

Business and Financial Affairs

Comprehensive Budget Overview and Financial Health Report

Board of Trustees Meeting
December 15, 2017

Presentation Purpose

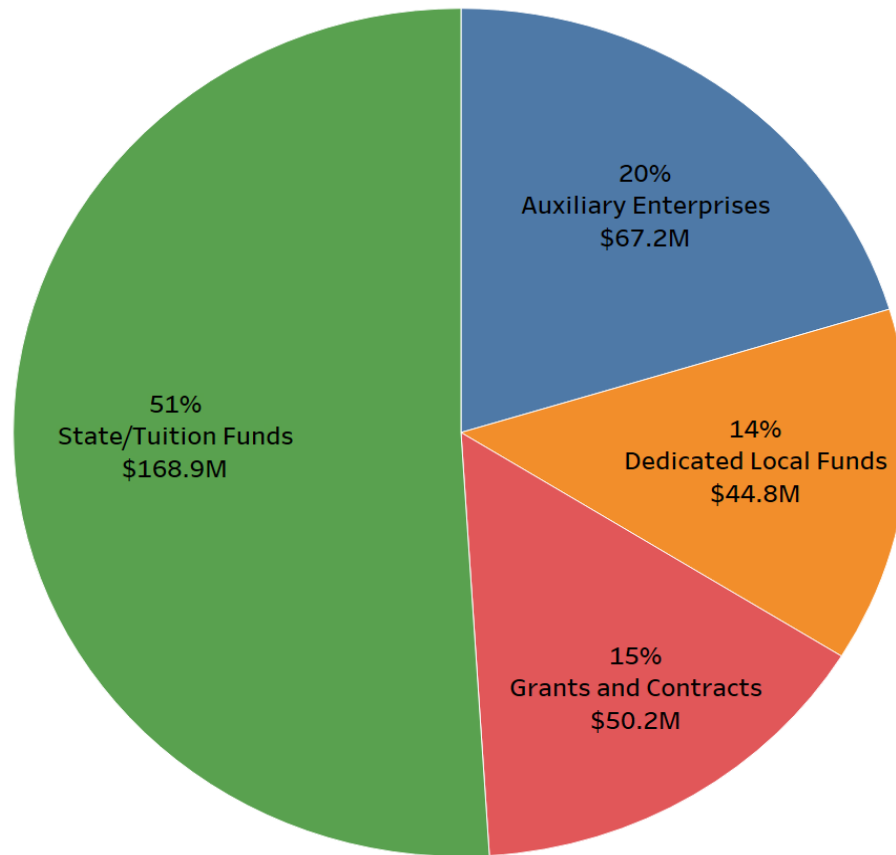
- Develop a more complete and systemic picture of the University's budget:
 - Important step in developing a comprehensive resource plan
 - Identify levers for revenue growth to advance University priorities
- Enhance budget projections and understanding
- Make the planning and budget process more comprehensive and responsive to student growth and strategic opportunities
- Communicate current financial health and promote innovative thinking as we develop a comprehensive resource plan in support of the strategic plan

Total Revenue, Expenditures, and Fall Headcount



Revenues

FY18 Estimated Revenue by Source - \$330.3 million total



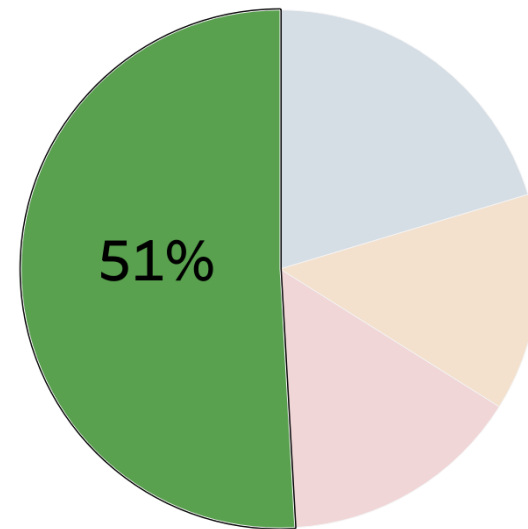
FY18 State/Tuition Funds - \$168.9M

Tuition Operating Fees
\$84,448,460
25.5% of total revenue budget

State Appropriations
\$78,146,000
23.6% of total revenue budget

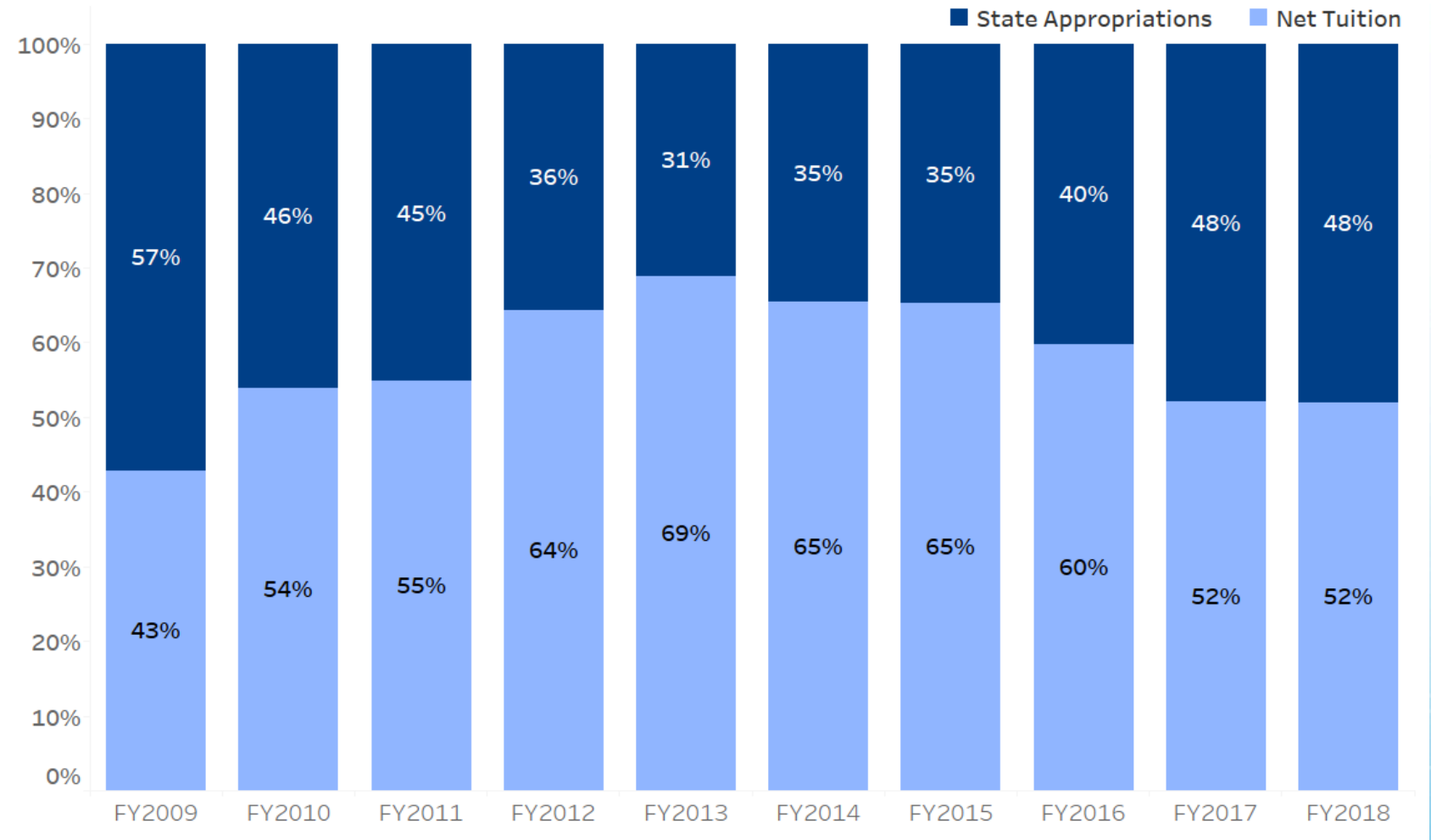
Administrative Services Assessment
\$4,462,295
1.3% of total revenue budget

One-time funds
\$1,807,000
0.6% of total revenue budget

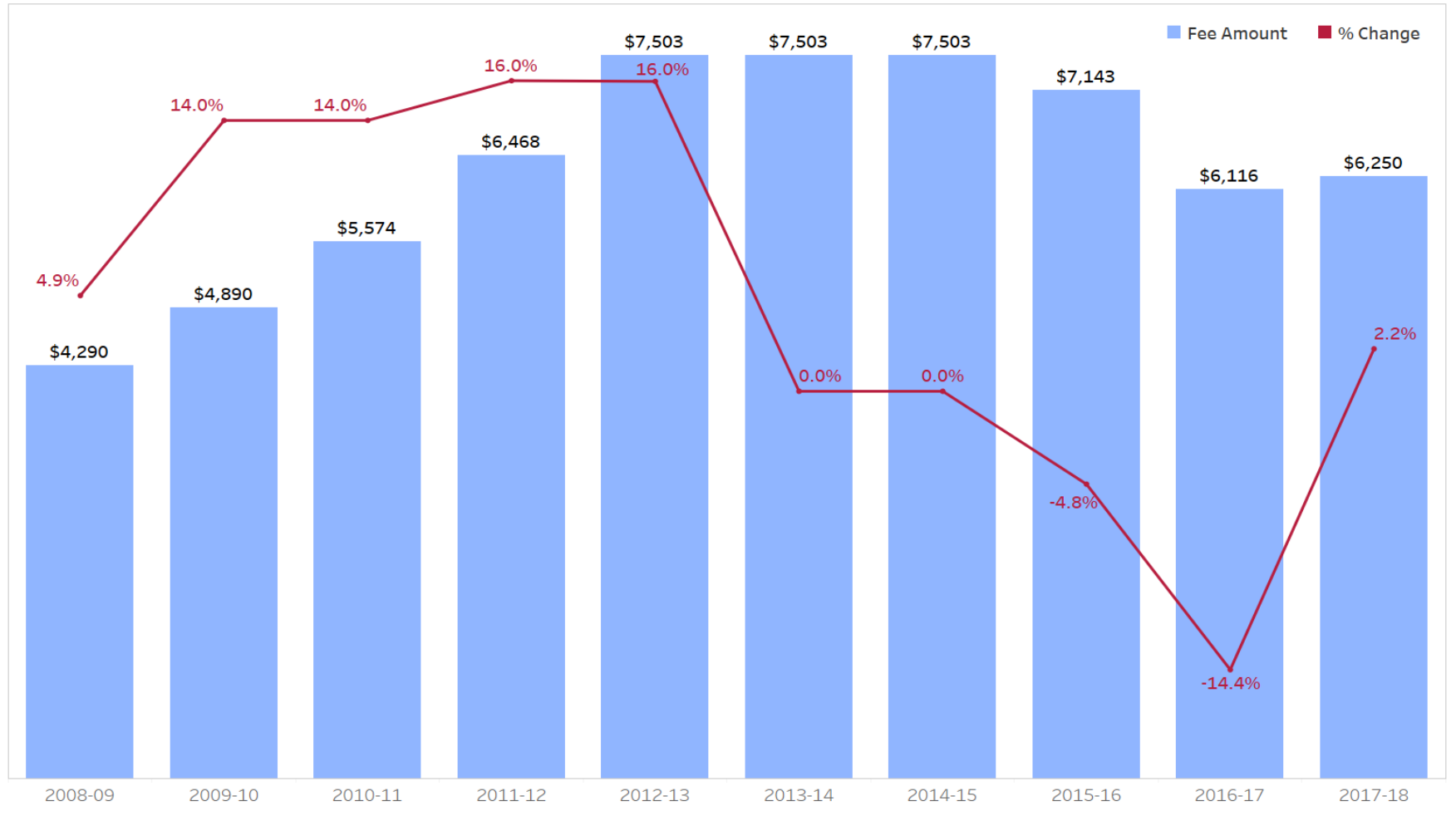


Includes net tuition operating fee revenue, state appropriations, and reimbursement for auxiliary enterprises and selected dedicated local funds.

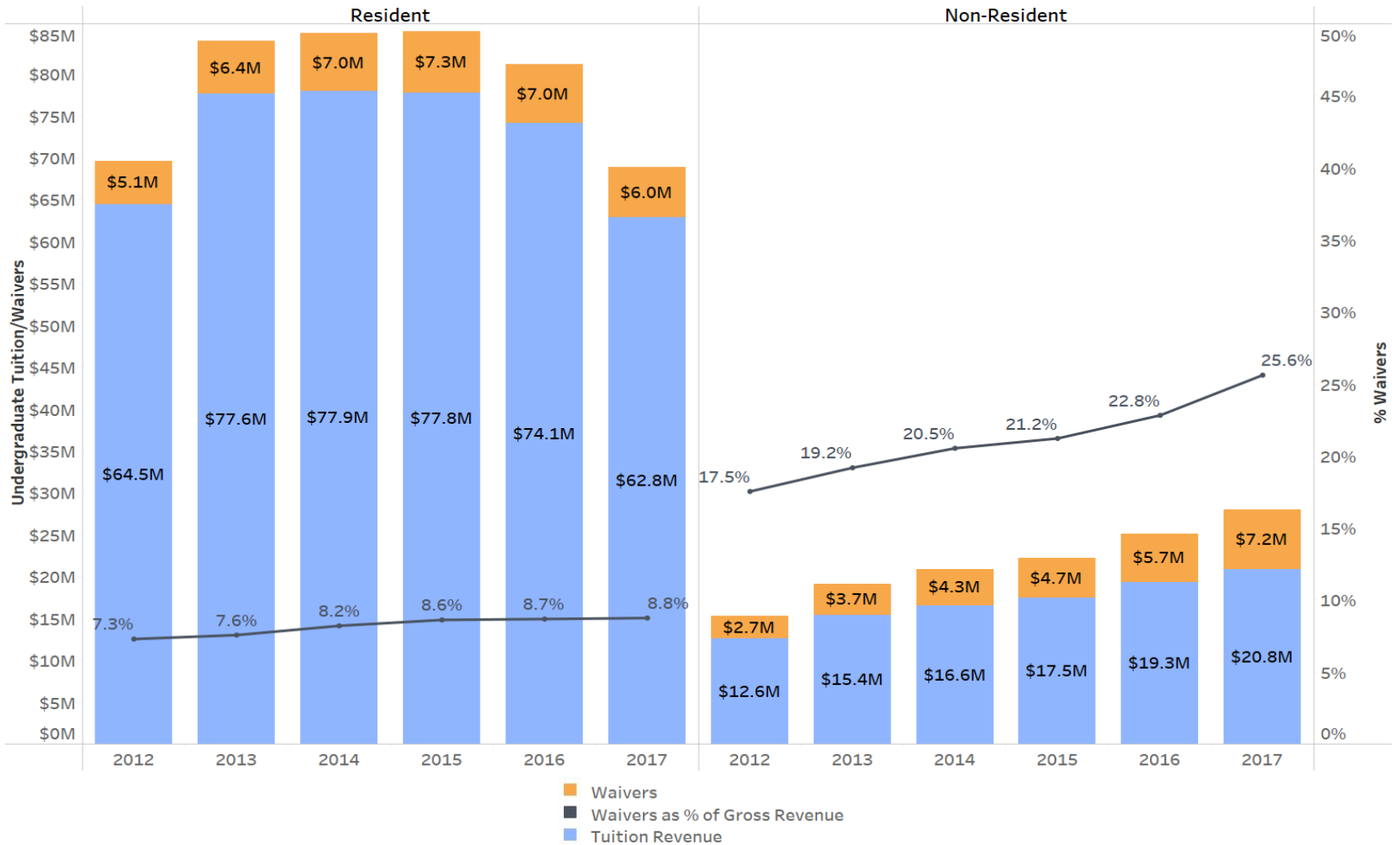
Percent Share of State Appropriations vs. Net Tuition Operating Fees



