

FY2018 Q4 Operating Management Report

BACKGROUND

Oregon State University's FY2018 fourth quarter (Q4) operating management report presents the final fiscal year operating results for the three operating fund groups: Education & General, Self-Support, and Restricted funds.

Q4 OPERATING MANAGEMENT REPORT

Overall, revenue for the Education & General funds ended higher than budgeted, with an operating reserve of 14.7% of revenues, or \$97.9M on total actual revenues of \$667.0M, as compared to a budgeted operating reserve of 14.7% of revenues, or \$95.0M on budgeted revenues of \$645.1M.

Self-Support funds ended the year with an operating reserve of 14.7% of revenues, or \$35.4M on total actual revenues of \$240.4M, as compared to a budgeted operating reserve of 16.2% of revenues, or \$38.0M on budgeted revenues of \$234.6M.

Restricted funds ended the year with net assets higher than budgeted. Ending net assets were \$10.7M on total actual revenues of \$352.3M or 3.0%, compared to the budgeted net assets of \$9.4M on budgeted revenues of \$338.0M, or 2.8%.

This report will provide explanations for material variances from the prior quarter projection that are highlighted in the report (Column G in the attached report), with the intent to provide accountability with respect to the accuracy of projections. Variances are highlighted when greater than 1% of total revenues, either plus or minus. In addition to the detail provided below, brief explanations for the variances noted from the prior quarter's projection are included in the footnotes to the detail report.

The breakdown and discussion of the variances in the FY2018 Q4 report for each major operating fund type are as follows:

EDUCATION AND GENERAL

For the Education and General funds, the following item is of note:

Supplies & Services & Capital Outlay

- The variance from prior quarter of \$6.7M is due mainly to the following:
 - Supplies & Services were less than projected mainly due to lower spending in the area of research by \$2.7M as these expenses were either applied to grants or delayed to the future.
 - The Outdoor School programs spending was lower by \$1.7M as many schools reported lower expenses than their original estimates.

SELF-SUPPORT

For the Self-Support funds, the following item is of note:

Personnel Services

- The variance from prior quarter of \$2.7M is due mainly to the following:
 - Designated Operations expenses were \$2.8M lower than projected due to INTO salaries and benefits being less than projected. Additional various Designated Operations funds were less than projected totaling \$0.6M.
 - Athletics expenses were \$0.9M higher for payout of football and soccer coaches.

RESTRICTED

For the Restricted funds, the following item is of note:

Federal

- The variance from prior quarter of \$9.5M is due mainly to the following:
 - The Regional Class Research Vessel project had \$5.2M greater cost reimbursement than projected.
 - The remaining \$4.3M was spread out over the 3,000 plus funds.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee accept the FY2018 Q4 Operating Management Report.

**Oregon State University
Quarterly Operating Management Report**

(Unaudited, for management purposes only)

**As of June 30, 2018
For the Fiscal Year Ended June 30, 2018**

(in thousands except enrollment)

