Board of Trustees of the University of Oregon
Finance and Facilities Committee Meeting
December 2, 2015

1:30 pm: Public Meeting Ford Alumni Center, Room 403

Convene

- Call to order and roll call
- Approval of September 2015 FFC minutes (Action)
- Public comment

1. **Q1 and FY15 Annual Treasury Report,** *Director of Treasury Operations Karen Levear*

2. **FY2015 Audited Financial Statements**
   2.1 Management report, *Vice President for Finance and Administration/CFO Jamie Moffitt, Controller Kelly Wolf*
   2.2 Independent auditors' report, *Scott Simpson – Moss Adams LLP*

3. **Q1 FY16 Financial Report**, *VPFA/CFO Jamie Moffitt*

4. **OUS Policy Repeal (SBHE Policy #9 – Budgeted Operations Fund Balances)** (Action), *VPFA/CFO Jamie Moffitt*

5. **Naming of Facilities – Jane Sanders Stadium and Willie and Donald Tykeson Hall** (Action), *President Michael Schill*

6. **Campus Housing**, *Vice President for Student Life Robin Holmes and Director of Housing Michael Griffel*
   6.1 Housing renovation plan overview
   6.2 Bean Hall renovation project (Action)

Meeting Adjourns

Agenda Item #1

Q1 and FY15 Annual Treasury Report

The University of Oregon's Treasury Management Policy (IV.03.01) requires regular reports to the Board by the Treasurer (Jamie Moffitt) or her designee. This is typically conducted by Karen Levear, Director of Treasury Operations on a quarterly basis at the Finance and Facilities Committee meeting.

At least annually, the report will include a more in-depth set of information as outlined by the policy. Part of that additional information must be a copy of the current treasury management procedures. The purpose of this cover page is to provide you with that 18-page document via hyperlink.

For a copy of the UO's Treasury Management Policy, please visit:

http://policies.uoregon.edu/content/treasury-management

For current treasury management procedures, please visit:

https://vpfa.uoregon.edu/sites/vpfa.uoregon.edu/files/UO%20Treasury%20Mgmt%20Procedures.pdf

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Treasury Update

December 2015
Presenter: Karen Levear, Director of Treasury Operations

Finance and Facilities Committee
Board of Trustees of the University of Oregon

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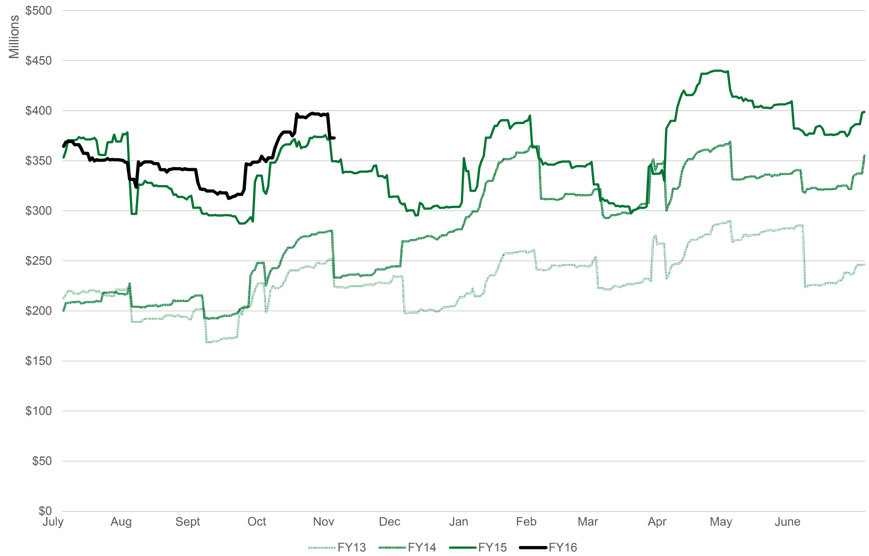
Quarterly Update

The cash and investment pool continues to follow seasonal trends.



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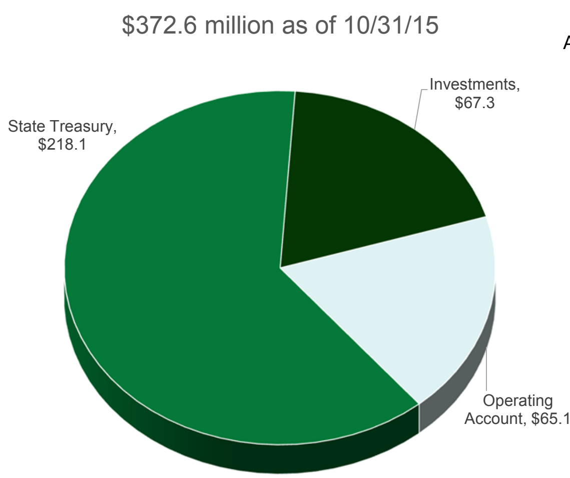
Cash & Investment Pool Holdings



<u>Estimated</u> Weighted Avg. Accounting Yield in Q1FY16 was 0.98%

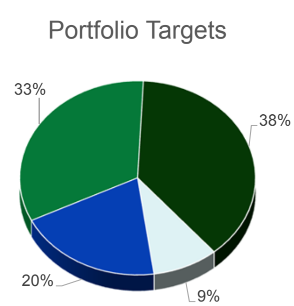


Chart shows average daily balances August 1, 2015 through October 31, 2015

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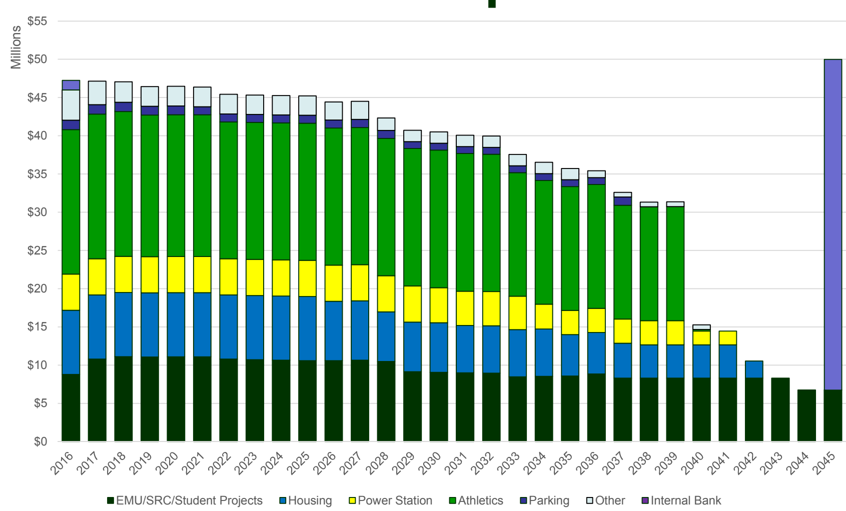
Update on Activities

- Cash and Investment Pool
  - Identifying investment opportunities for Tier 3 cash
  - Reviewing longer-term investment funds as an alternative for some of the cash currently held at State Treasury
- Debt Activities
  - Strengthening our post-issuance compliance procedures particularly in the area of tracking private business use
  - Developed a database that contains information about debt issuances and buildings
  - Working with the state debt division processes related to post-issuance compliance

There are various debt-paying entities across campus.



FY15-17 Authorized Bonds

XI-Q (state paid)
- Klamath Hall: $6.0 million
- Chapman Hall: $5.5 million

XI-G (state paid)
- Klamath Hall: $6.0 million
- College & Careers Building: $17.0 million
- Chapman Hall: $2.5 million

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Background Information

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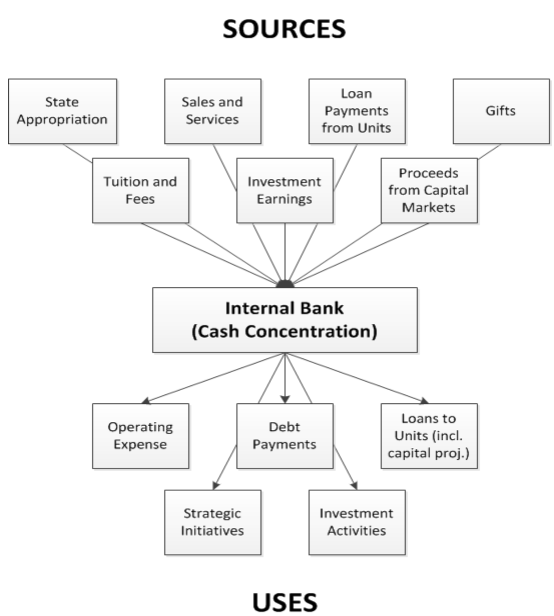
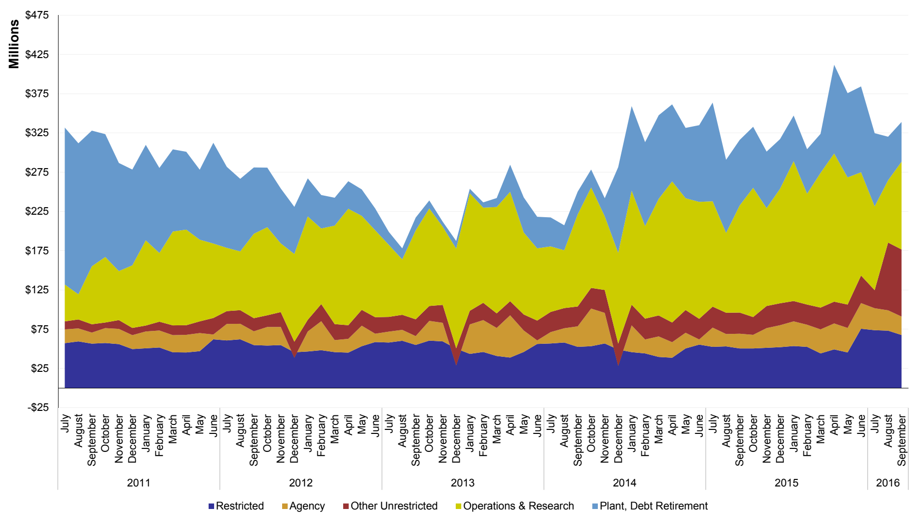
No Change in Functional Responsibilities

1. Manage the short-term cash position so the University can meet its obligations
2. Manage long-term investments and long-term debt
3. Provide funding to capital projects that need to borrow funds and raise capital
4. Manage banking relationships
5. Guide payment system processes



Cash Balances at Month-End



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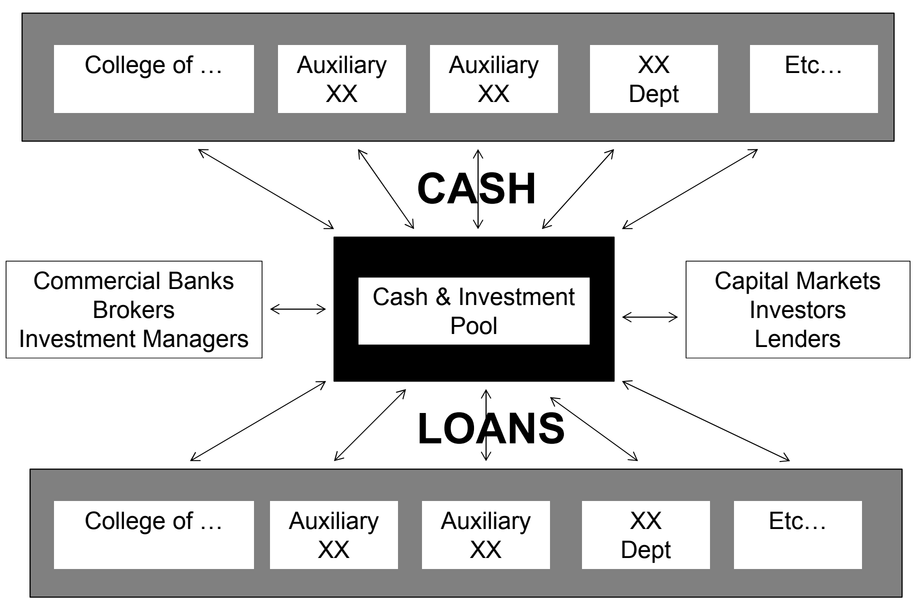

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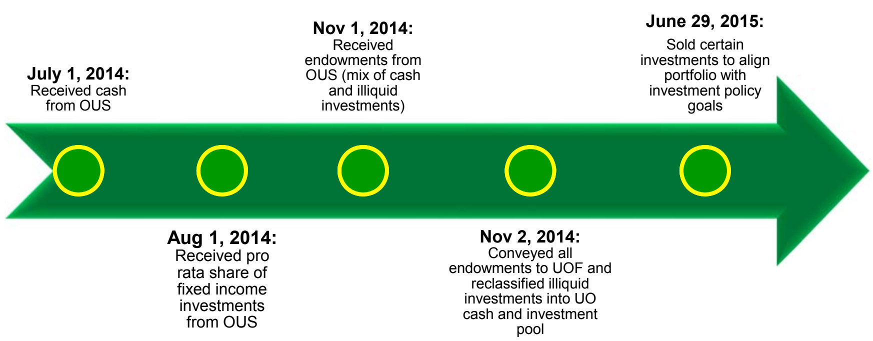
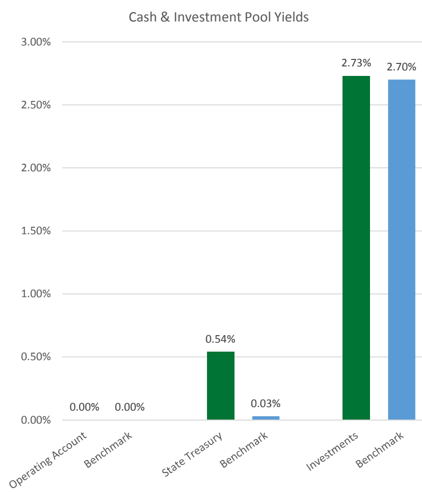
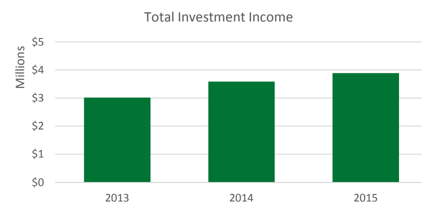
Annual Update

Cash & Investment Activity



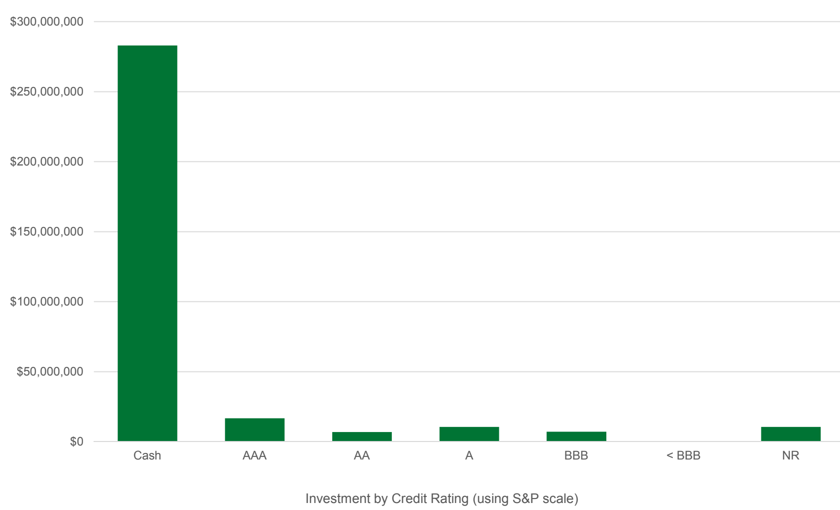
Cash & Investment Pool Yields & Income



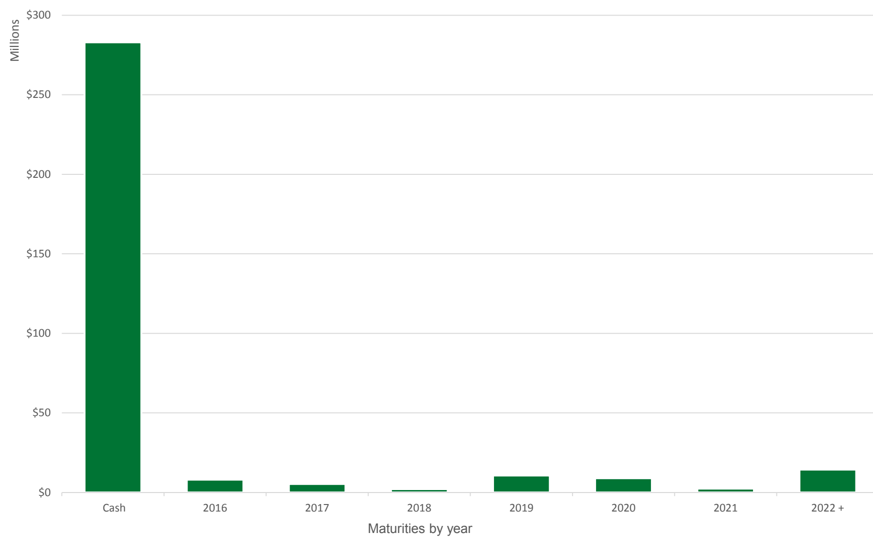


- Benchmark for State Treasury is 91 day T-bill
- Benchmark for investments is B.A.M.L. 5-7 year US Corporate & Government AA & Above

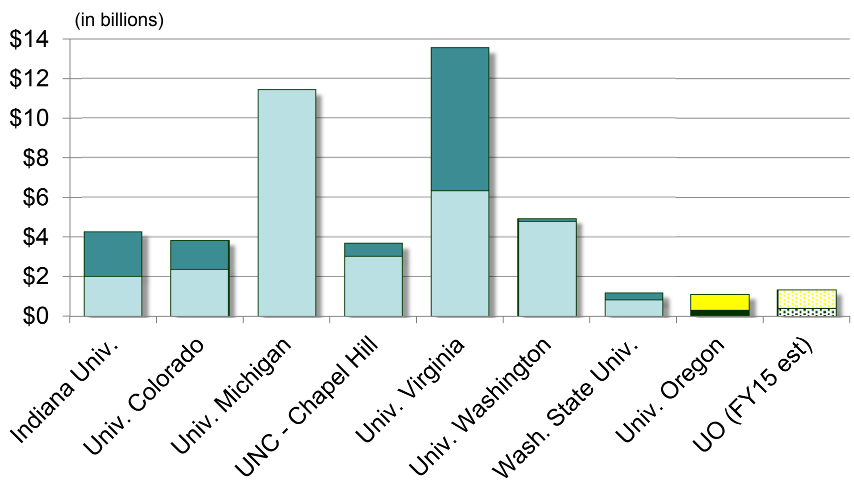
Overall Credit Risk Is Low



Liquidity & Interest Rate Risk Is Low

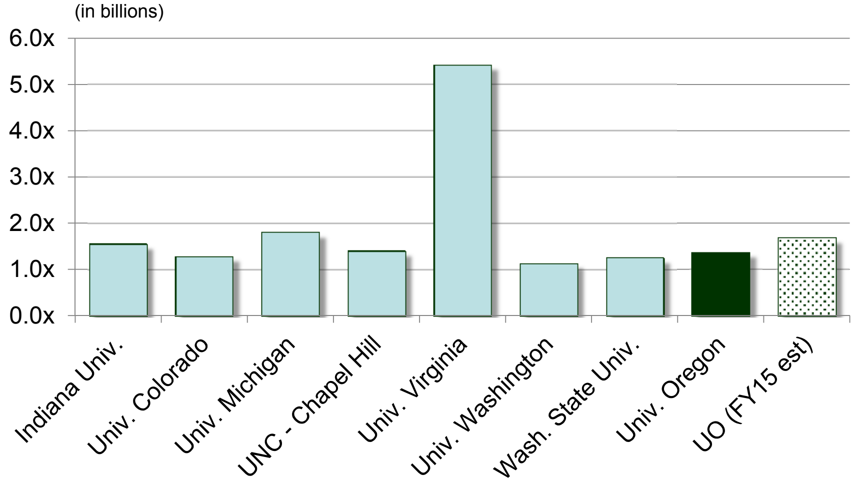


Total Cash and Investments



Source: FY 2014 data provided by Morgan Stanley

Cash & Investments (incl. foundation) / Operating Expense



Source: FY 2014 data provided by Morgan Stanley

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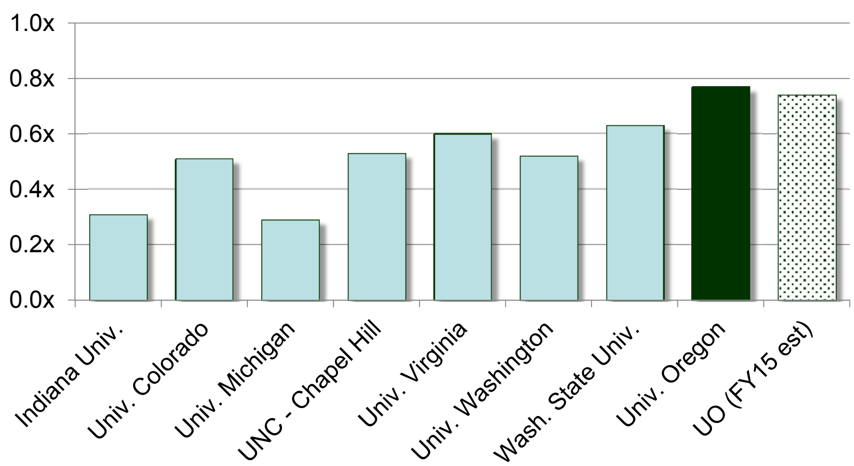
Outstanding Debt to Total Revenue



Source: FY 2014 data provided by Morgan Stanley

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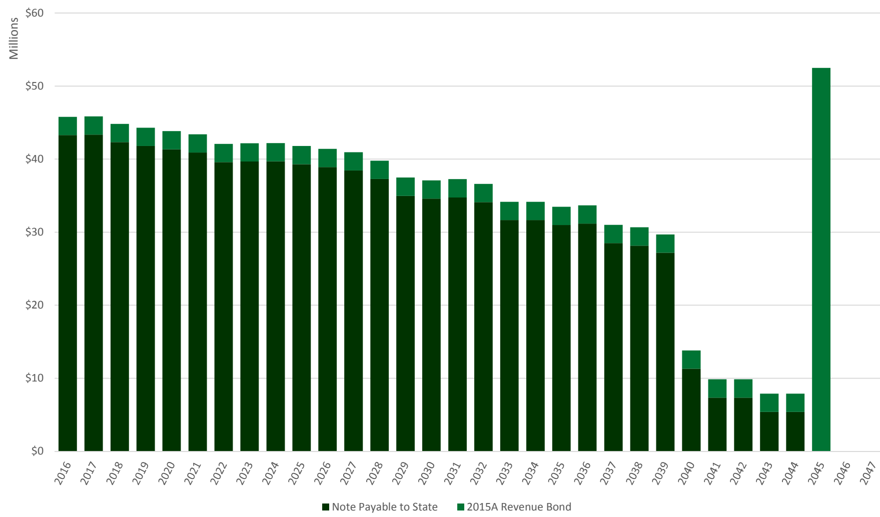
Debt Service Obligations



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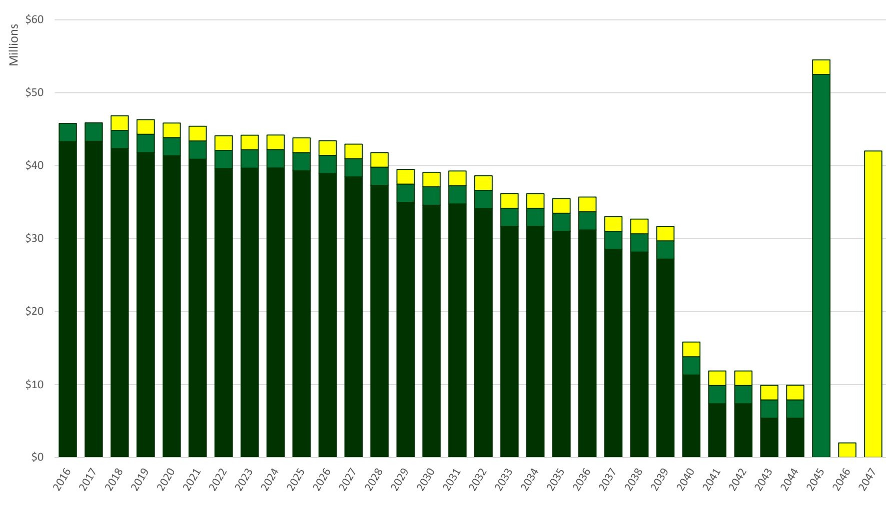
Debt Service After Financing Authorized Capital Projects



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Characteristics of UO's Debt Position

- All debt issued at a fixed rate; no floating rate
- Future debt could be bullet or amortizing or a custom structure
- Inaugural revenue bond issue in March 2015 was highly rated (Moody's: Aa2, S&P: AA-)
- Most of the debt has a 10-year call
  - During FY15, the State refunded some bonds
  - Reducing UO debt service by $157,000 in FY16 and $2.8 million overall
- Most of the debt is tax-exempt

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Other Policy Required Updates

- No policy exceptions
- The Board authorized all financing transactions in excess of $5 million (none by the Treasurer)
- No substantial changes made to Treasury Management procedures but necessary updates have been identified and changes are expected

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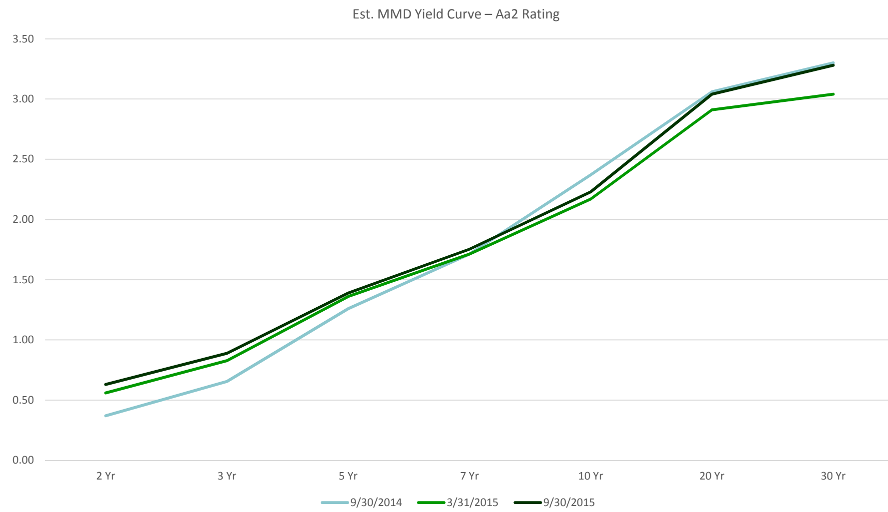
External Factors – Interest Rates



External Factors - Emerging Trends

Rating Agency Methodology Update

- Moody's
  - Greater focus on wealth, liquidity, & leverage
  - Adjustments to qualitative factors
- S&P
  - Publishing a scorecard creates new transparency

Agenda Item #2

FY2015 Audited Financial Statements

Audited financial reports will be provided at the meeting.

Agenda Item #3

Q1 FY16 Financial Report

FY15 Year End Report - All Funds Except Agency Funds

	Education and General	Designated Ops and Service Center	Auxiliaries	Grant Funds	Restricted Gift Funds	Other Funds	Plant Funds	Internal Bank	Total
State Appropriation	$ 56,111,454	$ 1,216,016	$ 440,000	$ 60,000	$ -	$ -	$ -	$ 31,448	**$ 57,858,918**
Tuition and Fees	$ 372,366,154	$ 12,267,619	$ 38,787,466	$ 211	$ (27,981)	$ -	$ -	$ 3,288,507	**$ 426,681,976**
Gifts Grants & Contracts	$ 336,508	$ 5,796,236	$ 103,974	$ 107,381,539	$ 57,096,891	$ 2,000	$ 11,954,359	$ -	**$ 182,671,506**
ICC Revenue	$ 19,185,870	$ -	$ -	$ -	$ -	$ -	$ 1,311,975	$ -	**$ 20,497,845**
Federal Student Aid	$ -	$ -	$ -	$ 24,381,695	$ -	$ -	$ -	$ -	**$ 24,381,695**
Interest and Investment	$ 5,186,262	$ 12,827,784	$ 481,532	$ 13,596	$ 1,315,306	$ (611,780)	$ 617,793	$ 2,341,526	**$ 22,172,019**
Internal Sales	$ 24,075	$ 34,989,109	$ 13,087,757	$ 18,413	$ 2,250	$ -	$ -	$ 21,701,056	**$ 69,822,660**
Sales & Services	$ 2,561,521	$ 11,134,093	$ 133,642,285	$ 1,082,146	$ 1,736,593	$ -	$ -	$ -	**$ 150,156,639**
Other Revenues	$ 2,394,119	$ 2,255,718	$ 2,004,119	$ -	$ 352,716	$ -	$ 105,605	$ -	**$ 7,112,277**
Transfers From Ore State Agencies	$ 259,292	$ -	$ -	$ 7,615,280	$ -	$ -	$ 14,588,911	$ 4,902,962	**$ 27,366,445**
Total Revenue	**$ 458,425,256**	**$ 80,486,575**	**$ 188,547,133**	**$ 140,552,879**	**$ 60,475,776**	**$ (609,780)**	**$ 28,578,643**	**$ 32,265,499**	**$ 988,721,980**
Salaries and Wages	$ 239,906,266	$ 23,301,395	$ 54,105,857	$ 37,363,520	$ 13,278,157	$ -	$ -	$ 149,508	**$ 368,104,702**
OPE Health Benefits	$ 50,044,694	$ 5,281,566	$ 11,872,839	$ 7,521,017	$ 1,307,960	$ -	$ -	$ 16,169	**$ 76,044,245**
OPE Retirement	$ 39,273,259	$ 3,975,510	$ 7,788,454	$ 5,432,711	$ 1,711,493	$ -	$ -	$ 18,061	**$ 58,199,488**
OPE Other	$ 22,381,290	$ 2,045,247	$ 4,132,984	$ 2,454,131	$ 2,342,573	$ -	$ -	$ 12,202	**$ 33,368,427**
OPE GTF Remissions	$ 21,621,966	$ 372,311	$ 115,807	$ 1,808,500	$ 203,086	$ -	$ -	$ -	**$ 24,121,669**
Total Personnel Services	**$ 373,227,474**	**$ 34,976,028**	**$ 78,015,942**	**$ 54,579,879**	**$ 18,843,269**	**$ -**	**$ -**	**$ 195,940**	**$ 559,838,531**
Service & Supplies	$ 90,732,899	$ 26,176,026	$ 70,915,276	$ 26,066,897	$ 17,186,820	$ 633,491	$ 4,215,015	$ 28,309,519	**$ 264,235,942**
Merchandise-Resale/Redistribution	$ 3,030	$ 14,925,166	$ 13,260,827	$ 4,000	$ 145	$ -	$ -	$ -	**$ 28,193,168**
Internal Sales Reimbursements	$ (17,059,355)	$ (2,194,983)	$ (1,229,573)	$ (26,102)	$ (68,913)	$ -	$ -	$ -	**$ (20,578,926)**
Indirect Costs	$ 473,595	$ 2,234,456	$ 5,904,975	$ 20,541,869	$ 4	$ 271,341	$ -	$ -	**$ 29,426,240**
Depreciation/Amortization Expense	$ -	$ 4,374,360	$ 23,292,735	$ -	$ -	$ -	$ 26,815,394	$ -	**$ 54,482,489**
Student Aid	$ 4,527,042	$ 363,710	$ 7,813,201	$ 36,277,777	$ 17,435,672	$ 159,177	$ -	$ -	**$ 66,576,579**
Total General Expense	**$ 78,677,211**	**$ 45,878,735**	**$ 119,957,441**	**$ 82,864,441**	**$ 34,553,727**	**$ 1,064,009**	**$ 31,030,409**	**$ 28,309,519**	**$ 422,335,491**
Net Transfers Out/(In)	**$ 7,290,091**	**$ (3,139,405)**	**$ 1,865,515**	**$ 1,440,188**	**$ 4,822,572**	**$ 4,472**	**$ (12,283,433)**	**$ -**	**$ 0**
Total Expense	**$ 459,194,776**	**$ 77,715,358**	**$ 199,838,898**	**$ 138,884,508**	**$ 58,219,567**	**$ 1,068,481**	**$ 18,746,976**	**$ 28,505,458**	**$ 982,174,022**
Net	**$ (769,520)**	**$ 2,771,216**	**$ (11,291,765)**	**$ 1,668,371**	**$ 2,256,208**	**$ (1,678,261)**	**$ 9,831,668**	**$ 3,760,041**	**$ 6,547,958**
Beginning Fund Balance*	$ 77,280,262	$ 52,768,061	$ 247,107,718	$ 434,738	$ 14,427,227	$ 58,942,402	$ 344,037,133	$ 19,512,241	**$ 814,509,783**
Capital Expenditures	$ (5,776,409)	$ (68,273)	$ (2,208,910)	$ (1,617,697)	$ (451,246)	$ -	$ (89,309,964)	$ -	**$ (99,432,498)**
Net (from above)	$ (769,520)	$ 2,771,216	$ (11,291,765)	$ 1,668,371	$ 2,256,208	$ (1,678,261)	$ 9,831,668	$ 3,760,041	**$ 6,547,958**
Fund Additions/Deductions**	$ (4,068,255)	$ 4,640,687	$ 51,939,129	$ (558,418)	$ 2,590,046	$ (31,405,723)	$ 211,327,518	$ 4,025,797	**$ 238,490,781**
Ending Fund Balance	**$ 66,666,078**	**$ 60,111,693**	**$ 285,546,172**	**$ (73,006)**	**$ 18,822,236**	**$ 25,858,418**	**$ 475,886,355**	**$ 27,298,079**	**$ 960,116,024**
Year-End Accounting Entries ***	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Net Capital Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Other Restricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Unrestricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Total Net Assets	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**

