

# **SOUTHERN UTAH UNIVERSITY**

## **Financial Indicators**



**Fiscal Year 2007**



## **Southern Utah University – Financial Indicators (2007)**

Colleges and universities are called upon to demonstrate an amazing elasticity in adjusting to change. Financial flexibility is a critical component in providing this elasticity. A report of financial indicators, supplementing the standard accounting reports, can demonstrate trends in an institution's financial position.

While information viewed in isolation is of limited value, when put into the context of a trend, it offers the opportunity to expand comprehension and improve decision making. Time-series ratio analysis can be helpful in assessing an institution's financial position and direction:

- 1) Is the reporting institution financially healthy as of the reporting date?
- 2) Is the institution financially better off at the end of the reporting period than it was at the beginning?
- 3) Did the institution "live within its means" for the reporting period?
- 4) Why have the financial ratios trended in the manner observed?

The strategic indicators on the following pages provide an objective assessment of the financial performance of Southern Utah University for the periods in question. Each indicator has, at its conclusion, a short discussion section written by SUU's Associate Vice President for Finance and Public Treasurer Dorian G. Page. The analysis provided in these sections is presented to assist the reader in understanding the reasons underlying the trends present.

While the data are historical and therefore not necessarily predictive, they do provide insight into policy changes that would be necessary if a different future state is desired. In this way, the information can assist in maintaining the delicate balance between the needs of the present and those of the future by identifying choices and setting priorities that will affect the institution's tomorrow.

Gregory L. Stauffer, EdD  
Vice President & Chief of Staff

## Financial Indicators – June 30, 2007

All business entities, including colleges and universities, can benefit from a study of a series of financial ratios or indicators, especially if they are compared to prior periods for a sense of trends in the business activities of the entity.

This publication of SUU Financial Indicators over several years can benefit administrators in seeing from where we have come financially, where we are, and, if unchanged, where we might be in the future. Obviously, not all impacts to an entity are under the control of that entity, but the decisions that can be, and are made by an organization will be enhanced if the financial impacts are recognized as well as the non-financial considerations.

The ratios and indicators have been grouped according to the intent of the indicator. There is a general explanation of the group and what ratios are included therein. Each ratio or indicator presented is designed to tell some significant story about SUU and how it has utilized its resources to accomplish its mission. We have prepared a short explanation of what each ratio portrays, how it is determined (calculated) and what it means in context of the trend experienced by that indicator.

The majority of the information presented is taken from the SUU Annual Financial Report, which is very informative, but is intended to provide general financial information to various audiences in a format that is common to all business entities. This report is intended for use by the SUU administration in its decision-making processes and has not been audited or verified by an outside entity.

Dorian G. Page, MAcc, CPA  
Associate Vice President for Finance/Treasurer

## **Assessment of Overall Financial Condition**

Readers of financial reports are interested in assessing the financial condition of the institution. An important means of evaluating an institution's financial condition is the Statement of Net Assets, which shows the assets, liabilities and net assets at a point in time. The following financial ratios, derived from the Statement of Net Assets, are used to assess the financial condition of Southern Utah University.

- Current Ratio
  - Primary Reserve Ratio
  - Return on Net Assets Ratio
  - Viability Ratio
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## **Evaluation of Financial Performance**

To evaluate the financial performance of a higher education institution, the financial activities as reported in the Statement of Revenues, Expenses and Changes in Net Assets should be reviewed. This Statement reflects financial activity in instruction, research, public service, academic support and auxiliary enterprises. Three primary operating statement ratios are used to evaluate financial performance:

- Net Operating Ratio
  - Contribution Ratios
  - Demand Ratios
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## **Evaluation of Creditworthiness**

Creditors are especially interested in evaluation the creditworthiness of an institution. When institutions try to secure external financing for capital and other projects, they must be able to demonstrate their ability to repay their current and future debts. Creditors tend to focus on the future, looking at the historical trends for indications that an institution will be able to meet its future obligations. Ultimately, creditworthiness is a matter of judgment. As part of the USHE system, SUU's credit rating depends largely on the rating of that state system. Three primary financial ratios are used to reflect an institution's creditworthiness:

- Variability Ratio
  - Debt Burden Ratio
  - Debt Coverage Ratio
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## Other Ratios

The following ratios provide additional information to readers desiring to understand the financial performance and status of the institution. The strength of all ratios lies in their ability to display trends. To fully understand the trends, once recognized, further in-depth analysis is then typically warranted.

