



Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 34 – January 24, 2023 | 11:00AM-2:30PM
Public Meeting: via [Zoom](#) |
Meeting ID: 856 2419 7315

AGENDA

- I. **CALL-TO MEETING / ROLL CALL** (11:00-11:01am)
- II. **COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS** (11:01-11:05am)
- III. **CONSENT AGENDA** (11:05-11:10am)
 - 1) [Approval October 23, 2023 Meeting Minutes](#) (p.3)
- IV. **ACTION ITEMS:**
 - 1) [FY2023 Financial Statements Audit and Single Audit](#) (11:10 -12:00pm) (p.8)
 - a. [Financial Statements Highlights](#) (p.10)
 - b. [Eide Bailly Presentation](#) (p.15)
 - 2) [Accept FY2024 Management Report \(as of November 30, 2023\)](#) (12:00 -12:15pm) (p.27)
| Shadron Lehman, Controller, Accounting & Business Services & *Dr. Ana Karaman, Vice President Finance & Administration*
- V. **BREAK** (12:15-12:25pm)
- VI. **REPORTS & DISCUSSION ITEMS:**
 - 1) [University Budget Advisory Committee](#) (UBAC) (12:25-12:40pm) (p.36)
| *co-chairs Cara Groshong & Melanie Landon-Hays*
 - 2) [University Technology Advisory Committee](#) (UTAC) (12:40-12:55pm) (p.38)
| *Tri-chairs Chelle Batchelor, Amy Clark, & Tom Litterer*
 - 3) [Finance & Administration Report](#) (12:55-1:25pm) (p.39)
| *Dr. Ana Karaman, Vice President Finance & Administration*
 - a. Cash flow projections | *Dr. Ana Karaman, Vice President Finance & Administration and Darin Silbernagel, Treasurer*

Board of Trustees

- b. Update on Quasi Endowment Performance | *Dr. Ana Karaman, Vice President Finance & Administration and Darin Silbernagel, Treasurer*
- c. Update on Capital Projects | *Jason Krawzchyk, Director of Capital Planning & Construction*
- d. Sustainability Funds | *Ricardo Lujan Valerio, Director of Government Relations & Dr. Ana Karaman, Vice President Finance & Administration*

VII. FEBRUARY 13-14, 2024 BOARD MEETING PREPARATION (1:25-1:40pm)

VIII. UPDATES AND AROUND-THE-TABLE (1:40 – 1:55pm)

IX. ADJOURNMENT (1:55pm)



**Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 33 – October 23, 2023 | 10:00AM-2:00PM**

MINUTES

I. CALL-TO MEETING / ROLL CALL

Chair Evans called the meeting to order at 10:00am.

The following Trustees were present: Chair Gayle Evans, Lupe Diaz, Angela Fasana, Cec Koontz.

The following Trustees were excused: Trustee Leah Mitchell

Others Present: Jesse Peters, Ana Karaman, Camarie Moreno, Cara Groshog, Rebecca Childs, Michael Ellis, Shadron Lehman, Kristie Rudich, Amy Clark, Jason Krawczyk, Evan Sorce, LouAnn Vickers, Darrin Silbernagel

II. COMMITTEE CHAIR'S WELCOME / ANNOUNCEMENTS

Chair Evans mentioned that there is no public comment at this committee, but there will be invited guests who will provide testimony later in this agenda. There are public commenting periods during the second day of our full board retreats for members of the public or members of the campus community to provide feedback to the board. Chair Evans also mentioned that this is the first Finance and Administration Committee (FAC) meeting of the academic year. In this meeting, we will review our adjusted budget now that we have some real numbers. Chair Evans then asked President Peters to discuss the positive numbers around enrollment. President Peters said that for the first time in over a decade, the enrollment at Western Oregon University will be up, and it looks like it will be up between 4 and 5% over last year. And 2-3% increase in FTE. This is a great moment for the institution, and it is due to the hard work of many in this room and across this campus. This is a trend across the other Oregon Universities, but a 5% increase is a big deal for us.

III. CONSENT AGENDA

Trustee Koontz moves and Trustee Fasana seconded the approval of the May 25, 2023 minutes. The motion was passed unanimously.

IV. ACTION ITEMS:

I. Accept FY 2024 Management Report (as of September 30, 2023)

Dr. Ana Karaman and Camarie Moreno gave an update on the budget management report, which can be reviewed in the docket. Dr. Karaman and Camarie Moreno discussed the great job the campus community did to cut spending and put the University in a better financial situation. Staff discussed the need to keep being mindful of expenditures. Enrollment increases are good news, but much of the

increase in enrollment came from Oregon students, and out-of-state and WUE students are down. So, we will not see a 1 to 1 income from the increase in enrollment. Trustee Koontz moves to accept, and Trustee Fasana seconds the FY 2023 Management Report (as of September 30, 2023). The motion passes unanimously.

II. Recommendation for Approval of FY2024 Adjusted Budget

Dr. Ana Karaman led the presentation of the proposed FY2024 Adjusted Budget, which can be reviewed in the docket for review. The Adjusted Budget reflects the budget initially approved by this body in May and then by the full Board in June, updated with more accurate numbers now that we know enrollment and actual state allocations. This budget also includes the increase for unclassified employees President Peters approved in the fall. Dr. Karaman also mentioned additional efforts to provide more transparency than in the past, including a list of every fund in the budget book.

While Assistant Vice President for Safety and Operations, Rebecca Childs, was discussing the impact of fluctuating heating costs on our expenses. Trustee Evans asked about solar power on our proposed capital projects. Jason Krawczyk, Director of Capital Planning & Construction, answered the question by talking about the Student Success Center project and said that the roof was designed to be able to install solar as part of the project because of escalating costs due to inflation and other facts, there is no longer any room in the budget for solar. It is something we are looking at for future planning. Dr. Karaman shared the history of getting funding for solar power in the Education Building, which was funded through the state and other grants. Trustee Evans emphasized that if WOU successfully secures funding and then builds the data center, that will mean a considerable increase in heating and cooling, so we should look at as many alternative energy opportunities as possible.

Dr Ana Karaman and WOU Athletic Director Randi Lydum led a robust conversation about the Athletic Department's expenses and revenues, including the history of how we got there. The discussion included the increased costs around travel, much of which is out of the control of the Athletic Department, and the impacts of adding Men's Soccer. They also discussed in depth the benefits of our Athletics Department and Division II Athletics in general. There were also questions from the Trustees about the possibility of additional revenues, such as community partners that would be willing to sponsor the Soccer program for example. This conversation included talk about the proposed budget change for athletics that can be found in the docket.

Trustee Koontz moved, and Trustee Fasana seconded the motion to recommend to the Western Oregon University Board of Trustees the approval of the proposed FY2024 adjusted budget as presented in the docket. The motion passed unanimously.

III. RECOMMEND FOR APPROVAL QUASI ENDOWMENT TRANSFER:

Dr. Ana Karaman led the conversation around the Qusai Endowment Transfer. The proposal is in the docket for review. Chair Evans emphasized that it is important to note that all of the initiatives listed are strategically important to the university. Chair Evans did have two questions. She asked for clarification on the \$80k for the equity assessment. Dr. Karaman clarified this was the second payment of the Equity Assessment. Trustee Evans then asked when the Trustees will start seeing budget numbers with Equity Assessment Action Items. Dr. Karaman said she will get back to Chair Evans, but a committee is doing this work, and the DEIAC is getting updated on it. Trustee Koontz moved, and Trustee Fasana seconded the motion to the Finance and Administration Committee to recommend to the Western Oregon University Board of Trustees to authorize staff to transfer up to \$400,000 out of the quasi-endowment to the Education and General fund.

IV. RECOMMEND FOR APPROVAL CAPITAL PROJECT SUBMISSION TO HECC FOR 2025-2027 BIENNA

Dr. Ana Karaman and Jason Krawczyk presented the Capital Project Submission to HECC for the 2025-27 Biennia proposal. The proposal is in the docket for review. The proposal includes two projects: the top priority is the Performing Arts Remodel Project, and the second priority is the WOU Data Center Complex. Chair Evans had a question about what alternatives the staff looked at while developing the Data Center. Jason Krawczyk responded that several alternatives to this proposal were examined, including the possibility of moving everything onto the cloud. It was determined that this was the best option. The data center could also be used as a backup resource for community partners such as Polk County, the School District, or the Cities of Monmouth and Independence. There was a robust conversation regarding the need for a Data Center and the project's scope.

Trustee Koontz moves, and Trustee Fasana seconded the motion that the Western Oregon University Finance and Administration Committee recommend to the Board of Trustees to continue to develop rubrics for the Performing Arts Remodel Project for up to \$24.2 million and the WOU Data Center Complex for up to \$13.8 million to the Higher Education Coordinating Commission for scoring during 2025-2027 legislative cycle.

The Following Trustees voted in favor of the motion: Trustee Angela Fasana, Chair Evans, and Trustee Diaz.

The following Trustee voted against the motion: Trustee Cecelia Koontz. Motion passes.

After further conversation, Trustee Fasana asked for reconsideration of the previous motion, and Trustee Koontz seconded the motion for reconsideration. There was a robust conversation again about the data center proposal in the discussion portion. Dr. Karaman talked about the sideboards built into the system, such as if the scope of the proposal changes, it has to come back to the FAC and then the entire board. The motion to reconsider the previous motion passes unanimously.

Trustee Koontz and Trustee Fasana seconded the motion that the Western Oregon University Finance and Administration Committee recommend to the Board of Trustees to submit a rubric in accordance with HECC requirements for the Performing Arts Remodel Project for up to \$24.2 million and to continue to refine a proposal for the rubric for the WOU Data Center for up to \$13.8 million for scoring during 2024-2027 legislative cycle. The motion passes unanimously.

Note that Trustee Cecilia Koontz left the meeting at 12:35pm

Chair Evans called for a 15-minute recess. The committee will reconvene at 12:50 pm.

Chair Evans gaveled the meeting back into order at 12:50 pm and asked Secretary Sorce to call the roll.

Committee Members Present: Chair Gayle Evans, Trustee Angela Foster, Trustee Lupe Diaz.

Committee Members Excused: Trustee Cecilia Koontz and Trustee Leah Mitchell

V. REPORTS & DISCUSSION ITEMS:

I. University Budget Advisory Committee (UBAC)

Cara Groshog presented the UBAC report which can be found in the docket for review.

II. University Technology Advisory Committee (UTAC)

Amy Clark presented the UTAC report, which can be found in the docket for review. There was a short conversation in the committee about what other groups on campus should be involved in UTAC. There was a question about Institutional Research's involvement in the Data Integrity Group Subcommittee. Georgia from Institutional Research is the Chair of the Data Integrity group and, therefore, gets a seat at UTAC.