* - Year-End Accounting Manual Adjustment to Plant Fund and Internal Bank Fund Balance
** - Due to Capital Improvements and Debt Accounting entries, Includes Elimination of State Paid Debt from UO Books
***- Year-End Accounting - e.q. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

FY16 Budget Projection - All Funds except Agency and Clearing

	Education and General	Designated Ops and Service Center	Auxiliaries	Grant Funds	Restricted Gift Funds	Other Funds	Plant Funds	Internal Bank	Total
State Appropriation	$ 65,199,000	$ 1,216,000	$ 440,000	$ 60,000	$ -	$ -	$ -	$ -	**$ 66,915,000**
Tuition and Fees	$ 388,020,000	$ 8,135,000	$ 40,027,000	$ 200	$ (1,190)	$ -	$ -	$ 3,200,000	**$ 439,381,010**
Gifts Grants & Contracts	$ 350,000	$ 4,080,000	$ 100,000	$ 107,500,000	$ 58,321,000	$ 2,000	$ 16,500,000	$ -	**$ 186,853,000**
ICC Revenue	$ 20,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 20,000,000**
Federal Student Aid	$ -	$ -	$ -	$ 24,500,000	$ -	$ -	$ -	$ -	**$ 24,500,000**
Interest and Investment	$ 5,110,000	$ 12,550,000	$ 438,003	$ 14,000	$ 1,302,512	$ 936,340	$ 149,952	$ (264,395)	**$ 20,236,412**
Internal Sales	$ 50,000	$ 34,848,000	$ 12,841,000	$ 19,000	$ 4,000	$ -	$ -	$ 27,915,281	**$ 75,677,281**
Sales & Services	$ 2,922,000	$ 10,944,000	$ 133,990,000	$ 1,000,000	$ 1,694,000	$ -	$ -	$ -	**$ 150,550,000**
Other Revenues	$ 1,529,000	$ 2,092,000	$ 2,000,000	$ -	$ 363,000	$ -	$ 100,000	$ -	**$ 6,084,000**
Transfers From Ore State Agencies	$ -	$ -	$ -	$ 7,600,000	$ -	$ -	$ 9,500,000	$ -	**$ 17,100,000**
Total Revenue	**$ 483,180,000**	**$ 73,865,000**	**$ 189,836,003**	**$ 140,693,200**	**$ 61,683,322**	**$ 938,340**	**$ 26,249,952**	**$ 30,850,886**	**$ 1,007,296,703**
Salaries and Wages	$ 250,204,000	$ 21,542,000	$ 57,448,000	$ 35,621,000	$ 15,669,000	$ -	$ -	$ 215,000	**$ 380,699,000**
OPE Health Benefits	$ 50,142,000	$ 4,889,000	$ 13,000,000	$ 7,379,000	$ 1,721,000	$ -	$ -	$ 29,184	**$ 77,160,184**
OPE Retirement	$ 44,470,000	$ 4,221,000	$ 8,484,000	$ 5,545,000	$ 2,000,000	$ -	$ -	$ 37,000	**$ 64,757,000**
OPE Other	$ 20,335,000	$ 1,794,000	$ 4,105,000	$ 2,515,000	$ 2,175,000	$ -	$ -	$ 17,857	**$ 30,941,857**
OPE GTF Remissions	$ 22,060,000	$ 133,000	$ 116,000	$ 1,700,000	$ 334,000	$ -	$ -	$ -	**$ 24,343,000**
Total Personnel Services	**$ 387,211,000**	**$ 32,579,000**	**$ 83,153,000**	**$ 52,760,000**	**$ 21,899,000**	**$ -**	**$ -**	**$ 299,041**	**$ 577,901,041**
Service & Supplies	$ 96,000,000	$ 22,442,000	$ 71,013,000	$ 26,000,000	$ 17,521,000	$ 163,000	$ 6,450,000	$ 29,315,457	**$ 268,904,457**
Merchandise-Resale/Redistribution	$ 2,000	$ 15,867,000	$ 12,459,000	$ 10,000	$ -	$ -	$ -	$ -	**$ 28,338,000**
Internal Sales Reimbursements	$ (16,531,000)	$ (941,000)	$ (1,062,000)	$ (30,000)	$ (100,000)	$ -	$ -	$ -	**$ (18,664,000)**
Indirect Costs	$ 508,000	$ 2,533,000	$ 6,332,000	$ 20,000,000	$ -	$ 280,000	$ -	$ -	**$ 29,653,000**
Depreciation/Amortization Expense	$ -	$ 4,100,000	$ 24,100,000	$ -	$ -	$ -	$ 28,000,000	$ -	**$ 56,200,000**
Student Aid	$ 2,000,000	$ 941,000	$ 1,504,000	$ 37,000,000	$ 21,515,000	$ 200,000	$ -	$ -	**$ 63,160,000**
Total General Expense	**$ 81,979,000**	**$ 44,942,000**	**$ 114,346,000**	**$ 82,980,000**	**$ 38,936,000**	**$ 643,000**	**$ 34,450,000**	**$ 29,315,457**	**$ 427,591,457**
Net Transfers Out(In)	**$ 8,000,000**	**$ (1,360,158)**	**$ (4,002,763)**	**$ 1,440,000**	**$ 3,800,000**	**$ (4,000)**	**$ (7,873,079)**	**$ -**	**$ -**
Total Expense	**$ 477,190,000**	**$ 76,160,842**	**$ 193,496,237**	**$ 137,180,000**	**$ 64,635,000**	**$ 639,000**	**$ 26,576,921**	**$ 29,614,498**	**$ 1,005,492,498**
Net	**$ 5,990,000**	**$ (2,295,842)**	**$ (3,660,234)**	**$ 3,513,200**	**$ (2,951,678)**	**$ 299,340**	**$ (326,969)**	**$ 1,236,388**	**$ 1,804,205**
Beginning Fund Balance	$ 66,666,078	$ 60,111,693	$ 285,546,172	$ (73,006)	$ 18,822,236	$ 25,858,418	$ 475,886,355	$ 27,298,079	**$ 960,116,024**
Capital Expenditures	$ (5,500,000)	$ (70,000)	$ (86,000)	$ (1,795,000)	$ (249,000)	$ -	$ (122,550,000)	$ -	**$ (130,250,000)**
Net (from above)	$ 5,990,000	$ (2,295,842)	$ (3,660,234)	$ 3,513,200	$ (2,951,678)	$ 299,340	$ (326,969)	$ 1,236,388	**$ 1,804,205**
Fund Additions/Deductions*	$ -	$ 504,460	$ 50,000,000	$ -	$ -	**$** -	$ 50,000,000	$ -	**$ 100,504,460**
Ending Fund Balance	**$ 67,156,078**	**$ 58,250,311**	**$ 331,799,938**	**$ 1,645,194**	**$ 15,621,558**	**$ 26,157,758**	**$ 403,009,386**	**$ 28,534,467**	**$ 932,174,689**
Year-End Accounting Entries **	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Net Capital Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Other Restricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Unrestricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Total Net Assets	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**

* - Due to Capital Improvements and Debt Accounting entries

** - Year-End Accounting - e.q. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

FY16 Actual's Quarter 1 (July - Sept) Report - All Funds except Agency and Clearing

	Education and General	Designated Ops and Service Center	Auxiliaries	Grant Funds	Restricted Gift Funds	Other Funds	Plant Funds	Internal Bank	Total
State Appropriation	$ 23,447,652	$ 304,006	$ 113,300	$ 15,450	$ -	$ -	$ -	$ -	**$ 23,880,408**
Tuition and Fees	$ 153,604,246	$ 4,966,144	$ 15,404,341	$ 45	$ (1,095)	$ -	$ -	$ 1,288,608	**$ 175,262,290**
Gifts Grants & Contracts	$ 41,144	$ 1,030,145	$ 325	$ 27,419,207	$ 18,133,776	$ -	$ 3,214,870	$ -	**$ 49,839,467**
ICC Revenue	$ 5,826,389	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ 5,826,389**
Federal Student Aid	$ -	$ -	$ -	$ 830,948	$ -	$ -	$ -	$ -	**$ 830,948**
Interest and Investment	$ 1,052,310	$ 2,232,621	$ 118,003	$ 5,545	$ 79,310	$ 131,816	$ (133,048)	$ 329,605	**$ 3,816,162**
Internal Sales	$ 19,851	$ 8,761,224	$ 3,034,423	$ -	$ 3,522	$ -	$ -	$ 5,437,597	**$ 17,256,617**
Sales & Services	$ 710,964	$ 2,874,202	$ 33,749,773	$ 83,880	$ 426,631	$ -	$ -	$ -	**$ 37,845,450**
Other Revenues	$ (159,409)	$ 553,213	$ 896,672	$ -	$ 358,155	$ -	$ -	$ -	**$ 1,648,631**
Transfers From Ore State Agencies	-	-	-	$ 654,867	$ -	$ -	$ -	$ -	**$ 654,867**
Total Revenue	**$ 184,543,147**	**$ 20,721,555**	**$ 53,316,837**	**$ 29,009,943**	**$ 19,000,299**	**$ 131,816**	**$ 3,081,822**	**$ 7,055,810**	**$ 316,861,229**
Salaries and Wages	$ 42,889,865	$ 5,512,215	$ 11,971,685	$ 10,528,999	$ 4,247,447	$ -	$ -	$ 52,639	**$ 75,202,849**
OPE Health Benefits	$ 8,612,199	$ 1,074,643	$ 2,654,311	$ 1,554,023	$ 282,595	$ -	$ -	$ 7,296	**$ 14,185,066**
OPE Retirement	$ 7,487,905	$ 1,018,999	$ 1,751,484	$ 1,738,870	$ 541,229	$ -	$ -	$ 5,068	**$ 12,543,555**
OPE Other	$ 3,542,448	$ 483,668	$ 905,204	$ 777,267	$ 254,845	$ -	$ -	$ 4,697	**$ 5,968,130**
OPE GTF Remissions	$ 3,008,803	$ 30,323	$ 13,669	$ 153,165	$ 15,423	$ -	$ -	$ -	**$ 3,221,383**
Total Personnel Services	**$ 65,541,220**	**$ 8,119,848**	**$ 17,296,353**	**$ 14,752,323**	**$ 5,341,538**	**$ -**	**$ -**	**$ 69,700**	**$ 111,120,982**
Service & Supplies	$ 24,963,006	$ 5,298,447	$ 12,583,089	$ 5,188,334	$ 7,628,494	$ (537,951)	$ 772,442	$ 14,234,045	**$ 70,129,907**
Merchandise-Resale/Redistribution	$ -	$ 2,874,576	$ 1,360,224	$ -	$ -	$ -	$ -	$ -	**$ 4,234,800**
Internal Sales Reimbursements	$ (4,253,661)	$ (158,873)	$ (345,293)	$ -	$ (84,993)	$ -	$ -	$ -	**$ (4,842,819)**
Indirect Costs	$ 141,562	$ 545,714	$ 1,261,072	$ 5,826,389	$ -	$ -	$ -	$ -	**$ 7,774,737**
Depreciation/Amortization Expense	$ -	$ 1,084,797	$ 6,005,872	$ -	$ -	$ -	$ 6,915,976	$ -	**$ 14,006,645**
Student Aid	$ 729,632	$ 227,550	$ 322,537	$ 11,102,571	$ 8,110,529	$ 77,967	$ -	$ -	**$ 20,570,787**
Total General Expense	**$ 21,580,539**	**$ 9,872,211**	**$ 21,187,502**	**$ 22,117,294**	**$ 15,654,030**	**$ (459,984)**	**$ 7,688,418**	**$ 14,234,045**	**$ 111,874,056**
Net Transfers Out/(In)	**$ 3,337,978**	**$ (1,350,144)**	**$ (4,002,763)**	**$ (77,626)**	**$ 3,748,773**	**$ -**	**$ (1,656,218)**	**$ -**	**$ (0)**
Total Expense	**$ 90,459,738**	**$ 16,641,915**	**$ 34,481,092**	**$ 36,791,991**	**$ 24,744,340**	**$ (459,984)**	**$ 6,032,200**	**$ 14,303,745**	**$ 222,995,038**
Net	**$ 94,083,409**	**$ 4,079,640**	**$ 18,835,745**	**$ (7,782,048)**	**$ (5,744,042)**	**$ 591,799**	**$ (2,950,379)**	**$ (7,247,935)**	**$ 93,866,191**
Beginning Fund Balance	$ 66,666,078	$ 60,111,693	$ 285,546,172	$ (73,006)	$ 18,822,236	$ 25,858,418	$ 475,886,355	$ 27,298,079	**$ 960,116,024**
Capital Expenditures	$ (1,220,286)	$ (26,143)	$ (236)	$ (558,719)	$ (94,092)	$ -	$ (10,665,172)	$ -	**$ (12,564,649)**
Net (from above)	$ 94,083,409	$ 4,079,640	$ 18,835,745	$ (7,782,048)	$ (5,744,042)	$ 591,799	$ (2,950,379)	$ (7,247,935)	**$ 93,866,191**
Fund Additions/Deductions*	$ -	$ 504,460	$ 43,087	$ -	$ -	$ -	$ 1,143,147	$ -	**$ 1,690,694**
Ending Fund Balance	**$ 159,529,201**	**$ 64,669,650**	**$ 304,424,767**	**$ (8,413,773)**	**$ 12,984,102**	**$ 26,450,218**	**$ 463,413,950**	**$ 20,050,144**	**$ 1,043,108,260**
Year-End Accounting Entries **	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Net Capital Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Other Restricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Unrestricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	**TBD**
Total Net Assets	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**

* - Due to Capital Improvements and Debt Accounting entries, Includes Elimination of State Paid Debt from UO Books

** - Year-End Accounting - e.q. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

FY16 UO BOT Quarter 1 - Education and General

	FY16 Projection	FY16 Actual Q1	FY16 Q1 Actual as percent of projection	FY15 Actual Q1	FY16 Q1 inc/(dec) from FY15 Q1	FY15 Total Actual	FY16 Q1 Projection compared to FY15 Total as percent	FY16 Updated Projection Q1	Updated Projection compared to FY15
State Appropriation	$ 65,199,000	$ 23,447,652	36.0%	$ 19,716,833	18.9%	$ 56,111,454	16.2%	$ 65,199,000	16.2%
Tuition and Fees	$ 388,020,000	$ 153,604,246	39.6%	$ 144,503,310	6.3%	$ 372,366,154	4.2%	$ 388,020,000	4.2%
Gifts Grants & Contracts	$ 350,000	$ 41,144	11.8%	$ 30,800	33.6%	$ 336,508	4.0%	$ 350,000	4.0%
ICC Revenue	$ 20,000,000	$ 5,826,389	29.1%	$ 5,804,352	0.4%	$ 19,185,870	4.2%	$ 20,000,000	4.2%
Federal Student Aid	$ -	$ -	-	$ -	-	$ -	-	$ -	-
Interest and Investment	$ 5,110,000	$ 1,052,310	20.6%	$ 1,035,127	1.7%	$ 5,186,262	-1.5%	$ 5,110,000	-1.5%
Internal Sales	$ 50,000	$ 19,851	39.7%	$ 6,335	213.3%	$ 24,075	107.7%	$ 50,000	107.7%
Sales & Services	$ 2,922,000	$ 710,964	24.3%	$ 484,132	46.9%	$ 2,561,521	14.1%	$ 2,922,000	14.1%
Other Revenues	$ 1,529,000	$ (159,409)	-10.4%	$ 28,460	-660.1%	$ 2,394,119	-36.1%	$ 1,529,000	-36.1%
Transfers From Ore State Agencies	$ -	-	-	$ -	-	$ 259,292	-100.0%	$ -	-100.0%
Total Revenue	**$ 483,180,000**	**$ 184,543,147**	**38.2%**	**$ 171,609,349**	**7.5%**	**$ 458,425,256**	**5.4%**	**$ 483,180,000**	**5.4%**
Salaries and Wages	$ 250,204,000	$ 42,889,865	17.1%	$ 41,130,636	4.3%	$ 239,906,266	4.3%	$ 250,204,000	4.3%
OPE Health Benefits	$ 50,142,000	$ 8,612,199	17.2%	$ 8,364,557	3.0%	$ 50,044,694	0.2%	$ 50,142,000	0.2%
OPE Retirement	$ 44,470,000	$ 7,487,905	16.8%	$ 6,785,783	10.3%	$ 39,273,259	13.2%	$ 44,470,000	13.2%
OPE Other	$ 20,335,000	$ 3,542,448	17.4%	$ 3,097,750	14.4%	$ 22,381,290	-9.1%	$ 20,335,000	-9.1%
OPE GTF Remissions	$ 22,060,000	$ 3,008,803	13.6%	$ 7,234,600	-58.4%	$ 21,621,966	2.0%	$ 22,060,000	2.0%
Total Personnel Services	**$ 387,211,000**	**$ 65,541,220**	**16.9%**	**$ 66,613,326**	**-1.6%**	**$ 373,227,474**	**3.7%**	**$ 387,211,000**	**3.7%**
Service & Supplies	$ 96,000,000	$ 24,963,006	26.0%	$ 18,848,817	32.4%	$ 90,732,899	5.8%	$ 96,000,000	5.8%
Merchandise-Resale/Redistribution	$ 2,000	$ -	0.0%	$ 100	-100.0%	$ 3,030	-34.0%	$ 2,000	-34.0%
Internal Sales Reimbursements	$ (16,531,000)	$ (4,253,661)	25.7%	$ (2,703,432)	57.3%	$ (17,059,355)	-3.1%	$ (16,531,000)	-3.1%
Indirect Costs	$ 508,000	$ 141,562	27.9%	$ 105,858	33.7%	$ 473,595	7.3%	$ 508,000	7.3%
Depreciation/Amortization Expense	$ -	$ -	-	$ -	-	$ -	-	$ -	-
Student Aid	$ 2,000,000	$ 729,632	36.5%	$ 927,012	-21.3%	$ 4,527,042	-55.8%	$ 2,000,000	-55.8%
Total General Expense	**$ 81,979,000**	**$ 21,580,539**	**26.3%**	**$ 17,178,356**	**25.6%**	**$78,677,211**	**4.2%**	**$ 81,979,000**	**4.2%**
Net Transfers Out(In)	**$ 8,000,000**	**$ 3,337,978**	**41.7%**	**$ 3,512,028**	**-5.0%**	**$ 7,290,091**	**9.7%**	**$ 8,000,000**	**9.7%**
								$ -	
Total Expense	**$ 477,190,000**	**$ 90,459,738**	**19.0%**	**$ 87,303,709**	**3.6%**	**$ 459,194,776**	**3.9%**	**$ 477,190,000**	**3.9%**
Net	**$ 5,990,000**	**$ 94,083,409**	**1570.7%**	**$ 84,305,639**	**11.6%**	**$ (769,520)**	**-878.4%**	**$ 5,990,000**	**-878.4%**
Beginning Fund Balance	$ 66,666,078	$ 66,666,078	100.0%	$ 77,280,262	-13.7%	$ 77,280,262	-13.7%	$ 66,666,078	-13.7%
Capital Expenditures	$ (5,500,000)	$ (1,220,286)	22.2%	$ (1,189,650)	2.6%	$ (5,776,409)	-4.8%	$ (5,500,000)	-4.8%
Net (from above)	$ 5,990,000	$ 94,083,409	1570.7%	$ 84,305,639	11.6%	$ (769,520)	-878.4%	$ 5,990,000	-878.4%
Fund Additions/Deductions*	$ -	$ -	-	$ -	-	$ (4,068,255)	-100.0%	$ -	-100.0%
Ending Fund Balance	**$ 67,156,078**	**$ 159,529,201**	**237.5%**	**$ 160,396,251**	**-0.5%**	**$ 66,666,078**	**0.7%**	**$ 67,156,078**	**0.7%**
Year-End Accounting Entries **	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Net Capital Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Other Restricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Unrestricted Net Assets	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Total Net Assets	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**	

* - Due to Capital Improvements and Debt Accounting entries

** - Year-End Accounting - e.q. Allocate Pension Liability, Reclass Cash to Investments, Allocate Debt

Agenda Item #4

OUS Policy Repeal (SBHE Policy #9 – Budgeted Operations Fund Balance)

Introduction

When the University of Oregon transitioned to independent governance on July 1, 2014, several State Board of Higher Education (SBHE) policies became university policies by operation of law. As you know, the university is methodically working through hundreds inherited SBHE policies, as well as Oregon Administrative Rules, outdated UO policies, and old state system directives and policies.

Pursuant to the authorities outlined in the Policy on the Retention and Delegation of Authority, most policies will not come before the Board of Trustees for edits or repeal. There are some, however, which are either particularly retained by the Board or which are simply more appropriate for the Board based on subject matter. SBHE Policy #9 is one of the latter.

Requested Action

The CFO recommends that SBHE Policy #9 – Budgeted Operations Fund Balances – be repealed by the Board of Trustees. This policy may have been prudent for the Oregon State University System, but with independent governance, the UO's Board of Trustees now has authority and responsibility for the financial health of the institution. Arbitrary balances established more than a decade ago by the system office are no longer relevant or useful.

The university must engage in financially responsible and prudent planning, but strategic decisions may require shifts in various fund balances. Further, the CFO will continue to provide quarterly financial and treasury reports, and will work with the Finance and Facilities Committee to develop a set of financial metrics which allow university leaders to measure activity and make responsible, strategic decisions about university resources.

Additionally, the Higher Education Coordinating Commission (HECC) has established a set of financial metrics on which the university must report in its annual evaluative process. This policy is not relevant to any of that work.

Attachments

- Exhibit A to resolution: SBHE Policy #9 – Budgeted Operations Fund Balances

Finance and Facilities Committee
Board of Trustees of the University of Oregon

Resolution: Repeal of Former SBHE Policy #9

Whereas, the Board of Trustees of the University of Oregon (the "Board") takes seriously its responsibility to maintain proper and responsible oversight of the university's financial health and stability and will continue to execute this obligation through routine review and analysis of financial documents and metrics;

Whereas, ORS 352.107 outlines general authorities of a university with a governing board, including the authority to spend available moneys, establish budgets, and performing any other acts required, necessary, or appropriate to accomplish the rights and responsibilities granted to the board;

Whereas, Section 1.1 of the University of Oregon's Policy on the Retention and Delegation of Authority states that the Board may rescind any policy, standard or directive; and,

Whereas, the University of Oregon inherited several outdated policies from the State Board of Higher Education (SBHE) during the transition to independent governance on July 1, 2014;

Whereas, former SBHE policy #9, "Budgeted Operations Fund Balances", is one such outdated policy as it pertains to outdated fund balance requirements placed on universities while they were part of the state university system;

Whereas, the Board's Policy on Committees authorizes the Finance and Facilities Committee to refer matters to the full Board as a seconded motion;

Now, therefore, the Finance and Facilities Committee hereby refers to the Board of Trustees as a seconded motion the following, recommending passage:

RESOLVED, the Board of Trustees hereby repeals the former SBHE policy, attached hereto as Exhibit A, titled "Budgeted Operations Fund Balances."

Moved: ______________ Seconded: ___________

Trustee	Yes	No
Bragdon		
Colas		
Gary		
Gonyea III		
Kari		
Schill		

Dated: _______ of ___________, 2015.

Initials: ______________

Budgeted Operations Fund Balances

Background:
Responsible fiscal management requires adequate reserves, or fund balances, to mitigate current and future risks. Adequate fund balances are essential to offsetting cyclical variations in revenues and expenditures and to protect against 1) catastrophic events, 2) unforeseen revenue declines and expenditure gaps, 3) unexpected legal obligations, and 4) failures and health/safety/code issues in infrastructure or major business systems.

The focus of this policy is fund balances within the budgeted operations funds, which are the primary operating funds through which all basic instruction and institution administration occur. Budgeted operations funds include state General Funds and Other Funds Limited, made up principally of student tuition and fees and also including educational department sales and services, indirect cost recovery, and other operating revenues.

For the purpose of gauging their relative value, budgeted operations fund balances can be expressed either as a percentage of annual budgeted operating revenues or as operating expenditures sufficient to fund a specified period. The Government Finance Officers Association, for example, recommends that fund balances be maintained at a level that represents 5 to 15 percent of operating revenues, or is sufficient to fund no less than one to two months of operating expenditures.

Obviously, the level of budgeted operations fund balance should be related to the likelihood of need. Given the timing of tuition assessments, revenue cycles at OUS institutions tend to spike quarterly while expenditures remain relatively flat. When combined with the volatility of state funding over the past several biennia—as well as fluctuations in enrollment and tuition dollars—the need to maintain fund balances sufficient to stabilize the operating revenue stream for short periods is clearly imperative. The institutions, for example, are particularly vulnerable to shortfalls in revenue collections during the first quarter of each biennium.

Responsible fiscal policy, then, suggests that the institutions should maintain ending biennial budgeted operations fund balances sufficient to stabilize the operating revenue stream and cover unforeseen contingencies equal to approximately one month's operating expenditures, or about 10 percent of their annual budgeted operations revenues.

At the same time, because of the funding mix of state General Funds and student tuition and fees, any excess balances could be interpreted to represent unwarranted tuition and fee rates. Consequently, ending biennial budgeted operations fund balances should not exceed approximately two months of budgeted operations expenditures, or about 15 percent of annual budgeted operations revenues.

Fund Balance Defined:
Fund balance is defined as the difference between the assets and liabilities of a fund. Given this definition, fund balance can be described as the available resources of the fund, which can be significantly different than cash balances due to accrual accounting. For instance, at June 30 of each fiscal year, campuses have received payments for summer session tuition and fees. Since summer session activity occurs predominantly in July, these receipts are recorded as a liability (deferred revenue) at June 30 to comport with accounting rules. As a result, cash balances may be higher than fund balances.

As noted above, fund balance is the difference between the assets and liabilities of a fund. Generally Accepted Accounting Principles (GAAP), promulgated by independent standards-setting groups, set forth rules for the proper recording and valuation of assets and liabilities. Each OUS institution is required to follow GAAP. Therefore, fund balance is defined consistently across all OUS institutions.

Budgeted Operations Fund Balances at June 30, 2004:

OREGON UNIVERSITY SYSTEM
SUMMARY OF OPERATING RESULTS
EDUCATION AND GENERAL FUNDS (including SWPS)
For the Year Ended June 30, 2004

(in thousands of dollars)

	EOU	OIT	OSU	PSU	SOU	UO	WOU	CO [1]	Total
2003-04 Beginning Fund Balance	3,900	2,480	28,725	19,790	4,104	18,208	10,282	13,164	100,653
Revenues	24,566	24,972	280,781	154,390	35,621	214,573	33,972	20,566	789,441
Expenditures and Transfers	(24,914)	(24,739)	(270,983)	(151,671)	(36,467)	(214,974)	(34,862)	(21,534)	(780,144)
2003-04 Ending Fund Balance	3,552	2,713	38,523	22,509	3,258	17,807	9,392	12,196	109,950
Est. Comp. Absences Liability Adj. [2]	(574)	(654)	-	683	(994)	-	149	-	(1,390)
Adjusted 2003-04 Ending Fund Balance	2,978	2,059	38,523	23,192	2,264	17,807	9,541	12,196	108,560
Adjusted EFB as a Percent of Revenues	12%	8%	14%	15%	6%	8%	28%	59%	14%

1: Chancellor's Office ending balance includes operating balances of $7.9 million, OCECS balance of $4.1 million, and Capital Support balance of $0.2 million.

2: Needed to complete transition to recording compensated absences liability based on employee's official station by the end of the biennium.

NOTE: Our annual financial audit is currently underway and may result in adjustments to the amounts presented above.

Institution Fund Balance Commitments Defined

Higher education institutions operate in a fiscal environment and on a business cycle that does not tightly correlate with the biennial budget process. As a result, institution management may make certain internal budgetary commitments against their fund balances. Among other reasons, these internal budgetary commitments are necessary in order to help maintain continuity of programs and provide funds for entrepreneurial activities and/or to provide incentives for certain desired outcomes. Examples of these budgetary commitments include, but are not limited to, commitments to maintain balances for certain departments, commitments to fund certain future actions, or contractual commitments to provide funding for program startup. Generally Accepted Accounting Principles do not call for such commitments to be recorded in the accounting records and, therefore, they do not impact fund balance.

In the event of an emergency these internal budgetary commitments could be funded from future resources (revenue increases or expenditure decreases), modified, or eliminated in order to meet the short-term need. Therefore, internal fund balance commitments support a balance within the policy range, but do not reduce the fund balance.

The Chancellor's Office requested each institution to provide detail of their internal budgetary commitments against their Education and General funds. Staff summarized the institution information in the schedule provided below.

<u>Institution Commitments Against Fund Balance:</u>

OREGON UNIVERSITY SYSTEM
Schedule of Institutional Commitments Against Fund Balances
Education and General Funds (Including SWPS)
June 30, 2004

(amounts in thousands of dollars)

	EOU	OIT	OSU	PSU	SOU	UO	WOU	CO	Totals
Distance Education Expansion		$ 354							$ 354
Faculty, Adjunct			$ 1,719	$ 885			$ 92		2,696
Faculty, Bridge Funding			850						850
Instructional Course Development/Program Support			2,291	236	$ 402	$ 9,142			12,071
Student Services Support				480	102		31		613
Renovation and Remodeling of Classrooms/Offices				2,383			1,605		3,988
Engineering Expansion		506		1,000	74				1,580
Library/Equipment/Technology Acquisitions		140	10,216	400	219		877		11,852
Accreditation Needs & Special Studies			672				71		743
Departmental Research			1,044	750		8,665			10,459
Faculty Recruitment, Retention and Development			5,013	6,088					11,101
Research Infrastructure			3,079						3,079
Cost Sharing and Matching Requirements			822		280		98		1,200
Building Maintenance and Upgrades		51	4,854	2,943			1,360	$ 1,620	10,828
Institutional and Administrative Support Services			658	77	179		25		939
Future Contractual Obligations		210	5,099	2,480	52		2,008	40	9,889
Transition Costs & Fund Shifts to Campuses								3,626	3,626
One-Time and Recurring CO Expenses								2,687	2,687
									-
Enrollment Contingency/Emergency Reserves	$ 2,978	798	2,206	5,470	956		3,374	4,223	20,005
Total	$ 2,978	$ 2,059	$ 38,523	$ 23,192	$ 2,264	$ 17,807	$ 9,541	$ 12,196	$ 108,560

<u>Budgeted Operations Fund Balances Policy Proposal</u>

OUS institutions shall develop budgets that target an ending biennial budgeted operations fund balance of approximately 10 percent of annual budgeted operations revenues. For purposes of this policy, budgeted operations funds are defined as all funds included in Fund Type 11 (Education and General) in the Oregon University System accounting records. Budget operations fund balances will be monitored as part of the quarterly projections included in the Managerial Reports provided to the Board; and institution presidents shall advise the Board in the event projected or actual ending balances for the biennium either fall below 5 percent or rise above 15 percent of revenues. Included in the information provided by the presidents will be an explanation for the variance and a plan to rebalance the budgeted operations fund balances over time to approximately 10 percent of annual budgeted operations revenues.

-end-

Agenda Item #5

Naming of Facilities – Jane Sanders Stadium and Willie and Donald Tykeson Hall

Introduction

University policy stipulates that the Board of Trustees must approve the naming of any university building or outdoor areas in recognition of individuals or organizations. (*See* Policy I.01.01, Section 1.7.1.) Two such requests are now before the Board at the recommendation of President Schill. These requests originated with University Advancement and were presented to the Faculty Advisory Council for its input.

Jane Sanders Stadium

As you know, construction is underway for a new softball facility to replace Howe Field. Oregon Softball has enjoyed tremendous success and the new facility will reflect that success. It will meet NCAA requirements for hosting Division 1 regional and super regional tournaments. Further, it will include permanent seating for 1,500 spectators, indoor practice facilities, and a team building. It will join other Oregon athletic venues as a world-class facility that enhances both the student-athlete and fan experience.

President Schill, in coordination with University Advancement and the Department of Intercollegiate Athletics, formally requests that this new facility carry the name of Jane Sanders. Bob Sanders earned his degree in business administration from UO in 1951 and played football for Len Casanova. His late wife, Jane Sanders, earned her degree in sociology in 1950. The Sanders have generously supported all aspects of the UO athletic department for many years. Mrs. Sanders passed away in June 2013.

Most recently, Mr. Sanders has made gifts totaling $16 million toward the construction of the softball facility. Accordingly, President Schill recommends to the Board that the facility be named **Jane Sanders Stadium** in recognition of their longtime support of Oregon athletics and this project in particular.

