



**Western Oregon University Board of Trustees:  
Finance & Administration Committee (FAC)  
Meeting No. 38  
February 11, 2025 | 01:00-4:00 pm  
To Observe This Meeting [Click Here](#) | By Phone: 1-253-215-8782**

**AGENDA**

- I. CALL-TO-MEETING AND ROLL CALL**
- II. COMMITTEE CHAIR'S WELCOME**
- III. CONSENT AGENDA (1:05-1:10pm)**
  - 1) [Approval of the November 5, 2024 Meeting Minutes](#) (pg.3)
- IV. ACTION ITEMS:**
  - 1) [FY2024 Financial Statements Audit and Single Audit](#) (pg.8)  
(1:10-2:00pm)
    - a. [Financial Statements Highlights](#) (Shadron Lehman) (pg.10)
    - b. [Eide Bailly Presentation](#) (pg.22)
  - 2) [Accept FY2025 Management Report \(as of December 31, 2024\)](#)  
*Camarie Moreno, Director of Budget & Planning (2:00-2:15pm)* (pg.27)
- V. BREAK (2:15-2:25pm)**
- VI. REPORT & DISCUSSION ITEMS**
  - 1) [University Budget Advisory Committee](#) (UBAC) (2:25-2:40pm) | tri-chairs  
*Dr. Melanie Landon-Hays, Zach Hammerle, Noah Carrillo* (pg.37)
  - 2) [University Technology Advisory Committee](#) (UTAC) (2:40-2:55pm) | tri-chairs  
*Chelle Batchelor, Amy Clark, Thomas Litterer* (pg.39)
  - 3) [Finance & Administration Report \(2:55-3:10pm\)](#) (pg.41)  
Mike Green, Interim Vice President for Finance and Administration
    - a) [Cash flow projections](#) (pg.45)

4) [Review of Investment Program \(3:10-3:55pm\)](#)

(pg.46)

Mike Green, Interim Vice President for Finance and Administration

Penny Burgess, Executive Director | Treasury Management Service Director - USSE

5) Finance & Administration Committee Goals

**VII. FEBRUARY 25-26, 2025 BOARD MEETING PREPERATION**

**VIII. UPDATES AND AROUND-THE-TABLE**

**IX. ADJOURNMENT**



**Western Oregon University Board of Trustees:  
Finance & Administration Committee (FAC)  
Meeting No. 37  
May 31, 2024 | 08:30 – 11:00 am**

**Draft Meeting Minutes**

**I. CALL-TO- MEETING AND ROLL CALL**

Chair Evans calls the meeting to order at 1:00pm and asks Secretary Sorce to do a roll call:

**The following Trustees are present:** Trustee Betty Komp, Trustee Rey Perez, Trustee Kate Schwarzler Chair Gayle Evans

**The following Trustees were excused:** Trustee Mark Zook

**Other Staff Present:** President Jesse Peters, Board Secretary Sorce, Camarie Moreno, Chelle Batchelor, Noah Carrillo, Rebecca Chiles, Zachary Hammerle, Thomas Litterer, Amy Clark, Heather Brophy, Venu Nair, Nathan Saur, Ashley Schaumburg, Nick Miller, Darrin Silbernagel

**II. CHAIR’S WELCOME AND ANNOUCEMENTS**

Chair Evans welcomed everyone to the first FAC meeting of the academic year. Chair Evans also mentioned that there is very different makeup of this committee than it was last year, with former Board Chair Betty Komp as the most experienced member. Appreciate the committee members willingness to participate in the committee.

**III. CONSENT AGENDA**

- 1) Approval of the meeting minutes from November 5, 2024:

Trustee Perez moves and Trustee Schwarzler seconds the approval of the November 5-2024 FAC meeting minutes. No additional discussion.

Chair Evans:	Aye
Trustee Komp	Aye
Trustee Perez	Aye
Trustee Schwarzler	Aye
Trustee Zook	Excused

**IV. ACTION ITEMS**

- 1) Accept the FY 2024 Management Report as of September 30, 2024):

Chair Evans asked Director of Budget & Planning Camarie Moreno to walk through the management report, which can be found on page 6 of the docket for review. Director

Moreno walked through the management report, explained the different funds, and discussed each fund individually. Trustee Perez asked about operation and capital forecasts and how far out we go. Director Moreno said that operation forecasts have historically been forecasted out one year but are currently working on a three-year model. Capital is a process led by the HECC that happens during the long legislative session of each biennium. Trustee Komp moved, and Trustee Schwarzler seconded that the Western Oregon University Finance and Administration Committee accept the FY 25 Projected Year-End Report and the overall Management Report as of September 30, 2024. There was no additional discussion.

Vote on the Motion:

Chair Evans

Trustee Komp:	Aye
Trustee Perez	Aye
Trustee Schwarzler	Aye
Trustee Zook	Excused

2) Recommend for Approval FY 2025 Adjusted Budget:

Chair Evans asked Director Moreno to discuss the Proposed FY 2025 Adjusted Budget—the Proposed FY 2025 Adjusted Budget, which can be found on page 15 of the docket. Director Moreno explained the budgeting process for the university, highlighting the uncertainties around state appropriations and enrollment figures. She noted that the preliminary budget was presented in June, with the adjusted budget in the fall after more accurate enrollment data was available. The university's tuition refund schedule was also discussed, with refunds given until the end of the first week of the term. Director Moreno presented the adjusted enrollment figures, which were slightly different from the proposed budgeted figures and the revenue side of the budget. Director Moreno presented the adjusted budget for the fiscal year 2025, which includes a million-dollar increase in revenue and a half-million-dollar increase in expenses. The budget deficit is projected to be 3.5 million dollars, less than the \$3.9 million deficit in the preliminary budget and in line with the 5-year financial sustainability plan. The budget includes the classified raises that were agreed upon before the preliminary budget and, a 4.09% raise for faculty and a 3.25% raise for unclassified staff, with additional held for equity adjustments. The budget also includes an increase in health insurance and other benefits costs.

Chair Evans asked for more information on the gifts, grants, and contracts. What volatility is expected in the grant? Director Moreno answered that there are all different kinds of grants for different lengths of time in that fund. So, there is some volatility in that fund. The hope is that Sponsored Projects Offices will continue to pull more grants, which will help increase this fund in future years. Trustee Schwarzler moved, and Trustee Perez seconded that the Western Oregon University Finance and Administration Committee recommends to the Board of Trustees to approve the FY 25 Adjusted Budget as presented in the docket. There was no additional discussion.

Vote on the motion:

Chair Evans:	Aye
Trustee Komp:	Aye
Trustee Perez:	Aye
Trustee Schwazler:	Aye
Trustee Zook:	Excused

President Peters thanked the team that worked hard on this budget. He discussed the challenges faced by the university, including declining enrollment due to a number of challenges, including FAFSA, and the rising costs of operating the university. He expressed some cautious optimism about the university's trajectory, citing the new mission statement and Title 3 grant focused on student retention as tools to help attract new students and retain current students.

Chair Evans mentioned that the committee was running ahead of schedule, so she decided to recess the meeting at 2:15 pm. Chair Evans reconvened the Finance and Administration committee at 2:25 pm

## **V. REPORTS & DISCUSSION ITEMS:**

### **1) Capital Improvement & Renewal Projects:**

Chair Evans introduced Jason Krawczyk, WOU's Director of Capital Planning and Construction, to present his report, which you can find on page 24 of the docket. Director Krawczyk presented an update on the construction and project management at the campus, highlighting the completion of various projects such as the Occupational Therapy Doctorate Program at WOU:Salem, PE locker rooms for Soccer and Volleyball teams, and the ITC 111 renovation. Director Krawczyk also discussed ongoing projects like the Student Success Center, steam line repairs, and the Welcome Center build-out. Director Moreno clarified that the funding for these projects comes from the State's capital improvement and renewal (CIR) budget, which is allocated based on the campus's square footage, building age, and building condition. This is always the top request from the public universities to the Legislature each biennium. Director Krawczyk expressed optimism about the funding for the data center project, which was ranked 4th highest priority by the Higher Education Council. He also mentioned the Performing Arts renewal project, which was ranked lower but still a priority. The committee also discussed the upcoming art installation by artist Brad Rood, which will be located between the ITC and the Student Success Center.

### **2) University Budget Advisory Committee (UBAC):**

Chair Evans Zach Hammerle and Noah Carrillo are two of the Tri-Chairs of the UBAC. They read their report, which can be found on page 57 of the docket. Zach Hammerle and Noah Carrillo, discussed UBAC's efforts to align with the university's mission, values, and strategic plan. They also reviewed their past activities, including a survey on

budget transparency and requesting budget stories from the institution. The committee expressed their desire to advise the university better and improve transparency in resource allocation. They also discussed their plans to recruit new members, including students, and to align their goals with the university's strategic plan. Chair Evans asked about the UBAC's participation in compiling comments on how to use the Sustainability Fund and if it was a positive process. Zach mentioned that it was a good experience, and much of the feedback that UBAC got was the need for streamlining of processes, which is ultimately what a large portion of the sustainability funds went to.

### 3) University Technology Advisory Committee (UTAC):

Chair Evans introduced Tom Litterer and Chelle Batchelor, two of the Tri-Chairs of the University Technology Advisory Committee, who presented on behalf of UTAC. They read the UTAC report, which can be found on page 61 of the docket. Tri-Chair Litterer discussed the implementation of two-factor authentication (2FA) for all employees, which was approved by the board and enforced last Friday. All of the impacted employees are temporary or do not require a computer to do their job. Now, if they log in, they will be required to sign up for 2FA before they can use our system. Tri-Chair Batchelor mentioned new regulations around dropping students for non-participation in the first two weeks. Tri-Chair Batchelor highlighted the importance of the University Technology Advisory Committee (UTAC) in aligning with the strategic plan and the Equity Action Plan. She also mentioned the work on data governance policies and software procurement processes. The team also discussed the Banner Optimization Plan, which aims to optimize the use of Banner and transition to the latest version within three years. Trustee Perez asked several questions about the two-factor authentication process to get a better understanding, and then he asked about the optimization project's goal, to which Tri-Chair Litterer responded that it's to standardize on a version and continue version upgrades going forward.

### 4) Finance & Administration Report

#### i. Cash flow Projections:

Darren Silbernagell and Nick Miller gave the Cash flow Projections report which can be found on page 63 of the docket.

#### ii. Update on Quasi Endowment Performance

Darren Silbernagell gave an update on the Quasi Endowment Performance. The information can be found on page 66 of the docket. Chair Evans asked that based on the under performance of the Quasi-Endowment funds at what points do we decide to put it on a watch list or make changes. Staff made a commitment to Chair Evans to get more information and get back to them at the next meeting to get Chair Evans more information.

#### iii. Update on the Budget Dashboard

Director Moreno gave an update on the budget dashboard which can be found at [www.wou.edu/budget](http://www.wou.edu/budget).

iv. Finance & Administration Committee Goals

Committee Goals might be a combination that aligns with strategy as well as improvements, reviewing charter, maybe updating investment policies. Secretary Sorce is going to put together a template that will inform the committees for the committee work.

**VI. November 19-20, 2024 BOARD MEETING PREPARATION**

Chair Evans mentioned the two big agenda items are the Management Report and the Proposed Adjusted Budget.

**VII. ADJOURNMENT**

Chair Evans adjourned the meeting at 4:03pm.



**Finance & Administration Committee (FAC), Fiscal Year Ended June 30,  
2024 Financial Statements Audit**

[Western Oregon University's annual financial report](#) for the fiscal year ended June 30, 2024 was prepared by the University's staff.

The public accounting firm, Eide Bailly LLP ("Auditor"), has audited the financial report and has issued an unmodified opinion, i.e., in their opinion the financial statements present fairly, in all material respects, the financial position of the University.

**STAFF RECOMMENDATION:**

It is recommended that the Western Oregon University Finance and Administration Committee recommend to the Board of Trustees to accept the University's fiscal year 2024 audit of financial statements.