III. Finance and Administration Report

Dr. Ana Karaman presented her Finance and Administration report which can be found in the docket for review.

IV. Finance & Administration Committee Goals & Guardrails to Achieve NWCCU 5 Year Financial Sustainability Model

Chair Evans talked about the Committee Goals of increasing transparency, facilitating trust and accountability, and keeping an eye on the modeling to ensure we continue to follow the NWCCU 5-year Financial Sustainability Model. Chair Evans celebrated all this

committee accomplished last year and committed that this committee will work to ensure the university stays on track this year.

Note: Trustee Angela Fasana left the meeting at 1:45pm

VI. NOVEMBER 14-15, 2023 BOARD MEETING PREPARATION

We have three agenda items in front of the full board. The first is the Management Report, which will be in the Consent Agenda, then the Adjusted Budget's Approval and the Quasi-Endowment Transfer's Approval will be under committee action items. There was then a discussion on moving the budget conversation to Tuesday to ensure that Randi Lydum, WOU Athletic Director, can be there to answer questions about Athletics funding in the budget.

VII. UPDATES AROUND THE TABLE

VII. ADJOURNMENT

Chair Evans adjourned the meeting at 1:50pm.



Finance & Administration Committee (FAC), Fiscal Year Ended June 30, 2023 Financial Statements Audit

[Western Oregon University's annual financial report](#) for the fiscal year ended June 30, 2023 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 2023 audit of financial statements.

Board of Trustees



Finance & Administration Committee (FAC), Fiscal Year Ended June 30, 2023 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 2023 Single Audit and Management’s proposed Corrective Action Plan.

Board of Trustees



Finance & Administration Committee (FAC), Fiscal Year Ended June 30, 2023 Financial Statements Highlights

Annual Financial Report (in thousands)

- Total Net Position decreased by \$830
 - Net Investment in Capital Assets decreased by \$547
 - Construction in progress - major additions:
 - Welcome Center improvements \$929
 - Student Success Center \$1,153
 - Steam Pipe \$210
 - Depreciation and amortization \$7,032
 - Payments on debt associated with capital assets \$3,147
 - Restricted Expendable Net Position increased by \$237
 - Unrestricted Net Position decreased by \$520
 - Decrease related to University operations \$1,558
 - Quasi-Endowment increased \$250
 - PERS changes in performance, census and estimated earnings resulted in a year-end accrual of the net pension liability which increased unrestricted net position \$832
 - OPEB changes in performance, census and estimated earnings resulted in a year-end accrual of the net OPEB liability which increased unrestricted net position \$241
- Statement of Revenues, Expenses, and Changes in Net Position
 - Operating Revenues increased \$7,861
 - Increase in grant activity \$9,231
 - Student Tuition and Fees decreased by \$1,328
 - Operating Expenses increased \$6,578
 - Increase in Compensation and Benefits \$5,559
 - Increase in Services and Supplies \$3,991
 - Decrease in Scholarships and Fellowships \$4,646 (FY22 included HEERF for Student)
 - Increase in Depreciation and Amortization Expense \$955
 - Non-operating Revenues decreased by \$1,957
 - State Appropriations increased \$1,137
 - Federal and State Grants and Contracts decreased \$12,235 (FY22 included HEERF for the University)
 - State-funded capital projects increased Capital Grants by \$6,541
- Statement of Cash Flows
 - Cash position decreased by \$5,690
 - Investments increased \$7,174 for a net increase of \$1,484

Board of Trustees

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2023

Prepared by Management of
Western Oregon University

Summary Schedule of Prior Audit Findings

Yellow Book

No Yellow Book findings.

Single Audit

Finding 2022-001

Federal Agency Name: Department of Education

Federal Financial Assistance Listing: 84.425E, 84.425F

Program Name: COVID-19: Higher Education Emergency Relief Student Aid Portion, COVID-19: Higher Education Emergency Relief Institutional Portion

Initial Fiscal Year Finding Occurred: 2020

Finding Summary: During the testing over the reporting for the HEERF student and institutional funds, the reports that were required to be filed during the fiscal year were not filed by the required timeframe.

Status: Resolved – this was not a repeat finding in the current period under audit.

Corrective Action Plan

Yellow Book

No yellow book findings noted in the current year.

Single Audit

Finding 2023-001

Federal Agency Name: U.S. Department of Education

Federal Financial Assistance Listing: 84.063, 84.007, 84.268, 84.033, 84.038, 84.379

Program Name: Student Financial Assistance Cluster

Finding Summary: During the testing of compliance for Enrollment Reporting, there were instances where the National Student Loan Data System (NLSDS) did not reflect accurate or timely reporting of a student's change in enrollment status. While records were submitted accurately and timely to the National Student Clearinghouse, those records were not reflected in NSLDS.

Responsible Individuals: Director of Financial Aid and University Registrar

Corrective Action Plan: The initial response to this request for data did not include the active and inactive enrollment levels for the requested sample students. Initially it appeared that there was a systems issue between the National Student Clearinghouse (NSC) and the National Student Loan Data System (NSLDS); however, upon further investigation and in conversation with NSLDS, the required information was found and subsequently provided to Eide Bailly on December 1, 2023. The resolution of this request for data was resolved but after the final audit report was submitted.

Anticipated Completion Date: Completed December 1, 2023

Finding 2023-001

Federal Agency Name: U.S. Department of Education

Federal Financial Assistance Listing: 84.063, 84.007, 84.268, 84.033, 84.038, 84.379

Program Name: Student Financial Assistance Cluster

Finding Summary: During testing over GLBA compliance, it was noted that the University had not updated the information security program and was missing aspects of the required nine elements.

Responsible Individuals: Director of Financial Aid (DFA) and Assistant Director of University Computing Solutions (AD UCS)

Corrective Action Plan: Management agrees with this finding. See the GLBA Draft Corrective Action Plan table below.

Anticipated Completion Date: See the attached GLBA Draft Corrective Action Plan table below:

GLBA documentation				
314.4 Reference	<u>What WOU will do</u>	<u>Complete by Date</u>	<u>Who will do it</u>	<u>Completion Date</u>
	Document full status of 314.4	4/1/24	AD UCS	
a	Complete			
b	Update our CIS18 controls - aka InfoSec Program	7/1/24	AD UCS	
b.2	Risk assessment for on-prem servers with FinAid* data	4/1/24	AD UCS, Lead Windows Admin, Warehouse Programmer	
c.1	Document current processes and access controls	4/1/24	AD UCS, DFA	
c.2	Document current information, including Business Office	12/20/23	Financial Aid Accountant	12/13/23
c.3	Encrypt NetApp volumes, and ensure encryption on DB links	8/1/24	AD UCS, Lead Windows Admin, Warehouse Programmer	
c.4	Assess warehouse & BannerRPT	7/1/24	AD UCS, Warehouse Programmer, Operating Systems/Security Analyst	
c.5	Complete			
c.6	Review PowerFAIDS electronic files for purging Review paper files for purging Have Business Office review files for purging	8/1/24	DFA	
c.7	Audit FinAid data access upon addition to Warehouse	8/1/24	Warehouse Programmer and/or Operating Systems/Security Analyst	
c.8	Add access logs to WOU central logging system	8/1/24	AD UCS, Web & Banner Programmer	
d.2.i	Annual pentest by Campus Guard	2/29/24	AD UCS	
e	Complete			
f	Document all 3rd party providers who interact with FinAid data. Audit yearly	8/1/24	DFA, AD UCS	
g	Complete			
h	Complete			
i	Verbal report given in 2023. Anticipated written report to Board on 7/1/24	7/1/24	AD UCS	



November 14, 2023

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, 2023, and have issued our report thereon dated November 14, 2023. 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 Uniform Guidance

As communicated in our letter dated May 15, 2023, 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 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 14, 2023. 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 14, 2023.

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, and our firm 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 used by the University are described in Note 1 to the financial statements. As described in Note 1, the University changed accounting policies related to accounting for right-to-use subscription assets to adopt the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2022. 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.

Significant 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 as follows:

Collectability of receivables and student accounts are based on past history and current market conditions. We reviewed the underlying assumptions and past history to determine that the estimate appears reasonable.

The remaining obligation under the other postemployment benefit (OPEB) plans is based on actuarial estimates provided by Milliman 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.

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.

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 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.

- To pass on an adjustment to capitalize bleachers. This resulted in the expenditures to be overstated and capital assets to be understated by \$553,011.
- To pass on an adjustment to correct grant revenue and grant accounts receivable for the adjustments that related to FY23 that were posted in FY24. This resulted in an overstatement of \$151,834 for grant revenue and grant accounts receivable.
- To pass on difference between the student accounts receivable detail and the general ledger. The difference is an overstatement in student accounts receivable and revenue of \$168,386.

The effect of the uncorrected misstatement, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2023, is an understatement of net income of approximately \$232,791 and an understatement of net position of \$232,791.

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 University's 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. We did not identify and circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated November 14, 2023.

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, operating and regulatory conditions affecting the entity, and operational 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.

Eide Bailly LLP

Boise, Idaho



CPAs & BUSINESS ADVISORS

**WESTERN OREGON UNIVERSITY
2023 AUDIT RESULTS DISCUSSION**

AUDIT PROCESS

- What happens during an audit?
 - Single Audit
 - Begin process in Spring 2023
 - 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
 - Begin process in Spring 2023
 - 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
 - Every Student Succeeds Act/Preschool Development Grants
- **Results**
 - Unmodified Opinion on Compliance for Each Major Federal Program
 - Finding
 - 2023-001 – Student Financial Aid Cluster
 - Enrollment reporting – material weakness in internal control
 - 2023-002 – Student Financial Aid Cluster
 - Gramm-Leach Bliley Act (GLBA) – Student information security – material weakness in internal control

AUDIT RESULTS

- Financial Statement Audit
 - Significant estimates
 - Allowance for uncollectible accounts
 - Pension
 - OPEB
 - Significant transactions in the current year
 - Implementation of GASB 96, *Subscription Based Information Technology Arrangements*
 - Unmodified Opinion on Financial Statements
 - Unmodified Opinion on Internal Control over Financial Reporting
 - No adjustments posted
 - Three passed adjustments
- NCAA Agreed Upon Procedures

UPCOMING GASB STANDARDS

- GASB 101, Compensated Absences
 - Reporting periods beginning after December 15, 2023 (FY25)



CPAs & BUSINESS ADVISORS

QUESTIONS?

