



Oregon State
University

Finance & Administration
Oregon State University
640 Kerr Administration Bldg.
Corvallis, Oregon 97331

P 541-737-2447
F 541-737-3033
oregonstate.edu

August 28, 2017

To: Finance & Administration Committee Members
From: Mike Green, Interim Vice President for Finance & Administration

Please find attached the FY2017 fourth quarter Operating Management and Investment Reports that will be included in the September Finance & Administration Committee docket materials.

There are no unusual or significant variances noted in either of these reports. With respect to the Operating Management Report, I am pleased to report that the Education & General ending fund balance was 15.2% of operating revenues—midpoint in the university's target range of 10-20% and 2% higher than projected. There were highlighted variances in the Self-Support funds section of the operating report, including categories of revenues that were higher than projected and expenses that were lower than projected, both of which were positive results. Additionally, the Transfers Out category was higher than projected for the year due to changes in the timing of various capital projects requiring year-end funding. These variances are explained more fully in the report.

Since there are no significant variances, the committee chair has scheduled these reports for inclusion on the September 7, 2017 Finance & Administration Committee consent agenda.

FY2017 Q4 OSU Operating Management Report

BACKGROUND

Oregon State University's FY2017 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 revenue, with an operating reserve of 15.2% of revenues, or \$94.5M on total actual revenues of \$623.2M, as compared to a budgeted operating reserve of 14.2% of revenues, or \$87.9M on budgeted revenues of \$618.3M.

Self-Support funds ended the year with an operating reserve of 18.2% of revenues, or \$42.4M on total actual revenues of \$232.6M, as compared to a budgeted operating reserve of 15.6% of revenues, or \$34.5M on budgeted revenues of \$220.2M.

Restricted funds ended the year with net assets slightly lower than budgeted. Ending net assets were \$10.4M on total actual revenues of \$334.3M or 3.1%, compared to the budgeted net assets of \$10.8M on budgeted revenues of \$334.3M, or 3.2%.

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), which is intended 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 FY2017 Q4 report for each major operating fund type are as follows:

EDUCATION AND GENERAL

No items are flagged for Q4 as changes from the prior quarter projection are within established tolerances.

SELF-SUPPORT

For the Self-Support funds, the following items are of note:

Other

- The variance from prior quarter of \$3.5M is due mainly to the following:
 - Athletics revenues were higher than projected by \$1.2M due to the new Learfield contract.
 - The Student Health Services graduate health insurance fund underwent an internal audit, and the implementation of the audit recommendations resulted in the identification of additional revenues of \$0.7M for administrative fees charged to the graduate health insurance agency fund.

- Multiple areas in designated operations had higher than projected revenues totaling up to \$0.7M.
- Service centers had areas with higher revenues than projected totaling up to \$0.4M.

Supplies & Services and Capital Outlay

- The variance from prior quarter of \$2.5M is due mainly to the following:
 - Athletics expenses were \$1.8M lower than projected, certain expenses should have been projected as transfers (see transfers variance below).
 - University Housing and Dining Services expenses were lower than projected by \$1.3M, mainly due to lower interest expense of \$0.6M, higher internal reimbursement for catering and conferences of \$0.3M, and general cost controls.
 - Conference Services expenses were lower than projected by \$0.8M due to multiple conferences having lower expenses than anticipated.
 - Students Centers expenses were \$0.6M lower than anticipated due to timing of project expenditures.
 - Designated Operations expenses were \$1.9M higher than projected due to reimbursements for INTO salaries and benefits, which serve to reduce S&S and Capital Outlay expenses, were lower than anticipated. The result also causes Personnel Services expenses to be lower than anticipated by \$1.9M, but this variance is not material relative to total Personnel Services and was not highlighted for review.

Transfers Out

- The variance from prior quarter of \$3.1M is due mainly to the timing of various plant projects requiring year-end funding; Athletics — \$1.8M, Housing and Dining — \$0.8M, and Student Centers — \$0.3M.

RESTRICTED

No items are flagged for Q4 as changes from the prior quarter projection are within established tolerances.

RECOMMENDATION

Staff recommend that the Finance & Administration Committee accept the FY2017 Fourth Quarter Operating Management Report.

