income, and the University reducing its reliance on investment income as a budgeted revenue source.
- At 97.3% of the annual budget, combined revenues through the fourth quarter are below budgeted targets. A warning indicator was assigned due to two main factors: (1) the largest category of revenues—tuition and mandatory fees—are below target, as described above; and (2) concerns persist over future enrollment levels, the primary driver of revenues.
- The largest categories of expenses—wages and benefits—were slightly below targeted levels but generally on target. A caution indicator was assigned to benefits due to a relatively high number of medical claims exceeding \$100,000 during fiscal year 2014.
- Plant and maintenance was 108.6% of the annual budget, higher than expected. This is due primarily to an increase in energy consumption, particularly during the cooler months between November 2013 and February 2014.
- At 97.9% of the annual budget, combined expenses and transfers through the fourth quarter are slightly lower than the prior year. A caution indicator was assigned because overall expenses have not been sufficiently reduced in light of declining revenue. However, Management continued to curb spending and monitor expenses in an effort to mitigate the operating deficit at year-end.

YOUNGSTOWN STATE UNIVERSITY
Budget to Actual
For the 12-month period of 7/1/13 - 6/30/14

FY2014 Revenue 4th Quarter, 6/30/14	Fiscal Year 2014		Actual as a % of Budget	Business Indicator	FY13 actual compared to FY12 actual
	Budget	Actual			
Tuition and mandatory fees	\$101,300,120	\$97,656,267	96.4%	●	↓
Other tuition and fees	8,679,520	8,727,213	100.5%	●	↑
Student charges	1,288,000	1,302,161	101.1%	●	↑
State appropriations	38,889,094	37,712,282	97.0%	●	↓
Recovery of indirect costs	1,984,266	1,845,146	93.0%	●	↓
Investment income	700,000	1,143,386	163.3%	●	↑
Other income	859,000	1,231,021	143.3%	●	↑
Total	\$153,700,000	\$149,617,476	97.3%	●	↓

- On/Above target
- Caution
- Warning

FY2014 Expenses 4th Quarter, 6/30/14	Fiscal Year 2014		Actual as a % of Budget	Business Indicator	FY13 actual compared to FY12 actual
	Budget	Actual			
Wages	\$80,717,213	\$79,436,235	98.4%	●	↑
Benefits	25,604,370	25,633,851	100.1%	●	↑
Scholarships	4,570,969	4,491,732	98.3%	●	↓
Operations	14,734,359	12,151,526	82.5%	●	↓
Plant & maintenance	8,288,060	9,004,153	108.6%	●	↑
Fixed asset purchases	755,495	472,528	62.5%	●	↑
Transfers	19,162,344	19,343,586	100.9%	●	↓
Total	\$153,832,810	\$150,533,611	97.9%	●	↓

- On/Below target
- Caution
- Warning



YOUNGSTOWN STATE UNIVERSITY
Reportable Budget and Interfund Transfers
Quarter Ended June 30, 2014

BUDGET TRANSFERS WITHIN THE OPERATING BUDGET (i.e., General Fund and Auxiliaries):

FROM	TO	AMOUNT	REASON
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None.

TRANSFERS OUTSIDE OF THE OPERATING BUDGET:

FROM	TO	AMOUNT	REASON
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FY2014 Year End Transfers

General Fund	Legal Contingency Reserve (Designated Fund)	\$204,000	Transfer to fund expected legal liability.
General Fund	Operating Carry Forward (Designated Fund)	(\$1,578,611)	Transfer net FY2014 year end deficit to Operating Carryforward Fund.
Intercollegiate Athletics	Operating Carry Forward (Designated Fund)	\$67,126	Transfer net FY2014 year end excess to Operating Carryforward Fund.
Parking Services (Auxiliary)	Parking Services Plant Reserve (Auxiliary Plant Fund)	\$876,536	Year end excess.
Kilcawley Center (Auxiliary)	Kilcawley Center Renovations Fund (Auxiliary Plant Fund)	\$150,000	Transfer portion of year end excess of \$238,542.
Kilcawley Center (Auxiliary)	Kilcawley Center Plant Reserve (Auxiliary Plant Fund)	\$88,542	Transfer portion of year end excess of \$238,542.
Andrews Recreation & Wellness Center (Auxiliary)	Andrews Recreation & Wellness Center Plant Reserve (Auxiliary Plant Fund)	\$163,934	Transfer portion of year end excess of \$213,934.
Andrews Recreation & Wellness Center (Auxiliary)	Rec Center Improvement & Repairs Fund (Auxiliary Plant Fund)	\$50,000	Transfer portion of year end excess of \$213,934.