Willie and Donald Tykeson Hall

Plans are well underway for a new state-of-the-art facility that will formally house the College of Arts and Sciences and the UO Career Center. It will provide much needed classrooms, offices, and collaboration spaces for students and faculty. The "College and Careers Building", has it has been colloquially referred, was approved by the Board in September 2015.

President Schill, in coordination with University Advancement and the College of Arts and Sciences, formally requests that this new building be named for Willie and Don Tykeson. Mr. Tykeson received his degree in business administration from the UO in 1950. He credits his UO education as fundamental to his long and distinguished career in telecommunications. For more than 20 years the Tykesons have been committed to improving the UO experience for students and faculty as donors, advocates, leaders, and volunteers. They have established an endowment for innovative undergraduate teaching in the College of Arts and Sciences, a named professorship in the Charles H. Lundquist College of Business, and have supported construction projects, scholarships, athletics, and the arts. Mr. Tykeson currently serves as a trustee emeritus of the UO Foundation board and on the Lundquist College of Business Board of Advisors.

Willie and Don Tykeson have made a gift of $10 million toward the construction of this building. Accordingly, President Schill recommends to the Board that the building be named **Willie and Donald Tykeson Hall** in recognition of their longtime support of the University of Oregon and this project in particular.

Finance and Facilities Committee
Board of Trustees of the University of Oregon

Resolution: Naming Certain University Facilities

Whereas, the University of Oregon wishes to recognize Bob and Jane Sanders for their longtime support of Oregon athletics and for Mr. Sanders generous support of the new softball facility in particular;

Whereas, the University of Oregon wishes to recognize Willie and Donald Tykeson for their longtime support of the University and for their generous support of the new college and careers building;

Whereas, Section 1.7.1 of the University of Oregon's Policy on the Retention and Delegation of Authority requires approval by the Board of Trustees (the "Board") for the naming of any university building or outdoor area in recognition of individuals;

Whereas, it is the Board's intention to name facilities in honor of the Sanders' and Tykeson's philanthropic support of specific capital projects for the life of those projects; and,

Whereas, the Board's Policy on Committees authorizes the Finance and Facilities Committee to refer matters to the full Board as a seconded motion;

Now, therefore, the Finance and Facilities Committee hereby refers to the Board of Trustees as a seconded motion the following, recommending passage:

1. RESOLVED, the Board of Trustees hereby names the new softball facility **Jane Sanders Stadium**; and,

2. RESOLVED, the Board of Trustees hereby names the new college and careers building **Willie and Donald Tykeson Hall**.

Moved: ______________

Seconded: ___________

Trustee	**Yes**	**No**
Bragdon		
Colas		
Gary		
Gonyea III		
Kari		
Schill		

Dated: _______ of ___________, 2015.

Initials: ______________

UNIVERSITY OF OREGON

Agenda Item #6

Campus Housing

CONSTRUCTION AND RENOVATION PLAN

UNIVERSITY OF OREGON

housing.uoregon.edu

Below is our proposed schedule, timeline, number of beds, and estimated cost.

	Project Begins	Planned Re-opening	Number of Beds	Estimated Cost
New Residence Hall	April 2016	Fall 2017	531	$45,000,000
Bean East/ Offices	June 2017	Fall 2018	350	$24,000,000
Bean West	June 2018	Fall 2020*	350	$20-24,000,000
Hamilton East	June 2020	Fall 2021	403	$20,000,000
Hamilton West	June 2021	Fall 2023*	403	$20,000,000
Walton North	June 2025	Fall 2026*	294	$20,000,000
Walton South	June 2026	Fall 2027	294	$20,000,000

* Opening dates are based upon timing for taking on debt and evening the total of number beds in the system. The opening dates can be changed based on circumstances and need.

UNIVERSITY HOUSING STUDIES

RENOVATION VERSUS NEW CONSTRUCTION

Over the past several years the University has engaged consultants on three studies to examine and make recommendations regarding appropriate action: University of Oregon, Housing Strategic Plan, Phase Two, October 2007, Anderson Strickler, LLC; The Residence Hall Modernization Study, July 2011, ZGF Architects, LLP; The University of Oregon Residence Hall Feasibility and Market Demand Study Final Report, September 2011, Ira Fink and Associates, Inc. The findings from the Feasibility and Market Demand Study Final Report clearly state that the University of Oregon should both add 700 additional undergraduate beds, in addition to the Global Scholars Hall, and renovate rather than replace Bean, Hamilton, or Walton. The findings show that the cost of replacement would create prohibitively expensive

Division of Student Life

University Housing

room and board rates relative to renovation. Per bed renovation costs for Bean, Hamilton, and Walton halls are approximately 40 percent of the cost of new construction: "By renovating, rather than demolishing and replacing, the university will extend the useful life of its existing residence halls at a fraction of the cost of new construction. The increased lifespan of these halls through renovation will allow the university the opportunity to revisit again its housing programs and rebalance the mix of new construction and renovation against the rental rates needed to sustain the housing. In any event, the university need to continue maintaining the existing housing and invest in building systems replacement."

ACADEMIC RESIDENTIAL COMMUNITIES

WHY THEY MATTER

First-time full-time students who live on campus stay at the University of Oregon and graduate at higher rates than students who live off campus. Academic Residential Communities (ARC) participants have even higher retention and graduation rates. Based on 2006–12 FTFTFY cohorts:

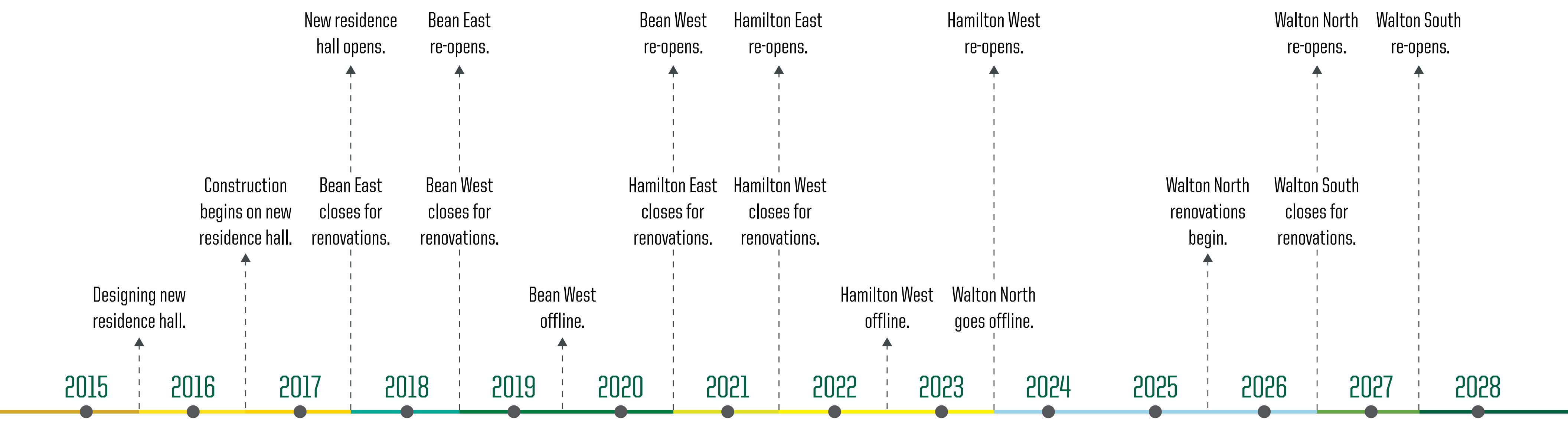
	Retention to 2nd Year	Retention to 3rd Year	Retention to 4th Year	Graduate by the 6th Year
Off Campus	80%	72%	69%	62%
On Campus	85%	80%	77%	70%
On Campus in an ARC	90%	85%	84%	80%

For a complete list of Academic Residential Communities, please visit housing.uoregon.edu/academics.

UNIVERSITY OF OREGON

Division of Student Life

University Housing CONSTRUCTION and RENOVATIONS



housing.uoregon.edu

BEAN HALL RENOVATION PLAN

UNIVERSITY OF OREGON

housing.uoregon.edu

As the university continues to strengthen AAU membership especially emphasizing investment in graduate students and research, it will also be essential to fortify our stature as a great university by strengthening the undergraduate experience. Top universities and those striving for excellence have, and are, anchoring formative stages of student life in critical core university-owned and operated residential programs.

RENOVATION DETAILS

Completion of the new, 531-bed residence hall (opening fall 2017) allows us to begin the critically important task of renovating Bean, Hamilton and Walton. We will not only repair and modernize these decades old buildings, they will be converted into Academic Residential Communities which provide the university a very strong return on investment for undergraduate education.

Immediately upon completion and opening of the new residence hall, extensive renovation, repair, and conversion of Bean Hall will begin which includes Academic Residential Communities. The Bean project will be executed in two phases: Bean East: June 2017–August 2018; Bean West: June 2018–August 2019.

FUNDING

We will be financing $44 million of the Bean Hall Renovation Project through the Internal Bank; up to $4 million will be financed through University Housing Building Repair Reserves or carry-forward, if/as needed. Budget analyses reflect we have the financial capacity for these four critical projects:

1. construction of the new residence hall;
2. Bean Hall renovation;
3. Hamilton Hall renovation; and
4. Walton Hall renovation.

The pro-forma budget shows an annual operating debt service coverage ratio (ADSCR) low of 1.01 and a high of 1.23 with an average/aggregated ADSCR of 1.08 over the twelve years of development and renovation, from fiscal year 2016 (FY16) through fiscal year 2027 (FY27). And the Pro-forma budget shows an Annual Cumulative (includes carry-forward) Operating Debt Service Coverage Ratio (CDSCR) low of 1.94 and a high of 2.42 with an average/aggregated CDSCR of 2.13 over the 12-year plan, of course carry-forward balances will change if used to assist finance projects, affecting the CDSCR ratios.

Division of Student Life

University Housing

BEAN RESIDENCE HALL HIGHLIGHTS

The 161,000-square-foot Bean Hall Renovation (East and West) will provide for 700 beds (up to 3% less than the current 727 beds). It will also allow for a much needed relocation and 17,000-square-foot expansion of the University Housing department offices from Walton Hall to Bean East.

ROOMS

- Will include resident assistant rooms and two professional staff apartments. (Development of a Resident Faculty/Scholar apartment is under consideration.)
- Student bedrooms will receive new windows, ventilation and heating, flooring, furniture, and paint. Due to the structural systems of the building, the size and shape of the bedrooms will not change.

COMMUNITY

- There will be approximately 12,000 square feet of Academic Residential Community space.
- Students will have access to study space, social lounges, a kitchen, music rooms, and laundry facilities.

FACILITY

- The renovation and repair will significantly enhance accessibility and replace the building's major systems which are near or at the end of their functionality, including: plumbing, heating, ventilation, air conditioning for academic spaces and offices, electrical, windows, and roofing.
- The renovation will vastly improve energy efficiency, complying with the University's Advanced Energy Threshold, in the Oregon Model of Sustainable Development within the Campus Plan, and will be 35% more efficient than code.

CONSTRUCTION

- We will utilize a development manager, architecture firm, and construction manager/general contractor.
- Assuming approval, design will begin approximately January 2016.
- Construction will begin Summer 2017 for Phase One (Bean East) and Summer 2018 for Phase Two (Bean West).
- Construction and commissioning complete: Phase One (Bean East), approximately August 2018; Phase Two (Bean West), approximately August 2019.

Total project cost is $44–$48 million. $40–$44 million for the residential components and $4 million for University Housing offices.

Finance and Facilities Committee
Board of Trustees of the University of Oregon

Resolution: Approval for Certain Housing Project (Bean Hall Renovation)

Whereas, the University of Oregon is committed to the continuous improvement of residential life for its students;

Whereas, a critical component of residential life at the University of Oregon are the various facilities that comprise the on-campus community;

Whereas, Bean Residence Hall ("Bean") is now more than 60 years old and is in need of updates and renovations for energy efficiency, technology, residential communities, and general improvements;

Whereas, ORS 352.107(1)(k) grants the University of Oregon the authority to engage in the construction, development, furnishing, equipping, and other actions relating to buildings and structures;

Whereas, University of Oregon policies require approval by the Board of Trustees for a capital project budget that is anticipated to exceed $5,000,000;

Whereas, the Division of Student Life has developed a two-phased plan for the renovation of Bean, and desires to proceed with the planning, design and construction of that project for completion in 2018 (Phase I) and 2019 (Phase II); and

Whereas, the Board's Policy on Committees authorizes the Finance and Facilities Committee to refer matters to the full Board as a seconded motion;

Now, therefore, the Finance and Facilities Committee hereby refers to the Board of Trustees as a seconded motion the following, recommending passage:

RESOLVED, the Board of Trustees of the University of Oregon hereby authorizes the President and his designees to take all actions necessary and proper to engage in the renovation and modernization of Bean Hall in accordance with the Division of Student Life's housing renovation plan.

Moved: ______________ Seconded: ___________

Trustee	**Yes**	**No**
Bragdon		
Colas		
Gary		
Gonyea III		
Kari		
Schill		

Dated: _______ of ___________, 2015.

Initials: ______________

Supplemental Materials

UNIVERSITY OF OREGON

FY2015 Audited Financial Statements

December 2, 2015

Presenters: Jamie Moffitt, VPFA/CFO/Treasurer

Kelly B. Wolf, AVP/Controller

Board of Trustees of the University of Oregon

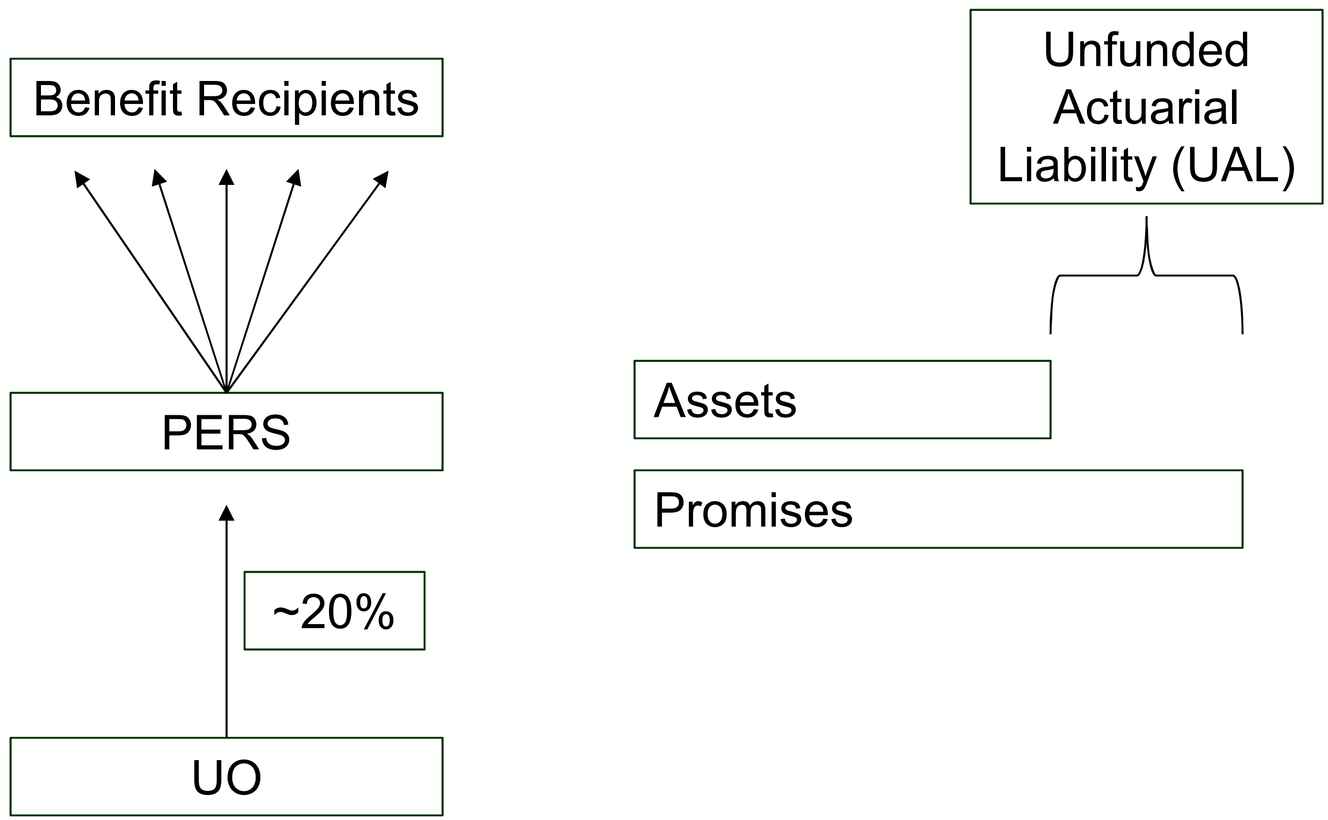
Agenda

- FY15 Extraordinary Items
- Net Pension Liability (GASB 68)
- Revenues & Expenses
- Assets, Liabilities & Net Position
- Cash Flows
- Financial Metrics/Ratios

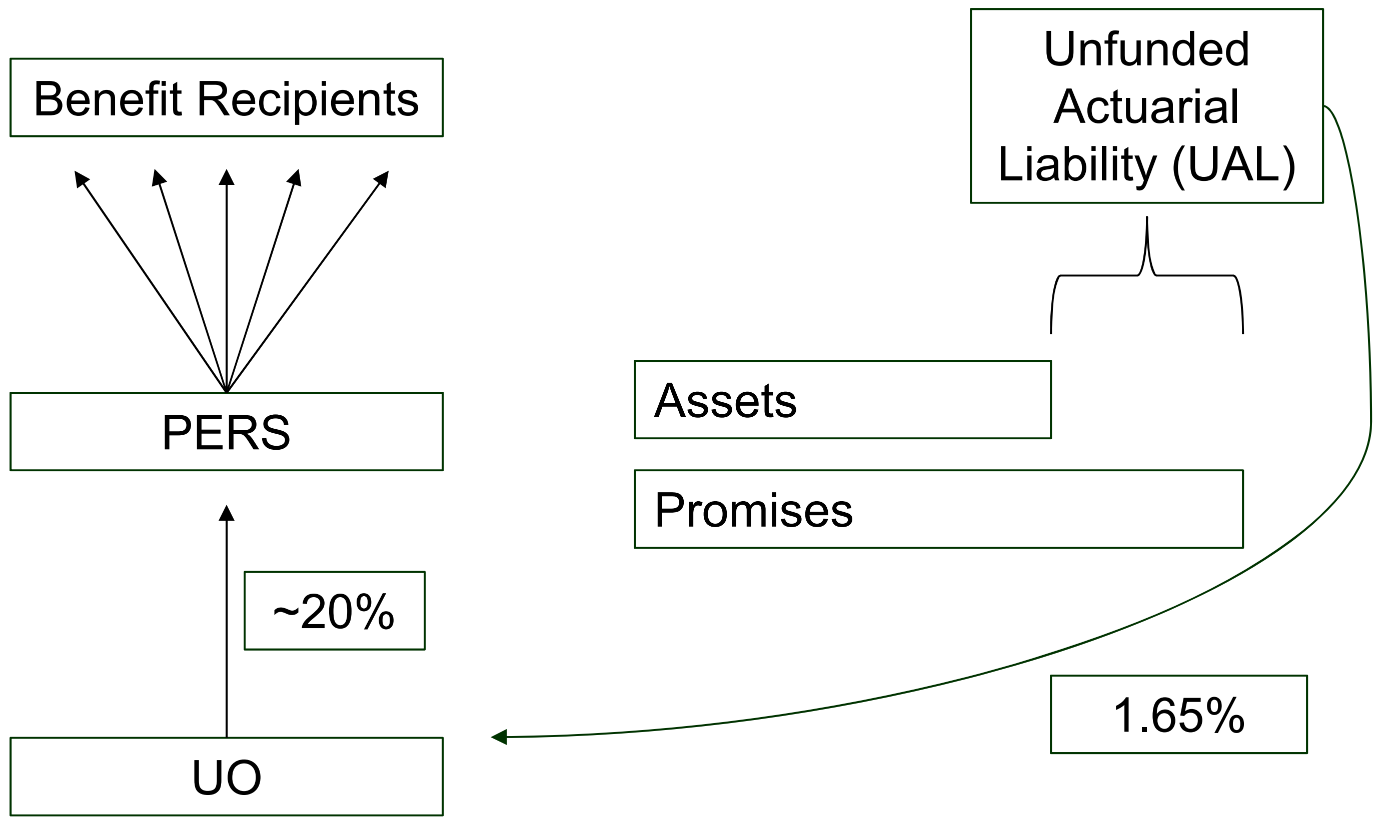
FY15 Extraordinary Items

- Final separation from Oregon University System
- Elimination of state-paid debt from UO Balance Sheet
- Conveyance of state-side endowment to UO Foundation
- Implementation of GASB 68

PERS Model (prior to GASB 68 implementation)



GASB 68 Effect



GASB 68 Effect - Timeline

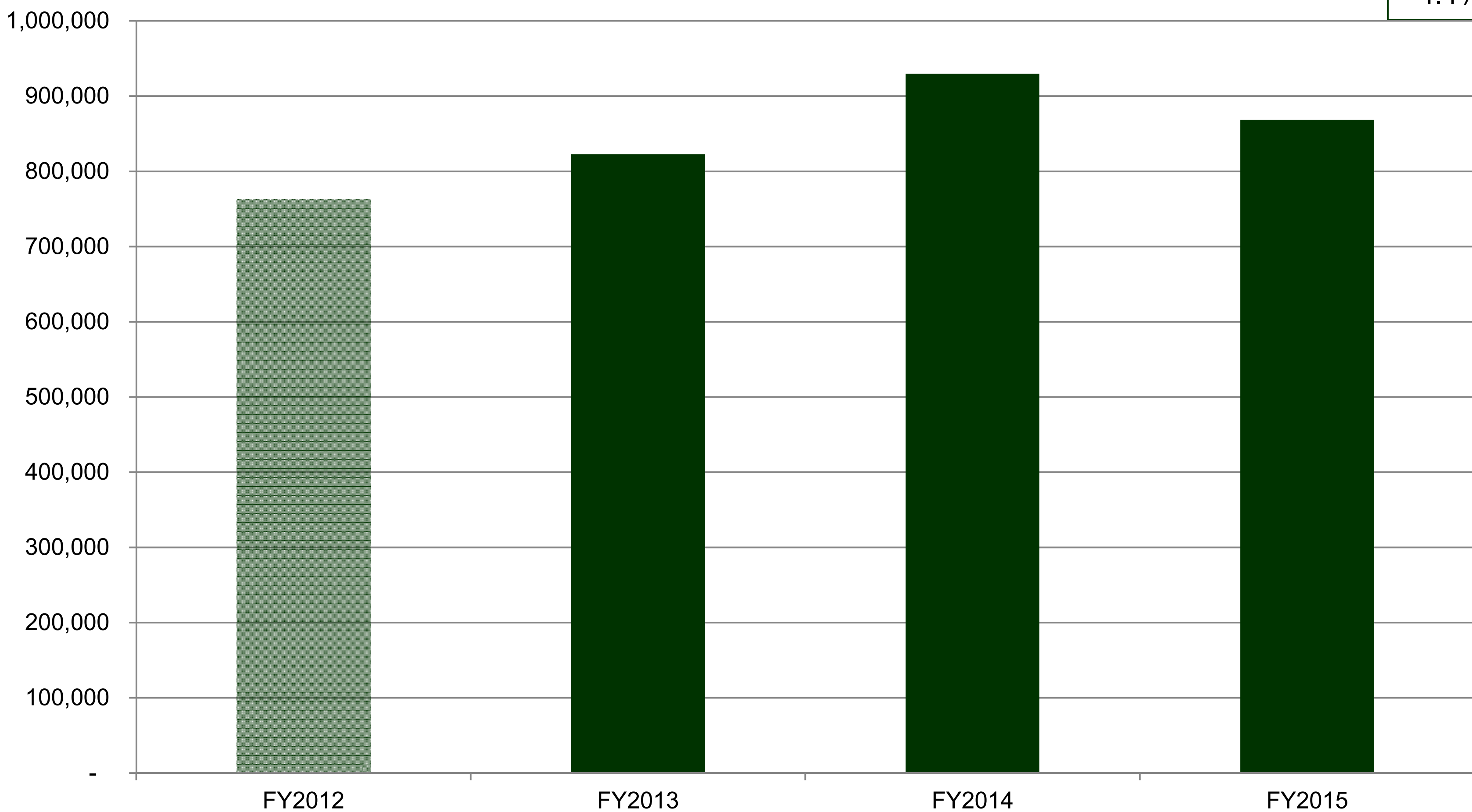
- FY 2013 – Oregon PERS enacts two measures:
  - Reduces the COLA rates beginning 7/1/2013
  - Eliminates extra payments to out-of-state PERS retirees for OR income tax liability
- FY 2014 – Between these changes and strong market performance, OR PERS is 96% funded (as of 12/31/13)
- FY 2015 – OR Supreme Court overturns retroactive COLA changes. Subsequent increase in UAL is estimated to be $5 billion due to Moro decision. Including other changes, UAL increased $9.5 billion year-over-year (84% funded as of 12/31/14).

GASB 68 – Effect on Financial Statements

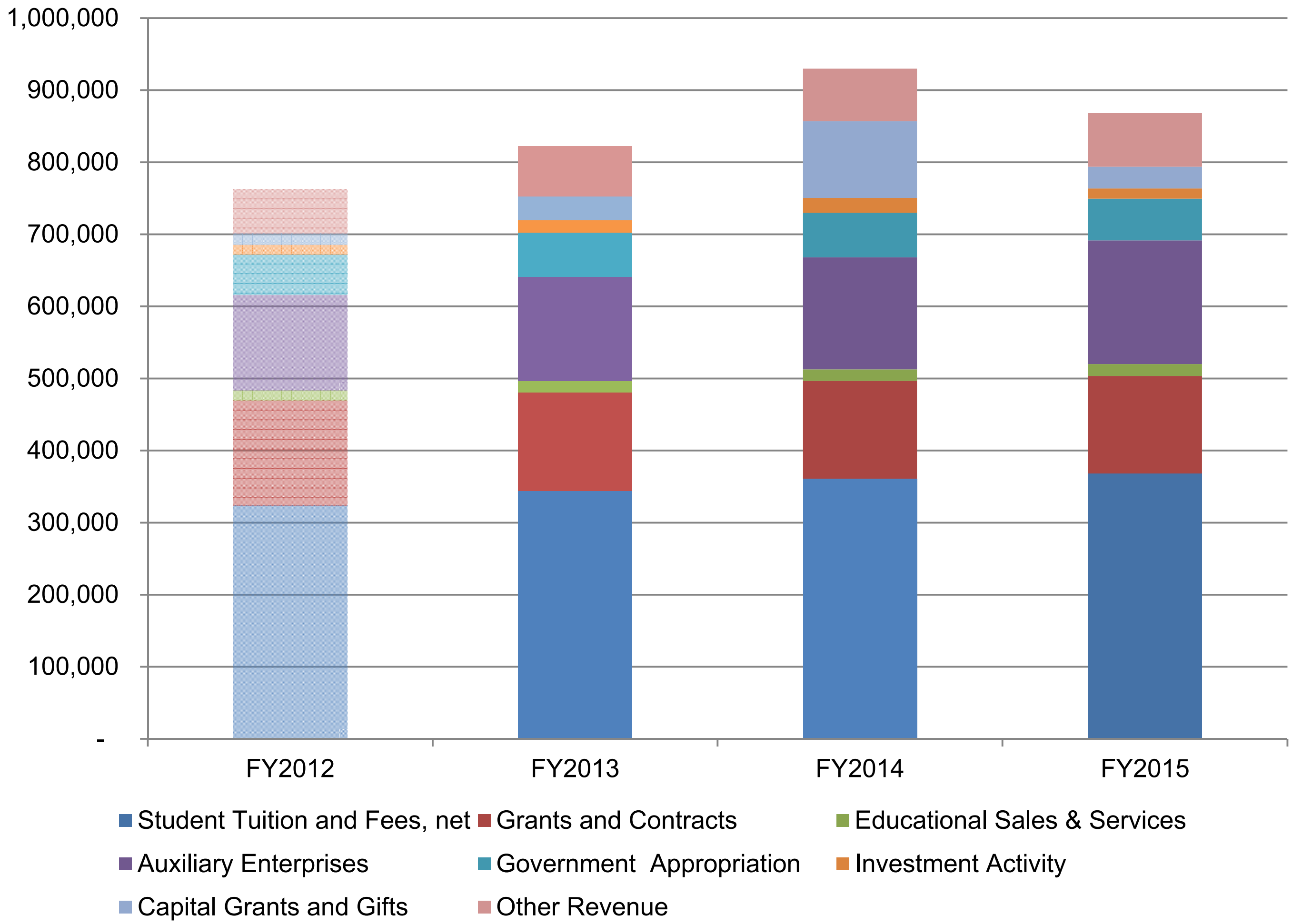
- Effect on Balance Sheet
  - Net Assets drop by $21M
  - Anticipate an additional drop on FY16 statements related to Moro decision
- Effect on Income Statement
  - GASB 68 changes timing of expense recognition
  - FY15 shows a $47M negative expense – This is a non-cash transaction

Four Year Revenue Trend (in thousands)

CAGR
4.4%



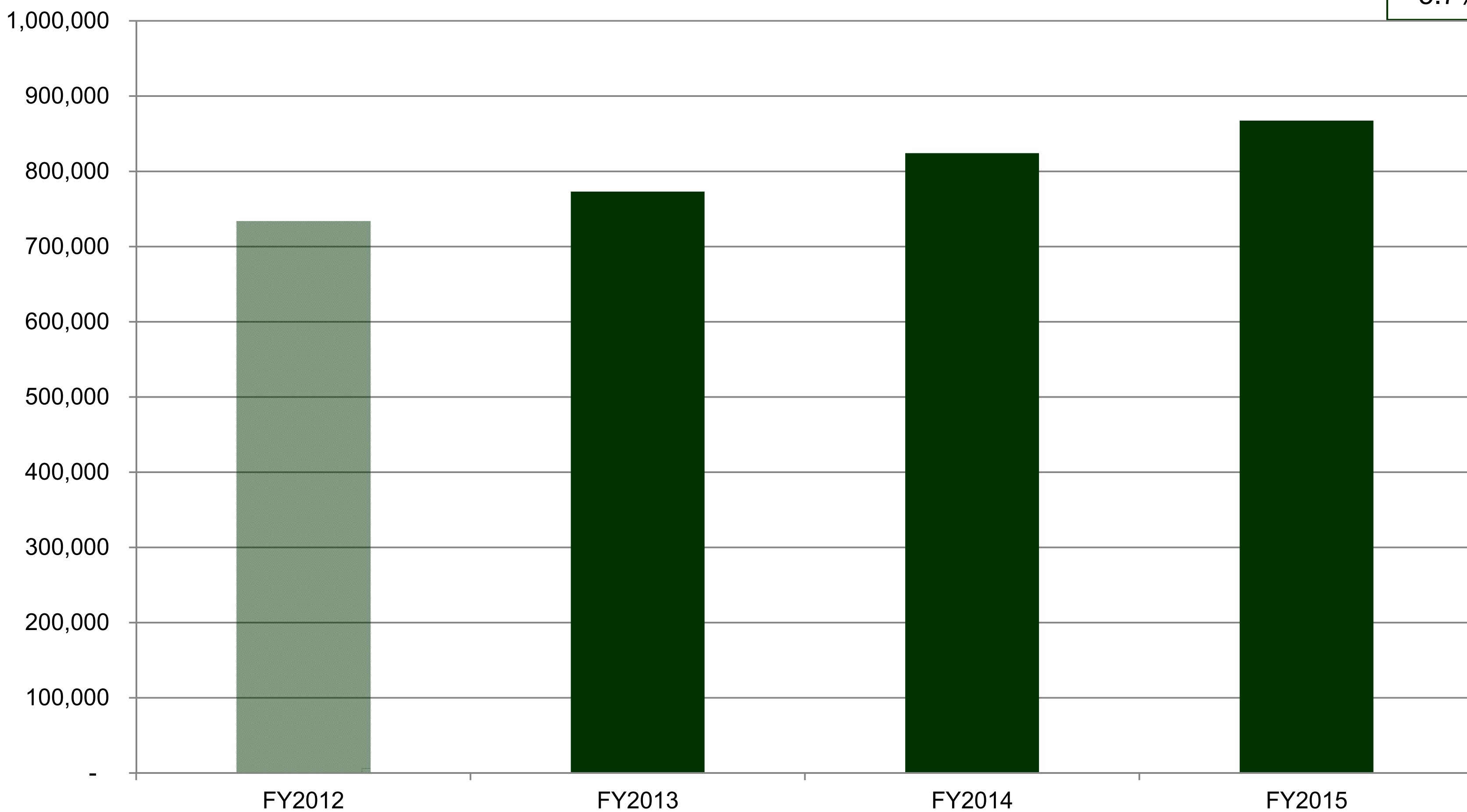
Sources of Revenue (in thousands)



