



Eastern Oregon University

Board of Trustees

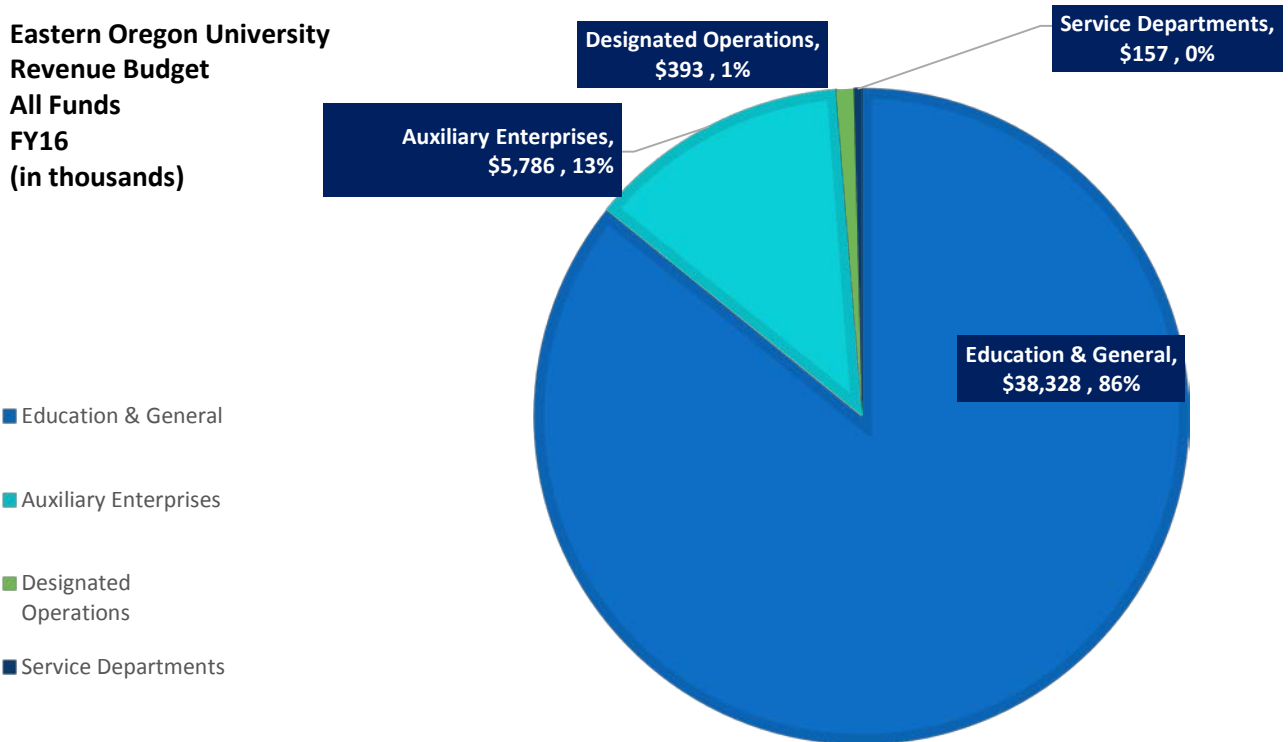
January 21, 2016

This report is prepared for internal management review and planning purposes. The quarterly management report summarizes all resources and expenses at EOU by major fund type. Fund types include: Education and General (E&G), Auxiliary Enterprise Funds and Designated Operations/Service Funds, all of which are defined herein.

Creating and maintaining institutional financial success is a collaborative effort. Eastern’s president, students, board of trustees, faculty and staff, senior management, and the community have all helped shape EOU’s values, mission, and vision, and the successful future of our university is underpinned by disciplined management and execution of our budgets. Financial stewardship and accountability ensure that Eastern maximizes opportunities and continues to foster a university of excellence.

All reports within this document contain FY 2016 budgets for revenue, expenses and transfers as well as a quarterly review of actuals to FY2015 actuals.

The EOU all-funds operating revenue budget is \$44.7M, excluding grants and capital construction funds.