- Capital Debt to Net Capital Assets
  - Debt per FTE Student
  - Instructional Expenditures per FTE Student
  - Academic Expenditures
  - Endowment per FTE Student
  - Endowment Ratio
  - Auxiliaries
  - Tuition Discounting
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## Current Ratio

The current ratio measures an organization's liquidity, serving as an indicator of the ability to meet current obligations with current assets. This simple calculation matches the institution's short-term assets with liabilities expected to come due during the same period.

Generally accepted standards for this ratio indicate a 2:1 coverage as being desirable.

The numerator is simply total current assets; the denominator is total current liabilities. Both numbers come directly from the Statement of Net Assets.

<b>SUU 2006-07</b>	27,282,233 divided by 8,754,160 = 3.12 : 1
<b>SUU 2005-06</b>	27,138,932 divided by 8,313,064 = 3.26 : 1
<b>SUU 2004-05</b>	14,560,030 divided by 7,561,307 = 1.93 : 1
<b>SUU 2003-04</b>	15,650,798 divided by 8,326,973 = 1.88 : 1
<b>SUU 2002-03</b>	21,119,175 divided by 8,756,019 = 2.41 : 1

Discussion: We have maintained our current liabilities at a consistent level during a period of institutional growth. This indicated that we are not borrowing to grow the institution; that our financial position is very healthy.

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## Primary Reserve Ratio

The primary reserve ratio compares the level of assets that an organization can quickly access and spend to satisfy its fiscal obligations. In describing the organization's ability to support current operations from available expendable resources, the ratio measures financial strength of the organization.

Expendable net assets should increase at a level commensurate with growth in operational activity. Monitoring this ratio allows a tracking of growth and whether or not growth in resource levels provides an appropriate margin for dealing with opportunity or adversity.

The numerator (expendable net assets) is comprised of unrestricted net assets and expendable restricted net assets as reported in the Statement of Net Assets. The denominator is comprised of operating expenses as reported in the Statement of Revenues, Expenses, and Changes in Net Assets.

<b>SUU 2006-07</b>	29,371,138 divided by 85,515,284 = 34.35%
<b>SUU 2005-06</b>	30,245,991 divided by 77,242,155 = 39.16%
<b>SUU 2004-05</b>	21,492,708 divided by 74,539,383 = 28.83%
<b>SUU 2003-04</b>	18,983,166 divided by 71,584,605 = 26.52%
<b>SUU 2002-03</b>	19,206,791 divided by 70,073,381 = 27.41%

Discussion: If all revenues immediately ceased, we could operate for approximately four months on existing expendable resources. This is highly unlikely and this exhibits a healthy level of expendable net assets relative to operations, and improving.



### Return on Net Assets Ratio

This ratio measures economic return in order to determine whether an institution generated or used up net assets in a given year. In a For-Profit company this ratio is critical to demonstrate a return on invested capital (net assets). In a Not-For-Profit a return is not necessarily anticipated, thus the Not-for-Profit designation. Major changes are generally due to major gifts or appropriations for capital investment.

The numerator for this formula is Increase/ (Decrease) in net assets, the denominator is net assets at the beginning of the year. Both are found in the Statement of Revenues, Expenses, and Changes in Net Assets.

<b>SUU 2006-07</b>	5,740,042 divided by 120,252,235 = 4.77%
<b>SUU 2005-06</b>	9,267,677 divided by 110,984,558 = 8.35%
<b>SUU 2004-05</b>	204,031 divided by 110,780,527 = 0.18%
<b>SUU 2003-04</b>	4,674,785 divided by 106,105,742 = 4.41%
<b>SUU 2002-03</b>	(1,588,276) divided by 107,694,018 = (1.47%)

Discussion: During 2005-06 and 2006-07, we received capital project funds for the remodel of Old Main and the new Teacher Education Building. The funding was received in 2005-06 and 2006-07 resulting in a significant change in Net Assets for those years, but not reflected in the beginning Net Assets until a year later. The true return on Net Assets in our industry is our product – educated students.



