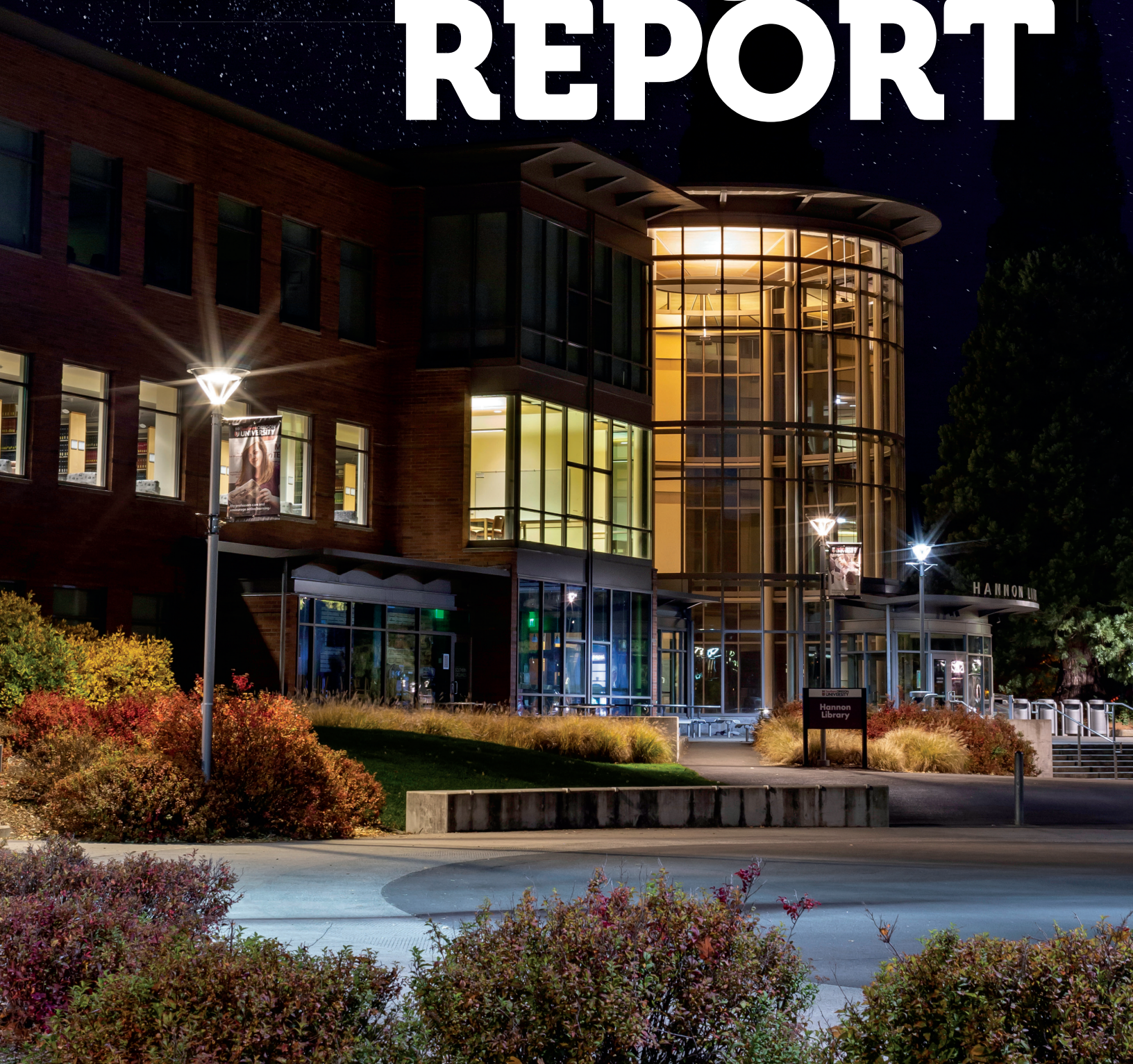


**2025 ANNUAL**

# FINANCIAL REPORT



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**Southern Oregon University  
Board of Trustees**