EDUCATION AND GENERAL (E&G)

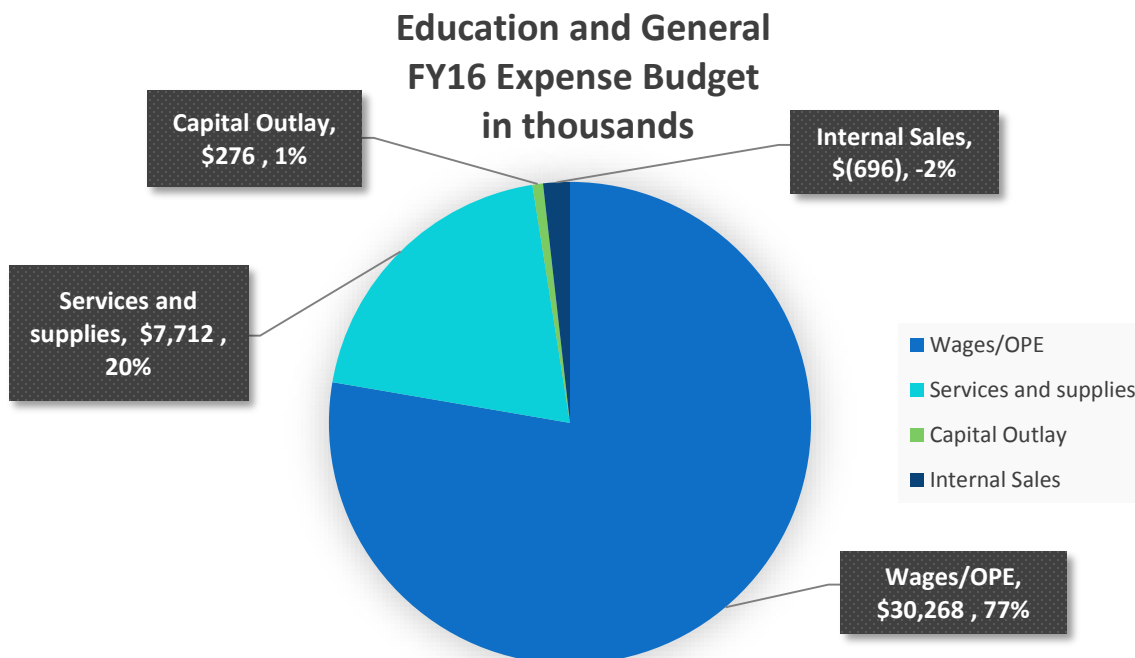
The Education and General revenue budget consist of state appropriations, tuition and student fees, internal sales and miscellaneous fees. The expense budget supports activities and services that are intrinsic to the university, including instruction, research, student services, libraries, administration, and maintenance of the campus physical plant.

The E&G revenue budget is based on the newly developed SSCM (Student Success and Completion Model) model which provides the state allocation through three primary sources. In addition to the revenue received as part of the state allocation, EOU retains any tuition and fees generated by students, as well as receives revenue through indirect cost recoveries from grants and contracts, interest and other revenue (primarily fee based). As of December 31st, EOU had received 67% of the projected revenue. This revenue includes tuition and fees assessed for students who are registered for winter term.