**Finance & Administration Committee (FAC), Fiscal Year Ended June 30, 2024  
Single Audit**

The public accounting firm, Eide Bailly LLP (“Auditor”), has performed testing of the University’s compliance with certain provisions of laws, regulations, contracts, and grant agreements. This testing resulted in a report on compliance for each major federal program, a report on internal control over compliance, and a report on expenditures of federal awards, as required by Uniform Guidance.

These reports and detailed findings are provided in the [Federal Awards Report in Accordance with Uniform Guidance](#), which communicates certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process.

The Auditor issued their opinion that the University complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of the University’s major federal programs.

**STAFF RECOMMENDATION:**

It is recommended that the Western Oregon University Finance and Administration Committee recommend to the Board of Trustees to accept the University’s fiscal year 2024 Single Audit and Management’s proposed Corrective Action Plan.

## Finance & Administration Committee (FAC), Fiscal Year Ended June 30, 2024 Financial Statements Highlights

### Annual Financial Report (in thousands)

- Total Net Position increased by \$17,056
  - Net Investment in Capital Assets increased by \$17,585
    - Construction in progress - major additions:
      - Welcome Center improvements \$773
      - Student Success Center \$12,839
      - Steam Pipe \$5,436
      - WOU Salem – OTD \$1,601
    - Depreciation and amortization \$7,220
    - Payments on debt associated with capital assets \$2,571
  - Restricted Expendable Net Position decreased by \$939
  - Unrestricted Net Position increased by \$410
    - Increase related to University operations \$2,081
    - Quasi-Endowment decreased \$78
    - PERS changes in performance, census and estimated earnings resulted in a year-end accrual of the net pension liability which decreased unrestricted net position \$1,805
    - OPEB changes in performance, census and estimated earnings resulted in a year-end accrual of the net OPEB liability which increased unrestricted net position \$212
- Statement of Revenues, Expenses, and Changes in Net Position
  - Operating Revenues increased \$1,020
    - Increase in auxiliary activity \$1,536
    - Student Tuition and Fees increased by \$950
    - Decrease in other operating revenues by \$1,019
  - Operating Expenses increased \$3,277
    - Increase in Compensation and Benefits \$3,841
    - Decrease in Services and Supplies \$852
    - Increase in Scholarships and Fellowships \$1,026
    - Increase in Depreciation and Amortization Expense \$190
    - Other Expenses decreased by \$928
  - Non-operating Revenues increased by \$20,116
    - State Appropriations increased \$2,533
    - Federal and State Grants and Contracts increased \$2,319
    - State-funded capital projects increased Capital Grants by \$13,718
- Statement of Cash Flows
  - Cash position decreased by \$1,261

- Investments increased \$473

- **Current Ratio**

The current ratio measures WOU's liquidity serving as an indicator of the ability to meet current obligations. This simple calculation matches the institution's short-term assets with liabilities expected to come due during the same period.

Generally accepted standards for this ratio indicate a 2:1 coverage as being desirable.

The numerator is total current assets; the denominator is total current liabilities. Both numbers come directly from the Statement of Net Position.

	<u>FY24</u>	<u>FY23</u>	<u>FY22</u>	<u>FY21</u>	<u>FY20</u>
<b>Current Ratio</b>	<b>1.045</b>	<b>1.083</b>	<b>1.643</b>	<b>1.851</b>	<b>1.883</b>

Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
June 30, 2024

Prepared by Management of  
**Western Oregon University**

## Summary Schedule of Prior Audit Findings

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### Yellow Book:

None Reported

### Single Audit:

**Finding:** 2023-001

**Federal Agency Name:** U.S. Department of Education

**Assistance Listing Number(s):** 84.007, 84.033, 84.038, 84.063, and 84.268.

**Program Name:** Student Financial Assistance Cluster

**Initial Fiscal Year Finding Occurred:** 2023

**Finding Summary:** 34 CFR 690.83(b)(2) and 34 CFR 685.309 states that Institutions are responsible for timely and accurate reporting of a student's enrollment status and changes in those enrollment statuses, whether they report directly or via a third-party servicer. When an Institution is made aware of a change in a student's enrollment status, the Institution has 60 days to update the change in enrollment status via NSLDS. During our testing of compliance for Enrollment Reporting, there were 16 instances out of 21 where NSLDS did not reflect accurate or timely reporting of a student's change in enrollment status. While records were submitted accurately and timely to the Clearinghouse, those records were not reflected in NSLDS.

**Status:** Finding 2023-001 was a repeat finding during the current fiscal year. See finding 2024-003.

**Finding:** 2023-002

**Federal Agency Name:** U.S. Department of Education

**Assistance Listing Number(s):** 84.007, 84.033, 84.038, 84.063, and 84.268.

**Program Name:** Student Financial Assistance Cluster

**Initial Fiscal Year Finding Occurred:** 2023

**Finding Summary:** 16 CFR Part 314, Institutions are required to develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts. The regulations require that the written information security program to include nine elements for institutions with 5,000 or more customers. During our testing over GLBA compliance, we noted that the University had not updated their information security program since 2018 and that it was missing aspects of the required nine elements.

**Status:** Resolved.

Yellow Book:

**Finding:** 2024-001

**Finding Summary:** The internal control structure of the University should include procedures to ensure the trial balance provided for the audit is free from misstatement. A good system of internal controls requires management to have policies and procedures in place to allow for the accurate close of the fiscal year-end which includes reviewing all adjusting entries, closing entries, reconciliations and financial information. (1) During the current year audit, management discovered and brought to the auditor's attention, an error in balances that had previously been reported on for payroll benefits and taxes in the amount of \$1,330,279. (2) Subsequent to the issuance of the 2024 financial statements, an error was discovered by management and brought to the attention of the auditors resulting in a restatement and reissuance of the 2024 financial statements associated with current and noncurrent cash. Restricted cash in the amount of \$3,716,000 previously reported for fiscal year 2024 was incorrectly reported as a noncurrent asset, but should have been reported as a current asset. This resulted in the reissuance and restatement of the 2024 financial statements.

**Corrective Action Plan:** Management agrees with this finding. (1) Management has already begun updating policies and procedures which will allow for the accurate close of the fiscal year-end and to incorporate reconciliation of payroll liability funds by the Payroll Compliance Analyst. The timing of the reconciliation will correspond to the payments (monthly or quarterly). The Payroll Manager will approve all reconciliation. Additionally, the creation of a shared reconciliation file between the Human Resources Department and the Controller Office will ensure accuracy of ongoing balances as well as the close of the fiscal year-end. Annually, the Human Resources and the Controller Office staff will review the composite health - other payroll expense rate and adjust as necessary. (2) As part of the preparation of the annual financial statements, the Controller's Office will review the restrictions and timing of future expected payments for amounts being disclosed as restricted cash. This will ensure the appropriate classification of current or noncurrent asset on the Statement of Net Position.

**Responsible Individuals:** (1) Desiree Noah, Executive Director of Human Resources, and (1) & (2) Shadron Lehman, Controller

**Anticipated Completion Date:** (1) May 30, 2025 and (2) June 30, 2025

Single Audit:

**Finding:** 2024-002

**Federal Agency Name:** U.S. Department of Education

**Assistance Listing Number(s):** 84.007, 84.033, 84.038, 84.063, and 84.268.

**Program Name:** Student Financial Assistance Cluster

**Finding Summary:** Each month, the Common Origination and Disbursement (COD) system provides institutions with a School Account Statement (SAS) data file which consists of a Cash

Summary, Cash Detail, and (optional at the request of the institution) Loan Detail records. The institution is required to reconcile these files to the institution's financial records. As a result of implementing a new Student Information System, the SAS reconciliations were not completed during the current year.

**Responsible Individuals:** Kella Helyer, Director of Financial Aid

**Corrective Action Plan:** Management agrees with this finding. Compliance on this finding was resolved by the end of the award year with reconciliation being completed by the end of June 2024. Financial aid implemented a new Financial Aid Management System (FAMS) starting with the 2023-24 year which caused delays in processes; however, the office is caught up with reconciliations, and going forward this compliance area is not an issue.

**Anticipated Completion Date:** Completed June 2024

**Finding:** 2024-003

**Federal Agency Name:** U.S. Department of Education

**Assistance Listing Number(s):** 84.007, 84.033, 84.038, 84.063, and 84.268.

**Program Name:** Student Financial Assistance Cluster

**Finding Summary:** 34 CFR 690.83(b)(2) and 34 CFR 685.309 states that Institutions are responsible for timely and accurate reporting of a student's enrollment status and changes in those enrollment statuses, whether they report directly or via a third-party servicer. When an Institution is made aware of a change in a student's enrollment status, the Institution has 60 days to update the change in enrollment status via NSLDS. The University pushed through the changes in enrollment status to the Clearinghouse timely and accurately based upon the student's enrollment status; however, the change in enrollment status was not pushed through all the way to NSLDS resulting in inaccurate and untimely records within NSLDS.

**Responsible Individuals:** Kella Helyer, Director of Financial Aid and Amy Clark, University Registrar

**Corrective Action Plan:** There is documentation of the student's enrollment status in the National Student Clearinghouse (NSC) for each month starting Fall term 2023. The enrollment reporting process functions such that each month, the National Student Loan Data System (NSLDS) sends a file to NSC for the students who have been awarded federal aid. NSC then sends a file back to NSLDS for the students on the list. This return file then updates the NSLDS enrollment reporting section in their system. NSC will not send enrollment for students if they are not on the NSLDS list. To do so would be a FERPA violation. For the student in question, NSLDS did not place their name on the list for reporting enrollment until June 2024. A second call to NSLDS has been placed requesting a response as to why this student was not reported.

**Anticipated Completion Date:** 12/6/2024

**Finding:** 2024-004

**Federal Agency Name:** U.S. Department of Education

**Assistance Listing Number(s):** 84.007, 84.033, 84.038, 84.063, and 84.268.

**Program Name:** Student Financial Assistance Cluster

**Finding Summary:** Awards must be coordinated among the various programs and with other federal and nonfederal aid (need and non-need-based aid) to ensure that total aid is not awarded in excess of the student's financial need or cost of attendance (34 CFR 668.42, FWS, and FSEOG, 34 CFR 673.5 and 673.6; Direct Loan, 34 CFR 685.301). Financial need is defined as the student's COA minus the student's EFC (as computed by the central processor and included on the student's SAR/ISIR). During the testing of compliance for Eligibility, it was noted students who worked as Resident Advisors for the University, did not have their Title IV aid adjusted for amounts they received via direct payments to cover the cost of their housing. As a result, the University compensated the students for the cost of their housing outside the normal processing and packaging of Title IV aid, resulting in \$26,572 of Direct Loans being disbursed to student's in excess of their financial need.

**Responsible Individuals:** Kella Helyer, Director of Financial Aid

**Corrective Action Plan:** The current year (2024-25) Resident Assistant benefits have been taken into consideration for all applicable students.

**Anticipated Completion Date:** 9/10/2024





December 13, 2024

To the Board of Trustees  
Western Oregon University  
Monmouth, Oregon

We have audited the financial statements of Western Oregon University (the University) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 12, 2024, except for the Statement of Net Position, Note 2 and Note 18, for which the date is December 13, 2024. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated May 22, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the University complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the University solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the University's major federal program compliance, is to express an opinion on the compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the University's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you. We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 12, 2024, except for finding 2024-001 in the schedule of findings and questioned costs, for which the date is December 13, 2024. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated November 12, 2024.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the University is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the allowance for uncollectible receivables is based on based history and current market conditions. We evaluated the key factors and assumptions used to develop the allowance for uncollectible receivables and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Management's estimate of the net pension liability is based on actuarial estimates provided by the Oregon Public Employee Retirement System (OPERS). We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The remaining obligation under the other postemployment benefit (OPEB) plans is based on actuarial estimates provided by Milliman (RHIA & RHIPA) and CavMac (PEBB) and audited by independent auditors. We evaluated the key factors and assumptions used to develop the OPEB assets/(liabilities) in determining that they are reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the University's financial statements relate to:

Note 13 – Employee Retirement Plans – This describes the details and assumptions of the Oregon Public Retirement System (OPERS) Plan and the related net pension liability.