Brent Barry	Jacksonville
Iris Maria Chavez	Portland
Sheila Clough	Central Point
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Ryan Goodrich	Medford
Debra Fee Jing Lee	Medford
Christina Medina (Kruger)	Medford
Jason Mendoza	Ashland
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Garima Sharma	Medford
Elizabeth Shelby	Medford
Julissa Taitano	Ashland
Barry Thalden	Ashland
Bill Thorndike	Medford
Dr. Richard Bailey, Jr. (Ex-officio)	Ashland

**Southern Oregon University  
Executive Officers as of June 30, 2025**

- Dr. Richard Bailey, Jr.  
*President*
- Dr. Casey Shillam  
*Provost & Vice President for Academic and Student Affairs*
- Dr. Carson Howell  
*Vice President of Finance and Administration*
- Janet Fratella  
*Vice President for University Advancement and Executive Director, SOU Foundation*

## MESSAGE FROM THE PRESIDENT



The story of fiscal year 2024-25 at Southern Oregon University cannot be written without first acknowledging what has transpired from the last month of that budget year through the first few months of the current one.

In early June, a state higher education budget was delivered that set SOU on course for a deficit of more than \$3.3 million for FY 2025-26 – about \$800,000 more than what we already expected. That funding inadequacy at the state level, combined with unprecedented uncertainty in our federal partnerships and lagging enrollment and retention, led the SOU Board of Trustees to direct as much as \$5 million in budget reductions to be achieved before the end of the 2025-26 fiscal year. As we were confronting that challenge, the need for an even more monumental change became apparent. Despite instituting the SOU Forward initiative just two years prior – a plan to reduce reliance on state funding and tuition revenue by cutting costs, leveraging grants and philanthropy, and cultivating new revenue sources – we found ourselves in a new crisis caused by external forces beyond our control.

The unprecedented financial predicament – the most severe since a 16-year closure almost a century ago – clearly required a full reset rather than a patch. We had an infrastructure of faculty and staff members that could support student enrollment as high as 7,500, but our enrollment had been less than half that level for a number of years.

After a careful, painful analysis of our situation and our prospects, it was decided that the best option to ensure the future of SOU was to rebuild it as an institution with an annual budget in the range of \$60 million – 15% lower than the budget we adopted last spring. The only pathway that would lead to that outcome required us to venture into the rarely used territory of financial exigency – a contractual mechanism that can be triggered only by otherwise unsolvable financial challenges such as those we

were facing. We worked with our faculty union and other partners across campus, and developed the Toward a (More) Resilient SOU plan. The plan is enabling us to take the steps necessary to reduce expenses including personnel costs otherwise protected by collective bargaining agreements, and change SOU's footprint to that of an institution with 30 majors, 19 minors and six graduate programs – down from 38 majors, 35 minors and seven graduate programs.

As that plan is fully implemented over the next few years, SOU will be rebuilt as a more focused, responsive and resilient university – smaller, but much more capable of withstanding future challenges.

### Our combined financial response

The SOU Forward realignment plan was established during the 2022-23 fiscal year, and we remained committed to that route toward financial stability throughout the 2023-24 and 2024-25 fiscal years. That plan was necessitated by structural flaws in the university's financial model – an overly optimistic and out-of-balance mix of state appropriations and tuition revenue to pay for most operations – that would have resulted in a deficit projected at \$13 million-plus by the 2026-27 fiscal year.

The four-plank fiscal realignment plan began with a comprehensive cost management phase, followed by the ongoing implementation of three revenue-generation planks: reimagining how we support faculty and programs that seek funding from external granting agencies and organizations; leveraging an ongoing surge in philanthropic support for SOU; and diversifying revenue through entrepreneurial opportunities that include (among other ideas) solar power generation and creation of an older adult living facility.

The SOU Forward plan was built on the bottom line principles that the university's revenue must always be equal to or greater than its expenses, and we absolutely cannot default to large tuition increases to patch budget gaps.

That realignment strategy reduced the SOU workforce by the equivalent of almost 82 full-time positions and will ultimately result in savings of about \$13 million. Some employees faced position elimination, and the remaining reductions were accomplished through a combination of job vacancies, retirements, voluntary departures and non-renewable contracts.