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.

THANK YOU!

Kristin Diggs, CPA

Partner

kdiggs@eidebailly.com

208.344.7150



CPAs & BUSINESS ADVISORS



Finance & Administration Committee (FAC), January 24, 2023, FY2024 Management Report

Period 5 YTD Actual to Actual Variance:

This report provides five months of actual revenue and expense activity (as of November 30, 2023) as compared to the same period in prior fiscal year.

Education & General Fund:

Revenues:

Tuition revenues are \$595K more than the prior year, reflecting partial Summer 2023 and Fall 2023 assessed tuition, due to a combination of tuition increases (3.1% for resident & WUE UG, 0% for nonresident UG and all GR) and an approximate 1.2% UG enrollment increase in Fall 2023 respective to the same term prior year. The modest enrollment increase also results in slight increases of online course fees (\$97K) and other fees (\$83K). Fee remissions have decreased \$79K from the prior year. Altogether, this results in net tuition and fees for Period 5 being \$854K more than the prior year.

Government resources & allocations have increased by \$1.740M from the prior year based on the state's increased funding to the Public University Support Fund (PUSF) for the 2023-25 biennium of \$1B. 49% of PUSF is distributed in year 1 (FY24) and the remaining 51% will be distributed in year 2 (FY25) and allocated among the public universities according to the Student Success and Completion Model (SSCM). The \$21.138M received so far reflects the first and second quarter distributions, as well as \$1.022M of sustainability funds.

Gift grants and contracts revenue has increased by \$39K from prior year. Other revenues have increased by \$294K from the prior year, primarily due to timing differences in lease income (\$128K in FY24).

Overall, total revenues are \$35.738M, \$2.927M more than the prior year.

Expenses:

Personnel expenses are \$234K more than the prior period and reflect variations in faculty/staff from the prior year. T/TT faculty received step increases, NTT faculty received a 1.7% COLA effective September 2023, unclassified staff received a 4% COLA effective July 1, 2023, and classified staff received step increases.

Services and supplies expenses are \$197K more than the prior year.

Overall, total expenses are \$23.795M, \$431K more than the prior year.

Board of Trustees

Net Revenues less Expenses:

Net revenues less expenses have increased by \$2.495M 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 increased by \$394K, due to a combination of increased enrollment, increase to the incidental fee (in FY23 the fee was \$372, with a reduced fee of \$200 for students not enrolled on the Monmouth campus; in FY24 this increased to \$415 and \$210, respectively), and increase to the health service fee (in FY23 the fee was \$154 mandatory for Monmouth-campus students only, in FY24 this increased to \$162, with a reduced fee of \$120 for students not enrolled on the Monmouth campus). Health Service Fee revenue is up \$221K and incidental fee revenue is up \$167K from the prior period. Sales and Services are up \$1.047M from the prior year, primarily in University Housing & Dining (\$860K), due to more students living on campus. Other Revenue decreased by \$308K, primarily in Housing due to decreased internal sales from Destination Western. Altogether, auxiliary revenue totals \$8.429M and has increased \$1.133M from the prior year.

Expenses:

Personnel expenses are \$85K more than the prior year. Service & Supplies are \$973K more than the prior year, primarily in Housing/Dining (\$383K) and Athletics (\$378K). Altogether, auxiliary expenses total \$9.454M, an increase of \$1.059M from the prior year.

Net Revenues less Expenses:

Net revenues less expenses total -\$1.024M and have increased by \$74K compared to prior year.

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 November 30th, 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 \$168K. Expenses are up \$232K from the prior year, for a net difference from prior year of \$400K.

FY24 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 five months of operations and projections for the remaining seven months of FY24. Projections for periods six through twelve are based on the actual FY23 realization/burn rates for period five, which are applied to FY24 revenues and expenses.

Education & General Fund:

Revenues:

Total revenues are projected to be \$72.292M, \$1.384M more than the FY24 adjusted budget. Altogether, net student fees & tuition are projected to be \$257K more than the adjusted budget, primarily due to increased fee assessments. Gifts, grants, and contracts are projected at \$2.842M, \$648K higher than the FY24 adjusted budget, primarily because of increased grant indirect activity. Other revenues are projected to be \$3.156M, \$556K more than the FY24 adjusted budgeted amount.

Expenses:

Total expenses are projected to be \$67.838M, \$1.980M less than the FY24 adjusted budget. Personnel is projected to be \$56.946M, \$951K less than the budget due to salvage savings from vacant positions; \$1.357M of salvage savings were incorporated into the FY24 adjusted budget. Service and supplies are projected to be \$10.892M, \$1.029M less than the FY24 adjusted budget.

Transfer Schedule:

A projected transfer schedule is attached to provide details for the projected transfers in and out. This includes the standard transfers out of support to Athletics and the Child Development Center.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$652K versus the FY24 adjusted budget of a loss of \$4.015M. This difference is primarily due to a combination of higher projected grant indirects and other revenues, as well as lower projected personnel and service and supplies expenses. Projected year-end fund balance is \$13.373M, or 18.50% of projected revenues.

Auxiliary Enterprises:

Revenues:

Total revenues are projected to be \$22.653M, \$2.784M more than the FY24 adjusted budget. Enrollment fees are projected to be \$6.190M, \$588K more than the budget,

primarily due to increased enrollment resulting in increased fee revenue for incidental fee and health service. Sales and services are projected to be \$14.321M, \$2.214M more than budgeted, primarily due to the increase of students living on campus. Other revenues are projected to be \$2.142M, \$18K less than the FY24 adjusted budget.

Expenses:

Total expenses are projected to be \$26.192M, \$3.029M more than the budget. Personnel is projected to be \$10.773M, \$68K more than the adjusted budget. Service and supplies are projected to be \$15.419M, \$2.960M more than the adjusted FY24 budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$204K compared to the FY24 adjusted budget of \$40K. This results in a projected year end fund balance of \$3.266M.

Designated Operations, Service Departments, Clearing Funds:

Revenues:

Total revenues are projected to be \$1.832M, \$434K less than budget.

Expenses:

Total expenses are projected to be \$2.881M, \$615K over the budget.

Net Revenues less Expenses and Transfers:

Net revenues less expenses and transfers are projected to be a loss of \$1.049M compared to the FY24 net zero budget.

STAFF RECOMMENDATION:

It is recommended that the Western Oregon University Finance and Administration Committee accept the FY24 Projected Year-End Report and the overall Management Report as of November 30, 2023.

Western Oregon University
 FY24 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of November 30, 2023
 For the Fiscal Year Ended June 30, 2024

	FY23 Year-End Actuals	FY24 Projected Year-End	FY24 Adjusted Budget	Variance FY24 Projected Year-End to Budget	Note
Education & General Fund					
Student Fees & Tuition (net of remissions)	30,898	31,512	31,255	257	
Government Resources & Allocations	32,394	34,782	34,859	(77)	Projection based on latest schedule from HECC
Gift Grants and Contracts	2,674	2,842	2,194	648	
Other Revenue	3,042	3,156	2,600	556	
Total Revenues	69,007	72,292	70,908	1,384	
Personnel	55,614	56,946	57,896	951	
Service & Supplies	9,462	10,892	11,921	1,029	
Total Expenses	65,076	67,838	69,818	1,980	
Net Transfers	5,088	5,105	5,105	-	Projection based on transfer schedule
Total Expenses and Transfers	70,164	72,943	74,923	1,980	
Net Revenues less Expenses	(1,156)	(652)	(4,015)	3,363	
Fund Balance at the Beginning of the Year	15,090	14,025	14,025		
Additions/Deductions to Fund Balance	92	-	-		
Fund Balance at the End of the Year	14,025	13,373	10,010		
Fund Balance as a Percentage of Revenues	20.32%	18.50%	14.12%		

Western Oregon University
 FY24 Projected Year-End
 (Unaudited, non-GAAP, for management purposes only)
 (in thousands)

As of November 30, 2023
 For the Fiscal Year Ended June 30, 2024

	FY23 Year-End Actuals	FY24 Projected Year-End	FY24 Adjusted Budget	Variance FY24 Projected Year-End to Budget	Note
Auxiliary Enterprises Funds					
Enrollment Fees	5,090	6,190	5,602	588	
Sales and Services	11,307	14,321	12,107	2,214	
Other Revenue	2,673	2,142	2,160	(18)	
Total Revenues	19,070	22,653	19,869	2,784	
Personnel	10,561	10,773	10,705	(68)	
Service & Supplies	12,486	15,419	12,459	(2,960)	
Total Expenses	23,047	26,192	23,164	(3,029)	
Net Transfers	(4,213)	(3,335)	(3,335)	-	Projection based on transfer schedule
Total Expenses and Transfers	18,834	22,857	19,829	(3,029)	
Net Revenues less Expenses	236	(204)	40	(244)	
Additions/Deductions to Fund Balance	(1,873)	(1,910)			
Fund Balance at the Beginning of the Year	7,017	5,380			
Fund Balance at the End of the Year	5,380	3,266			
Fund Balance as a Percentage of Revenues	28.21%	14.42%			
Designated Operations, Service Departments, Clearing Funds					
Enrollment Fees	53	57	48	9	
Sales and Services	146	161	127	35	
Other Revenue	2,162	1,614	2,092	(478)	
Total Revenues	2,360	1,832	2,266	(434)	
Personnel	870	1,222	980	(242)	
Service & Supplies	1,368	1,659	1,287	(373)	
Total Expenses	2,238	2,881	2,266	(615)	
Net Transfers	(1)	-	-	-	Projection based on transfer schedule
Total Expenses and Transfers	2,237	2,881	2,266	(615)	
Net Revenues less Expenses	123	(1,049)	-	(1,049)	
Additions/Deductions to Fund Balance	(243)	(229)			
Fund Balance at the Beginning of the Year	2,741	2,621			
Fund Balance at the End of the Year	2,621	1,343			
Fund Balance as a Percentage of Revenues	111.06%	73.29%			