Note 14 – Other Postemployment Benefits (OPEB) – This describes the details of the postemployment benefit plans.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Financial reclassification of \$3,716,000 from noncurrent assets to current assets.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- Journal entry to record a prior period adjustment relating to the accrual of payroll benefits and taxes in the amount of \$1,330,000.
- Journal entry to reconcile cash and investments per the general ledger to the underlying support in the amount of \$184,000.

The effect of this uncorrected misstatement, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2024, is an overstatement of beginning net position of \$1,178,000, an overstatement of current year change in net position of \$335,000, and an overstatement in ending net position of \$1,514,000.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

#### *Relationship with the State of Oregon*

As described in Note 1, the financial statements of the University are intended to present the financial position, changes in financial position, and cash flows attributable to the University. They do not purport to, and do not present fairly the financial position of the State of Oregon as of June 30, 2024, and the changes in its financial position for the year then ended in conformity with accounting principles general accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### *Restatement and Reissuance*

As described in Note 18, subsequent to the issuance of the University's 2024 financial statements and our report thereon dated November 12, 2024, we became aware that those financial statements contained a misclassification of restricted cash amounts as noncurrent assets. This resulted in the current cash and cash equivalent balance to be understated and noncurrent cash and cash equivalents to be overstated. In our original report we expressed an unmodified opinion on the 2024 financial statements, and our opinion on the revised statements, as expressed herein, remains unmodified.

### **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated November 12, 2024.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the University, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the University's auditors.

### **Other Matters**

The financial statements include the financial statements of Western Oregon University Development Foundation (the Foundation), which we considered to be a significant component of the financial statements of the University. The financial statements of the Foundation were audited by other auditors, and we did not assume responsibility for the audit performed by the other auditors, rather we have referred to their audit in our report. Our decision to refer to the report of the other auditor is based our evaluation of the materiality of the Foundation with respect to the financial statements as a whole. Our audit procedures with respect to the Foundation included required correspondence with the other auditor, obtaining and reading their auditor's report and the related financial statements, and other procedures as considered necessary.

This report is intended solely for the information and use of the members of the Board of Trustees, State of Oregon, and management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Boise, Idaho



**CPAs & BUSINESS ADVISORS**

**WESTERN OREGON UNIVERSITY  
2024 AUDIT RESULTS DISCUSSION**

# AUDIT PROCESS

- What happens during an audit?
  - Single Audit
    - Began process in Spring 2024
    - Risk-Based Audit Approach
    - Make determination as to which federal programs will perform single audits over
    - Wrap up during year end testing
  - Financial Statement Audit
    - Began process in Spring 2024
    - Risk-Based Audit Approach
    - Testing
      - Involves confirmation, sampling, analytics, inquiry and substantiation
    - Assessment of testing and reporting

# AUDIT RESULTS

- **Single Audit**

- Programs performed single audit over:
  - Student Financial Assistance Cluster
  - TRIO Cluster

- **Results**

- Unmodified Opinion on Compliance for Each Major Federal Program
- Findings
  - 2024-002 – Material Weakness in Internal Control – Special Tests and Provisions (Borrower Data and Reconciliation)
  - 2024-003 – Significant Deficiency in Internal Control – Special Tests and Provisions (Enrollment Reporting)
  - 2024-004 – Significant Deficiency in Internal Control - Eligibility



# AUDIT RESULTS

- Financial Statement Audit
  - Significant Estimates
    - Allowance for uncollectible accounts
    - Pension
    - OPEB (RHIA, RHIPA, PEBB)
  - No Significant Transactions in the Current Year
  - Unmodified Opinion on Financial Statements
  - Unmodified Opinion on Internal Control over Financial Reporting
  - Adjustments
    - Reclassification of long-term cash to current cash for \$3,716,000
  - Two passed adjustments
    - Prior period adjustment related to the accrual of payroll benefits and taxes \$1,330,000
    - Reconciliation difference in the cash and investment balance support with general ledger \$184,000

# THANK YOU!

Kristin Diggs, CPA

Partner

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208.424.3542



**CPAs & BUSINESS ADVISORS**

## Finance & Administration Committee (FAC), December 31, 2024, FY2025 Management Report

### Period 6 YTD Actual to Actual Variance:

This report provides six months of actual revenue and expense activity (as of December 31, 2024) as compared to the same period in prior fiscal year.

#### Education & General Fund:

##### Revenues:

In FY25, winter term tuition, fees, and remissions were assessed in P6, and therefore reflected in the totals shown. However, in FY24, tuition, fees, and remissions were not assessed until P7. To provide a more accurate comparison (fall 2024 and winter 2025 term totals compared to fall 2023 and winter 2024 totals), the narrative below compares FY25 P6 tuition, fee, and remission totals to FY24 P7. Please note as a result, this comparison will not capture the typical adds/drops that happen at the beginning of the term (as they will be reflected in the FY24 P7 actuals, but not FY25 P6).

Tuition revenues are an ~\$1.122M increase. The increase is due to a combination of tuition increases (5% across all categories), the first cohort of 17 Occupational Therapy students (which totals \$296K for Fall and Winter term tuition), and changes in enrollment. Fall 2024 was a decrease of 3.0% UG FTE and 3.1% GR FTE (excluding OTD) from Fall 2023; Winter 2024 was a decrease of 3.6% UG FTE and an increase of 8.5% GR FTE (excluding OTD) from Winter 2023.

Online course fees are effectively a decrease of \$218K, as a result of the enrollment decrease as well as online course fee offerings decreasing. Other fees have effectively decreased \$291K. Fee remissions have an effective increase of \$181K. Altogether, this results in net tuition and fees for FY25 Period 6 being \$432K more than FY24 Period 7.

Government resources & allocations have decreased by \$250K from the prior year, however FY24 includes \$1.022M of sustainability funds. Accounting for this, state appropriations have increased by \$772K. The Public University Support Fund (PUSF) for the 2023-25 biennium was funded at \$1B. 49% of PUSF is distributed in year 1 (FY24) and the remaining 51% is distributed in year 2 (FY25) and allocated among the public universities according to the Student Success and Completion Model (SSCM).

Gift grants and contracts revenue has increased by \$84K from prior year. Other revenues have decreased by \$147K from the prior year.

Overall, total revenues are \$46.142M, ~\$1.140M more than the prior year, when accounting for FY24 Winter term tuition and Sustainability funds.

#### Expenses:

Personnel expenses are \$1.763M more than the prior period and reflect variations in faculty/staff from the prior year. Faculty received an ~4.09% COLA (varies by individual). Unclassified staff received a 3.25% COLA effective November 1, 2024. Classified staff received a 6.5% COLA effective April 1, 2024, a 2% COLA effective November 1, 2024, and are set to receive a 3.5% COLA effective June 1, 2025, as well as individual step increases.

Services and supplies expenses are \$646K less than the prior year. FY24 P6's actuals include many large expenditures we do not anticipate in FY25 (such as anatomage tables for OT, student meals for Destination Western, USSE payroll services), however there are several large expenditures that we did not have in FY24 that we are anticipating in the next few months in FY25.

Overall, total expenses are \$30.780M, \$1.117M more than the prior year.

#### Net Revenues less Expenses:

Net revenues less expenses have effectively increased by \$23K compared to prior year.

#### Auxiliary Enterprises:

Auxiliary Enterprises is comprised of Athletics, University Housing, Campus Dining, Parking, Bookstore, Student Health & Counseling Center (SHCC), Child Development Center (CDC), Incidental Fee, and other minor operations.

#### Revenues:

Enrollment Fees have effectively decreased by \$109K. Although enrollment has declined ~2.5% from Fall 2023 to Fall 2024, and ~1.8% from Winter 2024 to Winter 2025, the decrease is offset by an increase in the health service fee from \$162 to \$175 per term (or for students not enrolled on the Monmouth campus, \$120 to \$130). The incidental fee remained flat (\$415 or \$210 for students not enrolled on the Monmouth campus). Accounting for the difference of timing in winter term assessment, Health Service Fee revenue is up \$44K and incidental fee revenue is down \$116K from the prior year. Sales and Services are down \$1.094M from the prior year, however dining earned revenue has yet to be allocated in FY25. Other Revenue remains consistent across all auxiliaries. Altogether, auxiliary revenue totals \$9.791M, but due to the timing differences mentioned above, there is not a good comparison to last year.

#### Expenses:

Personnel expenses are \$365K more than the prior year, primarily in Housing/Dining (\$111K), IFC-areas (\$69K), and Athletics (\$94K). Service & Supplies are \$787K more than the prior year, decreases in Housing/Dining (\$283K) and Bookstore (\$150K) are offset by increases in IFC-areas (\$267K) and Athletics (\$917K). However, \$450K of the

increase in athletics relates to timing difference of winter term student aid, making it an effective \$467K increase from last year. Altogether, auxiliary expenses total \$12.016M, an increase of \$1.153M from the prior year.

Net Revenues less Expenses:

Net revenues less expenses total -\$2.226M and have decreased by \$782K compared to prior year, however as noted above there are some significant timing discrepancies between the years.

#### Designated Operations, Service Departments, Clearing Funds:

Designated Operations, Service Departments, and Clearing Funds is comprised primarily of Telecommunications and Oregon Council of Presidents. The Clearing Fund is cleared on a quarterly basis. As of December 31<sup>st</sup>, the clearing fund reflects temporary revenue and expense balances, these balances can cause misleading comparisons as a result.

Revenues are comparable to prior year, down \$142K. Expenses are down \$267K from the prior year, for a net difference from prior year of \$125K.

#### **FY25 Projected Year-End:**

This report provides year-end projections. The projected year-end methodology is a combination of actual revenues and expenses for the first six months of operations and projections for the remaining six months of FY25. Projections for periods seven through twelve are based on the actual FY24 realization/burn rates for period six, which are applied to FY25 revenues and expenses.

#### Education & General Fund:

Revenues:

Total revenues are projected to be \$73.770M, \$622K more than the FY25 adjusted budget. Altogether, net student fees & tuition are projected to be \$258K more than the adjusted budget. This is primarily a result of the adjusted budget assuming 6% attrition between fall and winter whereas actual attrition between fall and winter was 7.8% for UG and positive 0.4% for GR, and higher than expected online course fees.

Government resources and allocation are projected at \$34.877M, \$84K less than the adjusted budget as a result of the true-up. Gifts, grants, and contracts are projected at \$2.934M, \$334K more than the adjusted budget. Other revenues are projected to be \$3.014M, \$114K more than the adjusted budgeted amount.

#### Expenses:

Total expenses are projected to be \$70.874M, \$1.284M less than the FY25 adjusted budget. Personnel is projected to be \$60.762M, \$303K more than the budget; \$2.442M of faculty and staff salvage savings were incorporated into the FY25 adjusted budget. Service and supplies are projected to be \$10.112M, \$1.587 less than the adjusted budget, however service and supply spending patterns continue to be volatile and hard to predict.

#### Transfer Schedule:

A projected transfer schedule is attached to provide details for the projected transfers in and out. This includes a transfer out of \$5.775M to Athletics, compared to the budgeted \$5.2M.

#### Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$3.300M versus the FY25 adjusted budget of a loss of \$4.608M. Projected year-end fund balance is \$10.454M, or 14.17% of projected revenues.

#### Auxiliary Enterprises:

##### Revenues:

Total revenues are projected to be \$21.239M, \$759K more than the adjusted budget. Enrollment fees are projected to be \$5.79M, \$125K less than the budget. Sales and services are projected to be \$12.511M, \$280K more than budgeted. Other revenues are projected to be \$2.938M, \$604K more than the adjusted budget.

##### Expenses:

Total expenses are projected to be \$25.224M, \$823K more than the budget. Personnel is projected to be \$11.708M, \$234K more than the adjusted budget. Service and supplies are projected to be \$13.516M, \$588K more than the adjusted budget.

##### Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$92K compared to the FY25 adjusted budget loss of \$800K. This results in a projected year end fund balance of \$5.305M.

#### Designated Operations, Service Departments, Clearing Funds:

##### Revenues:

Total revenues are projected to be \$3.128M, \$862K more than the budget.

