PERIODIC REVIEW REPORT

FISCAL ANALYSIS

2003

NAME OF INSTITUTION
LINCOLN UNIVERSITY, PA

FINANCE ASSOCIATE
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New Jersey Institute of Technology, NJ
Periodic Review Report - Fiscal Analysis

As noted in its audited financial statements, Lincoln University is a state-related four-year institution of higher education. Officials of the Commonwealth of Pennsylvania appoint 12 of the 39 members of the Board of Trustees. The university's material submitted with the PRR was extensive and helpful in getting a sense of its fiscal conditions.

Lincoln reports that it has operated with revenues exceeding expenses in recent years. The audited financials for the most recent years confirm this. There are some, but not material variations in older data. It is important to note that the FY 2003 budget does not include funding for a line called "Capital Improvement Fund" which was included in the FY 02 budget in the amount of $550,000. Lincoln reports that this was eliminated to produce a balanced budget.

There appears to be a significant number of facilities projects underway as outlined in the Project Priority Tracking List provided. The Team report from the 1998 visit commented on the need for Lincoln to address deferred maintenance and the general level of custodial services. Lincoln is cautioned that balancing the budget at the expense of maintenance funds could lead to longer term difficulties and hinder their enrollment projections, if the campus is not perceived to be well maintained.

On the positive side, the university five-year future budgets (FY 04 to FY 07) include the capital maintenance fund and project that revenues will exceed expenses. The document included a clear statement of the planning assumptions for each of the years. This approach will facilitate the analysis of the actual results in subsequent years and help to identify the reasons for variances that may occur between the budget and the actual. The university reports that it normally produces a five-year budget as part of its annual budget cycle, a noteworthy activity.

The university is to be commended for the improved financial operations, which resulted in fewer management comments from the external auditors. Further, the A 133 Report for FY 2002 (Federal Grants Single Audit) noted no material weaknesses.