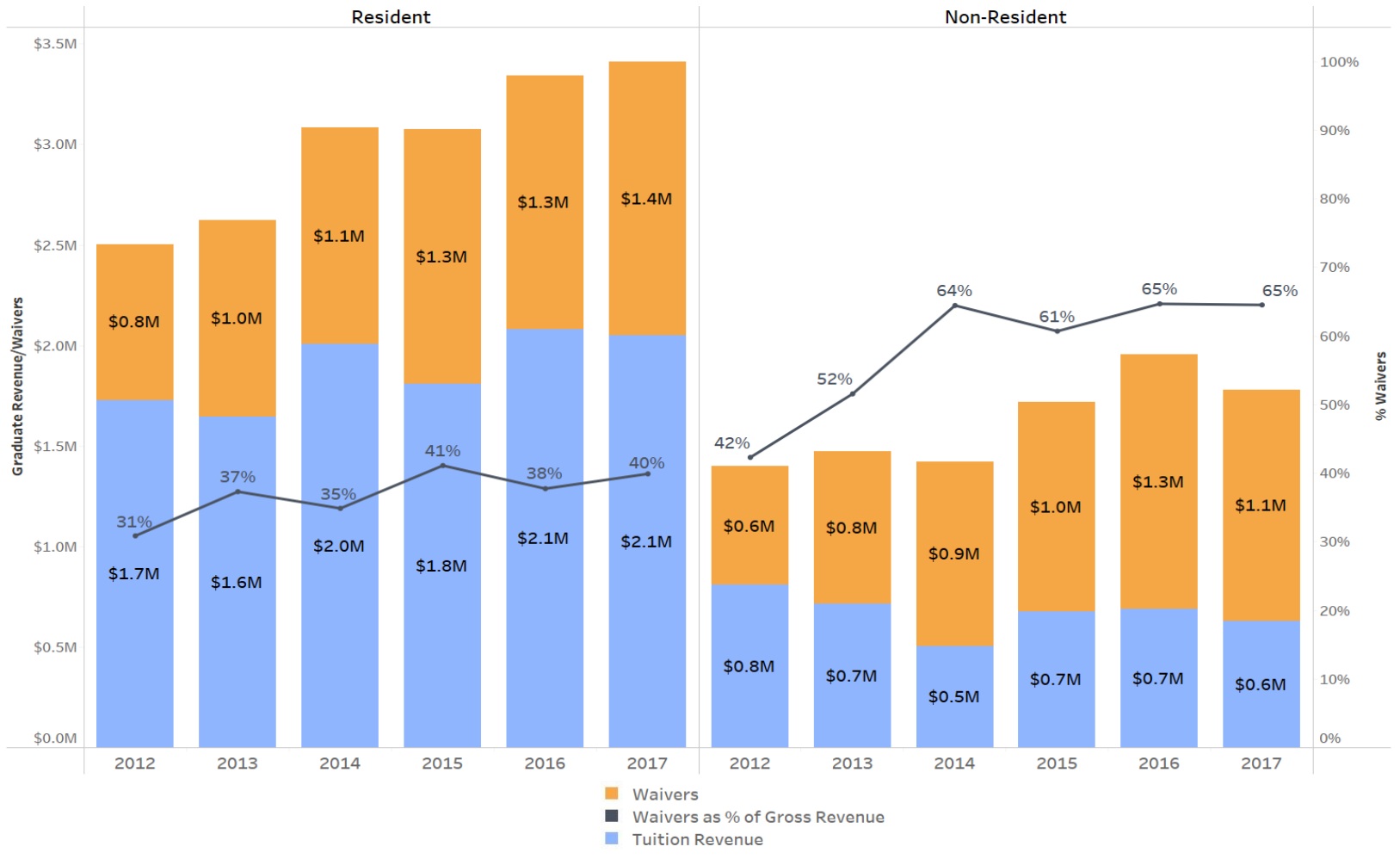
Resident Undergraduate Tuition



Undergraduate Tuition Revenue



Graduate Tuition Revenue

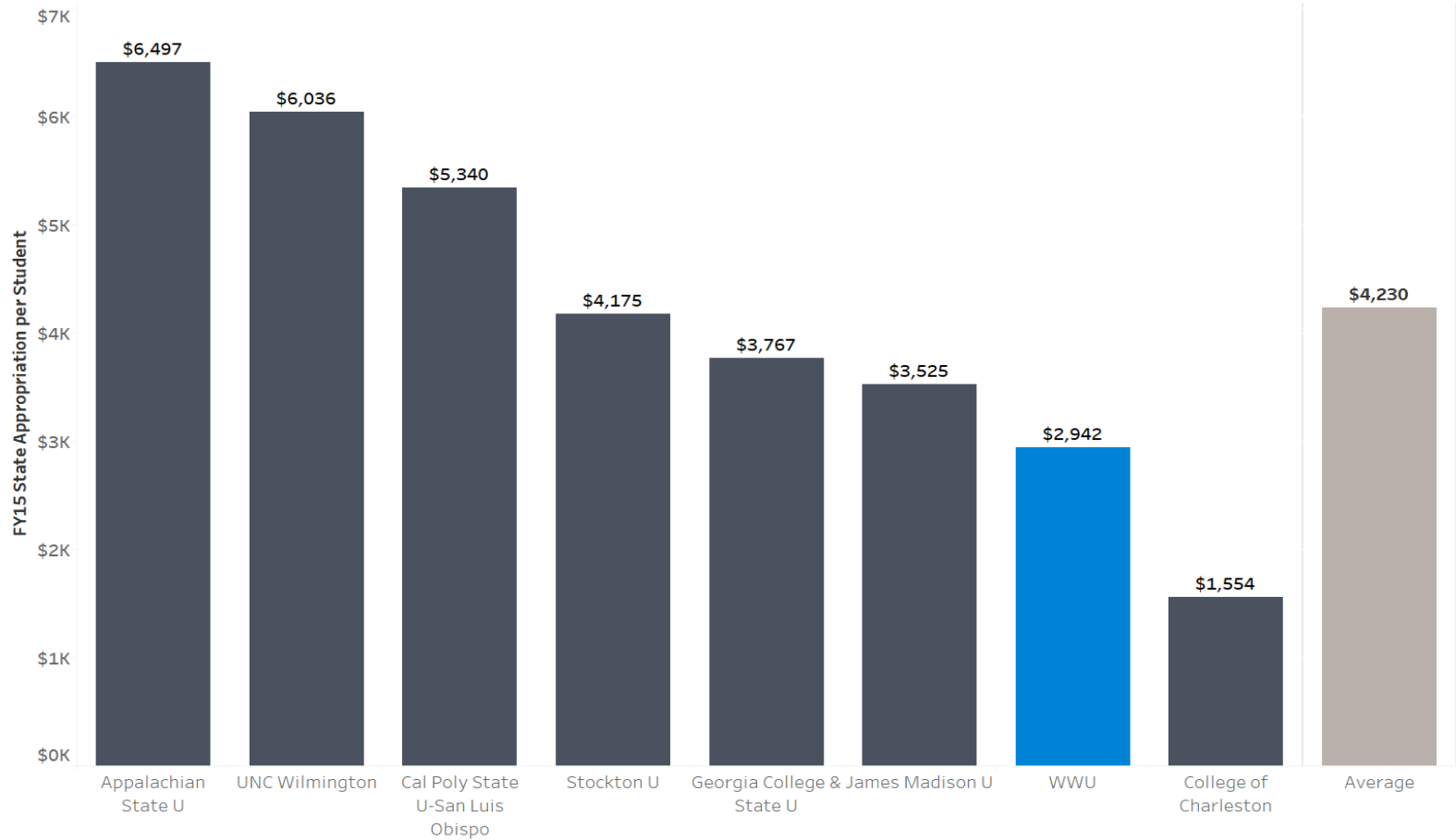


Washington State Peer Comparison State Appropriations per Historically Budgeted FTE

| | | Biennium 2007-09 | Biennium 2009-11 | Biennium 2011-13 | Biennium 2013-15 | Biennium 2015-17 |
|---------------------------------|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Research | University of Washington | \$10,521 | \$8,804 | \$6,019 | \$7,056 | \$8,753 |
| | Washington State University | \$11,395 | \$9,410 | \$7,003 | \$7,909 | \$9,610 |
| | Average | \$10,958 | \$9,107 | \$6,511 | \$7,483 | \$9,182 |
| Regional | The Evergreen State College | \$7,545 | \$5,935 | \$4,392 | \$4,958 | \$6,484 |
| | Eastern Washington University | \$6,405 | \$5,569 | \$4,025 | \$4,584 | \$6,047 |
| | Western Washington University | \$6,062 | \$5,066 | \$3,542 | \$4,207 | \$5,860 |
| | Central Washington University | \$6,346 | \$5,390 | \$3,783 | \$4,419 | \$5,826 |
| | Average | \$6,590 | \$5,490 | \$3,936 | \$4,542 | \$6,054 |
| All Institutions Average | | \$8,046 | \$6,696 | \$4,794 | \$5,522 | \$7,097 |

Data from LEAP.

(Preliminary) Aspirational Peer Comparison FY15 State Appropriation per Student

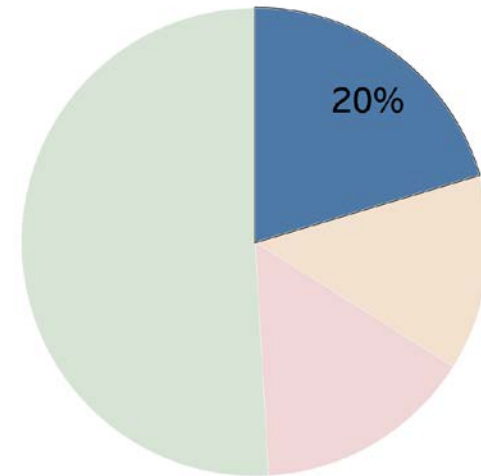


Data from IPEDS - FY15 is the most recent final release of IPEDS Finance data.

FY18 Auxiliary Enterprises Budget - \$67.2M

Housing & Dining Services
Western AS Bookstore
Campus Recreation
Associated Students
Athletics (portion)
Parking

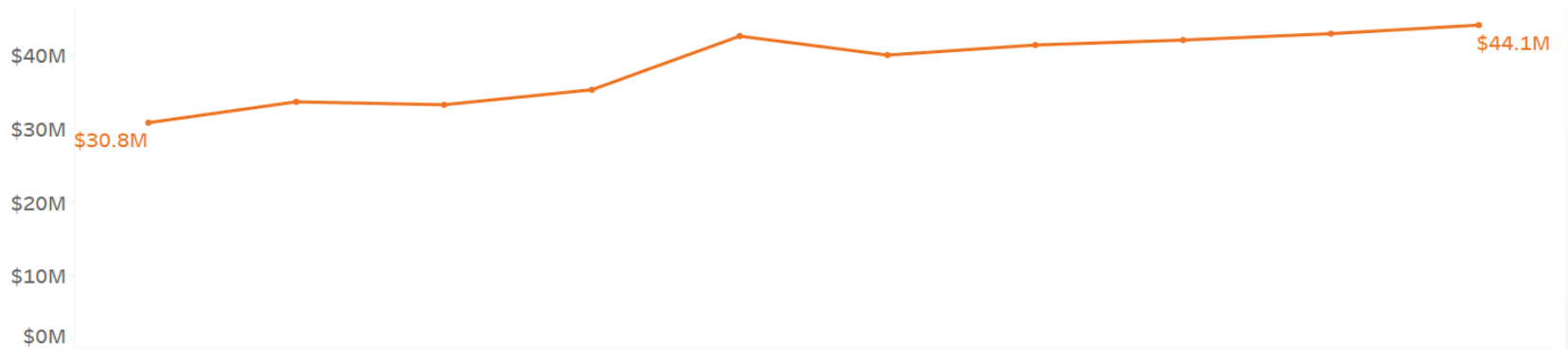
Other Auxiliaries
(includes some Fees)



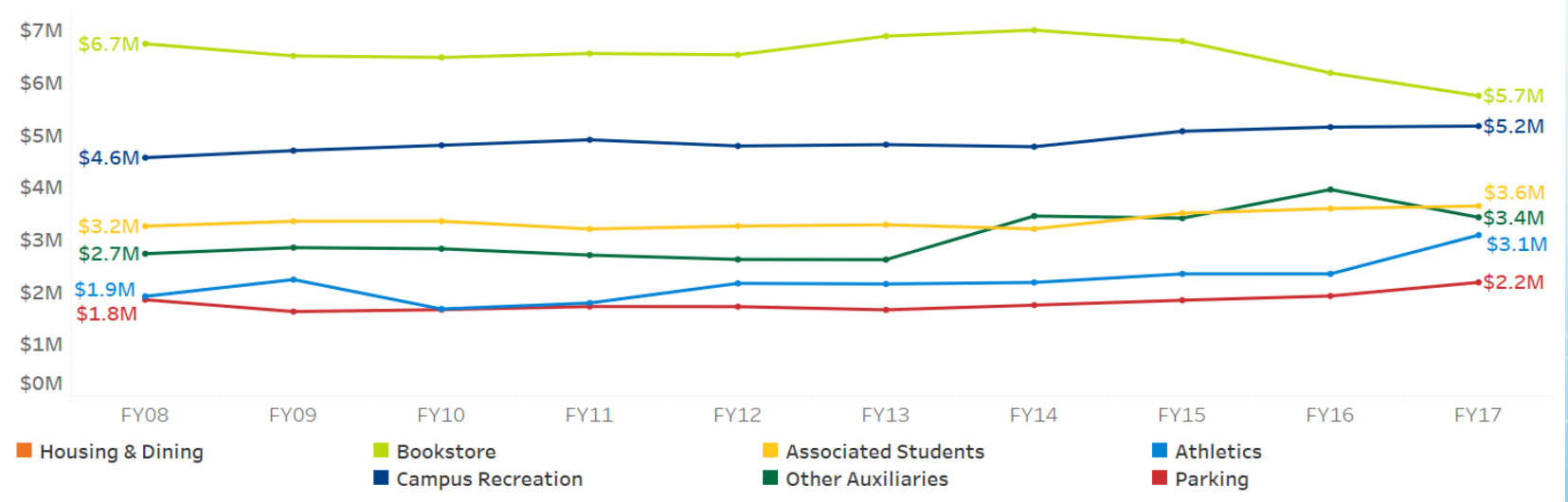
Exist to furnish goods or services to students, faculty, staff, other institutional departments, or the general public at a fee directly related to cost of goods or services. Auxiliaries are managed to operate as self-supporting activities.

Auxiliary Enterprises

Housing & Dining Auxiliary



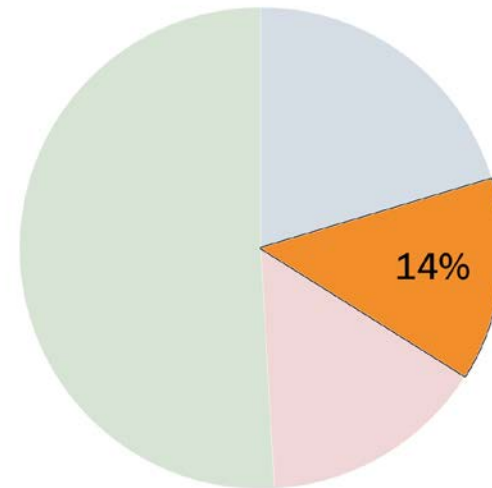
Other Auxiliaries



FY18 Dedicated Local Funds Budget - \$44.8M

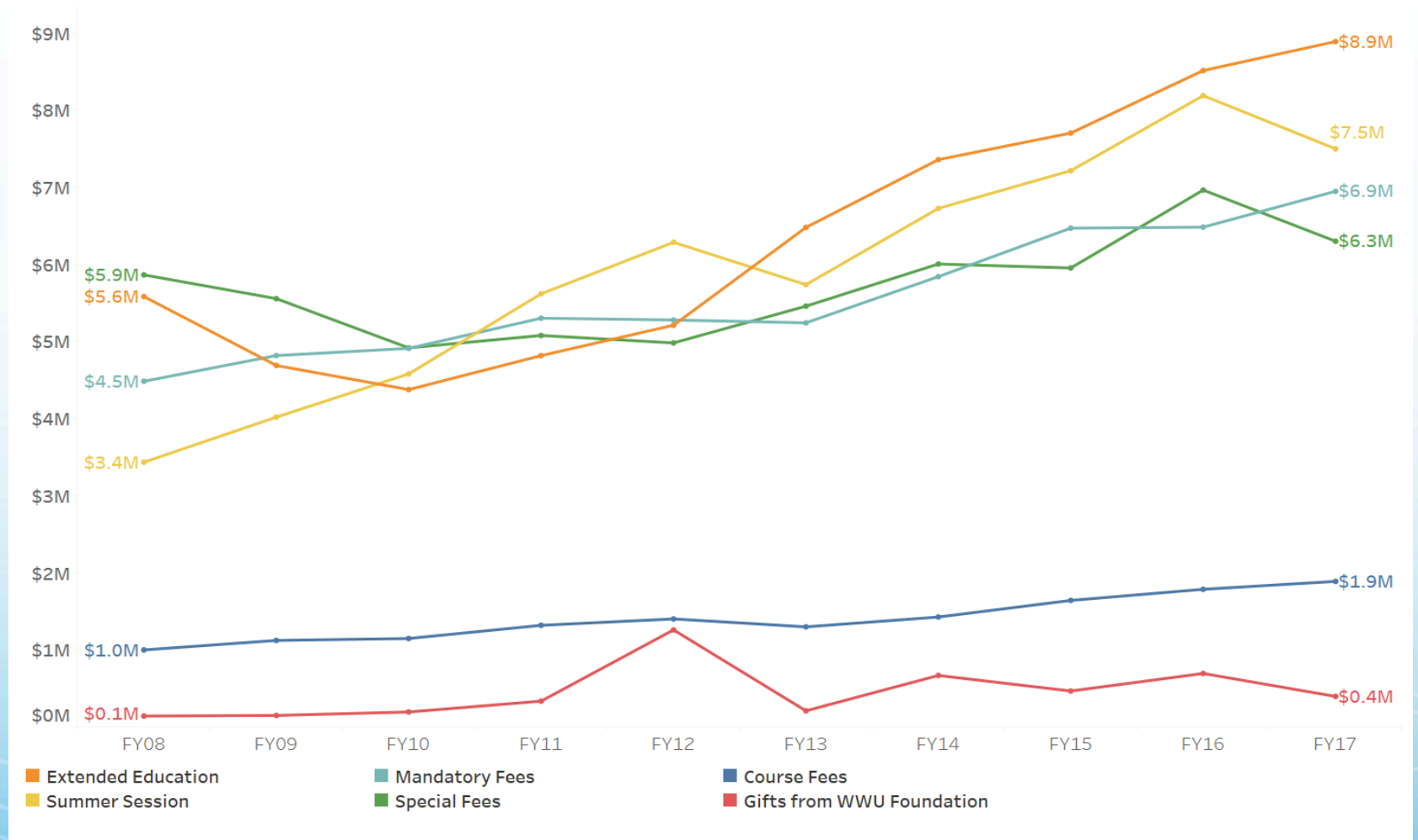
Extended Education Programs
Summer Session
Student Mandatory Fees
Course Fees

Special Fees
(examples include: application, enrollment,
orientation, registration and many others)

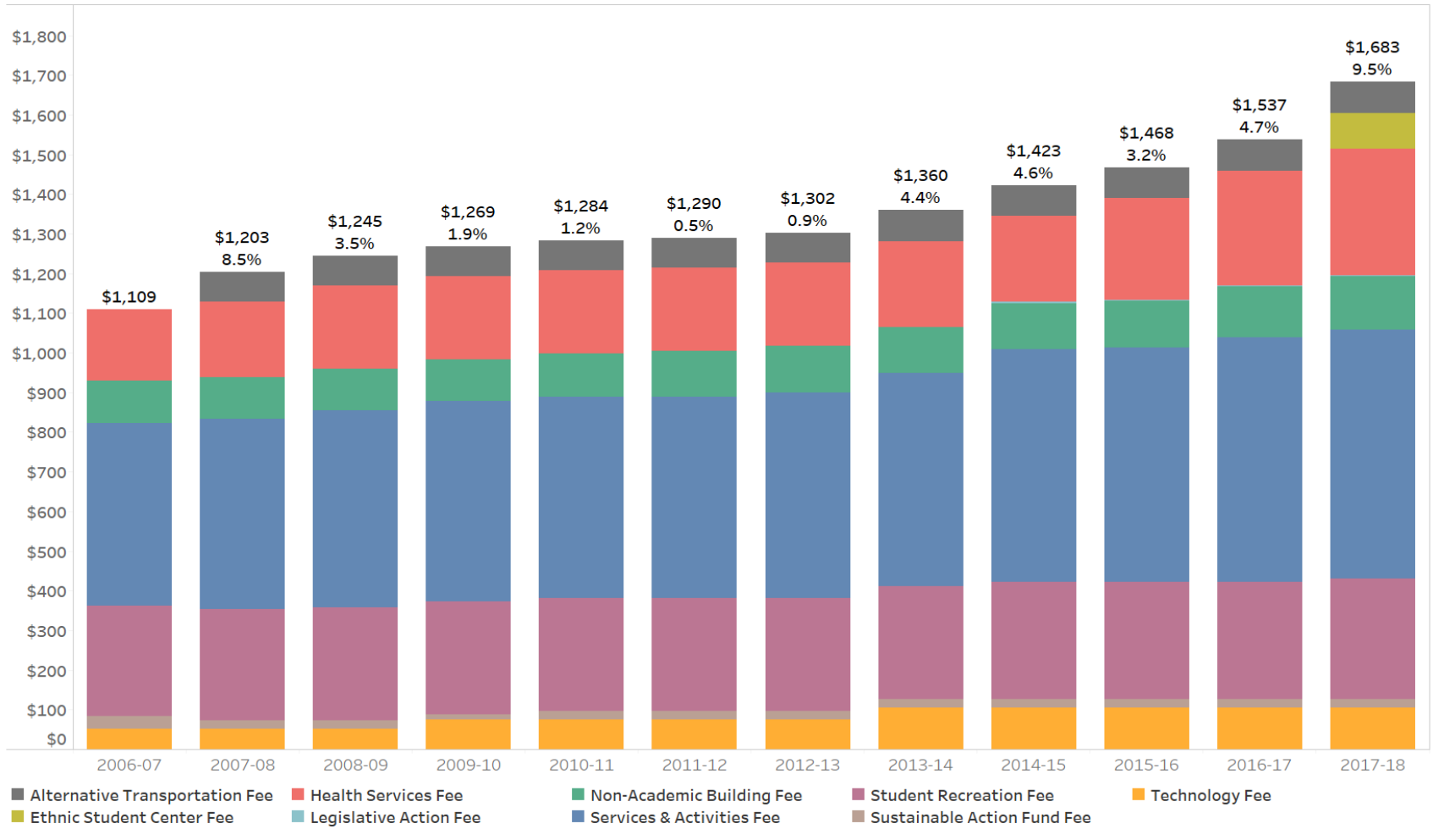


Non-state or state tuition dollars generated locally and used for a dedicated, but unrestricted purpose