## Viability Ratio

In measuring the availability of sufficient cash, or other convertible assets, to pay institutional obligations as of the date of the Statement of Net Assets, this ratio indicates the relative liquidity of the organization.

In that long-term debt need not be paid off at once, there are no absolute thresholds for this ratio. Of more importance, are long-term trends in direction. Long-term declines would limit the ability to deal with adverse impacts or to take on new projects.

The numerator (expendable net assets) consists of unrestricted net assets and expendable restricted net assets. The denominator is total non-current liabilities (e.g., long-term debt). Both are found in the Statement of Net Assets.

<b>SUU 2006-07</b>	29,371,138 divided by 14,763,613 = 1.99 : 1
<b>SUU 2005-06</b>	30,245,991 divided by 15,015,492 = 2.01 : 1
<b>SUU 2004-05</b>	21,492,708 divided by 16,207,404 = 1.33 : 1
<b>SUU 2003-04</b>	18,983,166 divided by 17,127,021 = 1.11 : 1
<b>SUU 2002-03</b>	19,206,791 divided by 17,578,708 = 1.09 : 1

Discussion: As we service the long-term debt of the institution, refrain from issuing new debt and maintain reasonable unrestricted net assets, this ratio will continue in a positive direction.

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### Net Operating Ratio

This ratio compares the net operating income or loss to total operating revenues. Accounting principles define state appropriations as non-operating revenue. Since expenditures include the use of state appropriations, excluding the revenues will always result in negative Net Operating Revenues. The more useful ratio is a modified Net Operating Ratio that reflects total revenues, shown following this ratio.

The numerator is Operating Income (Loss) as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. The denominator is Total Operating Revenues taken from the same report.

<b>SUU 2006-07</b>	(33,916,235) divided by 51,599,049 = (65.73%)
<b>SUU 2005-06</b>	(29,797,003) divided by 47,445,152 = (62.80%)
<b>SUU 2004-05</b>	(31,730,710) divided by 42,808,673 = (74.12%)
<b>SUU 2003-04</b>	(32,396,573) divided by 39,188,032 = (82.67%)
<b>SUU 2002-03</b>	(31,827,476) divided by 38,245,905 = (83.22%)

### Modified Net Operating Ratio

The numerator is Income (Loss) Before Other Revenue in the Statement of Revenues, Expenses, and Changes in Net Assets. The denominator is Total Operating Revenues plus Non-operating Revenues.

<b>SUU 2006-07</b>	1,856,995 divided by 88,133,823 = 2.10%
<b>SUU 2005-06</b>	2,145,539 divided by 80,272,447 = 2.67%
<b>SUU 2004-05</b>	(772,012) divided by 74,517,192 = (1.04%)
<b>SUU 2003-04</b>	(1,047,921) divided by 70,994,070 = (1.48%)
<b>SUU 2002-03</b>	(3,337,324) divided by 67,146,664 = (4.97%)

Discussion: The essence of the loss numbers are a result of depreciation in excess of the amount expended for depreciable assets.

## Contribution Ratios

These ratios measure specific revenue sources as a percentage of total operating expense. Analyzing these sources is important to ensure that revenues keep pace with expenses over time. Diversification in revenues streams is important in insulating the institution to some degree from fluctuations in primary sources.

The numerator for this formula is the revenue subcategory listed on the Statement of Revenues, Expenses, and Changes in Net Assets, the denominator is Total Operating Expenses.

