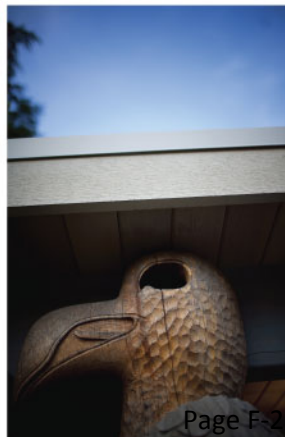


Annual Financial Statement Analysis – FY 2010-2014

Finance and Administration Committee – January 15, 2015



Overview

Purpose

- Provide information on the financial health of the university, including key financial metrics over time and compared to peer data.

Overview

- Public universities operate in a challenging financial environment
 - Volatile and declining levels of state funding
 - Pressure/obligation to keep tuition rates low for our students
 - Historic pressure to keep reserves low
 - Need to grow self-generated revenue
 - Minimal ability to budget for capital renewal
 - Balance competing goals of financial strength with access and affordability

Financial Analysis

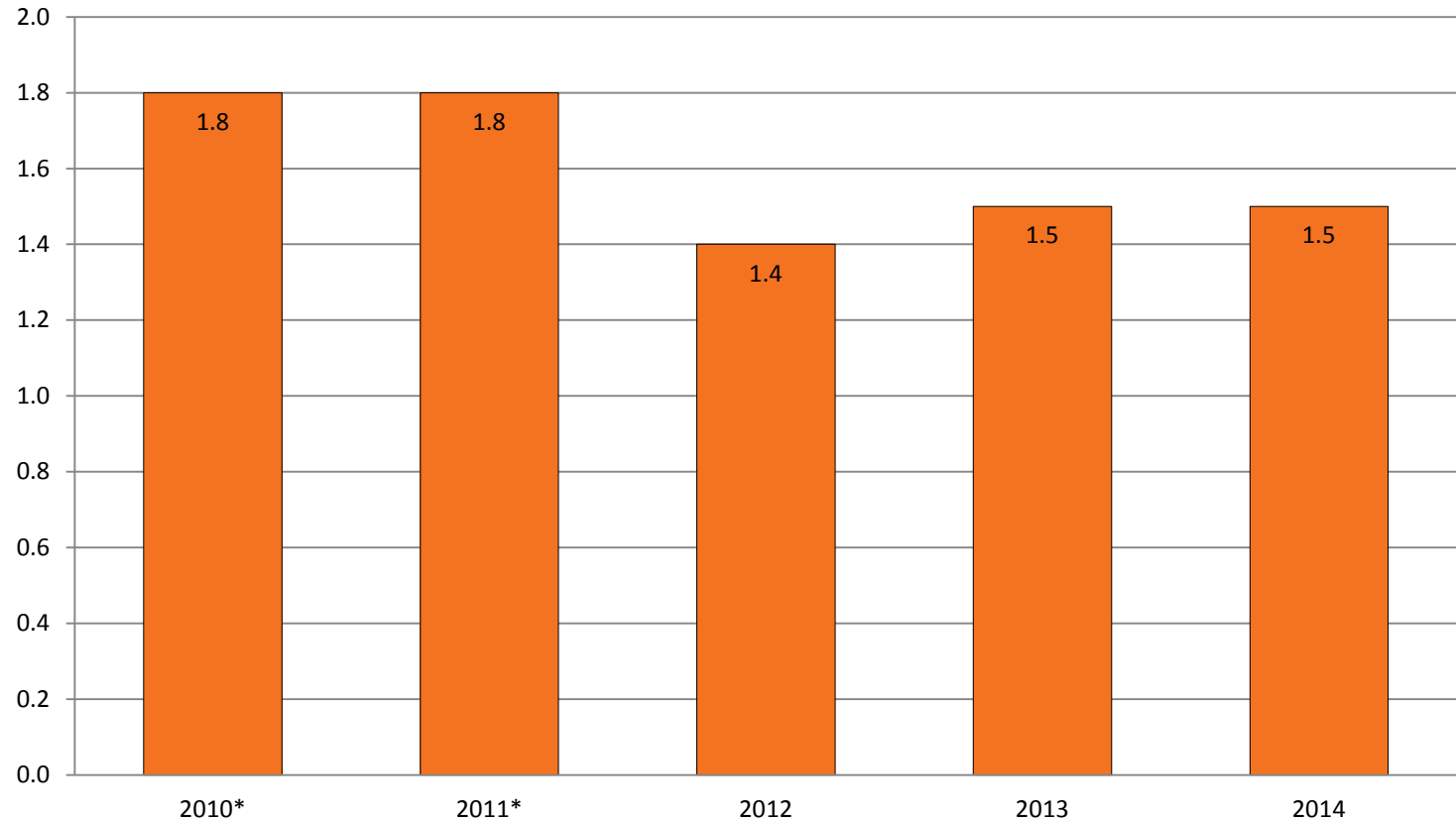
Analysis separated into three sections:

- Trend analysis of key financial information (Slides 3-8)
- Comparison of key financial information to peer data (Slides 9-21)
- Trend analysis of specific financial metrics (Slides 22-30)
 - Debt policy metrics
 - Core financial health metrics

Trend Analysis of Key Financial Information

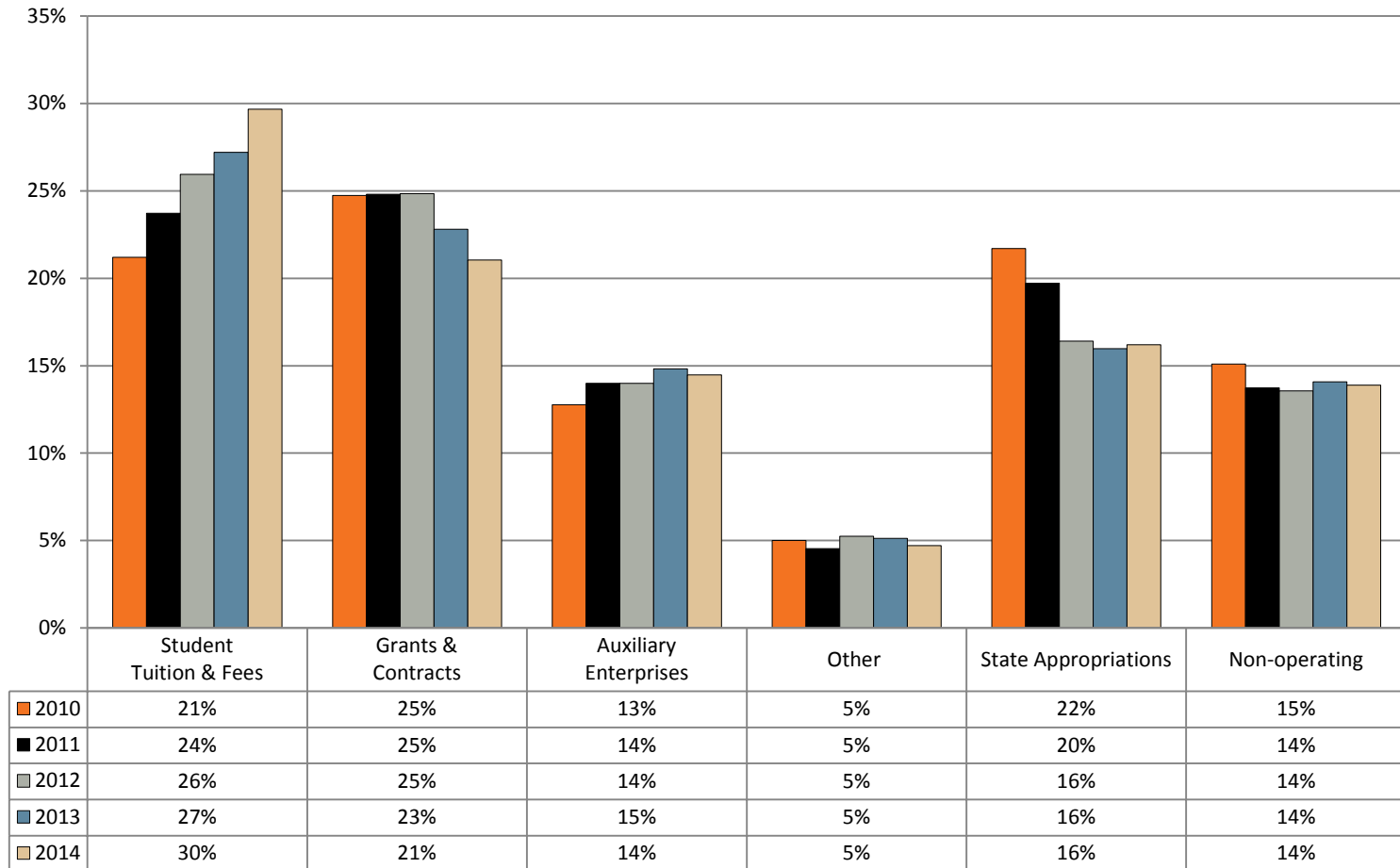
- Presents key financial information over the past five years
- Continues use of existing analysis model (OUS)
- Design helps to gain insight into University operations

Oregon State University
Current Ratio
Current Assets/Current Liabilities

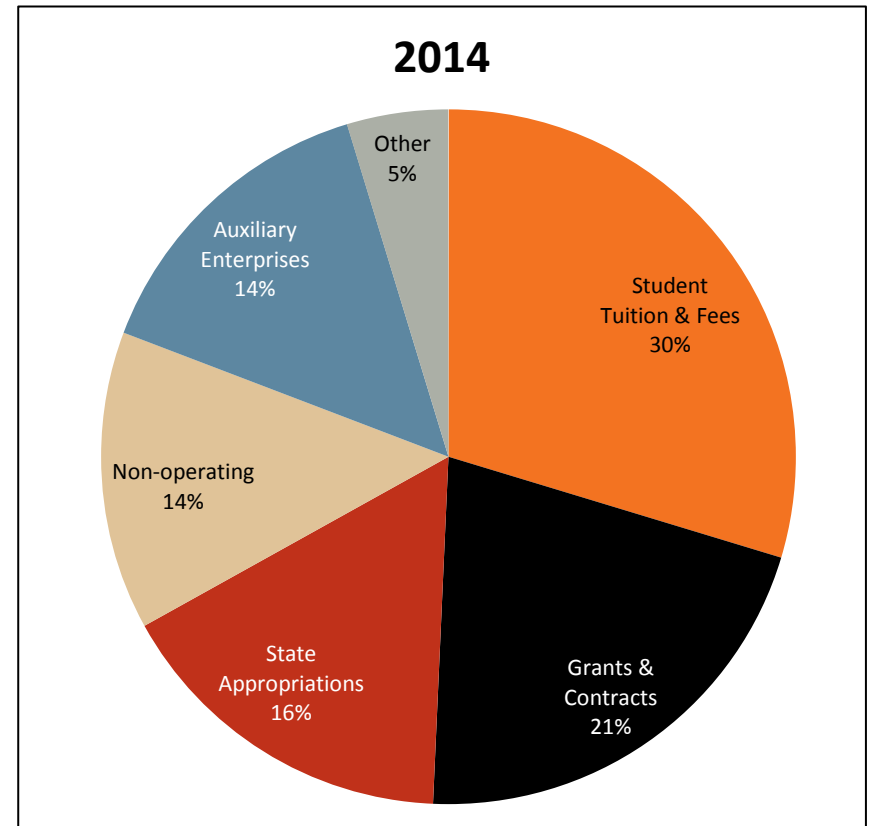
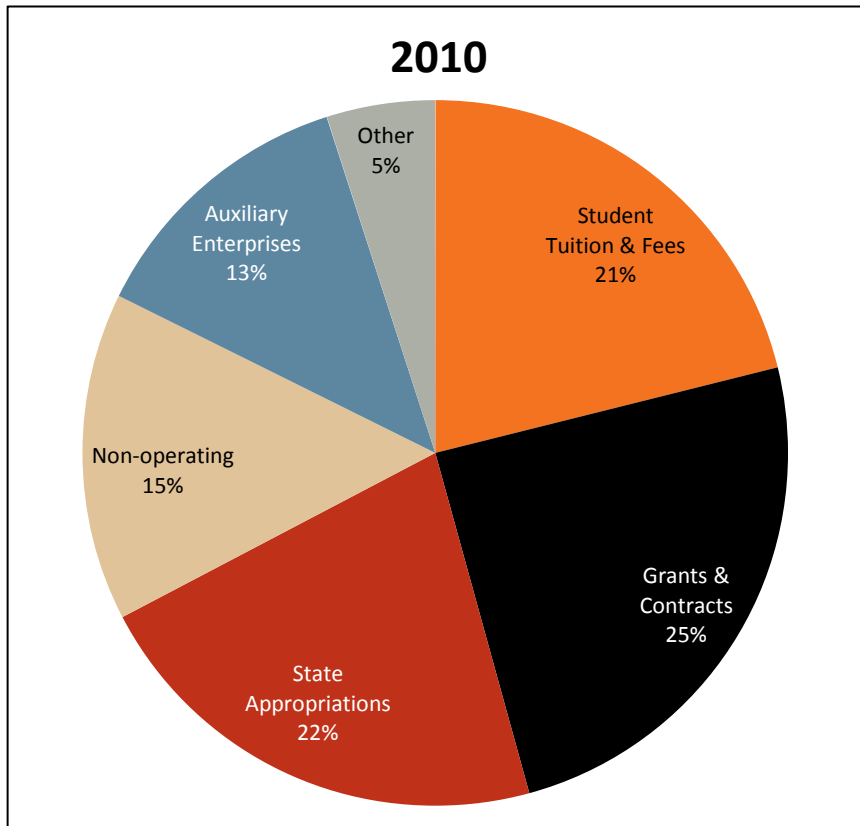


*Current assets have been restated to estimate the amount of cash that since 2012 is now included in non-current investments.

