

Differences between Salaries and Fringe Benefits (FY2017 October 2016 \$99,363) per the September 29, 2016 – Financial Forecast and Actual Cash Activity thru May 2017 (Salary and fringe of \$74,215 and \$9,453, respectively, plus an estimate for June of \$7,601 for salary and \$1,000 for healthcare – for a total of \$92,269), a difference of approximately 7.1 million dollars:

The three year unrestricted fund budget projections shown to the AAUP and presented to the Board of Trustees are represented as cash-basis accounting, not accrual basis. However the explanation provided by finance clearly counts non-cash items. In addition, several of the items below involve double counting.

- Self-Funded Healthcare Deductions (100/80, 90/70 and Rx premium deductions withheld but not paid out until the time of claims) - \$1,891,687 (1)

If this is referring to payouts that will occur after the fiscal year ends for the previous year, it is an accrual and not a cash payment in the fiscal year.

This year's actual cash payment includes such monies from the previous fiscal year. By counting these funds in this year, the monies are effectively counted twice, once when actually paid, and again when incurred.

- Payroll related items withheld from pay and paid from through AP (AAUP/AFSCME Dues, Dental Premiums, Garnishments, etc.) - \$638,187 (1)
- Internal transfers - \$86,647 (1)

Internal Transfers are not cash expenses.

- Internal tuition remission (internal transfer) - \$2,000,000 (1)
Internal Transfers are not cash expenses. While this may be treated as employee income for tax purposes, the university did not spend \$2 million in cash for faculty and/or staff members' students to attend Rider in FY 2017, so this should not be part of a cash budget projection.
- External tuition remission (paid through AP) - \$950,000 (1).
- Compensated absences (noncash) - \$123,600 (1)

Not a cash expense. It is not clear how this is any type of an expense.

- Early retirement (expense is incurred at the time an individual commits to participation, cash is paid out over time) - \$1,069,540 (1)
This is another example of double counting. The projections claim to be based on cash accounting. The cash activities would include the monies paid out to previous year's recipients of cash buyouts. While the liability is accrued in the year that a faculty member elects a buyout, no cash is expended until future

years. Since the projections claim to be on a cash basis, liabilities should not be included as they are not cash expenses.

- Post retirement adjustment (noncash) - \$273,182 (1)
Again, non-cash adjustments do not belong in a projection on a cash basis.

(1) = \$7,033

Other:

Certain of the items above have prior year counterparts, such as portions of prior years' ERI [Early Retirement Incentive] charges paid in cash this year or medical claims activity. They are in prior year expense but require cash this year. Those are offset by significant fiscal 2017 salary savings versus the budget due to staff turnover – **for example, the University is down 53 positions since January.** (emphasis added)

Since the reduction of non-faculty labor by 53 positions would obviously have an impact on salary and fringe benefits expenses, why was this information not provided as part of an updated budget projections?

In our view, the sum total of these errors leads to a serious misrepresentation of Rider's financial status.