

Ohio University

Ratio Analysis

National and Ohio Peers



Agenda



- Trends and Insights
- Peer Institution Listing
- Review of Key Ratios – Ohio and Peer Group
 - Primary Reserve
 - Viability
 - Net Income
 - Senate Bill 6 (SB 6) Composite Scores
 - Debt Burden
 - Return on Net Assets
 - Physical Asset Reinvestment
 - Age of Facility
 - Facility Maintenance
- Summary



Trends and Insights



- Financial strength of Ohio University improved in FY 2008, AND relative ranking to peers generally improved or remained the same.
 - Ohio achieved increase in expendable net assets and reduction in debt
 - Average financial strength of peer institutions ahead of Ohio due to several factors, including state funding for higher education and enrollment growth
 - Physical facilities at Ohio remain older on average than average of peer institutions while Ohio spending higher than average on facility maintenance
- Key financial strategies for improving financial condition
 - Increasing UNRESTRICTED expendable net assets remains top financial priority to improve Ohio University's overall financial strength
 - Five Year Financial Plan includes annually budgeting of \$1M of resources to net income to increase UNRESTRICTED expendable net assets
 - Continue to minimize debt utilization, while efficiently borrowing as approved for strategic priorities/needs.
- Peer ratio analysis is valuable input to multi-year operating and capital plans and will continue to be monitored/reported



Peer and Ohio Institutions



Peer Institutions

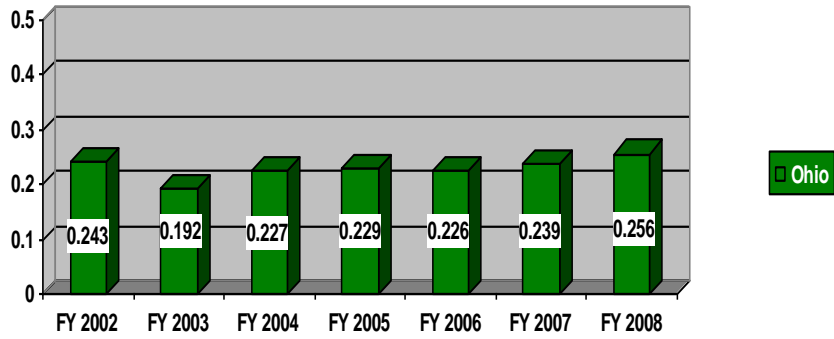
- Auburn University
- Clemson University
- Indiana University – Bloomington**
- University of Connecticut
- University of Delaware
- University of Missouri – Columbia**
- University of New Hampshire
- University of North Carolina – Chapel Hill
- University of Tennessee
- Washington State University