Expenses:

Total expenses are projected to be \$1.542M, \$724K less than the budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a gain of \$1.586M compared to the FY25 net zero budget.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee accept the FY25 Projected Year-End Report and the overall Management Report as of December 31, 2024.

**Western Oregon University**  
**P6 YTD Actual to Actual Variance**

(Unaudited, non-GAAP, for management purposes only)  
(in thousands)

**As of December 31, 2024**  
**For the Fiscal Year Ended June 30, 2025**

	P6 FY24 Actuals	P6 FY24 Realization/ Burn Rate %	P6 FY25 Actuals	P6 FY25 % of Budget	Variance		Note
					Actuals	%	
<b>Education &amp; General Fund</b>							
<b>Revenues</b>							
Tuition	14,327		22,985		8,658		FY24 Winter term tuition (~\$7.5M) not assessed until P7
Online Course Fees	1,540		2,152		612		FY24 Winter term online course fees (~\$830K) not assessed until P7
Other Fees	877		1,139		262		FY24 Winter term fees (~\$553K) not assessed until P7
Less: Fee Remissions	(1,624)		(3,325)		(1,701)		FY24 Winter term remissions (~\$1.52M) not assessed until P7
Net Student Fees & Tuition	15,120	46.29%	22,951	70.22%	7,831	23.93%	
Government Resources & Allocations	21,138	60.79%	20,888	59.75%	(250)	-1.05%	FY24 includes \$1.022M of Sustainability funds
Gift Grants and Contracts	826	31.00%	910	34.98%	84	3.98%	
Other Revenue	1,540	46.22%	1,393	48.04%	(147)	1.82%	
<b>Total Revenues</b>	<b>38,624</b>	<b>52.60%</b>	<b>46,142</b>	<b>63.08%</b>	<b>7,518</b>	<b>10.48%</b>	
<b>Expenses</b>							
Personnel	24,392	43.22%	26,155	43.26%	(1,763)	0.04%	
Service & Supplies	5,271	53.70%	4,625	39.53%	646	-14.17%	
<b>Total Expenses</b>	<b>29,663</b>	<b>44.77%</b>	<b>30,780</b>	<b>42.66%</b>	<b>(1,117)</b>	<b>-2.12%</b>	
<b>Net Revenues less Expenses</b>	<b>8,961</b>		<b>15,362</b>		<b>6,401</b>		



**Western Oregon University**  
**P6 YTD Actual to Actual Variance**

(Unaudited, non-GAAP, for management purposes only)  
(in thousands)

**As of December 31, 2024**  
**For the Fiscal Year Ended June 30, 2025**

	<b>P6 FY24 Actuals</b>	<b>P6 FY24 Realization/ Burn Rate %</b>	<b>P6 FY25 Actuals</b>	<b>P6 FY25 % of Budget</b>	<b>Variance</b>		<b>Note</b>
					<b>Actuals</b>	<b>%</b>	
<b>Auxiliary Enterprises Funds</b>							
<b>Revenues</b>							
Enrollment Fees	2,572	43.24%	3,964	67.01%	1,391	23.77%	FY24 Winter term fees (~\$1.5M) not assessed until P7 FY25 earned board not yet allocated
Sales and Services	5,520	43.37%	4,426	36.19%	(1,094)	-7.18%	
Other Revenue	1,327	47.69%	1,401	60.04%	74	12.35%	
<b>Total Revenues</b>	<b>9,420</b>	<b>43.89%</b>	<b>9,791</b>	<b>47.81%</b>	<b>371</b>	<b>3.91%</b>	
<b>Expenses</b>							
Personnel	5,246	47.93%	5,611	48.91%	(365)	0.98%	
Service & Supplies	5,618	40.95%	6,405	49.55%	(787)	8.60%	
<b>Total Expenses</b>	<b>10,864</b>	<b>44.05%</b>	<b>12,016</b>	<b>49.25%</b>	<b>(1,153)</b>	<b>5.20%</b>	
<b>Net Revenues less Expenses</b>	<b>(1,444)</b>		<b>(2,226)</b>		<b>(782)</b>		
<b>Designated Operations, Service Departments, Clearing Funds</b>							
<b>Revenues</b>							
Enrollment Fees	543	1417.44%	22	45.67%	(521)	-1371.77%	
Sales and Services	64	44.80%	71	56.05%	7	11.25%	
Other Revenue	719	36.75%	1,091	52.15%	371	15.40%	
<b>Total Revenues</b>	<b>1,326</b>	<b>62.03%</b>	<b>1,184</b>	<b>52.23%</b>	<b>(142)</b>	<b>-9.80%</b>	
<b>Expenses</b>							
Personnel	515	53.81%	422	41.03%	93	-12.77%	
Service & Supplies	644	62.02%	469	37.95%	174	-24.07%	
<b>Total Expenses</b>	<b>1,159</b>	<b>58.08%</b>	<b>892</b>	<b>39.35%</b>	<b>267</b>	<b>-18.73%</b>	
<b>Net Revenues less Expenses</b>	<b>167</b>		<b>292</b>		<b>125</b>		

**Western Oregon University**  
**FY25 Projected Year-End**  
(Unaudited, non-GAAP, for management purposes only)  
(in thousands)

**As of December 31, 2024**  
**For the Fiscal Year Ended June 30, 2025**

	<b>FY24 Year-End Actuals</b>	<b>FY25 Projected Year-End</b>	<b>FY25 Adjusted Budget</b>	<b>Variance FY25 Projected Year-End to Budget</b>	<b>Note</b>
<b>Education &amp; General Fund</b>					
Student Fees & Tuition (net of remissions)	32,666	32,944	32,686	258	
Government Resources & Allocations	34,770	34,877	34,961	(84)	
Gift Grants and Contracts	2,664	2,934	2,600	334	
Other Revenue	3,331	3,014	2,900	114	
<b>Total Revenues</b>	<b>73,431</b>	<b>73,770</b>	<b>73,148</b>	<b>622</b>	
Personnel	56,436	60,762	60,459	(303)	
Service & Supplies	9,815	10,112	11,699	1,587	
<b>Total Expenses</b>	<b>66,250</b>	<b>70,874</b>	<b>72,158</b>	<b>1,284</b>	
Net Transfers	7,447	6,195	5,598	(597)	Projection based on transfer schedule.
<b>Total Expenses and Transfers</b>	<b>73,697</b>	<b>77,069</b>	<b>77,756</b>	<b>687</b>	
<b>Net Revenues less Expenses</b>	<b>(266)</b>	<b>(3,300)</b>	<b>(4,608)</b>	<b>1,309</b>	
<b>Fund Balance at the Beginning of the Year</b>	14,025	13,754			
<b>Additions/Deductions to Fund Balance</b>	(5)	-			
<b>Fund Balance at the End of the Year</b>	<b>13,754</b>	<b>10,454</b>			
<b>Fund Balance as a Percentage of Revenues</b>	18.73%	14.17%			

**Western Oregon University**  
**FY25 Projected Year-End**  
(Unaudited, non-GAAP, for management purposes only)  
(in thousands)

**As of December 31, 2024**  
**For the Fiscal Year Ended June 30, 2025**

	<b>FY24 Year-End Actuals</b>	<b>FY25 Projected Year-End</b>	<b>FY25 Adjusted Budget</b>	<b>Variance FY25 Projected Year-End to Budget</b>	<b>Note</b>
<b>Auxiliary Enterprises Funds</b>					
Enrollment Fees	5,949	5,790	5,915	(125)	
Sales and Services	12,728	12,511	12,231	280	
Other Revenue	2,784	2,938	2,334	604	
<b>Total Revenues</b>	<b>21,460</b>	<b>21,239</b>	<b>20,479</b>	<b>759</b>	
Personnel	10,946	11,708	11,474	(234)	
Service & Supplies	13,719	13,516	12,927	(588)	
<b>Total Expenses</b>	<b>24,665</b>	<b>25,224</b>	<b>24,401</b>	<b>(823)</b>	
Net Transfers	(6,801)	(4,077)	(3,122)	955	Projection based on transfer schedule.
<b>Total Expenses and Transfers</b>	<b>17,863</b>	<b>21,147</b>	<b>21,279</b>	<b>132</b>	
<b>Net Revenues less Expenses</b>	<b>3,597</b>	<b>92</b>	<b>(800)</b>	<b>891</b>	
<b>Additions/Deductions to Fund Balance</b>	<b>(1,898)</b>	<b>(1,868)</b>			
<b>Fund Balance at the Beginning of the Year</b>	<b>5,383</b>	<b>7,082</b>			
<b>Fund Balance at the End of the Year</b>	<b>7,082</b>	<b>5,305</b>			
<b>Fund Balance as a Percentage of Revenues</b>	<b>33.00%</b>	<b>24.98%</b>			
<b>Designated Operations, Service Departments, Clearing Funds</b>					
Enrollment Fees	38	2	48	(47)	
Sales and Services	142	158	127	32	
Other Revenue	1,958	2,968	2,092	877	
<b>Total Revenues</b>	<b>2,138</b>	<b>3,128</b>	<b>2,266</b>	<b>862</b>	
Personnel	958	785	1,030	244	
Service & Supplies	1,038	757	1,237	480	
<b>Total Expenses</b>	<b>1,996</b>	<b>1,542</b>	<b>2,266</b>	<b>724</b>	
Net Transfers	(149)	-	-	-	Projection based on transfer schedule.
<b>Total Expenses and Transfers</b>	<b>1,847</b>	<b>1,542</b>	<b>2,266</b>	<b>724</b>	
<b>Net Revenues less Expenses</b>	<b>291</b>	<b>1,586</b>	<b>-</b>	<b>1,586</b>	
<b>Additions/Deductions to Fund Balance</b>	<b>(219)</b>	<b>(249)</b>			
<b>Fund Balance at the Beginning of the Year</b>	<b>2,621</b>	<b>2,692</b>			
<b>Fund Balance at the End of the Year</b>	<b>2,692</b>	<b>4,030</b>			
<b>Fund Balance as a Percentage of Revenues</b>	<b>125.93%</b>	<b>128.81%</b>			

**Western Oregon University**  
**Transfers Schedule - Projected FY25**  
(Unaudited, non-GAAP, for management purposes only)

	E&G	Auxiliary			Des Ops - Serv Dept.	Plant fund	Other	Total
<b>Transfers In E&amp;G</b>		(a)						
<b>Actual</b>		25,100						25,100
<b>Upcoming</b>		35,140						35,140
<b>Transfers Out E&amp;G</b>		(b)	(c)	(d)		(e)	(f)	
<b>Actual</b>		-	-	22,000		-	3,955	25,955
<b>Upcoming</b>		5,775,000	150,000	-		294,000	10,283	6,229,283
<b>Transfers In AUX</b>	(b)	(c)	(d)			(g)	(h)	
<b>Actual</b>	-	-	22,000			2,162	2,684	26,846
<b>Upcoming</b>	5,775,000	150,000	-			-	-	5,925,000
<b>Transfers Out AUX</b>	(a)						(h)	
<b>Actual</b>	25,100						-	25,100
<b>Upcoming</b>	35,140						1,814,917	1,850,057
<b>Transfers In DO, SD</b>								
<b>Actual</b>								-
<b>Upcoming</b>								-
<b>Transfers Out DO, SD</b>								
<b>Actual</b>								-
<b>Upcoming</b>								-

Type	Description
(a)	Parking support of public safety
(b)	Athletic operations support
(c)	Child Development Center support
(d)	Smith Fine Arts support
(e)	Small-Scale Energy Loan Program debt service
(f)	Miscellaneous (endowment matches, cost shares, etc.)
(g)	Auxiliary transfers to/from building/equipment reserves
(h)	Misc. auxiliary transfers, including debt payments for Housing and Recreation Center Building Fee
(i)	Misc. designated operations and service departments transfers

**Finance & Administration Committee (FAC) February 11, 2025 University Budget Advisory Committee (UBAC Report)**

TO: WESTERN OREGON UNIVERSITY BOARD OF TRUSTEES COMMITTEE

FROM: UNIVERSITY BUDGET ADVISORY COMMITTEE FINANCE & ADMINISTRATION COMMITTEE

RE: UBAC REPORT WINTER 2025

*For this term, the UBAC committee has met:*

**January 23 from 2:00-4:00 PM**

**February 6th from 2:00-3:00 PM**

**Our next meeting is February 20th From 2:00 PM-**

## **Summary**

This approach to budgeting is designed to enable the University to align its financial resources with its mission, vision and values. In doing so, budgets will be better able to meet changing institutional needs and be responsive to our historical mission as well as new opportunities. The success of the model will depend, to a great extent, on the degree to which the budgeting process allows for campus-wide dialog and participation and the degree to which decisions related to new resources and reallocation of existing resources are linked to the agreed upon strategic directions of the university.