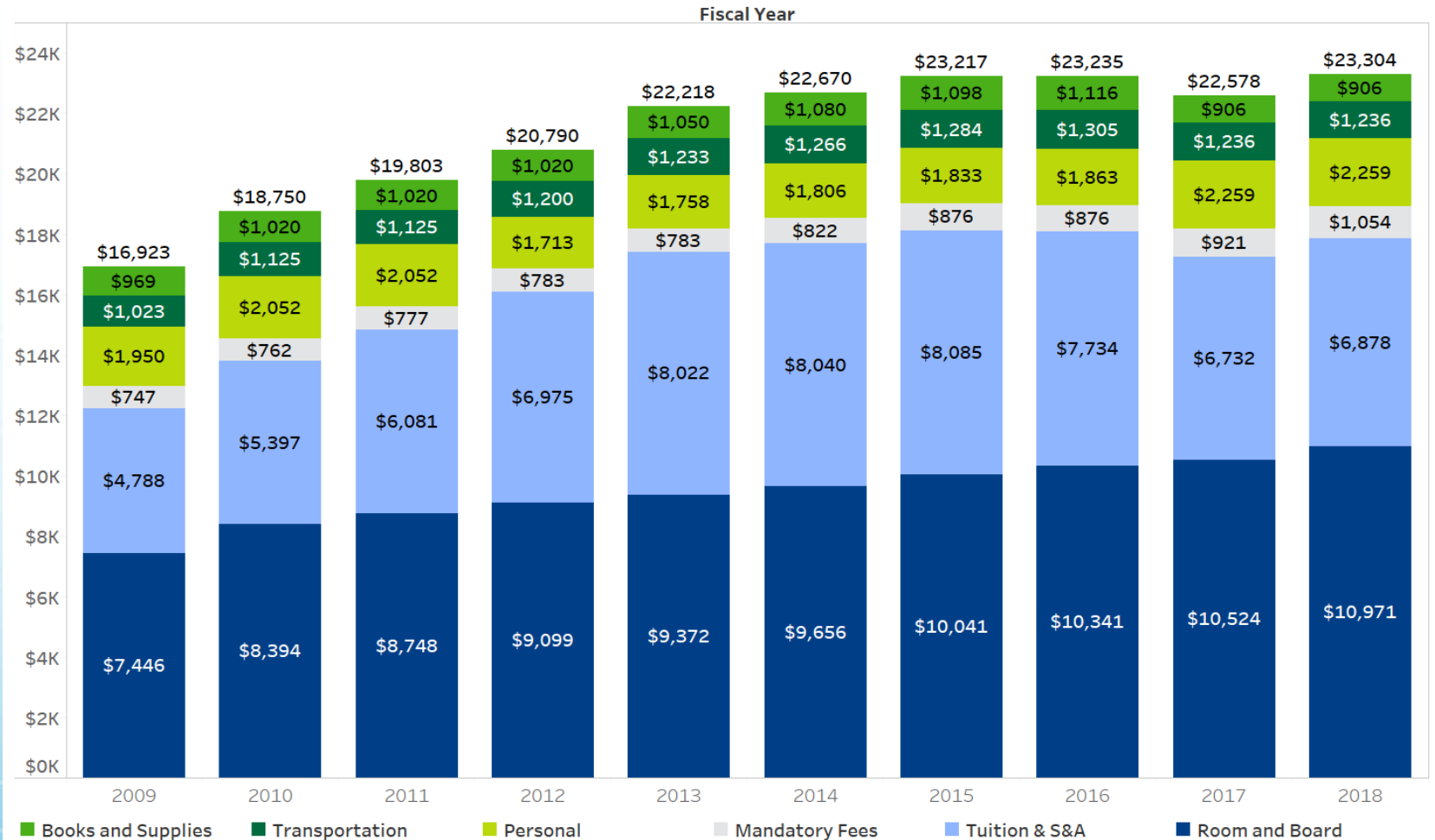
Dedicated Local Funds



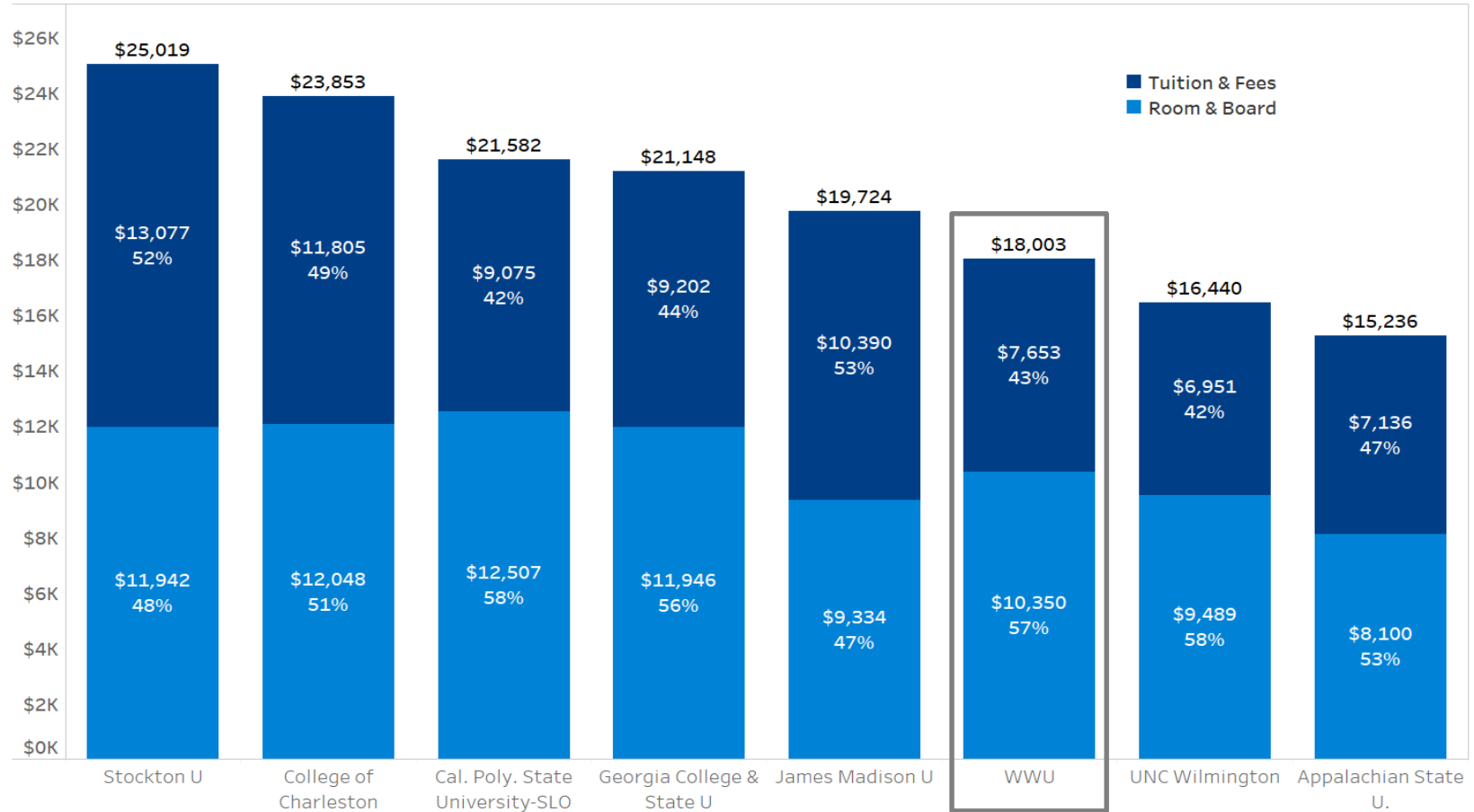
Mandatory Fees



Historical Resident Undergraduate Total Cost of Attendance



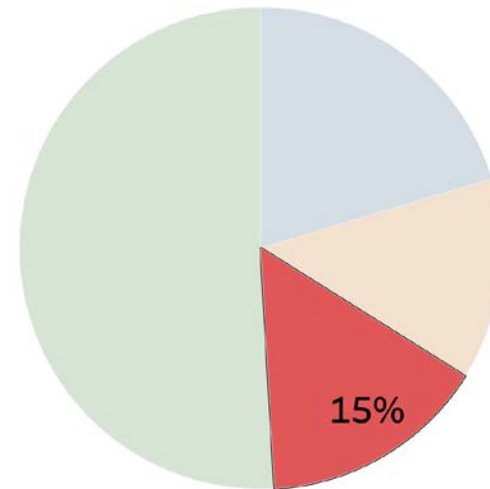
(Preliminary) Aspirational Peer Comparison Resident Undergraduate Cost of Attendance



Data from IPEDS - Academic Year 2015-16 is the most recent final release of IPEDS Institutional Characteristics data.

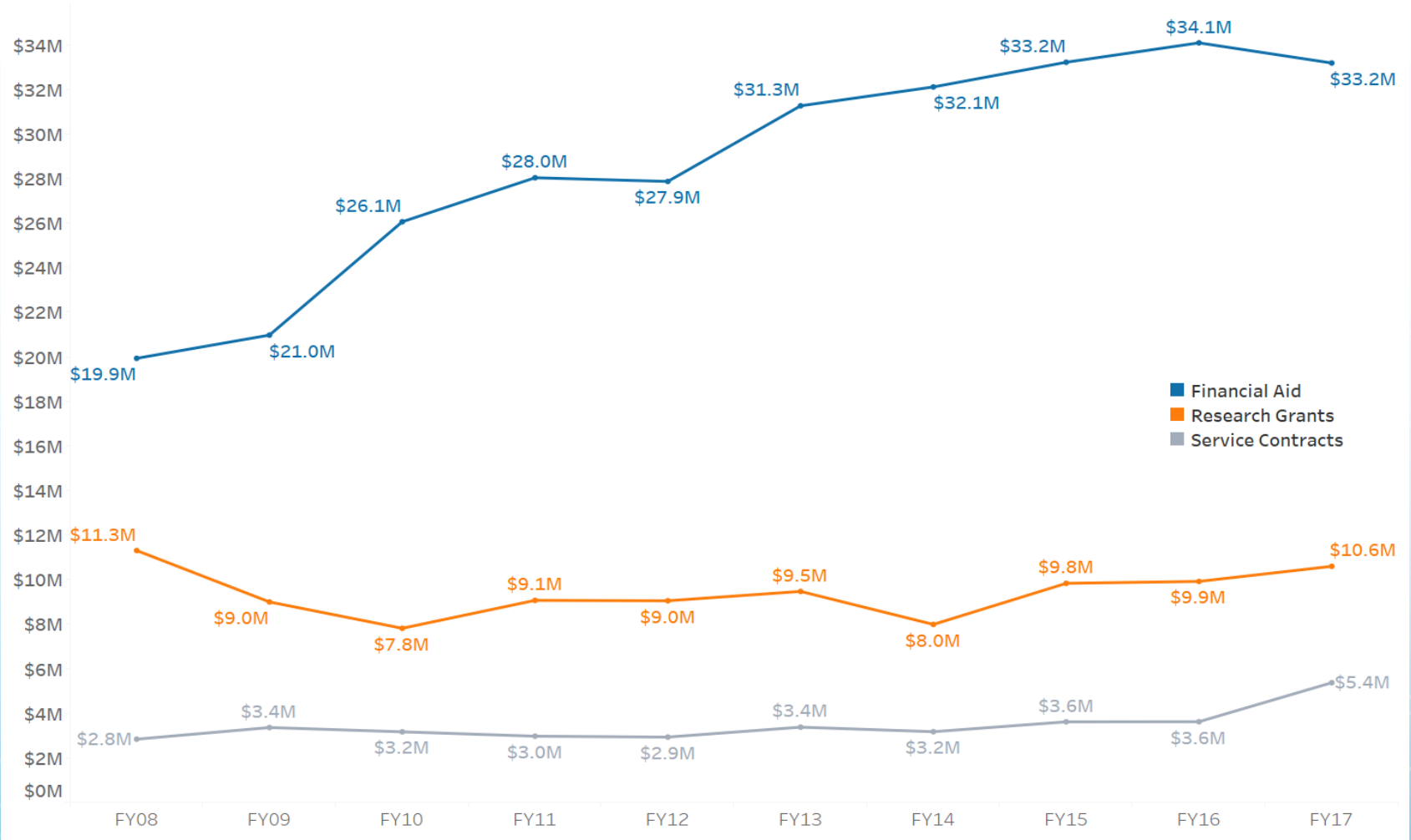
FY18 Grants and Contracts - \$50.2M

Research Grants
Service Contracts
Financial Aid

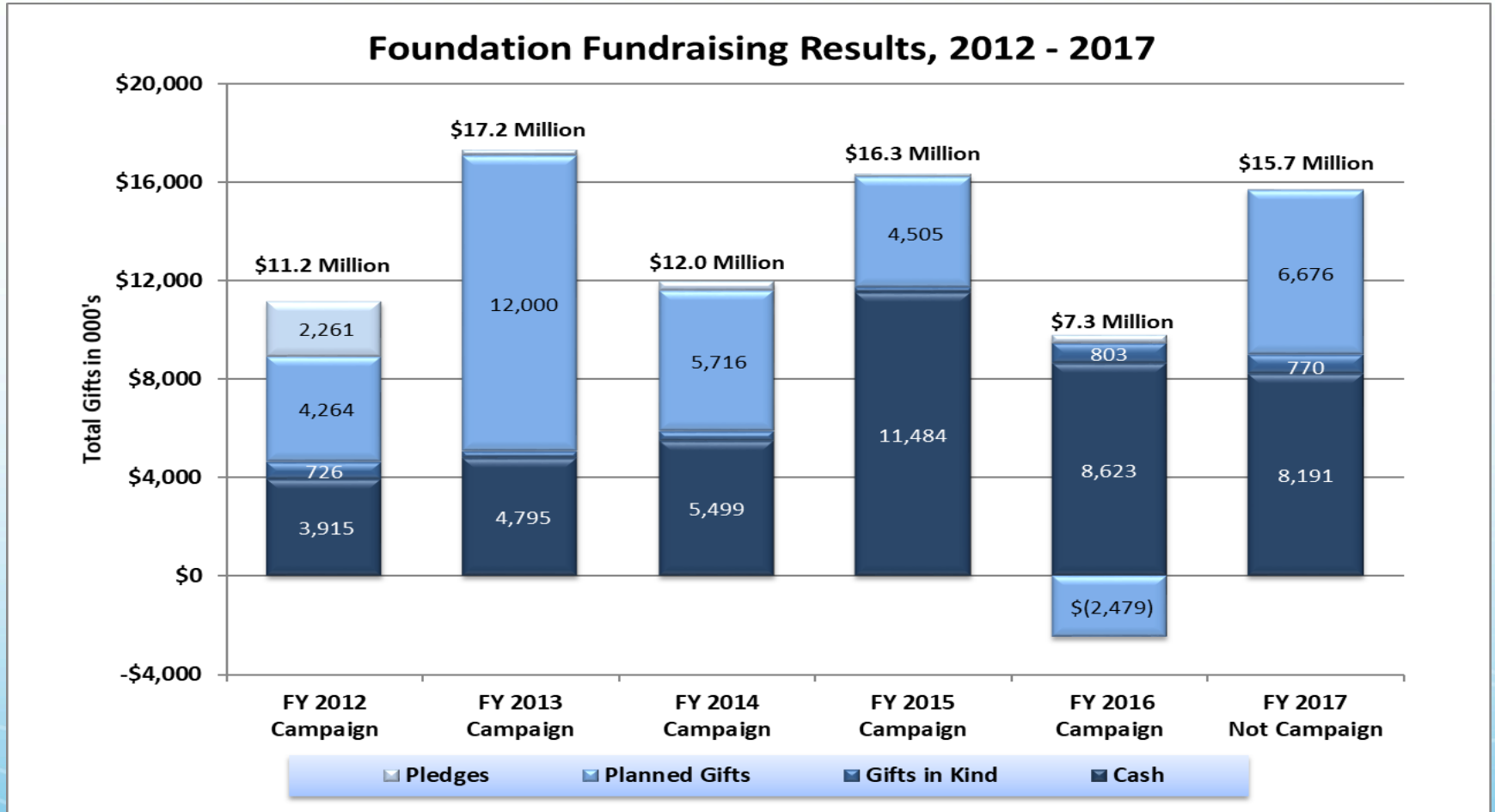


Restricted funds for a specific purpose designated by federal, state, or local government or contracting agency.