Ohio Sister Institutions

- Kent State University
- Miami University
- University of Cincinnati



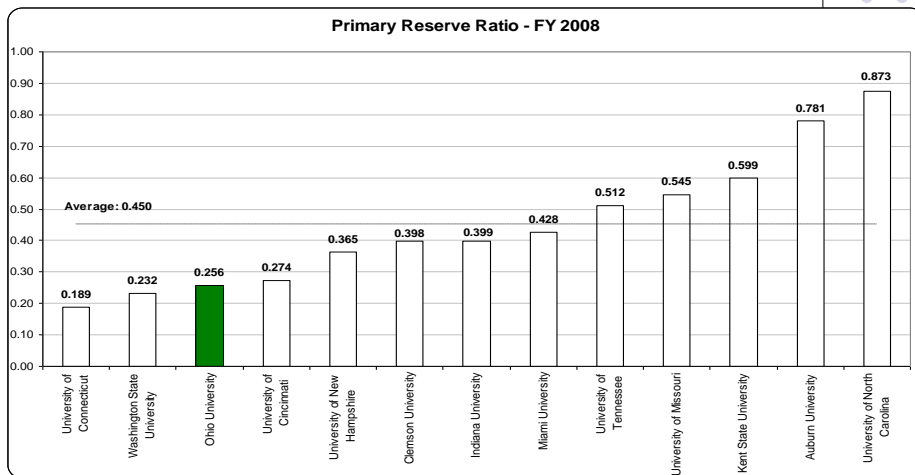
Primary Reserve Ratio Ohio University



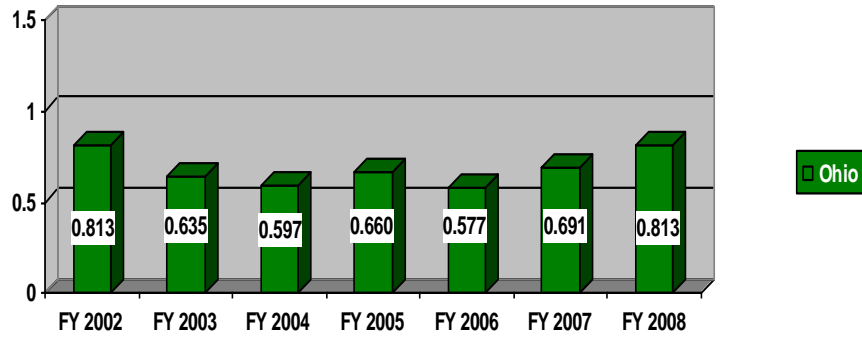
Primary Reserve Ratio = Expendable Net Assets / Total Expenses



Primary Reserve Ratio Peer Comparison – FY 2008



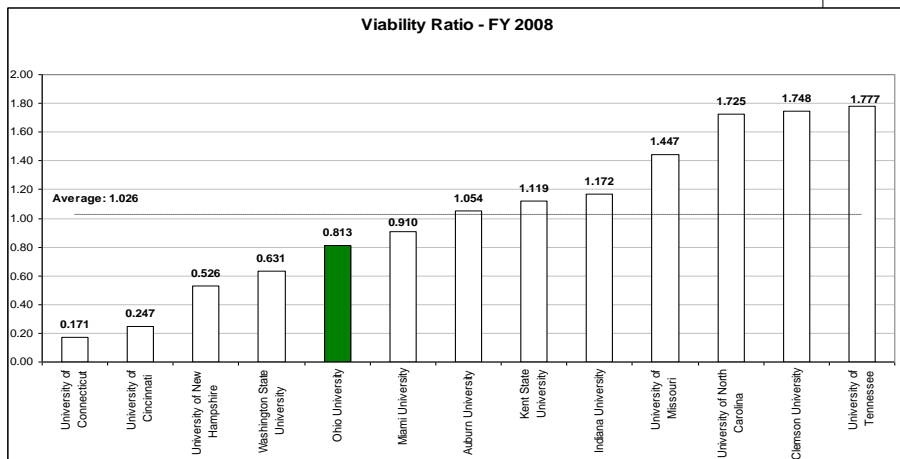
Viability Ratio Ohio University



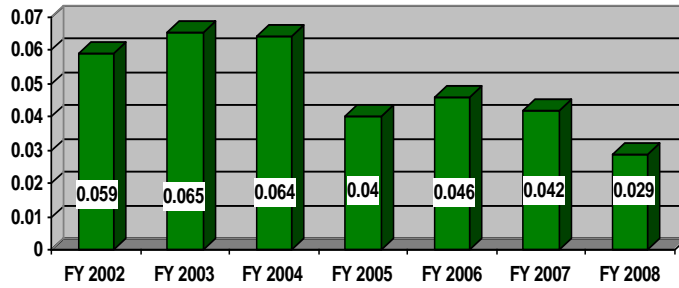
Viability Ratio = Expendable Net Assets / Long-Term Debt