Oregon State University Contribution Margin



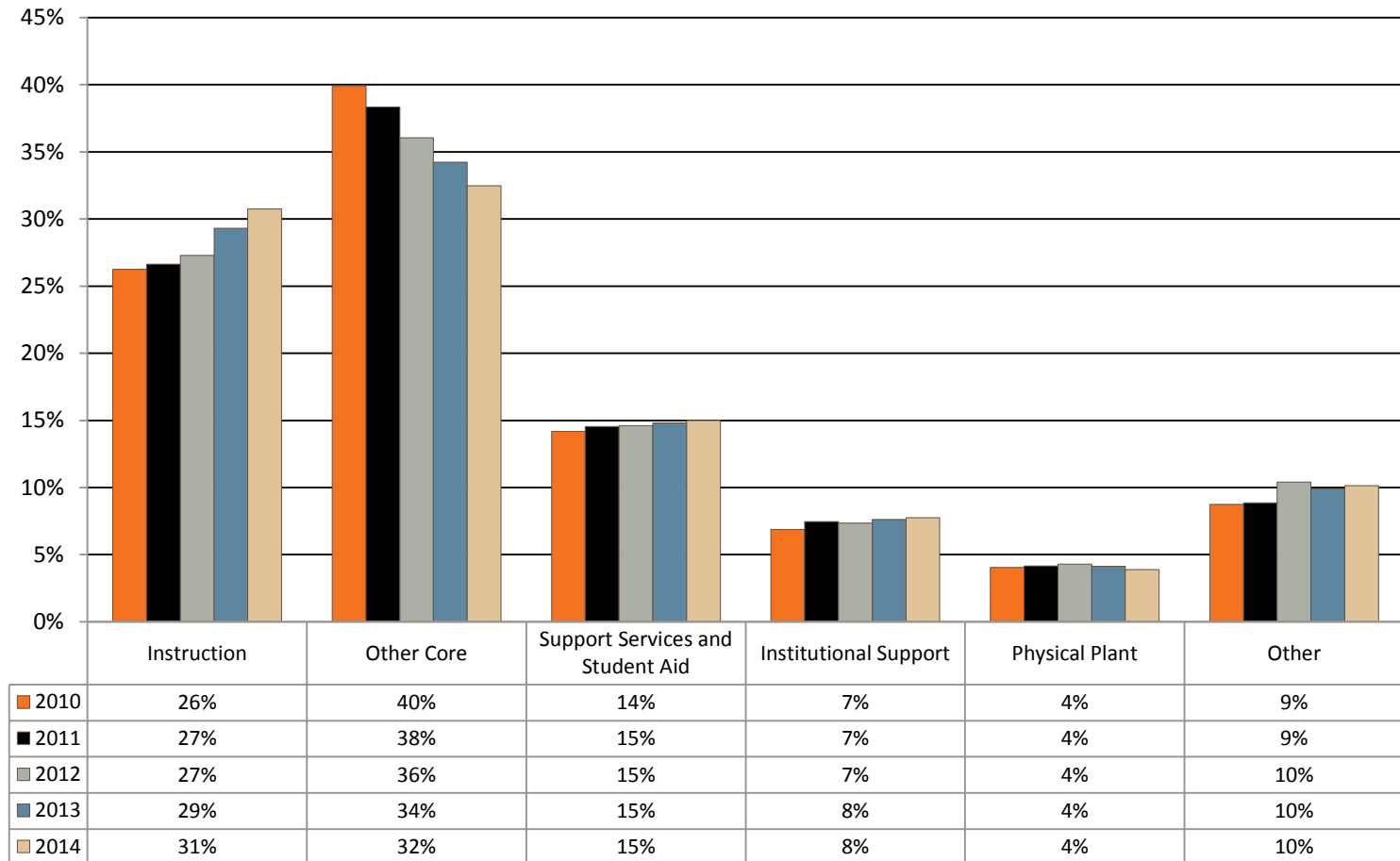
Oregon State University
Contribution Margin
Fiscal Years 2010 & 2014



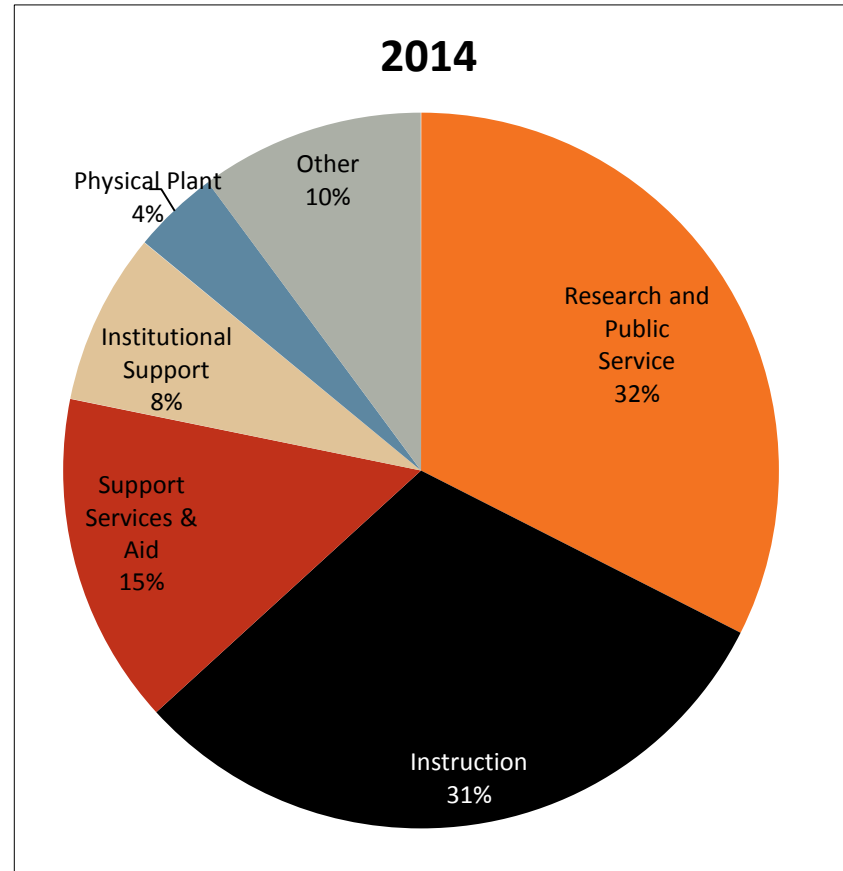
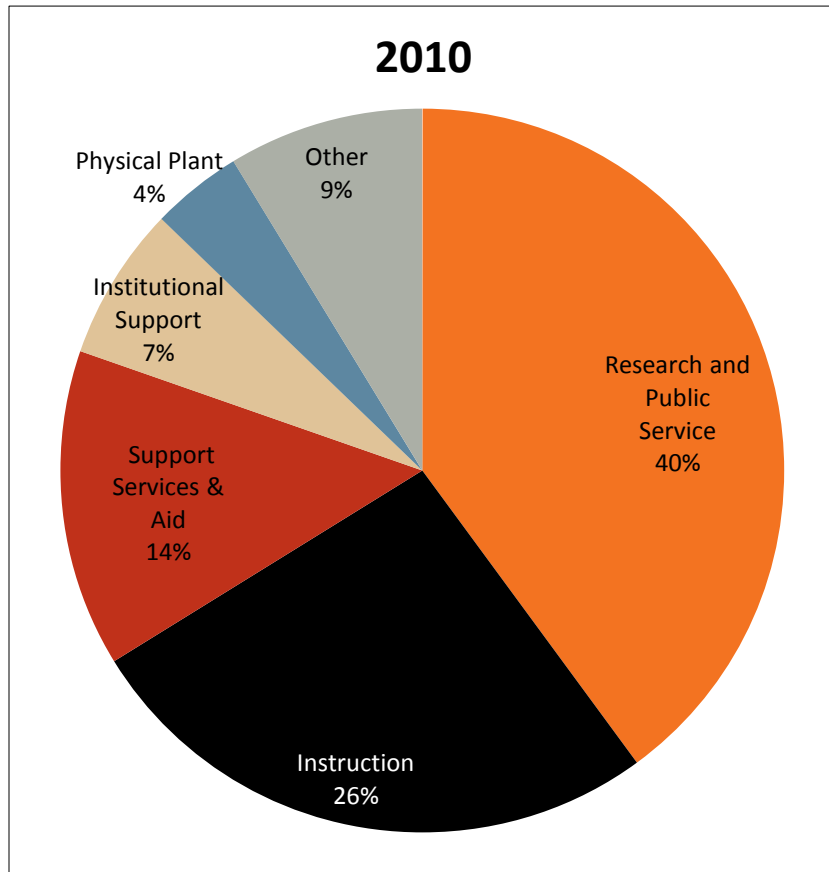
Oregon State University

Expenditures

Fiscal Years 2010 - 2014



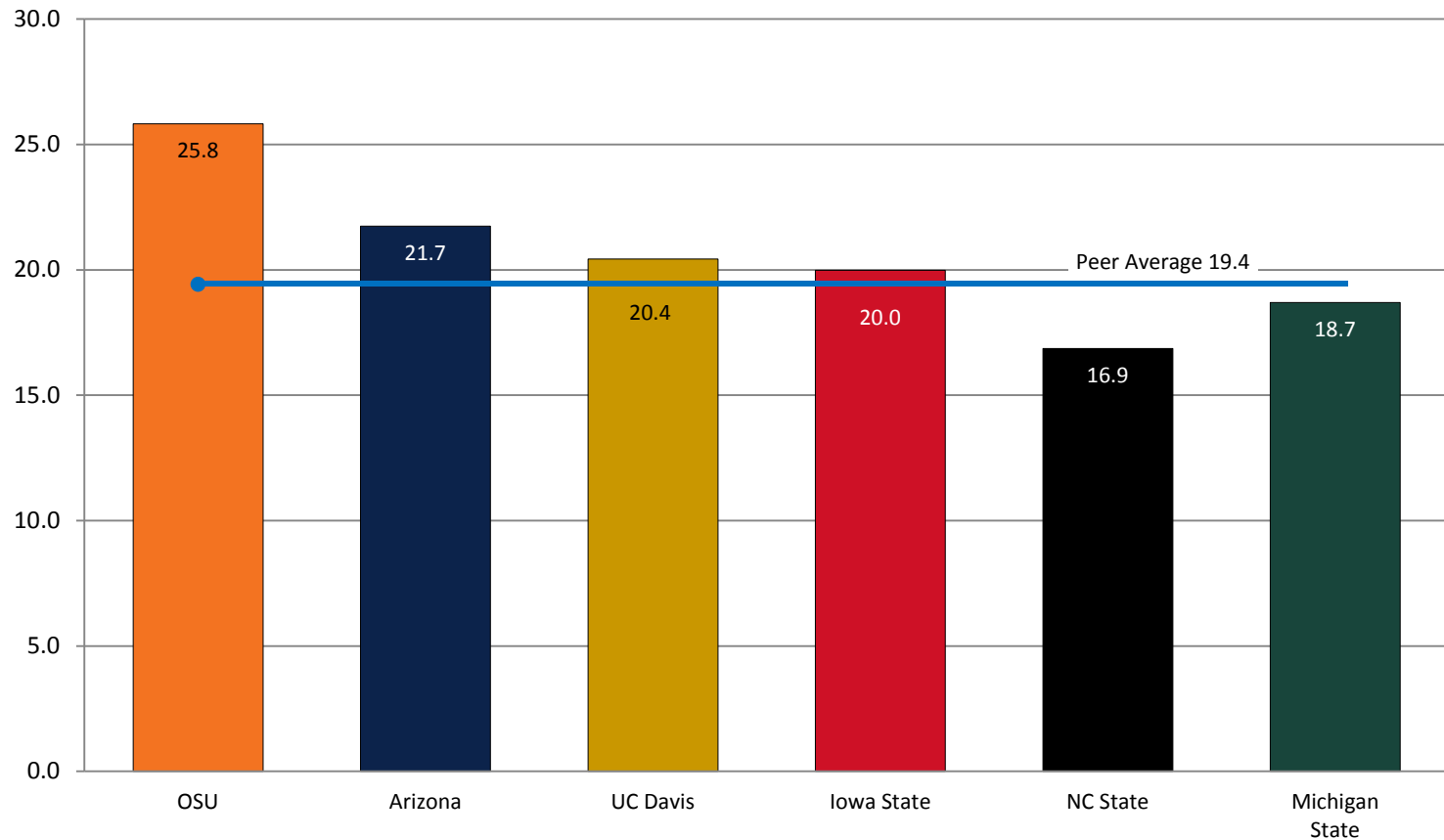
Oregon State University
Expenditures
Fiscal Years 2010 & 2014