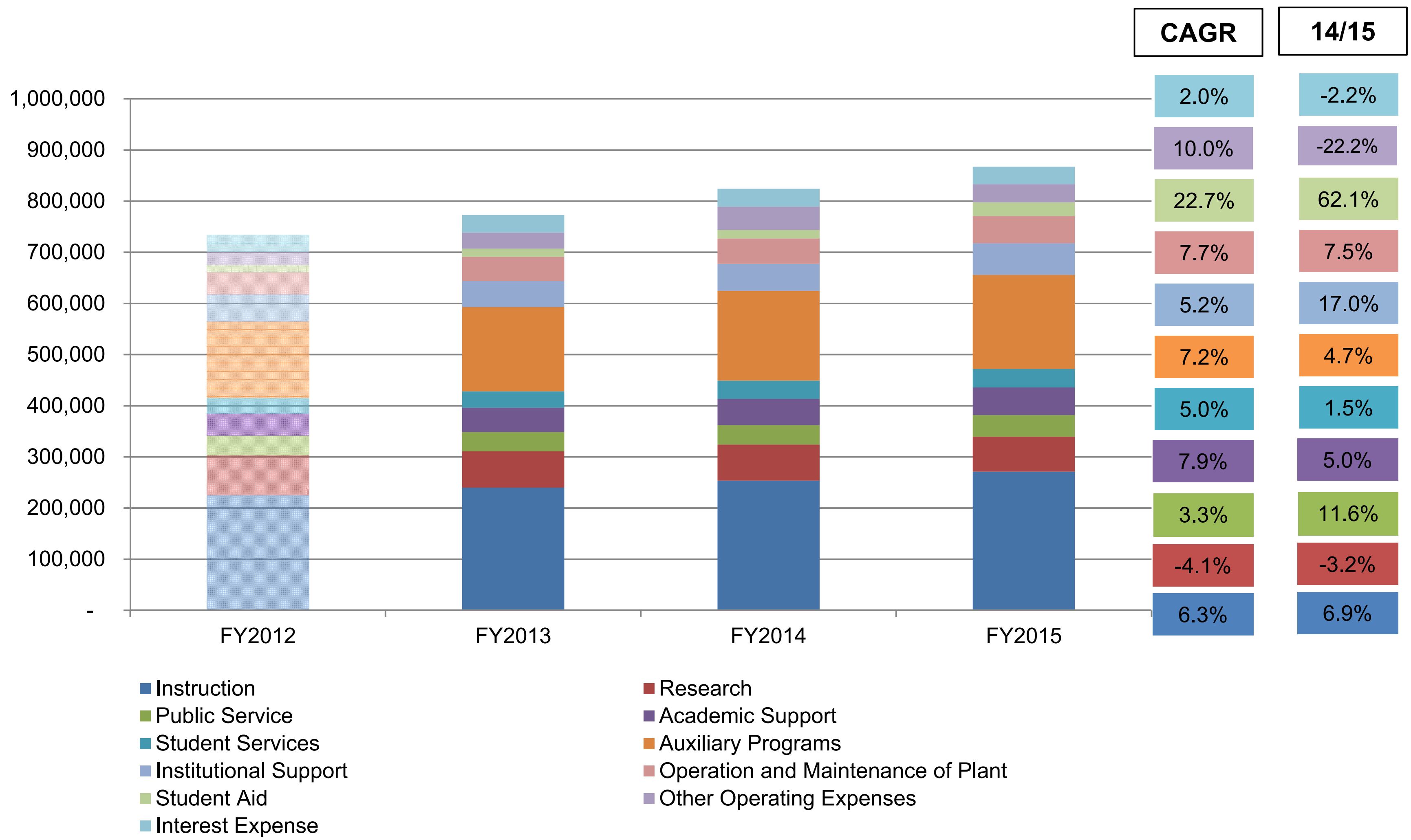
CAGR	14/15
6.6%	2.3%
23.9%	-71.7%
2.5%	-31.2%
1.1%	-6.4%
8.9%	10.3%
5.8%	4.8%
-2.4%	-0.3%
4.4%	2.0%

Four Year Expense Trend (in thousands, excluding GASB 68 and Special Items)

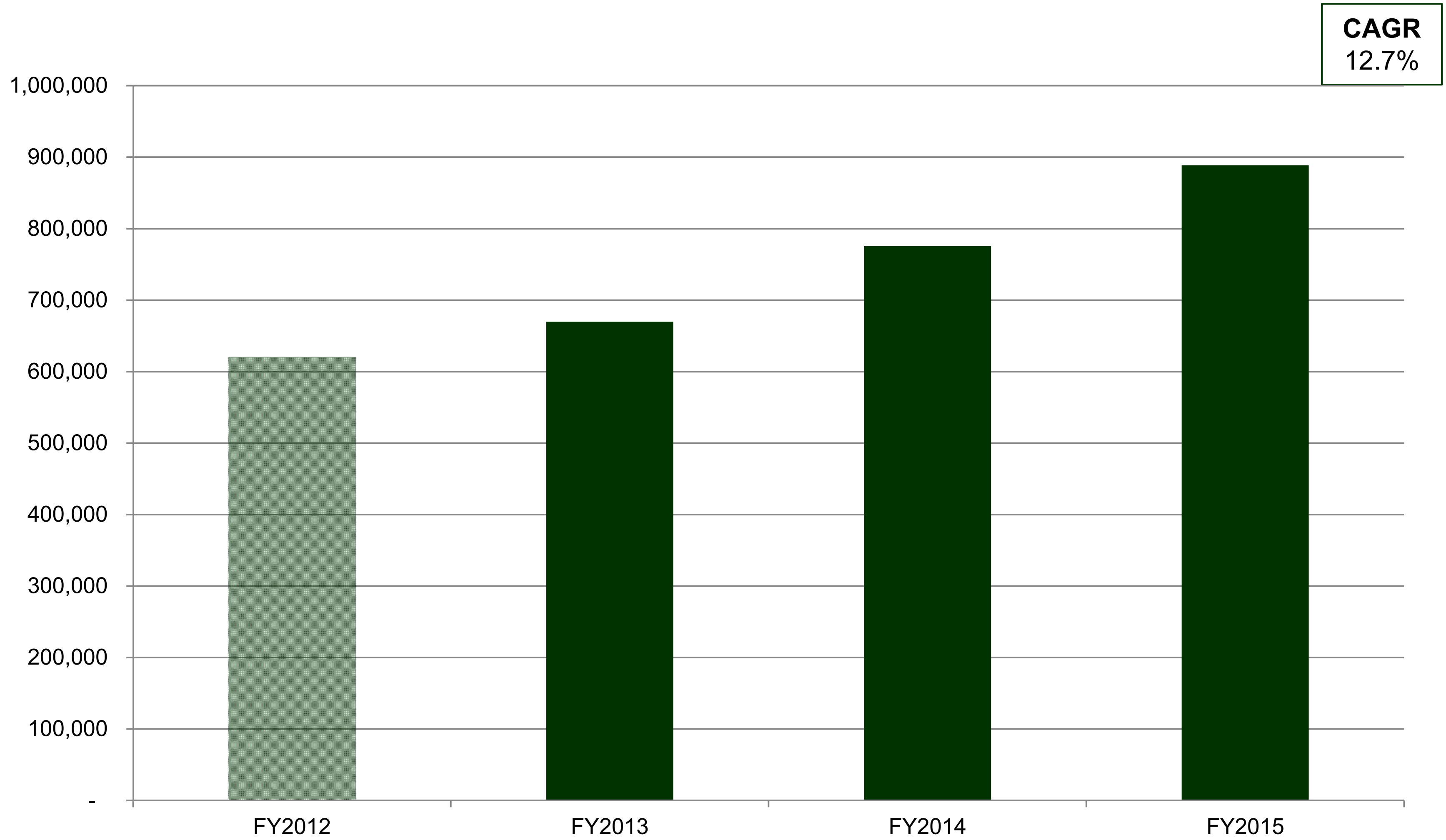
CAGR
5.7%



Expenses by Programmatic Use (in thousands, excluding GASB 68 and Special Items)



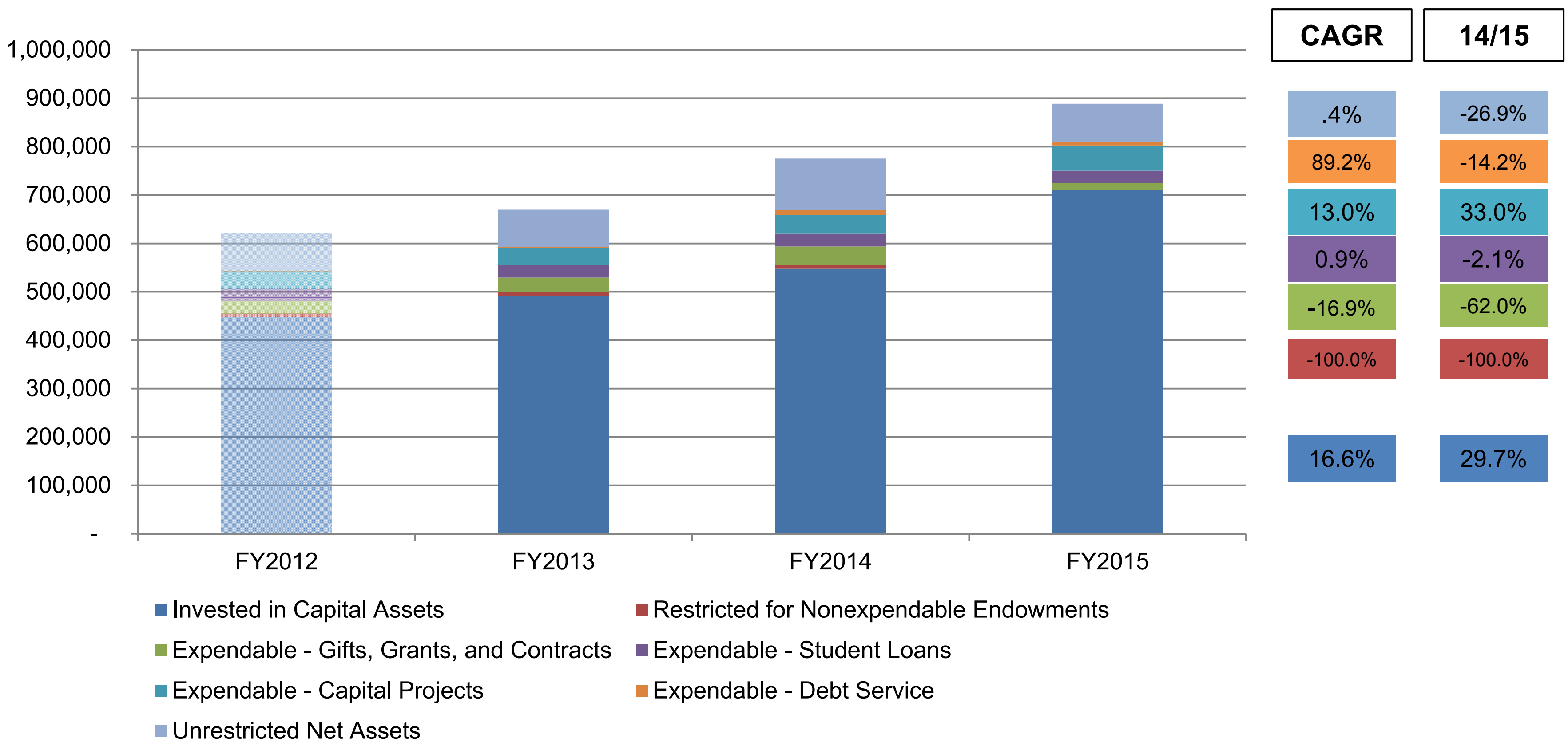
Growth in Net Assets (in thousands)



Change in Net Assets (in thousands, including one-time adjustments and Special Items)

Net Assets at 6/30/14	775,432
Separation from OUS	5,471
Elimination of state-paid debt	159,228
Conveyance of endowment	(31,406)
Pension Liability Adjustments (GASB 68)	
FY14	(68,406)
FY15	47,444
FY15 Operating Results	899
Net Assets at 6/30/15	888,662

Net Position by Category (in thousands)



Capital Assets (in thousands)

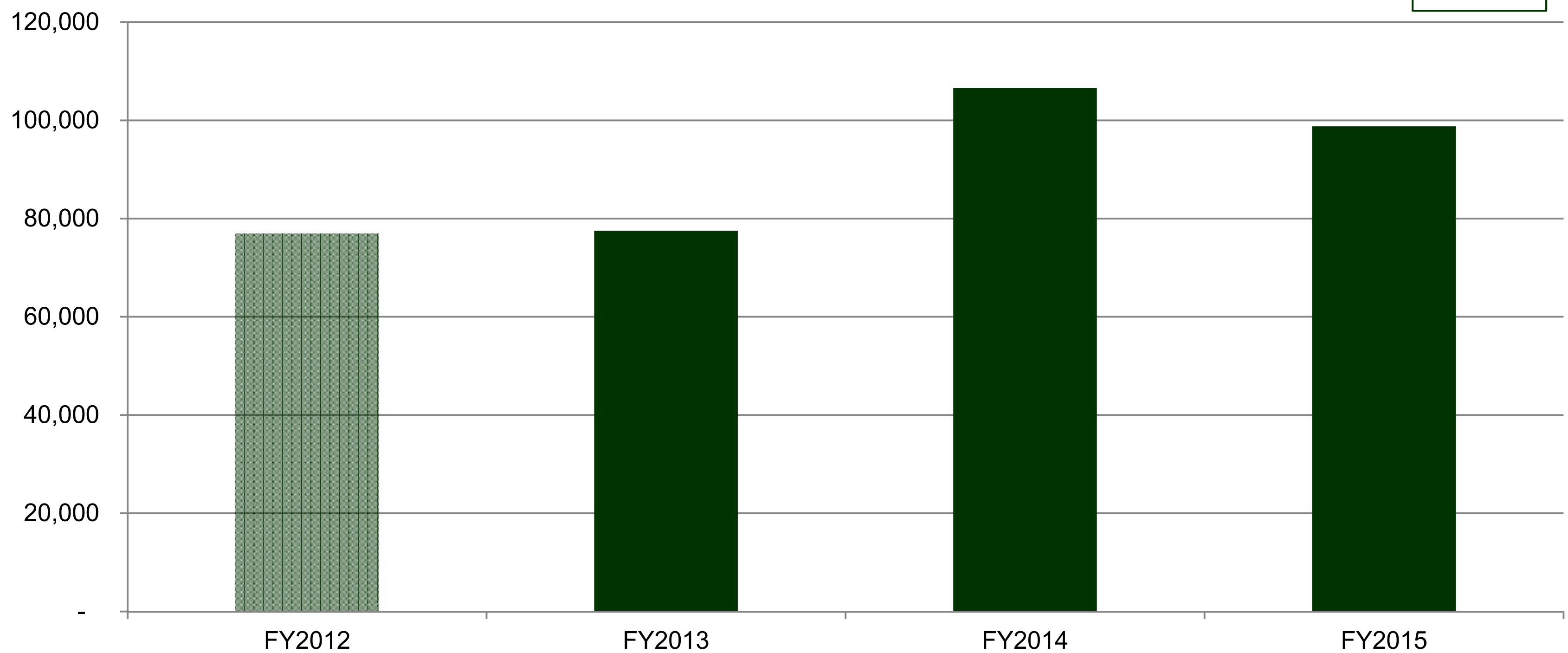
	FY2012	FY2013	FY2014	FY2015
Equipment	97,250	107,064	106,827	113,362
Collections	34,408	37,596	38,745	39,926
Library	122,884	125,301	126,893	128,621
Buildings	1,202,787	1,254,070	1,405,110	1,487,408
Land	79,993	90,192	88,013	89,593
IOTB	9,727	10,033	10,828	11,220
Infrastructure	44,254	44,632	47,900	50,391
Intangible Assets	14,274	15,045	15,314	15,314
	1,605,577	1,683,933	1,839,630	1,935,835
Accumulated Depreciation	(507,644)	(552,607)	(598,823)	(643,442)
Net Capital Assets	1,097,933	1,131,326	1,240,807	1,292,393
Unspent Bond Proceeds	22,469	33,129	71,783	61,167
Capital Debt	(672,175)	(672,736)	(764,986)	(643,516)
Invested in Capital Assets	448,227	491,719	547,604	710,044

Four Year Cash Flow Trend (in thousands)

	FY2012	FY2013	FY2014	FY2015
Beginning Cash Balance	329,523	134,978	130,411	268,577
Cash Flows from Operating Activities	(80,980)	(83,319)	(82,990)	(99,995)
Cash Flows from Non-Capital Financing Activities	122,416	119,569	144,562	182,880
Cash Flows from Capital and Related Financing Activities	(138,191)	(54,229)	23,783	(56,477)
Cash Flows from Investing Activities	(97,790)	13,412	52,811	34,376
Ending Cash Balance	134,978	130,411	268,577	329,361

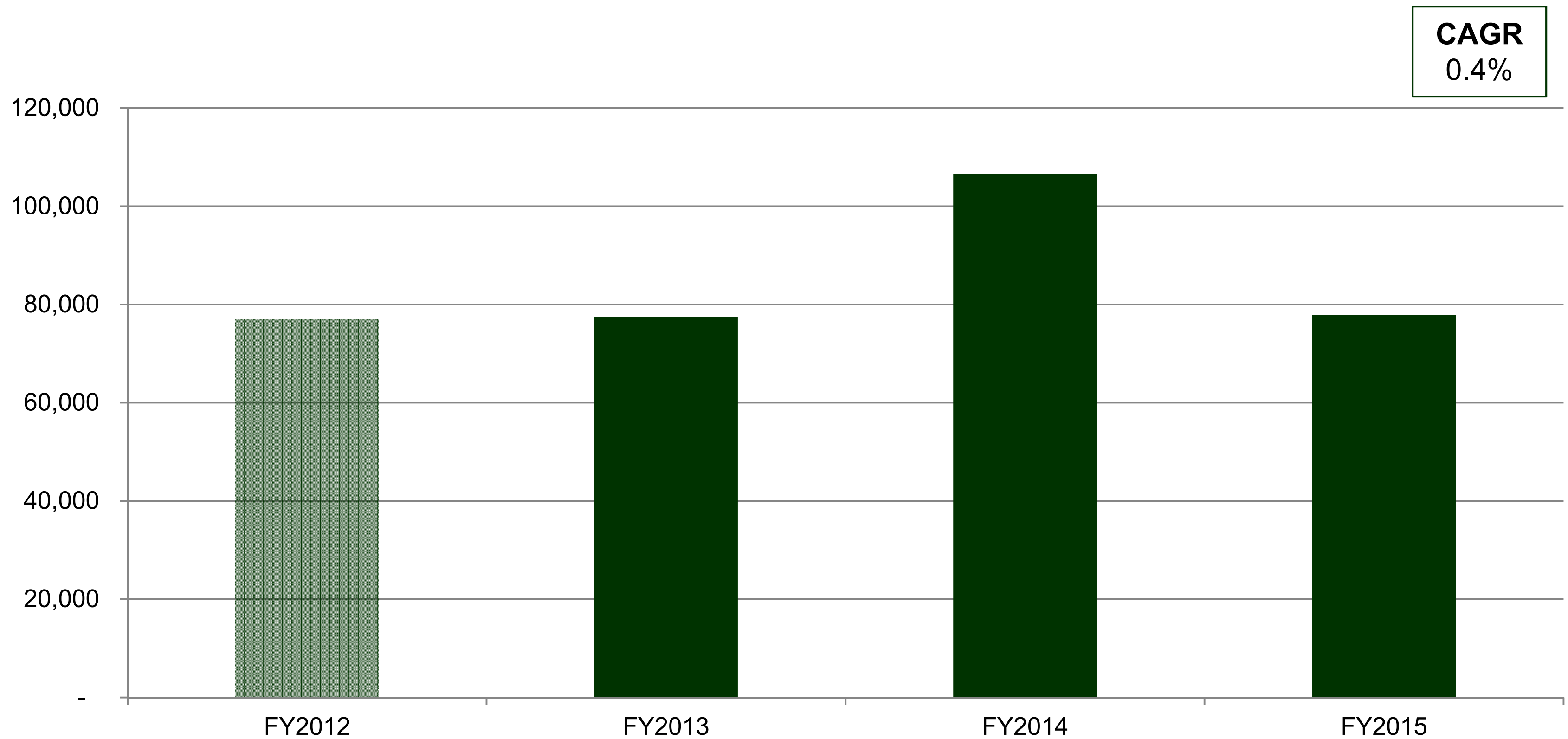
Unrestricted Net Assets (in thousands, excluding GASB 68)

CAGR
8.7%



Weeks of Operating Expenses	FY2012	FY2013	FY2014	FY2015
	6.1	5.8	7.5	6.6

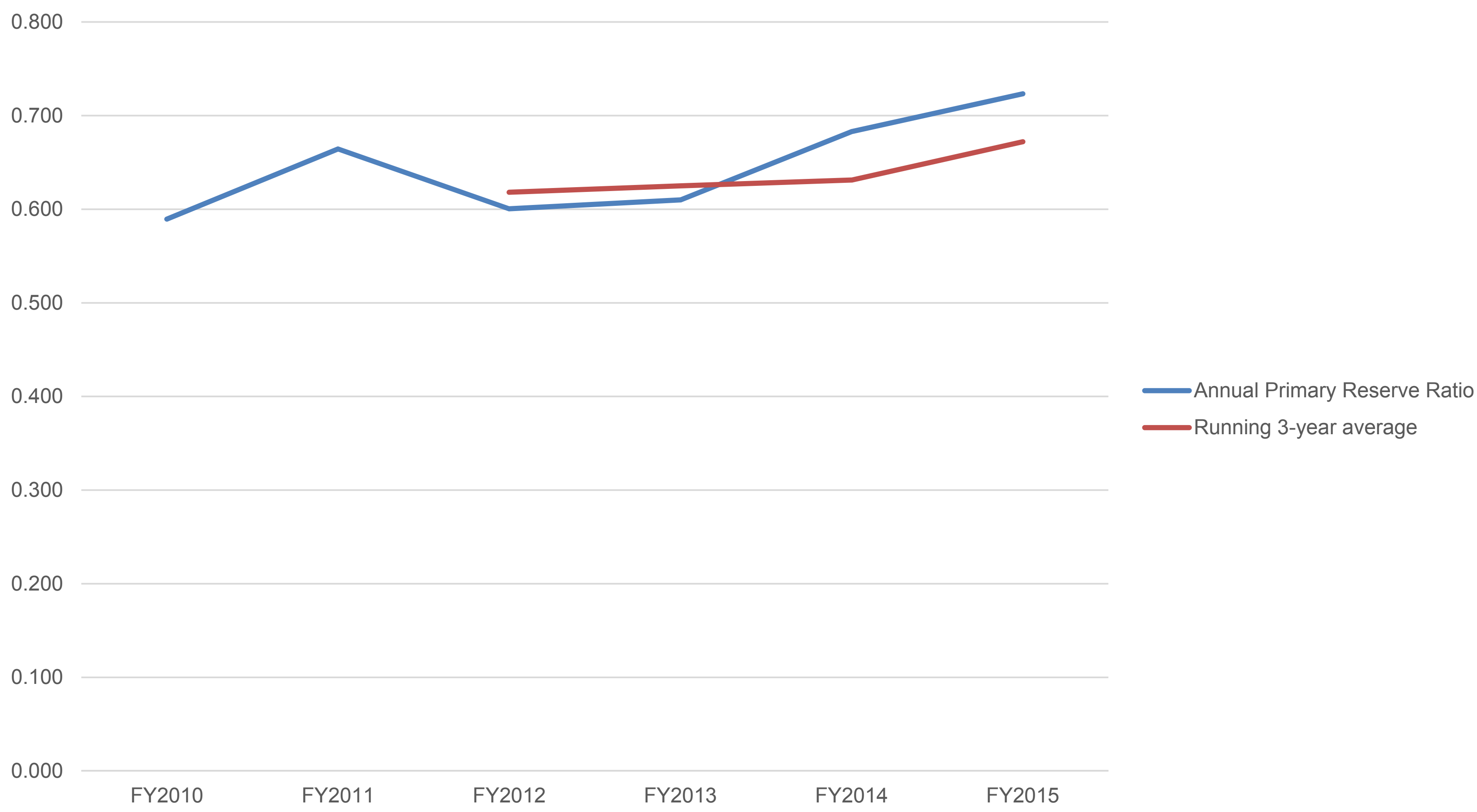
Unrestricted Net Assets (in thousands, including GASB 68)



Primary Reserve Ratio

- Compares expendable net assets to total expenses
- Expendable net assets:
  - Restricted-Expendable for Gifts, Grants, and Contracts
  - Restricted-Expendable for Student Loans
  - Restricted-Expendable for Capital Projects
  - Restricted-Expendable for Debt Service
  - Unrestricted Net Assets
- Indicates how long the institution could function using its expendable reserves (including restricted monies for appropriate expenses) without relying on additional net assets generated by operations.
- A threshold level of .40x is recommended

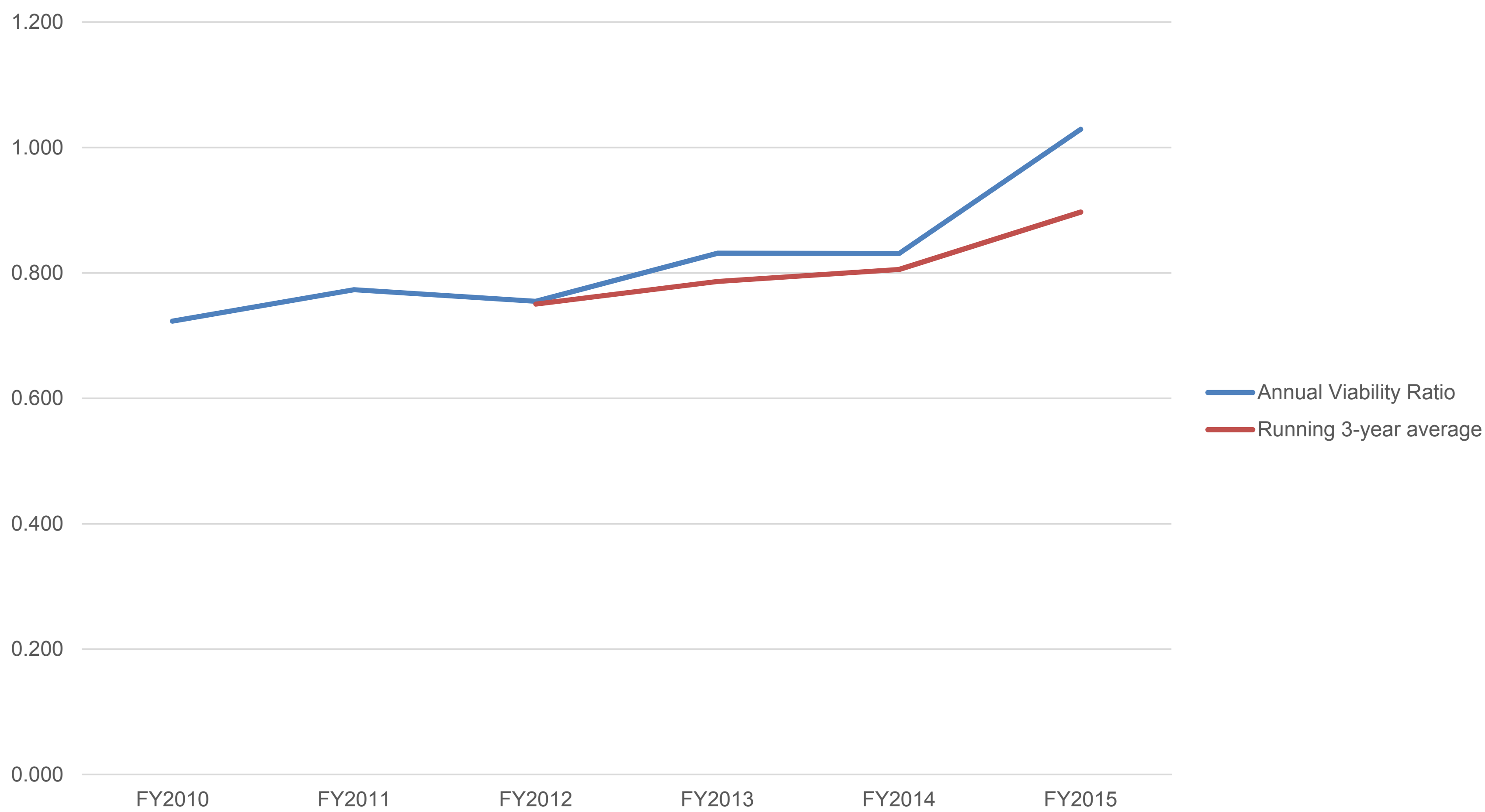
Primary Reserve Ratio



Viability Ratio

- Compares expendable net assets to plant-related debt
- Indicates ability to settle long-term obligations as of the balance sheet date
- A ratio of 1:1 means full ability to cover debts at a specific date, but is not necessarily a firm or recommended threshold

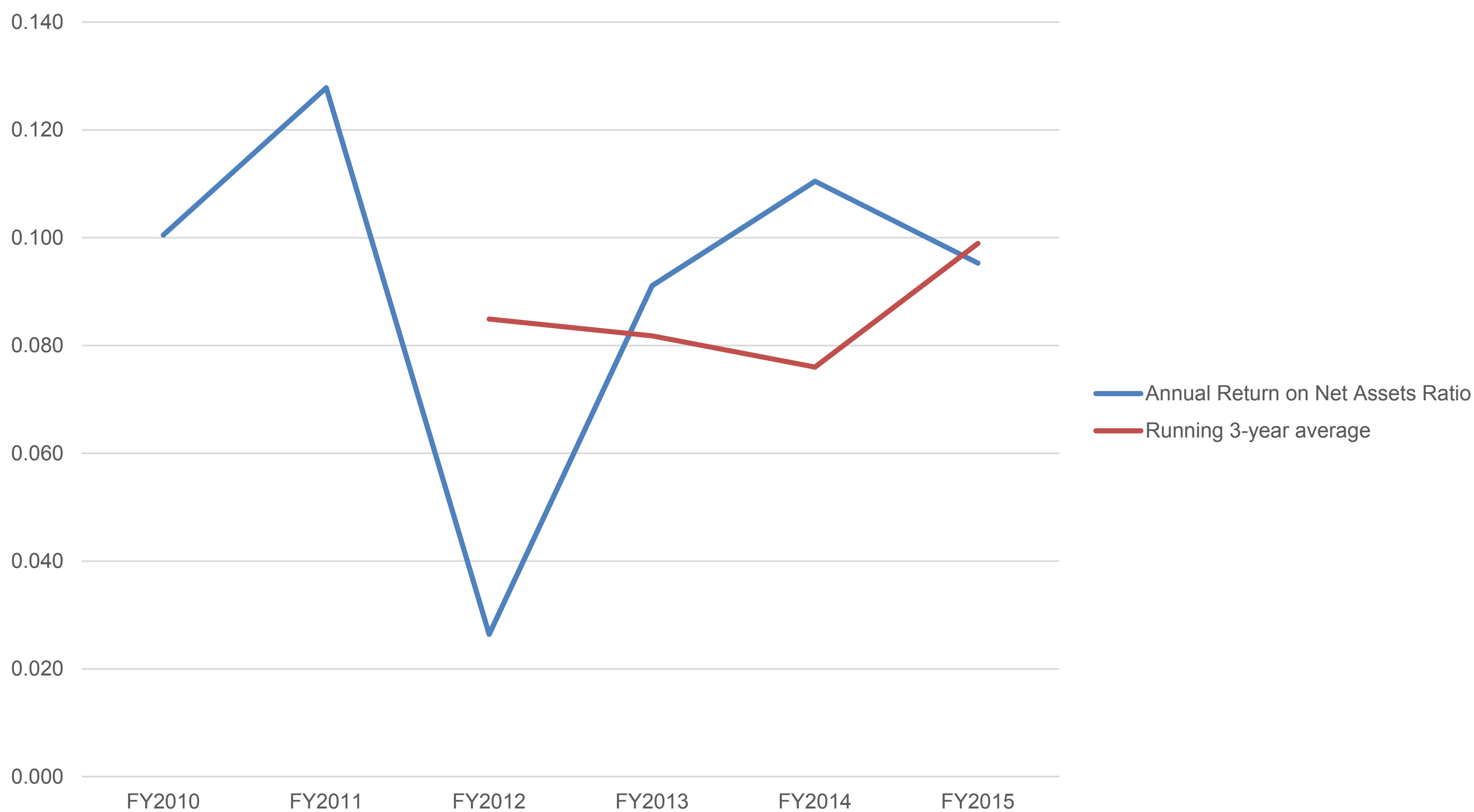
Viability Ratio



Return on Net Assets Ratio

- Compares the annual change in net assets to the total net assets at the beginning of the year
- Indicates total economic return of the institution
- There is no industry-specific recommended threshold. Rather, this ratio should be reviewed over an extended period and in terms of trend direction.