Viability Ratio Peer Comparison – FY 2008



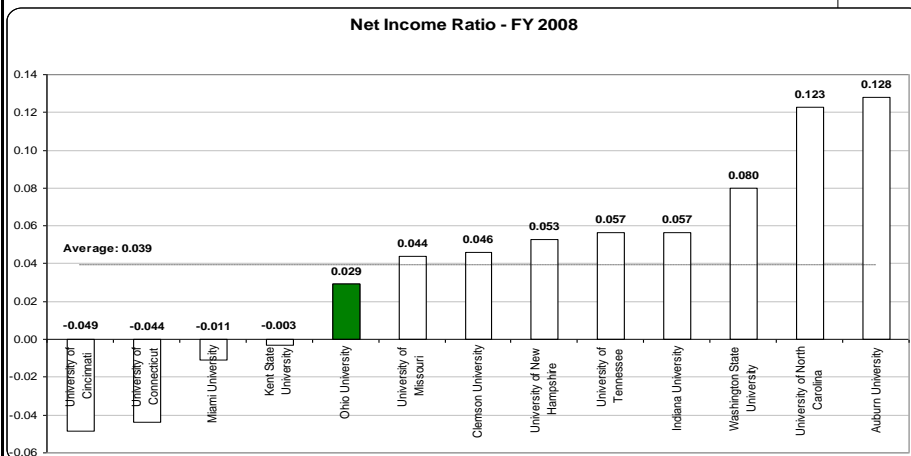
Net Income Ratio Ohio University



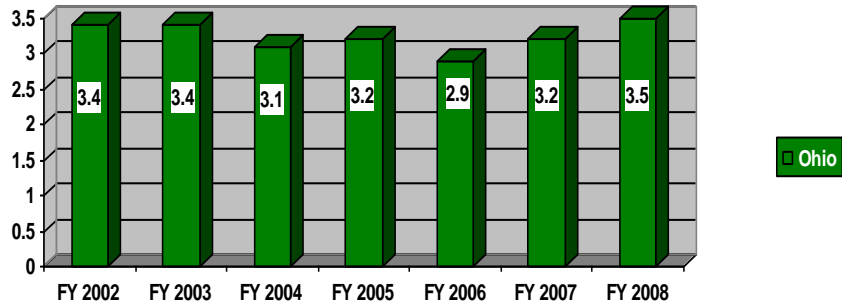
Net Income Ratio = Change in Net Assets / Total Revenues



Net Income Ratio Peer Comparison – FY 2008



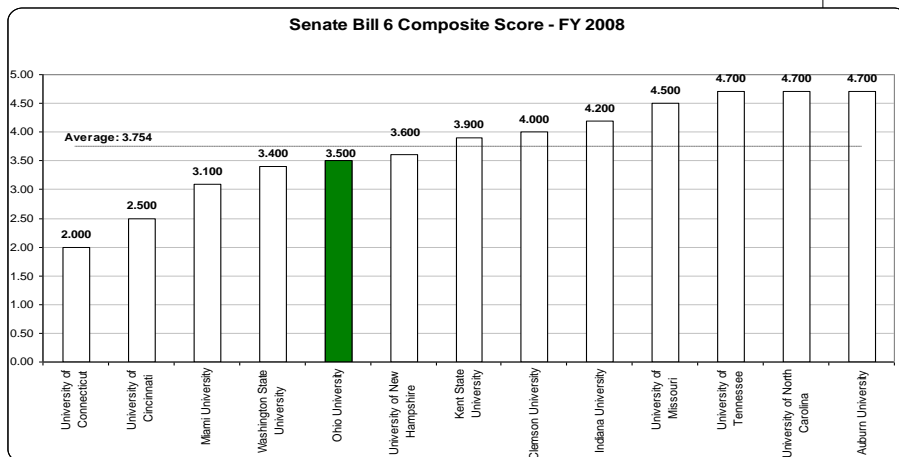
Senate Bill 6 Composite Ratio Ohio University



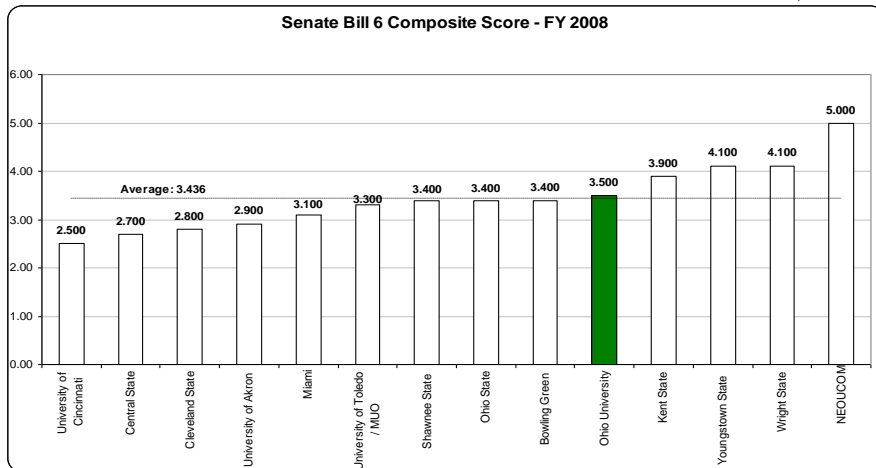
Senate Bill 6 Composite Ratio = composite of three ratios