Analysis of Key Financial Information to Peer Data

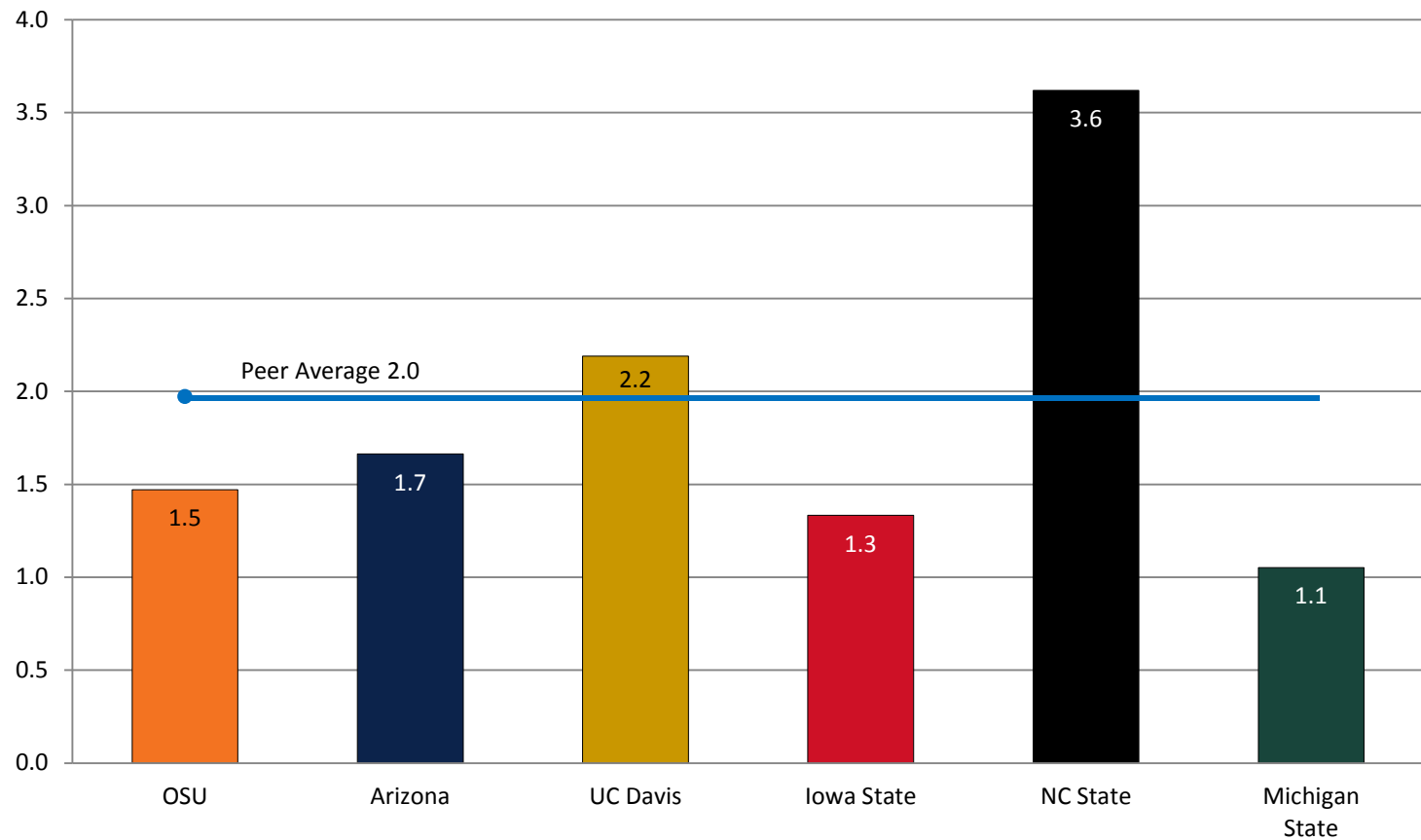
- Presents key financial information comparison to peer data for FY 2013
 - FY 2014 data not available
 - Peer information only available if peer institution has separate audit
- Continues use of existing analysis model (OUS)
- Design provides a view of the University's operations relative to peer institutions

Oregon State University
Peer Institutions
Student/Faculty Ratio

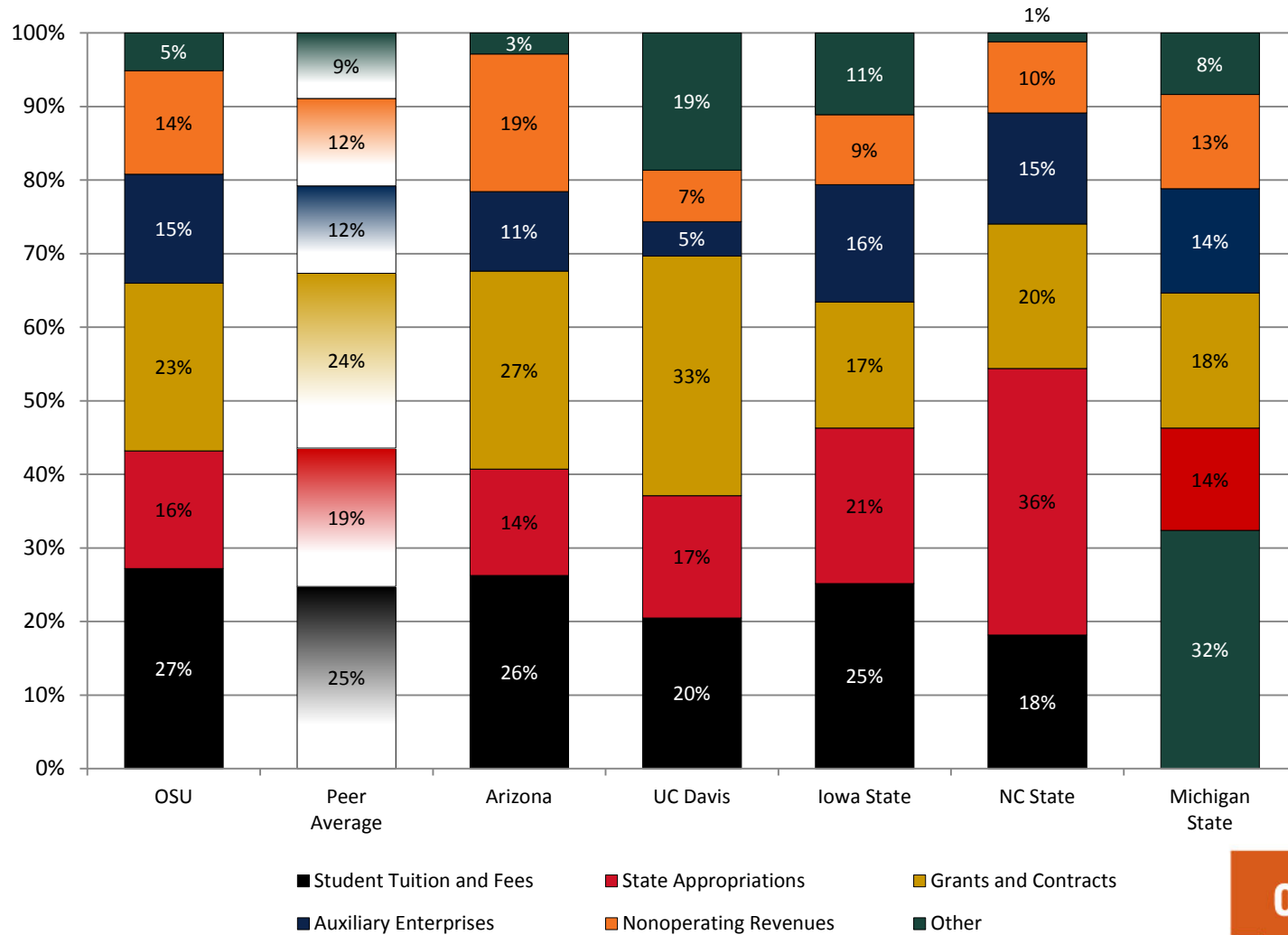


Calculation: Full-time equivalent (FTE) students /FTE faculty members

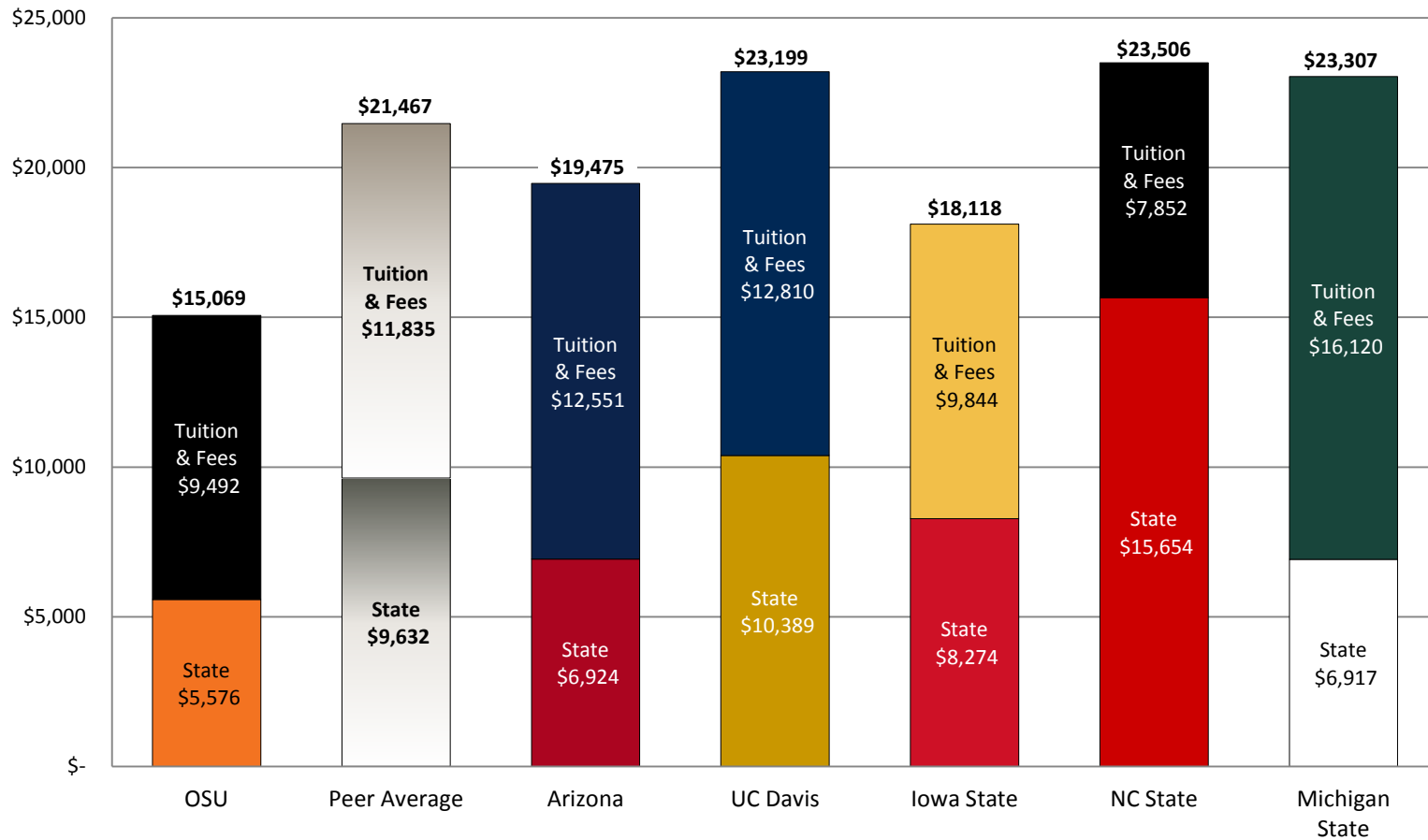
Oregon State University
Peer Institutions
Current Ratio



