

FY14 Financial Statement Analysis

The Oregon State University (University) Annual Financial Report, including the audited financial statements and management's discussion and analysis (MD&A), has been completed and presented to the OSU Board of Trustees' Executive and Audit Committee on January 15, 2015. The purpose of this analysis is to provide information on the financial health of the University, including comparison of key financial metrics over time and with peer data, where available.

Overview

Public universities operate in a challenging financial environment. Declining and volatile levels of state funding have required universities to reduce costs and gain efficiencies, look to other sources of revenues through philanthropy, intellectual property, growing their research base, and increasing tuition. The environment in Oregon has been no different. At the same time, Oregon's public universities, because of their role of maintaining access and affordability, have been challenged to hold only a minimum level of reserves. As state entities, public universities in Oregon were not allowed to budget for and set aside operating monies to fund renewal of major education and general building systems, such as roofs and HVAC. As a result, deferred maintenance has been a growing issue that universities have been grappling to address. Additionally, the University has been working diligently to meet its share of the State's 40-40-20 goals; succeeding even in the face of these significant financial challenges. These pressures make the financial management of the University an exercise in balancing the competing goals of financial strength and security with access and affordability.

In the following pages, you will find that, while the University has grown significantly in terms of enrollment, tuition and fee revenues, research revenues, and philanthropy, the State's support of the University per student has declined. The University has made investments in capital and human resources and in other operating expenditures needed to keep pace with this growth and to address some of the deferred maintenance backlog. Consequently, the growth in net assets has not kept pace with the growth in our revenue and expenditure base.

The analysis is separated into three sections; trend analysis of key financial information, comparison of key financial information to peer data, and trend analysis of specific financial metrics, including the metrics in the debt policy and other key financial health metrics.

Trend Analysis of Key University Financial Information

An analysis of key University financial information over the past five years is presented on page F-18. This data provides a view of the University's revenues and operating expenditures over time so that the reader can gain insights into the operations of the University. The following ratios are shown:

Current Ratio – This ratio is likely the most widely recognized liquidity measure used. It measures the amount of currently available assets relative to the amounts currently due to employees, vendors, contractors, etc. A ratio greater than 1 indicates that the University has sufficient liquid assets to pay all amounts currently due. A higher number indicates greater liquidity.

The University's current assets equal 1.5 times its current liabilities, which is a strong position. Trends over the years presented show that the University's liquidity declined from 1.8 times to 1.4 times current liabilities between 2011 and 2012 but has remained steady since.

Contribution Ratio – The table shows the contribution of each category of revenue to the total of all revenues over time. As shown, the University's reliance on tuition and fees has grown over the past five years, while its reliance on state appropriations and, to a lesser extent, grant and contract revenues has declined. Tuition and fees have grown as a result of enrollment increases, tuition rate increases, and an increase in non-resident enrollments. State appropriations have declined both as a percentage of total revenues and in total due to the economic downturn and to the competing priorities of legislative funding. A contributing factor in the decline in grant and contract revenues relative to the total is the sun-setting during the early years presented of the federal stimulus funding that came as a result of the economic downturn. Grant and contract revenues have increased over the years presented, just not at the same pace relative to total revenues. This table highlights the fact that the University has had to focus its efforts on enrollment growth and other revenue growth to offset the decline in state support.

Percentage of Total Expenditures Made for Core Services – This ratio shows the relative magnitude of amounts expended toward core services (Instruction, Research, and Public Service) to total expenditures. The data shows a 4.5% decline in the relative amount of expenditures made toward core services over time. Expenditures for instruction have increased as a percentage of total expenditures (explained below). Offsetting this increase has been the relative decline in research funding noted above and State funding for the statewide public services that has remained flat during the years presented.

Percentage of Instruction Expenditures to Total Expenditures – This ratio breaks out the core services expenditures for instruction as one component of the percentage of total expenditures used for core services. As enrollment has increased and the University has focused on retention, the University has invested more of its resources into its core instruction mission.

Percentage of Total Expenditures Made for Support Services and Student Aid – This ratio shows the relative magnitude of amounts expended for academic support, student services, and student aid to total expenditures. The amount expended for support services and student aid has grown slightly relative to the total over the years presented, reflecting an emphasis on philanthropic support and student retention efforts.