Senate Bill 6 Composite Ratio Peer Comparison – FY 2008

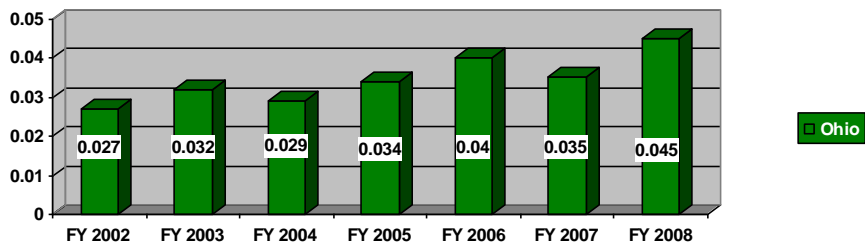


Senate Bill 6 Composite Ratio Ohio School Comparison – FY 2008



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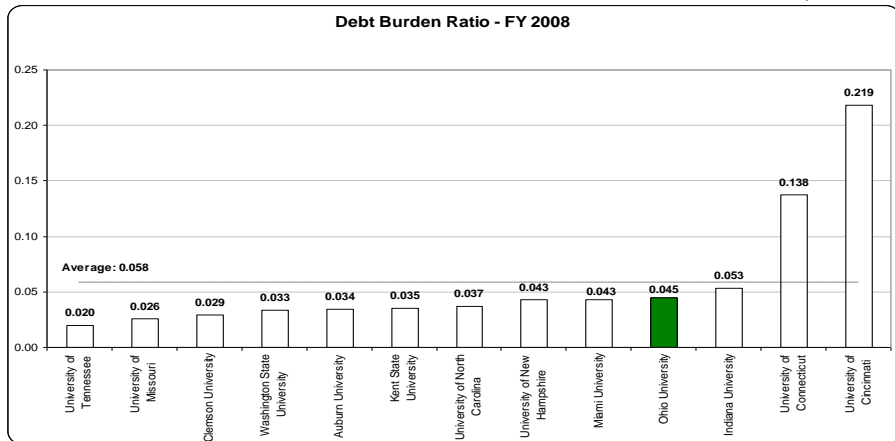
Debt Burden Ratio Ohio University



Debt Burden Ratio = Debt Service / Total Expenditures

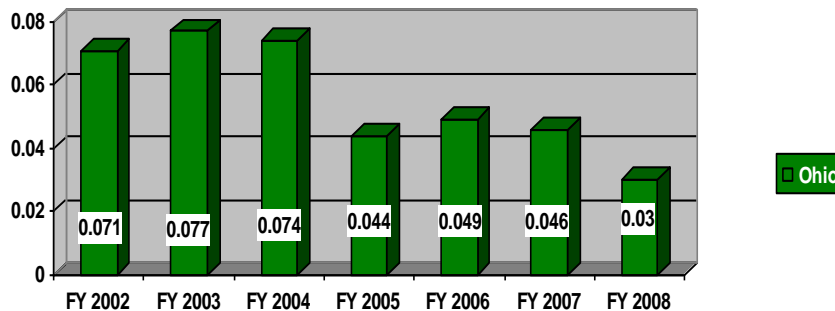


Debt Burden Ratio Peer Comparison – FY 2008



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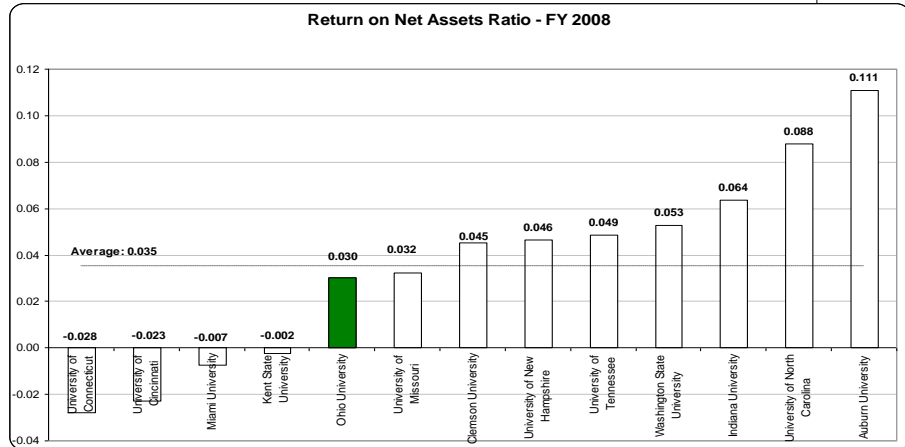
Return on Net Assets Ratio Ohio University