Western Oregon University
P5 YTD Actual to Actual Variance

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

As of November 30, 2023
For the Fiscal Year Ended June 30, 2024

	P5 FY23		P5 FY24		Variance		Note
	P5 FY23 Actuals	Realization/ Burn Rate %	P5 FY24 Actuals	P5 FY24 % of Budget	Actuals	%	
Education & General Fund							
Revenues							
Tuition	11,763		12,358		595		
Online Course Fees	1,239		1,335		97		
Other Fees	686		769		83		
Less: Fee Remissions	(1,702)		(1,623)		79		
Net Student Fees & Tuition	11,986	38.79%	12,840	41.08%	854	2.29%	
Government Resources & Allocations	19,398	59.88%	21,138	60.64%	1,740	0.76%	FY24 includes \$1.022M of Sustainability funds
Gift Grants and Contracts	624	23.34%	663	30.23%	39	6.89%	
Other Revenue	803	26.40%	1,097	42.20%	294	15.80%	
Total Revenues	32,811	47.55%	35,738	50.40%	2,927	2.85%	
Expenses							
Personnel	19,037	34.23%	19,272	33.29%	(234)	-0.94%	
Service & Supplies	4,327	45.73%	4,524	37.95%	(197)	-7.78%	
Total Expenses	23,364	35.90%	23,795	34.08%	(431)	-1.82%	
Net Revenues less Expenses	9,447		11,943		2,495		

Western Oregon University
P5 YTD Actual to Actual Variance

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

As of November 30, 2023
For the Fiscal Year Ended June 30, 2024

	P5 FY23		P5 FY24		Variance		Note
	P5 FY23 Actuals	Realization/ Burn Rate %	P5 FY24 Actuals	P5 FY24 % of Budget	Actuals	%	
Auxiliary Enterprises Funds							
Revenues							
Enrollment Fees	1,821	35.77%	2,214	39.52%	394	3.75%	
Sales and Services	3,927	34.74%	4,974	41.09%	1,047	6.35%	
Other Revenue	1,548	57.92%	1,240	57.44%	(308)	-0.48%	
Total Revenues	7,296	38.26%	8,429	42.42%	1,133	4.16%	
Expenses							
Personnel	4,251	40.25%	4,337	40.51%	(85)	0.26%	
Service & Supplies	4,143	33.18%	5,117	41.07%	(973)	7.88%	
Total Expenses	8,395	36.42%	9,454	40.81%	(1,059)	4.39%	
Net Revenues less Expenses	(1,098)		(1,024)		74		
Designated Operations, Service Departments, Clearing Funds							
Revenues							
Enrollment Fees	467	887.68%	506	1050.78%	39	163.10%	
Sales and Services	31	21.33%	34	27.16%	3	5.83%	
Other Revenue	832	38.50%	621	29.71%	(211)	-8.79%	
Total Revenues	1,330	56.36%	1,162	51.25%	(168)	-5.11%	
Expenses							
Personnel	308	35.43%	433	44.19%	(125)	8.76%	
Service & Supplies	503	36.78%	610	47.44%	(107)	10.66%	
Total Expenses	812	36.26%	1,043	46.04%	(232)	9.78%	
Net Revenues less Expenses	518		118		(400)		

Western Oregon University
Transfers Schedule - Projected FY24
(Unaudited, non-GAAP, for management purposes only)

	E&G		Auxiliary		Des Ops - Serv Dept.	Plant fund	Other	Total
Transfers In E&G							(a)	
Actual							-	-
Upcoming							408,893	408,893
Transfers Out E&G			(b)	(c)		(d)	(a)	
Actual			-	-		-	2,684	2,684
Upcoming			5,000,000	150,000		294,000	67,583	5,511,583
Transfers In AUX	(b)	(c)				(e)	(f)	
Actual	-	-				2,162	2,684	4,846
Upcoming	5,000,000	150,000				-	-	5,150,000
Transfers Out AUX							(f)	
Actual							-	-
Upcoming							1,814,917	1,814,917
Transfers In DO, SD								
Actual								-
Upcoming								-
Transfers Out DO, SD								
Actual								-
Upcoming								-

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

Finance & Administration Committee (FAC), January 25, 2024

University Budget Advisory Committee (UBAC Report)

DATE: January 19, 2024

TO: WESTERN OREGON UNIVERSITY BOARD OF TRUSTEES:
FINANCE & ADMINISTRATION COMMITTEE

FROM: UNIVERSITY BUDGET ADVISORY COMMITTEE

RE: UBAC REPORT

Since our last report, the UBAC committee met three times:

November 2 from 2:00-4:00 PM

November 16 from 2:00-4:00 PM

December 7 from 2:00-4:00 PM

For the Fall term, our focus has been to work with Rico on soliciting, collecting, and sharing strategic priorities from across campus to assist in the legislative call for TRU sustainability funds.

At our November 2nd meeting, Rico presented the details of the legislative sustainability funds and how the work has moved forward since they were granted, including details on the collaboration work between the TRUs. UBAC's charge was to accomplish a meaningful and collaborative communication with the WOU community. UBAC requested a campus email from President Peters to alert campus to the opportunity and to let them know about the process, expectations, and UBAC's role in facilitating the process.

At our November 16th meeting, we worked on ways to disseminate the information across campus to be broadly inclusive of students, staff, and faculty in the solicitation of ideas. We also developed the Google Form that was sent to campus to solicit their ideas. It is here:

https://docs.google.com/forms/d/e/1FAIpQLSeCxxexHS1xnv4u4Pfo-XhOX8YsHLdb9Awn_ioEUnCWnGuryw/vi_ewform

UBAC received **75 responses** (!) to this survey.

At our December 7th meeting, we met to discuss and prioritize the ideas to assist Rico in preparation for the draft that was due to the legislature on December 15th.

UBAC reviewed each of the 75 proposals and graded them on a scale of 1-10 with highest scores indicating a keen connection to the sustainability theme, with a short-term return that may have long-term results. Other ideas will be forwarded to the University Council for future consideration, as the submitted ideas were far ranging in impact and value for improving our campus. The following four major themes emerged across the 75 responses as the main commitments UBAC supports going forward in this process:

1. **SYSTEMS, PROCESSES AND PROFESSIONAL DEVELOPMENT.** Invest in improving our efficiency in systems and processes, reducing and/or eliminating paper documents. A large number of respondents would like to see institutional knowledge made available and public (not general public, but to specific audiences with an institution only feature), not in someone's head. Idiosyncrasies of how WOU works need to be straightened out at the management level. Management changes need to happen to make purchasing forms and training people, etc. so that the processes can be

Board of Trustees

streamlined effectively and sustainably. There are many hidden rules that every office has about how they do things and management should work on surfacing that. Additionally, investments in professional development and training so that rules and policies are based on policy, not people. This would be the crux of sustainable change. We make a lot of changes at WOU and few of them have been sustained. Invest time and money longterm to be sure we make that happen. We'd like to see upper administration buy into structural changes on efficiencies so that they can then empower others to make sustainable changes on campus. We'd like to see a required process for exit interviews from departing employees. These changes would be felt at the day to day level of those who work here and are in the rooms participating. .

2. **WEBPAGE AND SEARCH ENGINE OPTIMIZATION, ALUMNI OUTREACH.** Update our webpage to be truly bilingual and easier to navigate. Find ways to make ourselves known outside the valley and to continue to support alumni outreach efforts. We should systematically track and leverage information to better inform current students and potential students. This would also help with recruitment. Look into regional University alumni events to share costs and promote messaging. We should also look at facilitating decentralized ways for each department to do outreach efforts with their previous students / clients. We should also find a way to get alumni information from departments to the foundation and alumni outreach efforts that are centralized on campus.
3. **TECHNOLOGICAL INFRASTRUCTURE INVESTMENT, WEBSITE WORK TO SUPPORT STUDENTS, STAFF, AND FACULTY.** We need a massive technological infrastructure investment—it has a lot to do with morale. It's your main tool to work from access to Portal to how you work with students. We should invest in a better website with strong search engine optimization. We could make parts of it open to the public and other parts for those who work and study at WOU to clean it up. Find ways to make the calendar accessible to all students, not just on the admissions site. Find more ways to make the website congruent across campus. We'd like to see a way for credit card transactions to be available across campus. Can these processes be sped up? Efficiency is something that was a common theme in the responses to this.
4. **REMOVE BARRIERS TO ADMISSION.** Invest in automatic admission pathways. If a student completes an Associate's Degree, we should just accept their transcript, assign them a V# and give them an advisor. We should streamline this process.

Overall, we agree that all four themes are deeply related—technology issues, website, software issues. We've done so much of building things piecemeal and building in house because it's less expensive and when you get down to it it's costing us more. UBAC recommended that this money be invested in solutions to the themes listed above, while also doing outreach with the strategic planning committee to ensure that they are embedded in the work of the University going forward.

Lastly, UBAC is concerned about upcoming budget conversations given administrative absences.



University Technology Advisory Committee (UTAC) Update for Jan 24, 2024 FAC Meeting

The University Technology Advisory Committee (UTAC) met three times during the Fall 2023 quarter. This was the committee's first term working with our new charge, new tri-chair model, and new Director of University Computing Solutions (UCS), Tom Litterer. During this period, the committee reviewed the Name Policy subcommittee charge, and the subcommittee began work on implementation.

UTAC also provided input to UCS on several topics, including:

- Themes/objectives for prioritizing the work of UCS,
- Considering WOU's future direction for mobile applications for students (Ellucian Mobile; Ellucian Go, Navigate, Handshake),
- Building campus awareness about the risks of inputting sensitive information into Generative AI tools,
- Ellucian Experience Premium as a possible replacement for WOU Portal
- Reducing the number of lab computers on campus.

During Winter term, UTAC will:

- Begin to review the Equity Audit Action Plan with an eye toward moving technology-related action items forward,
- Form a subcommittee to advise on decisions regarding the campus mobile environment,
- Form a task force to recommend the number of lab computers (and computer labs) the campus needs
- Continue to monitor the work of the University Names Policy implementation group
- Continue to advise UCS on strategy and prioritization.

Board of Trustees



VPFA Report January, 2024

Major Achievements:

Annual financial statements and audits are completed on time.

WOU Capital Planning and Construction has submitted the steamline permit documents to the City of Monmouth for review and approval. The design development for the WOU Occupational Therapy Doctorate Program remodel is at 50 percent and on schedule to start in late March 2024.

The recent topping-out ceremony for the Student Success Center marked the final structural beam being raised into place, thus completing the building's frame. Next will be the floors, roof and building envelope.

Major Challenges:

As we look ahead to completing capital projects, we must continue to keep in mind a variety of potential delays, such as supply chain, workforce or weather issues. These issues are not limited to just large capital projects but also small remodels, building maintenance and even landscaping. In addition to adequate planning, exploring the use of alternate products and installation approaches, along with cross-training people for key work, can all help us keep costs down and projects on schedule.

WOU CPC is working with Turner Construction and subcontractors on obtaining our long procurement items for the Student Success Center. These items are typically ordered later in a project, but we are acting early to avoid delays down the road. We have already secured the building transformer and have the electrical switch gear on order and are working to confirming its delivery date.