Grants & Contracts Revenue



Gift Revenue



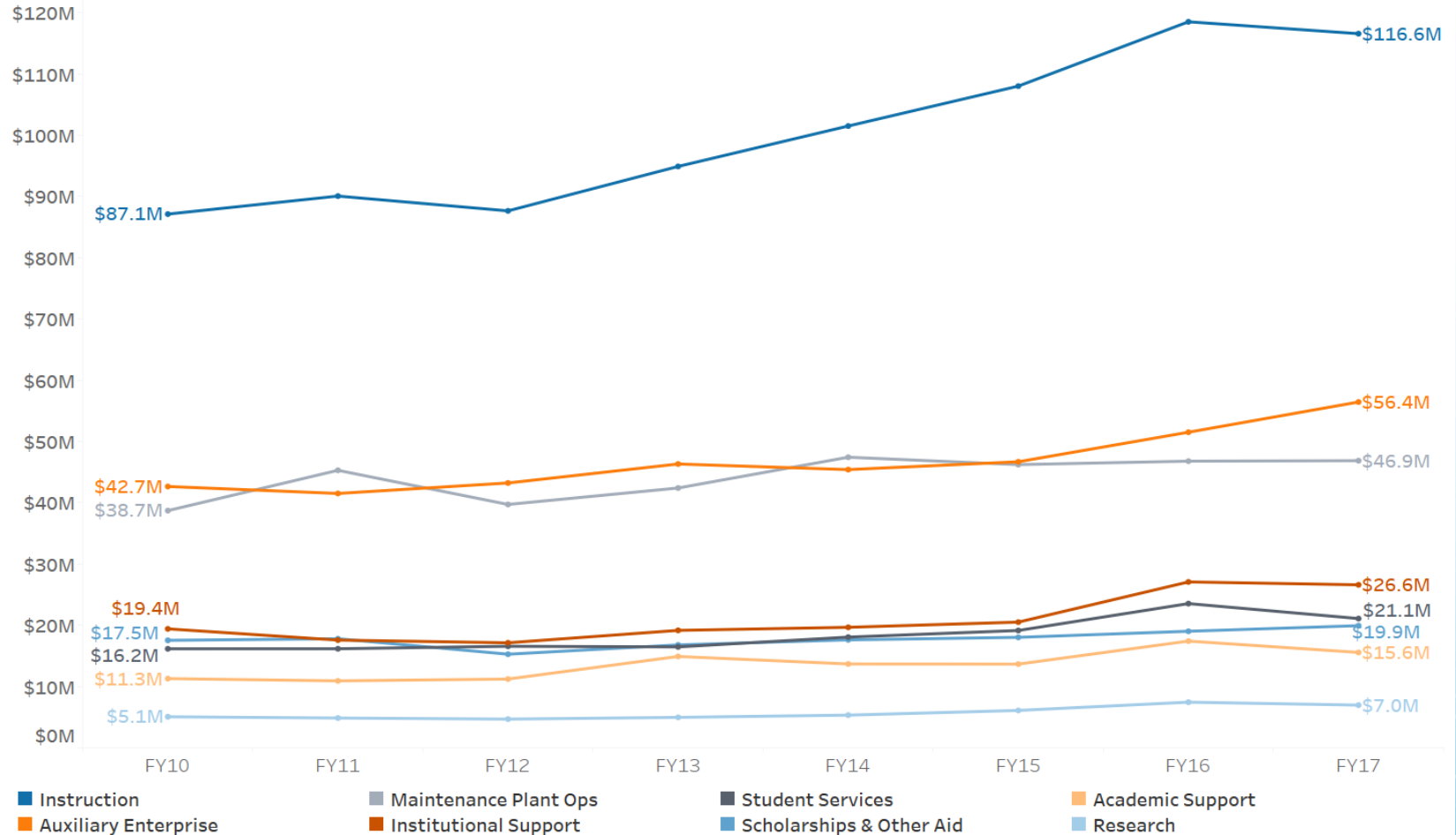
Recharge Centers

| | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Facilities Management | \$9.0M | \$8.6M | \$7.0M | \$6.3M | \$6.9M | \$8.1M | \$7.5M | \$19.1M | \$21.3M |
| Information Technology | \$1.8M | \$1.5M | \$1.6M | \$1.5M | \$1.5M | \$0.9M | \$1.1M | \$1.1M | \$1.0M |
| Fac Development & Capital Budget | \$0.3M | \$0.2M | \$2.4M | \$2.8M | \$1.9M | \$1.5M | \$1.0M | \$1.4M | \$1.5M |
| Financial & Business Services* | \$1.6M | \$1.1M | \$1.3M | \$1.6M | \$1.1M | \$1.5M | \$1.5M | \$1.6M | \$1.5M |
| Others | \$0.2M | \$0.2M | \$0.3M | \$0.2M | \$0.3M | \$0.3M | \$0.3M | \$0.0M | \$0.0M |
| Grand Total | \$12.9M | \$11.6M | \$12.5M | \$12.4M | \$11.7M | \$12.2M | \$11.4M | \$23.2M | \$25.4M |

* Includes Box Office, Publishing Services, Central Stores, etc.

Expenditures

Expenses by NACUBO Program Classification

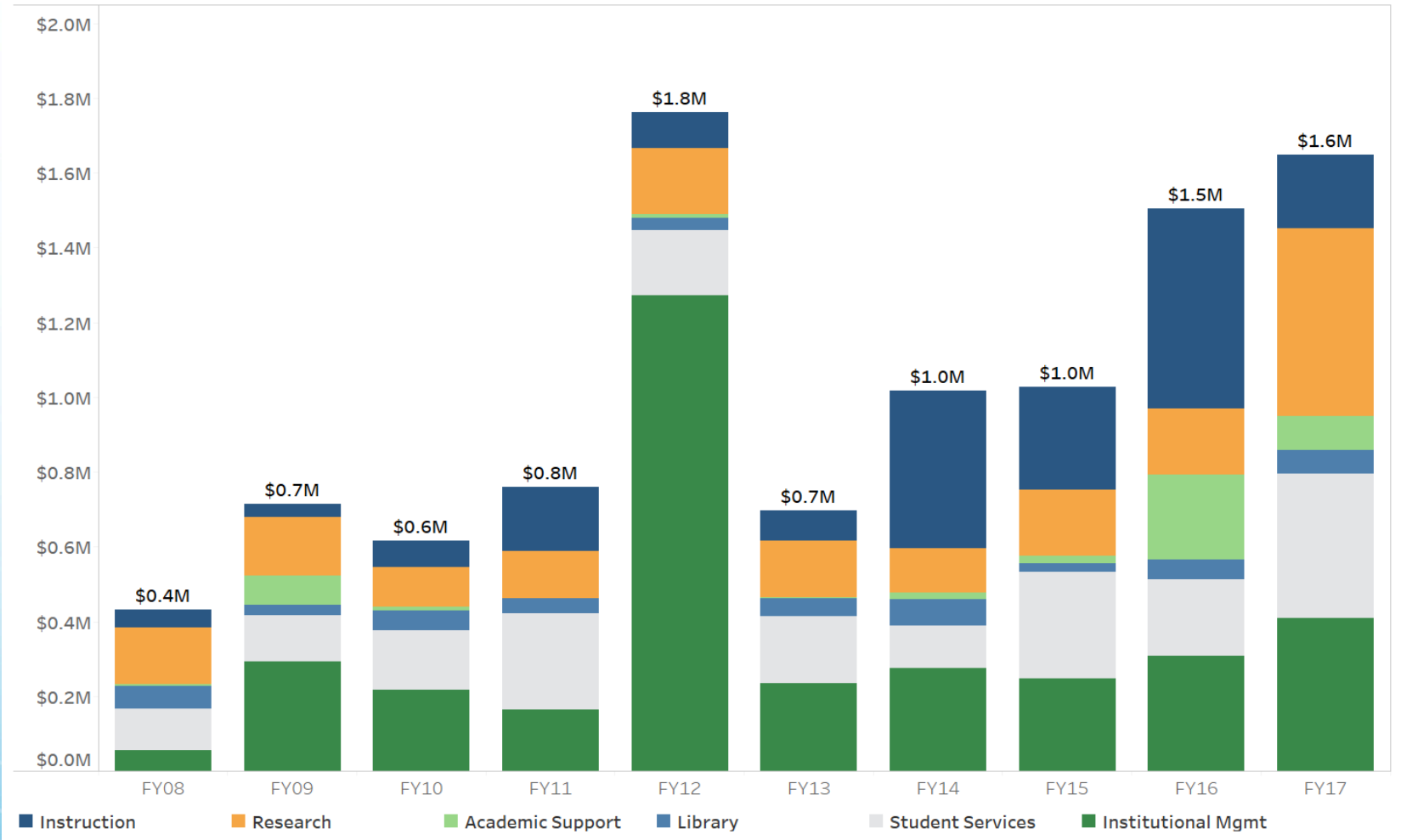


(Preliminary) Aspirational Peer Comparison FY15 Program Expenses as a Percent of Total Expense

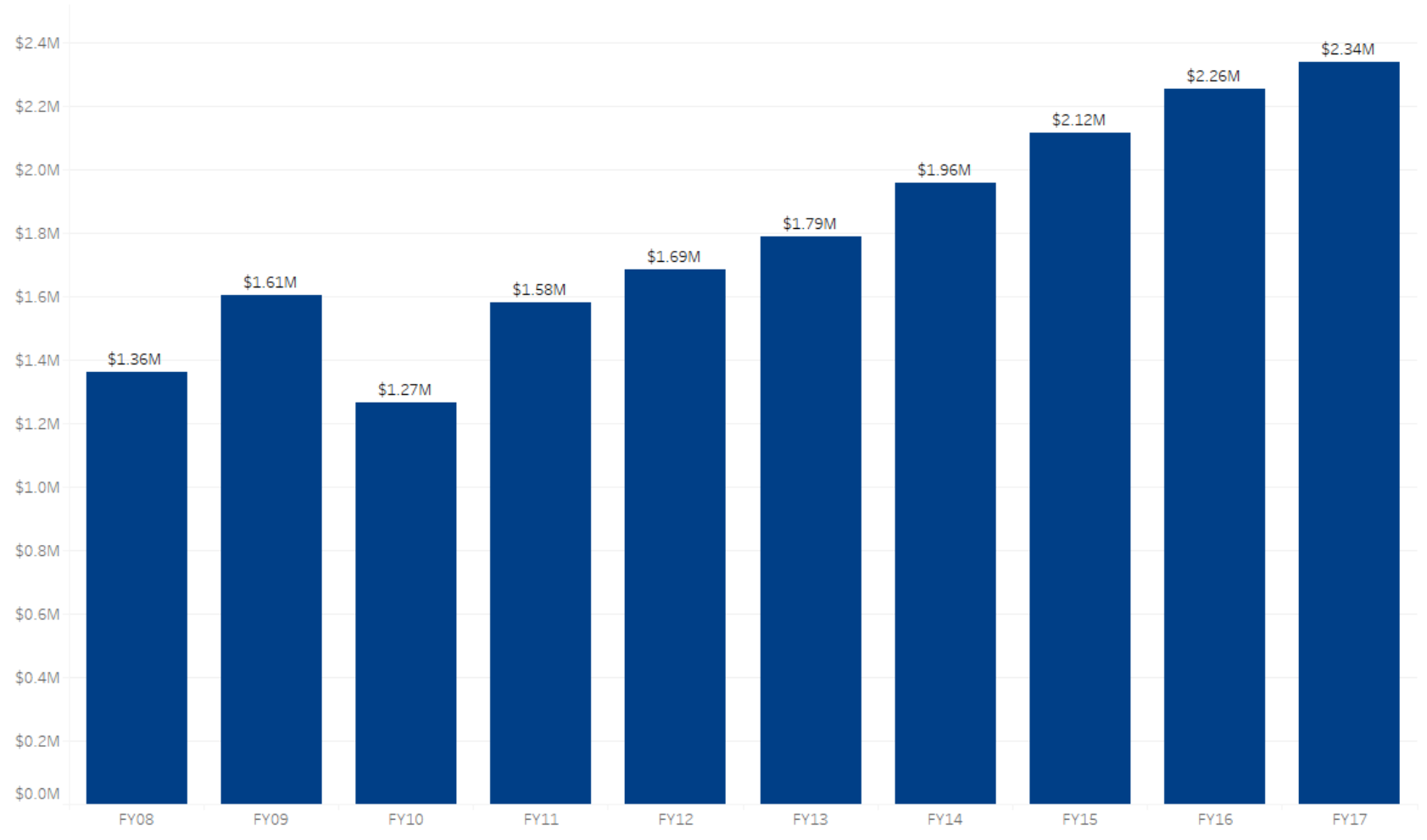
| Peer Institution | Instruction | Research | Public service | Academic support | Student services | Institutional support |
|----------------------------------|-------------|----------|----------------|------------------|------------------|-----------------------|
| WWU | 64.5% | 3.6% | 0.0% | 8.2% | 11.4% | 12.3% |
| James Madison U | 58.7% | 1.5% | 5.2% | 16.2% | 6.9% | 11.5% |
| UNC Wilmington | 58.3% | 7.0% | 1.9% | 11.6% | 7.6% | 13.7% |
| Appalachian State U | 58.2% | 1.2% | 2.8% | 20.1% | 6.1% | 11.5% |
| College of Charleston | 54.4% | 5.4% | 1.2% | 9.9% | 8.9% | 20.2% |
| Cal Poly State U-San Luis Obispo | 53.1% | 0.8% | 0.2% | 14.1% | 18.1% | 13.7% |
| Stockton U | 52.0% | 1.0% | 5.3% | 8.0% | 11.8% | 21.9% |
| Georgia College & State U | 51.5% | 0.6% | 1.1% | 18.2% | 11.8% | 16.8% |

Data is from IPEDS - FY15 is the most recent final release of IPEDS Finance data.

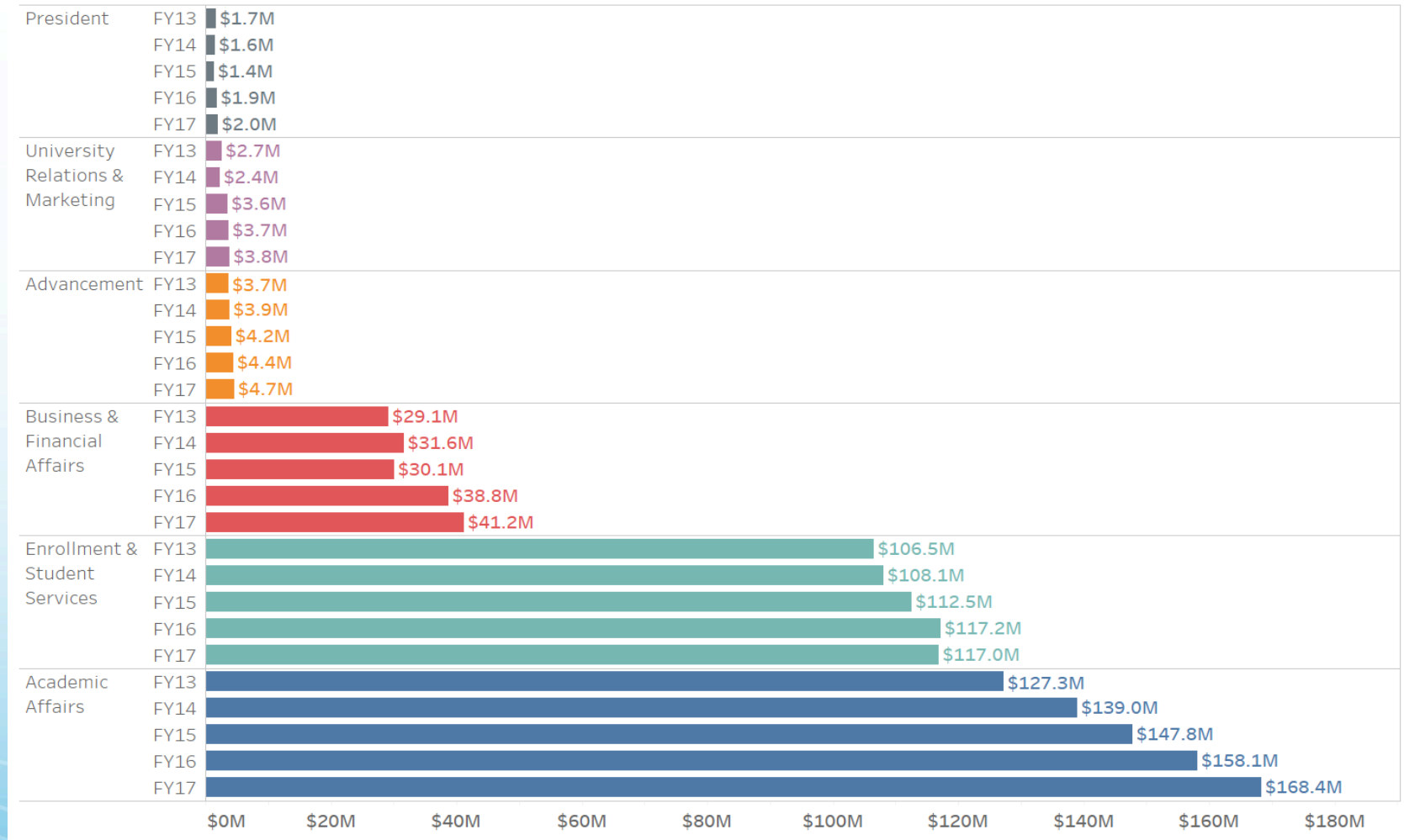
Foundation Support by NACUBO Program Classification