Percentage of Total Expenditures Made for Institutional Support – This ratio shows the relative magnitude of amounts expended for institutional support to total expenditures. Institutional support includes expenses for executive management, fiscal operations, general administration, information technology and public relations/development. The amount expended for institutional support has grown relative to the total over the years presented, reflecting increases needed to support our growth, hosting of the University Shared Services Enterprise, and changes in governance.

Percentage of Total Expenditures Made for Physical Plant – This ratio shows the relative magnitude of amounts expended for the operation and maintenance of University buildings and grounds relative to total expenditures. This ratio has remained fairly constant over the years presented. Consistent with OSU's HECC Legislative Funding Request for Capital Construction Projects 2015-17 Biennium, we remain committed to working carefully with our colleagues in each of Oregon's public higher education institutions to craft a collaborative approach which will highlight our mutual and critical concerns regarding deferred maintenance needs. In addition,

OSU's Ten Year Capital Plan represents our recommended strategy for reducing the significant backlog of deferred maintenance by increasing the investment in minor capital building and program renewal, and continuing the investment in major building renovations and campus-wide Information Technology infrastructure improvements.

Conclusions from Analysis of Trends in Key Financial Information – In summary, this data reveals that the University has endeavored to do its part to meet the State's 40-40-20 goals, increasing enrollment from 21,266 FTE (23,914 Headcount) in 2010 to 26,069 FTE (30,500 headcount) in 2014, thereby increasing enrollment related revenues. This has been achieved in the face of declining state support. As a result the University has increased its non-resident enrollments, increased its tuition and fee rates, and increased other self-generated revenues. In order to serve the increased enrollments, the University has increased its expenditures for instruction, student services, and institutional support while controlling other costs.

Comparison of Key Financial Data to Peers

On page F-19, we present a comparison of key financial information for fiscal year 2013 to peer data, where available. This data is one year old due to the unavailability of audited financial statements for 2014 as of the time of our analysis. The peers presented are limited to those that have separate audited financial statements. This data provides a view of the University's operations compared to the same information from peer institutions to highlight areas where the University differs from its peers.

Student FTE/Faculty FTE – This ratio measures the number of full-time-equivalent students per full-time-equivalent faculty member in a way that is relatively uniform across institutions. As the data shows, the University's student to faculty ratio is higher than any of the peers presented and is 33% higher than the peer average. Given the significant enrollment growth experienced over the past several years, this ratio may decline in the future as the University completes hiring faculty needed to meet the demand. A higher number indicates a lower per-student cost of education. The University's quality measures, as well as its improvements in retention and graduation rates would indicate that the faculty performance is very strong.

Current Ratio – As noted above, the current ratio is an indicator of liquidity. The University's current ratio as of June 30, 2013, was stronger than two of its peers, yet weaker than the peer average by 25%.

Contribution Ratio – Again as noted above, the contribution ratio shows the contribution of each category of revenue to the total of all revenues to highlight trends and concentrations for discussion. Compared to the peers presented, the University relies more heavily on tuition and fees and auxiliary enterprise revenues than its peers. The University also receives less state support than its peers.

Revenues per Student – Tuition and fee and state appropriation funding per student shows the amount of monies 'generated' through enrollments to cover the cost of education. As the data shows, the University's tuition and fees per student are lower than all but one of its peers and 20% lower than the peer average. State support per student to the University is lower than any of its peers and 42% lower than the peer average. This data points to the success of the University at maintaining affordability, even in the face of very low state support. It also highlights the challenge faced to increase funding for various infrastructure needs.

Grants and Contracts per F-T Faculty – Grants and contracts per F-T (full time) faculty measures the relative success of University faculty in obtaining research funding and its efficiency at meeting its research mission. The University's grant and contracts generated per faculty bests three out of the five peer institutions presented and is within 5% of the peer average, indicating strong faculty performance in obtaining research funding.

Instruction Cost per Student FTE – Instruction cost per student FTE measures the efficiency of the University at meeting its instruction mission. The University's instruction cost per student is lower than all but one of its peers and is some 29% lower than the peer average, indicating strong performance. As the University completes faculty hiring to meet the increased enrollments, this gap may narrow, but is not expected to reverse.