The current resiliency plan will remove another 70 positions and \$10.7 million from the university's general fund budget, through unfilled vacancies, eliminated positions, retirements or resignations, reduced FTE, shifts to 10-month schedules and the use of alternative funding sources.

The cumulative reduction of nearly 152 positions from SOU's

general fund, through both the SOU Forward and Resilient SOU initiatives, will result in a permanent reduction of about \$23.7 million.

### **Cost-savings and revenue generation**

We began the 2024-25 academic year by tightening our organizational structure with a shift to four “schools or colleges” rather than the seven “divisions” that previously housed our undergraduate- and graduate-level academic programs. We also scaled back our management footprint by resizing or restructuring two vice president positions as they opened through attrition.

Another cost-saving measure that began with the 2024-25 academic year was the outsourcing of services at SOU’s Student Health & Wellness Center to Medford-based community health provider La Clinica. Student fees had become insufficient to operate the health center, and supplements from the university’s general fund increased in each of the previous few years. La Clinica now ensures our students affordable and high-quality medical, behavioral health and reproductive health services at no cost to the university beyond the student fees that are earmarked for that purpose.

Enrollment continues to be key to SOU’s financial health, and there are reasons for both optimism and concern. The overall fall term 2025 headcount at SOU is 5,206 – up from 5,129 a year ago. That’s the highest since fall 2019, before the COVID-19 pandemic. But full-time equivalent (FTE) enrollment remains a concern – this fall’s figure is 3,150, down from last year’s 3,209 and the eighth consecutive year of decline. SOU was hit hard during the pandemic years, with an overall double-digit decline in enrollment, and recovery in both headcount and FTE enrollment has been slow to develop. Federal-level delays during winter and spring 2024 in the Free Application for Federal Student Aid (FAFSA) application process affected enrollment for the 2024-25 academic year, and news during the summer of our financial crisis is likely to have had an impact this fall. However, we are encouraged that this year’s fallout was not greater, and confident that the measures we have in place – including a new strategic enrollment plan – will result in a slow but steady resumption of enrollment growth.

The SOU Office of Sponsored Programs has expanded to support the university’s capacity to help both faculty and staff members garner funding for research, academic and student support programs, and our longer-term goals such as energy independence. Several grants have been awarded in the past year, and several more are at various points in the pipeline. The 2024-25 fiscal year included awards from the Oregon Department of Energy for solar generation projects, two from the Oregon State Historic Preservation Office for separate archaeology projects, from the Alfred P. Sloan Foundation and the National Science Foundation for computer science research and the Ashland Community Health Foundation to fund a faculty position in SOU’s master’s degree program in Clinical Mental Health Counseling.

SOU continued its historic fundraising run in fiscal year 2025, raising \$14.5 million – the second-highest annual total ever raised for the

university. Strong engagement with SOU alumni and solid campus partnerships were two of the keys in generating gifts that increased support for SOU’s academic core, including projects for faculty, student affairs and athletics. More than \$4 million is earmarked specifically for scholarships, and the university received FY25 gifts from more than 3,000 donors. SOU is at the halfway point in its inaugural comprehensive fundraising campaign, and donors are primed to support university goals and aspirations.

SOU has been recognized by local, regional and national media – and by Oregon’s legislative and political leaders – for its efforts to diversify revenue streams through a variety of entrepreneurial projects. The university is taking innovative steps to manage its fiscal reality and plan for the future, with several ventures already underway or being planned.