SUU 2006-07	<u>Operating Revenues</u>	
	Tuition & Fees	19,882,885 divided by 85,515,284 = 23.25%
	Gov't Grants/Contracts	13,767,950 divided by 85,515,284 = 16.10%
	Sales/Svcs Educ Activity	11,653,338 divided by 85,515,284 = 13.63%
	Sales/Svcs Aux Enterprise	6,249,075 divided by 85,515,284 = 7.31%
	Interest Inc/Student Loans	45,801 divided by 85,515,284 = 0.05%
	<u>Nonoperating Revenues</u>	
	State Appropriations	30,621,224 divided by 85,515,284 = 35.81%
	Private Gifts/Grants	2,860,735 divided by 85,515,284 = 3.35%
	Investment Income	3,052,815 divided by 85,515,284 = 3.57%
	Other Nonoperating	0 divided by 85,515,284 = 0.00%
SUU 2005-06	<u>Operating Revenues</u>	
	Tuition & Fees	17,843,026 divided by 77,242,155 = 23.10%
	Gov't Grants/Contracts	13,428,247 divided by 77,242,155 = 17.38%
	Sales/Svcs Educ Activity	10,409,454 divided by 77,242,155 = 13.48%
	Sales/Svcs Aux Enterprise	5,720,555 divided by 77,242,155 = 7.41%
	Interest Inc/Student Loans	43,870 divided by 77,242,155 = 0.06%
	<u>Nonoperating Revenues</u>	
	State Appropriations	28,821,441 divided by 77,242,155 = 37.37%
	Private Gifts/Grants	2,192,558 divided by 77,242,155 = 2.84%
	Investment Income	1,813,296 divided by 77,242,155 = 2.35%
	Other Nonoperating	0 divided by 77,242,155 = 0.00%
SUU 2004-05	<u>Operating Revenues</u>	
	Tuition & Fees	14,176,195 divided by 74,539,383 = 19.02%
	Gov't Grants/Contracts	13,309,140 divided by 74,539,383 = 17.86%
	Sales/Svcs Educ Activity	10,098,579 divided by 74,539,383 = 13.55%
	Sales/Svcs Aux Enterprise	5,175,642 divided by 74,539,383 = 6.94%
	Interest Inc/Student Loans	49,117 divided by 74,539,383 = 0.07%
	<u>Nonoperating Revenues</u>	
	State Appropriations	27,999,204 divided by 74,539,383 = 37.56%
	Private Gifts/Grants	2,846,539 divided by 74,539,383 = 3.82%
	Investment Income	858,218 divided by 74,539,383 = 1.15%
	Other Nonoperating	4,558 divided by 74,539,383 = 0.01%

Discussion: The most telling trend here is the decreasing support received from state appropriations in relation to total expenditures. This is a point of concern.

## Demand Ratios

Demand ratios describe the eight functional classifications of educational and general expenses, as a percentage of total operating revenues. Trends in the eight categories indicate whether they are consuming more or less of an institution's revenue stream.

The particular ratio can also be valuable for inter-institutional comparisons, to determine where an organization places its emphasis. For instance, SUU spends a significantly higher proportion in public service activities than do most institutions. The formula's numerator is the specific functional expense category, as defined in the notes to the financial statements. The denominator is total operating and non-operating revenues, reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

SUU 2006-07	Instruction Public Service Academic Support Student Services Institutional Support O&M of Plant Student Aid Auxiliaries Depreciation	23,584,352 divided by 88,133,823 = 26.76% 12,852,688 divided by 88,133,823 = 14.58% 4,451,237 divided by 88,133,823 = 5.05% 9,325,418 divided by 88,133,823 = 10.58% 10,765,122 divided by 88,133,823 = 12.21% 8,078,218 divided by 88,133,823 = 9.17% 5,186,954 divided by 88,133,823 = 5.89% 7,174,269 divided by 88,133,823 = 8.14% 4,096,026 divided by 88,133,823 = 4.65%
SUU 2005-06	Instruction Public Service Academic Support Student Services Institutional Support O&M of Plant Student Aid Auxiliaries Depreciation	21,392,702 divided by 80,272,447 = 26.65% 11,750,052 divided by 80,272,447 = 14.64% 4,201,073 divided by 80,272,447 = 5.23% 7,475,980 divided by 80,272,447 = 9.31% 9,672,787 divided by 80,272,447 = 12.05% 6,885,879 divided by 80,272,447 = 8.58% 5,260,302 divided by 80,272,447 = 6.55% 6,443,755 divided by 80,272,447 = 8.03% 4,159,625 divided by 80,272,447 = 5.18%
SUU 2004-05	Instruction Public Service Academic Support Student Services Institutional Support O&M of Plant Student Aid Auxiliaries Depreciation	20,753,283 divided by 74,512,634 = 27.85% 11,823,758 divided by 74,512,634 = 15.87% 3,873,659 divided by 74,512,634 = 5.20% 6,938,881 divided by 74,512,634 = 9.31% 8,593,982 divided by 74,512,634 = 11.53% 7,027,662 divided by 74,512,634 = 9.43% 5,237,714 divided by 74,512,634 = 7.03% 6,132,853 divided by 74,512,634 = 8.23% 4,160,591 divided by 74,512,634 = 5.58%