Major Opportunities:

We are continuing working on renovation of the Welcome Center to create consolidated business services for students. In addition to Admission and Financial Aid, the building will house Registrar and Accounting and Business Services.

In Memoriam:

As you may know, our campus suffered a great loss with the passing of Bruce Tuma on November 11th. Bruce was a member of the Facilities Services Team and spent the last almost 37 years in service to our campus.

Bruce began working at WOU in 1987 and officially retired in 2020. He returned to WOU in 2021 on a part time basis and remained until his passing.

As you may or may not know, Bruce was a Welder by trade. He created and built our beautiful signs at the entrances to campus. Every spring, Bruce spent hours hand polishing the signs and each letter because he knew that when our soon to be

Board of Trustees

graduates received their cap and gown, they would be taking pictures in front of or on the signs he built. He truly enjoyed making the signs look their best for our students.

Bruce was a fixer and a problem solver. He invented and built many things on campus to enhance safety and efficiency and was always making mechanical improvements to our campus.

Bruce was part of a dedicated team that he considered family. He was the first to sign up for potlucks, bringing biscuits and gravy to breakfast, pies and ice cream to lunch.

He loved to talk about WOU whether on break or at lunch or out in the community. He preserved many historical items over the years for our campus. He even attended school in the ITC Building which was known as Campus Elementary School.

Bruce was kind, thoughtful, soft spoken, and such a positive person. He always looked for ways to say yes. He is so missed, but we will talk about him and remember him always.



Cash Flow Narrative FY24

Executive Summary:

- **Beginning cash balance is \$38,368,618**
- **Projected ending cash balance is \$32,090,508**
- **Projected ending cash balance includes \$4,210,000 restricted to the steam pipeline project**
- **The operating projected cash ending balance net of the restricted steam line fund is \$27,880,508.**

The statement of cash flows enables users of the financial statements to determine how well an entity's income generates cash and to predict the potential of an entity to generate cash in the future. The purpose of the cash flow forecast is to present cash inflows and outflows for a reporting period to the reader of the report. Cash flows are not readily apparent when just reviewing the income statement, especially when that document is created under the accrual basis of accounting. Accrual accounting requires that certain non-cash revenue and expense items be included in the income statement, potentially in substantial amounts.

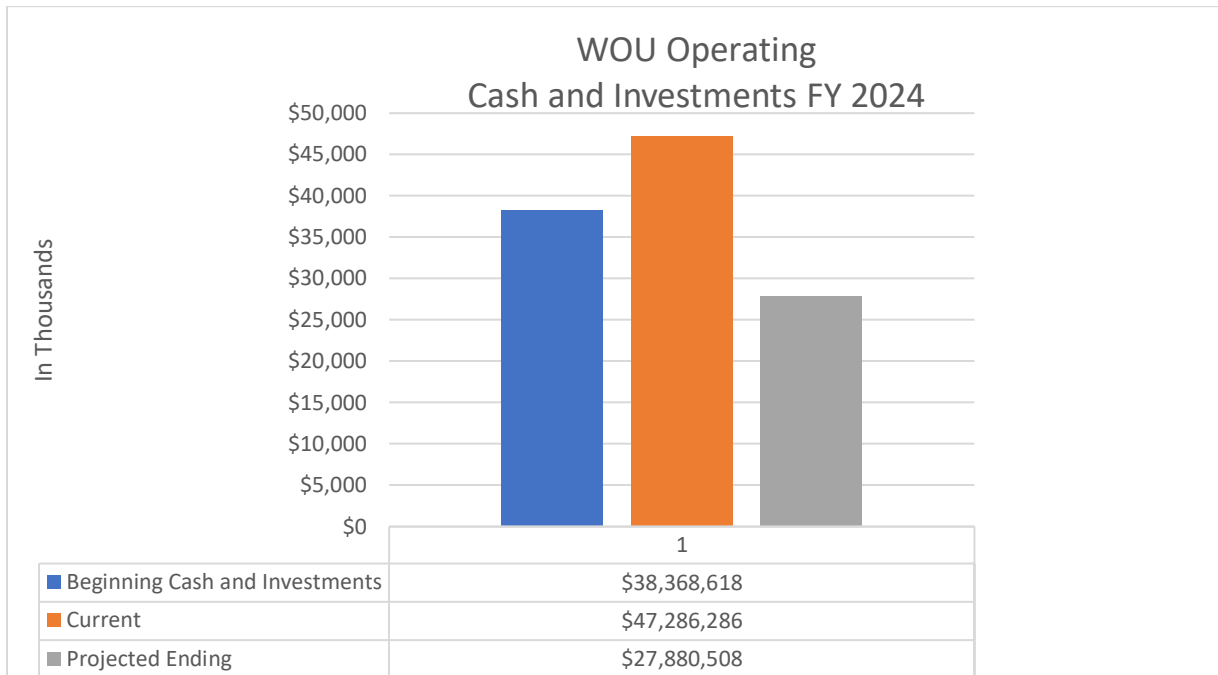
We began FY2024 with a cash & investment balance of \$38.369M.

You will note this does not have a one-to-one relationship with the Management Report, this is due to two reasons. The Management Report looks at individual fund activity for Education & General, Auxiliaries, and Designated Operations & Service funds; while these funds are the main funds for the University, other funds exist as well (such as Capital, Grant and Agency funds). The Cash Flow forecast incorporates all cash & investments for the University other than the cash balance related to Perkins loans (\$676,889 as mandated) and the quasi endowment. Additionally, the Management Report shows accounting activity using accrual-based accounting. Accrual accounting creates timing differences between income statement accounts (revenues & expenses as shown on the Management Report) and cash. A revenue transaction may be recorded in a different fiscal year than the year the cash related to that revenue is received. One purpose of the statement of cash flows is that users of the financial statements can see the amount of cash inflows and outflows during a year in addition to the amount of revenue and expense shown on the income statement.

For FY2024, the cash flow projection is based on actuals through December then several assumptions including a flat enrollment revenue overall for the year, the Board approved tuition increases, a 5% increase in services & supplies (S&S). The Steam Line Project is included but noted below the cash flow since are restricted dollars and cannot be used for operations. Salary increases and Other Payroll Expenses (OPE) rate increases have been included as of what we understand currently. Overall, the cash flow projection shows a \$6.278M decrease.

Board of Trustees

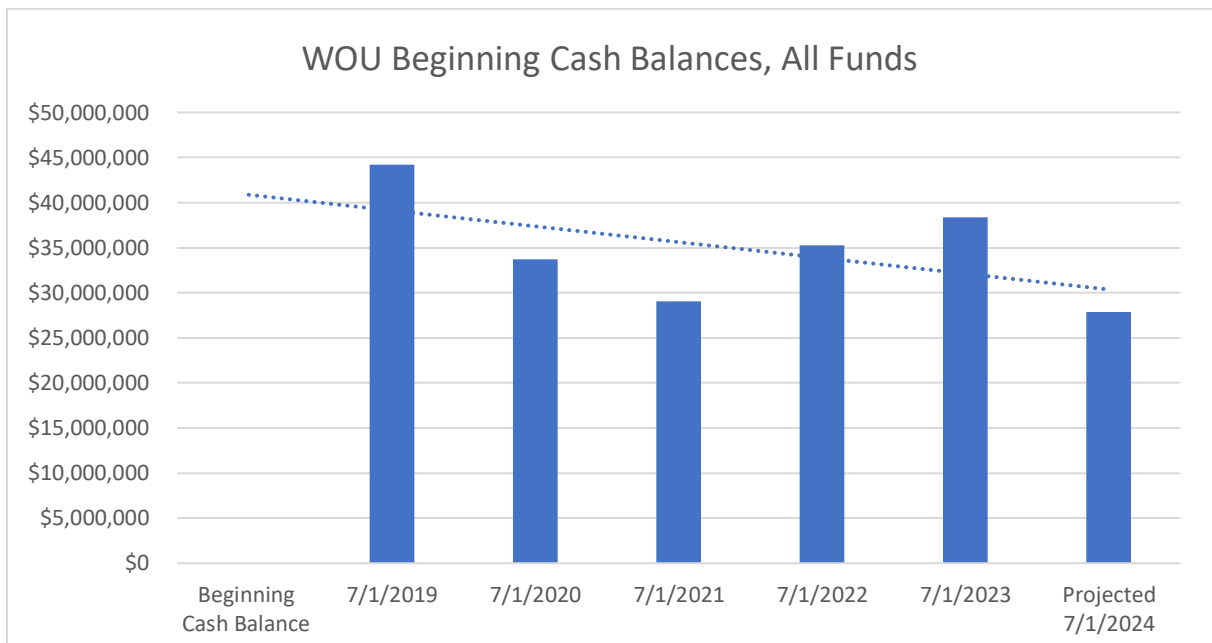
We will continue to monitor and adjust monthly. Current financial conditions continue to put pressure on cash flow.



Data is based upon the accounting system information

Actual cash and investments on deposit at 07/01/24 is projected as \$32,090,508

Projected Ending Data excludes Restricted Cash for the Steam Line Project (\$4.21M)



Note: The positive amounts in 2021-2023 is primarily related to the Federal stimulus funding received