### WOU Core Values

#### **Centering Students -**

- Items considered by this committee are consistently reviewed under a model of centering students. The process for budgetary review and advice are focused around students and sustainability.

#### **Fostering Accessibility -**

- Consistently UBAC has sought to foster accessibility in past and present by fostering representation across campus. Although we are losing two valued professional classified and unclassified members we see overall growth and equitable representation.
- UBAC continues to search for unrepresented bodies to fill roles according to the committee's model.

#### **Valuing Community -**

- Items considered are consistently reviewed under a model of community both of WOU, local and state priorities according to the members and constituents.

## WOU Institutional Goals

### **Institutional Sustainability -**

- VPFA search team and interview panel
- Provided search committee with a review of UBAC interview panel items including candidate's strengths relative to the position, candidate's limitations relative to the position and general comments of interviewed candidates.
- New tri-chair election process underway. Nominations are currently open to members of the committee.
- We are planning to follow along the university-wide budget timeline and asking for UBAC members including tri-chairs to attend ongoing meetings including those of TFAC.
- UBAC plans to attend and interface in preliminary budget meetings and review these budgets.
- UBAC has reviewed program analysis modeling originally developed in 2020 and 2021. The committee has found limitations and challenges in this model and is currently working on understanding logic in updating a model that can be understood. This would include program areas and state allocations.
- We are working with Interim VPFA Mike Green on a successful transition of our work to the new VPFA, Kwabena Boaaye (KB).
- Mike and Camarie presented the five year budget plan, discussing assumptions, revenue and reductions. UBAC found that there is sufficient transparency in models for IFC funded areas and auxiliaries, including athletics, but this level of detail is lacking in models for Academic Affairs. Faculty representatives urged Mike to share their concerns about the cuts to instructional faculty and how they may have negative effects on future enrollment, asking for a more detailed conversation going forward that will help faculty determine program outcomes and overall enrollment.

### **Student Success -**

- UBAC has successfully filled ASWOU student representation and have reached out to students to be sure that they have notes, access to agendas, etc. when they are unable to attend.

### **Transformational Diversity -**

- We try to get representatives from across campus and are working to fill empty seats on the committee. This is a goal that we hope to work toward in the future, but our main focus now is on institutional stability given our charge.

### **Community Strength -**

- Our goal is to build a committee that can be a strength to our community by being a representative body of voices across campus, reaching out to our constituents consistently, and communicating back and forth to be sure that there is transparency in WOU's budgets

## Finance & Administration Committee (FAC) February 11 2025 University Technology Advisory Committee (UTAC Report)

**Date: February 5, 2025**

### Strategic Plan Alignments

- *Institutional sustainability - Western adapts to changes in the higher education landscape and implements strategic responses to emerging trends.*
- *Transformational Diversity - developing and implementing diverse and inclusive philosophies and practices*

### Report

The University Technology Advisory Committee has met twice since our last report in November 2024. One meeting was held on November 15th, 2024 and the other was held on January 10th, 2025.

Both meetings were focused on UTAC's ongoing work to support the following initiatives.

1. Strategic Goal: Institutional Sustainability
  - a. Banner Optimization - [see website](#).
    - i. Modernize Web Access to Banner: Replacing WolfWeb with Banner 9 Self Service (SS) with an Ellucian Experience front-end is under development.
    - ii. Finish deploying all features of Banner Financial Aid: Business Process Analysis (BPA) completed. FinAid implementation plan creation is underway. FinAid letters to students are on track to be distributed early.
    - iii. Improve Banner Student processes: BPA for Banner Student was completed February 6th. Reports with implementation plans are being developed.
    - iv. Reorganize Banner HR and deploy all payroll features: Business Process Analysis (BPA) scheduled for May. One consultant is helping with the move to Banner 9 SS.
    - v. Implement a computer/software inventory and approval management system: KACE software was purchased last fall and is being utilized for upgrading to Windows 11 and patching. Beginning to utilize software inventory data.

- vi. Deploy a new Identity and Access Management (IAM) system: Okta was purchased as the new IAM solution. Configuration will begin next week with an expected rollout before Fall 2025.
  - b. Identity Access Management (IAM) - UCS provided a presentation about the two IAM systems under consideration to UTAC on January 10th. UTAC members provided feedback on the features that would be most advantageous to their work. UCS will continue to communicate with UTAC members as they develop an implementation plan to replace our current, home-grown IAM system.
  - c. Software Procurement: UCS also presented to UTAC on a new KACE system that is modernizing the way software is deployed and managed across campus. UTAC's goal is to ensure that the software used on campus is accessible, and that software is also being used efficiently in a non-duplicative way.
  - d. Security and Access: A task force is working toward a more effective and efficient way of assigning permissions to systems on campus. They will determine a set of access packages that can be assigned based on job descriptions rather than creating access packages on a case-by-case basis. They will explore KACE as a tool to streamline access management.
2. Strategic Goal: Transformational Diversity
- a. Digital Accessibility Policy - the UTAC Digital Accessibility Policy subcommittee met once in December and is meeting weekly during winter term. They plan to present a draft digital accessibility policy to UTAC on February 21st.



## **Finance & Administration Committee (FAC) February 11, 2025 Vice President for Finance and Administration Report.**

As I complete the 5<sup>th</sup> month of my tenure as Interim Vice President for Finance and Administration, I thought it would be important to share some important observations and actions being taken regarding the finance and administrative operations of the university. I am taking my cue from something that the former CFO of Nike, Don Blair, whom I had the pleasure of working with back in my old OUS days when he was the chair of the OUS Finance Committee, advised: “Master the Fundamentals.”

### **Cash Position and Cash Flow:**

Given our financial trendlines of declining enrollments and deficit budgets, it was important to ensure that we have an appropriate focus on cash position, cash flows, and liquidity management.

As our latest cash forecast (see below) shows, we currently project an overall decline in cash balance year-over-year of about \$13.1M, of which \$8.1M is related to the spend down of the Steamline Project funding from the state. The remaining \$5.0M cash balance decline, which is more than what we are expecting from the projections in the latest management report, is based on the broad assumptions in the model that we are working to hone. We will be monitoring how well our cash projections track with actuals in order to improve our forecasting and better manage liquidity.

One important factor that impacts our cash balances is our growing sponsored projects activity. My team has been working with the Sponsored Projects Office to help ensure that we submit reimbursement requests related to expenditures on cost-reimbursable grants and contracts to state and federal agencies as quickly as we can. An analysis of negative cash balances on such grants and contracts showed an average negative monthly balance of just over \$7M for the past three years. We are reviewing our processes and adding resources as needed to cut that balance down significantly in the near future. Besides the improvement in our cash balances and overall liquidity this would bring, it would also add to our investment earnings that can support operations.

As Shadron noted in his report on the 2023-24 audited financial statements, our working capital has been declining over the years. Our cash position has an impact on that liquidity metric. As we are managing the investment of our operating assets, we want to keep as much of the balance in a higher yielding investment as possible to maximize our investment earnings. That has a cost, as the amount of operating assets invested outside of the Oregon State Treasury Short-Term Investment Fund is categorized as

non-current in our balance sheet. We will monitor this condition carefully and adjust our cash/investment mix at year end to ensure that our current ratio remains above 1:1. We will also be examining all components of working capital to explore ways to improve that metric by year end.

Another tool in the toolbox for liquidity management is a line of credit, should we have another disruption in our operations that unexpectedly impacts our revenues. Our line of credit that we had with Washington Federal expired last December 31. I have hired Public Financial Management, LLC, to assist in seeking proposals from financial institutions to secure a new line of credit. I had hoped we would be in position to review proposals this meeting, but it will be delayed until April.

### **Updating our 5-Year Financial Plan**

As you may recall, our last 5-year financial sustainability plan projected that WOU would, in FY25, generate \$1.0M in new net revenues (net of \$500k in new expenses), reduce recurring expenditures by \$3.5M, hit a recurring deficit target of \$3.5M, and have an ending fund balance of \$4.0M. This was predicated on achieving enrollment growth of 0% in FY24 and 5.1% in FY25. Our enrollment goals were not met, but we did establish a FY25 budget that projects to hit the \$3.5M recurring deficit target and to surpass the fund balance target, but we are projected to be well below the \$1.5M projected new recurring revenue target in that plan. Hitting the recurring deficit target for FY25 was primarily achieved through more precise budgeting of non-tenure track salary expense projections. Our student-to-faculty ratio remains at an unsustainable 13:1. This points to the need to rebase our long-range enrollment, workforce and financial plans and put in place an updated sustainability plan.

We are developing an updated sustainability plan that incorporates underlying baseline assumptions for tuition rate increases, state funding increases, faculty and staff salary and benefit rate increases, service and supplies inflationary adjustments, and updated enrollment projections.

### **Operational Efficiencies**

We have begun the Banner Optimization Project and the project team and consultants are engaging in process redesign activities that will support a “back to baseline” approach to utilizing our ERP system and streamline our processes. The WOU administrative teams are excited at the opportunity to leverage the funding provided by the State to obtain the resources needed to fully support this multi-year effort. I have observed the strong collaboration of cross-functional teams with our project consultants as they walk through best-practice process flows and develop the pathways to a more modern system of administrative activities and actions. This work will result in efficiencies that can translate into cost savings and, perhaps just as important, workload

adjustments that can help re-focus efforts on more strategic activities and put in place a better work-life balance for our staff.

### **F&A Unit Strategic Plans**

Below you will find the goals of each unit within F&A for the next 1-3 years, tied to the university's strategic plan. Given my relatively recent hire as the Interim Vice President for Finance and Administration, we engaged in a pretty rapid discussion and planning exercise in order to put this first set of goals together. When I first attempted this work while at OSU, it was a challenging thought exercise for me to connect the kinds of work we do through to things like "student success" or "community strength." In my first year as VPFA there, I was tasked to develop a shared sense of purpose and intent throughout the F&A division that encompasses a broad variety of functions and activities. After multiple years of collaborative work establishing divisional guiding principles, KPI's, and key activities and then developing measurable divisional goals that tied to the university's strategic plan through that framework, I believe we reached that goal. While we did not have the luxury of time with this first pass, we are committed to continue establishing our work priorities and focusing our limited resources in ways that help the university reach its strategic goals.