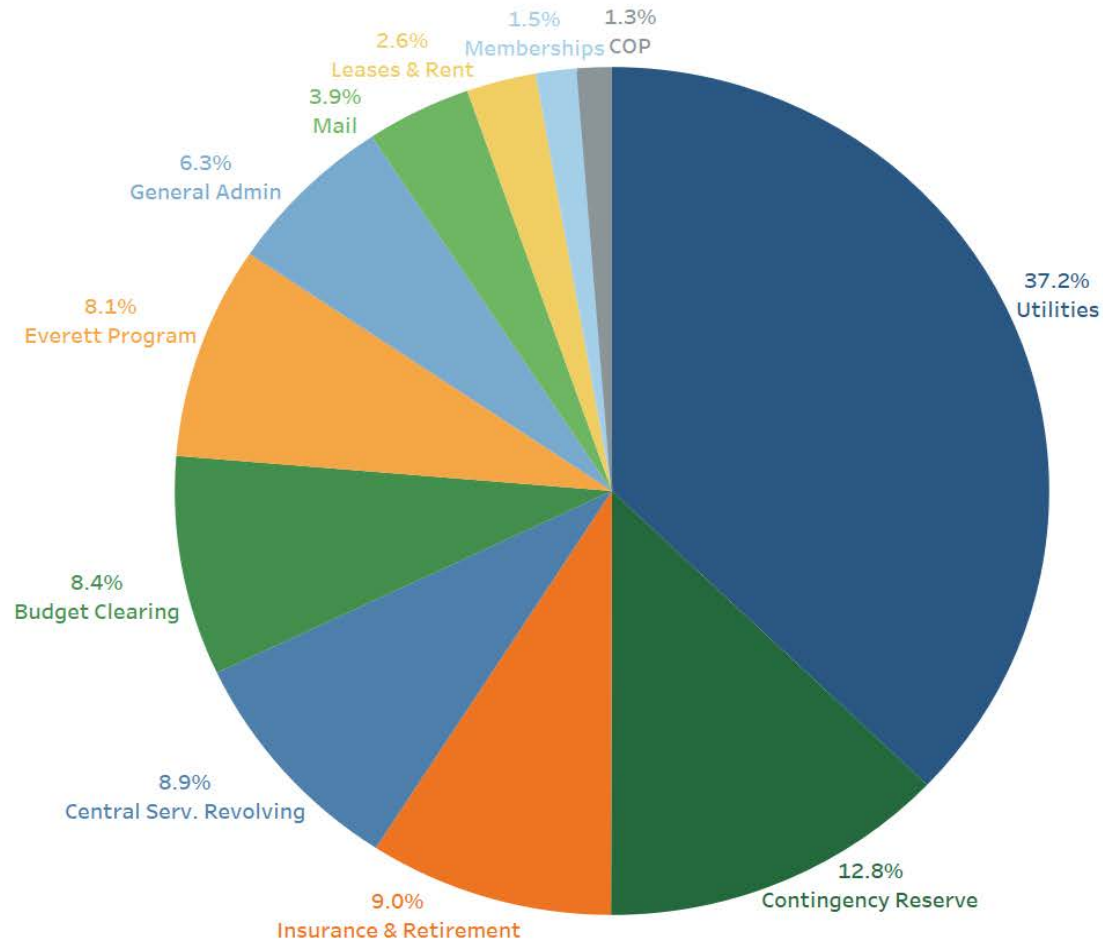
Scholarship Expenditures by Foundation



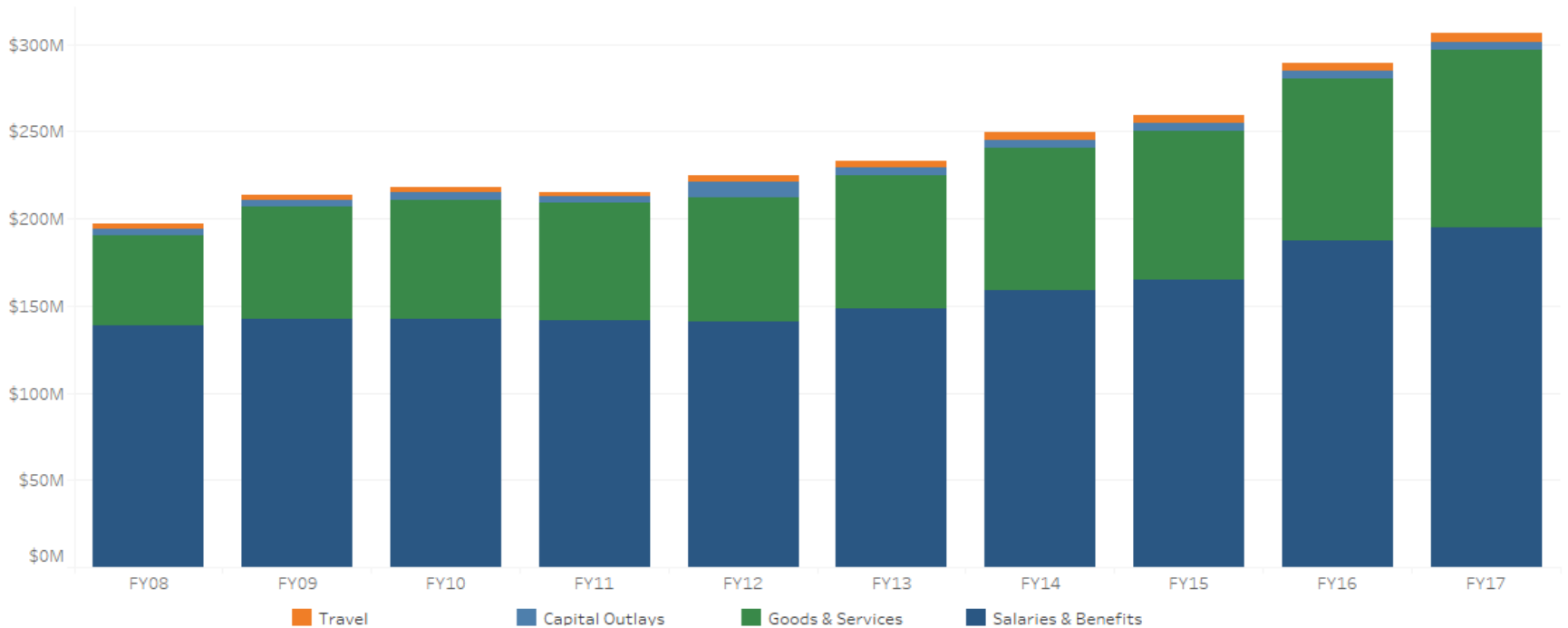
All Funds Expenditures by Division



FY18 Budgeted Institutional Funds



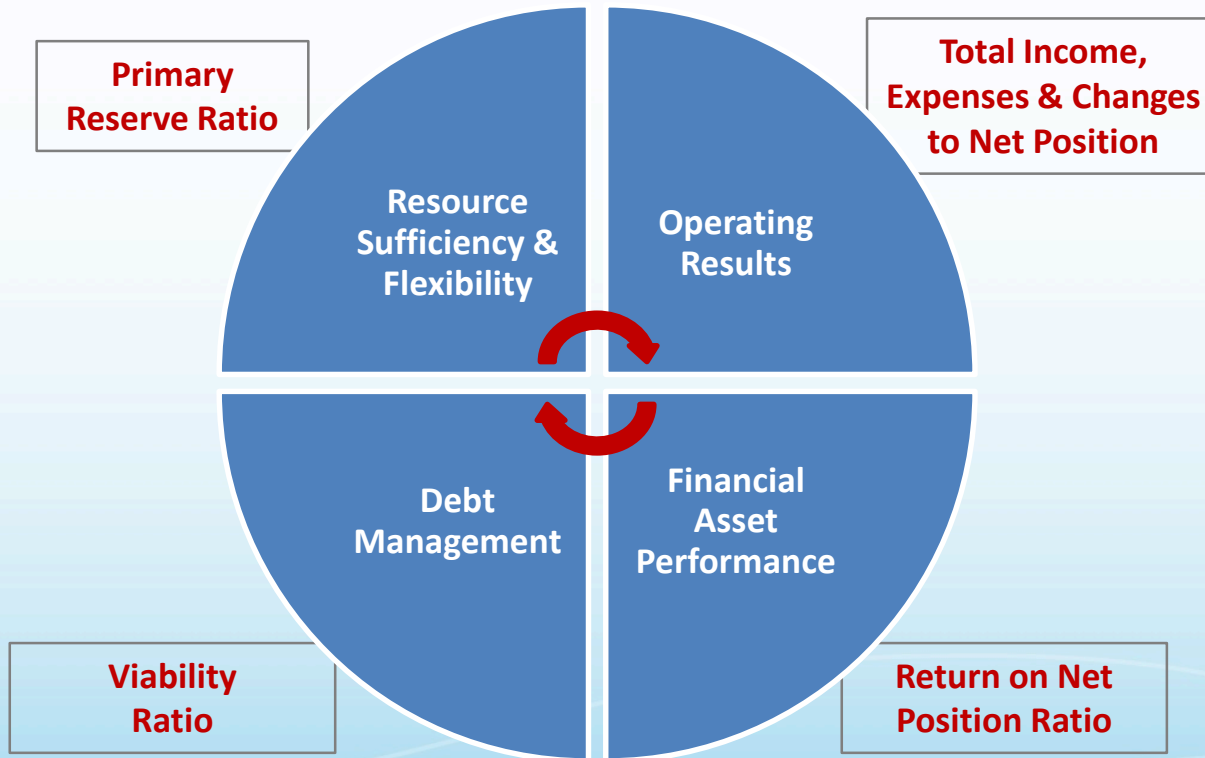
Expenses by Natural Classification



| | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Travel | \$3,285,645 | \$2,887,291 | \$2,667,669 | \$2,913,386 | \$3,531,183 | \$3,953,951 | \$4,090,618 | \$4,319,695 | \$4,765,903 | \$5,059,072 |
| Capital Outlays | \$3,461,036 | \$3,328,620 | \$4,832,265 | \$3,379,719 | \$9,163,506 | \$4,451,510 | \$4,463,606 | \$4,717,909 | \$4,605,962 | \$4,040,707 |
| Goods & Services | \$52,154,848 | \$65,001,270 | \$67,656,984 | \$67,375,977 | \$71,450,561 | \$76,564,634 | \$81,947,933 | \$85,431,440 | \$93,180,196 | \$102,431,039 |
| Salaries & Benefits | \$138,371,314 | \$142,207,901 | \$142,628,283 | \$141,796,683 | \$140,664,476 | \$148,422,157 | \$159,012,869 | \$164,622,552 | \$187,074,667 | \$194,696,284 |

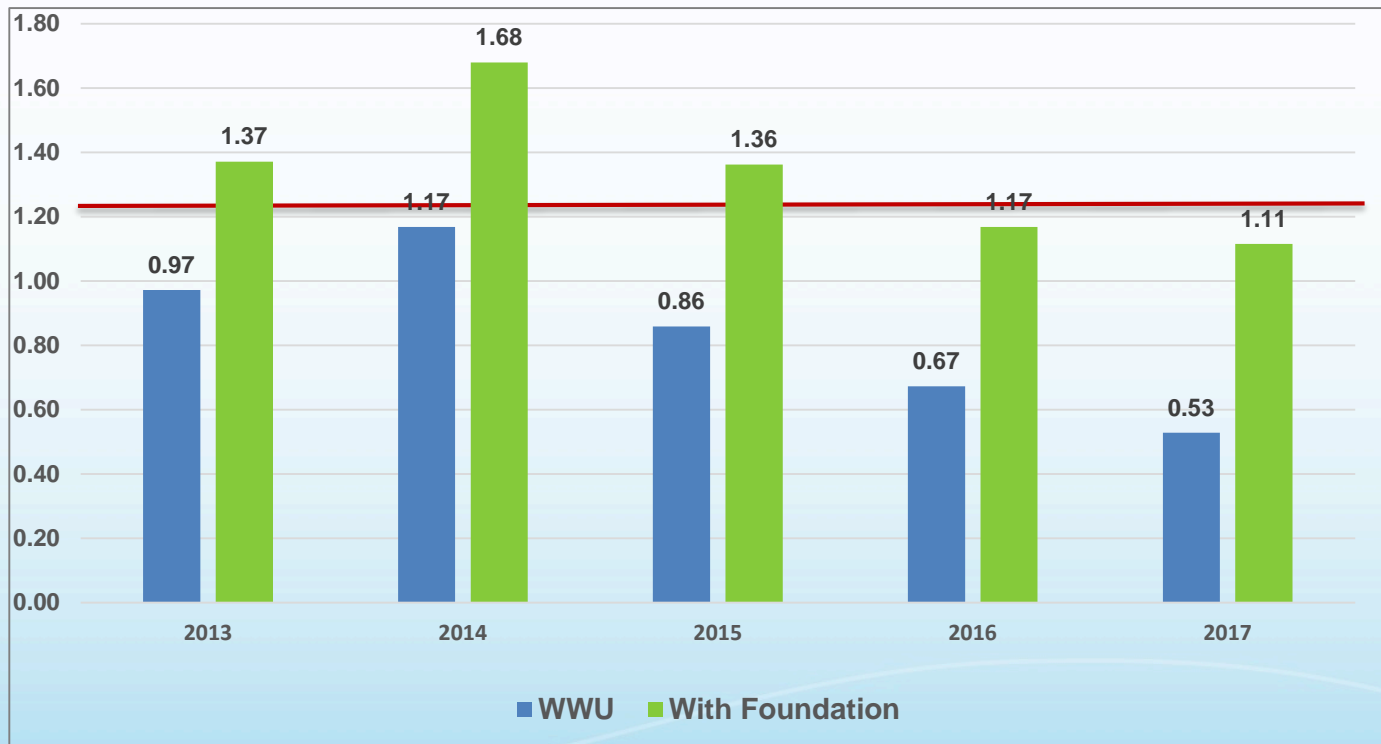
Annual Financial Health Report

Measuring Financial Health



Viability Ratio: Debt Management

Measures the ability to repay debt with available financial resources. It is a measure of balance sheet leverage and indicates a University's "flexibility" to further the University's mission.

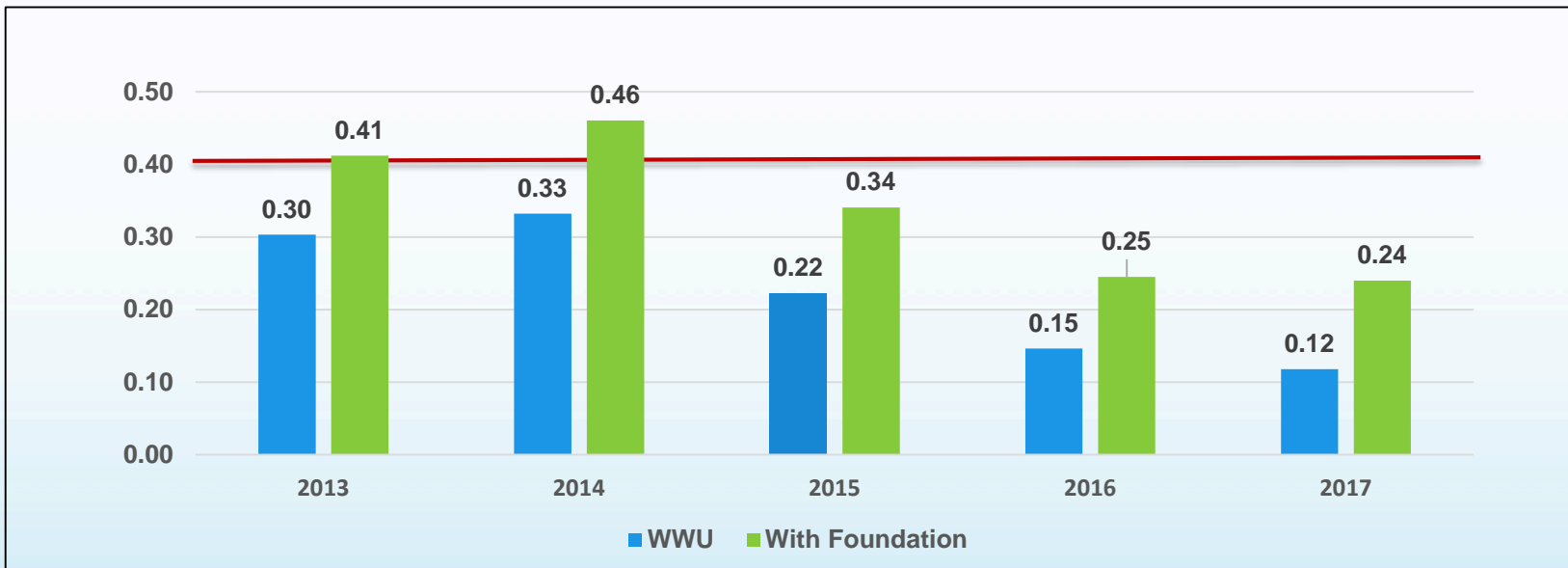


Viability Ratio is Expendable Net Assets (excluding Capital Projects) divided by Debt (excluding state-paid debt). The red line indicates Strategic Financial Analysis for Higher Education recommends a ratio of 1.25X or greater that indicates existing debt could be repaid from expendable resources available today.

FY15: Decrease primarily due to the recognition of \$31M in pension liabilities per GASB 68. Adjusting for GASB changes w/foundation to 1.78.
FY16: Decrease primarily due to the recognition of \$13.3M in pension liabilities per GASB 73. Adjusting for GASB changes w/foundation to 1.79
FY17: Adjusting for both GASB 68 and 73 increases w/foundation ratio to 1.73

Primary Reserve Ratio: Resource Sufficiency and Flexibility

Compares the University's existing financial resources to the size of its operating expenses.



Primary Reserve Ratio is Expendable Net Assets (excluding Capital Projects) divided by Total Adjusted Expenses (Operating Expenses plus Interest Expense). The red line indicates Strategic Financial Analysis for Higher Education recommends a ratio of 0.40X is advisable to give the University flexibility to transform an enterprise over the long term while keeping adequate reserves to cover unforeseen expenses; 0.24X indicates the University could operate for approximately 72 days without additional funds. Adjusted FY17 at .33X indicates the University could operate for 99 days.

FY15: Decrease primarily due to the recognition of \$31M in pension liabilities per GASB 68. Adjusting for this change w/foundation ratio is .44

FY16: Decrease primarily due to the recognition of \$13.3M in pension liabilities per GASB 73. Adjusting for this change w/Foundation ratio to .39

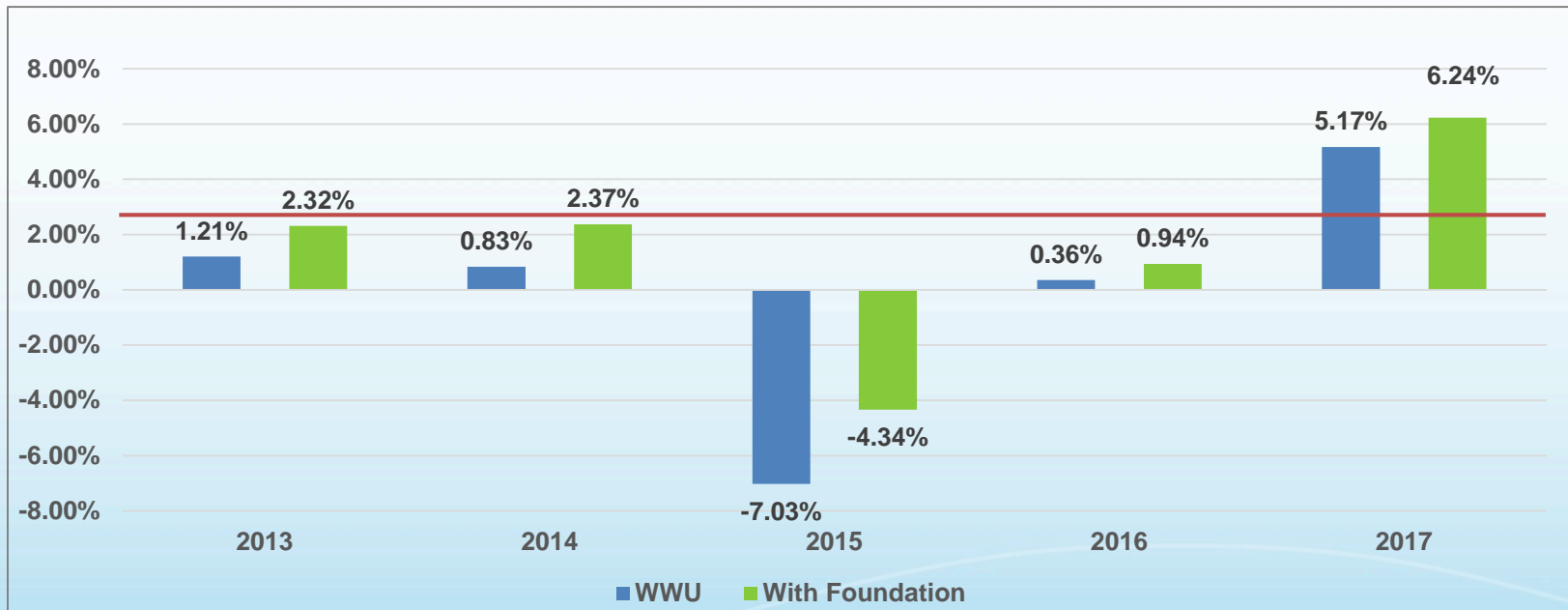
FY17: Adjusting for both GASB 68 and 73 w/foundation increases the ratio to .37

Guiding Principles for University Reserves

- Honor targeted use of revenue sources:
 - Grants and contracts
 - Directed state appropriations
 - Revenue from private philanthropy
- Benchmark indicates a 0.40 Primary Reserve Ratio be attained for:
 - Ensuring the University is financially sound and can make long-term investments required for success
 - Maintaining a strong fiscal position
 - Unanticipated emergencies
 - Emerging opportunities to advance the University
 - Reserve for major equipment replacement
 - Cash flow for cyclical revenue cycles
 - Unfunded pension liabilities

Return on Net Position Ratio: Financial Asset Performance

Indicates if the University is financially healthier than in previous years by measuring total economic return. A decline in this ratio may be appropriate and even warranted to fulfill the University's mission. An improving trend indicates net assets are increasing and we may be able to set aside financial resources to strengthen the University's future financial flexibility.