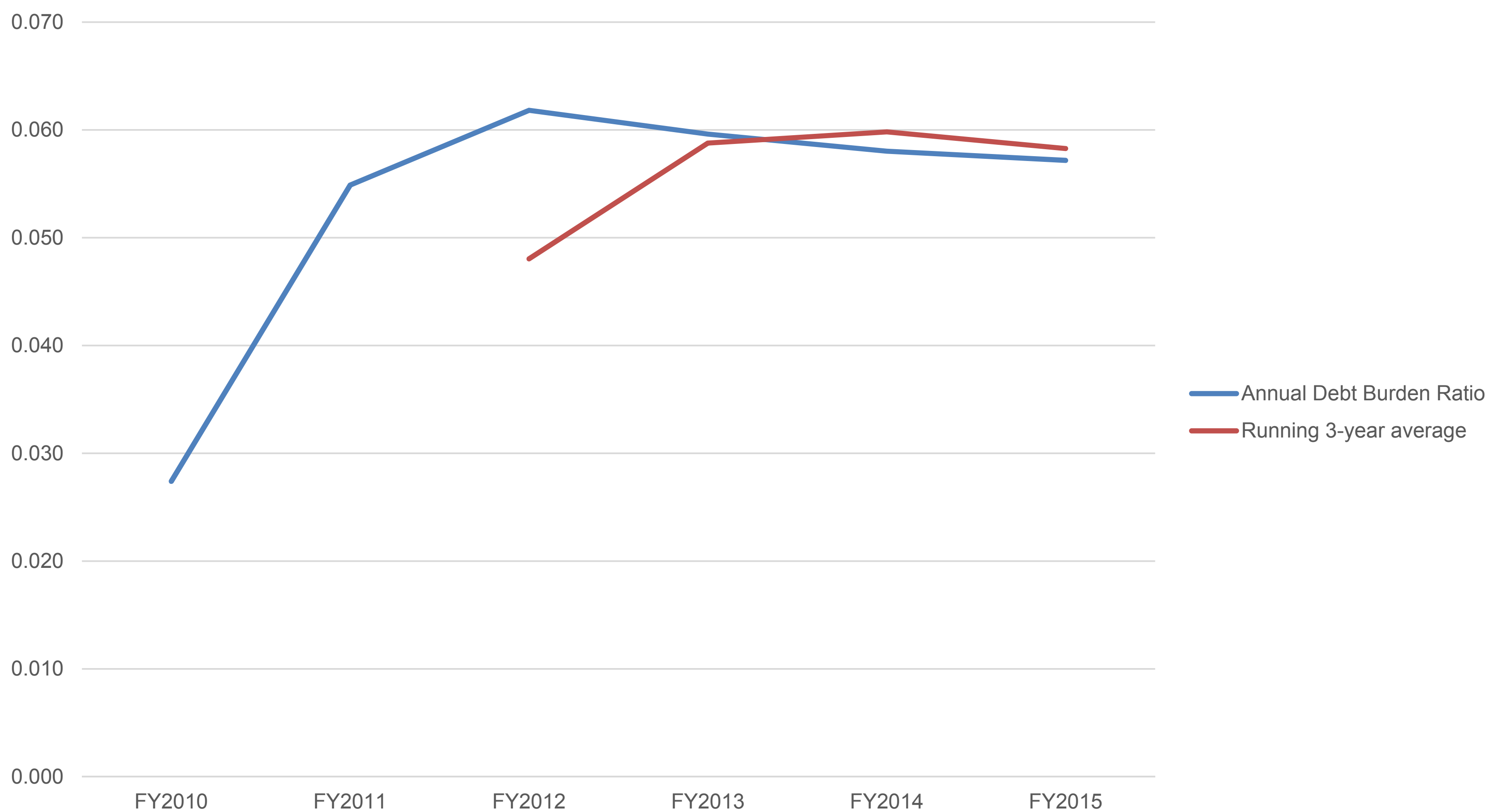
Return on Net Assets Ratio



Debt Burden Ratio

- Compares debt service payments to total expenditures.
- Measures affordability of debt, and the institution's reliance on debt to finance the mission.
- The industry generally considers a ratio value of .07 to be the long-term recommended threshold for this ratio. There are times the ratio may exceed .07 for strategic or mission-critical uses of debt.

Debt Burden Ratio



UNIVERSITY OF OREGON

UNIVERSITY OF OREGON

2015 ANNUAL FINANCIAL REPORT

University of Oregon
2015 Annual Report

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University of Oregon Board of Trustees

University of Oregon Executive Officers as of June 30, 2015

Michael Schill
President
Appointed April 14, 2015, effective July 1, 2015

Scott Coltrane
Senior Vice President and Provost
Interim President through June 30, 2015

Yvette Alex-Assensoh
Vice President for Equity and Inclusion

Michael Andreasen
Vice President for Advancement

Robin Holmes
Vice President for Student Life

Jamie Moffitt
Vice President for Finance and Administration and CFO

Rob Mullens
Director of Intercollegiate Athletics

Doug Park
Interim General Counsel

Brad Shelton
Interim Vice President for Research and Innovation

Roger J. Thompson
Vice President for Enrollment Management

Founded in 1876 in Eugene, the University of Oregon is the state's flagship public research institution. The 295-acre campus houses 80 buildings, including two museums—The Jordon Schnitzer Museum of Art and the Museum of Natural and Cultural History—more than 25 research centers and institutes, and nine schools and colleges, including School of Architecture and Allied Arts, College of Arts and Sciences, Charles H. Lundquist College of Business, College of Education, Robert D. Clark Honors College, School of Journalism and Communication, School of Music and Dance, School of Law, and the Graduate School.

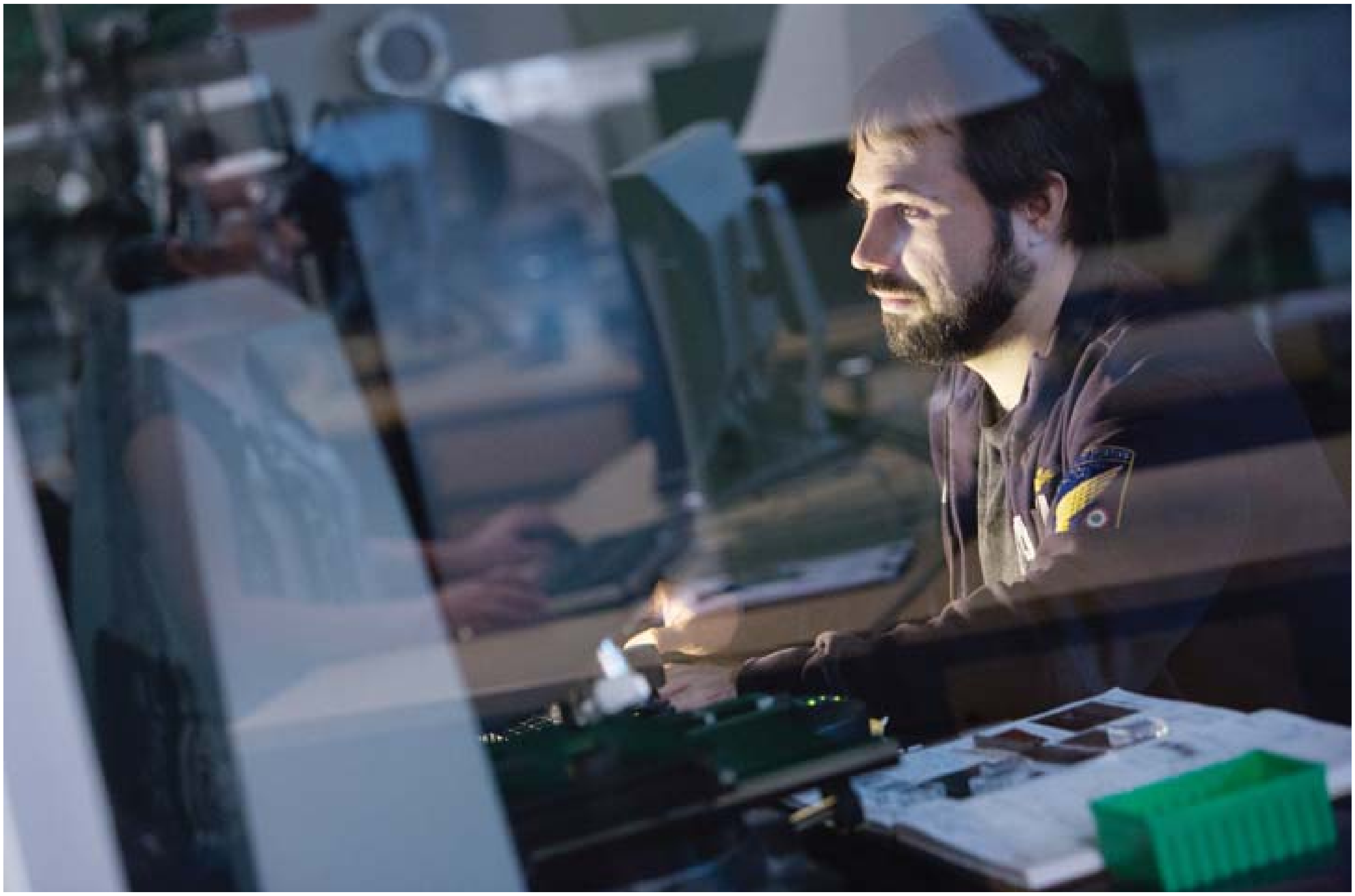
The UO is one of just 62 schools with membership in the prestigious Association of American Universities—and is the only member in Oregon. Within its schools and departments, the UO offers 272 academic programs, 73 undergraduate majors, 77 undergraduate minors, 84 graduate and professional majors, and 200 study-abroad programs in 90 countries.

The Oregon Institute of Marine Biology (OIMB) in Charleston is a living classroom where undergraduate and graduate students studying biology, marine biology, general science, and environmental science experience marine organisms in their natural habitats.

Perched on a remote mountaintop 6,300 feet above sea level in Central Oregon, the Pine Mountain Observatory is ideal for observing the high desert's night skies. The observatory, which is operated by UO's Department of Physics, provides basic and advanced scientific research opportunities.

UO in Portland's White Stag block offers students and professionals opportunities to study subjects including journalism, architecture, digital arts, product design, law, and other continuing education courses.

The UO is also home to McArthur Court, legendary Hayward Field, and Autzen Stadium, where it ostensibly "never rains." In addition to its storied football program and reputation as Track Town, USA, university Ducks teams include men's baseball, basketball, cross country, football, golf, tennis, track and field. Women's sports teams include acrobatics and tumbling, basketball, cross country, golf, lacrosse, sand volleyball, soccer, softball, tennis, track and field, and volleyball. Clubs devoted to sports include everything from badminton to wushu.



MISSION

Serving the state, nation, and world since 1876

The University of Oregon is a comprehensive public research university committed to exceptional teaching, discovery, and service. We work at a human scale to generate big ideas. As a community of scholars, we help individuals question critically, think logically, reason effectively, communicate clearly, act creatively, and live ethically.

Purpose

We strive for excellence in teaching, research, artistic expression, and the generation, dissemination, preservation, and application of knowledge. We are devoted to educating the whole person, and to fostering the next generation of transformational leaders and informed participants in the global community. Through these pursuits, we enhance the social, cultural, physical, and economic wellbeing of our students, Oregon, the nation, and the world.

Vision

We aspire to be a preeminent and innovative public research university encompassing the humanities and arts, the natural and social sciences, and the professions. We seek to enrich the human condition through collaboration, teaching, mentoring, scholarship, experiential learning, creative inquiry, scientific discovery, outreach, and public service.

Values

We value the passions, aspirations, individuality, and success of the students, faculty, and staff who work and learn here. We value academic freedom, creative expression, and intellectual discourse. We value our diversity and seek to foster equity and inclusion in a welcoming, safe, and respectful community. We value the unique geography, history and culture of Oregon that shapes our identity and spirit. We value our shared charge to steward resources sustainably and responsibly.

7 governors. **2** Nobel Prize winners. **12** Pulitzer Prize winners. **19** Rhodes Scholars. **13** Olympic medalists. **6** NFL Hall of Famers. Indisputably, the UO is an academic and athletics powerhouse.

A sampling of the UO's 2015 top accomplishments include:

- The UO Board of Trustees selected Michael Schill as the 18th president of the University of Oregon. Previously, he was dean of the School of Law at Chicago University and dean of UCLA School of Law. He arrived on campus July 1, 2015.
- Academic giving reached a record high in the 2014-15 fiscal year, and the overall total of $214 million in gifts and pledges was the second-highest in UO history. It was the second time in the past three years that saw total donations top $200 million. Of last year's total, $163 million was for academics.
- The Oregon Legislature approved funding for three major construction projects on the UO campus. The largest is the new College and Careers Building, which will provide a new home for the College of Arts and Sciences and link more students to post-graduation success with a new Career Center. Other projects are a $12 million addition and renovation of laboratory space in Klamath Hall and $8 million for a major renovation of Chapman Hall, home of the Clark Honors College.
- Heisman and Roses: Pac-12 champion Oregon Ducks took the team to the Rose Bowl for the third time in six seasons. Marcus Mariota, the Ducks' celebrated and record-setting quarterback, became the first ever Heisman Trophy winner from UO.
- The "Clusters of Excellence" initiative, a plan to strategically hire top teachers in 10 specific fields ranging from the exploration of genomic function to intervention science in special education to sports products, was proposed. The three-year project aims to boost UO's national presence in cutting-edge research. A total of 34 proposals were submitted from schools, colleges, and departments across the university.
- Researchers at the University of Oregon submitted a record number of proposals for research funding during the fiscal year that ended June 30,2015, according to numbers released by UO's Sponsored Projects Services. A total of 1,070 research proposals were submitted, a 28.5 percent increase from the previous year.
- UO received $110.3 million in grants, contracts, and other competitive awards—a 13 percent increase from the previous year.
- Thousands of students and their families took part in the celebration of the Class of 2015 in June. The UO awarded 4,278 bachelor's degrees, 674 master's degrees and 156 doctoral degrees to students who studied everything from accounting to zebrafish.
- UO's Lundquist College of Business received approval to move the Oregon Executive MBA Program and sports product management initiative to a new building across from the White Stag Block in Portland's Old Town Chinatown.
- The university collaborated with colleagues at Oregon State University to win state funding for a new National Center for Advanced Wood Products Manufacturing and Design. The UO's Department of Architecture is working with OSU engineers to develop innovative and sustainable wood building products.
- Two UO juniors, Kyla Martichuski and John Gillies, were named Goldwater Scholars, a prestigious national award that recognizes undergraduates for work in mathematics, science and engineering.
- The UO's highly popular and much-copied Sustainable City Year program chose the city of Redmond as its partner for the 2015-16 year. More than 400 students across 12 disciplines will work with the city on a range of programs to improve sustainability throughout the city.
- Chemistry professor and Presidential Chair Geri Richmond was named a United States science envoy by Secretary of State John Kerry. Richmond is focusing on countries along the Mekong River in Southeast Asia: Thailand, Myanmar, Laos, Vietnam, and Cambodia.
- The University of Oregon is a multibillion dollar contributor to the state economy and planted a $2.3 billion footprint on Oregon's fiscal landscape last year, according to a new study by UO economics professor Tim Duy. Perhaps more importantly, $1.3 billion of that was new economic activity, which wouldn't have happened without the UO. Duy's study is one of the first to track this important metric separately from overall economic impact.

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

Members of the Board of Trustees
University of Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Oregon (the University) and its discretely presented component unit, the University of Oregon Foundation (the Foundation), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents. The financial statements of the University as of June 30, 2014, were audited by other auditors whose report dated December 17, 2014 expressed an unqualified opinion on those statements based on their audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and the Foundation, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

MOSS ADAMS LLP

Emphasis of Matter

The financial statements of the University as of June 30, 2014, were audited by other auditors whose report dated December 17, 2014, expressed an unmodified opinion on those statements. In the prior year, the University was an activity of the Oregon University System, an enterprise fund of the State of Oregon. The University's prior year financial statements were not updated in any way for the effects of its current year change in becoming an independent public body from the State of Oregon. The effects of the change were adjusted in the University's opening balances of the current year under the provisions of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and disclosed in Note 3 to the financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 15 and the schedules of UO's proportionate share of net pension liability – PERS, UO's contributions – PERS, and UO's funding status of other postemployment benefits on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Moss Adams LLP

For Moss Adams LLP
Eugene, Oregon
December 1, 2015

For the Year Ended June 30, 2015 (dollars in millions)

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Oregon (UO) for the years ended June 30, 2015, 2014, and 2013. UO's primary campus is in Eugene, but programs are also offered in Portland, at the Oregon Institute of Marine Biology in Charleston, and at the Pine Mountain Observatory outside of Bend, all in the state of Oregon.

Annual Full Time Equivalent (FTE) Student Enrollment Summary

	2015	2014	2013	2012	2011
Annual FTE	**23,728**	24,268	24,418	24,543	23,716

UNDERSTANDING THE FINANCIAL STATEMENTS

The MD&A is intended to foster a greater understanding of UO's financial activities. Because this presentation includes summarized formats, it should be read in conjunction with the financial statements, which have the following six components:

The Report of Independent Auditors presents an unmodified opinion rendered by an independent certified public accounting firm, Moss Adams LLP, on the fairness in presentation (in all material respects) of the financial statements.

Statement of Net Position (SNP) presents a snapshot of UO assets, deferred outflows, liabilities, deferred inflows, and net position under the accrual basis of accounting at the end of each fiscal year presented. The SNP helps the reader understand the types and amounts of assets available to support operations; how much UO owes to vendors and bondholders; and net position delineated based upon its availability for future expenditures.

Statement of Revenues, Expenses, and Changes in Net Position (SRE) presents UO revenues and expenses categorized between operating, nonoperating, and other related activities. The SRE reports the UO operating results for each fiscal year presented.

Statement of Cash Flows (SCF) provides information about UO's sources (receipts) and uses (payments) of cash during the fiscal year. The SCF classifies sources and uses of cash into four categories, and assists in determining whether UO has the ability to generate future net cash flows to meet its obligations as they come due.

Notes to the Financial Statements (Notes) provide additional information to clarify and expand on the financial statements.

The Component Unit, comprised of a supporting foundation, (UOF), is discretely presented in the UO financial statements and in Notes 4 and 20.

The MD&A provides an objective analysis of UO's financial activities based on currently known facts, decisions, and conditions. The MD&A discusses the current and prior year results in comparison to the current and two previous fiscal years. Unless otherwise stated, all years refer to the fiscal year ended June 30.

Statement of Net Position

The term "net position" refers to the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources, and is an indicator of UO's current financial condition. Changes in net position that occur over time indicate improvement or deterioration in UO's financial condition. The following summarizes UO assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position:

Condensed Statement of Net Position

As of June 30,		**2015**		2014		2013
Current Assets	**$**	**381**	$	295	$	182
Noncurrent Assets		**156**		202		188
Capital Assets, Net		**1,292**		1,241		1,131
Total Assets	**$**	**1,829**	$	1,738	$	1,501
Deferred Outflows of Resources	**$**	**14**	$	8	$	9
Current Liabilities	**$**	**208**	$	182	$	129
Noncurrent Liabilities		**673**		789		712
Total Liabilities	**$**	**881**	$	971	$	841
Deferred Inflows of Resources	**$**	**73**		-		-
Net Investment in Capital Assets	**$**	**710**	$	548	$	492
Restricted - Nonexpendable		**-**		7		7
Restricted - Expendable		**101**		114		93
Unrestricted		**78**		106		78
Total Net Position	**$**	**889**	$	775	$	670

Total Assets and Liabilities

Total assets increased $91, or 5 percent, and total liabilities decreased $90, or 9 percent during the year ended June 30, 2015. Total assets increased $237, or 16 percent, and total liabilities increased $130, or 15 percent during the year ended 2014. Securities lending is excluded from the following discussion and analysis because the net activity is zero (equal amounts of assets and liabilities, equal amounts of income and expense) and its inclusion can distort the analysis of the business activities of UO. See "Note 4. Cash and Investments" for additional information relating to securities lending. Absent the securities lending balances, 2015 total assets increased $95 or 6 percent and total liabilities decreased $85 or 9 percent, and 2014 total assets increased $229 or 17 percent and total liabilities increased $123 or 15 percent. Current assets exceed current obligations.

Comparison of fiscal year 2015 to fiscal year 2014

- **Current assets** increased $90, or 33 percent. Current cash and cash equivalents increased $91 due to the conversion of some investments to cash prior to June 30, 2015.
- **Noncurrent assets** decreased $46, or 25 percent. Unspent bond proceeds decreased by $29, investments decreased by $51. The decreases were offset by an increase of $37 due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, effective for the fiscal year ended June 30, 2015. Refer to "Note 14. Employee Retirement Plans" and the Required Supplementary Information for additional information.
- **Capital assets, net** increased $51, or 4 percent. Capitalized acquisitions net of disposals and adjustments included $87 in real property and $9 in personal property. Real property acquisitions during FY 2015 were $90 of construction in progress, primarily for the expansion of the Erb Memorial Union. Accumulated depreciation increased by $44. See "Capital Assets" in this MD&A for additional information relating to these variances.
- **Deferred outflows** increased by $6, and deferred inflows increased by $73 primarily due to the impact of the adoption of GASB Statement No. 68. Refer to "Note 14. Employee Retirement Plans" and the Required Supplementary Information for additional information.
- **Current liabilities** increased $31, or 19 percent, due to increases in accounts payable, accrued payroll liabilities, and deposits. Accrued payroll liabilities increased $27 due to a change in the process of remitting payroll withholdings.
- **Noncurrent liabilities** decreased $116, or 15 percent, due to $159 of bonded debt becoming obligations of the State of Oregon (State) offset by the issuance of $50 in revenue bonds for the construction of capital assets. Refer to "Debt Administration" later in this MD&A for additional information.

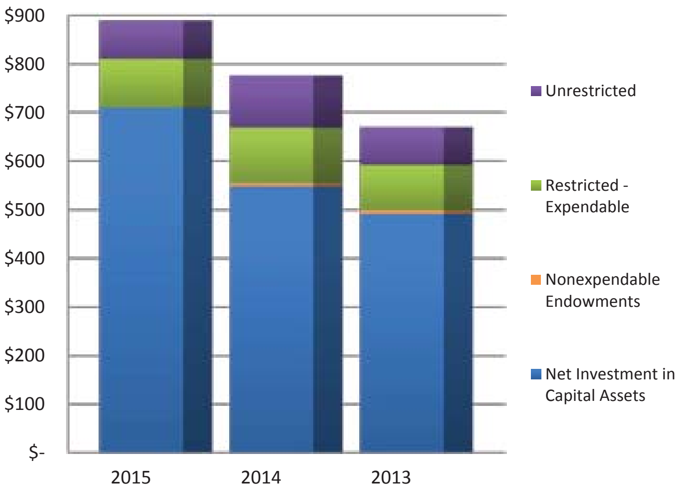
Comparison of fiscal year 2014 to fiscal year 2013

- **Current assets** increased $106, or 63 percent. Current cash and cash equivalents increased $98 due to the conversion of some investments to cash prior to the university governance changes effective July 1, 2014 and increased holdings of cash for operations at year end. Accounts receivable increased $6. Increases to state, other government, private gifts, grants and contracts, and other receivables of $16 were offset by a $10 decrease in student tuition and fees and federal grants and contracts receivable.
- **Noncurrent assets** increased $13, or 7 percent. Year-end cash balances in capital construction funds increased $40 compared to the prior year because of increased borrowing activity throughout the year. Investments decreased $28 due to a change in the OUS investment strategy resulting from the change in university governance effective July 1, 2014.
- **Capital assets, net** increased $110, or 10 percent. Capitalized acquisitions net of disposals and adjustments included $152 in real property and $4 in personal property. Real property acquisitions during FY 2014 included the donation of a completed $84 athletic facility and $56 of construction in progress for the Student Recreation Center and Straub Hall. Accumulated depreciation increased by $46. See "Capital Assets" in this MD&A for additional information relating to these variances.
- **Current liabilities** increased $45, or 39 percent, due to increases across all categories. The current portion of long-term liabilities increased by $17 due to increased debt borrowing and increased compensated absences liability. Accounts payable and accrued liabilities increased $20 due to increases in services and supplies, accrued interest, and contract retainage payable. Unearned revenue increased by $7 due to increases in athletics unearned revenue and prepaid tuition and fees.
- **Noncurrent liabilities** increased $77 or 11 percent, primarily due to debt issued for the construction of capital assets. Refer to "Debt Administration" later in this MD&A for additional information.

For the Year Ended June 30, 2015 (dollars in millions)

Total Net Position

As illustrated by the following graph, the make-up of net position changed between 2015, 2014, and 2013.



Comparison of fiscal year 2015 to fiscal year 2014

- **Net investment in capital assets** increased $162. $159 of long-term debt obligation was assumed by the State, resulting in an increase to Net investment in capital assets. Other capital asset increases of $96 were offset by a $45 increase to accumulated depreciation and a $57 increase to long-term debt outstanding attributable to the capital assets.
- **Nonexpendable endowments** decreased $7 to zero due to conveyance of endowments to UOF.
- **Restricted expendable net assets** decreased by $13 from 2014 to 2015. Net assets relating to funds reserved for debt service decreased by $1. Net assets relating to the funding of capital projects increased by $12 as a result of an increase in the number of new construction and improvement projects in 2015. Net assets related to gifts, grants, and contracts decreased $24 due to conveyance of endowments to the UO Foundation.
- **Unrestricted net assets** decreased $29. This was due to a $16 adjustment for GASB 68, combined with negative results in the education and general fund groups.

Comparison of fiscal year 2014 to fiscal year 2013

- **Net investment in capital assets** increased $56. Capital asset increases of $156 were offset by a $46 increase to accumulated depreciation and a $54 increase to long-term debt outstanding attributable to the capital assets.
- **Restricted expendable net assets** increased by $21 from 2013 to 2014. Net assets relating to funds reserved for debt service increased by $8 mainly because the Oregon University System (OUS) issued $84 in new debt on UO's behalf, which resulted in a larger amount of debt service in the sinking funds reserve. Net assets relating to the funding of capital projects increased $3 as a result of an increase in the number of new construction and improvement projects in 2014. Net assets related to gifts, grants and contracts increased $9 due to increased gifts and unrealized endowment gains.
- **Unrestricted net assets** increased $28. This was due to positive results in the education and general and service center fund groups. Additionally, the new UO internal bank recorded $10 in unrestricted net assets. These assets were utilized to make debt payments on behalf of UO early in fiscal year 2015. However, because no external restriction exists, these monies are classified as unrestricted for purposes of this report.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (SRE)

Due to the classification of certain revenues as nonoperating revenue, UO shows a net operating loss. State general fund appropriations, nonexchange grants, and noncapital gifts, although considered nonoperating revenue under GASB 35 *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—An Amendment of GASB Statement No. 34* and reflected accordingly in the nonoperating section of the SRE, are used solely for operating purposes.

The following summarizes the revenue and expense activity of UO:

Condensed Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30,	**2015**	2014	2013
Operating Revenues	**$ 671**	$ 646	$ 621
Operating Expenses	**786**	789	739
Operating Loss	**(115)**	(143)	(118)
Nonoperating Revenues, Net of Expenses	**132**	133	120
Captial Additions	**32**	115	48
Special Items	**(31)**	-	-
Increase in Net Position	**18**	105	50
Net Position, Beginning of Year	**775**	670	620
Adjustments to Beginning Net Position	**96**	-	-
Net Position, Beginning of Year (Restated)	**871**		-
Net Position, End of Year	**$ 889**	$ 775	$ 670

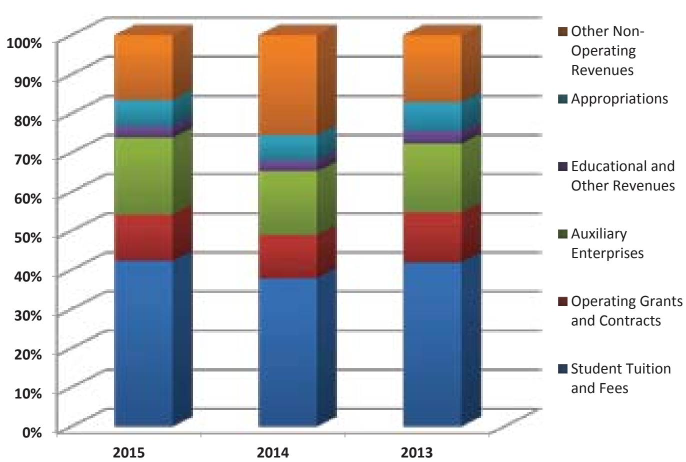
For the Year Ended June 30, 2015 (dollars in millions)

After one time adjustments, net position increased by $114, or 15 percent in 2015 compared to an increase of $105, or 16 percent in 2014. The 2015 beginning net position differs from 2014 ending net position because of the implementation of GASB 68, effective for the fiscal year ended June 30, 2015 and UO separating from OUS. See "Note 3. Restatement of Net Beginning Position", in the Notes to the Financial Statements for additional information.

Total Operating and Nonoperating Revenues

For the Year Ended June 30,	2015	2014	2013
Student Tuition and Fees	$ **368**	$ 361	$ 344
Grants and Contracts	**104**	104	105
Auxiliary Enterprises	**172**	155	145
Educational and Other	**27**	26	27
Total Operating Revenues	**671**	646	621
Appropriations	**58**	62	61
Grants	**32**	32	32
Investment Activity	**14**	20	17
Capital Grants and Gifts	**30**	107	33
Other Nonoperating Items	**68**	63	59
Total Nonoperating Revenues	**202**	284	202
Total Revenues	$ **873**	$ 930	$ 823

Total Operating and Nonoperating Revenues



Operating Revenues

Operating revenues increased $25 in 2015, or 4 percent over 2014, to $671. Operating revenues increased $25 in 2014, or 4 percent over 2013, to $646. These changes are due to increases in student tuition and fees and auxiliary enterprises revenues.

Comparison of fiscal year 2015 to fiscal year 2014

Student tuition and fees increased $7, or 2 percent, in 2015 compared to 2014.

- A decrease in resident undergraduate tuition of $3 was offset by an increase in nonresident undergraduate tuition of $8, as a result of increased tuition and fee rates for nonresident students.
- A decrease in the maintenance of the allowance for bad debt was offset by an increase in fee remissions resulting in a net increase in tuition and fees of $7.

Auxiliary enterprises revenues increased $17, or 11 percent, compared to the prior year.

- Student health, building and incidental fee revenue increased $5 due to a new Erb Memorial Center bond building fee.
- Housing and dining revenues increased by $2 in 2015 as the result of increased rates and student occupancy.
- Athletics revenues increased by $9 due to increased event revenues from television broadcasting rights, ticket fees, and sponsorship fees.

Comparison of fiscal year 2014 to fiscal year 2013

Student tuition and fees increased $17, or 5 percent, in 2014 compared to 2013.

- Higher tuition and fee rates accounted for $20 of the increase.
- Fee remissions and scholarship allowances reduced tuition and fees by $7 more than in the prior period.
- Bad debt expense related to the maintenance of the allowance for bad debt decreased by $4.

Auxiliary enterprises revenues increased $10, or 7 percent, compared to the prior year.

- Student health, building and incidental fee revenue increased $4 due to a new Student Recreation Center bond building fee.
- Housing and dining revenues increased by $2 in 2014 as the result of increased rates and student occupancy.
- Athletics revenues increased by $4 due to increased event revenues from television broadcasting rights and ticket sales.

For the Year Ended June 30, 2015 (dollars in millions)

Nonoperating Revenues

Comparison of fiscal year 2015 to fiscal year 2014

Government appropriations decreased $4, or 6 percent. State appropriations for UO operations increased by $6 or 13 percent due to increased funding received from the State and was offset by a decrease of $10 in debt-service appropriations from the State due to the State assuming certain debt obligations and the related payment responsibility. See "Note 13. Government Appropriations" for additional information relating to changes in appropriations.

Investment activity revenues decreased $6 in 2015. See "Note 11. Investment Activity" for additional information relating to these changes.

Capital grants and gifts decreased $77 in 2015 due to a one-time individual donation in 2014.

Comparison of fiscal year 2014 to fiscal year 2013

Government appropriations increased $1, or 2 percent. State appropriations for UO operations increased by $2 or 4 percent due to increased funding received from the State. Debt-service appropriations decreased just $1. See "Note 13. Government Appropriations" for additional information relating to changes in appropriations.

Investment activity revenues increased $3 in 2014. See "Note 11. Investment Activity" for additional information relating to these changes.

Capital grants and gifts increased $74 in 2014 due to the donation of a completed athletic facility.

Other nonoperating items increased $4 in 2014.

- Other gifts increased by $7 in 2014 compared to 2013.
- Nonoperating transfers from the Chancellor's Office decreased $4.