Research cost per F-T Faculty – Research cost per F-T (full time) faculty measures the expenditures made on grant and contract activities on a per faculty basis. This measure is similar to the *Grants and Contracts per F-T Faculty* measure above.

Academic Support per Faculty FTE – Academic support per faculty FTE measures the amount of monies expended in support of each full time faculty member to gauge the efficiency of the delivery of faculty support services. The University's academic support per faculty FTE is lower than three of its peers and is some 23% lower than the peer average, indicating efficient faculty support services.

Student Services per Student FTE – Student services per student FTE measures the amount of monies expended in support of each full time student. The University's student services expenditures per student FTE is lower than three of its peers and is some 26% lower than the peer average. Lower spending in this area may result in challenges in student retention and time to graduation. The University has put an emphasis on student services in order to improve retention and time to graduation and recent improvements in both measures would indicate some success.

Student Aid per Student FTE – Student aid per student FTE measures the amount of monies from scholarship gifts expended to assist students in meeting the cost of education. The University's student aid expense per student FTE is lower than all but one of its peers and is some 19% lower than the peer average. The recent success of the Campaign for OSU should help the University make progress in this measure.

Total Funding Used for Administration and Physical Plant – The total funding used for administration and physical plant ratio measures the amount expended relative to the total of expenditures for the year. The University's actual dollar total is lower than all of its peers, as is its relative percentage to the total expenditures, indicating efficient operations but risking furthering the backlog of deferred maintenance.

Primary Reserve Ratio – The primary reserve ratio measures the level of available reserves to meet the University's operating expenditures. The University's primary reserve is significantly lower than any of its peers and is some 58% lower than the peer average. This indicates that the University has reserves equivalent to approximately 65 days' expenditures. This ratio will be discussed in more detail in the metrics section.

Debt Burden Ratio – The debt burden ratio measures the magnitude of debt service expenditures for university-paid debt relative to expenses, less depreciation and plus debt

principal payments. The University's debt policy has established a maximum debt burden ratio of 7%. The University's debt burden ratio is lower than all but one of its peers and is some 40% lower than the peer average, indicating that the University is not highly leveraged.

Conclusions from Comparison of Key Financial Data to Peers – In summary, this data reveals that, while the University is challenged by much lower revenues per student than its peers, it compares very favorably in measures of productivity and efficiency, as evidenced by lower costs, strong grant and contract revenues, and minimal leverage. The University is challenged by relatively low reserves and in a relatively high student/faculty ratio that will require balancing affordability with financial risk.

Trend Analysis of Specific Financial Metrics

On page F-20, we present a trend analysis of seven specific financial metrics to evaluate the University's financial health, including the five debt policy ratios used to evaluate debt capacity and affordability. Debt service amounts shown only include the university-paid debt; amounts exclude debt service on Article XI-G, Lottery, Article XI-Q, Certificates of Participation, and SELP debt where the legislature has committed to pay the debt service with a separate General Fund appropriation.

Debt Burden Ratio – The debt burden ratio shows the magnitude of debt services expenditures for university-paid debt relative to the total expenses, less depreciation and plus debt principal payments. This ratio measures the University's dependence on debt to finance its mission. The debt policy maximum is 7%. The University's debt burden is 3% for FY 2014, down from 3.5% in FY 2010, and well within the debt policy maximum, indicating that the University is not highly leveraged.

Debt Service Coverage Ratio – The debt service coverage, or debt affordability ratio, measures the sufficiency of net revenues to cover debt service. This ratio uses a three-year rolling average of net revenues to smooth out revenue volatility. The University's debt service coverage was just over four times debt service for FY 2014, which is significantly higher than FY 2010 but down from 4.37 times debt service in FY 2013.

Income Statement Leverage Ratio – The income statement leverage ratio measures the amount of debt relative to the size of operations as reflected in total revenues. This ratio considers only debt that will be repaid with University revenue. The University's income statement leverage stood at 41% for FY 2014, up from 36.5% in FY 2010, reflecting the University's growth in capital expenditures funded with university-paid debt. The 41% shows that the University is not highly leveraged.