Return on Net Assets Ratio = Change in Net Assets / Total Net Assets (prior year)



Return on Net Assets Ratio Peer Comparison – FY 2008



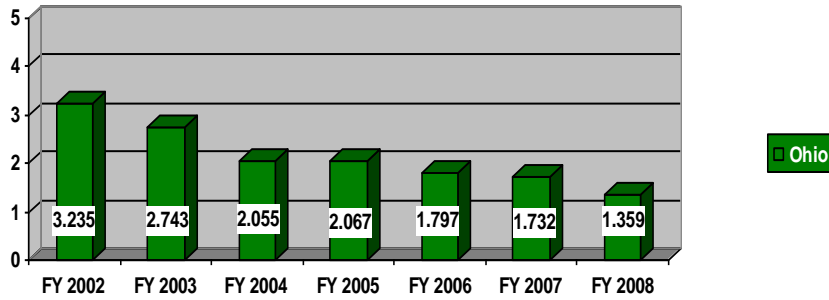
Condition of Facilities Ratios



- Well maintained physical facilities are essential to achieving the mission of Ohio University
 - Over 200 buildings on the main Athens campus
- Three ratios indicate how we maintain our physical facilities compared to peer institutions:
 - Physical Asset Reinvestment
 - Age of Facility
 - Facility Maintenance



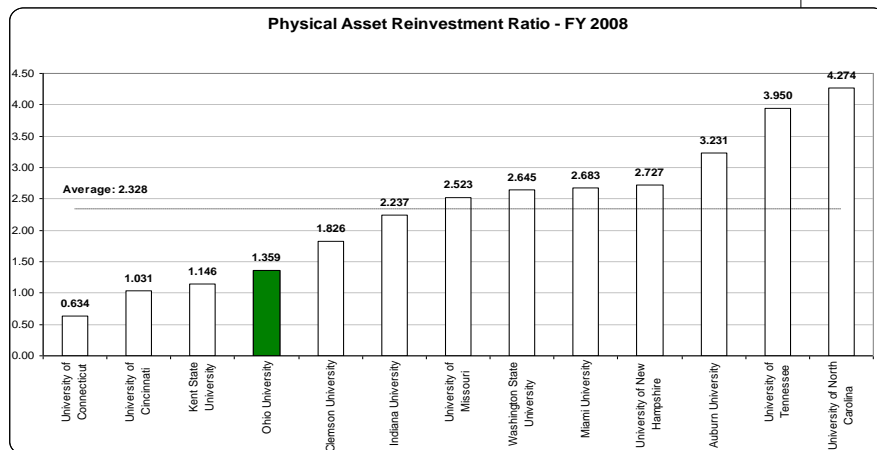
Physical Asset Reinvestment Ratio Ohio University



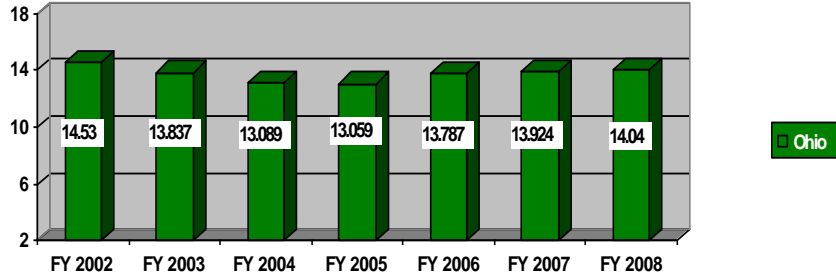
Physical Asset Reinvestment Ratio = Capital Expenditures / Depreciation Expense