Discussion: There are minor trend changes, but fairly consistent support of expenditures by category.

## Debt Burden Ratio

This ratio compares the level of debt service (principal and interest payments) with the institution's operating expense, thereby measuring an organization's reliance on debt as a source for financing its mission. Higher ratios indicate fewer resources being available for other, general operating purposes.

As a measure of the relative cost of debt to overall expenses, a declining trend is generally desirable. The ratio can spike during times of specific funding activity, however. Investment bankers set an upper threshold of 7% for this ratio.

The numerator includes **required** principal and interest payments (plus any other required additions to reserves or renewal & replacement fund), as reported on the Statement of Cash Flows, minus principal paid to retire debt early or refinance existing debt. The denominator is total operating expenses, as reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

<b>SUU 2006-07</b>	1,441,831 divided by 77,242,155 = 1.87%
<b>SUU 2005-06</b>	1,582,169 divided by 85,515,284 = 1.85%
<b>SUU 2004-05</b>	1,660,135 divided by 74,539,383 = 2.23%
<b>SUU 2003-04</b>	1,569,840 divided by 71,584,605 = 2.19%
<b>SUU 2002-03</b>	1,721,122 divided by 70,073,381 = 2.46%

Discussion: The Debt Service ratio shows a consistent relationship to operating expenditures. Over the comparison period several refinancing and early retirement transactions have occurred; however, they did not involve current operating revenues as funding sources and are not included in the above ratios. This highlights the gradual pay down of debt.

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### Debt Coverage Ratio

This ratio measures the excess income available for covering annual debt service (principal and interest) payments. A high ratio is therefore a positive indicator that the organization has sufficient income to meet debt obligations.

The numerator for this ratio includes changes in unrestricted net assets plus interest expense and depreciation expense. The denominator consists of **required** annual debt service (principal and interest payments). In that in the formula's numerator uses "changes" in accounting figures, it can only be computed for year two and moving forward.

<b>SUU 2006-07</b>	3,902,040 divided by 1,441,831 = 2.7 : 1
<b>SUU 2005-06</b>	13,641,175 divided by 1,582,169 = 8.6 : 1
<b>SUU 2004-05</b>	7,419,954 divided by 1,737,866 = 4.3 : 1
<b>SUU 2003-04</b>	5,289,567 divided by 1,569,840 = 3.4 : 1
<b>SUU 2002-03</b>	3,858,180 divided by 2,093,301 = 1.8 : 1

Discussion: Similar to the discussion above, only required debt service payments are included in the ratio in order to demonstrate the institution's ability to meet required debt service. Early retirements and refinancing are not included in the ratios. 2005-06 was an anomaly as we received significant capital funding for building construction.

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### Capital Related Debt to Net Capital Assets

This ratio measures the extent to which plant assets have been financed by debt. Incurring indebtedness is often a cost-effective solution to obtaining necessary facilities. However, the assumption of debt burden does require careful balancing of fiscal obligations.

The numerator (capital-related debt) is comprised of total long-term liabilities minus remainder annuity trusts. The denominator is net capital assets as reported on the Statement of Net Assets.