The following four ratios are considered industry standard core measures of financial health. They combine amounts from the OSU Foundation's financial statements (where applicable), which is recommended by industry best practice, in order to more holistically portray the financial health of the University.

Viability Ratio – The viability ratio compares expendable net assets to total outstanding debt to be repaid with university revenues. This ratio measures the ability to repay debt with financial resources and the ability to use debt to strategically advance the University's mission. The University's viability ratio was 107.7% at June 30, 2014, down from 121.2% as of June 30, 2010

and 125.3% as of June 30, 2013. This reflects the University's growth in capital expenditures funded with university-paid debt.

Primary Reserve Ratio – The primary reserve ratio measures the level of available reserves to meet the University's operating expenditures; whether financial resources are sufficient and flexible enough to support the University's mission. The amounts shown here differ from those shown in the prior analysis due to including the net assets of the related foundations. Industry standards recommend a primary reserve of a minimum of 40%. The University's primary reserve, inclusive of the related foundation, was 43.3% as of FY 2014, down from 47.8% as of FY 2010, which reflects growth in the expense base relative to the expendable net assets of the University.

Return on Net Assets Ratio – The return on net assets ratio measures whether the University is financially better off than in previous years by measuring total economic return. The University's (inclusive of the related foundations) return on net assets was 6% for FY 2014, up from the two previous years but down from FY 2011 and FY 2010. The improvement from FY 2013 reflects strong net asset growth at the foundation.

Net Operating Revenues Ratio – The net operating revenues ratio explains how the results of operations affects the behavior of the other three core ratios; the viability ratio, the primary reserve ratio, and the return on net assets ratio. A large surplus or deficit directly impacts the amount of funds an institution adds to or subtracts from net assets, thereby affecting the other three core ratios. The University's net operating revenues ratio was a negative 3% for FY 2014, up slightly from the prior two years but down significantly from FY 2010. This is reflective of the significant enrollment increases driving up operating costs, combined with a decline in state funding, both in total dollars and on a per-student basis. New capital projects coming on line have increased depreciation expense as well.

Conclusions from Trend Analysis of Specific Financial Metrics – In summary, while the analysis of the trends in the core financial metrics above shows relatively low leverage and balance sheet strength, the University is challenged to begin to show 'income statement' improvements over the next several years in order to strengthen reserves and protect the University's net asset base.

Overall Conclusions

Over the past five years, the University has grown significantly in terms of resident and non-resident enrollments, which has contributed to increases in tuition and fee revenues. The University has also grown its research and philanthropic revenues. At the same time, the State's support has declined significantly driving tuition rate increases beyond cost inflation. In order to serve the increased enrollments, the University has increased expenditures for instruction, student services, and institutional support. While tuition and fee revenues have increased, the University is challenged by its low per-student tuition and state revenues as compared to its peers, requiring the University to balance the need to meet access and affordability goals against the need to improve reserves to hedge the variability in State support and make needed capital investments to address deferred maintenance. Even though the University is challenged by much lower revenues per student than its peers, it compares very favorably in measures of productivity and efficiency, as evidenced by lower costs, strong grant and contract revenues, and minimal leverage.

Oregon State University

(Dollar amounts in thousands)

Current Ratio:

	2014		2013		2012		2011*		2010*	
Current Assets	\$236,493		\$185,902		\$184,137		\$197,957		\$178,665	
Current Liabilities	\$161,974	1.5	\$126,392	1.5	\$131,891	1.4	\$110,516	1.8	\$101,410	1.8

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

Contribution Ratio:

	2014		2013		2012		2011		2010	
Student Tuition and Fees	\$263,975	30%	\$228,436	27%	\$202,358	26%	\$180,759	24%	\$152,581	21%
Grants and Contracts	187,191	21%	191,466	23%	193,686	25%	185,937	25%	177,984	25%
Auxiliary Enterprises	128,820	14%	124,422	15%	109,139	14%	102,755	14%	91,873	13%
Other (A)	41,890	5%	43,056	5%	40,959	5%	34,586	5%	32,429	5%
Self Generated Revenues	621,876	70%	587,380	70%	546,142	70%	504,037	66%	454,867	63%
State Appropriations	144,122	16%	134,189	16%	127,971	16%	150,280	20%	156,177	22%
Nonoperating Revenue (B)	123,566	14%	118,143	14%	105,723	14%	103,964	14%	108,711	15%
Total Revenues	889,564	100%	839,712	100%	779,836	100%	758,281	100%	719,755	100%
(Contribution to) Use of Fund Balance	47,314	5%	33,731	4%	45,397	6%	(1,169)	0%	(26,145)	-4%
Total Adjusted Expenses (C)	\$936,878	100%	\$873,443	100%	\$825,233	100%	\$757,112	100%	\$693,610	100%

(A) Educational Department Sales and Services and Other Operating Revenues

(B) Federal Appropriations, Investment Activities, Other Nonoperating Items

Percentage of Total Expenditures used for Core Services:

	2014		2013		2012		2011		2010	
Core Services Expenditures (1)	\$501,299		\$472,602		\$447,314		\$419,513		\$389,188	
Total Adjusted Expenses, Net (4)	\$792,860	63.2%	\$743,673	63.5%	\$706,220	63.3%	\$645,562	65.0%	\$588,177	66.2%

(1) Core Services Expenditures: Instruction, Research, Public Service

(4) Total Adjusted Expenses (Operating Expenses plus Interest Expenses less Auxiliary Enterprises Expenses)

Percentage of Instruction to Total Expenditures:

	2014		2013		2012		2011		2010	
Instruction Expenditures (2)	\$243,734		\$218,011		\$192,750		\$171,954		\$154,394	
Total Adjusted Expenses, Net (4)	\$792,860	30.7%	\$743,673	29.3%	\$706,220	27.3%	\$645,562	26.6%	\$588,177	26.2%

(2) Instruction expenditures

Percentage of Total Expenditures used for Support Services and Student Aid:

	2014		2013		2012		2011		2010	
Support Svcs and Student Aid Exp (3)	\$118,842		\$110,146		\$103,143		\$93,906		\$83,345	
Total Adjusted Expenses, Net (4)	\$792,860	15.0%	\$743,673	14.8%	\$706,220	14.6%	\$645,562	14.5%	\$588,177	14.2%

(3) Support Services and Student Aid: Academic Support, Student Services, and Student Aid

Percentage of Total Expenditures used for Institutional Support:

	2014		2013		2012		2011		2010	
Institutional Support	\$61,523		\$56,572		\$51,947		\$48,100		\$40,470	
Total Adjusted Expenses, Net (4)	\$792,860	7.8%	\$743,673	7.6%	\$706,220	7.4%	\$645,562	7.5%	\$588,177	6.9%

Percentage of Total Expenditures used for Operation and Maintenance of Plant:

	2014		2013		2012		2011		2010	
Operation and Maintenance of Plant	\$30,805		\$30,653		\$30,353		\$26,846		\$23,802	
Total Adjusted Expenses, Net (4)	\$792,860	3.9%	\$743,673	4.1%	\$706,220	4.3%	\$645,562	4.2%	\$588,177	4.0%