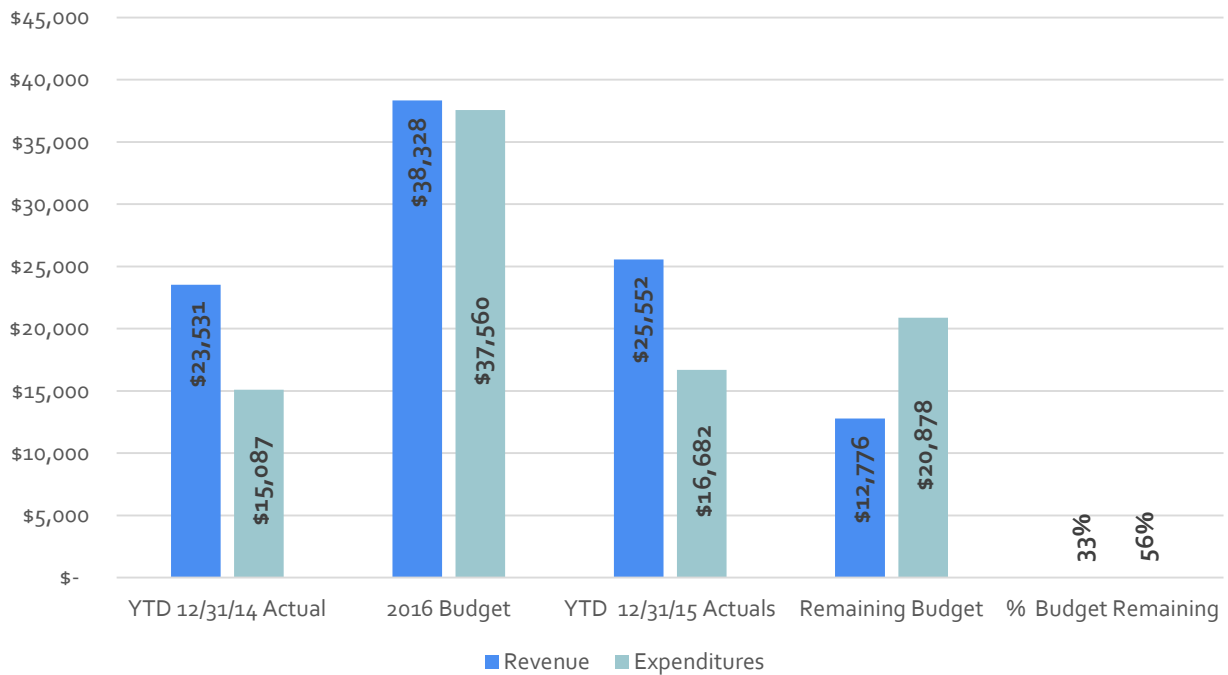
The E&G expense budget is comprised of salaries and other payroll expenses (ope), services and supplies and net transfers. EOU's largest category of expense is personnel, consisting of approximately 81% of the overall E&G budget. Direct expenses, or service and supplies, include utility and physical plant costs, general office supplies, professional services contracts, as well as services payments for support provided by University Shared Services Enterprise (USSE). In FY16, EOU is also including expenses for salaries associated with our athletic department. These expenses are listed as a transfer out in the FY15 actual expenditures.

EOU forecasts to end the year with a \$668,000 increase in the E&G fund balance. This increase will result in a fund balance of \$3,159,000, which will be 8.2% of the projected revenue.

The initial budget for the E&G Funds was approved by the EOU Board of Trustees on October 22, 2015.



Education and General Q2 Results



Year to Date Variances over FY2015:

We are tracking ahead of FY15 in expenditure categories due to the USSE expenses needing to be paid in the first quarter of the year as well as increases for technology system upgrades. Personnel expenses are up by 8.34% primarily due to the shift of athletics to the E&G fund, as well as the hiring of key positions. As of December 31st, EOU has utilized approximately 44% of the expense budget. Overall increase over FY15 of 12.24%. Revenue is also trending ahead of last year by 8.68%, primarily due to the increase in the state allocation funding.

AUXILIARY ENTERPRISES

Auxiliary Services include services that are essential to the support of the university's academic programs. Auxiliary units are designed and expected to generate sufficient revenue to cover all costs of operating and capital need, and are not supported by State allocation/funding. Departments such as Housing and Dining, Family Housing, Student Health Center, Parking Services, Athletics and the Incidental Student Services Fee are considered Auxiliaries at EOU. Ideally, all auxiliary enterprise units are required to pay an administrative overhead fee to the campus for the support central services offered. Currently, these rates are not charged consistently over the units and we will be revisiting our policies and practices in this regard over the course of this year.

Housing and Dining Services provide services and support for our students living on campus. Eastern Oregon University has a mandatory live on policy for all new freshman. Targeted occupancy for fall 2016 was 337, with a 10 % annual attrition. Note: Fall occupancy was 337 and winter occupancy is anticipated at 330.

Dining Services is a contracted service operated by Sodexo. Sodexo operates all food services operations on the campus, including summer camp service.

Family Housing on campus generates \$51,000 annually, and provides living accommodations for EOU families. The Housing Department has proposed a change in the family housing units to move them to upper classmen housing beginning in Fall 2016, and that discussion is still underway.

Athletics Fund is considered an auxiliary enterprise and receives funding from student fees, fund raising and self-support operations. Note: Athletic personnel expenses, insurance and post season travel are funded through the E&G budget.