Expenses

Operating Expenses

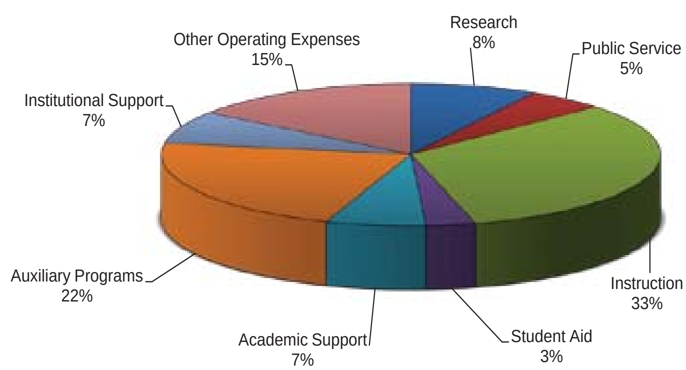
Operating expenses decreased $3 in 2015, or 1 percent, over 2014, to $786. Operating expenses increased $50 in 2014, or 7 percent, over 2013, to $789. The 2015 decrease was the result of a negative expense ($47) attributed to the change in pension liability. Refer to "Note 14. Employee Retirement Plans" and the Required Supplementary Information for additional information. Excluding that adjustment, operating expenses increased $44.

The largest increases were in instruction, auxiliary programs, student aid, and institutional support, offset with decreases in research and other operating expenses.

Operating Expense by Function

For the Year Ended June 30,	2015	2014	2013
Instruction	$ 271	$ 254	$ 240
Auxiliary Programs	184	175	165
Research	68	71	71
Institutional Support	62	53	51
Academic Support	54	51	47
Public Service	42	38	38
Student Aid	27	16	16
Other Operating Expenses	126	131	111
Change in Pension Liability, Net (Note 2)	(47)	-	-
Total Operating Expenses	$ 786	$ 789	$ 739

2015 Operating Expense by Function



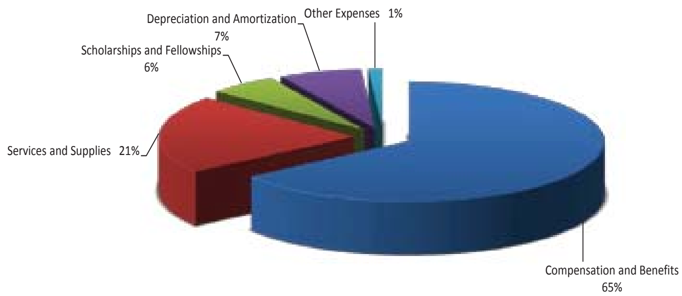
Due to the way in which expenses are incurred by UO, variances are presented and explained by analyzing changes in the natural classification of expenses. Each natural classification analysis can be applied to many of the functional expense caption items.

The following summarizes operating expenses by natural classification:

Operating Expenses by Natural Classification

For the Year Ended June 30,	2015	2014	2013
Compensation and Benefits	$ 558	$ 523	$ 492
Total Change in Pension Liability	(47)	-	-
Services and Supplies	167	169	154
Scholarships and Fellowships	45	36	37
Depreciation and Amortization	54	53	47
Other Expenses	9	8	9
Total Operating Expenses	$ 786	$ 789	$ 739

2015 Operating Expenses by Natural Classification



Comparison of fiscal year 2015 to fiscal year 2014

Compensation and benefits costs increased $35, or 7 percent, in 2015 compared to 2014 due to:

- Higher wage costs attributed to increased FTE and average salaries-wages in unclassified, classified, and graduate teaching fellow employee categories (approximately $24).
- Increased retirement and health insurance costs (approximately $6).
- Increased other payroll benefits (approximately $4).

Total change in pension liability of ($47) was the result of the implementation of GASB 68.

Services and supplies expense decreased $2, or 1 percent, during 2015.

Scholarships and fellowships expenses increased $9, or 24 percent, when comparing 2015 to 2014. This expense category does not include fee remissions, which are reported as reductions to student tuition and fee revenues.

Compensation and benefits costs increased $31, or 6 percent, in 2014 compared to 2013 primarily due to:

- Higher wage costs attributed to increased FTE and average salaries-wages in unclassified, classified, and graduate teaching fellow employee categories (approximately $18) .
- Increased retirement and health insurance costs (approximately $8).
- Fee remissions for graduate students (approximately $2, or 8 percent).

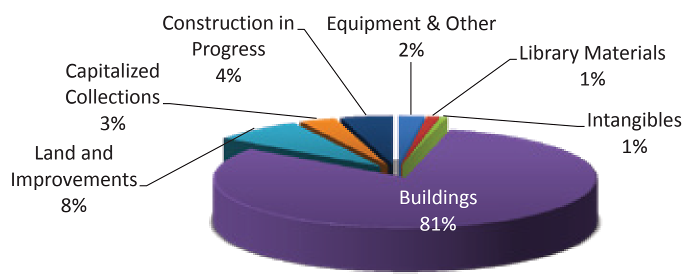
Services and supplies expense increased $15, or 10 percent, during 2014. This increase was seen across many categories including general supplies, utilities, rentals and leases, and miscellaneous other services and supplies. This was partially offset by lower subcontractor and fees and services expenses.

Depreciation and amortization expense increased $6 during 2014 due to recently constructed or refurbished buildings being placed in service during 2014.

CAPITAL ASSETS AND RELATED FINANCING ACTIVITIES

Capital Assets

At June 30, 2015, UO had $1,936 in capital assets, less accumulated depreciation of $644, for net capital assets of $1,292. During fiscal year 2015, $105 in construction projects were completed and placed into service, compared to $99 in 2014. UO is committed to a comprehensive program of capital investment and facility maintenance that includes addressing current maintenance needs and minimizing UO's deferred maintenance backlog. State, federal, private, debt, and internal UO funding were all used to accomplish UO's capital objectives.



For the Year Ended June 30, 2015 (dollars in millions)

Changes to Capital Assets

	2015	2014	2013
Capital Assets, Beginning of Year	**$ 1,840**	$ 1,684	$ 1,606
Add: Purchases/Construction	**109**	165	81
Less: Retirements/Disposals/Adjustments	**(14)**	(9)	(3)
Total Capital Assets, End of Year	**1,935**	1,840	1,684
Accum. Depreciation, Beginning of Year	**(599)**	(553)	(508)
Add: Depreciation Expense	**(54)**	(53)	(47)
Less: Retirements/Disposals/Adjustments	**10**	7	2
Total Accum. Depreciation, End of Year	**(643)**	(599)	(553)
Total Capital Assets, Net, End of Year	**$ 1,292**	$ 1,241	$ 1,131

Capital additions totaled $109 for 2015, $165 for 2014, and $81 for 2013.

Accumulated depreciation at June 30, 2015 increased $44, which represented $54 in depreciation and amortization expense offset by $10 in asset retirements and adjustments. Accumulated depreciation at June 30, 2014 increased $46, which represented $53 in depreciation and amortization expense offset by $7 in asset retirements and adjustments. Depreciation expense was $54 during 2015 compared to $53 during 2014 and $47 during 2013.

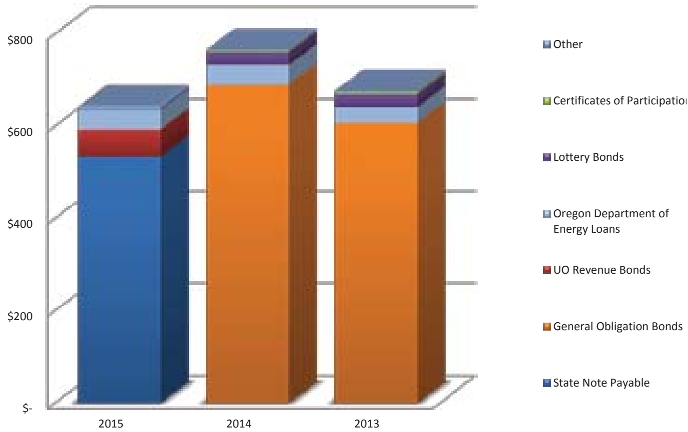
Capital Commitments

UO has outstanding capital commitments on partially completed and planned but not yet started construction projects authorized by the Oregon Legislative Assembly of $200 as of June 30, 2015, compared to $83 as of June 30, 2014. See "Note 18. Commitments and Contingent Liabilities" for additional information relating to capital construction commitments.

Debt Administration

During 2015, UO issued $58 of revenue bonds, for which the Moody's bond rating was Aa2. In 2014, OUS issued debt totaling $83 on behalf of UO. The proceeds of both issuances were earmarked for construction and acquisition of capital assets and for refunding outstanding debt obligations. In 2015, the State assumed $159 of state-paid long-term debt obligations (including Article XI-G general obligation bonds, Article XI-Q general obligation bonds, lottery bonds, and certificates of participation) that were previously recorded on UO's financial statements. Additionally, UO's long-term debt obligations to the State (including Article XI-F general obligation bonds, Article XI-Q general obligation bonds, and certificates of participation) were consolidated into a single note payable. During 2013, general obligation bonds, certificates of participation, and lottery bonds increased by $82.

Long-Term Debt



Economic Outlook

Funding for the major activities of the UO comes from a variety of sources including tuition and fees, financial aid programs, state appropriations, grants, private and government contracts, donor gifts, and investment earnings. Revenues are also generated through recovery of costs associated with federal grants and contract activities, which serve to offset related administrative and facilities costs at the university. Despite improvements in recent years, state funding levels continue to challenge the UO's ability to meet its public mission of teaching, research, and service.

Although state funding to the UO has increased over the last few years, it is still dramatically lower than the level of state contribution that existed prior to the last recession. This historically low level of state support, combined with rising expenses, particularly labor costs, has put increasing pressure on the institution to raise tuition. To address some of these financial challenges, the 2013 legislature enacted SB 270 which granted independent legal entity status to the University of Oregon, Portland State University, and Oregon State University. This legislation established the University of Oregon Board of Trustees (BOT) and shifted governance functions of the State Board of Higher Education to the local institutional level. The BOT has broad financial management authority, is able to issue institution-specific revenue bonds, and retains the authority to hire and evaluate the university president.

In the 2015 legislative session, the public universities and community colleges worked together to advocate for increased funding for higher education, with a goal to restore funding to pre-recession levels. The resulting $700 dollars, while not a full restoration, did provide the UO with significant additional resources. State operating support to the university is projected to increase 15.7 percent from $57.8 in FY2015 to $66.9 in FY2016.

Despite legislative changes, a major challenge going forward continues to be balancing low overall levels of state funding with aspirations related to Oregon's 40/40/20 goals. The UO Board of Trustees and university leadership remain committed to meeting these challenges and ensuring the long-term financial health of UO to carry out its core mission as a premier public residential research institution.

As of June 30,	University 2015	2014
	(In thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	**$ 282,535**	$ 191,989
Collateral from Securities Lending	**14,744**	19,330
Accounts Receivable, Net	**70,215**	70,912
Notes Receivable, Net	**3,331**	4,055
Inventories	**3,863**	3,706
Prepaid Expenses	**5,823**	5,269
Total Current Assets	**380,511**	295,261
Noncurrent Assets		
Cash and Cash Equivalents	**46,826**	76,588
Investments	**55,079**	106,617
Notes Receivable, Net	**16,650**	16,952
Net Pension Asset (Note 14)	**37,466**	-
Due From Other OUS Funds and Entities	**-**	1,395
Capital Assets, Net of Accumulated Depreciation	**1,292,393**	1,240,807
Total Noncurrent Assets	**1,448,414**	1,442,359
Total Assets	**$ 1,828,925**	$ 1,737,620
DEFERRED OUTFLOWS OF RESOURCES	**$ 14,023**	$ 8,779
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	**$ 45,587**	40,022
Accrued Payroll Related Liabilities	**40,418**	13,435
Deposits	**4,747**	2,732
Obligations Under Securities Lending	**14,744**	19,330
Current Portion of Long-Term Liabilities (Note 10)	**41,627**	46,050
Unearned Revenues	**60,416**	60,161
Total Current Liabilites	**207,539**	181,730
Noncurrent Liabilities		
Long-Term Liabilities (Note 10)	**672,997**	789,237
Total Noncurrent Liabilities	**672,997**	789,237
Total Liabilities	**$ 880,536**	$ 970,967
DEFERRED INFLOWS OF RESOURCES	**$ 73,750**	$ -
NET POSITION		
Net Investment in Capital Assets	**$ 710,044**	$ 547,604
Restricted For:		
Nonexpendable Endowments	**-**	7,422
Expendable:		
Gifts, Grants and Contracts	**14,722**	38,749
Student Loans	**25,787**	26,337
Capital Projects	**51,712**	38,881
Debt Service	**8,472**	9,879
Unrestricted	**77,925**	106,560
Total Net Position	**$ 888,662**	$ 775,432

The accompanying notes are an integral part of these financial statements.

As of June 30,		UO Foundation 2015		2014
		(In thousands)		
ASSETS				
Cash and Cash Equivalents	**$**	**60,911**	$	19,097
Contributions, Pledges and Grants Receivable, Net		**117,115**		102,432
Investments (Note 4)		**872,598**		793,941
Prepaid Expenses and Other Assets		**14,994**		14,094
Property and Equipment, Net		**18,971**		17,393
Total Assets	**$**	**1,084,589**	$	946,957
LIABILITIES				
Accounts Payable and Accrued Liabilities	**$**	**1,206**	$	1,305
Accounts Payable to University		**87**		14
Obligations to Beneficiaries of Split-Interest Agreements		**48,765**		50,335
Deposits and Unearned Revenue		**17,086**		17,318
Long-Term Liabilities		**20,935**		28,513
Total Liabilities	**$**	**88,079**	$	97,485
NET ASSETS				
Unrestricted	**$**	**9,862**	$	11,741
Temporarily Restricted		**525,619**		442,359
Permanently Restricted		**461,029**		395,372
Total Net Assets	**$**	**996,510**	$	849,472

The accompanying notes are an integral part of these financial statements.

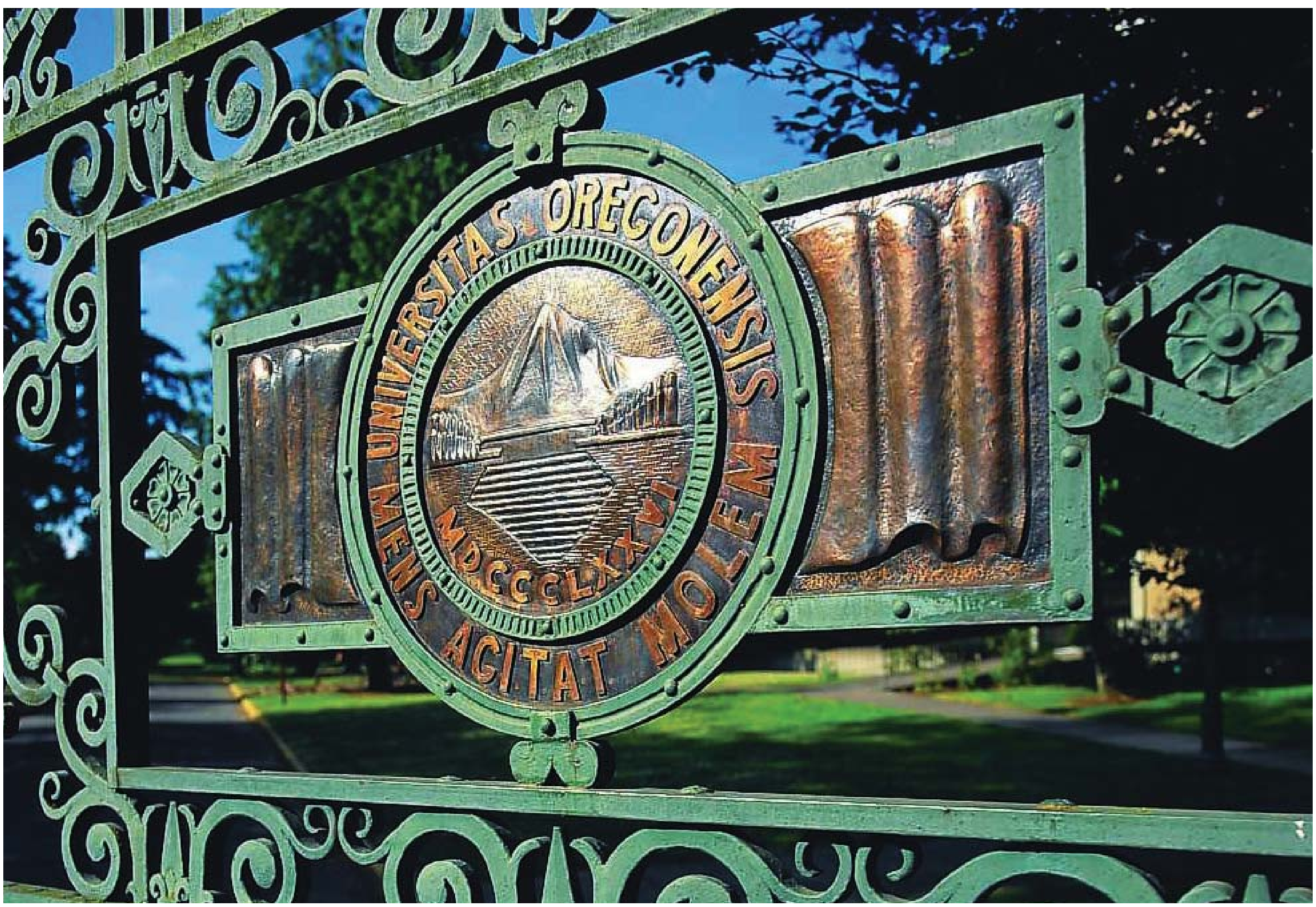
Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30,		University 2015		2014
		(In thousands)		
OPERATING REVENUES				
Student Tuition and Fees (Net of Allowances of $53,552 and $60,505, respectively)	**$**	**368,096**	$	360,951
Federal Grants and Contracts		**93,846**		95,089
State and Local Grants and Contracts		**3,816**		2,110
Nongovernmental Grants and Contracts		**5,897**		6,840
Educational Department Sales and Services		**16,514**		15,761
Auxiliary Enterprises Revenues (Net of Allowances of $4,089 and $3,391, respectively)		**171,544**		155,512
Other Operating Revenues		**10,076**		10,303
Total Operating Revenues		**669,789**		646,566
OPERATING EXPENSES				
Instruction	**$**	**271,209**	$	253,585
Research		**68,350**		70,607
Public Service		**42,278**		37,895
Academic Support		**53,983**		51,418
Student Services		**36,125**		35,593
Auxiliary Programs		**183,713**		175,486
Institutional Support		**61,937**		52,937
Operation and Maintenance of Plant		**53,375**		49,660
Student Aid		**26,730**		16,486
Other Operating Expenses		**35,458**		45,600
Change in Pension Liability, Net (Note 14)		**(47,444)**		-
Total Operating Expenses		**785,714**		789,267
Operating Loss	**$**	**(115,925)**	$	(142,701)
NONOPERATING REVENUES (EXPENSES)				
Government Appropriations	**$**	**55,862**	$	49,431
Financial Aid Grants		**31,908**		31,852
Investment Activity		**14,096**		20,491
Gain (Loss) on Sale of Assets, Net		**(3,284)**		(295)
Interest Expense		**(34,190)**		(34,971)
Other Nonoperating Items		**67,672**		66,460
Net Nonoperating Revenues		**132,064**		132,968
Income (Loss) Before Capital Additions and Special Items	**$**	**16,139**	$	(9,733)
CAPITAL ADDITIONS (DEDUCTIONS) AND SPECIAL ITEMS				
Debt Service Appropriations		**1,997**		12,363
Capital Grants and Gifts		**30,207**		106,627
Changes to Permanent Endowments		**-**		10
Transfers within OUS		**-**		(3,678)
Special Items (Note 2)		**(31,406)**		-
Total Captial Additions (Deductions) and Special Items		**798**		115,322
Increase In Net Position	**$**	**16,937**	$	105,589
NET POSITION				
Beginning Balance (Previously Reported)		**775,432**		669,843
Adjustments to Beginning Balance (Note 3)		**96,293**		
Beginning Balance (Restated)		**871,725**		
Ending Balance	**$**	**888,662**	$	775,432

The accompanying notes are an integral part of these financial statements.

For The Year Ended June 30,		UO Foundation 2015		2014
		(In thousands)		
REVENUES				
Grants, Bequests and Gifts	**$**	**154,409**	$	75,321
Investment Income (Loss), Net		**53,608**		79,602
Change in Value of Life Income Agreements		**(873)**		6,356
Other Revenues		**35,807**		1,166
Total Revenues		**242,951**		162,445
EXPENSES				
University Support		**88,449**		99,315
General and Administrative		**7,464**		7,073
Total Expenses		**95,913**		106,388
Increase In Net Assets	**$**	**147,038**	$	56,057
NET ASSETS				
Beginning Balance		**849,472**		793,415
Ending Balance	**$**	**996,510**	$	849,472

The accompanying notes are an integral part of these financial statements.



For the Years Ended June 30,	University 2015	2014
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	**$ 366,439**	$ 363,550
Grants and Contracts	**105,244**	116,494
Educational Department Sales and Services	**16,514**	15,761
Auxiliary Enterprises Operations	**171,342**	155,162
Payments to Employees for Compensation and Benefits	**(557,158)**	(520,823)
Payments to Suppliers	**(171,894)**	(173,035)
Student Financial Aid	**(44,567)**	(35,764)
Other Operating Receipts	**14,085**	(4,335)
Net Cash Provided (Used) by Operating Activities	**(99,995)**	(82,990)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Government Appropriations	**55,862**	49,431
Grants	**31,908**	31,852
Private Gifts Received for Endowment Purposes	**-**	10
Other Gifts and Private Contracts	**67,671**	66,460
Net Agency Fund Receipts (Payments)	**27,439**	2,016
Transfers to Other Funds/Institutions	**-**	(5,207)
Net Cash Provided (Used) by Noncapital Financing Activities	**182,880**	144,562
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt Service Appropriations	**1,997**	12,188
Capital Grants and Gifts	**28,989**	21,949
Bond Proceeds from Capital Debt	**57,743**	95,218
Sales of Capital Assets	**352**	2,266
Purchases of Capital Assets	**(97,613)**	(78,656)
OUS Internal Bank Closeout	**4,002**	-
Interest Payments on Capital Debt	**(34,713)**	(22,691)
Principal Payments on Capital Debt	**(17,233)**	(6,491)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(56,477)**	23,783
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales (Purchases) of Investments	**-**	36,528
Proceeds from Sales and Maturities of Investments	**60,741**	-
Purchase of Investments	**(12,395)**	-
Interest on Investments and Cash Balances	**17,436**	16,283
Conveyance of Funds to Foundation	**(31,406)**	-
Net Cash Provided (Used) by Investing Activities	**34,376**	52,811
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$ 60,784**	$ 138,166
CASH AND CASH EQUIVALENTS		
Beginning Balance	**268,577**	130,411
Ending Balance	**$ 329,361**	$ 268,577

For the Years Ended June 30,	University 2015		2014
	(In thousands)		
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	**(115,925)**	$	(142,701)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	**54,482**		52,746
Changes in Assets and Liabilities:			
Accounts Receivable	**1,790**		(5,991)
Notes Receivable	**1,026**		(885)
Inventories	**(157)**		14
Prepaid Expenses	**(554)**		(1,247)
Change in Pension Liability	**(47,444)**		-
Accounts Payable and Accrued Liabilities	**5,724**		6,103
Long-Term Liabilities	**807**		1,911
Unearned Revenue	**255**		7,060
NET CASH USED BY OPERATING ACTIVITIES	**$ (99,995)**	$	(82,990)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS			
Capital Assets Acquired by Incurring Capital Lease Obligations	$ 8,950	$	-
Capital Assets Acquired by Gifts in Kind	1,218		84,678
Increase in Fair Value of Investments Recognized as a Component of Investment Activity	619		4,208
Internal Bank Loans Converted to XI-F(1) Debt	0		320,079
Net of Converted State Paid Debt to State Note Payable	(168,004)		
Forward Currency Exchange Contracts Gain/(Loss)	(153)		

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The UO financial reporting entity is reported under the heading of University on the Basic Financial Statements. The UO reporting entity also includes one university foundation (UOF), which is reported as a discretely presented component unit in the UO Financial Statements. See "Note 20. University Foundation" for additional information relating to this component unit. Organizations that are not financially accountable to UO, such as booster and alumni organizations, are not included in the reporting entity.

Previously a member institution of the Oregon University System (OUS), UO became an independent public entity, with statewide purposes and missions, effective July 1, 2014. OUS ceased operations effective June 30, 2015. UO has separate legal standing and possesses the corporate powers that distinguishes it as being legally separate for the State of Oregon. UO will be included as a discretely presented component unit in the Comprehensive Annual Financial Report issued by the State starting with the fiscal year 2015 financial report.

The Board of Trustees (BOT) of the University of Oregon is UO's governing body. The broad responsibilities of this 15-member group are to supervise, coordinate, manage, and regulate UO, as provided by state statute. The trustees may exercise all powers, rights, duties, and privileges expressly granted by law or that are incidental to their responsibilities. The membership of the BOT is established by law. With the exception of the UO president, the trustees are appointed by the State Governor and are subject to confirmation by the State Senate in the manner prescribed by law. To assist the Governor in appointing trustees, the BOT may submit a list of nominees to the Governor for consideration whenever there is a vacancy.

B. Financial Statement Presentation

UO financial accounting records are maintained in accordance with US generally accepted accounting principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB Statement No. 35 and modified by GASB Statement No. 65, provides a comprehensive, entity-wide perspective of UO assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

In preparing the financial statements, significant interfund transactions and balances between university funds have been eliminated. Unless otherwise stated, dollars are presented in thousands.

Financial statements of UOF are presented in accordance with generally accepted accounting principles prescribed by the Financial Accounting Standards Board (FASB).

NEWLY IMPLEMENTED ACCOUNTING STANDARDS

UO implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, effective for the fiscal year ended June 30, 2015. This statement provides guidance for accounting for net pension liabilities, including the definition of balances to be included in deferred inflows and deferred outflows of resources. The specific accounts impacting UO are detailed below.

Net pension liability. Previous standards defined pension liabilities in terms of the annual required contribution. GASB 68 defines the net pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred inflows of resources and deferred outflows of resources. GASB 68 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

GASB 68 is effective for financial statement periods beginning after June 15, 2014, with the effects of the accounting change to be applied retroactively by restating the financial statements. UO adopted this new pronouncement in the current year and, accordingly, has restated amounts of affected balances within the financial statements.

UO implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*, effective for the fiscal year ended June 30, 2015. GASB 71 updates GASB 68 and refers to contributions, if any, made to a defined benefit pension plan after the measurement date of the beginning net pension liability. These requirements are effective for the fiscal year ending June 30, 2015. Statement 71 revises Statement 68 such that at the beginning of the period in which the provisions of Statement 68 are adopted, there are circumstances in which it is not practical for UO to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to pensions. In this circumstance, UO recognized a $15,944 beginning deferred outflow of resources only for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of UO's fiscal year ending June 30, 2015. It was not practical for UO to determine the amounts of other deferred inflows of resources and deferred outflows of resources related to pensions.

UO implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for the fiscal year ended June 30, 2015. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. By adopting GASB 69, the State's transfer of operations resulted in the formation of an independent public entity, and UO's initial reporting period as an independent public entity began at the effective transfer date of July 1, 2014. UO recognized the carrying value of State debt obligations as of the effective transfer date, and accordingly restated net position as of June 30, 2014. See Note 3 for the restatement of beginning net position.

UPCOMING ACCOUNTING STANDARDS

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. GASB 72 requirements are effective for fiscal years beginning after June 15, 2015. UO is analyzing the effects of the adoption of GASB 72 and is uncertain of the impact on the financial statements and related reporting requirements at this time.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The statement addresses employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. GASB 73 requirements are effective for fiscal years beginning after June 15, 2016. UO is analyzing the effects of the adoption of GASB 73 and is uncertain of the impact on the financial statements and related reporting requirements at this time.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. GASB 75 requirements are effective for fiscal years beginning after June 15, 2017. UO is analyzing the effects of the adoption of GASB 75 and is uncertain of the impact on the financial statements and related reporting requirements at this time.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify the hierarchy of generally accepted accounting principles (GAAP). GASB 76 requirements are effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76 is not expected to have a material impact on the UO financial statements.

C. Basis of Accounting

For financial reporting purposes, UO is considered a special-purpose government engaged only in business-type activities. Accordingly, the UO financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when incurred.

D. Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid investments with original maturities of three months or less. Cash and cash equivalents consists of: cash and investments held by UO; cash held in the Oregon Short-Term Fund (OSTF); and cash and cash equivalents restricted for the payment of the current portion of debt service.

Cash and cash equivalents restricted for the long-term portion of debt service, capital construction, and agency funds are classified as noncurrent assets in the Statement of Net Position.

E. Investments

Investments are reported at fair value as determined by market prices. Unrealized gains or losses on investments are reported as investment activity in the Statement of Revenues, Expenses, and Changes in Net Position.

Investments restricted for endowments, debt service, capital construction, and agency funds are classified as noncurrent assets in the Statement of Net Position.

F. Inventories

Inventories are recorded at the lower of average cost or market and consist primarily of supplies in storerooms and physical plant stores.

G. Capital Assets

Capital assets are recorded at cost on the date acquired or at fair market value on the date donated. UO capitalizes equipment with unit cost of $5 or greater and an estimated useful life of greater than one year. Real property acquisitions are capitalized if they meet the capitalization threshold of $50 to $100 depending on the type. Expenditures that increase the functionality and/or extend the useful life of the real property are capitalized if they meet thresholds of $50 to $100. Intangible assets with a value of $100 are capitalized. Expenditures below the capitalization thresholds, including repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

UO capitalizes interest expense on projects exceeding $5,000 that are partially or fully funded by debt or internally generated funds. Total interest costs of $27,621 and $24,014 were incurred on debt, of which $2,240 and $374 was capitalized for the fiscal years ended 2015 and 2014, respectively.

Depreciation is computed using the straight line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings, 10 to 20 years for infrastructure, land improvements, and improvements other than buildings, 10 years for library materials and 5 to 11 years for equipment. Amortization terms of intangible assets vary depending on the factors relating to the specific asset. Depreciation is not applied to land, construction in progress, museum collections, works of art, and historical treasures or library special collections.

H. Unearned Revenues

Unearned revenues include amounts received for tuition and fees, grants and contracts, lease income, and auxiliary enterprises activities in which cash has been received but revenues will be earned in subsequent fiscal year(s).

I. Compensated Absences

UO accrues a liability for vacation leave and other compensated absences that were earned but not used during the current or prior fiscal year for which employees can receive compensation in a future period. Sick leave is recorded as an expense when paid. There is no payout provision for unused sick leave and no liability exists for terminated employees.

J. Deferred Inflow and Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represents acquisitions of net position that apply to a future reporting period and so will not be recognized as an inflow of resources (revenue) until then.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to or deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Net Position

UO's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets represents the total investment in capital assets, net of accumulated depreciation and amortization and outstanding debt obligations related to those capital assets.

RESTRICTED—NONEXPENDABLE

Nonexpendable endowments consist of endowment funds, in which donors have stipulated as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income may either be expended or, depending on the terms of the gift instrument, added to principal.

RESTRICTED—EXPENDABLE

Restricted expendable includes resources, which UO is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The four types of restricted expendable net position are: gifts, grants and contracts; student loans; capital projects; and debt service.

UNRESTRICTED

Unrestricted net assets are resources that may be used at the discretion of UO management and the BOT.

When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are generally applied first.

M. Endowments

Oregon Revised Statutes (ORS) Section 351.130 gives UO the authority to use the interest, income, dividends, or profits of endowments. In October 2014, UO conveyed $31,406 in endowment assets to UOF for inclusion in the overall UO endowment pool. Prior to this transfer, UO treasury management procedures were to annually distribute, for spending purposes, four percent of the preceding 20 quarter moving average of the market value of the endowment funds and to maintain the purchasing power of the funds as nearly as prudent investment permits. In accordance with this board policy, the amount available for expenditure during fiscal year 2014 was $18,476, of which $1,070 was distributed in fiscal year 2015 before the endowments were conveyed to UOF.

Nonexpendable endowments on the Statement of Net Position of $7,422 at June 30, 2014, represented the original corpus of true endowment funds and did not include the accumulated gains of those endowments.

N. Income Taxes

UO is as a governmental entity for tax purposes. As such, UO is generally not subject to federal and state income taxes. However, UO remains subject to income taxes on any income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted exemption from income taxes. No income tax is recorded because there is no amount of taxes on such unrelated business income for UO.

O. Revenue and Expenses

UO has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses generally have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services. Examples of operating revenues include student tuition and fees, sales and services of auxiliary enterprises, most federal, state, and local grants and contracts, and other operating revenues. Examples of operating expenses include employee compensation, benefits and related expense, scholarships and fellowships, utilities, supplies and other services, professional fees, and depreciation expenses of capital assets.

Nonoperating revenues generally have the characteristics of nonexchange transactions. In a nonexchange transaction, UO receives value without directly giving equal value in exchange. Examples of nonoperating revenues include state appropriations, nonexchange grants, gifts, and contributions. Nonoperating expenses are defined in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Examples of nonoperating expenses include interest on capital asset related debt and bond expenses.

P. Allowances

Student tuition and fees and campus housing revenues included in auxiliary enterprises revenues are reported net of scholarship allowances. A scholarship allowance is the difference between the revenues charged to students and the amounts actually paid. UO has two types of scholarship allowances that net into tuition and fees. Tuition and housing waivers, provided directly by UO, amounted to $30,326 and $32,570 for the fiscal years ended 2015 and 2014, respectively. Revenues from financial aid programs (e.g., Pell Grants, Supplemental Educational Opportunity Grants, Oregon Opportunity Grants) used for paying student tuition and fees and campus housing was estimated to be $25,202 and $29,784 for the fiscal years ended 2015 and 2014, respectively. Bad debt expense is included as an allowance to operating revenues and is estimated to be $2,360 and $1,542 for the fiscal years ended 2015 and 2014, respectively.