**Oregon State University
Quarterly Operating Management Report**

(Unaudited, for management purposes only)

**As of June 30, 2017
For the Fiscal Year Ended June 30, 2017**

(in thousands except enrollment)

EDUCATION & GENERAL

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2016	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2017	Variance from Budget	YE Projected 6/30/2017	Chg from prior qtr. projection	
State General Fund	\$179,241	101%	n/a	\$170,935	\$178,187	\$178,390	\$1,054	n/a	\$851	
Tuition & Resource Fees, net of Waivers	350,283	99%	n/a	336,708	352,635	352,307	(2,352)	n/a	52	
Other	93,654	107%	n/a	89,400	87,504	86,647	6,150	n/a	4,673	
Total Revenues	623,178			597,043	618,326	617,344	4,852	n/a	5,576	
Personnel Services	(473,724)	100%	n/a	(444,854)	(474,633)	(472,194)	909	n/a	2,709	
Supplies & Services & Capital Outlay	(126,277)	98%	n/a	(118,554)	(129,220)	(135,139)	2,943	n/a	5,608	
Total Expenditures	(600,001)			(563,408)	(603,853)	(607,333)	3,852	n/a	8,317	
Net from Operations	23,177			33,635	14,473	10,011	8,704	n/a	13,893	
Transfers In	2,873	248%	n/a	4,198	1,160	1,148	1,713	n/a	705	
Transfers Out	(11,529)	149%	n/a	(11,778)	(7,718)	(9,104)	(3,811)	n/a	(661)	
Fund Additions/(Deductions)	0			0	0	0	0	n/a	0	
Change in Unrestricted Net Assets	14,521			26,055	7,915	2,055	6,606	n/a	13,937	
Beginning Unrestricted Net Assets	80,009			53,954	80,009	80,009	0	n/a	0	
Ending Unrestricted Net Assets	\$94,530			\$80,009	\$87,924	\$82,064	\$6,606	n/a	\$13,937	
% Operating Revenues	15.2%			13.4%	14.2%	13.3%		n/a		
Student FTE Enrollment-YTD Summer thru Spring	27,813	104%	n/a	27,022	26,717	26,717	1,096	n/a	(20)	

Oregon State University
Quarterly Operating Management Report

(Unaudited, for management purposes only)

As of June 30, 2017
For the Fiscal Year Ended June 30, 2017

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2016	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2017	Variance from Budget	Projected YE 6/30/2017	Chg from prior qtr. projection	
(in thousands)										
SELF-SUPPORT - Auxiliaries, Designated Operations and Service Departments										
Enrollment Fees	\$37,393	99%	n/a	\$35,865	\$37,763	\$37,763	(\$370)	n/a	\$36	
Sales & Services	155,949	104%	n/a	142,538	149,437	152,834	6,512	n/a	(611)	
Other	39,301	119%	n/a	36,191	32,970	34,822	6,331	n/a	3,453	(1)
Total Revenues	232,643			214,594	220,170	225,419	12,473	n/a	2,878	
Personnel Services	(106,137)	95%	n/a	(99,973)	(111,696)	(111,145)	5,559	n/a	2,237	
Supplies & Services & Capital Outlay	(113,461)	101%	n/a	(109,286)	(111,904)	(112,233)	(1,557)	n/a	2,527	(2)
Total Expenditures	(219,598)			(209,259)	(223,600)	(223,378)	4,002	n/a	4,764	
Net from Operations	13,045			5,335	(3,430)	2,041	16,475	n/a	7,642	
Transfers In	9,304	145%	n/a	7,826	6,418	6,534	2,886	n/a	1,569	
Transfers Out	(15,710)	346%	n/a	(16,660)	(4,545)	(7,205)	(11,165)	n/a	(3,092)	(3)
Additions/(Deductions) to Unrestricted Net Assets	(8,474)			(13,265)	(8,198)	(8,379)	(276)	n/a	317	
Change in Unrestricted Net Assets	(1,835)			(16,764)	(9,755)	(7,009)	7,920	n/a	6,436	
Beginning Unrestricted Net Assets	44,206			60,970	44,206	44,206	0	n/a	0	
Ending Unrestricted Net Assets	\$42,371			\$44,206	\$34,451	\$37,197	\$7,920	n/a	\$6,436	
% of Operating Revenues	18.2%			20.6%	15.6%	16.5%		n/a		
Total Unrestricted Net Assets	\$136,901			\$124,215	\$122,375	\$119,261		n/a		
Days of Expenditures in Total Unrestricted Funds	61			59	54	52		n/a		