**Western Oregon University**  
**Monthly Cash Flow and Accrual Forecast**

	Actuals						Estimates					
	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025	February 2025	March 2025	April 2025	May 2025	June 2025
<i>Starting Cash and investment FY2025 (June 30, 2024)</i>												
\$	35,290,407											
<b>Beginning Cash Estimate</b>	\$ 35,290,407	37,122,715	30,757,258	34,821,160	38,350,594	33,291,362	28,554,516	45,582,468	38,462,312	41,380,558	44,562,782	33,686,818
<i>Adjusted Beginning Cash and investment Balance (Actual)</i>	35,290,407	37,122,715	30,757,258	34,821,160	38,350,594	33,291,362	28,554,516	-	-	-	-	-
<b>Inflows</b>												
<i>Monthly Revenue Estimates</i>	17,393,250	7,204,602	19,549,351	15,051,504	4,114,074	14,805,403	22,125,093	6,418,500	24,319,453	10,588,556	1,363,759	12,991,162
<i>Estimated Cash Impacts GL Accrual Activity</i>	1,844,923	(6,368,804)	4,054,607	3,543,520	(5,058,808)	(3,603,358)	9,034,144	(1,595,737)	(395,957)	3,611,495	(2,203,936)	(4,599,323)
<b>Total Revenue and GL Inflows</b>	19,238,174	835,798	23,603,958	18,595,024	(944,734)	11,202,045	31,159,238	4,822,763	23,923,496	14,200,051	(840,177)	8,391,839
<b>Outflows</b>												
<i>Monthly Labor Estimates</i>	4,779,595	4,777,602	5,090,877	6,742,517	7,594,401	7,550,469	7,327,928	7,305,332	7,494,133	7,770,683	7,465,875	7,467,982
<i>Monthly Expense Estimates</i>	3,409,278	2,909,789	16,237,889	10,301,363	2,612,675	14,210,658	6,733,566	4,637,587	13,509,498	3,247,144	2,569,912	10,498,730
<i>Monthly Debt Estimates</i>	610,521	-	3,494	-	-	-	69,793	-	1,619	-	-	64,519
<b>Total Operating Ledger Outflows</b>	\$ 8,799,395	\$ 7,687,391	\$ 21,332,260	\$ 17,043,880	\$ 10,207,076	\$ 21,761,127	\$ 14,131,287	\$ 11,942,919	\$ 21,005,250	\$ 11,017,827	\$ 10,035,787	\$ 18,031,230
<b>Net Flows</b>	10,438,779	(6,851,593)	2,271,698	1,551,144	(11,151,810)	(10,559,082)	17,027,951	(7,120,156)	2,918,246	3,182,224	(10,875,964)	(9,639,391)
<b>Ending Cash Estimate</b>												
<i>Actual Ending Cash Balance (Banner)</i>	\$ 37,122,715	\$ 30,757,258	\$ 34,821,160	\$ 38,350,594	\$ 33,291,362	\$ 28,554,516	45,582,468	38,462,312	41,380,558	44,562,782	33,686,818	24,047,427
<i>Actual Less Forecast</i>	-	486,137	1,792,204	1,978,290	6,092,578	5,822,236	-	-	-	-	-	-
<i>% Deviation from Original Forecast</i>	0.00%	1.61%	5.43%	5.44%	22.40%	25.61%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
<b>30 Day Cash Outflow Requirement</b>	8,799,395	7,687,391	21,332,260	17,043,880	10,207,076	21,761,127	14,131,287	11,942,919	21,005,250	11,017,827	10,035,787	18,031,230
<b>Excess/(Shortfall) over 30 Day Outflow Requirement</b>	\$ 26,491,012	\$ 29,435,324	\$ 9,424,999	\$ 17,777,280	\$ 28,143,518	\$ 11,530,235	N/A	N/A	N/A	N/A	N/A	N/A
<b>60 Day Cash Outflow</b>	16,486,786	29,019,651	38,376,140	27,250,956	31,968,204	35,892,414	26,074,205	32,948,169	32,023,077	21,053,614	28,067,017	18,031,230
<b>Excess/(Shortfall) over 60 Day Outflow</b>	\$ 18,803,621	\$ 8,103,064	\$ (7,618,881)	\$ 7,570,204	\$ 6,382,391	\$ (2,601,052)	N/A	N/A	N/A	N/A	N/A	N/A



# **FY2025 Q1 Investment Report and Investment Program Review**

Finance and Administration Committee  
February 11, 2025

# FY2025 Q1 Investment Report and Investment Program Review

- The Board of Trustees have responsibilities related to monitoring, distribution, administration, and investment of WOU assets.
- Quarterly Investment Reports are submitted to the Finance & Administration Committee for review.
- Presentation Agenda
  - Operating Assets
  - Quasi-Endowment Assets
  - Next Steps

# Background

- **Operating Assets**
  - Accepted OUS Investment Strategy
  - Objective: Capital Preservation and Income
  - Short-Term Investments: Meet liquidity needs
  - Intermediate-Term Investments: Total Return
- **Quasi-Endowment Assets**
  - Board Statement on Investment
  - Objective: Moderate Capital Appreciation
  - Intermediate-Term Time Horizon: Balanced Portfolio

# WOU Cash and Investments

- **Oregon State Treasury**
  - Banking and Investment Agreement
  - Oregon Short-Term Fund
  - Public University Fund
    - OSU Administrator
  - Other Investment Opportunities
    - Oregon Intermediate-Term Fund
    - Endowment Management – Fixed Income and Equity Funds
- **Banking Relationship**
  - US Bank





## WOU Operating Assets

Investment Strategy	Investment Pool/Fund	Investment Objective	Investment Allocation	Weighted Average Credit Quality	Weighted Average Maturity	5 Year Perf
<b>Liquidity</b>	Oregon Short-Term Fund	Daily liquidity: preservation of capital	Based on liquidity needs	AA	0.23 years	2.4%
<b>Core Fixed Income</b>	PUF Core Bond Fund	Monthly liquidity; assets in excess of liquidity needs invested into intermediate fixed income securities	Managed on an individual university basis	AA-	3.78 years	2.1%



## WOU Operating Assets

As of September 30, 2024	Market Value	Allocation %	Annualized Yield
Oregon Short-Term Fund	\$12,460,680	34.3%	5.0%
PUF Core Bond Fund	\$23,821,501	65.7%	4.6%



## WOU Operating Assets

WOU Operating Assets	2023/2024	2022/2023	Change
Beginning Market Value October 1	\$45,190,918	\$35,892,142	\$9,298,776
Ending Market Value September 30	\$36,282,181	\$45,190,918	(\$8,908,737)
Net Investment Earnings	\$2,001,691	\$1,711,836	\$289,855
Realized Gain/(Loss)	(\$570,644)	(\$572,020)	1,376
Net Investment Income Activity	\$1,431,047	\$1,139,816	\$291,231
Unrealized Gain/(Loss)	\$196,234	(\$1,831,022)	\$2,027,256
Investment Yield	5.0%	4.8%	0.2%



## WOU Quasi-Endowment Assets

WOU Quasi-Endowment Assets	Quarter Ended 9/30/2024	3 Years	5 Years	Asset Allocation	Target Asset Allocation
Blackrock ACWI IMI B – Global Equity	6.9%	7.6%	12.1%	55.8%	55.0%
Western Asset Core Plus Bond Fund <sup>1</sup>	5.8%	-4.2%	-0.6%	39.5%	40.0%
Cash	1.3%	3.2%	2.4%	4.7%	5.0%
<b>Total WOU Endowment</b>	<b>6.0%</b>	<b>3.0%</b>	<b>6.6% <sup>2</sup></b>	<b>100.0%</b>	<b>100.0%</b>
Policy Benchmark	5.9%	3.8%	7.0%	-	-
Ending Market Value September 30 <sup>3</sup>	\$3,088,998	\$2,143,146	\$1,029,503	-	-

<sup>1</sup> Western Asset Core Plus Bond Fund sold in December 2024

<sup>2</sup> Policy Target Rate of Return = 5%

<sup>3</sup> Distribution of \$400,000 in June 2024



# WOU Investment Program

## Next Steps

- **Investment Policies**
  - Operating Assets – Draft
  - Quasi-Endowment - Review
- **Quasi-Endowment**
  - Fixed Income Manager Review/Approval

# FY2025 Q1 Investment Report

## BACKGROUND

The Western Oregon University (university) investment report for the first quarter (Q1) of FY2025 is presented in the following sections:

- **FY2025 Q1 Western Oregon University Investment Report** – This section includes a report on the investments of the operating and endowment assets of the university. This report reflects the university’s operating assets that are invested in short and intermediate-term fixed income funds and the university’s quasi-endowment investments managed by the Oregon State Treasury.
- **FY2025 Q1 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the first quarter of FY2025 (i.e., July 1 – September 30, 2024).

## FY2025 Q1 WESTERN OREGON UNIVERSITY INVESTMENT REPORT

The schedule of Western Oregon University’s investments is shown in the investment summary below.

### Western Oregon University Operating Assets

*(Prepared by the Public University Fund Administrator)*

Western Oregon University’s operating assets are invested in the Oregon Short-Term Fund (OSTF) and the Public University Fund (PUF) Core Bond Fund. On July 31, 2024, the PUF Administrator implemented an investment structure change to the PUF, divesting of the OSTF or liquidity position. This change was approved and supported by all university participants. Going forward, the PUF will provide intermediate-term fixed income exposure to university participants in a commingled product. Universities will have access to the OSTF through their bank account sweep product whereby assets on deposit in bank accounts held with the Oregon State Treasury will be swept into the OSTF for short-term investment.

The OSTF increased 1.3% for the quarter and fiscal year-to-date, underperforming its benchmark by 10 basis points for the period. The PUF increased 4.0% for the quarter and fiscal year-to-date, underperforming its benchmark by 20 basis points. The PUF investment yield was 1.1% for the quarter. As of September 30, 2024, WOU had \$12.5 million on deposit in the OSTF and \$23.8 million invested in the PUF.

The Oregon State Treasury fixed income team anticipates economic weakness to emerge in the coming months, however, believes investor expectations for future federal funds rate cuts to be overly aggressive compared to inflation and growth, and are maintaining conservative portfolio positioning versus benchmarks. To provide partial hedging for the risk of fewer federal funds rate cuts than estimated by market pricing, portfolio managers have increased exposure to floating rate securities in both portfolios. The OSTF allocation was 55% and PUF allocation 6% at the end of the quarter.

The 12.6% cash position in the PUF on September 30 was due to anticipated sales by universities on October 1 for liquidity purposes.

## **Western Oregon University Quasi-Endowment Fund**

The WOU Quasi-Endowment Fund (Fund) increased 6.0% for the quarter and fiscal year-to-date, outperforming its benchmark by 10 basis points for the period. The Fund ended the quarter with a balance of \$3.0 million.

The Fund's assets are allocated to a global equity index strategy (BlackRock All-Country World Index – 55.8%) and an “actively” managed fixed income fund (Western Asset Core Plus Bond – 39.5%). The remaining assets are invested in the Oregon Short Term Fund 4.7%.

For the three months ended September 30, 2024, the Blackrock All-Country World Index increased 6.9%, outperforming its benchmark by 10 basis points. The Western Asset Core Plus Bond Fund increased 5.8% for the period, outperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 60 basis points.

**Western Oregon University**  
**Investment Summary**  
**as of September 30, 2024**  
(Net of Fees)

	Quarter Ended 9/30/2024	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation <sup>1</sup>	Policy Allocation Target
<b>WOU Operating Assets</b>									
Oregon Short - Term Fund	1.3%	1.3%	1.1%	3.2%	2.4%	1.9%	\$ 12,460,680	34.3%	N/A
Benchmark - 91 day T-Bill	1.4%	1.4%	1.3%	3.5%	2.3%	1.6%			
PUF Core Bond Fund	4.0%	4.0%	-0.7%	0.7%	2.1%	N/A	23,821,501	65.7%	N/A
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index <sup>2</sup>	4.2%	4.2%	-0.8%	0.2%	1.3%	2.2%			
Investment Yield <sup>3</sup>	1.1%	1.1%	1.1%	3.8%	3.4%	N/A			
<b>Total Operating Assets</b>							<u>\$ 36,282,181</u>	<u>100.0%</u>	
<b>WOU Endowment Assets</b>									
BlackRock ACWI IMI B	6.9%	6.9%	-3.4%	7.6%	12.1%	N/A	\$ 1,679,454	55.8%	55.0%
Benchmark - MSCI ACWI IMI Net	6.8%	6.8%	-3.4%	7.4%	11.9%	9.2%			
Western Asset Core Plus Bond Fund	5.8%	5.8%	-5.4%	-4.2%	-0.6%	N/A	1,187,166	39.5%	40.0%
Benchmark - Bloomberg Barclays Aggregate Index	5.2%	5.2%	-3.2%	-1.4%	0.3%	1.8%			
Cash	1.3%	1.3%	1.1%	3.2%	2.4%	N/A	142,378	4.7%	5.0%
Benchmark - 91 day T-Bill	1.4%	1.4%	1.3%	3.5%	2.3%	1.6%			
<b>Total Endowment Assets</b>	6.0%	6.0%	-3.9%	3.0%	6.6%	N/A	<u>\$ 3,008,998</u>	<u>100.0%</u>	
Policy Benchmark <sup>4</sup>	5.9%	5.9%	-3.1%	3.8%	7.0%	N/A			

<sup>1</sup> University operating investment allocations based upon liquidity needs as determined by rolling 12-month cash flow forecasts.