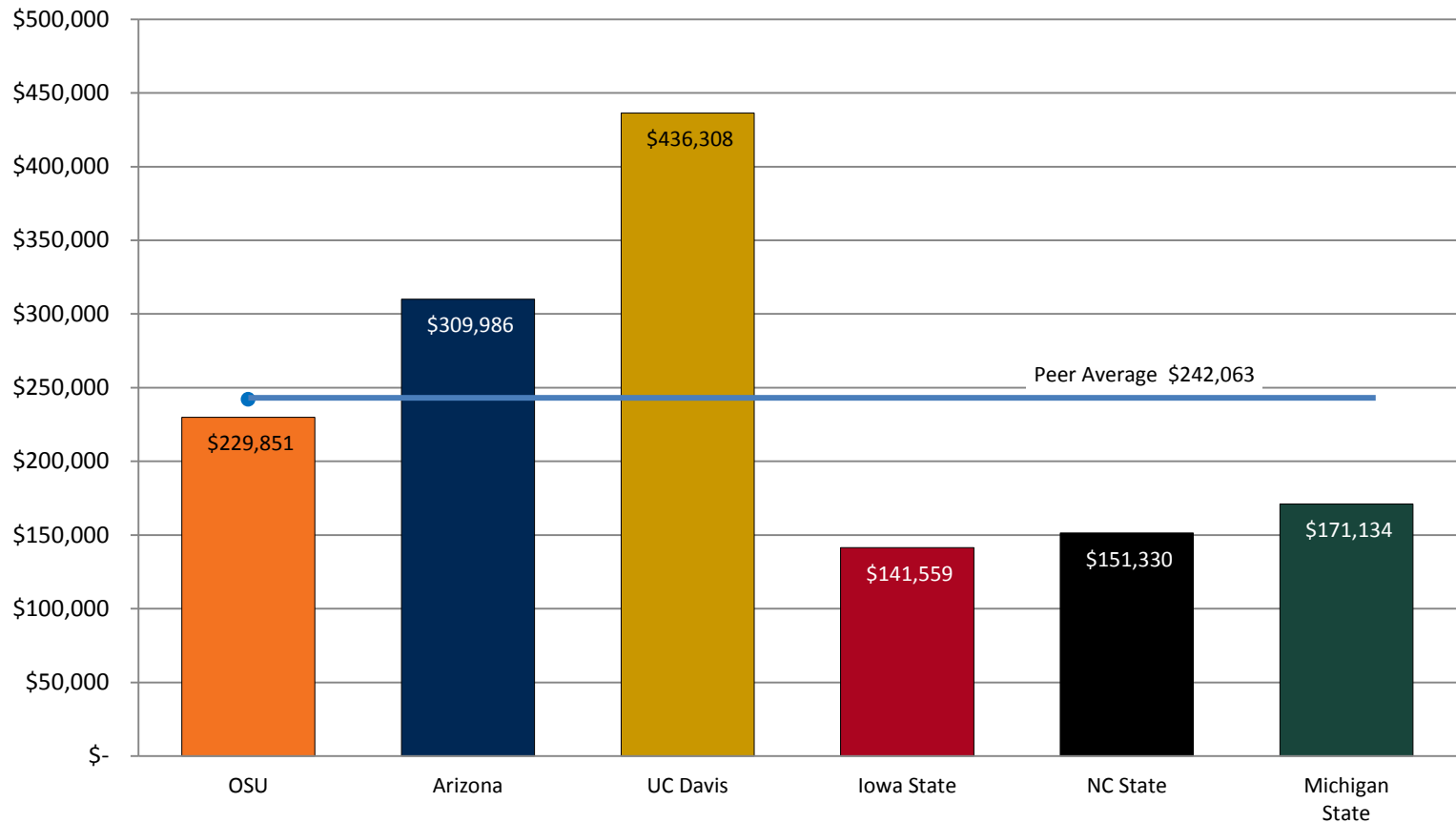
Oregon State University Peer Institutions *Contribution Ratio*



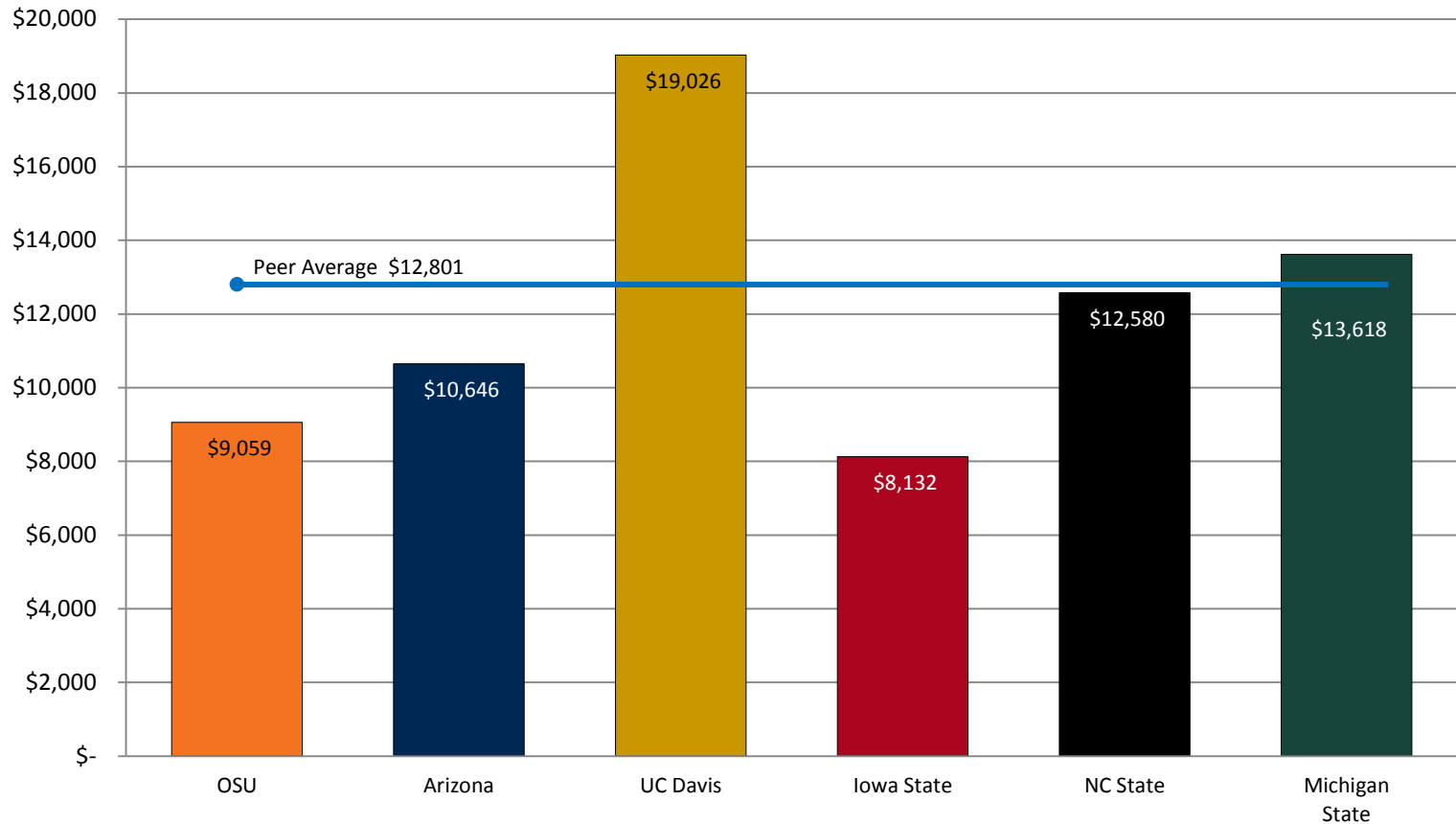
Oregon State University
Peer Institutions
State Appropriations and Tuition & Fees per Student FTE



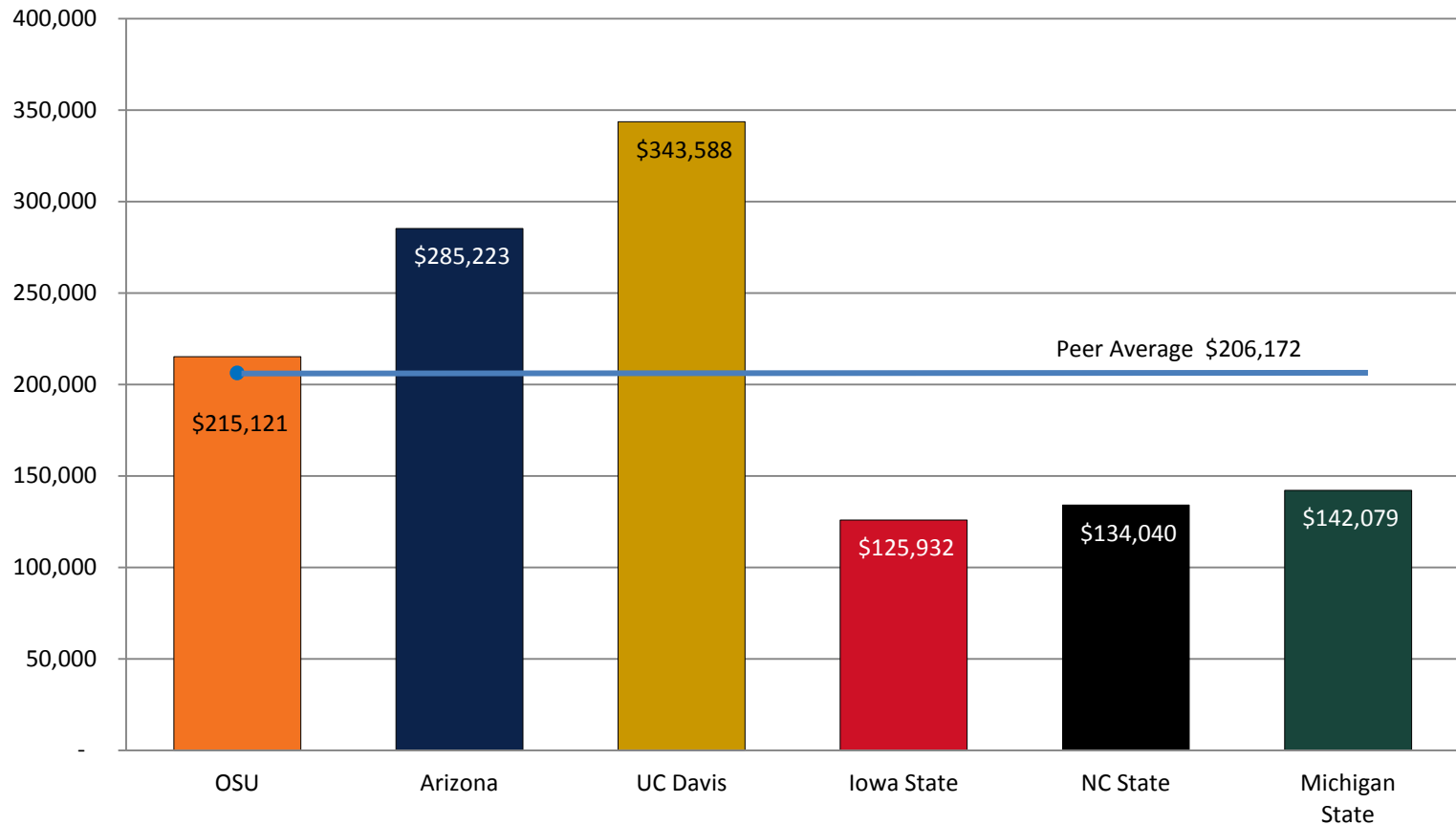
Oregon State University
Peer Institutions
Grants and contracts revenues per faculty FTE