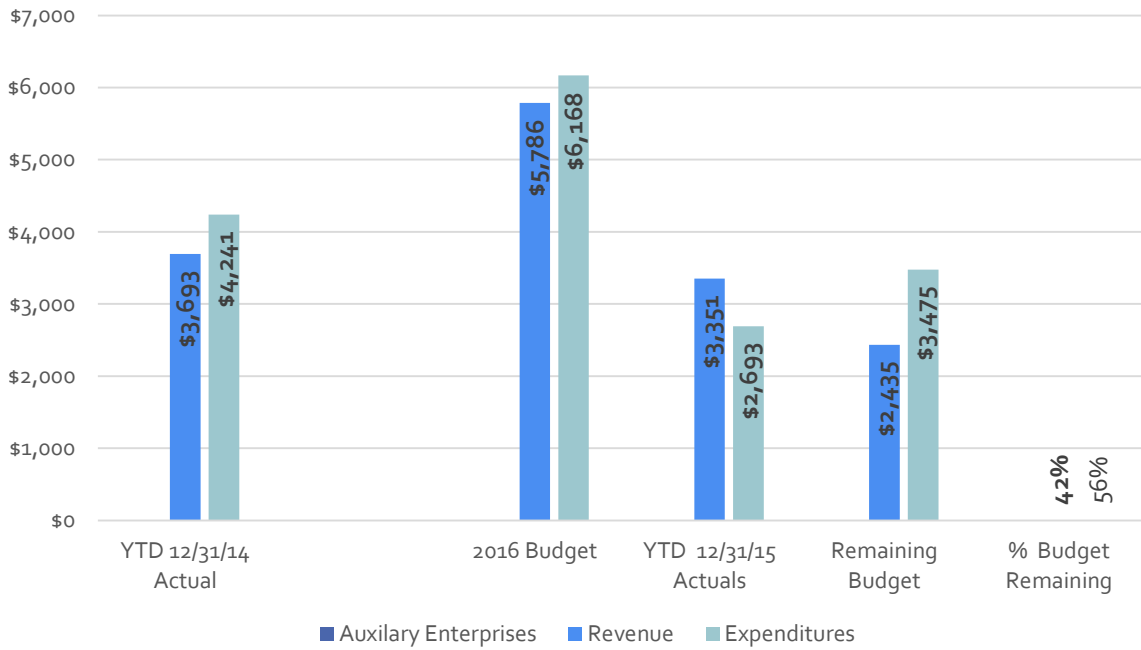
Student Health Center Operations is a contracted service with Oregon Health Sciences University. OHSU provides health service for all EOU students enrolled in a total of at least 6 credits and one or more of these credits is an "On-Campus" course, and to all students living on campus or part of an athletic team. Students pay a quarterly mandatory Health Service Fee that provides student access to the Student Health and Counseling Centers. The fee is \$150 per term.

Incidental Student Fee Fund supports institutional student programs that are beyond the academic mission of the institution. The incidental fee is assessed each term to all students taking "On-Campus" courses, and to all students living on campus or part of an athletic team. The fees in this fund are used for student union operations, student organizations, student governmental activities, and provides some support to athletics. The fee is \$255 per term.

Parking Services is a self-support operation which generates revenues through the sale of annual and quarterly parking permits, special events fees, and parking citations. Revenue generated is used for facility and route improvement, parking lot repair and maintenance, signage, and labor expenses.

Bookstore: In 2015, EOU contracted out the university bookstore services to provide the textbook, course materials and retail merchandise and apparel the campus community. This contract is currently held by Barnes and Noble through 2022. Barnes and Noble pays a management fee of \$65,000 annually and reimburses EOU for the Property Specialist salary and benefits.