Q. Federal Student Loan Programs

UO receives proceeds from the Federal Direct Student Loan Program. Because UO transmits these grantor-supplied moneys without having administrative or direct financial involvement in the program, these loans are reported in an agency fund. Federal student loans received by UO students, but not reported in operations were $139,523 and $148,060 for the fiscal years ended 2015 and 2014, respectively.

R. Use of Estimates

The preparation of financial statements in conformity with US Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities, revenues and expenses at the date of the financial statements. Actual results could differ from those estimates.

S. Reclassification

Certain items previously reported in the financial statements have been reclassified to conform to the current financial statement presentation.

For the Year Ended June 30, 2015 (dollars in thousands)

2. SPECIAL ITEMS

Conveyance of Endowments to UO Foundation

In October 2014, UO entered into an agreement with UOF to manage its endowments in the same manner as UO, including honoring the original restrictions that were placed on the endowments by the donors. As a result of this agreement, UO conveyed the $31,406 cash value of its endowments to UOF. The amount represented the permanently restricted endowments and the restricted accumulated earnings that had not been distributed.

3. RESTATEMENT OF BENEFICIAL NET POSITION

A. Separation from OUS

UO legally separated from OUS effective July 1, 2014, and became an independent public entity. The effect of the separation resulted in UO increasing its beginning net position by a total of $164,699. Of this increase, $159,228 resulted from the assumption of UO bonded debt obligations by the State. See "Note 10.A. Agreement for Debt Management". Additionally, OUS transferred $4,002 of assets to UO that were being held on UO's behalf. The remaining increase in net position of $1,469 resulted from other changes.

B. Cumulative Effect of Change in Accounting Principle

GASB 68, Accounting and Financial Reporting for Pensions, is effective for financial statement periods beginning after June 15, 2014, with the effects of accounting changes to be applied retroactively by restating the beginning Net Position. The Statement requires UO to record its proportionate share of the defined benefit pension obligations for active, inactive, and retired employees receiving retirement benefits under PERS.

Summary of Changes to Beginning Net Positon

NET POSITION		
Beginning Balance June 30, 2014	$	775,432
Separation from OUS **(OUS)**		
Elimination of State Paid Debt		159,228
Assets Transferred from OUS		4,002
Other Changes due to Reorganization		1,469
Cumulative Effect of Change in Accounting Principle **(Accounting Change)**		(68,406)
Restated Beginning Balance	$	871,725

Financial Statement Line Items Affected by Restatement	Reason	As Reviously Reported June 30, 2014	Restated June 30, 2014	Cummulative Effect of Change
Noncurrent Assets				
Due From Other OUS Funds and Entities	**OUS Other**	1,395	6,866	5,471
Deferred Outflows of Resources				
Unamortized Loss on Bond Refunding	**OUS Debt**	8,779	3	(8,776)
Contributions made after the measurement date	**Accounting Change**	-	15,943	15,943
Current Liabilities				
Current Portion of Long-Term Liabilities	**OUS Debt**	46,050	37,533	8,517
Noncurrent Liabilities				
Long-Term Liabilities	**OUS Debt**	789,237	629,750	159,487
Net Pension Liability	**Accounting Change**	-	84,349	(84,349)
Total Net Asset Restatement				$ 96,293

For the Year Ended June 30, 2015 (dollars in thousands)

UO implemented this Statement in the current year. It is not practical for PERS to determine the amounts of all deferred inflows of resources and deferred outflows of resources related to pensions as of the beginning of the plan year. As a result, the prior year has not been restated for deferred inflows of resources, deferred outflows of resources, net pension liability, or pension expense. Because the restatement of the prior year presented is not practical, the cumulative effect of applying this Statement is reported as a $68,406 reduction of beginning net position as of June 30, 2014.

4. CASH AND INVESTMENTS

Deposits and investment securities as described below are exposed to various risks such as credit, concentration of credit, custodial credit, interest rate, and foreign currency.

It is likely that the value of the investment securities will fluctuate and such changes could materially affect the amounts reported in the financial statements.

A. Cash and Cash Equivalents

DEPOSITS WITH STATE TREASURY

UO maintains the majority of its cash balances on deposit with the State Treasury. These deposits are held on a pooled basis as described above in the Oregon Short Term Fund (OSTF). The OSTF is a cash and investment pool for use by all state agencies. The State Treasurer invests these deposits in high-grade short-term investment securities. At the fiscal years ended June 30, 2015 and 2014, UO cash and cash equivalents on deposit at State Treasury were $247,499 and $268,381, respectively. In fiscal year ended June 30, 2015, UO also had $72,535 on deposit in financial depositories. Monies deposited at financial depositories are fully collateralized.

Cash and cash equivalents are classified as current and noncurrent, which include both restricted and unrestricted cash. The 2015 current portion includes $29,386 in restricted agency funds for payroll liabilities and $8,472 restricted for debt service payments. The noncurrent portion includes $3,173 in restricted agency funds for UO student groups and campus organizations.

The 2014 current portion included $3,072 in restricted agency funds for payroll liabilities, and $8,095 restricted for debt service payments. The noncurrent portion included $3,301 in restricted agency funds for UO student groups and campus organizations.

A copy of the State Treasury audited annual financial report may be obtained by writing to the Oregon State Treasury, 350 Winter Street NE, Suite 100, Salem, OR 97301-3896 or at: **oregon.gov/treasury/Reports/Pages/Annual-Reports.aspx.**

CUSTODIAL CREDIT RISK—DEPOSITS

Custodial credit risk is the risk that, in the event of a financial institution failure, cash balances will not be returned to a depositor. UO cash balances not deposited with the State Treasury are held in accounts that are fully collateralized.

FOREIGN CURRENCY RISK—DEPOSITS

Deposits in foreign currency run the risk of changing value due to fluctuations in foreign exchange rates. State Treasury deposits are in US currency and therefore not exposed to foreign currency risk.

To mitigate foreign currency risks for prospective study abroad activities, UO periodically enters into forward foreign currency contracts. At June 30, 2015 and 2014, respectively, these contracts totaled $2,875 and $477 and had a net fair value loss of $156 and $2. The net fair value loss is reported as deferred outflows on the Statement of Net Position.

June 30, 2015

Notional		Principal	Effective	Maturity	Contract	Fair
Currency	Amount	Amount	Date	Date	Rate	Value Adj
EUR	€ 40	$ 52	10/20/2014	9/30/2015	1.1094	$ (8)
EUR	75	82	3/31/2015	9/30/2015	1.1094	1
EUR	413	535	10/23/2014	9/30/2015	1.1094	(78)
EUR	413	526	11/6/2014	12/31/2015	1.1094	(68)
EUR	650	715	3/11/2015	8/15/2016	1.1094	6
						$ (147)
GBP	£ 208	$ 340	10/16/2014	9/30/2015	1.5717	$ (13)
GBP	150	242	11/7/2014	12/31/2015	1.5717	(6)
GBP	250	383	3/12/2015	8/15/2016	1.5717	10
						$ (9)

June 30, 2014

Notional		Principal	Effective	Maturity	Contract	Fair
Currency	Amount	Amount	Date	Date	Rate	Value Adj
EUR	€ 158	$ 221	4/2/2014	5/31/2015	$ 1.3692	$ (5)
GBP	£ 152	$ 256	4/2/2014	5/31/2015	1.7103	$ 3

OTHER DEPOSITS

For the years ended June 30, 2015 and 2014, UO had vault and petty cash balances of $195 and $198, respectively. In addition, UO had small amounts of cash invested with a fiscal agent relating to debt issuances.

For the Year Ended June 30, 2015 (dollars in thousands)

B. Investments

In fiscal year 2014, UO funds were invested by the State Treasury, which followed investment policies set by the Oregon Investment Council. Beginning in fiscal year 2015, these investments transferred to UO and came under the management of UO's Treasury Operations. UO's Treasury Operations complies with the BOT's Treasury Management Policy and its accompanying procedures. UO investment policies are governed by applicable laws, the BOT, and are managed, as a prudent investor would do, exercising reasonable care, skill, and caution. UO manages investments as a part of its overall cash and investment pool, which is designed to provide adequate liquidity to meet the cash needs of the UO.

Because of the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the Statement of Net Position.

Significant events in domestic and international investment markets or action by the Federal Open Market Committee to influence both short and long-term interest rates contribute to price volatility. Consequently, the fair value of UO's investments is exposed to price volatility, which could result in a substantial change in the fair value of certain investments from the amounts reported as of June 30, 2015.

As of June 30, 2015, UO's total investments consist of $50,576 in individually held investments, and $71 in mutual funds, plus $4,432 invested in alternative asset classes. As of June 30, 2014, $73,950 were individually held investments managed by the State Treasury; $32,598 were invested in a portfolio that was managed for the benefit of pooled gifts and endowments; and $69 were separately invested endowments of UO.

During the fiscal year 2014, OUS monitored endowment investments to identify any accounts for which estimated fair value is less than historical value. During fiscal year 2015, UO took ownership of its endowment investments from OUS and subsequently conveyed them to UOF for inclusion in its endowment pool. As of June 30, 2015, UO had no individually named permanent endowment funds.

Investment Type:

	Fair Value	% of Total Investments
US Government Issues	$ 13,404	24.34%
Corporate Issues	28,133	51.08%
Foreign Issues	5,638	10.24%
Municipal Issues	2,924	5.31%
Mutual Funds - Government Bonds	71	0.13%
Accrued Income	477	0.87%
Fixed Income Investments	50,647	
Alternative Equities	4,432	8.05%

For the Year Ended June 30, 2015 (dollars in thousands)

Investments of the UO discretely presented component unit (UOF) are summarized at June 30, 2015 as follows:

UO Foundation Investments

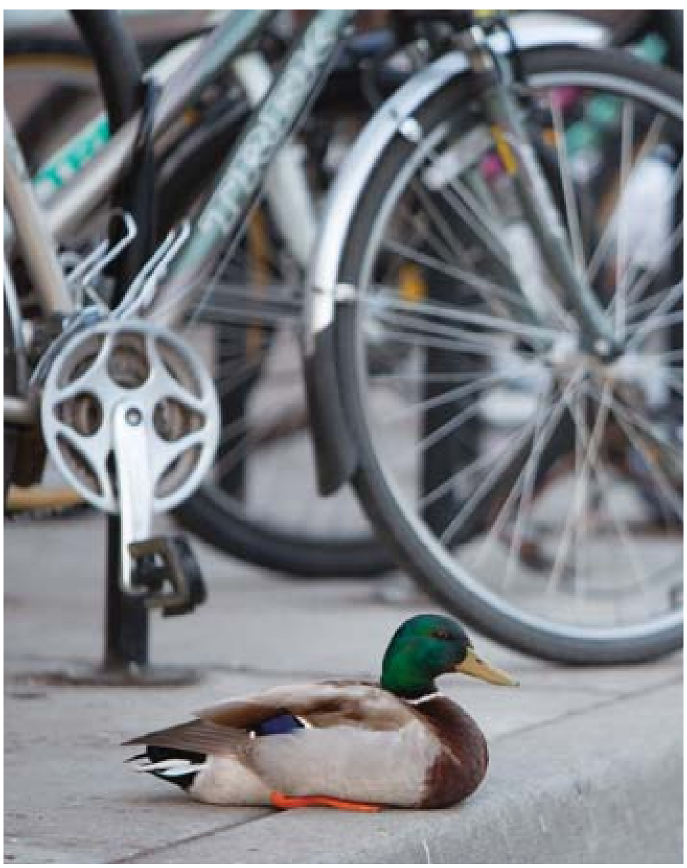
Fair Value at June 30,	**2015**	2014
Investment Type:		
Corporate Stocks, Bonds, Securities and Mutual Funds	**$ 216,826**	$ 248,444
Investment in Common Stock, Voting Trust and Partnerships	**567,260**	500,964
Money Market Funds and Certificates of Deposit	**83,059**	44,533
Other	**5,453**	
Total Investments	**$ 872,598**	$ 793,941

CREDIT RISK

Credit risk is the risk that the issuer of a debt security fails to fulfill its obligations. UO has separate credit criteria for each segment of the cash and investment pool. See table below for UO investment credit quality ratings at June 30, 2015.

Investment Rating by Type:

		Quality Rating (S&P)				
	Fair Value	AAA	AA	A	BBB	Unrated
US Government Issues	$13,404		$10,868			$2,536
Corporate Issues	28,133	$5,082	1,927	$12,543	$6,415	2,166
Foreign Issues	5,638	1,054	833	2,932	819	
Municipal Issues	2,924	1,018	1,906			
Mutual Funds - Government Bonds	71					71
Fair Value at June 30, 2015:	$50,170	$7,154	$15,534	$15,475	$7,234	$4,773



CUSTODIAL CREDIT RISK

Custodial credit risk refers to UO investments that are held by others and not registered in UO's or the State Treasury's name. All investments are held by UO and in UO's name. Custodial credit risk typically occurs in repurchase agreements or securities lending transactions where one transfers cash to a broker-dealer in exchange for securities, but a separate trustee in the name of the broker-dealer holds the securities. UO does not directly participate in securities lending transactions; however, any funds on deposit with the State Treasury may be included in their securities lending program. The State Treasury and the Oregon Investment Council have established policy provisions around securities lending to control this risk. See "C. Securities Lending" in this footnote for additional information. UO investment policy and procedures permit repurchase agreements but none exist as of June 30, 2015.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk refers to potential losses if total investments are concentrated with one or few issuers. With the exception of US Government and Agency issues the largest issuer concentration in the cash and investment pool is 4.2 percent in securities issued by the National Credit Union Administration.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that investments may lose value due to fluctuations in foreign exchange rates. At June 30, 2015, UO had no securities denominated in any foreign currency.

INTEREST RATE RISK

Investments in fixed income securities are subject to the risk that changes in interest rates will adversely affect the fair value of the investments. UO policies and procedures permit Tier 1 cash and investments a maximum duration of nine months and a maximum maturity of three years. Tier 2 of the cash and investment pool permits a maximum duration of three years and a maximum maturity of five years. Tier 3 of the cash and investment pool is invested as a quasi endowment, and consequently has no duration or maturity limits.

For the Year Ended June 30, 2015 (dollars in thousands)

As of June 30, 2015, UO held $50,170 in fixed income securities.

Investment Maturity by Type:

	Fair Value	Average Duration
US Government Issues	$ 13,404	4.97
Corporate Issues	28,133	8.38
Foreign Issues	5,638	3.03
Municipal Issues	2,924	3.45
Mutual Funds - Government Bonds	71	N/A
Fixed Income Investments	$ 50,170	

Fixed Income Weighted Average Duration:	6.58

C. Securities Lending

In accordance with the State Treasury investment policies, the State Treasurer participates in securities lending transactions. The State Treasurer has authorized its custodian to act as its agent in the lending of UO and OSTF's securities pursuant to a form of loan agreement, in accordance with OSTF investment policies. There have been no significant violations of the provisions of securities lending agreements during the years ended June 30, 2015 and 2014.

The State Treasurer's securities lending agent lent short-term and fixed income securities and received as collateral US dollar-denominated cash. Borrowers were required to deliver cash collateral for each loan equal to not less than 102 percent of the market value of the loaned security. The State Treasurer did not impose any restrictions during the year on the amount of the loans that the securities lending agent made on its behalf. The State Treasurer is fully indemnified by its securities lending agent against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

The Custodian is authorized by the Securities Lending Agreement to invest cash collateral received for UO securities on loan in the OSTF. At June 30, 2015, and 2014, the OSTF comprised commercial paper, US agency securities, time certificates of deposit (TCD), and corporate notes. The funds' rules provide that broker-dealers meet certain qualifications, and that investments are delivered to and held by a third-party custodian, which holds the funds' securities in the State's name. The TCDs, comprising approximately one percent of total OSTF investments, are exposed to custodial credit risk. The TCDs are collateralized by securities pledged by the bank equal to 25 percent of the Certificates of Participation provided by the bank.

The cash collateral of OSTF securities on loan was invested in a short-term investment fund (STIF) maintained by the custodial agent, into US agency securities, and corporate notes. The investments were held by a third-party custodian in the State's name. The STIF is not rated by a nationally recognized statistical rating organization, although the STIF's portfolio rules provide minimum requirements with respect to the credit quality of the STIF.

The State Treasurer and borrowers maintain the right to terminate all securities lending transactions on demand. As a consequence, the maturities of investments made with the cash collateral generally do not match the maturities of the securities loans.

5. ACCOUNTS RECEIVABLE

Accounts receivable, including amounts due from UOF, comprised the following:

	June 30, 2015	June 30, 2014
Student Tuition and Fees	**$ 24,875**	$ 23,060
Auxiliary Enterprises and Other Operating Activities	**14,149**	13,947
Federal Grants and Contracts	**11,498**	12,503
Component Units	**9,873**	9,684
State, Other Government, and Private Gifts, Grants and Contracts	**3,543**	3,180
Other	**17,257**	19,599
	81,195	81,973
Less: Allowance for Doubtful Accounts	**(10,980)**	(11,061)
Accounts Receivable, Net	**$ 70,215**	$ 70,912

6. NOTES RECEIVABLE

Student loans made through the Federal Perkins Loan Program comprise substantially all of the federal student loans receivable at June 30, 2015. The program is funded through interest earnings and repayment of loans. Under certain conditions, the repayment of loans can be forgiven at differing annual rates ranging from 10 to 100 percent.

Federal Perkins loans deemed uncollectible are assigned to the US Department of Education for collection. UO has provided an allowance for uncollectible loans, which in management's opinion will absorb loans that will ultimately be written off. Notes receivable comprised the following:

	June 30, 2015			June 30, 2014		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
Institutional and Other Student Loans	**$ 3,708**	**$ -**	**$ 3,708**	$ 2,177	$ 2,957	$ 5,134
Federal Student Loans	**3,441**	**17,963**	**21,404**	3,851	17,326	21,177
	7,149	**17,963**	**25,112**	6,028	20,283	26,311
Less: Allowance for Doubtful Accounts	**(3,818)**	**(1,313)**	**(5,131)**	(1,973)	(3,331)	(5,304)
Notes Receivable, Net	**$ 3,331**	**$ 16,650**	**$ 19,981**	$ 4,055	$ 16,952	$ 21,007

For the Year Ended June 30, 2015 (dollars in thousands)

7. CAPITAL ASSETS

The following schedule reflects the changes in capital assets:

	Balance June 30, 2013	Additions	Transfer Completed Assets	Retire. and Adjust.	Balance June 30, 2014	**Additions**	**Transfer Completed Assets**	**Retire. and Adjust.**	**Balance June 30, 2015**
Capital Assets,									
Non-depreciable/Non-amortizable:									
Land	$ 51,000	$ -	$ -	$ -	$ 51,000	**$ -**	**$ -**	**$ -**	**$ 51,000**
Capitalized Collections	37,596	475	-	674	38,744	**1,353**	**-**	**(171)**	**39,926**
Construction in Progress	15,792	155,290	(99,237)	(1)	71,844	**90,466**	**(104,948)**	**(4)**	**57,358**
Intangible Assets	-	-	-	-	-	**-**	**-**	**-**	**-**
Intangible Assets in Progress	-	83	-	12	95	**-**	**-**	**-**	**95**
Total Capital Assets, Non-depreciable/Non-amortizable	104,388	155,848	(99,237)	684	161,683	**91,819**	**(104,948)**	**(175)**	**148,379**
Capital Assets, Depreciable/ Amortizable:									
Equipment	104,705	5,321	1,768	(5,927)	105,868	**6,641**	**969**	**(1,312)**	**112,166**
Library Materials	125,301	2,357	-	(765)	126,893	**2,296**	**-**	**(568)**	**128,621**
Buildings	1,240,637	-	95,321	(608)	1,335,350	**8,950**	**100,181**	**(11,223)**	**1,433,258**
Land Improvements	39,193	374	-	(2,558)	37,009	**-**	**526**	**(223)**	**37,312**
Improvements Other Than Buildings	10,033	795	-	-	10,828	**-**	**392**	**-**	**11,220**
Infrastructure	44,632	-	2,148	-	46,780	**-**	**2,880**	**-**	**49,660**
Intangible Assets	15,044	187	-	(12)	15,219	**-**	**-**	**-**	**15,219**
Total Capital Assets, Depreciable/Amortizable	1,579,545	9,034	99,237	(9,869)	1,677,947	**17,887**	**104,948**	**(13,326)**	**1,787,456**
Less Accumulated Depreciation/ Amortization for:									
Equipment	(74,028)	(8,119)	-	5,528	(76,619)	**(8,423)**	**-**	**1,098**	**(83,944)**
Library Materials	(110,480)	(3,126)	-	655	(112,951)	**(2,918)**	**-**	**528**	**(115,341)**
Buildings	(320,231)	(36,444)	-	444	(356,231)	**(37,983)**	**-**	**8,138**	**(386,076)**
Land Improvements	(11,306)	(2,292)	-	-	(13,598)	**(2,319)**	**-**	**100**	**(15,817)**
Improvements Other Than Buildings	(8,377)	(338)	-	-	(8,715)	**(367)**	**-**	**-**	**(9,082)**
Infrastructure	(21,613)	(1,794)	-	-	(23,407)	**(1,857)**	**-**	**-**	**(25,264)**
Intangible Assets	(6,572)	(728)	-	(2)	(7,302)	**(616)**	**-**	**-**	**(7,918)**
Total Accumulated Depreciation/ Amortization	(552,607)	(52,840)	-	6,625	(598,823)	**(54,483)**	**-**	**9,864**	**(643,442)**
Total Capital Assets, Net	$ 1,131,326	$ 112,042	$ -	$ (2,561)	$ 1,240,807	**$ 55,223**	**$ -**	**$ (3,637)**	**$ 1,292,393**
Capital Assets Summary									
Capital Assets, Non-depreciable/ Non-amortizable	$ 104,388	$ 155,848	$ (99,237)	$ 684	$ 161,683	**$ 91,819**	**$ (104,948)**	**$ (175)**	**$ 148,379**
Capital Assets, Depreciable/ Amortizable	1,579,545	9,034	99,237	(9,869)	1,677,947	**17,887**	**104,948**	**(13,326)**	**1,787,456**
Total Cost of Capital Assets	1,683,933	164,882	-	(9,185)	1,839,630	**109,706**	**-**	**(13,501)**	**1,935,835**
Less Accumulated Depreciation/ Amortization	(552,607)	(52,840)	-	6,625	(598,823)	**(54,483)**	**-**	**9,864**	**(643,442)**
Total Capital Assets, Net	$ 1,131,326	$ 112,042	$ -	$ (2,561)	$ 1,240,807	**$ 55,223**	**$ -**	**$ (3,637)**	**$ 1,292,393**

For the Year Ended June 30, 2015 (dollars in thousands)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued Liabilities comprised the following:

	June 30, 2015	June 30, 2014
Services and Supplies	**$ 28,340**	$ 24,176
Accrued Interest	**14,348**	12,631
Contract Retainage Payable	**2,899**	3,215
	$ 45,587	$ 40,022

9. OPERATING LEASES

A. Receivables-Expenses

UO receives income for land, property, and equipment that is leased to external entities. Rental income received from leases was $1,750 and $1,458 for the years ended June 30, 2015 and 2014, respectively. The original cost of assets leased, net of depreciation, was $19,126 and $15,786 for the years ended June 30, 2015 and 2014, respectively. Minimum future lease revenues for noncancelable operating leases at June 30, 2015 were:

For the year ending June 30,	
2016	$ 624
2017	439
2018	426
2019	366
2020	320
2021-2025	1,596
2026-2030	1,353
2031-2035	929
2036-2040	694
2041-2045	791
2046-2050	522
2051-2055	83
2056 and After	183
Total Minimum Operating Lease Revenues	$ 8,326

B. Payables-Expenses

UO leases building and office facilities and other equipment under operating leases. Total costs for such leases and rents were $8,313 and $8,612 for the years ended June 30, 2015 and 2014, respectively. At June 30, 2015, minimum future lease payments for noncancelable operating leases were:

For the year ending June 30,	
2016	$ 6,870
2017	4,955
2018	4,374
2019	4,206
2020	4,042
2021-2025	17,871
2026-2030	5,332
2031-2035	2,564
Total Minimum Operating Lease Payments	$ 50,214

For the Year Ended June 30, 2015 (dollars in thousands)

10. LONG-TERM LIABILITIES

Long-term liability activity was as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amount Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to OUS:						
General Obligation Bonds XI-F(1)	$ 575,996	$ -	$ (575,996)	$ -	$ -	$ -
General Obligation Bonds XI-G	100,730	-	(100,730)	-	-	-
General Obligation Bonds XI-Q	13,627	-	(13,627)	-	-	-
Certificates of Participation (COPs)	3,619	-	(3,619)	-	-	-
Lottery Bonds	27,589	-	(27,589)	-	-	-
State of Oregon Note Payable	-	553,557	(18,232)	535,325	17,493	517,832
University of Oregon Revenue Bonds	-	57,743	-	57,743	258	57,485
Oregon Department of Energy Loans (SELP)	43,398	-	(1,554)	41,844	1,712	40,132
Capital Leases	27	8,950	(373)	8,604	237	8,367
Total Long-Term Debt	764,986	620,250	(741,720)	643,516	19,700	623,816
Other Noncurrent Liabilities						
PERS Pre-SLGRP Pooled Liability	31,072	-	(1,354)	29,718	1,196	28,522
Compensated Absences	17,635	18,547	(17,160)	19,022	17,297	1,725
Other Postemployment Benefits	6,586	424	-	7,010	-	7,010
Employee Deferred Compensation	12,217	1,449	(1,570)	12,096	2,997	9,099
Employee Termination Liabilities	1,212	5	(298)	919	315	604
Unearned Revenue	1,579	864	(100)	2,343	122	2,221
Total Other Noncurrent Liabilities	70,301	21,289	(20,482)	71,108	21,927	49,181
Total Long-Term Liabilities	$ 835,287	$ 641,539	$ (762,202)	$ 714,624	$ 41,627	$ 672,997

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amount Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to OUS:						
General Obligation Bonds XI-F(1)	$ 233,817	$ 342,179	$ -	$ 575,996	$ 17,874	$ 558,122
Internal Bank Loans	254,204	74,120	(328,324)	-	-	-
General Obligation Bonds XI-G	100,619	111	-	100,730	3,854	96,876
General Obligation Bonds XI-Q	15,256	-	(1,629)	13,627	1,700	11,927
Certificates of Participation (COPs)	5,024	-	(1,405)	3,619	859	2,760
Lottery Bonds	28,396	-	(807)	27,589	1,007	26,582
Oregon Department of Energy Loans (SELP)	34,915	9,516	(1,033)	43,398	1,633	41,765
Capital Leases	503	-	(476)	27	9	18
Installment Purchase	2	-	(2)	-	-	-
Total Long-Term Debt	672,736	425,926	(333,676)	764,986	26,936	738,050
Other Noncurrent Liabilities						
PERS pre-SLGRP pooled Liability	31,891	-	(819)	31,072	575	30,497
Compensated Absences	15,673	16,807	(14,845)	17,635	16,083	1,552
Other Postemployment Benefits	6,231	355	-	6,586	-	6,586
Employee Deferred Compensation	11,412	2,155	(1,350)	12,217	2,040	10,177
Employee Termination Liabilities	1,486	66	(340)	1,212	316	896
Unearned Revenue	1,697	-	(118)	1,579	100	1,479
Total Other Noncurrent Liabilities	68,390	19,383	(17,472)	70,301	19,114	51,187
Total Long-Term Liabilities	$ 741,126	$ 445,309	$ (351,148)	$ 835,287	$ 46,050	$ 789,237

For the Year Ended June 30, 2015 (dollars in thousands)

The schedule of principal and interest payments for UO debt is as follows:

For the Year Ending June 30,	State Note	Revenue Bonds	SELP	Capital Leases	Total Payments	Principal	Interest
2016	$ 44,404	$ 2,500	$ 3,751	$ 828	$ 51,483	$ 19,442	$ 32,041
2017	43,846	2,500	3,751	826	50,923	19,250	31,673
2018	42,412	2,500	3,751	818	49,481	19,151	30,330
2019	41,795	2,500	3,751	818	48,864	19,585	29,279
2020	41,344	2,500	3,751	818	48,413	19,823	28,590
2021-2025	199,140	12,500	18,755	4,083	234,478	111,003	123,475
2026-2030	184,210	12,500	17,583	4,082	218,375	124,479	93,896
2031-2035	163,178	12,500	6,234	3,266	185,178	122,277	62,901
2036-2040	126,358	12,500	-	-	138,858	107,464	31,394
2041-2045	25,500	62,500	-	-	88,000	73,299	14,701
						$ 635,773	$ 478,280
Total Future Debt Service	**912,187**	**125,000**	**61,327**	**15,539**	**1,114,053**		
Less: Interest Component of Future Payments	(376,862)	(75,000)	(19,483)	(6,935)	(478,280)		
Principal Portion of Future Payments	**535,325**	**50,000**	**41,844**	**8,604**	**635,773**		
Adjusted by:							
Unamortized Bond Premiums	-	7,743	-	-	7,743		
Total Long-Term Debt	**$ 535,325**	**$ 57,743**	**$ 41,844**	**$ 8,604**	**$ 643,516**		

The State of Oregon has issued various debt instruments to fund capital projects at UO. These debt instruments include general obligation bonds under articles XI-F(1), XI-G, and XI-Q of the Oregon Constitution, certificates of participation (COPs), and lottery bonds. As of July 1, 2014, all of the State debt instruments became part of a new Agreement for Debt Management (ADM). UO also borrows funds from the Oregon Department of Energy. Principal and interest amounts due relating to UO's share of these debt issuances are payable to the State. In addition, UO has independently issued general revenue bonds to fund capital projects.

A. Agreement for Debt Management (ADM)

In connection with UO becoming an independent public entity with statewide purposes and missions, UO entered into an ADM dated July 1, 2014, with the State and amended and restated July 1, 2015. It stipulates that all of the principal and interest associated with general obligation bonds under article XI-F(1) and $2,045 and $1,013 of XI-Q bonds and COPS, respectively, are to be paid to the State from UO revenues. The remainder of the XI-Q and COPS principal and interest of $11,582 and $2,606, respectively, are to be paid directly by the State. In addition, the State is responsible for all of the principal and interest associated with the XI-G and lottery bonds. During fiscal year ended June 30, 2014, the debt service for the State paid debt under the ADM was appropriated to UO and subsequently used to make the debt service payments to OUS.

During the fiscal year ended June 30, 2015, the State issued bonded indebtedness applicable to UO as follows:

- XI-F(1) tax exempt bonds series B of $69,220 with effective rates ranging from 0.72 to 2.62 percent due serially through 2038 for refunding. The ADM indicates that any savings due to refunding of outstanding bonds that were consolidated into the ADM will be allocated to UO. A portion of the 2015 B bond sale was used for refunding previously held debt within the ADM and reduced the State note payable. See Note 10.J.

- XI-G tax exempt bonds series 2015 O of $100,865 with effective rates ranging from 0.24 to 3.37 percent, due serially through 2040 for capital construction. UO's portion of the 2015 O bond sale was $11,000 for Straub and Earl Hall classroom expansion and $8,375 for Price Science Commons and Research Library expansion. UO will receive these amounts on a reimbursement basis as capital grants, and the State will be responsible for all principal and interest payments.

- XI-Q tax Exempt Bonds Series 2015 F of $181,595, with effective rates ranging from 0.19 to 2.94 percent, due serially through 2039 for capital construction. UO's portion of the 2015 F bond sale was $2,086 for utility tunnel repair, $983 for the Museum of Natural and Cultural History, and $8,059 for capital renewal projects. UO will receive these amounts on a reimbursement basis as capital grants and the State will be responsible for all principal and interest payments.

For the Year Ended June 30, 2015 (dollars in thousands)

B. General Revenue Bonds

During the fiscal year ended June 30, 2015, UO issued tax exempt general revenue bond series 2015 A of $50,000, due April 1, 2045 with an effective rate of 3.20 percent for capital construction. These bonds have been rated Aa2 by Moody's. Interest payments are due semiannually. General revenue bonds are payable solely from and secured by a pledge of general revenues.

Source of Pledged Revenues

Beginning Balance Unrestricted Net Position	$	106,560
Plus: Beginning Funds Restricted for Debt Service		9,879
Available Revenues		
Student Tuition and Fees		368,096
Auxiliary Enterprises Revenues		171,544
Education Department Sales and Sevices		16,514
Facilities and Administration Cost Recoveries included in Grant and Contract Revenues		20,498
Other		10,076
Investment Activity		14,096
Subtotal of Available Revenues		717,263
Less: Debt Service Obligations		(48,541)
Net Funds Available	$	668,722

C. General Obligation Bonds XI-F(1)

XI-F(1) bonds, with effective rates ranging from 0.14 percent to 7.00 percent, are due serially through 2044. During the fiscal year ended June 30, 2015 the XI-F(1) bonds were subject to the ADM.