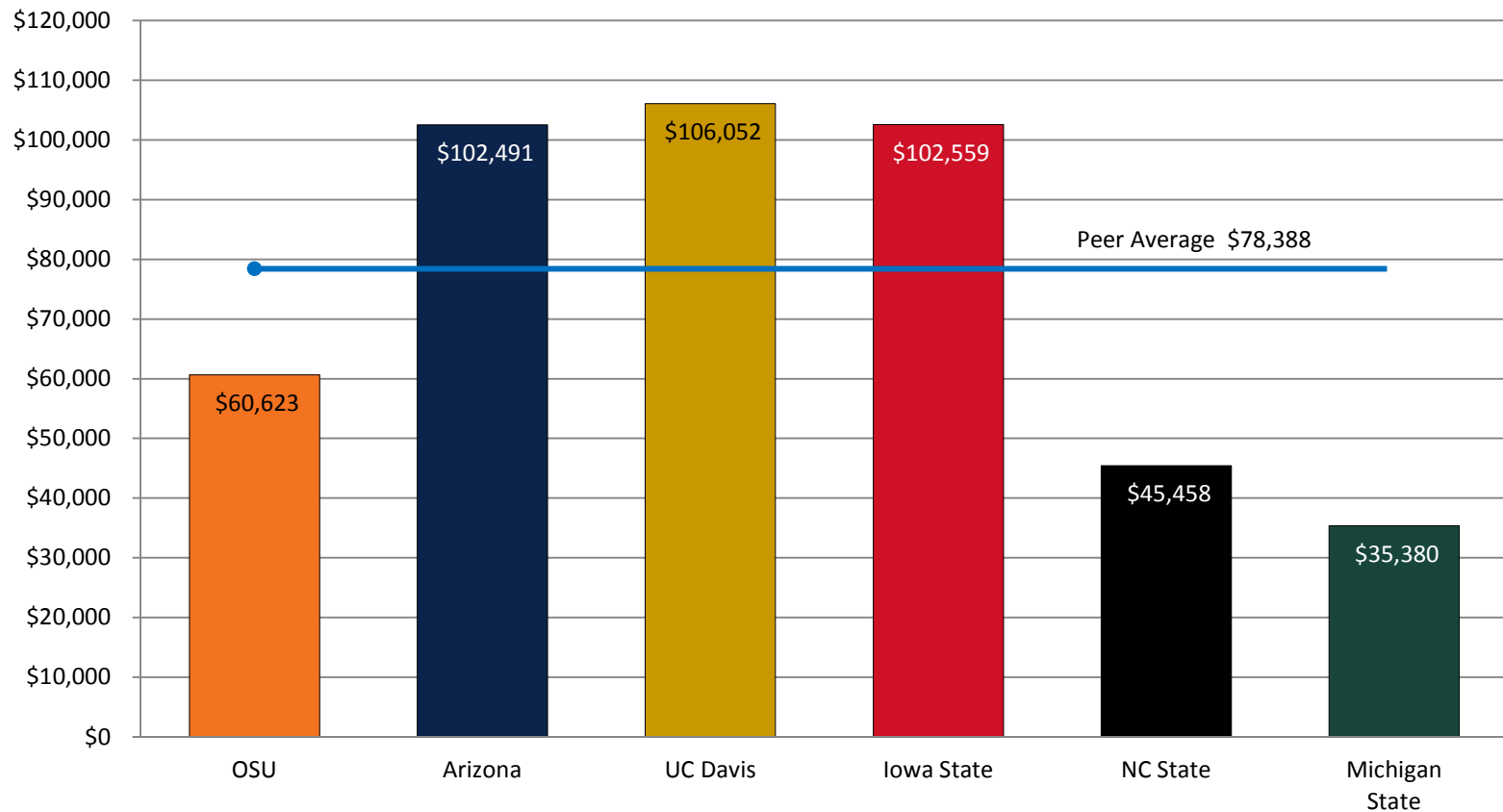
Oregon State University
Peer Institutions
Instruction cost per student FTE



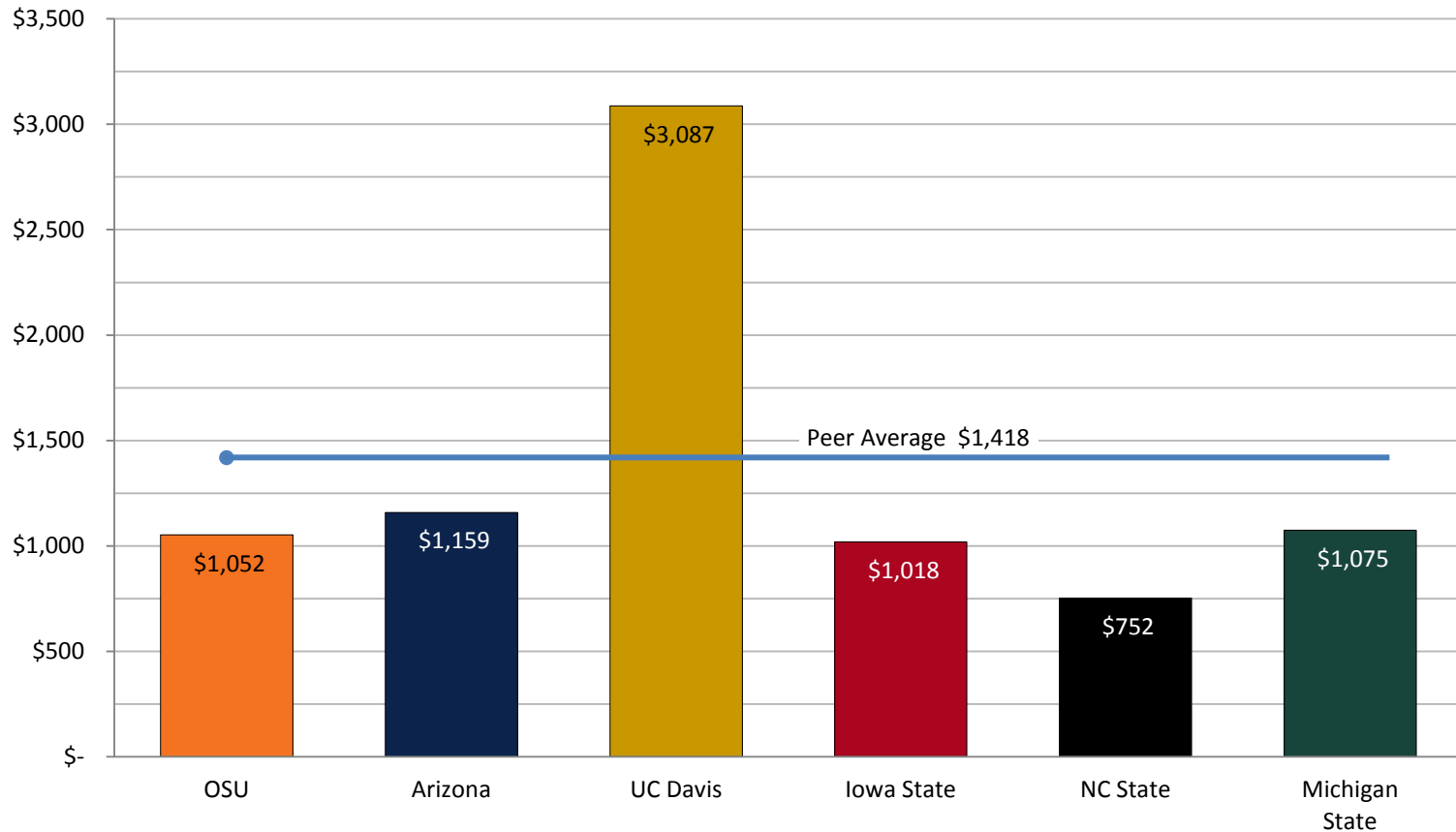
Oregon State University
Peer Institutions
Research costs per faculty FTE



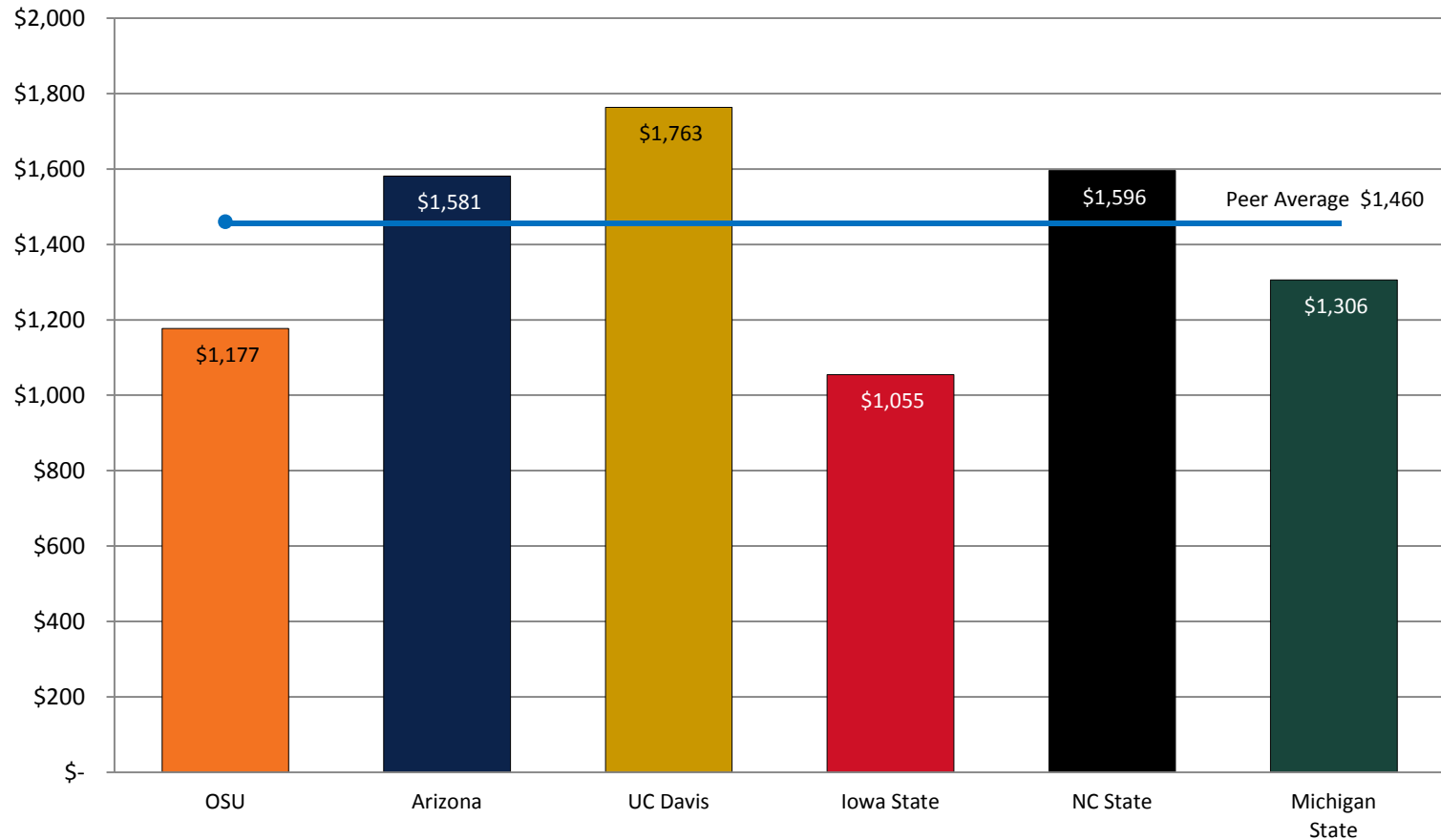
Oregon State University
Peer Institutions
Academic support costs per faculty FTE