Operating assets in excess of liquidity requirements are available for investment in the PUF Core Bond Fund and other long-term investments.

<sup>2</sup> 100% Bloomberg Barclays Intermediate U.S. Gov't./Credit Index as of February 1, 2021. From April 1, 2017 to January 31, 2021, the benchmark was 75% Bloomberg Barclay's Aggregate 3-5 Years Index, 25% Bloomberg Barclay's Aggregate 5-7 Years Index.

<sup>3</sup> The reported investment yields for the quarter and fiscal year-to-date represent earned yields for the period and are not annualized rates.

<sup>4</sup> Policy Benchmark Composition: 55% Morgan Stanley Capital Indices All-Country World Investable Market Index Net , 40% Bloomberg Barclays Aggregate Bond Index, 5% 91 day T-Bill.

Note: Outlined returns underperformed their benchmark.



# Oregon Short Term Fund

September 30, 2024

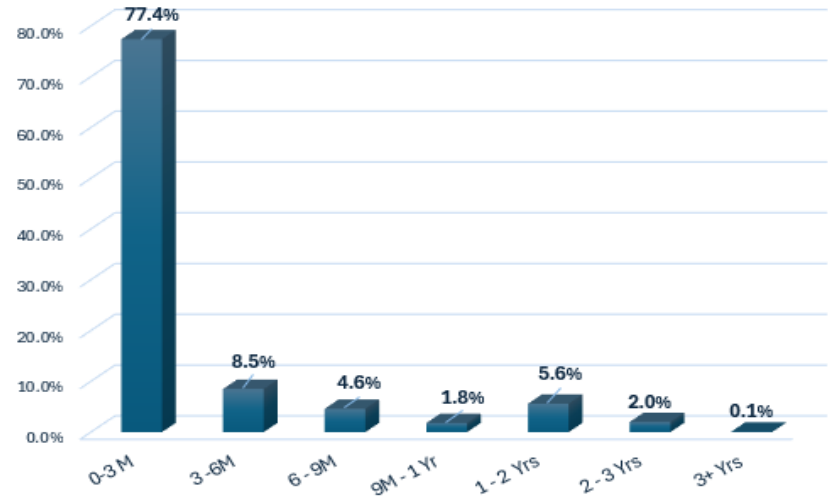
## Portfolio Characteristics

Market Value 9/30/2024	\$ 219,322,825
Weighted Average Credit Quality	AA
Book Yield (%)	5.00%
Weighted Average Maturity (days)	101 Days
Duration (years)	0.23
Spread Duration (years)	0.61

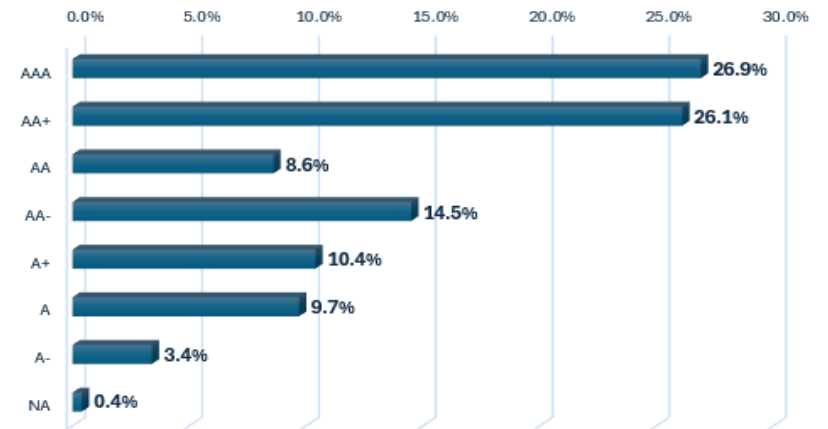
## Top 10 Issuers

United States Treasury	21.6%
Canada Pension Plan Investment Board Capital Incorporated	2.8%
Royal Bank of Canada	2.5%
Federal Farm Credit Banks	2.3%
Federal Home Loan Banks	1.8%
American Honda Finance Corporation	1.8%
Toyota Motor Credit Corporation	1.6%
CDP Financial Incorporated	1.5%
JPMorgan Chase & Company	1.4%
New York Life Global Funding	1.4%
<b>Total</b>	<b>38.7%</b>

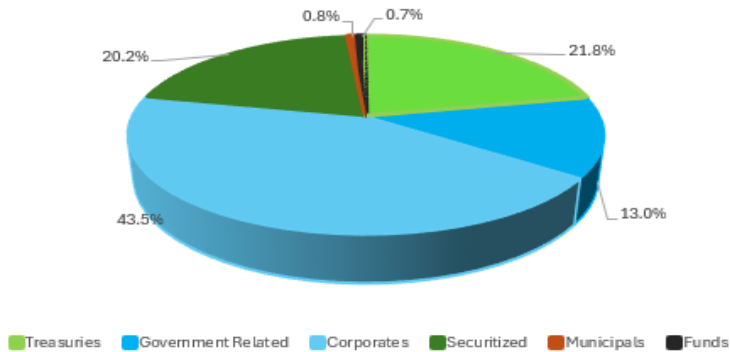
## Maturity Breakdown



## Credit Quality Distribution



## Sector Allocations



Source: Oregon State Treasury

# Core Bond Fund

September 30, 2024

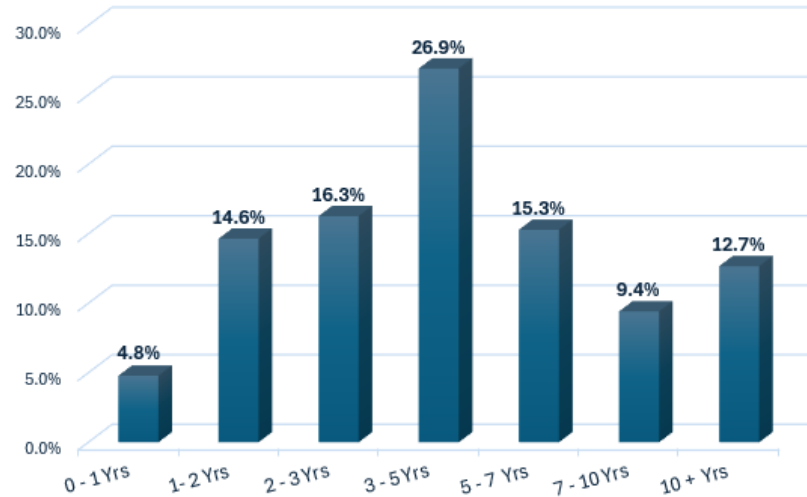
## Portfolio Characteristics

Market Value 9/30/2024	\$ 370,162,476
Weighted Average Credit Quality	AA-
Book Yield (%)	4.97%
Weighted Average Maturity (years)	3.78
Duration (years)	3.26
Spread Duration (rate)	1.37

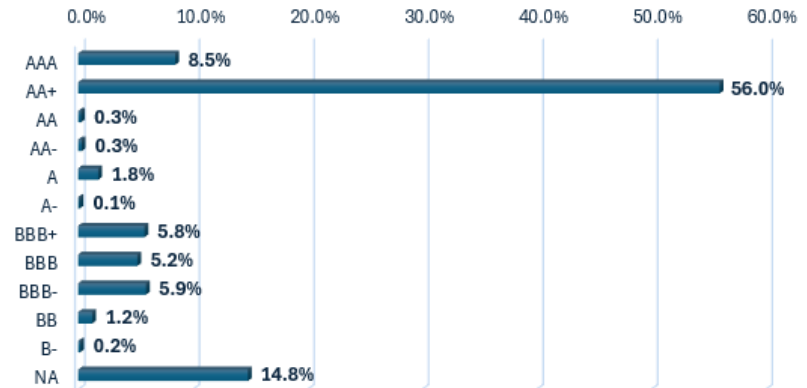
## Top 10 Issuers

United States Treasury	48.8%
Cash and Equivalents	12.6%
Federal Home Loan Mortgage Corporation	2.5%
Federal National Mortgage Association	2.4%
Rexford Industrial Realty Incorporated	2.0%
Agree Realty Corporation	1.9%
Ford Credit Trust 22-C	1.7%
Charles Schwab Corporation (The)	1.6%
Oscar US Funding Trust	1.6%
Wheels Fleet Lease Funding LLC 24-2	1.6%
<b>Total</b>	<b>76.7%</b>

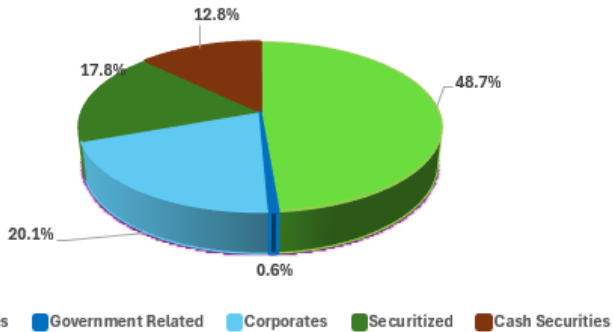
## Maturity Breakdown



## Credit Quality Distribution



## Sector Allocations



Source: Oregon State Treasury

## **FY2025 Q1 MARKET COMMENTARY**

*(Prepared by Meketa Investment Group, consultants to the Oregon Investment Council)*

### **Report on Investments – as of September 30, 2024**

#### **Economic and Market Update**

In the third calendar quarter, stock and bond markets rallied despite heightened volatility. Central bank indications of future interest rate cuts given declining inflation pressures was a key driver of gains.

- In September, the Federal Reserve Bank (Fed) surprised many in the markets with a 50-basis point interest rate cut while the U.S. economy and employment picture remains quite healthy.
- In the third calendar quarter, U.S. equities (S&P 500) rose 5.9%. The U.S. equity rally broadened, with value and small cap stocks outperforming large cap growth stocks, reversing the narrow leadership trend earlier this year.
- Emerging market stocks (+8.7%) outperformed developed market stocks in the third calendar quarter; in non-U.S. developed markets (+7.3%) value and small cap stocks also beat the broad market.
- After two years of piecemeal policy stimulus, China's policy makers rolled out a significant stimulus package to support equity prices, reduce bank reserve requirements and funding rates, and support current and future mortgage borrowers. In particular, bank loans for listed company share buybacks and purchases drove the Morgan Stanley Capital Indices (MSCI) China equity index to rally 23.9% in September and 23.5% for the entire third calendar quarter.
- Fixed income markets also posted positive returns on expectations for additional policy rate cuts this year and next, as inflation pressures recede, and the economy slows.
- Looking ahead, the paths of inflation, labor markets, and monetary policy, China's slowing economy and potential policy stimulus benefits, increased geopolitical tensions, and the looming U.S. election will be key factors.

Major markets finished the third calendar quarter in positive territory despite several spikes in volatility. Falling inflation, resilient growth in the U.S., and dovish central banks supported stocks and bonds. Rate sensitive sectors, like real estate investment trusts, particularly benefited from lower interest rates. Calendar year-to-date through September, all major asset classes were positive, led by U.S. equities.