Projected 7/1/2024 Balance is reduced by \$4.21M for Steam Line Project

Western Oregon University
Monthly Cash Flow and Accrual Forecast

	Actuals						Estimates					
	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	January 2024	February 2024	March 2024	April 2024	May 2024	June 2024
<i>Starting Cash and investment FY2024 (June 30, 2023)</i>												
\$	38,368,618											
Beginning Cash Estimate	\$ 38,368,618	40,948,978	37,617,051	45,309,170	44,220,655	47,286,286	42,281,589	56,744,810	54,821,060	45,893,059	47,141,339	48,397,864
<i>Adjusted Beginning Cash and investment Balance (Actual)</i>	38,368,618	40,948,978	37,617,051	45,309,170	44,220,655	47,286,286	42,281,589	-	-	-	-	-
Inflows												
Monthly Revenue Estimates	9,853,202	20,914,823	9,276,900	5,683,729	11,528,177	7,315,106	32,467,034	10,765,405	20,580,792	12,816,235	15,979,650	12,443,206
Estimated Cash Impacts GL Accrual Activity	4,163,809	(3,343,815)	7,735,916	(1,207,838)	3,232,393	(5,068,361)	5,749,007	(78,238)	(3,717,576)	1,992,726	(1,512,322)	(7,309,450)
Total Revenue and GL Inflows	14,017,011	17,571,009	17,012,816	4,475,891	14,760,570	2,246,745	38,216,041	10,687,167	16,863,216	14,808,961	14,467,328	5,133,756
Outflows												
Monthly Labor Estimates	4,446,939	4,375,792	4,637,892	7,125,694	7,030,884	6,901,384	7,621,085	7,649,386	7,619,991	7,642,919	7,695,848	8,653,503
Monthly Expense Estimates	2,265,301	3,399,367	10,831,397	5,476,823	2,909,503	3,099,466	15,372,026	4,961,531	18,171,226	5,917,762	5,514,955	12,707,958.00
Monthly Debt Estimates	616,288	-	-	-	-	-	759,709	-	-	-	-	79,651
Total Operating Ledger Outflows	\$ 7,328,528	\$ 7,775,159	\$ 15,469,288	\$ 12,602,517	\$ 9,940,387	\$ 10,000,851	\$ 23,752,820	\$ 12,610,917	\$ 25,791,217	\$ 13,560,681	\$ 13,210,803	\$ 21,441,112
Net Flows	6,688,483	9,795,849	1,543,527	(7,755,418)	4,820,183	(7,754,106)	14,463,221	(1,923,750)	(8,928,001)	1,248,280	1,256,525	(16,307,356)
Ending Cash Estimate	45,057,101	50,744,827	39,160,578	37,553,752	49,040,838	39,532,180	56,744,810	54,821,060	45,893,059	47,141,339	48,397,864	32,090,508
<i>Actual Ending Cash Balance (Banner)</i>	\$ 40,948,978	\$ 37,617,051	\$ 45,309,170	\$ 44,220,655	\$ 47,286,286	\$ 42,281,589						
<i>Actual Less Forecast</i>	(4,108,123)	(13,127,777)	6,148,592	6,666,903	(1,754,553)	2,749,409	(56,744,810)	(54,821,060)	(45,893,059)	(47,141,339)	(48,397,864)	(32,090,508)
<i>% Deviation from Original Forecast</i>	-9.12%	-25.87%	15.70%	17.75%	-3.58%	6.95%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%
30 Day Cash Outflow Requirement	7,328,528	7,775,159	15,469,288	12,602,517	9,940,387	10,000,851	23,752,820	12,610,917	25,791,217	13,560,681	13,210,803	21,441,112
Excess/(Shortfall) over 30 Day Outflow Requirement	\$ 31,040,090	\$ 33,173,819	\$ 22,147,763	\$ 32,706,653	\$ 34,280,268	\$ 37,285,435	\$ 18,528,769	\$ (12,610,917)	\$ (25,791,217)	\$ (13,560,681)	\$ (13,210,803)	\$ (21,441,112)
60 Day Cash Outflow	15,103,687	23,244,447	28,071,805	22,542,904	19,941,237	33,753,671	36,363,737	38,402,134	39,351,898	26,771,484	34,651,915	21,441,112
Excess/(Shortfall) over 60 Day Outflow	\$ 23,264,931	\$ 17,704,531	\$ 9,545,245	\$ 22,766,266	\$ 24,279,417	\$ 13,532,615	\$ 5,917,852	\$ (38,402,134)	\$ (39,351,898)	\$ (26,771,484)	\$ (34,651,915)	\$ (21,441,112)
Forecast for Steamline Project Expenses, \$4.21M in FY25		30,000							4,199,349			4,199,349
QT 1 Allotment if not received until October 2023 + est. increase			149,427	100,000	75,000		75,000		150,000			
Student Success 22M - 15 M on reimbursement	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00



FY2024 Q1 Investment Report

BACKGROUND

The Western Oregon University (university) investment report for the first quarter (Q1) of FY2024 is presented in the following sections:

- **FY2024 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 the Public University Fund and the university’s quasi-endowment investments managed by the Oregon State Treasury.
- **FY2024 Q1 Market Commentary** – This section provides a general discussion of the investment markets and related performance data for the first quarter of FY2024 (i.e., July 1 – September 30, 2023).

FY2024 Q1 WESTERN OREGON UNIVERSITY INVESTMENT REPORT

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

Public University Fund

(Prepared by the Public University Fund Administrator)

Western Oregon University’s operating assets are invested in the Public University Fund (PUF). As of September 30, 2023, WOU had \$45.2 million invested in the PUF. The PUF decreased 0.1% for the quarter and fiscal year-to-date. The PUF’s three-year and five-year average returns were -0.1% and 1.8%, respectively.

The Oregon Short-Term Fund increased 1.1% for the quarter, underperforming its benchmark by 20 basis points. The Core Bond Fund decreased 0.7% for the quarter, outperforming its benchmark by 10 basis points. The PUF investment yield was 1.0% for the quarter.

Following a rapid 50 basis point interest rate increase for intermediate-term bonds during the quarter, the Oregon State Treasury investment officers found attractive opportunities in the high-quality mortgage-backed securities sector, offering yields of 186 basis points over Treasuries, and increasing the Core Bond Fund’s sector weight 5.7% to 9.5%.

Western Oregon University Quasi-Endowment Fund

The WOU Quasi-Endowment Fund (Fund) decreased 3.9% for the quarter, underperforming its benchmark by 80 basis points for the quarter. The Fund ended the quarter with a balance of \$2.8 million.

The Fund’s assets are allocated to a global equity index strategy (BlackRock All-Country World Index – 55.1%) and an “actively” managed fixed income fund (Western Asset Core Plus Bond – 39.8%). The remaining assets are invested in the Oregon Short Term Fund (5.1%).

For the three months ended September 30, 2023, the Blackrock All-Country World Index decreased 3.4%, equal to its benchmark. The Western Asset Core Plus Bond Fund’s decreased

Board of Trustees

5.4% for the period, underperforming the Bloomberg Barclays U.S. Aggregate Bond Index by 220 basis points.

Western Oregon University
Investment Summary
as of September 30, 2023
(Net of Fees)

	Quarter Ended 9/30/2023	Current Fiscal YTD	Prior Fiscal YTD	3 Yr Avg	5 Yr Avg	10 Yr Avg	Market Value	Actual Asset Allocation	Policy Allocation Target
WOU Operating Assets Invested in Public University Fund									
Oregon Short - Term Fund	1.1%	1.1%	0.4%	1.7%	1.9%	1.5%	\$ 13,875,567	30.7%	1
Benchmark - 91 day T-Bill	1.3%	1.3%	0.5%	1.7%	1.7%	1.1%			
PUF Core Bond Fund	-0.7%	-0.7%	-2.7%	-1.8%	1.6%	N/A	31,315,351	69.3%	1
Benchmark - Bloomberg Barclays Intermediate U.S. Gov't./Credit Index ²	-0.8%	-0.8%	-3.1%	-2.9%	1.0%	1.4%			
Public University Fund Total Return	-0.1%	-0.1%	-1.5%	-0.1%	1.8%	N/A	<u>\$ 45,190,918</u>	<u>100.0%</u>	
Public University Fund Investment Yield ³	1.0%	1.0%	0.6%	2.2%	2.6%	N/A			
WOU Endowment Assets									
BlackRock ACWI IMI B	-3.4%	-3.4%	-6.6%	7.1%	N/A	N/A	\$ 1,545,237	55.1%	55.0%
Benchmark - MSCI ACWI IMI Net	-3.4%	-3.4%	-6.6%	6.9%	6.1%	7.4%			
Western Asset Core Plus Bond Fund	-5.4%	-5.4%	-6.4%	-7.2%	N/A	N/A	1,116,325	39.8%	40.0%
Benchmark - Bloomberg Barclays Aggregate Index	-3.2%	-3.2%	-4.8%	-5.2%	0.1%	1.1%			
Cash	1.1%	1.1%	0.4%	1.7%	N/A	N/A	142,327	5.1%	5.0%
Benchmark - 91 day T-Bill	1.3%	1.3%	0.5%	1.7%	1.7%	1.1%			
Total Endowment Assets	<u>-3.9%</u>	<u>-3.9%</u>	<u>-5.7%</u>	<u>1.2%</u>	N/A	N/A	<u>\$ 2,803,889</u>	<u>100.0%</u>	
Policy Benchmark ⁴	-3.1%	-3.1%	-5.5%	1.9%	N/A	N/A			

¹ The Public University Fund (PUF) policy guidelines define investment allocation targets based upon total participant dollars committed. Core balances in excess of liquidity requirements for the participants are available for investment in the Core Bond Fund. Maximum core investment allocations are determined based upon anticipated average cash balances for all participants during the fiscal year.

² 100% 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.

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

⁴ 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, 2023

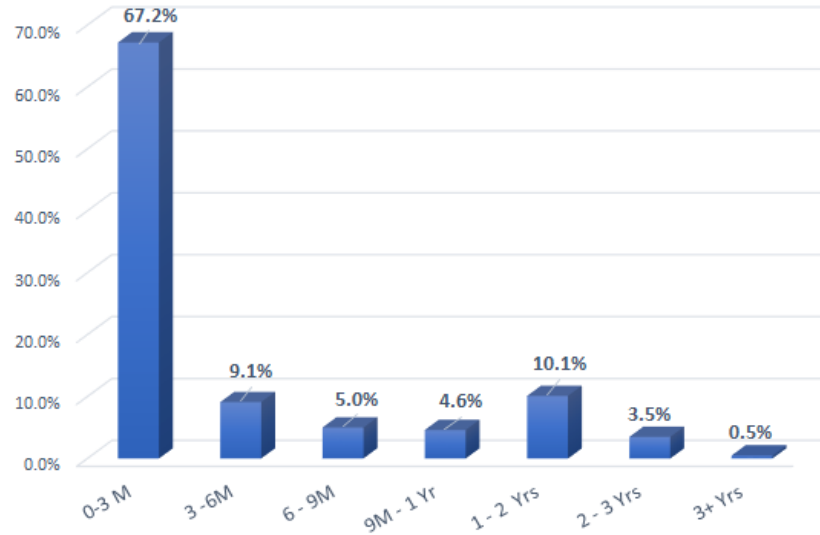
Portfolio Characteristics

Market Value 09/30/2023	\$ 167,442,962
Weighted Average Credit Quality	AA
Book Yield (%)	5.00%
Weighted Average Maturity (years)	151 Days
Duration (years)	0.37
Spread Duration (rate)	0.66