EDUCATION & GENERAL

	YTD Actual				Budget & YE Projection					Notes
	A YTD	B YTD as a % of Projected	C Prior 7 yr. avg. YTD %	6/30/2017 Prior Yr. Actual	D Budget	E Adjusted Budget 6/30/2018	F Variance from Budget	G YE Projected 6/30/2018	G Chg from prior qtr. projection	
State General Fund	\$199,262	115%	n/a	\$179,241	\$173,862	\$199,755	\$25,400	n/a	\$34	
Tuition & Resource Fees, net of Waivers	367,279	97%	n/a	350,283	380,386	376,125	(13,107)	n/a	(2,348)	
Other	100,412	111%	n/a	93,654	90,818	92,739	9,594	n/a	4,393	
Total Revenues	666,953			623,178	645,066	668,619	21,887		2,079	
Personnel Services	(503,437)	101%	n/a	(473,724)	(500,603)	(503,183)	(2,834)	n/a	1,301	
Supplies & Services & Capital Outlay	(138,982)	105%	n/a	(126,277)	(131,937)	(143,777)	(7,045)	n/a	6,707	(1)
Total Expenditures	(642,419)			(600,001)	(632,540)	(646,960)	(9,879)		8,008	
Net from Operations	24,534			23,177	12,526	21,659	12,008		10,087	
Transfers In	3,339	190%	n/a	2,873	1,762	1,762	1,577	n/a	511	
Transfers Out	(24,466)	176%	n/a	(11,529)	(13,868)	(14,233)	(10,598)	n/a	(4,043)	
Fund Additions/(Deductions)	(0)			0	0	0	(0)	n/a	(0)	
Change in Unrestricted Net Assets	3,407			14,521	420	9,188	2,987		6,555	
Beginning Unrestricted Net Assets	94,530			80,009	94,530	94,530	0		0	
Ending Unrestricted Net Assets	\$97,937			\$94,530	\$94,950	\$103,718	\$2,987		\$6,555	
% Operating Revenues	14.7%			15.2%	14.7%	15.5%				
Student FTE Enrollment-YTD Summer thru Spring	28,215	99%		27,813	28,547	28,258	(332)		315	

(1) Supplies & Services expenses were less than projected mainly due to lower spending in the area of research \$2.7M as these expenses were either applied to grants or delayed to the future and \$1.7M from Outdoor School programs as many schools reported lower expenses than their original estimates.

Oregon State University
 Quarterly Operating Management Report

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 For the Fiscal Year Ended June 30, 2018

(in thousands)

SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2017	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2018	Variance from Budget	YE Projected 6/30/2018	Chg from prior qtr. projection	
Enrollment Fees	\$39,093	99%	n/a	\$37,393	\$39,616	\$39,616	(\$523)	n/a	(\$835)	
Sales & Services	161,623	102%	n/a	155,949	158,298	156,894	3,325	n/a	(1,378)	
Other	39,662	108%	n/a	39,301	36,711	37,221	2,951	n/a	(1,310)	
Total Revenues	240,378			232,643	234,625	233,731	5,753		(3,523)	
Personnel Services	(117,183)	99%	n/a	(106,137)	(118,566)	(118,906)	1,383	n/a	2,661	(2)
Supplies & Services & Capital Outlay	(121,206)	104%	n/a	(113,461)	(116,190)	(117,500)	(5,016)	n/a	1,486	
Total Expenditures	(238,389)			(219,598)	(234,756)	(236,406)	(3,633)		4,147	
Net from Operations	1,989			13,045	(131)	(2,675)	2,120		624	
Transfers In	11,169	168%	n/a	9,304	6,668	6,804	4,501	n/a	2,054	
Transfers Out	(13,509)	213%	n/a	(15,710)	(6,341)	(6,531)	(7,168)	n/a	(637)	
Additions/(Deductions) to Unrestricted Net Assets	(6,648)			(8,474)	(4,590)	(7,973)	(2,058)	n/a	1,690	
Change in Unrestricted Net Assets	(6,999)			(1,835)	(4,394)	(10,375)	(2,605)		3,731	
Beginning Unrestricted Net Assets	42,371			44,206	42,371	42,371	0		0	
Ending Unrestricted Net Assets	\$35,372			\$42,371	\$37,977	\$31,996	(\$2,605)		\$3,731	
% of Operating Revenues	14.7%			18.2%	16.2%	13.7%				
Total Unrestricted Net Assets	\$133,309			\$136,901	\$132,927	\$135,714				
Days of Expenditures in Total Unrestricted Funds	55			61	56	56				

(2) Designated Operations expenses were \$2.8M lower than projected due to INTO salaries and benefits being less than projected. Additional various Designated Operations funds were less than projected totaling \$0.6M. Athletics expenses were \$0.9M higher for payout of football and soccer coaches.