Auxiliary Services Q2 Results



Year to Date Variances over FY2015:

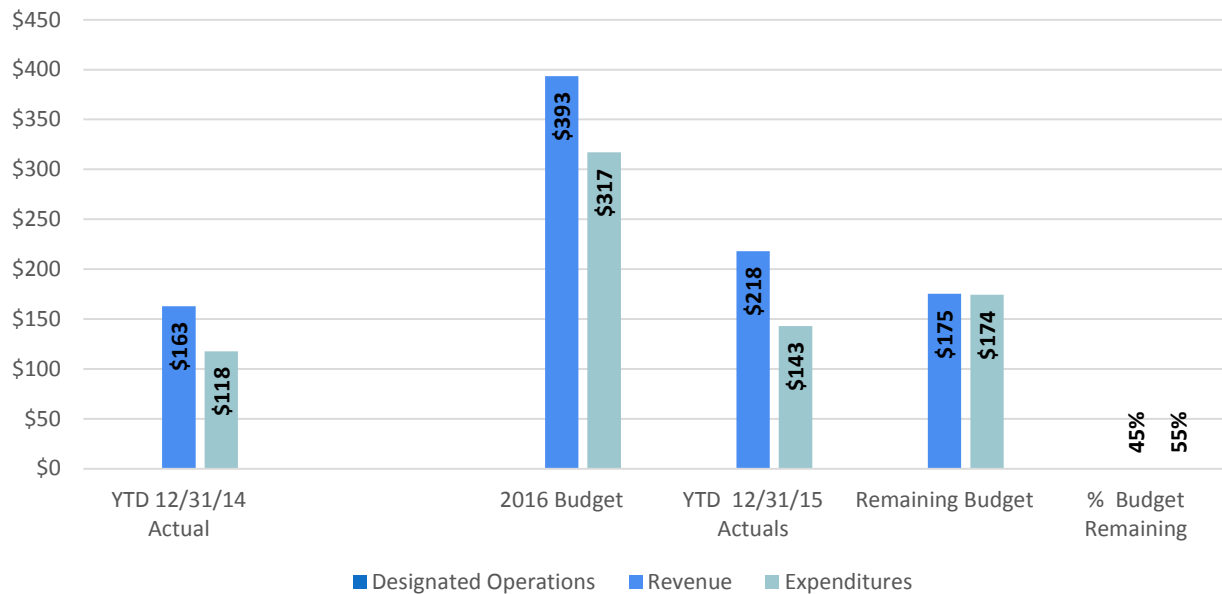
Auxiliary Services units are performing as expected. Revenues are on target to meet year end budgeted projections. The sales and service revenue category is down 18% due to entering into a contract with Barnes and Noble for EOU's Bookstore course materials and apparel. The revenue for sales is no longer shown as part of EOU's funds. Wages are also down considerably due to the transfer of Athletic salaries to the E&G fund. Variances are similar on the expense side due to the organizational changes with athletics and the EOU Bookstore.

DESIGNATED OPERATIONS

Designated Operations and Service Departments are those that provide self-support operations related to non-instructional activities such as field trips and community education. A Designated Operations fund will be established when approximately 80% or greater of a self-support activity is funded from external sources, including student fees for field trips.

EOU's Designated Operations Funds are academic department field trips, athletic and academic camps, workshops and the BASALT Magazine.

Designated Operations Q2 Results



Year to Date Variances over FY2015:

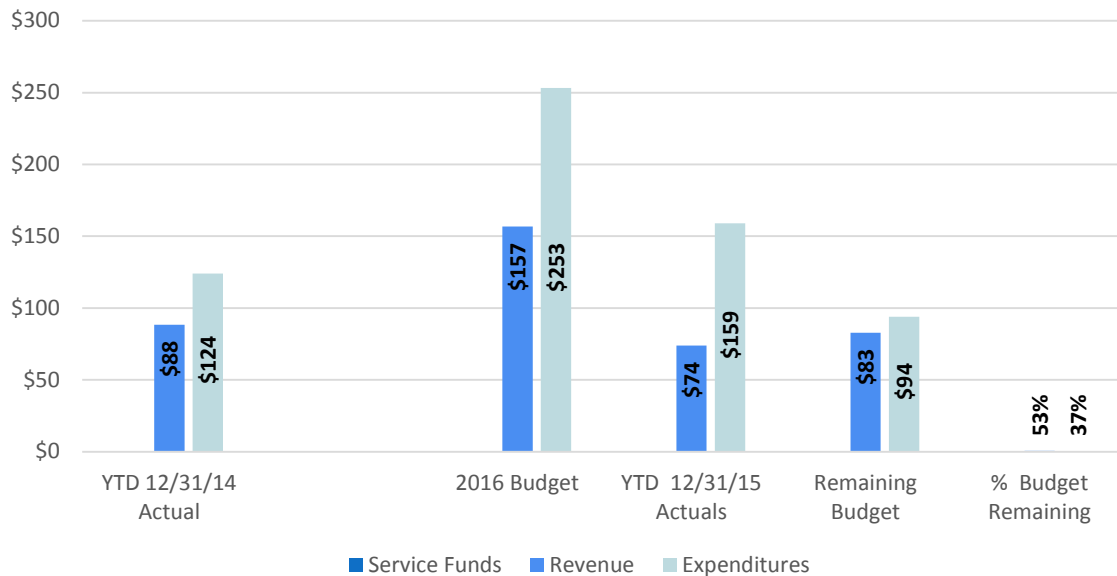
Designated operations are trending as expected, there is a 33% increase in sales and services over FY15Q2 due to athletics receiving a \$45,000 game guarantee in FY16. Wages have increased over the prior year as we work towards representing true costs within the appropriate funds.