Return on Net Position Ratio is the change in Net Position divided by Total Net Position, The red line indicates NACUBO studies recommend using the Higher Education Price Index plus a Real Rate of Return, (HEPI) 5 year average of 2.44%.

FY15: Decrease primarily due to the recognition of \$31M in pension liabilities per GASB 68. Adjusting for GASB changes w/foundation to 1.63%

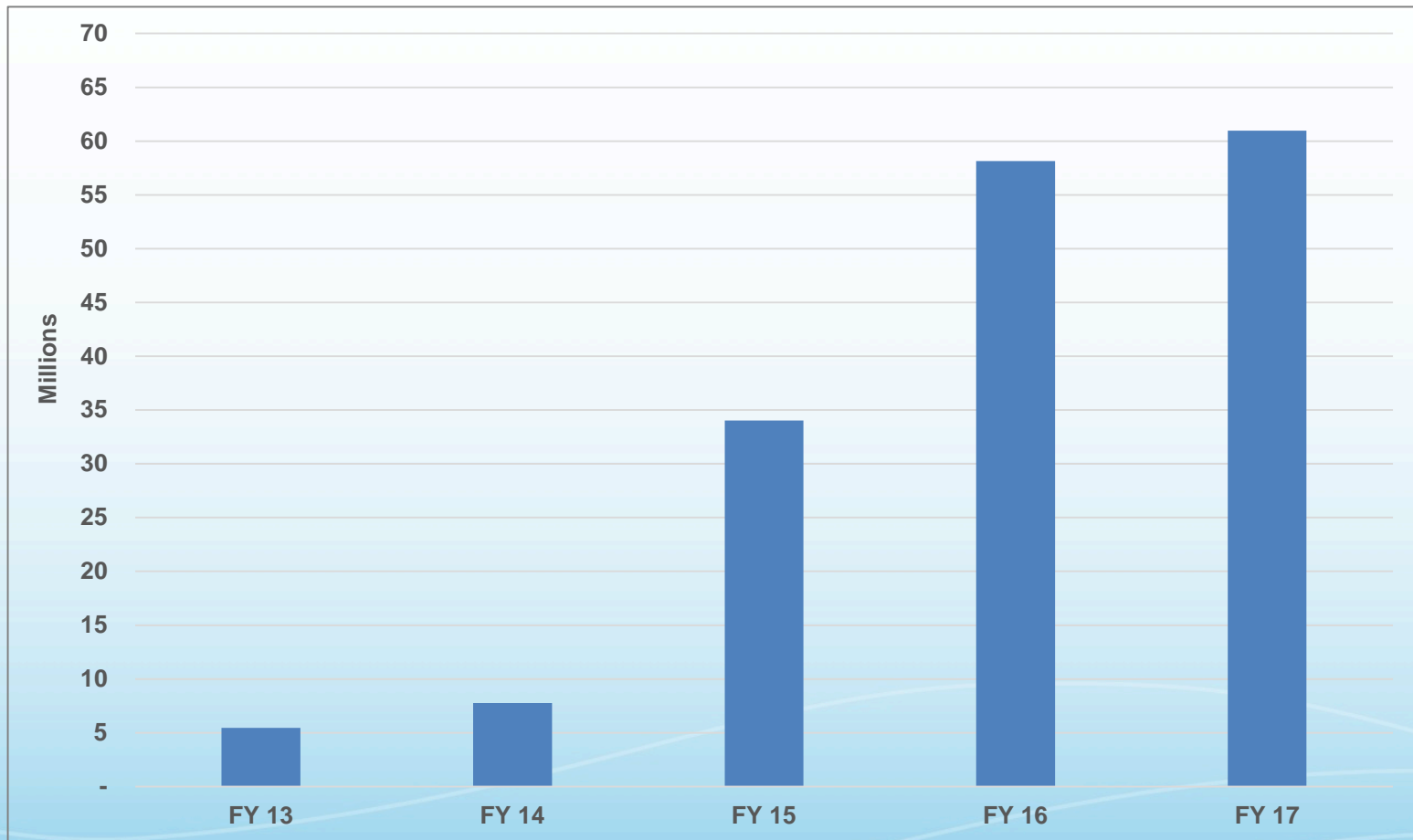
FY16: Decrease primarily due to the recognition of \$13.3M in pension liabilities per GASB 73. Adjusting for GASB changes w/foundation to 3.06%.

FY17: Adjusting for both GASB 68 and 73 changes w/foundation ratio to 5.99% .

Total Revenue, Expenditures, and Fall Headcount



Total Pension Liabilities



FY18: The University will be recognizing Other Post-Employment Benefits (OPEB) estimated to be tens of millions of dollar in balance sheet liabilities.

Summary

Overall the University's financial position is stable. Per Moody's Investors Service, the University's A1 rating continues to reflect growing state support and our ability to leverage its strategic position in an economically vibrant and growing state by steadily increasing enrollment. Increased state appropriations, along with solid fiscal management (balanced budget), will continue to improve the University's operating performance.

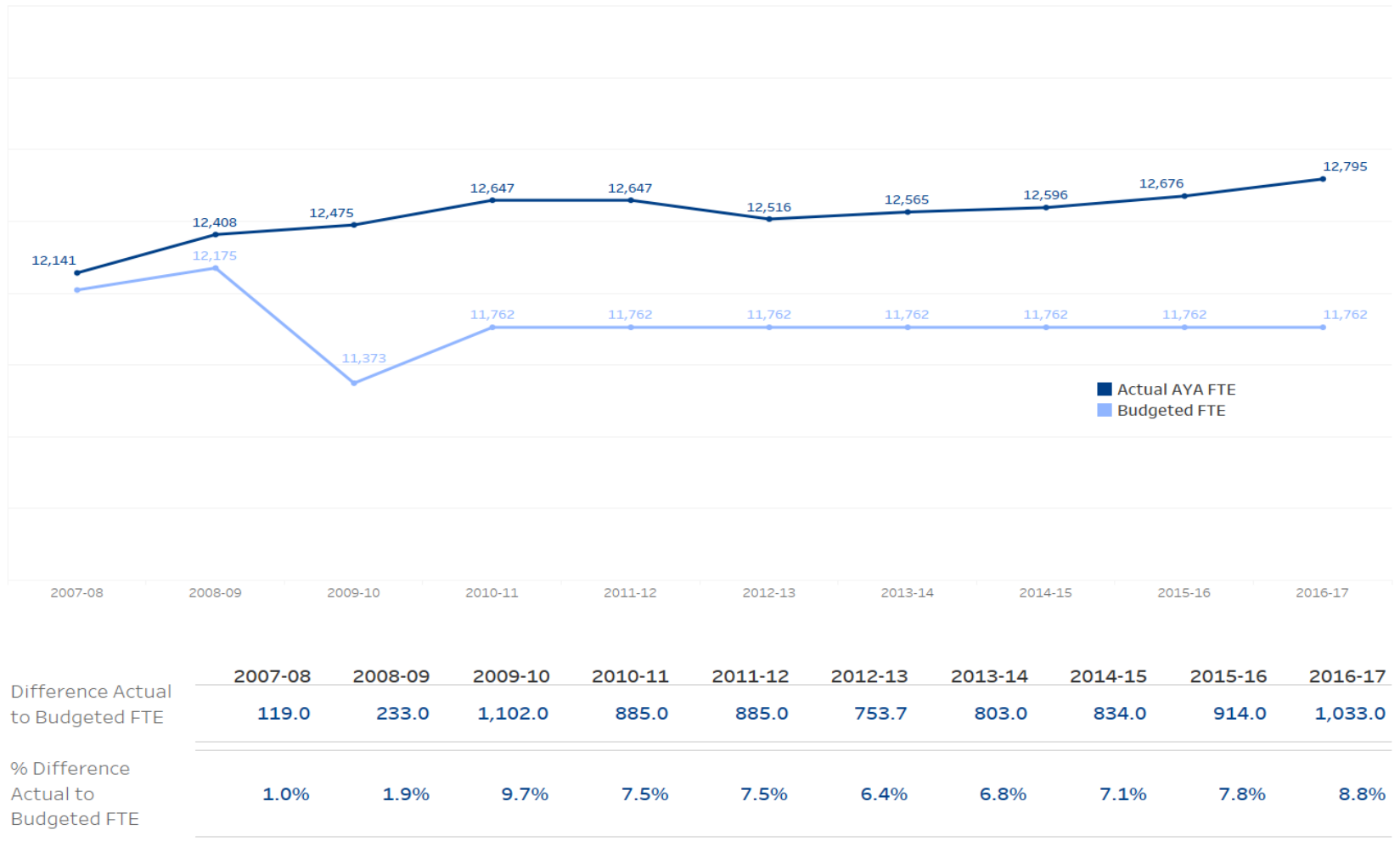
Western should continue to strengthen and increase:

- Continues enrollment growth and plans to diversify revenue streams
- Endowment income and donations to fund student scholarships, programs and faculty member support
- Grants, state appropriations and other income sources

QUESTIONS AND DISCUSSION TOPICS

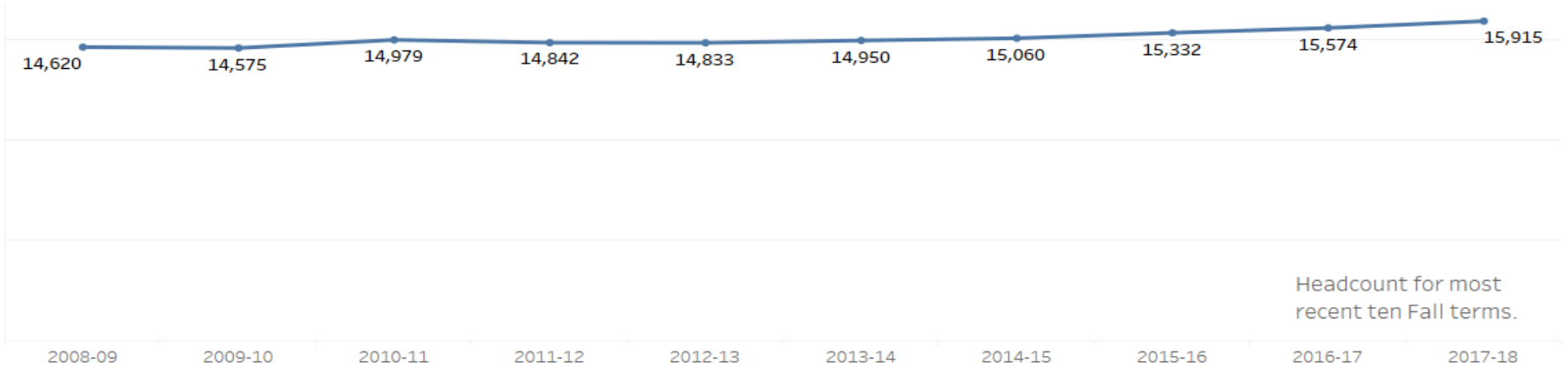
Appendix

State-Funded Full Time Equivalent (FTE) Enrollment

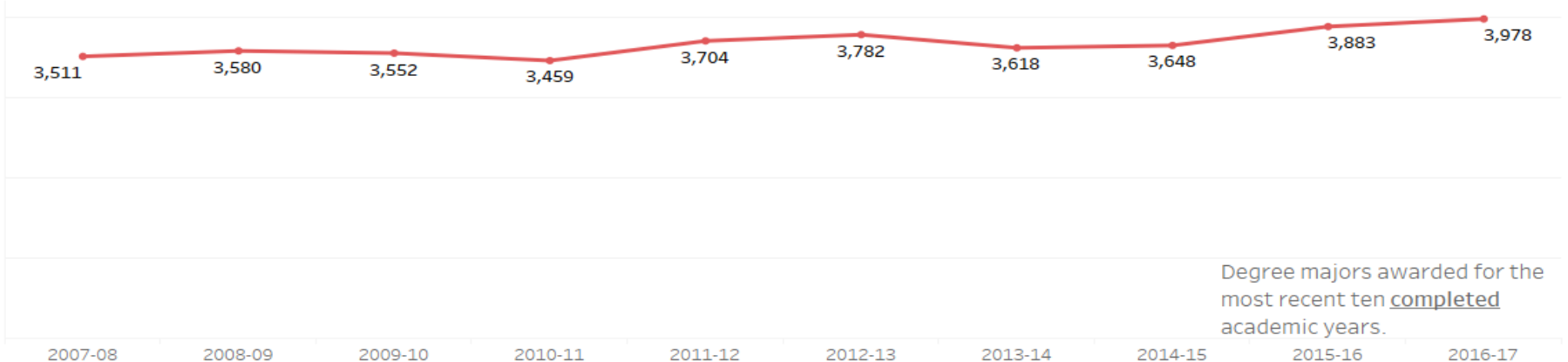


Student Headcount and Degrees Awarded

State-Funded Fall Headcount



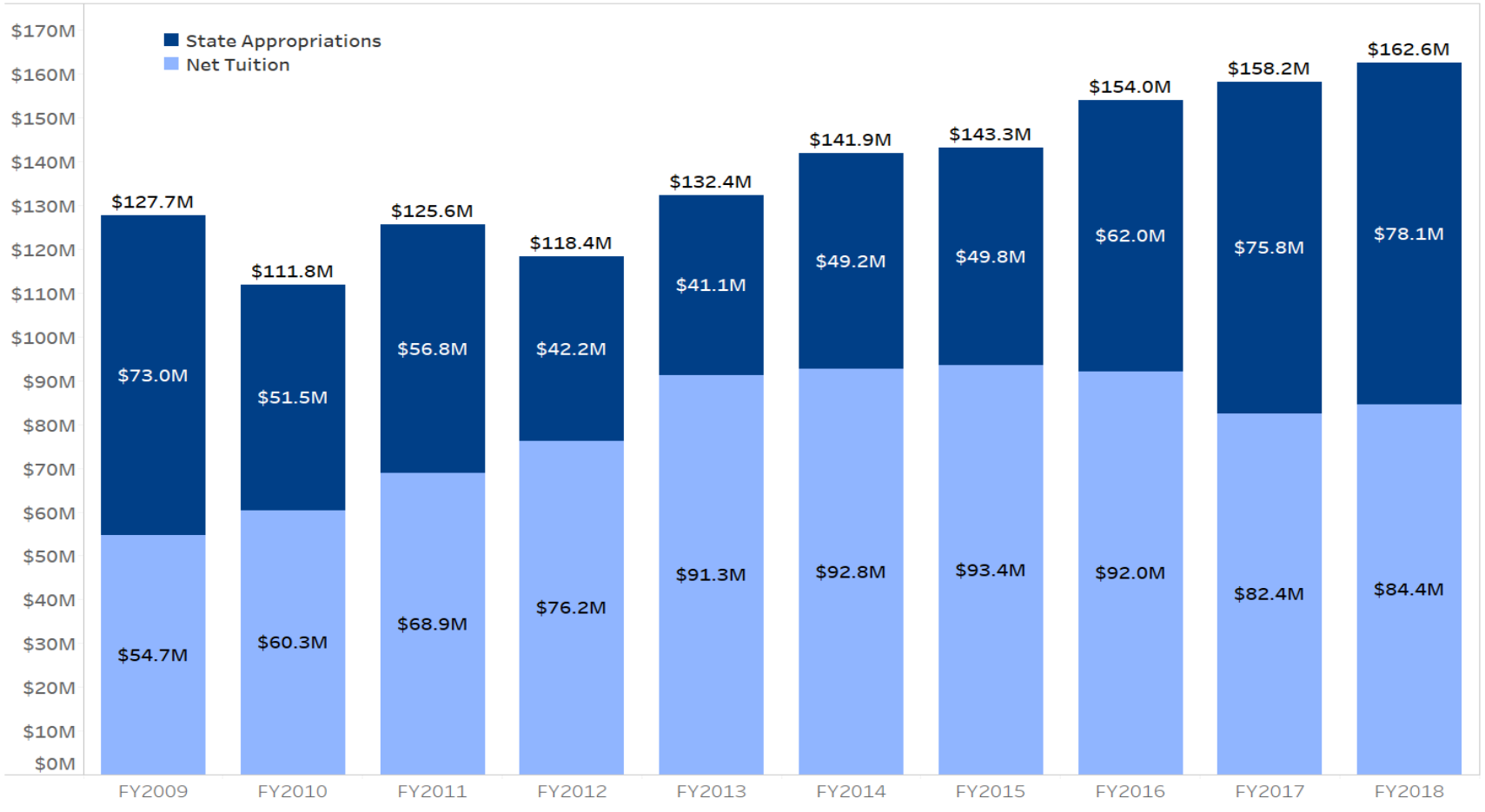
Total Degree Majors Awarded



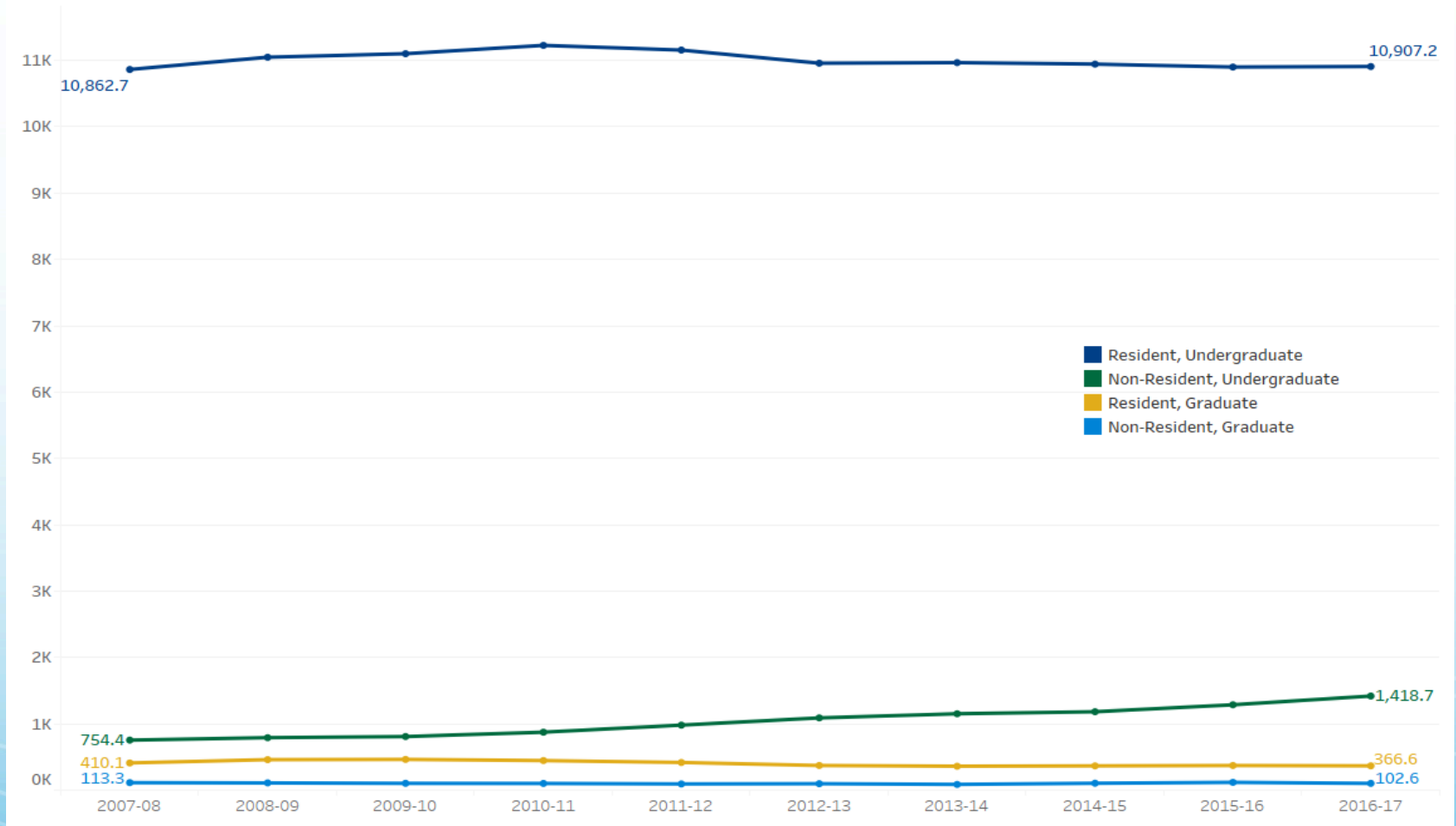
How is Net Operating Revenue Calculated?