Physical Asset Reinvestment Ratio Peer Comparison – FY 2008



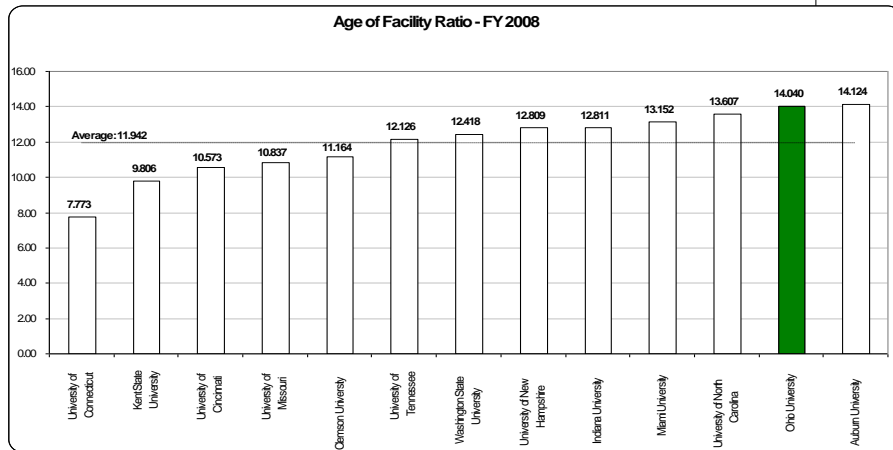
Age of Facility Ratio Ohio University



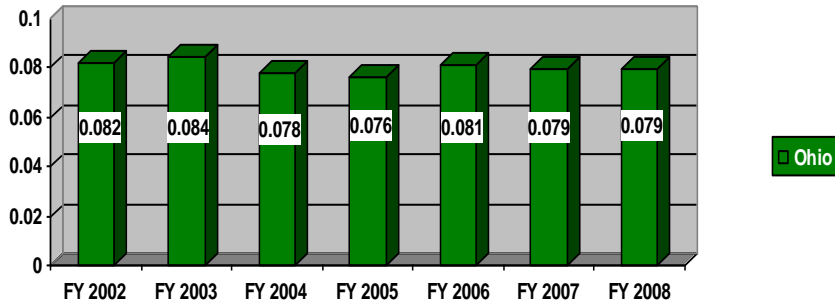
Age of Facility Ratio = Accumulated Depreciation / Depreciation Expense



Age of Facility Ratio Peer Comparison – FY 2008



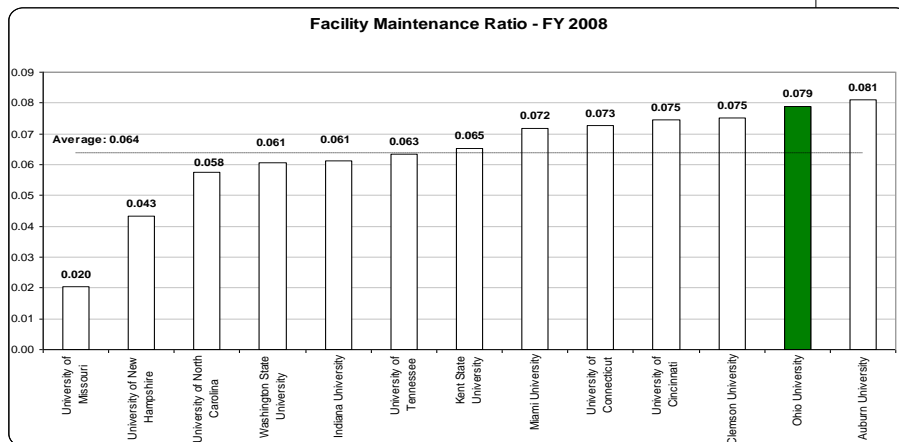
Facility Maintenance Ratio Ohio University



Facility Maintenance Ratio = Operations and Maintenance of Plant Expenses / Operating Revenues + Non-operating Revenues



Facility Maintenance Ratio Peer Comparison – FY 2008



5 Year Ratio Analysis To Summarize...



- Financial strength of Ohio University improved in FY 2008, AND relative ranking to peers generally improved or remained the same.
- Key financial strategies for improving financial condition continue to be incorporated into planning
 - Top priority is to increase UNRESTRICTED expendable net assets
 - Annually budget resources to net income to increase UNRESTRICTED expendable net assets
 - Effectively manage debt
 - Eliminate structural carry-forward deficit and implement carry-forward strategy to improve financial controls and bottom line
- Continue to report peer ratio analyses and monitor trends