During the fiscal year ended June 30, 2014, the OUS Board issued XI-F(1) taxable and tax exempt bond series 2013 NO of $115,105 with an effective rate of 4.30 percent for capital construction, due serially through 2044. UO's portion of the 2013 NO bond sale was $10,190 for the EMU renovation.

D. Internal Bank

Through June 30, 2014, OUS managed an internal bank on behalf of the system universities. One primary role of the internal bank was to provide capital construction funding for OUS universities, including UO. As a result of the changes in university governance effective July 1, 2014 (See Note 1.A. Reporting Entity), the internal bank was closed, with all loans called and repaid prior to June 30, 2014. Prior to the closing of the internal bank, UO internal bank loans totaled $323,669. Of those loans, $320,079 were converted to XI-F(1) debt and $3,590 was repaid directly to the internal bank. Of the $320,079 of XI-F(1) debt converted from internal bank loans, $74,120 was new debt from the 2013 NO bond sale for the Student Recreation Center and the EMU renovation..

E. General Obligation Bonds XI-G

XI-G bonds, with effective rates ranging from 0.25 percent to 7.00 percent, are due serially through 2042. During the fiscal year ending June 30, 2015, the XI-G bonds were subject to the ADM. During the fiscal year ended June 30, 2014, the State did not issue XI-G bonds on UO's behalf.

F. General Obligaton Bonds XI-Q

XI-Q bonds, with effective rates ranging from 0.46 percent to 3.70 percent, are due serially through fiscal year 2036. During the fiscal year ending June 30, 2015 the XI-Q bonds were subject to the ADM. During the fiscal year ended June 30, 2014, the State did not issue XI-Q bonds on UO's behalf.

G. Oregon Department of Energy Loans

UO has entered into loan agreements with the State of Oregon Department of Energy (DOE) Small Scale Energy Loan Program (SELP) for energy conservation projects at UO. UO makes monthly loan payments (principal and interest) to the DOE in accordance with the loan agreements. SELP loans, with effective rates ranging from 3.90 percent to 5.60 percent, are due through 2034.

H. Certificates of Participation

COPs, with effective rates ranging from 2.10 percent to 6.20 percent, are due through fiscal year 2035. During the fiscal year ending June 30, 2015, the COPS were subject to the ADM. The State has not issued COPs on behalf of UO since fiscal year 2010.

I. Lottery Bonds

Lottery bonds, with effective rates ranging from 0.48 percent to 5.30 percent, are due through fiscal year 2033. During the fiscal year ending June 30, 2015, the lottery bonds were subject to the ADM. During the fiscal year ended June 30, 2014, the State issued no lottery bonds on UO's behalf.

J. Defeased Debt

UO participates in a debt portfolio managed by the State and subject to the ADM. When fiscally appropriate, the State will sell bonds and use the proceeds to defease other debt. Prior to July 1, 2014, this debt portfolio was managed by OUS.

During the year ended June 30, 2015, the State issued $69,220 in XI-F(1) bonds to refund $74,385 of XI-F(1) bonds. UO's portion of the refunding resulted in a difference between the reacquisition price and the net carrying value of the State note payable of $1,455. The refunding was undertaken to reduce total debt service payments (principal and interest) over the next 23 years by $2,774 and resulted in an economic gain of $1,650.

For the Year Ended June 30, 2015 (dollars in thousands)

During the year ended June 30, 2014, neither OUS nor the State issued bonds to be used to defease previously issued debt for the benefit of UO.

K. Financial Guarantees

UO is a State governmental entity, engaged only in business-type activities. During the fiscal year that ended June 30, 2014, UO was a member institution of OUS and, therefore, an instrumentality of the State, with the State ultimately responsible for UO's financial obligations. As of June 30, 2015, no amounts have been paid by the State for UO's financial obligations, both cumulatively and during the current reporting period.

L. Employee Deferred Compensation

UO has a Section 415(m) excess benefit plan. Section 415(m) plans are unfunded plans used as a means of deferring taxation on regular pension plan contributions by public employees in excess of the limitations otherwise imposed on the OUS 403(b) plan. The 415(m) plan is offered to highly compensated employees whose contributions would otherwise be limited by Internal Revenue Code Section 415.

M. Employee Termination Liabilities

UO has a severance agreement with one former employee relating to early termination of his employment contract. The future payout of this liability extends for three years and is paid monthly. This liability was calculated using a discounted present value of expected future benefit payments, with an annual discount rate of 0.53 percent.

N. Capital Leases

UO has acquired assets under capital lease agreements. The cost of UO assets held under capital leases total $8,987 and $37 as of June 30, 2015 and 2014, respectively. Accumulated depreciation of lease equipment and building totaled $245 and $12 for June 30, 2015 and 2014, respectively.

The lease purchase (capital lease) contracts run through fiscal year 2034. The capital leases are recorded at the present value of the minimum future lease payments at the inception date. The weighted average of interest rates on capitalized leases is 6.94 percent.

O. State and Local Government Rate Pool

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), and local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP effective January 1, 2002, at which time a transitional, pre-SLGRP liability was created. The pre-SLGRP liability is essentially a debt owed to the SLGRP by the SCCP employers. The balance of the pre-SLGRP pooled liability attributable to the state is being amortized over the period ending December 31, 2027. The liability is allocated by the State, based on salaries and wages, to all proprietary funds and the government-wide reporting fund in the State Comprehensive Annual Financial Report. Interest expense was paid in the amount of $2,075 and $2,012 for June 30, 2015 and 2014, respectively. Principal payments of $1,354 and $819 were applied to the liability for June 30, 2015 and 2014, respectively.

11. INVESTMENT ACTIVITY

Investment Activity detail is as follows:

	June 30, 2015	June 30, 2014
Net Appreciation of Investments	**$ 619**	$ 4,208
Royalties and Technology Transfer Income	**12,643**	11,640
Endowment Income	**(1,070)**	988
Gain (Loss) on Sale of Investment	**165**	-
Investment Earnings	**1,739**	3,655
Total Investment Activity	**$ 14,096**	$ 20,491

12. OPERATING EXPENSES BY NATURAL CLASSIFICATION

The Statement of Revenues, Expenses and Changes in Net Position reports operating expenses by their functional classification. The following displays operating expenses by natural classification:

	June 30, 2015	June 30, 2014
Compensation and Benefits	**$ 558,760**	$ 523,411
Change in Pension Liability	**(47,444)**	-
Services and Supplies	**166,582**	169,385
Scholarships and Fellowships	**44,567**	35,764
Depreciation and Amortization	**54,482**	52,746
Other Expenses	**8,767**	7,961
Total Operating Expenses	**$ 785,714**	$ 789,267

13. GOVERNMENT APPROPRIATIONS

Government appropriations comprised the following:

	June 30, 2015		
	General Operations	**Debt Service**	**Total**
State General Fund	**$ 55,362**	**$ 1,997**	**$ 57,359**
State Lottery Funding	**500**	**-**	**500**
Total Appropriations	**$ 55,862**	**$ 1,997**	**$ 57,859**

	June 30, 2014		
	General Operations	Debt Service	Total
State General Fund	$ 48,931	$ 10,391	$ 59,322
State Lottery Funding	500	1,972	2,472
Total Appropriations	$ 49,431	$ 12,363	$ 61,794

14. EMPLOYEE RETIREMENT PLANS

The University of Oregon offers various retirement plans to qualified employees as described below.

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM–OREGON PUBLIC SERVICE RETIREMENT PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

Name of the pension plan: The Oregon Public Employees Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan.

Plan description. Employees of UO are provided with pensions through PERS. All the benefits of PERS are established by the Oregon Legislative Assembly pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. PERS issues a publicly available financial report that can be obtained at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided under Chapter 238—Tier One–Tier Two

1. Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

2. Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death.

3. Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

4. Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

For the Year Ended June 30, 2015 (dollars in thousands)

Benefits provided under Chapter 238A—OPSRP Pension Program (OPSRP DB)

Pension Benefits. The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

1. Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

2. Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

3. Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

CONTRIBUTIONS

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013.

SUMMARY OF PENSION PAYMENTS

UO total payroll for the year ended June 30, 2015 was $369,221, of which $298,058 was subject to retirement contributions. The following schedule lists payments made by UO for the fiscal year:

	June 30, 2015			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
PERS/OPSRP	$ 17,662	5.93%	$ 11,936	4.00%
ORP	9,833	3.30%	5,407	1.81%
TIAA-CREF	51	0.02%	51	0.02%
SRP	100	0.03%	-	0.00%
Total	$ 27,646	9.28%	$ 17,394	5.84%

Of the employee share, the employer paid $11,936 of PERS-OPSRP, $5,407 of ORP, and $51 of TIAA-CREF during the fiscal year ended June 30, 2015.

UO total payroll for the year ended June 30, 2014 was $343,800, of which $278,740 was subject to retirement contributions. The following schedule lists payments made by UO for the fiscal year:

	June 30, 2014			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
PERS/OPSRP	$ 16,681	5.98%	$ 11,175	4.01%
ORP	9,332	3.35%	5,064	1.82%
TIAA-CREF	64	0.02%	64	0.02%
SRP	100	0.04%	-	0.00%
Total	$ 26,177	9.39%	$ 16,303	5.85%

For the Year Ended June 30, 2015 (dollars in thousands)

Actuarial Valuations:

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One–Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

For the Year Ended June 30, 2015 (dollars in thousands)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 experience study which reviewed experience for the four-year period ending on December 31, 2012.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the defined benefit pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 67 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 67, *Financial Reporting for Pension Plans and Amendment of GASB Statement No. 25*, will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an actuarially determined contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation

Asset Class/Strategy	Low Range		High Range		OIC Target	
Cash	0.0	%	3.0	%	0.0	%
Debt Securities	15.0		25.0		20.0	
Public Equity	32.5		42.5		37.5	
Private Equity	16.0		24.0		20.0	
Real Estate	9.5		15.5		12.5	
Alternative Equity	0.0		10.0		10.0	
Opportunity Portfolio	0.0		3.0		0.0	
Total					100.0	%

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For the Year Ended June 30, 2015 (dollars in thousands)

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	1.25	6.07
Assumed Inflation - Mean		2.75

Sensitivity of UO's proportionate share of the net pension liability to changes in the discount rate. The following presents UO's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what UO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	$ 79,340	$ 37,466	$ (136,257)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, UO reported an asset of $37,466 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2012 and rolled forward to June 30, 2014. UO's proportion of the net pension asset was based on its projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

For the year ended June 30, 2015, UO recognized negative pension expense of $34,247. At June 30, 2015, UO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$0	$0
Changes of assumptions	0	0
Net difference between projected and actual earnings on investments	0	72,295
Changes in proportion and differences between employer contributions and proportionate share of contributions	670	0
Total (prior to post-measurement date contributions)	670	72,295
Contributions made subsequent to measurement date	13,197	0
Net Deferred Outflow/(Inflow) of Resources	$ 13,867	$ 72,295

$13,197 reported as deferred outflows of resources related to pensions resulting from UO contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30	Pension Expense (Revenue)
2016	($17,928)
2017	(17,928)
2018	(17,928)
2019	(17,928)
2020	87

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in PERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the Unfunded Actuarial Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.

Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings.

The UAL has Tier 1–Tier 2 and OPSRP pieces. The Tier 1–Tier 2 piece is based on the employer's Tier 1–Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1–Tier 2 rate pools [State and Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1–Tier 2 UAL is just their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. For example, if the employer's payroll is one percent of the pool's total payroll, the employer will be allocated one percent of the pool's UAL. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1–Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1–Tier 2 UAL tracked separately in the actuarial valuation.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1–Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with PERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional liability-surplus, and pre-SLGRP liability-surplus (if any). This is done as those balances increase-decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

Changes in Plan Provisions Subsequent to Measurement Date:

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

It is estimated that this ruling will change the $37,466 pension asset to a $43,802 pension liability.

OPSRP Individual Account Program (OPSRP IAP)

1. Pension Benefits. Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account

For the Year Ended June 30, 2015 (dollars in thousands)

Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

2. Death Benefits. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

3. Contributions. UO has chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees.

Retirement Bond Debt Service Assessment

In 2003, the State Legislature authorized the State to sell general obligation bonds in the amount of $2 billion to pay a PERS unfunded actuarial liability. This action reduced the PERS contribution rate for PERS covered employers in the State actuarial pool in November, 2003.

The Oregon Department of Administrative Services coordinates the debt service assessments to PERS employers to cover the bond debt service payments. PERS employers are assessed a percentage of PERS-subject payroll to fund the payments. The assessment rate is adjusted biennially over the life of the twenty-four year debt repayment schedule.

The payroll assessment for the pension obligation bond began May, 2004 and is currently at a rate of 6.33 percent. The rate is contractually required by PERS. Payroll assessments for the fiscal years ended June 30, 2015 and 2014 were $13,282 and $12,244, respectively, scheduled to be paid off in 2027.

An actuarial valuation of the System is performed every two years to determine the level of employer contributions. The most recently completed valuation was performed as of December 31, 2013. The valuation included projected payroll growth at 3.75 percent. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. It is adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The actuarial accrued liability at December 31, 2013, for PERS and OPSRP, determined through an actuarial valuation performed as of that date, was $62.6 billion. PERS and OPSRP net assets available for benefits on that date (valued at market) were $60.0 billion. Information for UO as a stand-alone entity is not available.

OPTIONAL RETIREMENT PLAN

The 1995 Oregon Legislature enacted legislation that authorized OUS to offer a defined contribution retirement plan as an alternative to PERS. The Board appointed a Retirement Plan Committee to administer the Optional Retirement Plan (ORP) and established trustees to manage plan assets placed with mutual funds and insurance companies. UO manages ORP on behalf of OUS and its former member universities Beginning April 1, 1996, the ORP was made available to UO unclassified faculty and staff who are eligible for PERS membership. Employees choosing the ORP may invest the employee and employer contributions in one of multiple investment companies.

The ORP consists of four tiers. Membership under ORP Tier One and Tier Two is determined using the same criteria as PERS. The third tier is determined by membership under the OPSRP. Under the ORP Tier One, Tier Two OPSRP equivalent, the employee's contribution rate is 6.00 percent and is paid by the employer. Beginning July 1, 2014 new members are subject to the fourth tier. Under Tier Four, the employee's contributions to a tax deferred investment account is matched up to 4.00 percent. Employees become fully vested in the ORP after 5 years of participation in the plan. During the plan year that ended December 31, 2014, $482 was forfeited due to employees terminating before being fully vested. ORP participants who leave employment before vesting in the ORP forfeit their employer share of the ORP contributions, along with the associated investment income (losses) on those contributions. UO applies the forfeited funds in sequential order to: (1) reinstate a participant's employer share when a participant returns to employment, (2) reimburse ORP administrative expenses, and (3) offset future ORP employer contributions. The employer contribution rates for the ORP are as follows:

	2015	2014
ORP Tier One	**16.50%**	16.50%
ORP Tier Two	**16.50%**	16.50%
OPSRP Equivalent	**6.42%**	6.42%
ORP Tier Four	**8.00%**	

TEACHERS INSURANCE AND ANNUITY ASSOCIATION/ COLLEGE RETIREMENT EQUITIES FUND

Eligible unclassified employees who enrolled prior to 1996 may participate in the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF) retirement program, a defined contribution plan, on all salary in excess of $4,800 per calendar year. Employee contributions are directed to PERS on the first $4,800. The employer contribution to TIAA-CREF is an amount sufficient to provide an annuity pension equal to the employee's contributions. To participate in this retirement option, employees must have been hired on or before September 9, 1995. This plan was closed to new enrollment at the time the ORP started in 1996. UO manages the TIAA-CREF plan on behalf of OUS and its former member universities. All participants of TIAA-CREF are fully vested and there will not be any forfeitures in the future.

For the Year Ended June 30, 2015 (dollars in thousands)

SUPPLEMENTAL RETIREMENT PLAN (SRP)

UO maintains a Section 414(d) cash balance defined benefit plan to provide a specific benefit value to the UO university president upon separation. The 414(d) plan is qualified under IRC Section 401(a) as a governmental plan. As of June 30, 2015, the plan was fully funded. UO manages SRP on behalf of OUS and its former member universities.

15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. UO participates in a defined benefit postemployment healthcare plan, administered by the Public Employees Benefit Board (PEBB), which offers medical, dental, and vision benefits to eligible retired state employees and their beneficiaries. The PEBB plan is an agent multiple-employer postemployment healthcare plan. Chapter 243 of the ORS assigns PEBB the authority to establish and amend the benefit provisions of the PEBB plan. As the administrator of the PEBB plan, PEBB has the authority to determine postretirement benefit increases and decreases. PEBB does not issue a separate, publicly available financial report.

The PEBB plan allows UO employees retiring under PERS or OPSRP to continue their healthcare on a self-pay basis until eligible for Medicare, usually at age 65. This plan creates an "implicit rate subsidy" because the healthcare insurance premiums paid by UO for its employees is based on a blended premium of both employees and retirees combined, which is a higher premium than would have been paid for employees alone.

The PEBB plan is also offered to retirees of other Oregon state agencies. Therefore, the amounts presented in this note are limited to UO's share, estimated at 8.96 percent of the total PEBB plan costs attributable to the State of Oregon. This allocation was based on health insurance premiums paid by state agencies during fiscal year 2015.

Funding Policy. UO's current policy is to pay the implicit rate subsidy on a pay-as-you-go basis. For fiscal years 2015 and 2014, UO paid healthcare insurance premiums of $69,949 and $69,455, respectively. The portion of the insurance premiums attributable to the implicit rate subsidy was estimated to be $548 and $602 for the fiscal years ended 2015 and 2014, respectively.

Annual OPEB Cost and Net OPEB Obligation. UO's annual OPEB expense is calculated based on UO's annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of UO's annual OPEB expense for the year, the amount actually contributed to the plan, and changes in UO's net OPEB obligation:

	June 30, 2015	June 30, 2014
Annual Required Contribution	**$ 1,195**	$ 1,164
Interest on Net OPEB Obligation	**247**	239
Adjustment to Annual Required Contribution	**(471)**	(455)
Prior Year Adjustment		9
Annual OPEB Cost	**971**	957
Contributions Made	**(548)**	(602)
Increase in Net OPEB Obligation	**423**	355
Net OPEB Obligation - Beginning of Year	**6,586**	6,231
Net OPEB Obligation - End of Year	**$ 7,009**	$ 6,586

The UO annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2015, 2014, and 2013 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 971	14%	$ 7,010
2014	957	15%	6,586
2013	1,734	28%	6,231

Funding Status and Funding Progress. The funded status of the UO OPEB plan for June 30, 2015 and 2014 were as follows:

	June 30, 2015	June 30, 2014
Actuarial Accrued Liabilities	**$ 9,414**	$ 9,539
Actuarial Value of Plan Assets	**-**	-
Unfunded Actuarial Accrued Liability	**$ 9,414**	$ 9,539
Funded Ratio	**0.00%**	0.00%
Covered Payroll (active plan members)	**$ 298,058**	$ 278,740
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	**3.16%**	3.42%

For the Year Ended June 30, 2015 (dollars in thousands)

Actuarial valuations, prepared biennially, involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Accrual Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between UO and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	June 30, 2015	June 30, 2014
Actuarial Valuation Date	**7/1/2013**	7/1/2013
Actuarial Cost Method	**Entry Age Normal**	Entry Age Normal
Amortization Method	**Level Percentage**	Level Percentage
Amortization Period	**15 Years (open)**	15 Years (open)
Investment Rate of Return	**3.5%**	3.5%
Projected Salary Increases	**3.5%**	3.5%
Initial Healthcare Inflation Rates	**3.6% (medical), 2.2% (dental)**	3.6% (medical), 2.2% (dental)
Ultimate Healthcare Inflation Rates	**5.4% (medical), 5.0% (dental)**	5.4% (medical), 5.0% (dental)

16. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others, for which UO is an income beneficiary, are not recorded in the financial records. The approximate value of such trust funds at June 30, 2015, and 2014 was $722 and $787, respectively.

17. RISK FINANCING

Through June 30, 2015, UO was a member of the Public University Risk Management and Insurance Trust (PURMIT) for insurance coverages. Types of coverages include:

- Real property loss for university owned buildings, equipment, automobiles and other types of property
- Tort liability claims brought against UO, its officers, employees, or agents
- Employers liability
- Crime, fiduciary
- Specialty lines of business including marine, medical practicums, international travel, fine art, aircraft, camps, clinics, and other items.

PURMIT is managed by an administrator and a board of trustees appointed by the member institutions.

During the year ending June 30, 2015, PURMIT purchased excess commercial general liability insurance above the self-insurance layer, in addition to the coverage noted above. The total insurable value of property was reassessed at $9,000,000 and included a $500,000 limit with sublimits for business interruption, earth movement, and flood.
The casualty program covers general tort claims as well as directors and offices, errors and omissions, and employment liability. Limits of liability for this program total $50,000, exclusive to UO, and for general liability and educators legal liability, this is an excess of more than $1,000 in the PURMIT self-insured program. UO's self-insured retention prior to the PURMIT coverage is $500 per claim for the year ending June 30, 2015. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

For the Year Ended June 30, 2015 (dollars in thousands)

18. COMMITMENTS AND CONTINGENT LIABILITIES

Outstanding commitments on partially completed and planned but not initiated construction projects authorized by the Oregon legislature totaled approximately $200,025 and $83,458 at June 30, 2015 and 2014, respectively. These commitments will be funded from gifts and grants, bond proceeds, and other UO funds. Refer to the table accompanying this note for projects relating to construction commitments as of June 30, 2015.

UO is contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Management is of the opinion that the outcome of such matters will not have a material effect on the financial statements.

UO participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor for expenditures disallowed under terms of the grant. Management believes that disallowances, if any, will not have a material effect on the financial statements.

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to ORS 657. UO reimburses the Oregon Employment Division on a quarterly basis for actual benefits paid. Each year, resources are budgeted to pay current charges. The amount of future benefit payments to claimants and the resulting liability to UO cannot be reasonably determined at June 30, 2015.

Project Description	Total Commitment	Completed to Date	Outstanding Commitment
1600 Millrace	$2,565	$180	$2,385
942 Olive Building	3,000	84	2,916
Autzen Stadium	1,455	634	821
Capital Repair	10,458	731	9,727
Central Kitchen/Woodshop	8,890	1,330	7,560
Columbia Hall	2,416	204	2,212
Computing Center	500	66	434
EMU Expansion	95,000	42,880	52,120
Gerlinger Hall	7,842	360	7,482
Jane Sanders Stadium	17,200	1,281	15,919
Klamath Hall	42,102	5,087	37,015
Museum of Natural & Cultural History	1,325	20	1,305
Music Building	8,725	6	8,719
New Residence Hall	45,025	914	44,111
Pacific Hall	4,729	199	4,530
Projects with < $500 thousand remaining to be spent	1,550	1,422	128
Project Budgets <$1 million	3,407	766	2,641
	$256,189	$56,164	$200,025

19. SUBSEQUENT EVENTS

NET PENSION ASSET

On April 30, 2015, the Oregon Supreme Court, in the case of Moro v. State of Oregon, held that portions of Senate Bills 822 and 861 with effective dates of May 5, 2013 and October 8, 2013, respectively, regarding cost of living adjustments for benefits earned before the bills' effective dates were unconstitutional. The result of this decision is that the net pension asset of $37,466, based upon PERS actuarial assumptions as of June 30, 2014, would have been a net pension liability of $43,802, had this decision been in effect as of June 30, 2014. As a result, it is expected that in the fiscal year ending June 30, 2016, UO will have a net pension liability instead of a net pension asset.

RISK FINANCING

Effective July 1, 2015, UO implemented its first independent insurance portfolio.

The following coverages have been secured:

- Excess general liability, professional liability, and educators legal liability
- Fiduciary
- Crime
- Cyber and multimedia
- Nonowned aircraft
- Security
- Workers' compensation and employers liability
- Foreign liability
- Fine art
- Student athlete
- International travel
- Allied health

Coverages that remain under the pooled structure are:

- Day care (through September 1, 2015)
- Cheer catastrophic (through September 27, 2015)
- Property, boiler, and machinery (through October 15, 2015)
- Camps-clinics (through January 1, 2016)

UO has established a risk insurance portfolio to manage any costs within the respective policy deductibles. The insurance renewal process focused on broadening coverage and reducing portfolio costs, and continuing to monitor campus activities for potential gaps in coverage. The Enterprise Risk Services unit works strategically with campus partners to increase risk awareness and safety and reduce injuries and losses. Workers' compensation claims costs have been trending down for the past three years. The independent program has allowed direct relationships with the broker and carriers to facilitate access to resources. Claims are managed by the Office of Risk Management and the General Counsel's Office, using outside counsel as necessary.

WHITE STAG LEASE

On November 4, 2015, UO entered into a capital lease with OFX White Stag, LLC, a wholly-owned subsidiary of UOF, for the White Stag building in Portland, with a term of 30 years and monthly payments of $208. This lease superseded prior leases for the property.

20. UNIVERSITY FOUNDATION

Under policies approved by the BOT, UOF has been recognized by the president to provide assistance in fundraising, public outreach, and other support for the mission of UO. UOF is a legally separate, tax-exempt entity with an independent governing board. Although UO does not control the timing or amount of receipts from UOF, the majority of resources, or income thereon, which the foundation holds and invests are restricted to the activities of UO by the donors. Because these restricted resources held by UOF can only be used by, or for the benefit of UO, UOF is considered a component unit of UO and is discretely presented in the financial statements.

The financial activity is reported for the year ended June 30, 2015.

During the years ended June 30, 2015 and 2014, gifts of $68,867 and $67,633, respectively, were transferred from UOF to UO. UOF is audited annually and received an unqualified audit opinion in 2015 and 2014.

On November 4, 2015, OFX White Stag, LLC, a wholly-owned subsidiary of UOF, purchased the White Stag building in Portland and subsequently leased it to UO.

Please see the financial statements for UOF on pages 17 and 19 of this report.

Complete financial statements for UOF may be obtained by writing to the following:

University of Oregon Foundation
1720 E. 13th Avenue, Suite 410
Eugene, Oregon 97403-2253 or at
www.uofoundation.org/s/1540/foundation/index.aspx?sid=1540&gid=1&pgid=1037.

Required Supplementary Information (dollars in thousands)

Schedule of UO's Proportionate Share of Net Pension Liability - PERS

	2015
UO's portion of net pension liability	1.65%
UO's proportionate share of the net pension liability	$ 37,466
UO's covered employee payroll	201,223
UO's proportional share of the net pension liability as a percentage of its covered employee payroll	18.62%
Plan fiduciary net position as a percentage of the total pension liability	103.59%

Data reported is measured as of June 30, 2014 (measurement date)

Schedule of UO Contributions - PERS

	2015
Statutorily-required contribution	$ 17,662
Contributions in relation to the statutorily-required contribution	17,662
Contribution (deficiency) excess	$ -
UO's covered-employee payroll	201,223
Contributions as a percentage of covered-employee payroll	8.78%

Funding Status of Other Postemployment Benefits

Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	-	$ 13,212	$ 13,212	0.0%	$ 220,606	6.0%
6/30/2011	-	14,051	14,051	0.0%	231,781	6.1%
6/30/2012	-	13,662	13,662	0.0%	248,948	5.5%
6/30/2013	-	14,231	14,231	0.0%	259,314	5.5%
6/30/2014	-	9,539	9,539	0.0%	278,740	3.4%
6/30/2015	-	9,414	9,414	0.0%	298,058	3.2%

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REPORT OF INDEPENDENT AUDITORS 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*

Members of the Board of Trustees
University of Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Oregon (the University) and its discretely presented component unit, the University of Oregon Foundation (the Foundation), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 1, 2015. The financial statements of the Foundation were not audited in accordance with *Government Auditing* Standards. Our report includes an emphasis of matter paragraph regarding the financial statements of the University as of June 30, 2014, were audited by other auditors whose report dated December 17, 2014, expressed an unmodified opinion on those statements. In the prior year, the University was an activity of the Oregon University System, an enterprise fund of the State of Oregon. The University's prior year financial statements were not updated in any way for the effects of its current year change in becoming an independent public body from the State of Oregon. The effects of the change were adjusted in the University's opening balances of the current year under the provisions of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and disclosed in Note 3 to the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

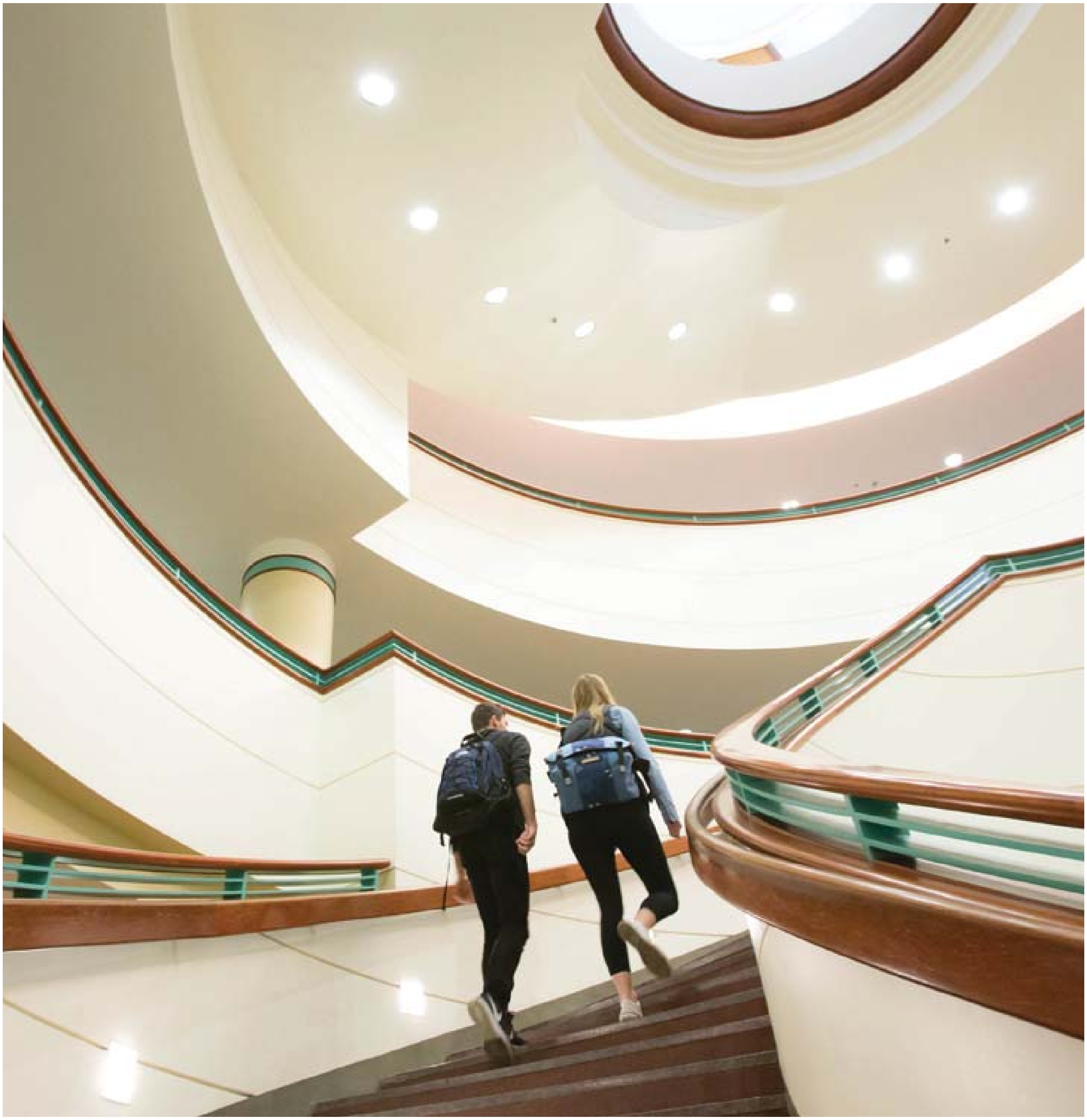
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Eugene, Oregon
December 1, 2015



For information about the financial data included in this report, contact:

Jamie Moffitt
Vice President for Finance and Administration and CFO
103 Johnson Hall
1283 University of Oregon
Eugene, Oregon 97403-1283
541-346-3003

University of Oregon
www.uoregon.edu; 541-346-3003
Office of the Vice President for
Finance and Administration and CFO
Eugene, Oregon 97403-1283

University of Oregon
Executive and Audit Committee

December 2, 2015

<u>Reports of Independent Auditors</u>

- **Auditor's Report on Financial Statements – <u>Unmodified Opinion</u>**
- **Auditor's Report in accordance with *Government Auditing Standards* – <u>No Internal Control Matters to be Reported</u>**

<u>Required Communications</u>

- **Auditor's Responsibility Under Generally Accepted Auditing Standards**
- **Planned Scope and Timing of the Audit**
- **Significant Accounting Policies**
- **Significant Accounting Estimates**
- **Financial Statement Disclosures**
- **Significant Difficulties Encountered During the Audit**
- **Corrected and Uncorrected Misstatements**
- **Disagreements with Management**
- **Management Representations**
- **Management Consultation with Other Accountants**
- **Other Significant Findings or Issues**
- **Internal Control Matters**
- **Fraud**