| | |
|-------------------------|------------------|
| Gross Operating Revenue | \$100.00 |
| Western Grant Fund | (\$4.00) |
| Waivers | <u>(\$14.00)</u> |
| Net Operating Revenue | \$82.00 |

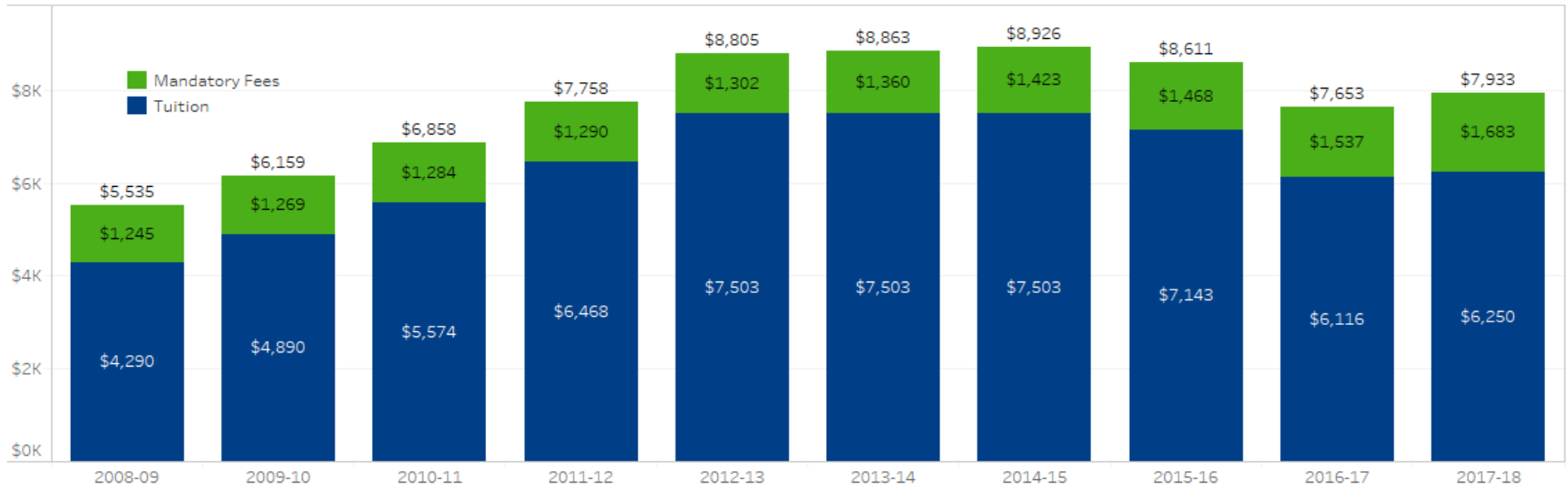
State Appropriations & Net Tuition in Dollars



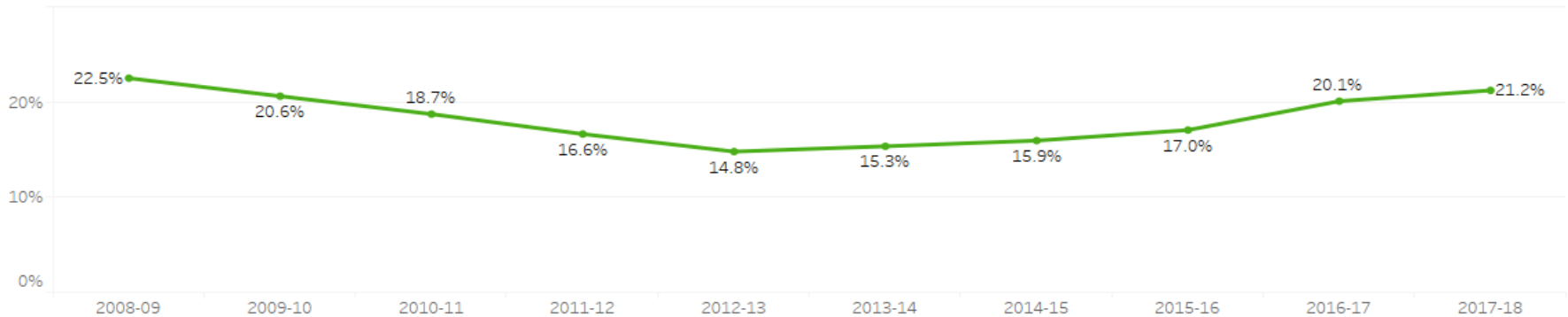
State-Funded Student FTE



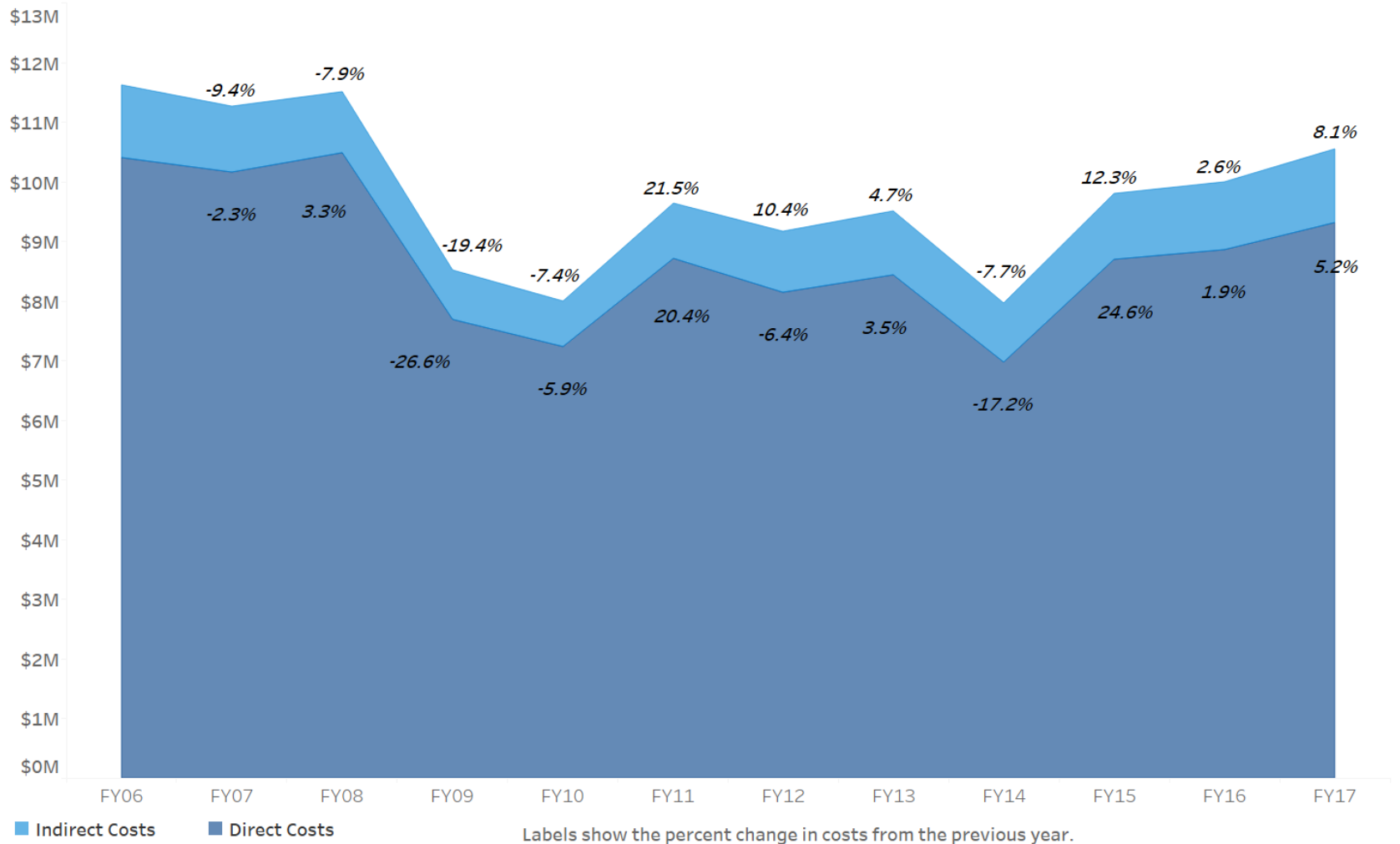
Tuition & Mandatory Fees for Resident Undergraduate Students



Mandatory Fees as a Percent of Total



Research Grant Revenues



(Preliminary) Aspirational Peer Comparison Expenses by NACUBO Program Classification FY15

| | FY15 | | | | | | Total |
|----------------------------------|----------------------|--------------------|--------------------|---------------------|---------------------|-----------------------|---------------------|
| | Instruction | Research | Public service | Academic support | Student services | Institutional support | |
| Cal Poly State U-San Luis Obispo | \$189,305,344 | \$2,758,478 | \$680,793 | \$50,257,341 | \$64,559,170 | \$49,025,203 | \$59,431,055 |
| James Madison University | \$180,346,508 | \$4,720,486 | \$16,044,436 | \$49,817,706 | \$21,142,920 | \$35,261,899 | \$51,222,326 |
| Appalachian State U | \$130,467,041 | \$2,769,883 | \$6,241,438 | \$45,114,241 | \$13,669,530 | \$25,868,136 | \$37,355,045 |
| Western Washington University | \$129,860,578 | \$7,329,105 | \$0 | \$16,423,959 | \$23,021,008 | \$24,663,643 | \$33,549,716 |
| College of Charleston | \$104,691,975 | \$10,450,864 | \$2,263,308 | \$19,110,383 | \$17,072,413 | \$38,969,402 | \$32,093,058 |
| UNC Wilmington | \$109,696,776 | \$13,152,111 | \$3,504,758 | \$21,854,481 | \$14,214,797 | \$25,805,634 | \$31,371,426 |
| Stockton University | \$79,587,194 | \$1,562,003 | \$8,037,706 | \$12,259,339 | \$18,051,260 | \$33,472,190 | \$25,494,949 |
| Georgia College and State U | \$49,254,155 | \$598,260 | \$1,063,927 | \$17,460,194 | \$11,265,262 | \$16,079,283 | \$15,953,514 |
| Average | \$121,651,196 | \$5,417,649 | \$4,729,546 | \$29,037,206 | \$22,874,545 | \$31,143,174 | \$35,808,886 |

Data is from IPEDS - FY15 is the most recent final release of IPEDS Finance data.

(Preliminary) Aspirational Peer Comparison State Appropriation per Headcount Historical

| | | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 |
|---|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Appalachian State University | State appropriations | \$128,197,057 | \$125,742,612 | \$125,926,620 | \$128,597,134 | \$127,551,885 | \$127,004,801 |
| | 12 mo Hdcnt - All Students | 18,742 | 18,911 | 19,089 | 19,345 | 19,449 | 19,548 |
| | State Funding per Student | \$6,840 | \$6,649 | \$6,597 | \$6,648 | \$6,558 | \$6,497 |
| Cal Poly State U-San Luis Obispo | State appropriations | \$111,147,171 | \$121,965,308 | \$85,070,748 | \$88,103,278 | \$102,183,797 | \$111,682,679 |
| | 12 mo Hdcnt - All Students | 20,194 | 19,077 | 19,459 | 19,312 | 20,416 | 20,916 |
| | State Funding per Student | \$5,504 | \$6,393 | \$4,372 | \$4,562 | \$5,005 | \$5,340 |
| College of Charleston | State appropriations | \$24,766,325 | \$19,794,261 | \$18,872,340 | \$19,809,777 | \$20,881,000 | \$21,843,143 |
| | 12 mo Hdcnt - All Students | 14,856 | 14,545 | 14,655 | 14,630 | 14,268 | 14,052 |
| | State Funding per Student | \$1,667 | \$1,361 | \$1,288 | \$1,354 | \$1,463 | \$1,554 |
| Georgia College & State U | State appropriations | \$26,335,916 | \$28,646,012 | \$27,160,310 | \$27,229,767 | \$29,005,791 | \$29,636,189 |
| | 12 mo Hdcnt - All Students | 7,768 | 7,723 | 7,619 | 7,435 | 7,555 | 7,867 |
| | State Funding per Student | \$3,390 | \$3,709 | \$3,565 | \$3,662 | \$3,839 | \$3,767 |
| James Madison University | State appropriations | \$69,185,644 | \$72,321,820 | \$68,734,632 | \$79,018,980 | \$82,188,926 | \$82,313,650 |
| | 12 mo Hdcnt - All Students | 21,130 | 22,093 | 22,333 | 22,525 | 22,936 | 23,349 |
| | State Funding per Student | \$3,274 | \$3,274 | \$3,078 | \$3,508 | \$3,583 | \$3,525 |
| Stockton University | State appropriations | \$38,649,253 | \$39,726,445 | \$39,369,435 | \$39,819,440 | \$39,757,617 | \$41,812,067 |
| | 12 mo Hdcnt - All Students | 8,599 | 9,102 | 9,342 | 9,599 | 9,790 | 10,014 |
| | State Funding per Student | \$4,495 | \$4,365 | \$4,214 | \$4,148 | \$4,061 | \$4,175 |
| UNC Wilmington | State appropriations | \$90,220,051 | \$89,349,941 | \$91,313,397 | \$96,878,528 | \$97,601,950 | \$100,845,533 |
| | 12 mo Hdcnt - All Students | 14,671 | 14,964 | 15,141 | 15,574 | 15,918 | 16,708 |
| | State Funding per Student | \$6,150 | \$5,971 | \$6,031 | \$6,221 | \$6,132 | \$6,036 |
| WWU | State appropriations | \$64,621,417 | \$63,760,769 | \$43,083,007 | \$40,052,232 | \$52,028,184 | \$49,623,384 |
| | 12 mo Hdcnt - All Students | 16,683 | 16,778 | 16,677 | 16,669 | 16,570 | 16,870 |
| | State Funding per Student | \$3,873 | \$3,800 | \$2,583 | \$2,403 | \$3,140 | \$2,942 |
| Average | State appropriations | \$69,140,354 | \$70,163,396 | \$62,441,311 | \$64,938,642 | \$68,899,894 | \$70,595,181 |
| | 12 mo Hdcnt - All Students | 15,330 | 15,399 | 15,539 | 15,636 | 15,863 | 16,166 |
| | State Funding per Student | \$4,399 | \$4,440 | \$3,966 | \$4,063 | \$4,223 | \$4,230 |

Data from IPEDS

Financial Performance Dashboard Ratio Descriptions

| Component Ratios | Calculation | Description |
|---|--|--|
| Viability Ratio (Balance Sheet Leverage) | Expendable Resources / Debt | <ul style="list-style-type: none"> • Are debt resources managed strategically to advance the mission? • Measures the ability to pay off long-term debt with expendable financial reserves. |
| Quick Ratio (Liquidity Ratio) | Current Assets excluding Prepaid and Inventory / Current Liabilities | <ul style="list-style-type: none"> • Do we have sufficient funds to cover our operations? • Measures the University's ability to pay current liabilities using only readily liquid assets. |
| Primary Reserve Ratio (Income Statement Leverage) | Expendable Resources / Operations | <ul style="list-style-type: none"> • Are resources sufficient and flexible enough to support the mission? • Measures the ability to fund operations with expendable financial reserves. |
| Return on Net Position Ratio (Financial Resource Growth) | Change in Net Position / Total Net Position | <ul style="list-style-type: none"> • Does asset performance and management support the strategic direction? • Measures the ability of net asset growth to support strategic initiatives. |

Statement of Cash Flows

| | | <u>2017</u> | <u>2016</u> <u>Restated</u> |
|--|---|---|---------------------------------|
| | | <i>(Dollars in Thousands)</i> | |
| Cash Flows from Operating Activities: | | | |
| • Reflects a 15% reduction in resident undergraduate tuition in FY17 | → | \$205,009 | \$210,409 |
| | → | <u>(286,340)</u> | <u>(270,493)</u> |
| • Reflects increased salary, benefits, and repairs/maintenance in FY17 | | | |
| | | Net Cash used by Operating Activities | (81,331) (60,084) |
| Cash Flow from Noncapital Financing Activities: | | | |
| | | Net Cash provided by Non-Capital Financing Activities | 91,707 77,450 |
| • Reflects additional capital operating appropriations to offset tuition reduction | → | Net Cash provided/(used) by Investing Activities | 9,994 (23,040) |
| • Reflects net spending for Carver Academic renovation and other capital projects | → | Net Cash used by Capital and related Financing Activities | <u>(20,739)</u> <u>(20,358)</u> |
| | | Net Increase/(decrease) in Cash and Cash Equivalents | (369) (26,032) |
| | | Cash and Cash Equivalents, beginning of year | <u>15,294</u> <u>41,326</u> |
| | | Cash and Cash Equivalents, end of year | <u>\$14,925</u> <u>\$15,294</u> |