<b>SUU 2006-07</b>	13,646,599 divided by 99,985,489 = 3.65%
<b>SUU 2005-06</b>	14,363,604 divided by 96,701,546 = 14.85%
<b>SUU 2004-05</b>	15,191,557 divided by 99,148,060 = 15.32%
<b>SUU 2003-04</b>	16,120,448 divided by 102,721,850 = 5.69%
<b>SUU 2002-03</b>	17,044,180 divided by 89,959,201 = 18.95%

Discussion: This ratio decreases over time as capital debt is retired and new debt is not incurred.



### Debt per FTE Student

This ratio compares the level of total institutional debt with the number of full-time equivalent (FTE) students enrolled at the institution, thereby providing a measure of the debt burden on a per student cost basis.

The increase in SUU's 2002-03 number is primarily due to revenue bonding for the new Eccles Living-Learning Center facility.

<b>SUU 2006-07</b>	13,456,750 divided by 6,547 annualized year FTE = \$2,056/student
<b>SUU 2005-06</b>	14,211,999 divided by 5,018 annualized year FTE = \$2,832/student
<b>SUU 2004-05</b>	15,858,160 divided by 6,146 annualized year FTE = \$2,580/student
<b>SUU 2003-04</b>	16,826,660 divided by 5,759 annualized year FTE = \$2,922/student
<b>SUU 2002-03</b>	17,769,947 divided by 5,911 annualized year FTE = \$3,006/student
<b>SUU 2001-02</b>	10,005,988 divided by 6,134 annualized year FTE = \$1,631/student
<b>SUU 2000-01</b>	8,992,967 divided by 5,972 annualized year FTE = \$1,506/student

Discussion: This amount spikes in the year we issue new debt, then tapers off as we add students (grow) and pay down debt.



### Instructional Expenditures per FTE Student

This ratio provides a measure of the unit cost of production for education provided to students. Causes for declining numbers warrant further investigation, as they could indicate either increased efficiency in producing instruction or decreased emphasis on academic programs.

<b>SUU 2006-07</b>	23,575,731 divided by 6,936 annualized year FTE = \$3,399
<b>SUU 2005-06</b>	21,392,702 divided by 6,299 annualized year FTE = \$3,396
<b>SUU 2004-05</b>	20,753,283 divided by 6,146 annualized year FTE = \$3,377
<b>SUU 2003-04</b>	19,500,864 divided by 5,759 annualized year FTE = \$3,386
<b>SUU 2002-03</b>	19,188,968 divided by 5,911 annualized year FTE = \$3,246

Discussion: We should stay fairly consistent in this measure, meaning our class size and faculty to student ratio is maintained at a consistent level.

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### Mission Emphasis Indicator-Academic Expenditures

This ratio measures the relative emphasis placed on the academic mission of the institution. Trends of this ratios overtime can indicate changes in investment or production efficiencies relative to the primary academic mission. These trends are the most important indicator of institutional direction, as inter-institutional comparisons will be influenced by institution-specific missions (for instance, SUU's public service emphasis will make ratios lower for all other expenditures categories).

The numerator, academic expenditures, is comprised of expenditures related to instruction, academic support, and scholarships and fellowships. The denominator is comprised of total consolidated non-auxiliary operating expenses.

<b>SUU 2006-07</b>	33,222,543 divided by 78,341,015 = 42.41%
<b>SUU 2005-06</b>	30,854,077 divided by 70,798,400 = 43.58%
<b>SUU 2004-05</b>	29,861,656 divided by 68,406,530 = 43.65%
<b>SUU 2003-04</b>	28,304,047 divided by 65,999,886 = 42.89%
<b>SUU 2002-03</b>	28,510,021 divided by 63,960,232 = 44.57%



## Endowment Ratio

This indicator compares the total endowment (at market value) to current operational levels at the institution, answering the question of to what degree endowment growth is keeping pace with institutional financial growth.

The numerator is comprised of all endowment and quasi-endowment fund balances at market value. The denominator is total operating expenses reported on the Statement of Revenues, Expenses, and Changes in Net Assets.