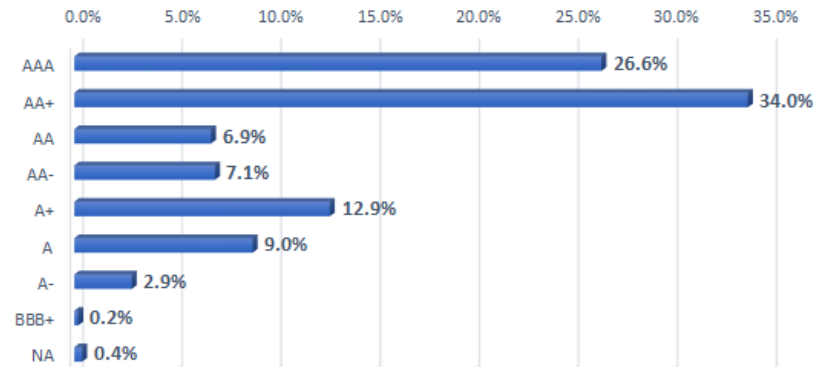
Top 10 Issuers

United States Treasury	30.9%
JPMorgan Chase & Company	2.6%
Federal Home Loan Banks	2.6%
Royal Bank of Canada	2.5%
Canada Pension Plan Investment Board Capital Incorporated	2.2%
Bank of America Corporation	1.7%
Toyota Motor Credit Corporation	1.6%
Bank of Montreal	1.3%
CDP Financial Incorporated	1.3%
Goldman Sachs Group Incorporated	1.2%
Total	47.9%

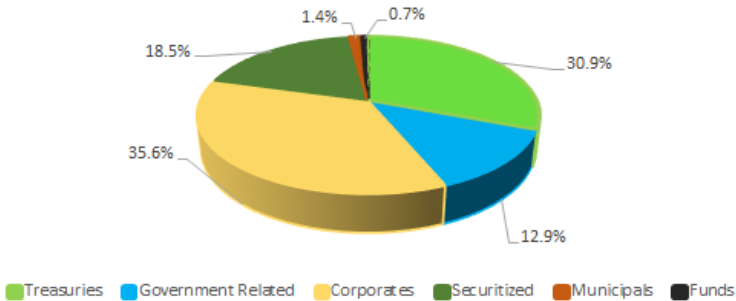
Maturity Breakdown



Credit Quality Distribution



Sector Allocations



Source: Oregon State Treasury

Core Bond Fund

September 30, 2023

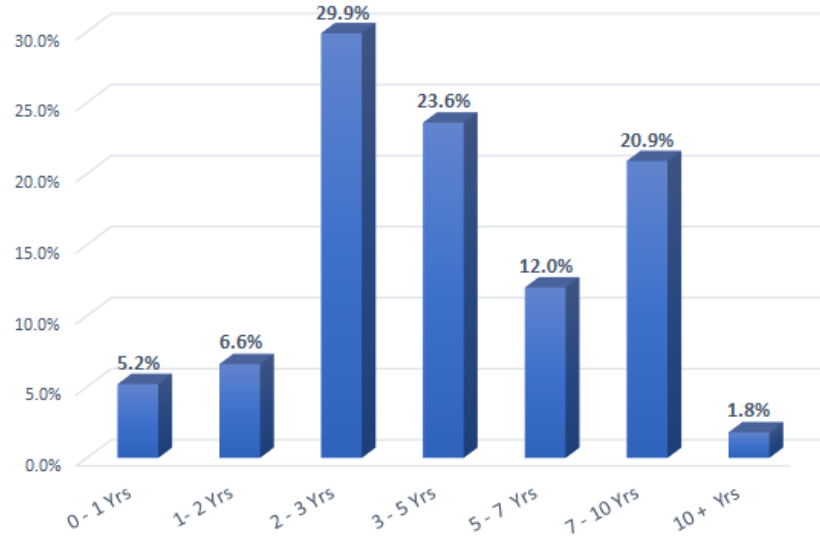
Portfolio Characteristics

Market Value 09/30/2023	\$ 377,896,993
Weighted Average Credit Quality	AA-
Book Yield (%)	4.74%
Weighted Average Maturity (years)	4.80
Duration (years)	3.90
Spread Duration (rate)	1.79

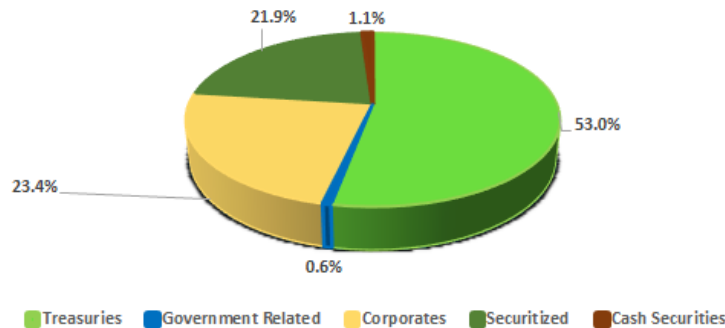
Top 10 Issuers

United States Treasury	53.6%
Federal National Mortgage Association	4.7%
Federal Home Loan Mortgage Corporation	4.5%
F&G Global Funding	2.7%
Rexford Industrial Realty Incorporated	2.4%
Agree Realty Corporation	2.3%
Charles Schwab Corporation (The)	1.8%
Ford Credit Trust 22-C	1.8%
Gracie Point International Funding	1.8%
Oscar US Funding Trust	1.6%
Total	77.2%

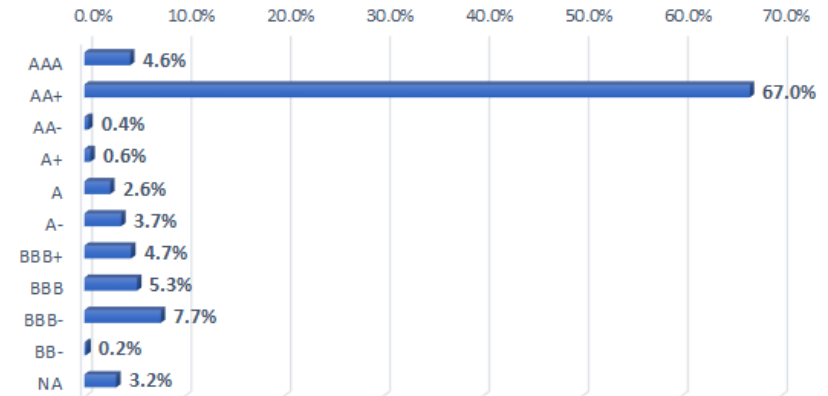
Maturity Breakdown



Sector Allocations



Credit Quality Distribution



Source: Oregon State Treasury

FY2024 Q1 MARKET COMMENTARY

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

Report on Investments – as of September 30, 2023

Economic and Market Update

After a strong July, global assets turned negative in August and September as expectations shifted to the Federal Reserve keeping interest rates higher for longer. Weakening economic data from Europe and China, as well as further instability in the Chinese real estate sector and a strong U.S. dollar, weighed on results.

- The Federal Open Markets Committee (FOMC) increased policy rates in July by 0.25% to a range of 5.25% - 5.50% and maintained this range at their September meeting. Markets are now largely expecting the FOMC to hold interest rates at this level through the first half of the next calendar year.
- U.S. equity markets (S&P 500) fell in the third calendar quarter (-3.3%), bringing the calendar year-to-date gains to 13.1%. The technology sector remains the key driver of results this calendar year, helped by artificial intelligence optimism.
- Non-U.S. developed equity markets declined more than the U.S. in the third calendar quarter ((Morgan Stanley Capital International (MSCI) Europe, Australia, and Far East (EAFE) -4.1%) with the strength of the U.S. dollar adding 2.8% to the quarterly declines.
- Emerging market equities experienced the smallest declines in the third calendar quarter (-2.9%). Negative results were driven by China and again the strong U.S. dollar. Emerging markets continue to significantly trail developed market equities year-to-date, returning just 1.8%, again driven by China.
- Interest rates generally rose over the quarter, particularly for longer-dated maturities. The broad U.S. bond market (Bloomberg U.S. Aggregate) fell (-3.2%) for the quarter and turned negative (-1.2%) calendar year-to-date, as higher income has offset capital losses from rising rates.

For the rest of this calendar year, the paths of inflation and monetary policy, slowing global growth, and the wars in Ukraine and Israel will all be key. After a difficult 2022, most public market assets are up thus far in 2023, led by developed market equities. While hopes for a soft landing remain in place, the prospect of higher interest rates for longer weighed on market sentiment in August and September.

Market Returns¹ September 30, 2023

	Month	Quarter	YTD	1-Year	3-Year	5-Year	7-Year	10-Year
S&P 500	-4.8%	-3.3%	13.1%	21.6%	10.2%	9.9%	12.2%	11.9%
MSCI EAFE-ND	-3.4%	-4.1%	7.1%	25.6%	5.8%	3.2%	5.3%	3.8%
MSCI EM-ND	-2.6%	-2.9%	1.8%	11.7%	-1.7%	0.6%	3.2%	2.1%
MSCI China-ND	-2.8%	-1.9%	-7.3%	5.2%	-14.3%	-4.2%	0.7%	1.7%
Bloomberg US Aggregate	-2.5%	-3.2%	-1.2%	0.6%	-5.2%	0.1%	-0.1%	1.1%
Bloomberg US TIPS	-1.8%	-2.6%	-0.8%	1.2%	-2.0%	2.1%	1.5%	1.7%
Bloomberg US Corporate High Yield	-1.2%	0.5%	5.9%	10.3%	1.8%	3.0%	3.8%	4.2%
ICE BofAML US 3-Month Treasury Bill	0.5%	1.3%	3.6%	4.5%	1.7%	1.7%	1.5%	1.1%
ICE BofAML 1-3 Year US Treasury	0.0%	0.7%	1.7%	2.5%	-0.8%	1.1%	0.8%	0.8%
ICE BofAML 10+ Year US Treasury	-7.1%	-11.4%	-8.2%	-8.6%	-15.2%	-2.5%	-3.2%	0.8%

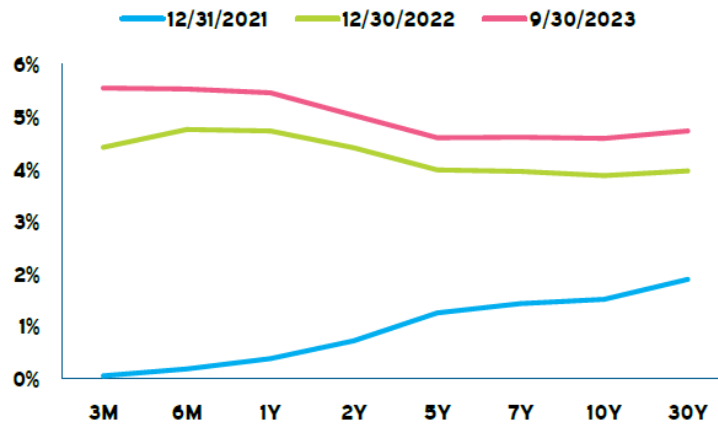
¹Source: Oregon State Treasury

U.S. Equities: U.S. stocks fell 3.3% in the third calendar quarter as healthy economic data and comments from the Fed caused investors to expect interest rates to remain higher for longer. Large cap stocks outperformed small cap stocks during the quarter, bringing their calendar year-to-date outperformance to over 10%. The so called “Magnificent Seven” within the large cap market drove most of this outperformance despite a weak third calendar quarter. Energy strongly led the way during the quarter posting double-digit gains while most other sectors declined. Oil prices rose after Saudi Arabia and Russia extended output cuts. Except for energy, which benefited from rising oil prices, all sectors were down in the third calendar quarter. So far in 2023, the communication services (+38.1%) and technology (+33.0%) sectors had the best results on artificial intelligence optimism. Given the continued strength of the U.S. consumer, the consumer discretionary sector gained (+23.3%), while more defensive sectors like utilities (-16.9%) and consumer staples (-6.0%) have trailed.