Oregon State University
Peer Institutions
Student services costs per student FTE



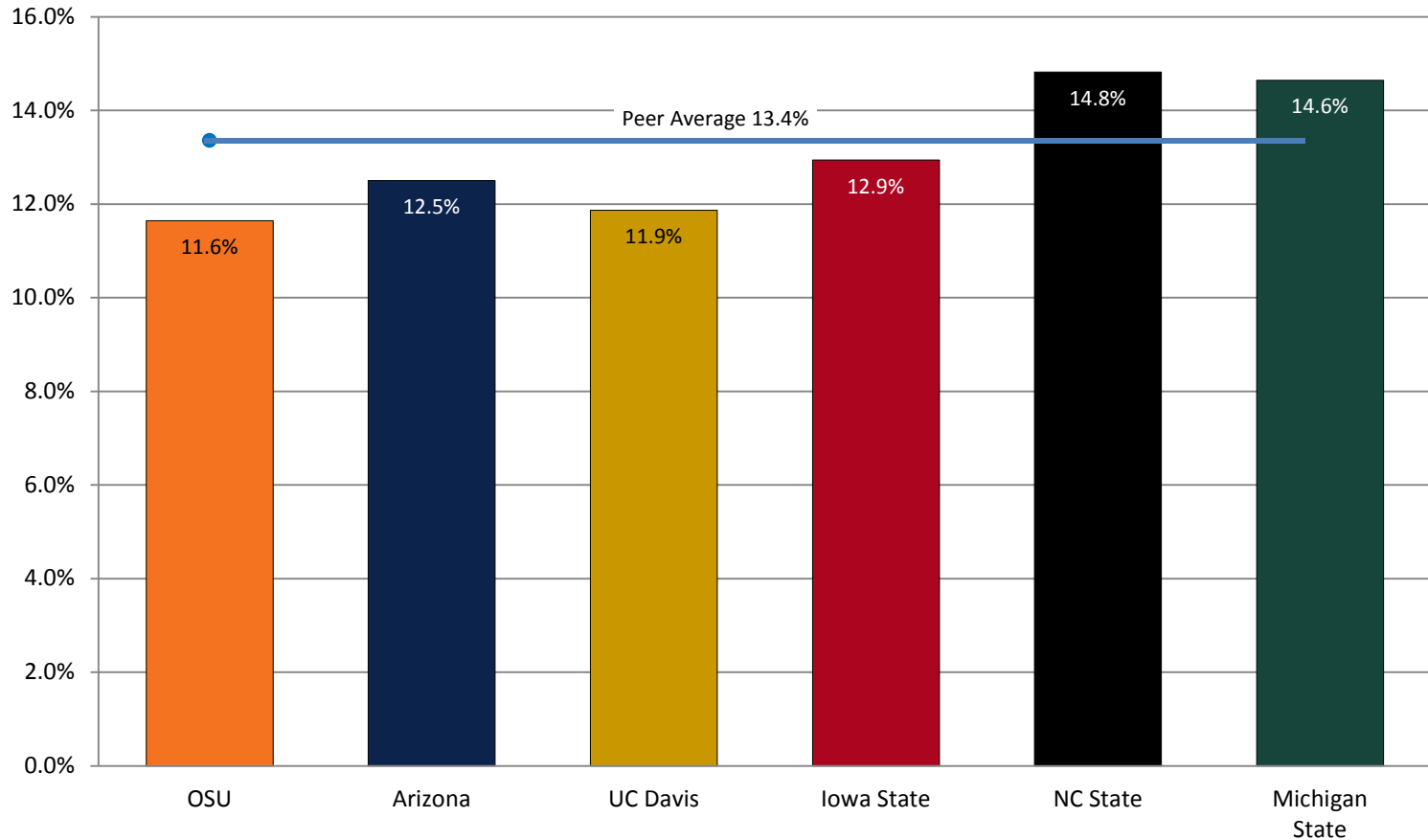
Oregon State University
Peer Institutions
Student aid costs per student FTE



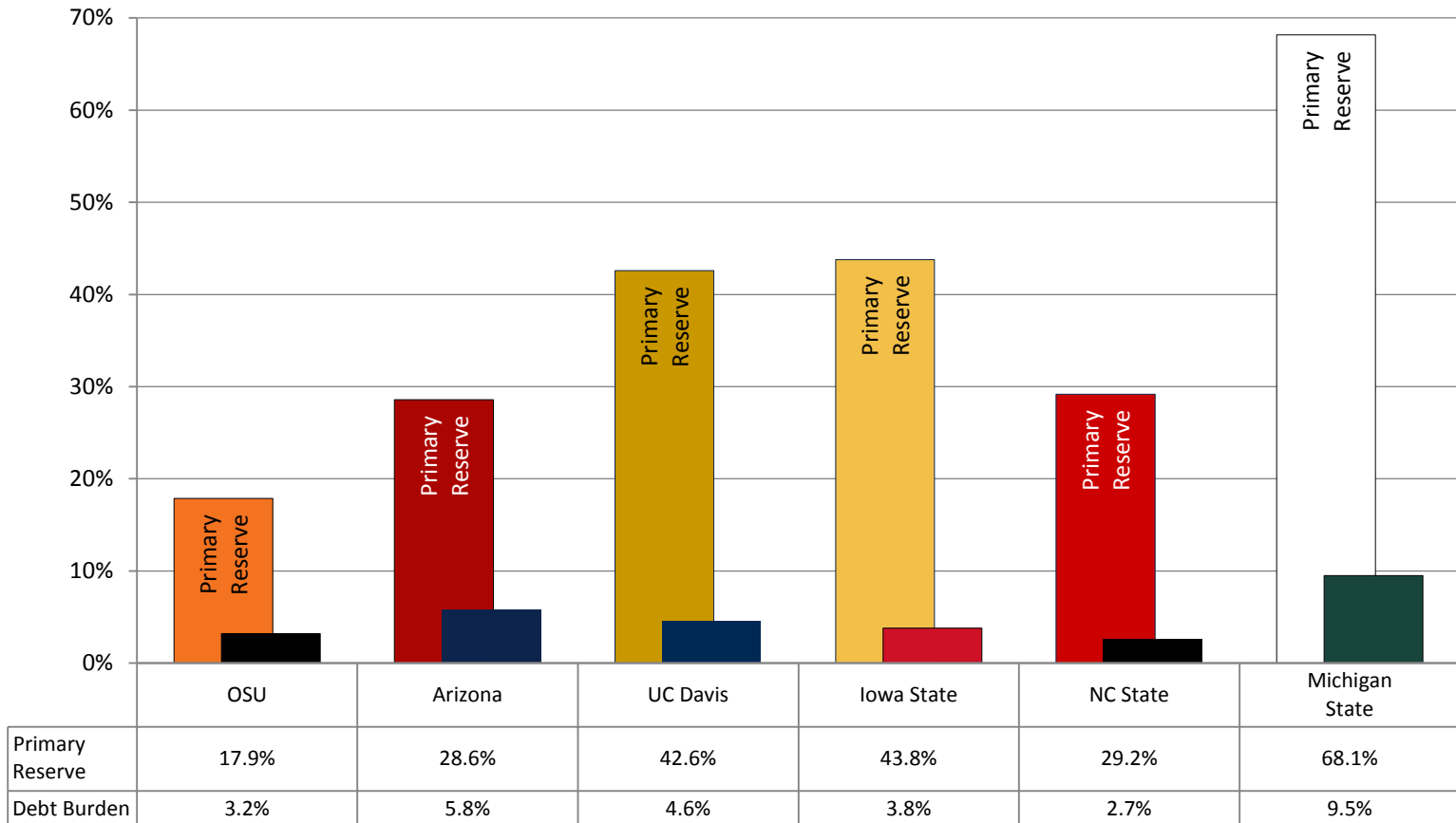
Oregon State University

Peer Institutions

Institutional support & operation and maintenance of plant as % of total expenditures



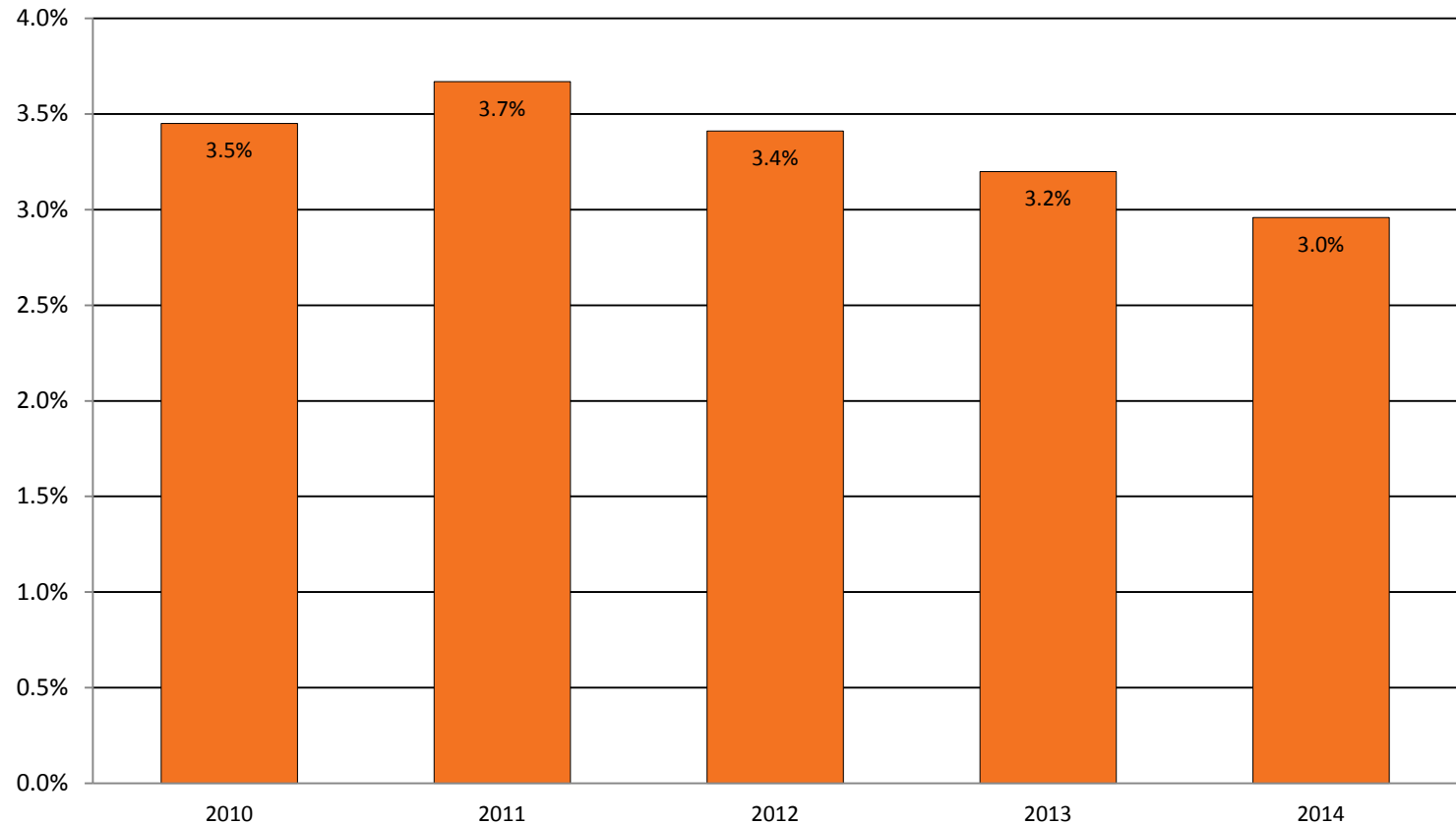
Oregon State University
Peer Institutions
Primary reserve & debt burden ratios



Trend Analysis of Specific Financial Metrics

- Presents specific financial metrics including
 - Metrics for the Debt Policy
 - Metrics considered industry standard core measures of financial health
- Design provides a view of the University's financial health

Oregon State University Debt Burden Ratio

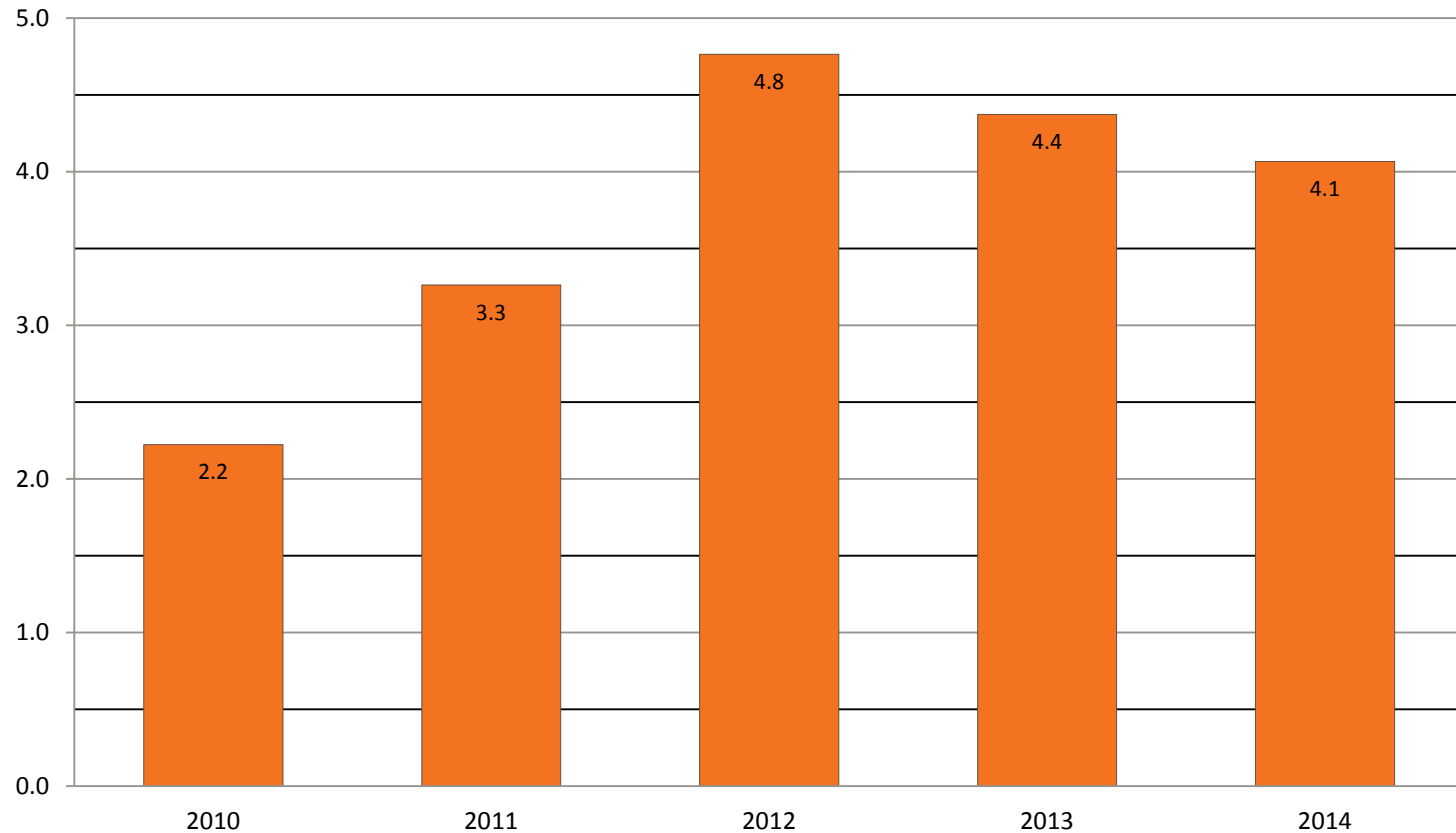


Calculation: Debt service*/Adjusted Expenses(I)