<b>SUU 2006-07</b>	13,462,215 divided by 85,515,284 = 0.157425 or 15.74%
<b>SUU 2005-06</b>	12,002,235 divided by 77,242,155 = 0.155385 or 15.54%
<b>SUU 2004-05</b>	9,637,010 divided by 74,539,383 = 0.129287 or 12.93%
<b>SUU 2003-04</b>	9,041,362 divided by 71,584,605 = 0.126303 or 12.63%
<b>SUU 2002-03</b>	8,332,112 divided by 70,073,381 = 0.118906 or 11.89%

Discussion: This measure indicates that the market value of our endowment fund (from market changes and additions to the endowment) is steadily growing faster than the Institution, which is very healthy.



### **Ratio of Net Auxiliary Revenues to Total Auxiliary Revenues**

This ratio tells whether the revenues in support of auxiliary enterprises were sufficient to meet the expenditures from those services. It is not unusual for auxiliary services to be out of balance – at times producing surpluses, at times deficits. Auxiliary enterprises are not funded by the state in most instances, and need to be self-supporting over time. Therefore, it is critical that surpluses be frequent enough and large enough to create fund balance reserves for use to meet capital outlay requirements and temporary unforeseen deficits.

The numerator is composed of total auxiliary revenues less total auxiliary expenditures (mandatory debt service transfers not included). The denominator is comprised of total auxiliary revenues.

<b>SUU 2006-07</b>	2,181,181 divided by 9,322,380 = 23.40%
<b>SUU 2005-06</b>	1,874,702 divided by 8,345,771 = 22.46%
<b>SUU 2004-05</b>	1,512,578 divided by 7,738,067 = 19.55%
<b>SUU 2003-04</b>	1,069,246 divided by 6,663,571 = 16.05%
<b>SUU 2002-03</b>	991,513 divided by 6,974,685 = 14.22%

Discussion: This trend indicates our Auxiliary Enterprises (Bookstore, Food Service, Residence Life and Student Center) are steadily improving their net profits relative to operations. Very healthy.

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## Tuition Discounting (Student Financial Aid Expenditures to Tuition Revenues)

A high ratio indicates that the institution receives substantially less than \$1 in net revenues for each tuition dollar it charges (tuition discounting).

The first ratio shown for each year indicates “uncollected money”, i.e., tuition charges not collected due to tuition waivers being given. The second and third ratios involved campus dollars being directly spent in covering student tuition charges.

Note that 3 methods have been used.

- Method 1 divides “appropriated general fund student aid” (waivers) by “appropriated general fund student tuition” (fees excluded).
- Method 2 divides “appropriated general fund student aid” (waivers) and “other general fund student aid” (campus-based scholarships) by the same divisor.
- Method 3 divides “appropriated general fund student aid” (waivers), “other current general fund student aid” (campus-based scholarships), and “other restricted fund aid” (campus-based scholarships) by the same divisor.

Note that federal and state aid sources are EXCLUDED from all methods.

<b>SUU 2006-07</b>	Method 1	3,390,733 divided by 22,944,601 = 14.78%
	Method 2	3,957,230 divided by 22,944,601 = 17.25%
	Method 3	6,213,652 divided by 22,944,601 = 27.08%
<b>SUU 2005-06</b>	Method 1	2,791,089 divided by 19,799,373 = 14.10%
	Method 2	3,118,858 divided by 19,799,373 = 15.45%
	Method 3	4,881,510 divided by 19,799,373 = 24.65%
<b>SUU 2004-05</b>	Method 1	2,714,189 divided by 17,294,345 = 15.69%
	Method 2	3,042,649 divided by 17,294,345 = 17.59%
	Method 3	3,651,905 divided by 17,294,345 = 21.12%
<b>SUU 2003-04</b>	Method 1	2,336,014 divided by 14,771,419 = 15.81%
	Method 2	2,713,606 divided by 14,771,419 = 18.37%
	Method 3	3,314,780 divided by 14,771,419 = 22.44%
<b>SUU 2002-03</b>	Method 1	1,915,805 divided by 12,370,246 = 15.49%
	Method 2	2,628,076 divided by 12,370,246 = 12.25%
	Method 3	3,203,838 divided by 12,370,246 = 26.42%

Discussion: We collect approximately 85% of assessed tuition (methods 1&2) and we are not changing that measure materially.