International Equities: Developed international equities (MSCI EAFE) fell 4.1% in the third calendar quarter bringing the calendar year-to-date gain to 7.1%. Emerging market equities (MSCI Emerging Markets (EM) fell 2.9% in the period, rising 1.8% calendar year-to-date. Eurozone shares felt pressure from slowing gross domestic product (GDP) growth and an interest rate hike by the European Central Bank (ECB), despite cooling inflation. By contrast, the UK saw modest gains amid promising economic data including slowing inflation and GDP back to pre-pandemic levels. Japan outperformed regional peers for the quarter due in part to strong earnings. Emerging market performance, while negative, outpaced developed peers. Chinese markets experienced losses in-line with other emerging market countries, driven largely by unease surrounding property company Evergrande and a continued lackluster reopening of the economy.

Fixed Income: The broad U.S. bond market (Bloomberg Aggregate) fell 3.2% for the quarter bringing calendar year-to-date results into negative territory. The broader Treasury Inflation-Protected Securities (TIPS) index fell by 2.6%, while the less interest-rate-sensitive short-term TIPS index outperformed.

US Yield Curve¹



¹ Source: Bloomberg. Data is as of September 30, 2023.

Overall interest rates have continued to increase this year, particularly at the policy sensitive front-end of the yield curve, but at a much slower pace compared to last calendar year. Over the quarter, short-term interest rates (two years or less) increased slightly as monetary policy moves closer to its terminal rate for this cycle. By contrast, longer-term rates rose dramatically as U.S. debt was downgraded and investors came to terms with rates remaining higher for longer. The ten-year Treasury yield increased from 3.8% to 4.6% over the quarter. The yield curve's inversion decreased with the spread between two-year and ten-year Treasuries finishing the quarter at -0.47% (-1.05% on 6/30/2023).

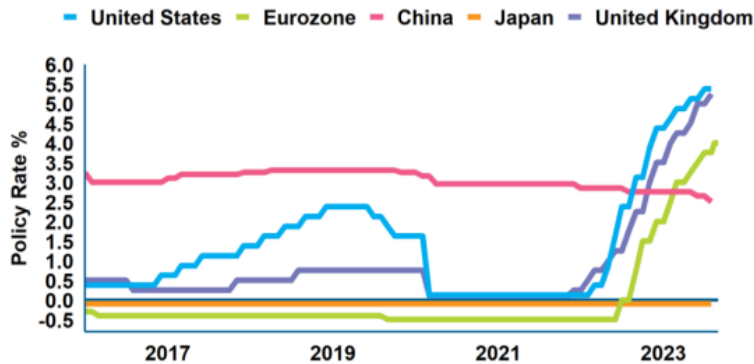
Credit spreads (the added yield above a comparable maturity Treasury) largely remained unchanged over the quarter. High yield spreads remain well below the long-term average given the overall risk appetite this year. Investment grade and emerging market spreads are also below their respective long-term averages, but by smaller margins.

Global Economic Outlook

Global economies are expected to slow this year compared to 2022. The risk of recession remains elevated given policymakers' aggressive tightening, but optimism has started to grow over some central banks potentially navigating a soft landing. The delicate balancing act of central banks trying to reduce inflation without dramatically disrupting labor markets and depressing economic growth, will remain key.

Slowing inflation and growth have led to expectations for a reduction in the pace of aggressive policy tightening. In July the Fed raised rates another 25 basis points to a range of 5.25% to 5.50% and then kept rates unchanged at their September meeting. Markets are expecting one more hike during calendar 2023. The ECB also increased rates in July, with an additional hike in September, but rates remain lower than in the U.S. In Japan, expectations have increased that the Bank of Japan will end its negative interest rate policy due to rising inflation. The central bank in China has continued to cut interest rates and inject liquidity into the banking system, as weaker than expected economic data appears to indicate a widespread slowdown.

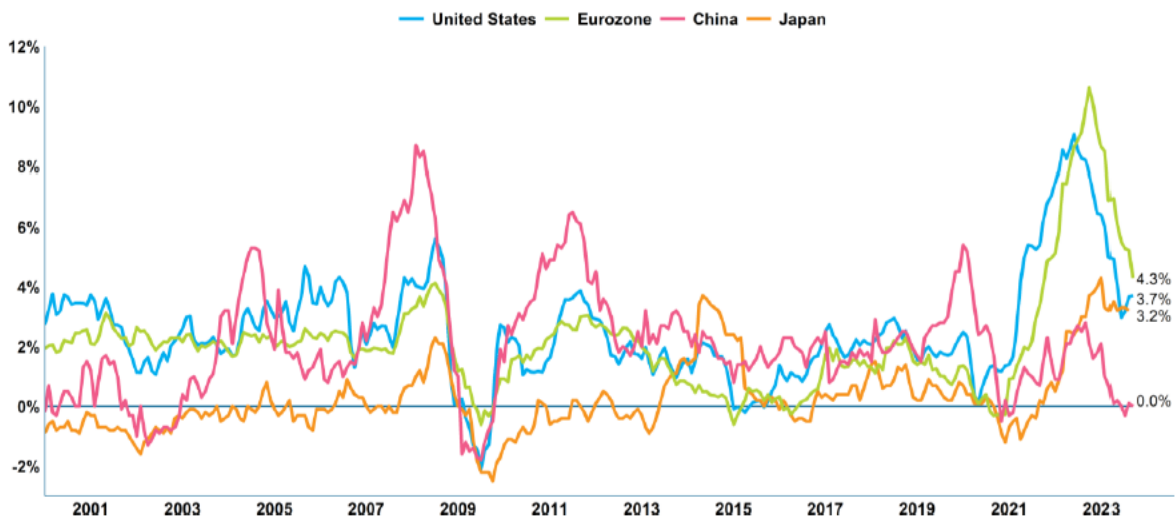
Policy Rates



Source: Bloomberg. Data is as of September 30, 2023. China policy rate is defined as the medium-term lending facility 1 year interest rate.

Risks remain for a policy error as central banks attempt to balance the harnessing of inflation, maintaining financial stability, and supporting growth.

Inflation (CPI Trailing Twelve Months)¹



¹ Source: Bloomberg. Data is as of September 30, 2023. The most recent data for Japan and China is as of August 2023.

The inflation picture remains mixed across the major economies. In the U.S., inflation was flat at 3.7%, influenced by rising shelter costs, while eurozone inflation remained higher than the U.S. at 4.3%, a level well off its peak, however. Despite 2023's significant declines in the U.S. and Europe, inflation levels remain elevated compared to central bank targets. Inflation in Japan has increased to levels not seen in almost a decade largely driven by food and home related items. In China, deflationary pressures eased but prices were flat from a year prior.

Overall, the U.S. labor market remains healthy with the unemployment rate relatively low, wage growth now positive in real terms, and initial claims for unemployment staying subdued. The pace of wage growth has slowed though, and despite remaining elevated, the number of job openings has declined from recent highs. In September, unemployment remained at 3.8%, a

level only 0.2% higher than at the start of the quarter. The labor force participation rate remained at 62.8%, well off the lows of the pandemic (60.1%) but not back to pre-pandemic levels (63.3%). Broader measures of unemployment (U-6) finished the quarter at 7.0%, up only slightly from the end of June (6.9%). Unemployment in Europe has also declined but remains higher than the U.S., while levels in Japan have been flat through the pandemic given less layoffs.

Summary - Key Trends:

- The impact of inflation still above policy targets will remain key, with bond market volatility likely to stay high.
- Global monetary policies could diverge going forward. The risk of policy errors remains elevated as central banks try to reduce persistent inflation while not tipping their economies into recession.
- Growth is expected to slow globally this calendar year, with many economies forecasted to tip into recession. However, optimism has been building that some economies could experience a soft landing. Inflation, monetary policy, and the war will all be key.
- The key for U.S. equities going forward will be whether earnings can remain resilient if growth continues to slow. Also, the future paths of the large technology companies that have driven market gains will be important.
- Equity valuations remain lower in emerging and developed markets, but risks remain, including the potential for recent strength in the U.S. dollar to persist, higher inflation weighing particularly on Europe, and China's sluggish economic reopening and on-going weakness in the real estate sector. Japan's recent hint at potentially tightening monetary policy along with changes in corporate governance in the country could influence relative results.
- After month-end, heightened tensions in Israel could add to overall uncertainty and drive safe haven flows.



Public University Fund (PUF)

**Investment Statement
July 1, 2023 - September 30, 2023
Q1 FY24**

Western Oregon University
Ana Karaman, Vice President for Finance & Administration
Darin Silbernagel, Treasurer
345 Monmouth Ave N.
Monmouth, OR 97361

**Quarter-to-Date
as of 09/30/2023**

Beginning Market Value	\$37,011,917
+ Contributions	11,948,213
- Withdrawals	(3,247,191)
+/- Change in Market Value	(522,021)
Ending Market Value	\$45,190,918

Units Owned 479,234.282
Price per Unit \$94.29817

	<u>Quarter-to-Date</u>	<u>Year-to-Date</u>
Gross Investment Earnings	\$425,406	\$425,406
Participant Fees	(11,099)	(11,099)
Participant Fee Credit	1,323	1,323
Net Investment Earnings	<u>\$415,630</u>	<u>\$415,630</u>
Realized Gain/(Loss) on Sale of Investments	(104,701)	(104,701)
Unrealized Gain/(Loss) on Investments		(1,825,059)

Questions? Please contact Mary Hatfield, 541.737.0843

mary.hatfield@oregonstate.edu