*Debt service & debt excludes State paid debt, example XI-G

(I) Total expenses: Operating expenses & principal and interest paid less depreciation expense

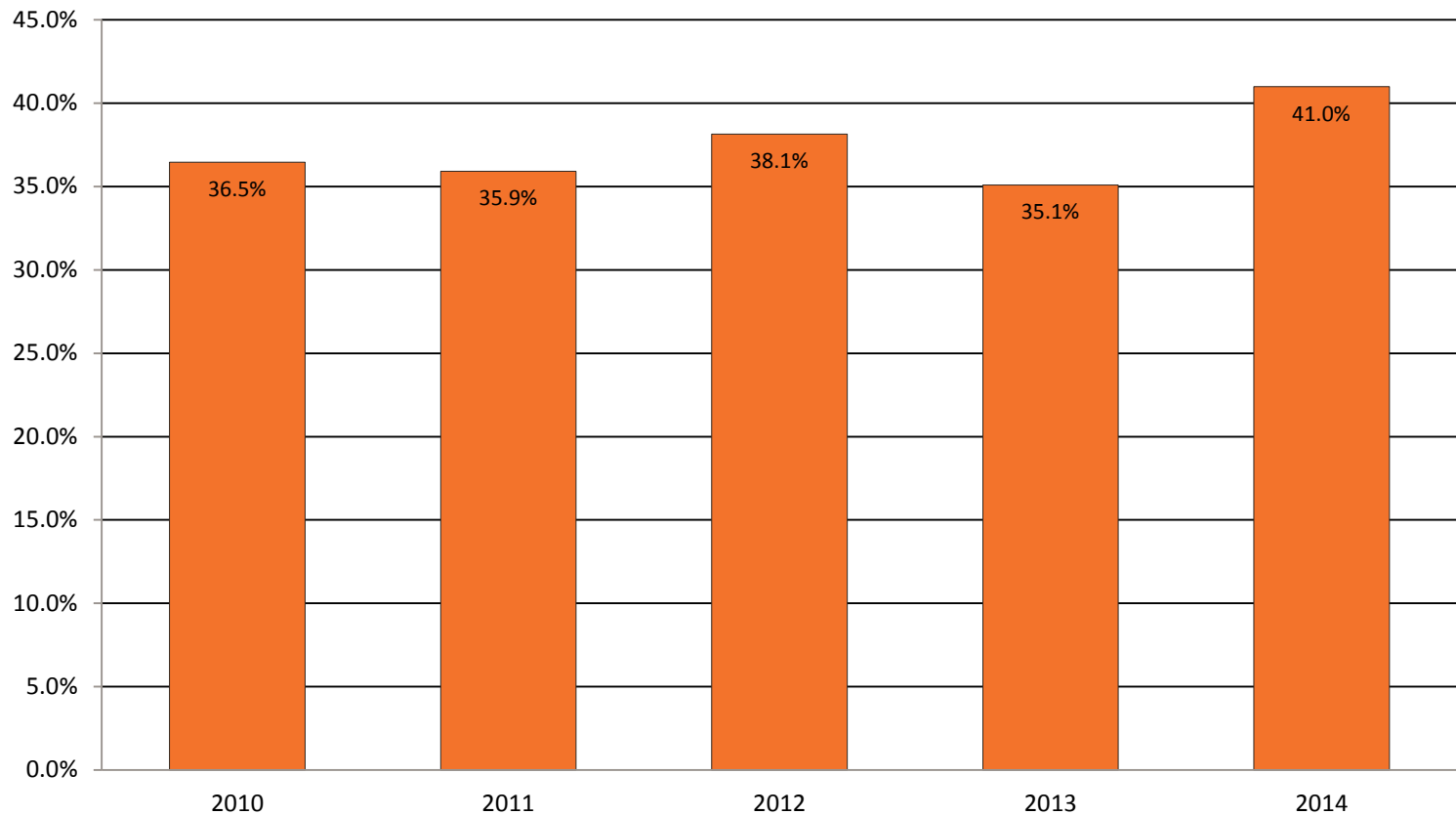
Oregon State University Debt Service Coverage Ratio



Calculation: 3 year average net revenues available for debt service/Debt service

*Debt service & debt excludes State paid debt, example XI-G

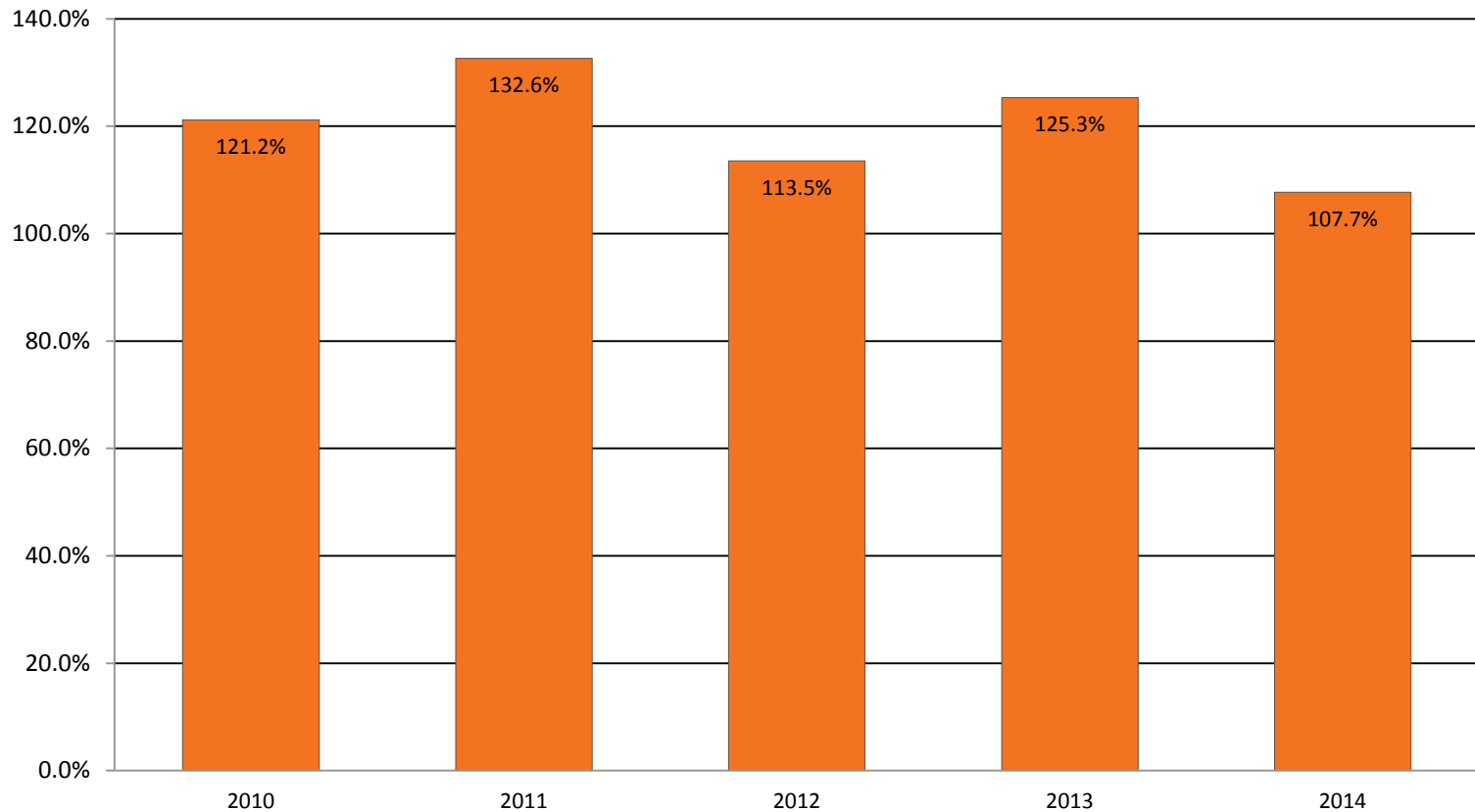
Oregon State University Income Statement Leverage Ratio