Statement of Net Position (Balance Sheet)

| | 2017 | 2016 Restated | Difference | % Change | |
|--|----------------------------------|------------------|------------------|-----------------|-------------|
| <i>(Dollars in thousands)</i> | | | | | |
| Assets: | Assets | | | | |
| <ul style="list-style-type: none"> Increase primarily due to the shift from long-term to short-term investments in the amount of \$7.3M, offset by the decrease of \$2.1M in funds with the State Treasurer. | Current Assets | \$66,544 | \$61,199 | \$5,345 | 8.7% |
| | Long-Term Investments | 66,190 | 80,766 | (14,576) | -18.0% |
| | Other Non-Current Assets | 14,024 | 14,275 | (251) | -1.8% |
| <ul style="list-style-type: none"> Decrease due to conversion of \$7.3M to short-term investments and \$7.8M to cash to accommodate increased operational spending. | Capital Assets, Net | 472,632 | 438,075 | 34,557 | 7.9% |
| | Total Assets | \$619,390 | \$594,315 | \$25,075 | 4.2% |
| <ul style="list-style-type: none"> Increase of \$34.6M due to the Carver Academic Renovation project. | Deferred Outflows | 10,802 | 7,588 | 3,214 | 42.4% |
| Liabilities: | Liabilities | | | | |
| | Current Liabilities | 41,462 | 40,713 | 749 | 1.8% |
| <ul style="list-style-type: none"> \$3.0M increase primarily due to a \$1.7M increase to the net pension obligation, a \$1.3M increase in long-term bonds, and a \$6M Certificate of Participation with the State Treasurer, issued to partially fund the Carver Academic Renovation project, offset by \$4.4M in principal payments. | Non-Current Liabilities | 126,412 | 123,451 | 2,961 | 2.4% |
| | Total Liabilities | 167,874 | 164,164 | 3,710 | 2.3% |
| | Deferred Inflows | 6,939 | 4,751 | 2,188 | 46.1% |
| Net Assets: | Net Position | | | | |
| <ul style="list-style-type: none"> 32.9M increase due largely to Carver Academic renovation project | Net Investment in Capital Assets | 403,717 | 370,840 | 32,877 | 8.9% |
| | Restricted: | | | | |
| <ul style="list-style-type: none"> \$1.1M decrease due to less spending of Perm Fund | Pensions | 523 | 524 | -1 | -0.2% |
| <ul style="list-style-type: none"> \$9.7M decrease primarily due to net pension obligation | Non-Expendable | 5,168 | 4,652 | 561 | 12.1% |
| | Expendable | 26,100 | 27,193 | -1,093 | -4.0% |
| | Unrestricted | 19,871 | 29,779 | -9,719 | -32.6% |
| | Total Net Position | \$455,379 | \$432,988 | \$22,391 | 5.2% |

Statement of Revenues, Expenses and Changes in Net Position (Income Statement)

| | 2017 | 2016 Restated | Difference | % Change |
|--|-------------------------------------|------------------|------------|----------------|
| <i>(Dollars in thousands)</i> | | | | |
| Operating Revenues: | | | | |
| <ul style="list-style-type: none"> \$7.4M decrease primarily due to the 15.0% reduction in the resident undergraduate tuition rate established by the State Legislature | Operating Revenues | \$203,869 | \$211,303 | \$7,434 -3.52% |
| Operating Expenses: | | | | |
| <ul style="list-style-type: none"> \$1.3M decrease due to \$12.4M decrease in accrual benefits including accrued pension liabilities (GASB 68) and a \$2.0M decrease in purchased services offset by a \$5.9M increase in salaries, and a \$6.9M increase in supplies and materials expense | Operating Expenses | 310,071 | 311,372 | -1,301 -0.42% |
| | Operating Loss | -106,202 | -100,069 | -6,133 -6.13% |
| | State appropriations Revenue | 76,135 | 62,469 | 13,666 21.88% |
| | Other Non-Operating Revenues | 18,103 | 16,835 | 1,268 7.53% |
| | Non-Operating Expenses | -3,142 | -3,165 | 23 0.73% |
| Non-Operating Revenues: | | | | |
| <ul style="list-style-type: none"> \$13.7M increase primarily due to the resident undergraduate tuition buyback, general wage and other compensation increases and benefits, and funding for a cyber security program in Poulsbo, WA | Income (Loss) before Other Revenues | -15,106 | -24,380 | 9,274 38.04% |
| | Other Revenues | 37,497 | 25,915 | 11,582 44.69% |
| | Increase in Net Position | 22,391 | 1,535 | 20,856 13.57% |
| Other Revenues: | | | | |
| <ul style="list-style-type: none"> \$11.6M increase due to capital appropriation for the Carver Academic renovation project | Net Position, beginning of year | 432,988 | 431,453 | 1,535 0.36% |
| | Net Position, end of year | 455,379 | 432,988 | 22,391 5.17% |

Debt Profile

| Housing and Dining Revenues | Delivery | Final Maturity | Call Date | Outstanding Par |
|---|-----------|----------------|-----------|---------------------|
| Housing and Dining Revenue Refunding Bonds, 1998 Series A | 2/1/1998 | 10/1/2022 | No Call | \$6,460,000 |
| Housing and Dining System Revenue Bonds, Series 2009B (BABs) | 6/30/2009 | 4/1/2034 | 4/1/2019 | 12,180,000 |
| Housing and Dining System Revenue Refunding Bonds, Series 2012 | 7/19/2012 | 10/1/2023 | No Call | 6,095,000 |
| Housing and Dining System Revenue Refunding Bonds, Series 2015* | 3/4/2015 | 4/1/2026 | No Call | 4,670,000 |
| Total: | | | | \$29,405,000 |

| Viking Union | Delivery | Final Maturity | Call Date | Outstanding Par |
|--|----------|----------------|-----------|--------------------|
| Housing and Dining System Revenue Refunding Bonds, Series 2015** | 3/4/2015 | 4/1/2026 | No Call | 6,730,000 |
| Total: | | | | \$6,730,000 |

| Student Recreation Fee | Delivery | Final Maturity | Call Date | Outstanding Par |
|-------------------------------------|-----------|----------------|-----------|---------------------|
| Student Recreation Fee, Series 2012 | 4/30/2012 | 5/1/2037 | 5/1/2022 | \$22,210,000 |
| Total: | | | | \$22,210,000 |

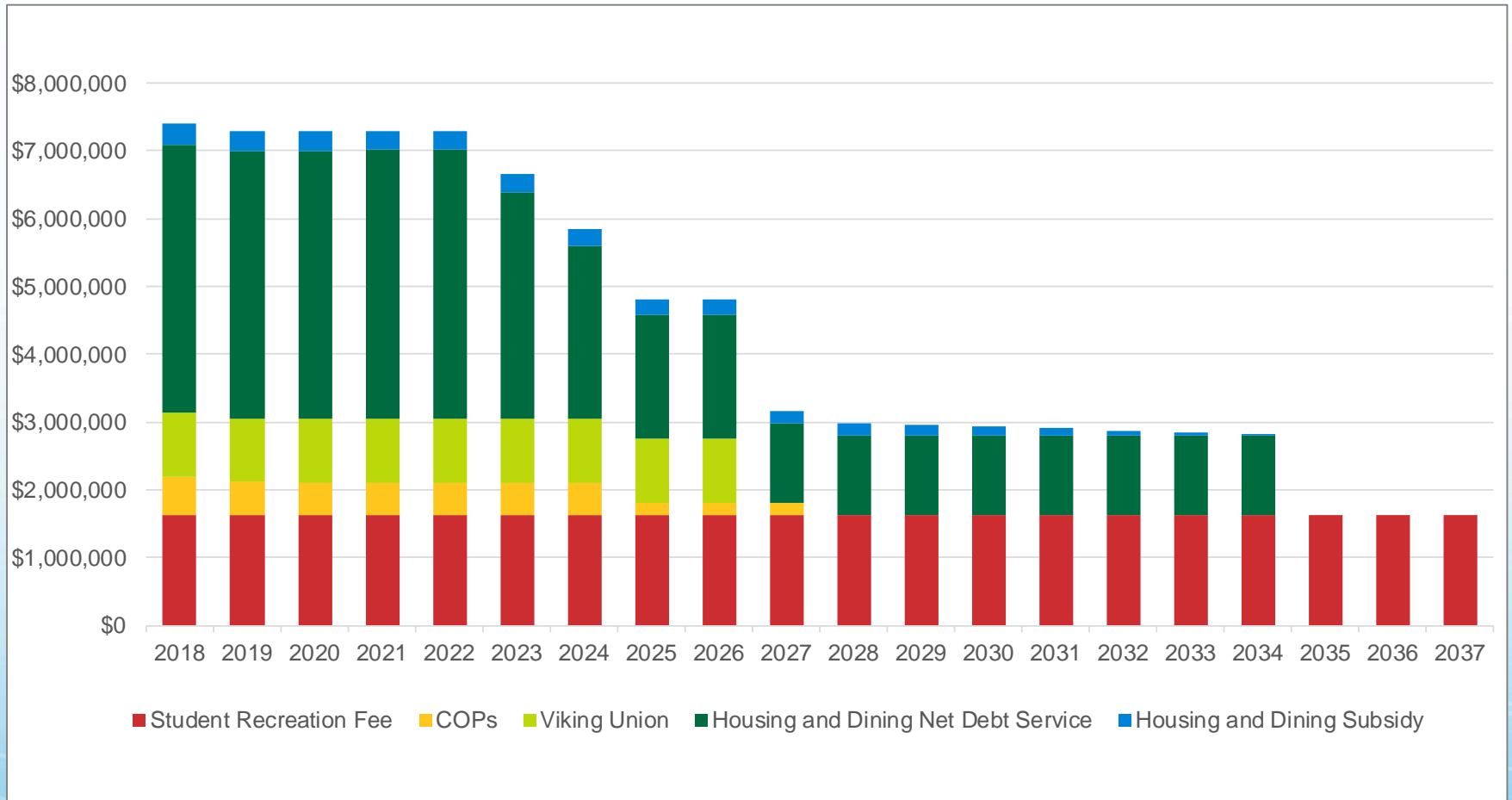
| COPs | Delivery | Final Maturity | Call Date | Outstanding Par |
|---|-----------|----------------|-----------|--------------------|
| Digital Scoreboard COPs, Series 2011 | 3/24/2011 | 12/1/2017 | No Call | 59,924 |
| ESCO Project Lease COPs, Series 2012 | 3/29/2012 | 6/1/2024 | 7/1/2022 | 1,855,000 |
| Crew Boat COPs, Series 2015 | 4/15/2015 | 6/1/2018 | No Call | 16,079 |
| Crew Rowing Shell Trailer COPs, Series 2015 | 9/24/2015 | 12/1/2020 | No Call | 17,104 |
| Lincoln Creek Property COPs, Series 2016 | 3/31/2016 | 6/1/2027 | No Call | 1,380,000 |
| Total: | | | | \$3,328,107 |

Total Outstanding: \$61,673,107

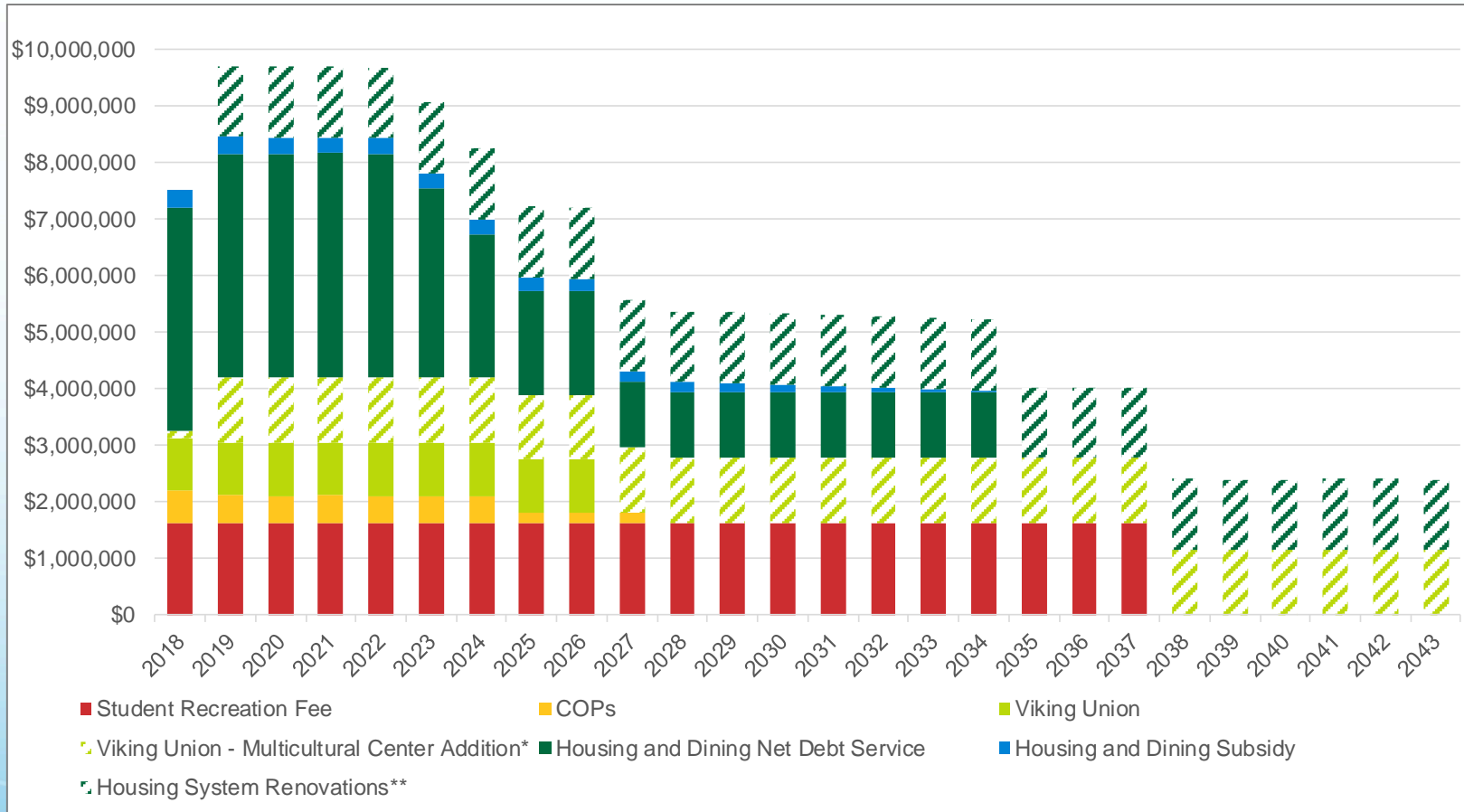
*Excludes the Viking Union portion because it is paid from a separate fee

**Viking Union portion is paid from a separate fee.

Annual Debt Service by Source



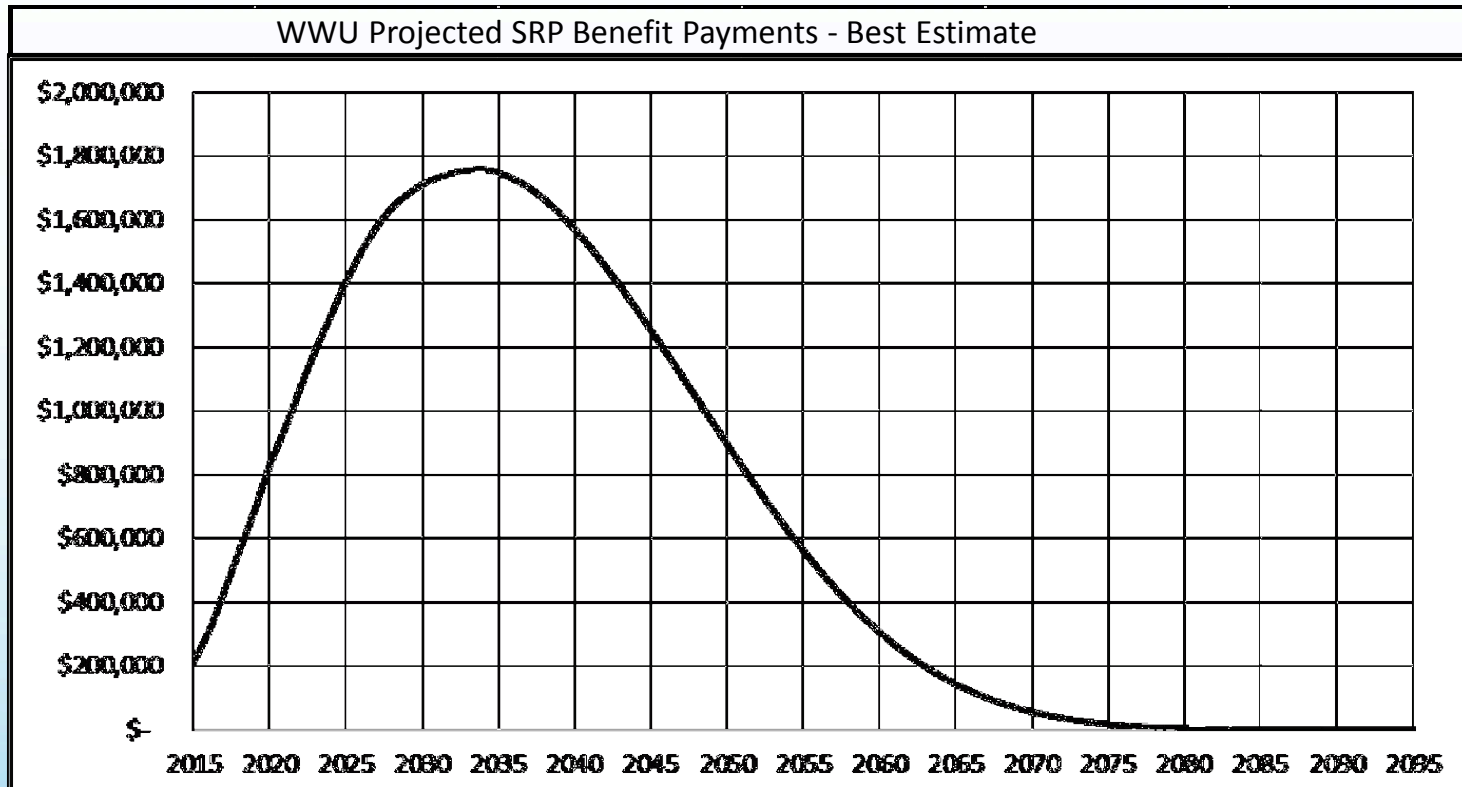
Annual Debt Service by Source – Including New Bond Issue



*Assumes 4.50% (A-revenue bond curve as of April 27, 2017 + 100 bps) true interest cost for the 25 year bonds funding the VU Expansion for ESC/MSC

**Assumes 5% true interest cost for 25 year for bonds funding housing renovations

Supplemental Retirement



Refer to the Benefit Director's Guide to Supplemental Retirement Plan Benefit Payment Projections for key information.

| | | | |
|--|-----------------|----------------------|--|
| | Scenario | Best Estimate | |
| | Salary Scale | 3.50% | |
| | CREF Return | 6.75% | |