- **Solar power:** SOU is making progress toward becoming the first public university in the U.S. to produce all of the daytime electricity used on its campus, with \$5.8 million in recent state, federal and student funding – including a third \$1 million grant from the Oregon Department of Energy. We have recently completed new solar arrays on The Hawk Dining Hall, Marion Ady and The Art Building. These new additions bring the count to 12 arrays across campus. We have also installed our first on-campus energy storage battery system, which provides both renewable generation and resilience benefits. The battery storage was implemented to provide emergency back-up energy to The Hawk Dining Hall, and offer basic power needs for emergency responders and community members. Projects in parking lots adjacent to Lithia Motors Pavilion and the Computer Science Building – in which solar arrays will be installed on raised “canopies” above parking spaces – are about to begin, along with another battery storage bank in the Computer Science Building. Additional solar and resilience projects are planned, all with education for our students in mind. We anticipate generating 100 percent of our own electricity by 2035, eliminating at least \$750,000 per year in utility costs.
- **Senior living:** SOU’s Cascade Complex, an obsolete cluster of nine residence halls and a cafeteria that were largely unused since 2013, was demolished last winter to make room for the development of an older adult living center on the 4.3-acre site at the southwest corner of campus. We began the process of identifying a private-sector partner for construction and operation of a housing and educational facility in January, and initiated negotiations with our selected finalist in June. The goal is to create a living community that creates synergy between the center’s residents, SOU students, OLLI at SOU and the university. A list of older adults who are interested in moving into the facility has already been generated.

- **University Business District:** The proposed University Business District, to be anchored by a mixed-use building on SOU property at the corner of Walker Avenue and Ashland Street, has the potential to ease a housing shortage in Ashland. It will also be designed to support SOU students by bringing in businesses that cater to their needs. Discussions are underway with potential partners and civic leaders, and a “request for qualifications” may be explored in the coming year.
- **Workday:** SOU completed the first phase of its transition to Workday – a cutting-edge core information system – in February 2024, and began an incremental launch of the second phase this fall. The first phase focused on employee-based elements of the platform – finance, payroll and human resources – while the second phase changes how students view and register for courses, and provides tools for them to create academic plans, manage financial aid and complete other functions throughout their academic careers. The entire migration to Workday is expected to be completed late in 2026, and ultimately is expected to save the university more than \$500,000 in recurring, annual costs and improve user experiences for both students and employees.

SOU continues to blaze new trails in the transition toward a more stable future, and a fiscal model that will be transformative for our students, the university, the community and the state of Oregon. We are addressing challenges and meeting the changing needs of all who benefit from our services – with our shared commitment to academic access, opportunity for our students and hope serving as our North Star. There is nothing wrong with SOU that can’t be fixed – or healed – by what is right with SOU.

Very Respectfully,



Richard J. Bailey, Jr., Ph.D.

President, Southern Oregon University



## Capital Projects Update

### Central Hall Renovation - \$17M project

Central was funded for a seismic, mechanical, electrical, plumbing & life safety renovation in 2017. Cost estimates revealed this to be insufficient for the entire building, so the work was phased by floor. In 2024, Central Hall main & lower level construction was completed with a \$6M bond & supplemented with \$5M CIR (Capital Improvement & Repair) funding. The legislature funded an additional \$6M in the 2024 session to finish the top level, landscape, solar & parking lot repairs. Design for this final phase is currently underway, with construction expected to occur in Summer 2026. Landscape work around the entire perimeter of the building is currently underway utilizing high efficiency irrigation and drought tolerant native plants.

### Cascade Demolition - \$3.5M project

SOU successfully bid and completed full demolition of the obsolete dormitory Cascade Hall in Spring 2025. The final work remaining is establishing adequate ground cover to comply with DEQ stormwater regulations, which SOU expects to be complete in Spring 2026.

### Solar PV Systems

Installation of 156.88 kW of rooftop solar on The Hawk dining hall was completed in August 2025, supplemented with a 220kWh backup battery system was completed in September 2025. Installation of 47.7 kW of rooftop solar on the Marion Ady Building and 43.46kW of rooftop solar on the Art Building was completed in September 2025. The Hannon Library is slated for replacement and upgrade of the student funded solar on campus, with 29kW of panels scheduled for installation Winter 2026. Parking Lot #27 is currently under design for an estimated 150kW of parking structure solar, projected to be installed in late 2026. Funding for these projects include grants from Oregon Department Of Energy and Student Green Tag Fee.



## Southern Oregon University

As has been the trend for the several years, more than 3,000 donors stepped forward this past year to set another philanthropy record. SOU raised \$14.5 million in gifts, pledges, in-kind contributions, and bequest commitments to support students, academic programs, faculty development, and athletic facilities. These commitments demonstrate the ongoing belief in the university's future.