Oregon State University
OUS Peer Ratio Analysis
FY 2013

(Dollars in thousands unless noted otherwise)	OSU	Available Peer Group Average	U. of Arizona	U. of California - Davis	Iowa State	N. Carolina State at Raleigh	Michigan St.
Student FTE (H)	24,065	34,104	36,777	31,646	27,918	30,920	43,259
Full-time Faculty (H)	833	1,675	1,527	1,479	1,320	1,736	2,314
Part-time Faculty (divided by 3 to convert to FTE) (H)	99	82	165	70	77	98	-
Faculty FTE	932	1,757	1,692	1,549	1,397	1,834	2,314
Student FTE/Faculty FTE	25.8	19.4	21.7	20.4	20.0	16.9	18.7
Current Ratio	1.5	2.0	1.7	2.2	1.3	3.6	1.1
Contribution Ratio							
Student Tuition and Fees	\$ 228,436	27% \$ 416,376	25% \$ 461,580	26% \$ 405,381	20% \$ 274,814	25% \$ 242,772	18% \$ 697,335
Grants and Contracts	191,466	23% 392,844	24% 473,349	27% 645,299	33% 186,858	17% 262,710	20% 396,003
Auxiliary Enterprises	124,422	15% 192,698	12% 190,199	11% 92,348	5% 174,269	16% 201,347	15% 305,327
Other (A)	43,056	5% 147,408	9% 50,236	3% 369,177	19% 121,582	11% 16,307	1% 179,739
Operating revenues	587,380	70% 1,149,326	69% 1,175,364	67% 1,512,205	76% 757,523	69% 723,135	54% 1,578,404
State Appropriations	134,189	16% 319,537	19% 254,654	14% 328,764	17% 231,002	21% 484,022	36% 299,242
Nonoperating Revenues (B)	118,143	14% 195,346	12% 328,936	19% 138,906	7% 103,746	9% 129,123	10% 276,018
Total revenues	839,712	100% 1,664,209	100% 1,758,954	100% 1,979,875	100% 1,092,272	100% 1,336,280	100% 2,153,664
Tuition and Fees (net) per Student FTE	\$ 9,492	\$ 11,835	\$ 12,551	\$ 12,810	\$ 9,844	\$ 7,852	\$ 16,120
State Appropriation Funding per Std. FTE	\$ 5,576	\$ 9,632	\$ 6,924	\$ 10,389	\$ 8,274	\$ 15,654	\$ 6,917
Total Tuition/Fees/Approp. per Std. FTE	\$ 15,069	\$ 21,467	\$ 19,475	\$ 23,199	\$ 18,118	\$ 23,506	\$ 23,037
Grants and Contracts per F-T Faculty	\$ 229,851	\$ 242,063	\$ 309,986	\$ 436,308	\$ 141,559	\$ 151,330	\$ 171,134
Instruction Expenses	\$ 218,011	\$ 439,750	\$ 391,545	\$ 602,100	\$ 227,032	\$ 388,970	\$ 589,106
Instruction cost per Student FTE	\$ 9,059	\$ 12,801	\$ 10,646	\$ 19,026	\$ 8,132	\$ 12,580	\$ 13,618
Research Expenses	\$ 179,196	\$ 334,279	\$ 435,536	\$ 508,167	\$ 166,230	\$ 232,693	\$ 328,770
Research cost per F-T Faculty	\$ 215,121	\$ 206,172	\$ 285,223	\$ 343,588	\$ 125,932	\$ 134,040	\$ 142,079
Academic Support Expenses	\$ 56,501	\$ 129,241	\$ 173,414	\$ 164,275	\$ 143,276	\$ 83,370	\$ 81,869
Academic Support per Faculty FTE	\$ 60,623	\$ 78,388	\$ 102,491	\$ 106,052	\$ 102,559	\$ 45,458	\$ 35,380
Student Services Expenses	\$ 25,319	\$ 47,703	\$ 42,625	\$ 97,706	\$ 28,425	\$ 23,265	\$ 46,492
Student Services per Student FTE	\$ 1,052	\$ 1,418	\$ 1,159	\$ 3,087	\$ 1,018	\$ 752	\$ 1,075
Student Aid Expenses	\$ 28,326	\$ 49,842	\$ 58,145	\$ 55,805	\$ 29,450	\$ 49,335	\$ 56,475
Student Aid per Student FTE	\$ 1,177	\$ 1,460	\$ 1,581	\$ 1,763	\$ 1,055	\$ 1,596	\$ 1,306
Total Funding used for Administration and Physical Plant							
Total Administration and Physical Plant (C)	\$ 87,225	\$ 192,351	\$ 188,643	\$ 241,294	\$ 112,911	\$ 161,952	\$ 256,956
Total Adjusted Expenses-net (D)	\$ 749,021	1,452,463	\$ 1,508,769	\$ 2,033,311	\$ 872,757	\$ 1,092,762	\$ 1,754,718
As a % of Total Adjusted Expenses-net	11.6%	13.4%	12.5%	11.9%	12.9%	14.8%	14.6%
Primary Reserve Ratio							
Expendable Net Assets (E)	\$ 156,082	\$ 829,774	\$ 485,320	\$ 1,423,760	\$ 458,342	\$ 377,597	\$ 1,403,853
Total Adjusted Expenses (F)	\$ 873,443	\$ 1,888,524	\$ 1,698,968	\$ 3,342,471	\$ 1,047,026	\$ 1,294,108	\$ 2,060,045
Primary Reserve Ratio	17.9%	42.5%	28.6%	42.6%	43.8%	29.2%	68.1%
Debt Burden Ratio							
Debt Service	\$ 26,414	\$ 102,162	\$ 94,639	\$ 147,669	\$ 37,777	\$ 33,072	\$ 197,654
Total Adjusted Expenses (G)	\$ 825,655	\$ 1,831,187	\$ 1,632,619	\$ 3,202,025	\$ 994,784	\$ 1,243,310	\$ 2,083,194
Debt Burden Ratio	3.2%	5.3%	5.8%	4.6%	3.8%	2.7%	9.5%