Calculation: Debt/Revenues

*Debt service & debt excludes State paid debt, example XI-G

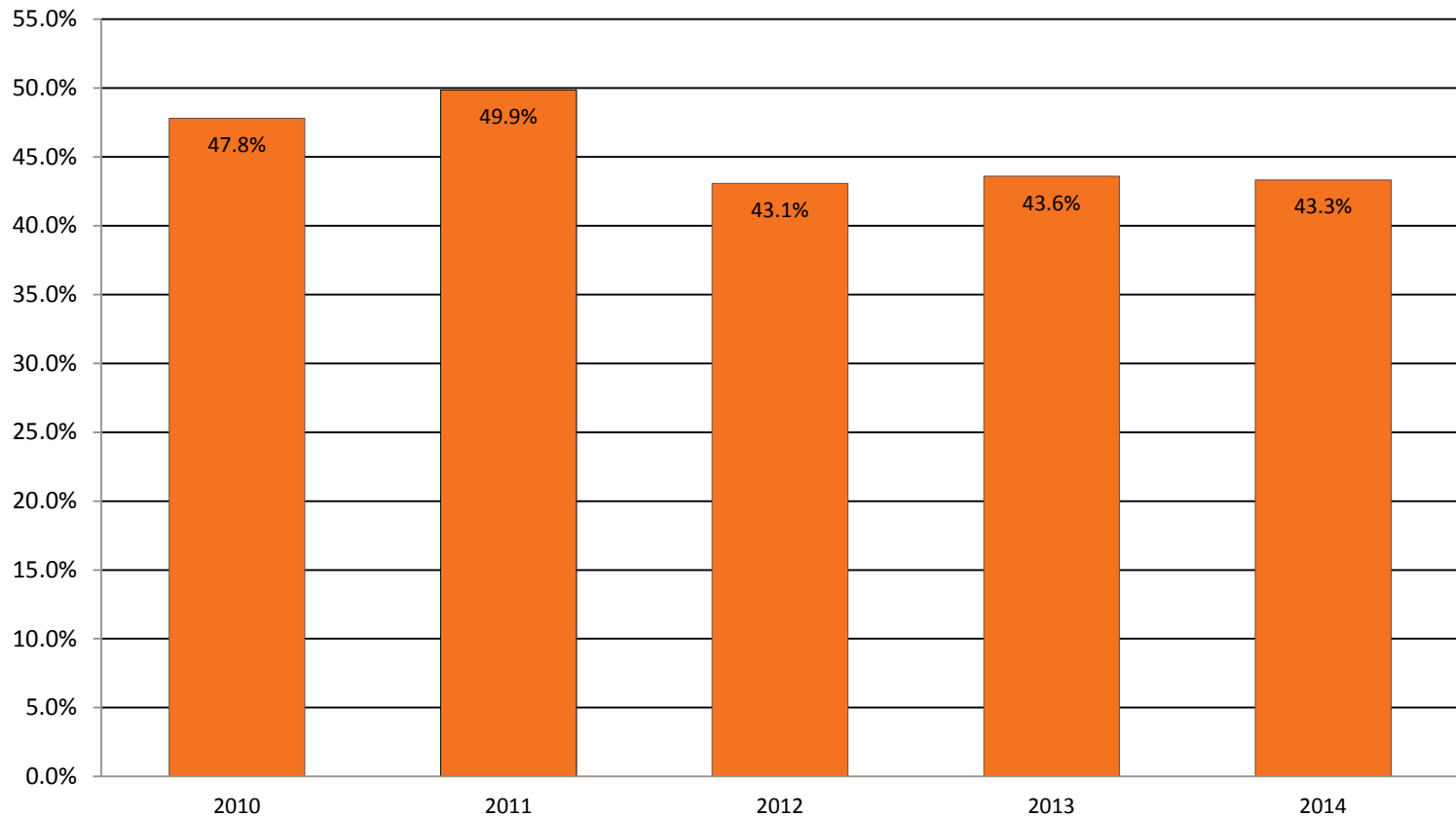
Oregon State University Viability Ratio



Calculation: Expendable net assets/Debt

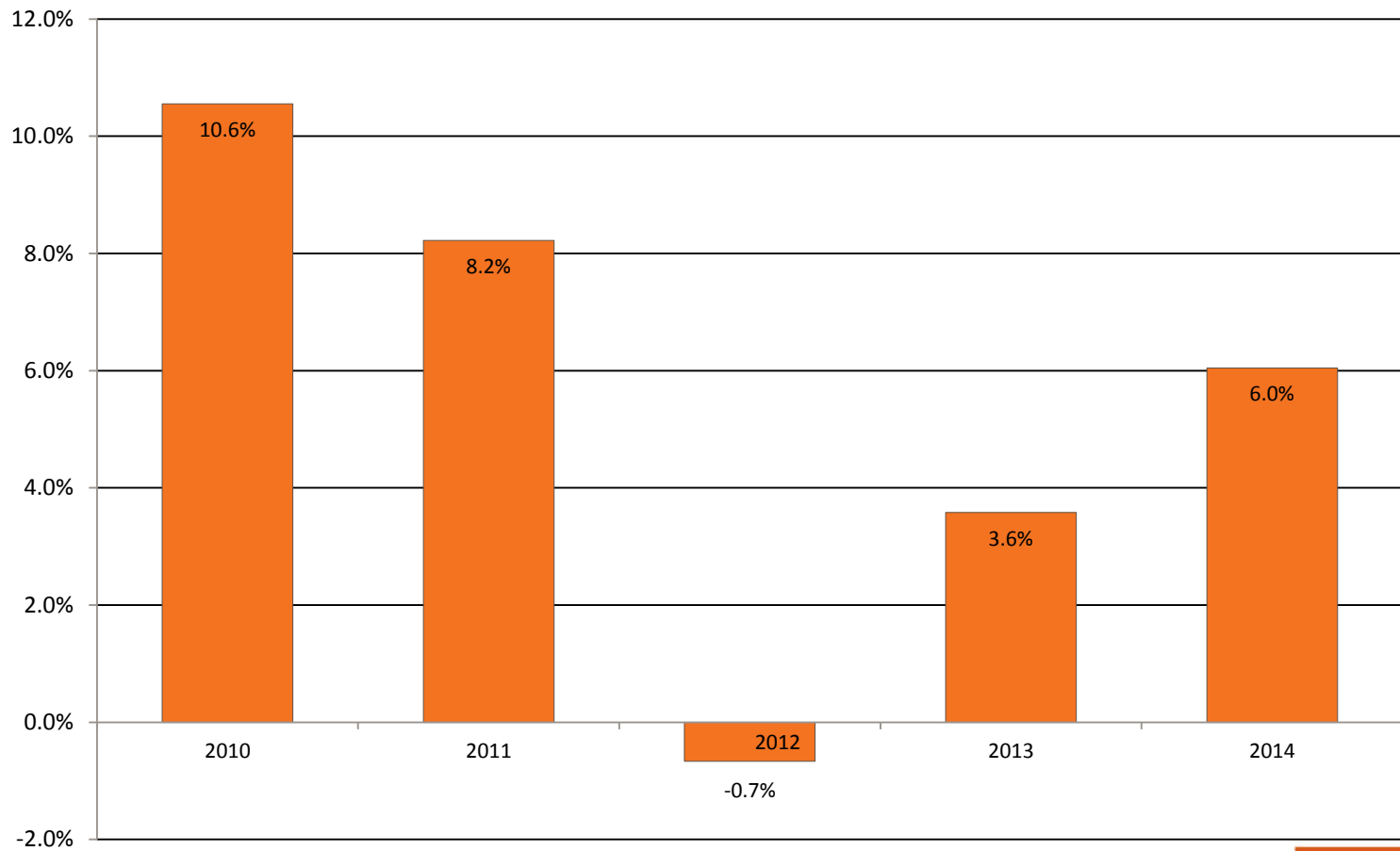
*Debt service & debt excludes State paid debt, example XI-G

Oregon State University Primary Reserve Ratio



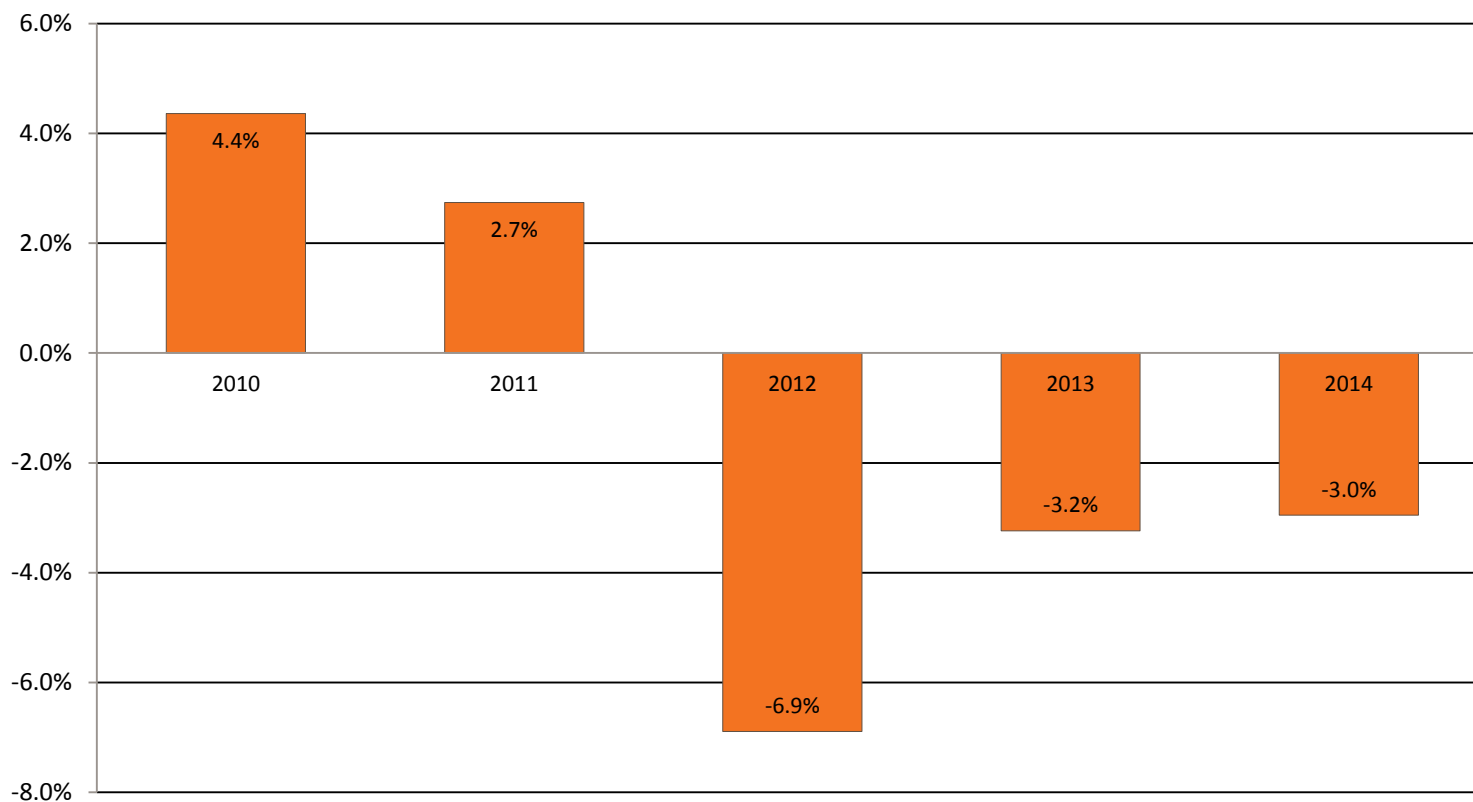
Calculation: Expendable net assets/Operating expenses plus interest expense

Oregon State University Return on Net Assets Ratio



Calculation: $\text{Change in net assets} / \text{Total net assets}$

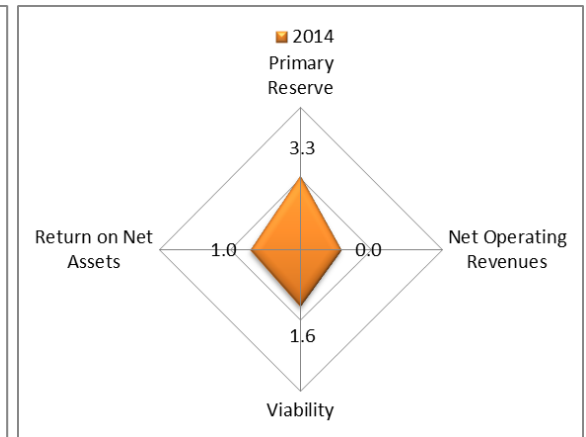
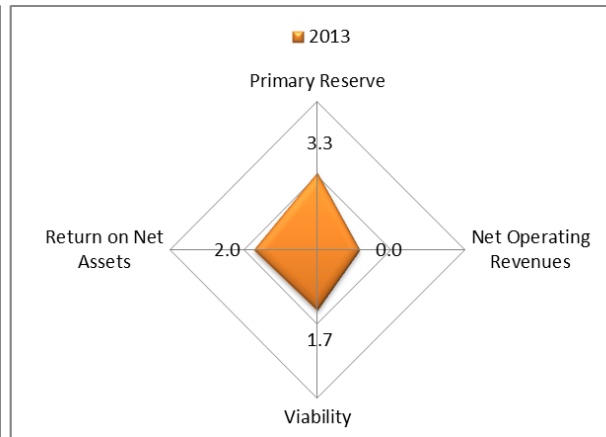
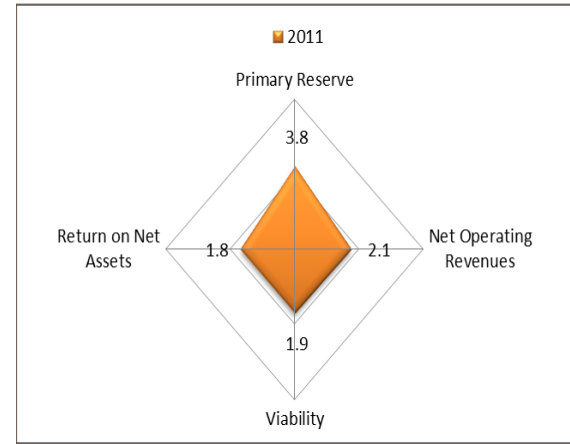
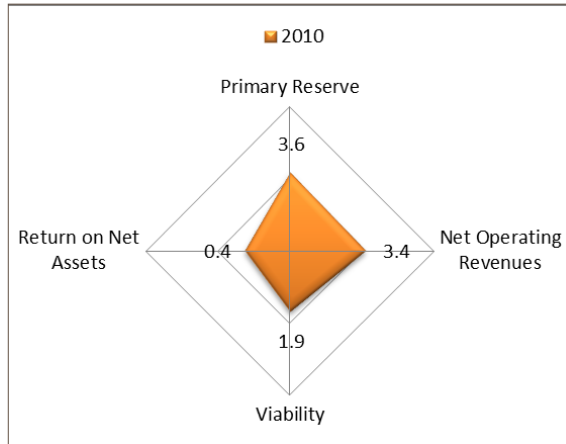
Oregon State University Net Operating Revenues Ratio



Calculation: Income(loss) before capital & other/Operating revenues plus non-operating revenues

Oregon State University

Core Financial Health Metrics – Graphical Presentation



Questions?



Slide 31