SERVICE DEPARTMENTS

A Service Department fund is established with the majority of the activity is internal to the university. Eastern's primary service department is the copy center. EOU's Serviced Departments include: Surplus property, Telecommunications and Audio Visual departments, Copy Services and Motor Pool.

The FY16 revenue budget for these funds is \$467,000 and the expense budget is \$508,000, with additional funds of \$82,000 transferred from other funds to support these services. The transfer primarily supports the EOU copy center and telecommunication support.

Service Departments Q2 Results



Year to Date Variances over FY2015:

Service departments are also trending as predicted as presented in the FY16 budgets. Note: the gap in the FY16 expenditure budget and the revenue budget for the service departments is a budgeted transfer in from the Education and General Fund.

Q2 SUMMARY – ALL FUNDS

In summary, second quarter results for all funds indicate we are trending to be in-line with our initial budget projections. The variances over FY15 were expected and reasonable, due to an increase in state allocation, increases in expense from shared services and independent Board costs, and the move of athletics to E&G. At this juncture, we do not see any significant variances that change the revenue or expense projections for year end.

APPENDIX A: GRANTS AND CONTRACTS

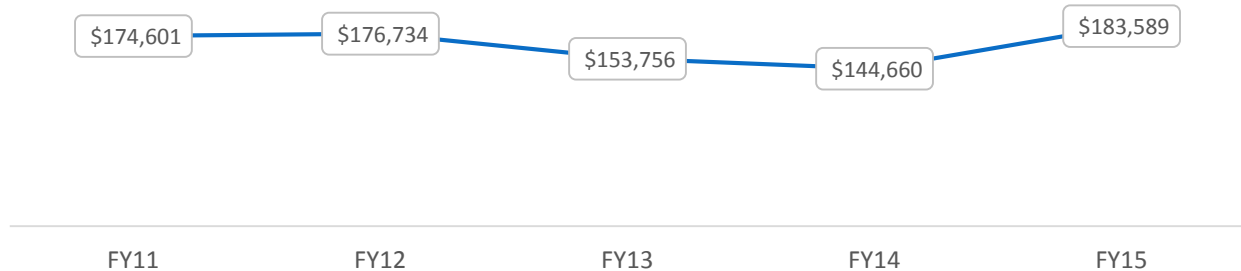
EOU currently has 33 grants and contracts. The current EOU Federal F&A rate is 66% of salaries excluding benefits, and the standard rate for non-federal grants is 8%; however, many grants have limitations on the amount of indirect cost recovery that can be charged to the grant budget. EOU's F&A revenue for FY16 is \$184,500.

The largest grant EOU currently has is the Eastern Oregon Headstart Program. EOU provides space and services for the program and serves as the fiscal administrator or the grant. All employees funded by this grant are paid through EOU payroll and receive EOU benefits, including retirement and healthcare benefits. These employees are included in EOU's overall personnel with benefits of 352.