- (1) Athletics higher revenues than projected by \$1.2M for new Learfield contract, student health services graduate health insurance fund underwent an internal audit resulting in additional revenues of \$0.7M for administrative fees charged to the graduate health insurance agency fund, multiple areas in designated operations had higher than projected revenues totaling up to \$0.7M, service centers had a couple of areas that had higher revenue than projected totaling up to \$0.4M.
- (2) Athletics was \$1.8M lower than projected as cost should have been transfers (see transfers variance below), Housing and Dining was lower than projected by \$1.3M mainly to lower interest expense of \$0.6M, higher internal reimbursement for catering and conferences of \$0.3M and general cost controls, Conference services was lower than projected by \$0.8M to due multiple conferences having lower expenses than anticipated. Students Centers were \$0.6M lower than anticipated due to timing of project expenditures, Designated Operations was \$1.9M higher than projected to due INTO salaries and benefits being lower, the reimbursement is run through S&S & Capital Outlay as a pass through.
- (3) The variance from prior quarter of \$3.1M is due mainly to the timing of various plant projects that needed funding at year end; Athletics - \$1.8M, Housing and Dining - \$0.8M and Student Centers - \$0.3M.

**Oregon State University
Quarterly Operating Management Report**

(Unaudited, for management purposes only)

**As of June 30, 2017
For the Fiscal Year Ended June 30, 2017**

(in thousands)

RESTRICTED

	YTD Actual				Budget & YE Projection					Notes
	A	B	C	6/30/2016	D	E	F	G		
	YTD	YTD as a % of Projected	Prior 7 yr. avg. YTD %	Prior Yr. Actual	Budget	Adjusted Budget 6/30/2017	Variance from Budget	YE Projected 6/30/2017	Chg from prior qtr. projection	
Federal	\$218,610	99%	n/a	\$216,171	\$220,416	\$222,936	(\$1,806)	n/a	(\$897)	
State	22,017	147%	n/a	17,282	15,000	17,967	7,017	n/a	(\$18)	
Other	93,721	95%	n/a	86,985	98,890	95,661	(5,169)	n/a	\$160	
Total Revenues	334,348			320,438	334,306	336,564	42	n/a	(755)	
Personnel Services	(132,475)	102%	n/a	(125,996)	(129,376)	(131,412)	(3,099)	n/a	(\$1,304)	
Supplies & Services & Capital Outlay	(198,957)	97%	n/a	(192,393)	(204,595)	(204,880)	5,638	n/a	\$2,373	
Total Expenditures	(331,432)			(318,389)	(333,971)	(336,292)	2,539	n/a	1,069	
Net from Operations	2,916			2,049	335	272	(2,497)	n/a	314	
Transfers In	616	n/a	n/a	0	0	650	616	n/a	\$252	
Transfers Out	(3,695)	3213%	n/a	(3,780)	(115)	(116)	(3,580)	n/a	(\$397)	
Additions/(Deductions) to Restricted Net Assets	(0)			(19)	0	0	(0)	n/a	(\$0)	
Change in Restricted Net Assets	(163)			(1,750)	220	806	(5,461)	n/a	169	
Beginning Restricted Net Assets	10,548			12,298	10,548	10,548	0	n/a	0	
Ending Restricted Net Assets	\$10,385			\$10,548	\$10,768	\$11,354	(\$5,461)	n/a	\$169	
% of Operating Revenues	3.1%			3.3%	3.2%	3.4%		n/a		

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

As of June 30, 2017
For the Fiscal Year Ended June 30, 2017

	Self-Support					Total
	E&G	Auxiliary	Designated Operations & Service Departments	Plant fund	Restricted	
Transfers In - E&G	-	\$ 393	\$ 1,767 (e)	\$ 491	\$ 222	\$ 2,873
Transfers Out - E&G	-	4,589 (a)	2,060 (b)	4,486 (c)	394	11,529
Transfers In - Auxiliary	\$ 4,589 (a)	-	-	2,607 (d)	-	7,196
Transfers Out - Auxiliary	393	-	-	13,306 (c)	-	13,699
Transfers In - Designated Operations & Service Departments	2,060 (b)	-	-	6	42	2,108
Transfers Out - Designated Operations & Service Departments	1,767 (e)	-	-	244	-	2,011
Transfers In - Restricted	394	-	-	-	-	394
Transfers Out - Restricted	321	-	36	3,116	-	3,473

- (a) mainly support for athletics-\$4M
- (b) subsidies from E&G for supporting Designated Operations and Service Departments
- (c) transfers to plant fund for remodels and space renovations
- (d) closing out plant funds
- (e) mainly transfer of royalties to E&G-\$1.6M

Main changes since prior quarter

Additional transfers to plant funds: Athletics-\$1.8M, Housing and Dining-\$.8M and Student Centers-\$.3M.