## Market Returns<sup>1</sup> September 30, 2024

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	2.10%	5.90%	22.10%	36.40%	11.90%	16.00%	14.50%	13.40%
MSCI EAFE-ND	0.90%	7.30%	13.00%	24.80%	5.50%	8.20%	6.00%	5.70%
MSCI EM-ND	6.70%	8.70%	16.90%	26.10%	0.40%	5.70%	3.70%	4.00%
MSCI China-ND	23.90%	23.50%	29.30%	23.90%	-5.60%	0.80%	-0.30%	3.40%
Bloomberg US Aggregate	1.30%	5.20%	4.40%	11.60%	-1.40%	0.30%	1.50%	1.80%
Bloomberg US TIPS	1.50%	4.10%	4.90%	9.80%	-0.60%	2.60%	2.90%	2.50%
Bloomberg US Corporate High Yield	1.60%	5.30%	8.00%	15.70%	3.10%	4.70%	4.70%	5.00%
ICE BofAML US 3-Month Treasury Bill	0.40%	1.40%	4.00%	5.50%	3.50%	2.30%	2.20%	1.60%
ICE BofAML 1-3 Year US Treasury	0.80%	2.90%	4.10%	6.70%	1.30%	1.50%	1.70%	1.40%
ICE BofAML 10+ Year US Treasury	2.00%	7.70%	3.00%	15.40%	-7.80%	-3.90%	-0.30%	1.20%

<sup>1</sup>Source: Oregon State Treasury

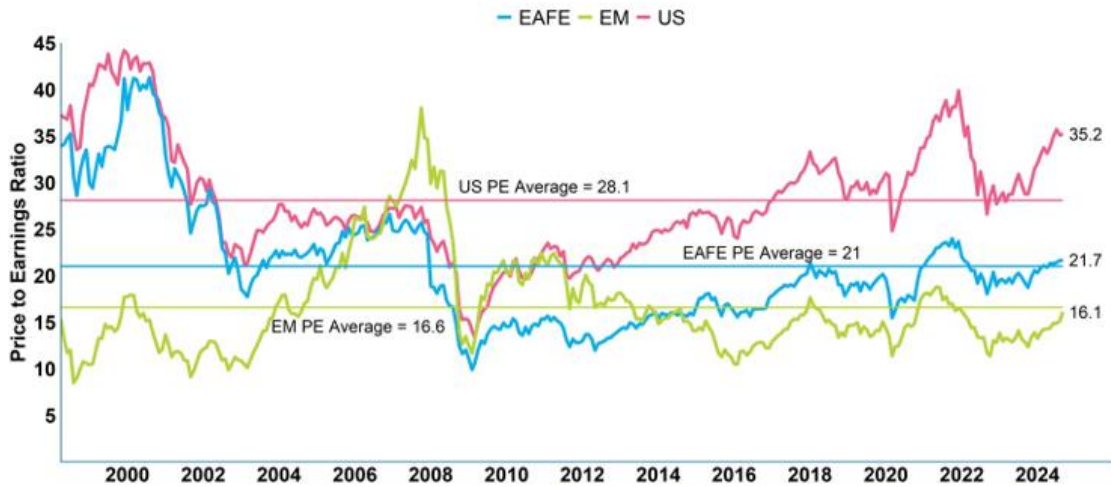
**U.S. Equities:** The S&P 500 rose +5.9% in the third calendar quarter, bringing the calendar year-to-date results to +22.1%. In the third calendar quarter, investor optimism grew over the potential for a “soft landing” of the U.S. economy and as investors reexamined the future of AI-related stocks. In this environment, value outperformed growth across the capitalization spectrum and small cap stocks (Russell 2000: +9.3%) outperformed large cap stocks (Russell 1000: +6.1%). Despite the third calendar quarter’s rally in value and small cap stocks, large cap growth stocks are the best performing asset class (R1000 Growth: +24.5%) for the year-to-date 2024 due to on-going enthusiasm for AI.

With the notable exception of energy stocks, all sectors posted positive returns in the third calendar quarter. On the prospect of growing energy demand for cloud computing for AI, utilities were the best performing sector in the third calendar quarter (+15.9%) followed by telecom (+13.0%) and industrials (+11.7%). All sectors feature positive returns for the calendar year-to-date period. Technology stocks (+28.9%) continue to lead the broader market, followed by utilities (+26.2%), and financials (+20.6%).

**Foreign Equity:** Developed international equities (MSCI Europe, Australasia, Far East (EAFE)) rose +7.3% in the third calendar quarter, while emerging market equities (MSCI Emerging Markets) gained 8.7%. Non- U.S. developed market stocks saw similar themes as the U.S., with value and small cap stocks outperforming large cap stocks in the third calendar quarter, as investors anticipated further rate cuts from the European Central Bank and the Bank of England. Japan’s Tokyo Price Index (TOPIX) experienced an over 20% decline at the start of August due to the Bank of Japan’s (BoJ) unexpected rate increase and related pressures on the yen carry trade. It subsequently recovered, though, as the BoJ signaled that further rate increases were not likely.

In late September, China announced significant stimulus measures to support asset prices resulting in Chinese stocks rallying +23.9% for the month. This led to emerging markets posting the best quarterly results (+8.7%). The weakening U.S. dollar further supported international stocks, particularly in developed markets. The broad global equity rally lifted stocks’ cyclically adjusted price/earnings ratios over the quarter, with U.S. stock valuations finishing well above their long-term 28.1 average. Non- U.S. developed market valuations increased to slightly above their long-term average while emerging market stocks are now trading close to their long-term average given the strong recent gains.

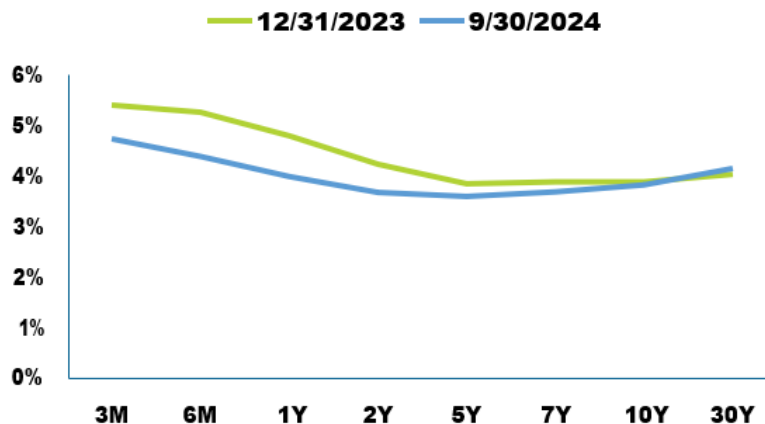
### Equity Cyclically Adjusted P/E Ratios<sup>1</sup>



<sup>1</sup> Source: U.S. Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of September 2024. The average line is the long-term average of the U.S., EM, and EAFE PE values from April 1998 to the recent month-end respectively.

**Fixed Income:** Fixed income indexes rose in the quarter as rates fell, driven by a continued decline in inflation. This and the weakening labor market led to the Fed cutting interest rates with more cuts expected. The broad U.S. bond market (Bloomberg Aggregate) rose 5.2% over the quarter, with the broad Treasury Inflation Protected Securities (TIPS) market gaining 4.1%. The less interest rate sensitive short-term TIPS index increased 2.5%. Riskier bonds experienced volatility during the quarter but ultimately posted strong results as risk appetite remained strong. Emerging market debt gained 9.0% and high yield rose 5.3%.

### U.S. Yield Curve<sup>1</sup>

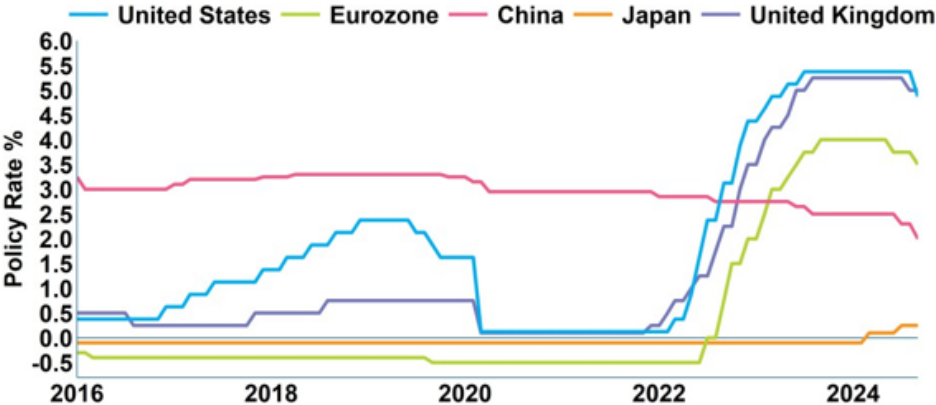


<sup>1</sup> Source: Bloomberg. Data is as of September 30, 2024.

U.S. interest rates fell over the quarter as economic data continued to soften and the Fed started its rate cutting cycle. The more policy sensitive 2-year Treasury yield declined from 4.75% to 3.64% over the quarter, while the 10-year Treasury yield fell from 4.40% to 3.78% over the same period. Notably, the portion of the yield curve from 2-years to 10-years was no longer inverted at the end of September, given policy rate cuts and resilient growth. This trend could continue as the Fed likely continues to cut interest rates.

Over the quarter, year-over-year headline inflation continued to decline (3.0% to 2.4%) supporting the Fed’s start to cutting policy rates. The 2.4% September level was the lowest since early 2021. Month-over-month inflation increased 0.2% each month over the quarter. Food and shelter costs saw monthly increases, while energy prices largely fell. Calendar year-over-year core inflation (excluding food and energy) finished the quarter where it started (3.3%). Shelter (+4.9% YoY) and transportation (+8.5% YoY) remain key drivers of stickier core inflation. Inflation expectations (breakevens) have been relatively stable over the last several years. They remain below current inflation levels.

### Policy Rates<sup>1</sup>



<sup>1</sup> Source: Bloomberg. Data is as of September 30, 2024. United States rate is the mid-point of the Federal Funds Target Rate range. Eurozone rate is the ECB Deposit Facility Announcement Rate. Japan rate is the Bank of Japan Unsecured Overnight Call Rate Expected. China rate is the China Central Bank 1-Year Medium Term Interest Rate. UK rate is the UK Bank of England Official Bank Rate.

In the U.S., the Fed reduced interest rates by 0.5% after holding them at a 5.25% - 5.50% level for over a year. In their statement they highlighted that they would make additional interest rate cut decisions based on incoming data. Market participants are pricing in roughly two additional cuts in 2024. The Bank of England (BoE) and the European Central Bank (ECB) have both started cutting rates. The BoE made a 25-basis points interest rate cut in July while the ECB made two similar cuts in June and September. Inflation in Japan remains elevated, prompting Bank of Japan (BoJ) officials to raise the policy rate 0.15% to 0.25% over the quarter after decades at near-zero rates. China announced a broad-based unexpected stimulus package that included lower interest rates, a reduction in bank reserve requirements, and liquidity for stock investors.

## U.S. Dollar vs. Broad Currencies<sup>1</sup>



<sup>1</sup> Source: Bloomberg. Data as of September 30, 2024

The U.S. dollar weakened in the third calendar quarter by 4.7% versus other major currencies, influenced by the decline in interest rates and expectations for slower growth. It remains at historically strong levels, though, given relatively stronger growth, higher interest rates, and on the prospects of other central banks, potentially easing policy faster than the Fed. Looking ahead, the track of policy rates across major central banks will be key for the path of the U.S. dollar from here. If the U.S. economy slows more than expected and the Fed relatedly lowers rates at a faster pace, we could see the dollar weaken further.

### Summary-Key Trends:

- According to the International Monetary Fund's July report, global growth this year is expected to match the 2023 estimate at around 3.2% with most major economies predicted to avoid a recession.
- Key economic data in the U.S. has largely weakened and come in below expectations, causing markets to expect an additional two rate cuts this year after the Fed's initial 0.5% reduction. Uncertainty remains regarding the timing and pace of interest rate cuts in the coming year.
- U.S. consumers could feel pressure as certain components of inflation (e.g., shelter) remain high, borrowing costs stay elevated, and the job market may weaken further.
- A focus for U.S. equities going forward will be whether earnings can remain resilient if growth slows. Also, the future paths of the large technology companies that have driven market gains will be important.
- We have started to see divergences in monetary policy. Some central banks, such as the Fed, ECB, and the BoE, have started to cut interest rates and others, like the BoJ, have increased interest rates. This disparity will likely influence capital flows and currencies.
- China appears to have shifted focus to more policy support for the economy/asset prices with a new suite of policy stimulus and signals for more support ahead. It is still not clear what the long-term impact of these policies will be on the economy and if policy makers will remain committed to these efforts.