TRANSFERS OUTSIDE OF THE OPERATING BUDGET:

FROM	TO	AMOUNT	REASON
Housing Services (Auxiliary)	Housing Services Plant Reserve (Auxiliary Plant Fund)	\$130,721	Year end excess.
Industry & Labor Steel Museum (Auxiliary)	Industry & Labor Steel Museum Plant Reserve (Auxiliary Plant Fund)	\$71,513	Year end excess.

TRANSFERS OUTSIDE OF THE OPERATING BUDGET:

FROM	TO	AMOUNT	REASON
<i>Fourth Quarter Transfers</i>			
Parking Services (Auxiliary)	M1 and M2 Summer 2014 Renovations (Unrestricted Plant Fund)	\$489,975	Approved by Board in June.
Melnick Hall-OAP-Bond Proceeds (Restricted Plant Funds)	Campus Demolition Projects-Bond Proceeds (Restricted Plant Fund)	\$375,000	Reallocate Bond Proceeds.
New WCBA Bldg - Gift Fund (Restricted Plant Fund)	Debt Service Reserve - WCBA Gifts (Restricted Plant Fund)	\$211,840	Transfer quarterly residual cash received on WCBA pledges/gifts to a debt service fund in accordance with Board Resolution approved in September 2009 directing that any private contributions received for the new WCBA building from July 1, 2009 forward be transferred on a quarterly basis. Outstanding pledges at 6-30-14 total approximately \$2 million.
Various Federal Match Funds (Restricted Funds)	General Fund	\$130,061	Transfer excess match funds back to source fund.
OBOR Capital Component Fund (Restricted Plant Fund)	Substation Voltage Regulator (Restricted Plant Fund)	\$110,000	Transfer to fund substation project.
Auditoriums - Bond Proceeds (Restricted Plant Fund)	Veterans Center - Bond Proceeds (Restricted Plant Fund)	\$100,000	Reallocate Bond Proceeds.
College Fee Fund (General Fund)	Moser Room Renovation (Unrestricted Plant Fund)	\$90,000	Transfer to fund renovation project.
General Fund	Capital Facilities Project Fund (Unrestricted Plant Fund)	\$86,927	Transfer fourth quarter administrative fee income.
Auditoriums - Bond Proceeds (Restricted Plant Funds)	Veterans Center - Bond Proceeds (Restricted Plant Fund)	\$65,000	Reallocate Bond Proceeds.
Parking Services Plant Reserve (Auxiliary Plant Fund)	Digital Surveillance Fund (Auxiliary Plant Fund)	\$42,100	Transfer to fund portion of surveillance system.

TRANSFERS OUTSIDE OF THE OPERATING BUDGET:

FROM	TO	AMOUNT	REASON
Debt Service Reserve - General Fund (Unrestricted Plant Fund)	Bond Fund - Series 2010 (Debt Service Fund)	\$38,822	Transfer to fund shortfall primarily due to federal subsidy reduction.
College Fee Fund (General Fund)	Beeghly Hall Renovation (Unrestricted Plant Fund)	\$38,000	Transfer to fund renovation project.
General Fund	Unrestricted Gifts Carryforward (Designated Fund)	\$33,392	Transfer excess of budgeted unrestricted gift revenue to carryforward fund.
General Fund	Various Faculty Start Up Funds (Designated Funds)	\$30,289	Transfer to set-up new FY15 faculty Start-Up funds.
General Fund	Choose Ohio First (Restricted Fund)	\$25,000	Transfer for required match.