(A) Education Department Sales and Services, Other Operating Revenues.

(B) Federal Appropriations, Investment Grants including Financial Aid and Other Nonoperating Items including Gifts. Excludes Hospital Revenues, Capital Gifts and Capital Grants.

(C) Administration and Physical Plant: Institutional Support, Operation and Maintenance of Plant.

(D) Operating Expenses plus Interest Expenses less Auxiliary Enterprises Expenses.

(E) Operating Expenses and Interest Expense.

(F) Expendable Net Assets: Unrestricted Net Assets and Expendable Restricted Net Assets, excluding Capital Projects.

(G) Operating Expenses and Interest Expense and Principal less Depreciation Expense.

(H) Source: IPEDS.

SOURCE: Annual Financial Statements prepared in accordance with generally accepted accounting principles unless noted otherwise.

Oregon State University - Key Financial Metrics

(Dollar amounts in thousands)

Debt Burden:

	2014		2013		2012		2011		2010	
Debt Service *	26,278		26,414		26,571		26,487		22,767	
Total Adjusted Expenses (1)	888,055	3.0%	825,655	3.2%	779,101	3.4%	721,930	3.7%	659,865	3.5%

(1) Total Adjusted Expenses: Operating Expenses and Principal and Interest Paid less Depreciation Expense

Debt Service Coverage:

	2014		2013		2012		2011		2010	
3 yr. avg. Net Revenue available for Debt Service	106,850		115,497		126,578		86,380		50,615	
Debt Service *	26,278	4.1	26,414	4.4	26,571	4.8	26,487	3.3	22,767	2.2

Income Statement Leverage:

	2014		2013		2012		2011		2010	
Debt *	395,834		315,963		325,407		296,342		284,579	
Revenues	965,880	41.0%	900,638	35.1%	853,282	38.1%	825,070	35.9%	780,673	36.5%

Viability:

	2014		2013		2012		2011		2010	
Expendable Net Assets (2)	426,431		395,923		369,483		393,023		344,902	
Debt *	395,834	107.7%	315,963	125.3%	325,407	113.5%	296,342	132.6%	284,579	121.2%

Primary Reserve:

	2014		2013		2012		2011		2010	
Expendable Net Assets (2)	426,431		395,923		369,483		393,023		344,902	
Total Adjusted Expenses (3)	984,169	43.3%	908,202	43.6%	857,497	43.1%	787,990	49.9%	721,287	47.8%

(2) Expendable Net Assets: Unrestricted Net Assets and Expendable Restricted Net Assets, excluding Capital Projects

(3) Total Adjusted Expenses: Operating Expenses and Interest Expense

Return on Net Assets:

	2014		2013		2012		2011		2010	
Change in net assets	64,163		37,039		(6,921)		79,117		91,841	
Total net assets	1,061,090	6.0%	1,034,333	3.6%	1,041,254	-0.7%	962,137	8.2%	870,296	10.6%

Net Operating Revenues

	2014		2013		2012		2011		2010	
Inc./(Loss) before capital & other	(29,715)		(28,583)		(55,195)		22,219		32,877	
Operating plus nonoperating revenues	1,005,933	-3.0%	881,968	-3.2%	800,627	-6.9%	810,184	2.7%	753,938	4.4%

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