The chart below shows the eleven largest grants currently administered at EOU:

Title	Total Award Amount
DHS ACF Head Start Program	\$1,128,258.00
TRiO Student Support Service Grant	\$1,100,000.00
ODE Pre-Kindergarten Program (Head Start)	\$631,725.00
NSF STEM Science & Technology in Eastern Oregon	\$597,223.00
NSF Novel Heme Chemistry of Cytochrome	\$298,161.00
ODE Go-STEM Project	\$215,000.00
BPA Grande Ronde Model Watershed	\$147,910.00
OWEB Watershed Council Support	\$128,581.00
Dept. of Labor- Mine Safety	\$111,016.00
USDA Meal Program - Head Start	\$83,000.00
Union County Public Safety & EMS	\$75,000.00

GRANTS AND CONTRACTS ANNUAL F & A COST RECOVERY AT FISCAL YEAR END



APPENDIX B: DEFINITIONS

REVENUE CATEGORIES

- **Student Fees** include tuition and course fees charged for all credit courses at EOU. Course fees are charged in association with a particular class, typically these fees are for labs, academic field trips or course materials.
- **Government Resources and Allocations** are funds allocated through the Public University Support Fund (PUSF). The allocation also includes funding for special projects such as the Small Energy Loan Program (SELP) that is sponsored by the Oregon Department of Energy. The loans are for the purposes of providing partial funding for energy conservation or energy efficient projects. The loan must be repaid by Facilities from the energy savings and the allocation for the Wrestling Program.
- **Gifts, Grants and Contracts** can be funded through state, and local government agencies, and also private organizations. Each grant or contract is for a specific program or project, and functions associated with the award must be performed in accordance with the conditions of the agreement outlined by the sponsoring agencies. The revenue received in E&G funds is related to the indirect and administrative cost recovery on the grant or contracts.
- **Investment/Debt/Debt Service** is revenue from interest on accounts and investments as well as royalty and collections charges.
- **Sales and Services** is made up of event income, library fines, forfeited deposits, transcript and testing fees.
- **Other Revenue** is generated from rebates and contracts such as Barnes and Noble and the Law Library.
- **Internal Sales** is primarily used for revenue generated for internal telecommunication services and copy services.

EXPENSE CATEGORIES

- **Unclassified Salaries** include Faculty and Administrative Professionals salaries, as well as salary pay for those employees on sabbatical and any offsets/stipends received as part of the employees pay.
- **Unclassified Pay** is used for faculty overload pay, summer pay awards, vacation payouts, taxable moving expenses and employee discounts on services (athletic facility usage)
- **Classified Salaries** are those in the SEIU bargaining unit, this includes both full time and part time classified employees.
- **Classified Pay** includes overtime, temporary employees, vacation payouts for classified staff,
- **Student Pay** is for our students whose primary effort is directed toward receiving a formal education and whose work effort is part-time and secondary in nature. A student employee may be enrolled in either a secondary or a post-secondary institution.
- **Graduate Assistants** is for students working as graduate assistants within the university.
- **Benefit Compensation** this category is used for employee moving related expenses.
- **Other Payroll Expenses** is the amount paid for each employee by EOU based upon the type of employment, the gross pay amount, retirement system eligibility, and benefits. OPE varies monthly and annually, but a rate is estimated by the Budget Office so that departments can plan for this expense.
- **Services and Supplies** are expenses associated with the maintenance and administration of the day to day business of the institution. The operating expenses include supplies, utilities, repairs, travel and fees, but do not include capital expenses.
- **Capital Expenses** are purchases of equipment, buildings, major remodeling, or improvements other than buildings (such as art work, outside lighting systems, sidewalks, etc.) that meet the dollar threshold and other criteria for capitalization but are not funded through capital construction project funds. Capitalized equipment is tangible, personal property that is loaned, leased, controlled, or

possessed by an institution and is not consumed in the normal course of business, has a value in excess of \$5,000 and has a useful life that exceeds one year. For EOU this expense area is primarily used for purchases of Library Collection materials.

- **Student Aid** is used for tuition payments to other entities. For EOU this is related to MODA/ODS tuition.
- **Internal Sales Reimbursements** consist of all operations which provide services or supplies to others and charge a fee for the recovery of the cost incurred. These are non-cash transactions for goods and services necessary to meet the mission of the university. These may be between departments and units; or charges to externally funded grants/contracts or state-wide public service projects.
- **Transfers In/Out Transfers (Net)** are used when moving from one fund type to another, such as in the case of providing funding from operations for a capital project. Transfers can be used within fund types to redistribute resources between individual operating funds, as in the case of funding for cost share. Transfer account codes are also used to move cash associated with budget within the Budgeted Operations fund type.