**Oregon State University
Quarterly Operating Management Report**

(Unaudited, for management purposes only)

**As of June 30, 2018
For the Fiscal Year Ended June 30, 2018**

(in thousands)

RESTRICTED FUNDS

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2017	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2018	Variance from Budget	YE Projected 6/30/2018	Chg from prior qtr. projection	
Federal	\$240,697	109%	n/a	\$218,610	\$221,702	\$218,500	\$18,995	n/a	\$9,481	(3)
State	17,638	80%	n/a	22,017	22,035	22,477	(4,397)	n/a	(2,712)	
Other	93,993	100%	n/a	94,953	94,310	92,529	(317)	n/a	1,687	
Total Revenues	<u>352,328</u>			<u>335,580</u>	<u>338,047</u>	<u>333,506</u>	<u>14,281</u>		<u>8,456</u>	
Personnel Services	(134,789)	100%	n/a	(132,276)	(135,219)	(138,488)	430	n/a	(184)	
Supplies & Services & Capital Outlay	<u>(215,222)</u>	106%	n/a	<u>(199,773)</u>	<u>(203,167)</u>	<u>(200,107)</u>	<u>(12,055)</u>	n/a	<u>(1,507)</u>	
Total Expenditures	<u>(350,011)</u>			<u>(332,049)</u>	<u>(338,386)</u>	<u>(338,595)</u>	<u>(11,625)</u>		<u>(1,691)</u>	
Net from Operations	2,317			3,531	(339)	(5,089)	2,656		6,765	
Transfers In	323	88%	n/a	394	365	365	(42)	n/a	0	
Transfers Out	(1,276)	112%	n/a	(3,473)	(1,136)	(1,136)	(140)	n/a	(116)	
Additions/(Deductions) to Restricted Net Assets	<u>0</u>			<u>(1,648)</u>	<u>0</u>	<u>0</u>	<u>0</u>	n/a	<u>0</u>	
Change in Restricted Net Assets	1,364			(1,196)	(1,110)	(5,860)	2,474		6,649	
Beginning Restricted Net Assets	<u>9,352</u>			<u>10,548</u>	<u>10,548</u>	<u>10,548</u>	<u>(1,196)</u>		<u>0</u>	
Ending Restricted Net Assets	<u>\$10,716</u>			<u>\$9,352</u>	<u>\$9,438</u>	<u>\$4,688</u>	<u>\$1,278</u>		<u>\$6,649</u>	
% of Operating Revenues	3.0%			2.8%	2.8%	1.4%				

(3) Federal revenues higher than projected due mainly to \$5.2M from greater reimbursement for the Regional Class Research Vessel with the remaining \$4.3M spread out over the 3,000 plus other funds.

OREGON STATE UNIVERSITY
Transfers schedule
(in \$000's)

As of June 30, 2018
For the Fiscal Year Ended June 30, 2018

	E&G	Self-Support		Plant fund	Restricted	Other	Total
		Auxiliary	Designated Operations & Service Departments				
Transfers In - E&G		\$285	\$2,343 (d)	\$241	\$206	\$ 264	\$3,339
Transfers Out - E&G		6,675 (a)	2,416 (b)	15,052 (c)	323		24,466
Transfers In - Auxiliary	\$6,675 (a)			2,069			8,744
Transfers Out - Auxiliary	285			10,077 (c)			10,362
Transfers In - Designated Operations & Service Departments	2,416 (b)			3	6		2,425
Transfers Out - Designated Operations & Service Departments	2,343 (d)			804			3,147
Transfers In - Restricted	323						323
Transfers Out - Restricted	206			1,070 (c)			1,276

- (a) mainly support for athletics-\$6.5M
- (b) subsidies from E&G for supporting Designated Operations and Service Departments
- (c) transfers to plant fund for remodels and space renovations
- (d) mainly transfer of royalties to E&G

October 25-26, 2018 Board of Trustees Meetings