### Highlights of the year in philanthropy include:

- Gifts and pledges to academic programs and faculty support totaled \$1.4 million, or 10% of the total amount raised during the fiscal year.
- During the year, donors stepped forward to help envision a new farm-to-school kitchen at the SOU Farm; they helped to develop an innovative academic exchange with a university in Ghana; they provided funds to build a new piano lab and vocal isolation booth for music students, and they provided funding to support students in the university's summer STEM research programs.
- The annual Lithia/Raider Golf Tournament raised a record \$750,000 for athletic scholarships and the athletic programs. The tournament is among the nation's largest charity golf tournaments of its kind.
- Assets of the SOU Foundation totaled \$65.3 million at the conclusion of the fiscal year, with 82% of those assets permanently restricted in endowment funds that will provide ongoing support for the university. The market value of the endowment and other funds invested by the foundation totaled 53.4 million at the end of June 2025.
- The foundation distributed \$7.9 million to SOU; more than \$2 million of which was in scholarship support. Donors continue to see scholarships as a critical way to help students succeed and have prioritized gifts to support them.
- Nearly all of the active members of the university's three volunteer leadership boards made a philanthropic contribution, demonstrating the commitment that each member has to the future of the university. Members on the SOU Governing Board of Trustees, SOU Foundation Board of Trustees, and SOU Alumni Association Board of Directors represent 75 individuals who dedicate their time and personal resources to SOU.



- June 2025: The SOU Laboratory of Anthropology is awarded a Preserving Oregon Grant from Oregon Heritage, the state historic preservation office, to create a digital, archaeological database of historic plastics – from buttons to knick-knacks to kitchenware.
- June 2025: SOU moves toward selecting an official partner to build and operate a housing and educational facility for older adults on a 4.3-acre site previously occupied by the Cascade Complex of residence halls.
- June 2025: SOU's rating for campus-wide sustainability achievements remains at the "Gold" level and is the highest of five participating colleges and universities in Oregon, as measured by an evaluation system developed by the Association for the Advancement of Sustainability in Higher Education (AASHE).
- June 2025: Gov. Tina Kotek surprises graduates and audience members by visiting Ashland to deliver the commencement address for SOU's 99th Commencement Ceremony, where a total of 1,056 degrees were conferred.
- June 2025: Paul Condon, an associate professor of psychology at Southern Oregon University, is co-author of a new book that blends psychological science and contemplative theories to inform mindfulness and compassion practices for the general public.
- May 2025: SOU and its faculty union sign an agreement that will postpone bargaining on a new contract for 18 months, allowing the university to better navigate fiscal uncertainties at the state and federal levels.
- May 2025: SOU student Calli Pelkey, a participant in SOU's Online MBA Program, earns a remarkable distinction, placing in the top 1% nationwide on the Educational Testing Service (ETS) Major Field Test for master of business administration programs.
- May 2025: Open Oregon Educational Resources, a statewide initiative that promotes textbook affordability for students at Oregon colleges and universities, releases four new open textbooks whose authors include four Southern Oregon University faculty members and a student in the Criminology and Criminal Justice program.
- May 2025: An SOU Spanish instructor's personal initiative brings to campus more than 120 elementary school students from underserved backgrounds over the past month, offering the children an up-close look at college life.
- May 2025: Thilini Dissanayake's love for acting leads her to Southern Oregon University and to the Oregon Shakespeare Festival, where she stars as Cecily the current season's production of "The Importance of Being Earnest."
- May 2025: The 7th annual Creativity Conference at SOU offers something for everyone in four days of presentations, delivering a wealth of information for those who study the science of creativity, seek to leverage research on creative thinking or simply consider themselves to be creative.
- May 2025: Bernadette Boscoe, an assistant professor in the Computer Science Department at SOU, is awarded a second grant to fund her study of tacit knowledge in research settings – gathering, storing and retrieving the unspoken practices of academic teams that sometimes are lost when a project is disrupted or ends.
- May 2025: SOU student Michelle Fuentes, a Criminal Justice and Sociology major from Central Point, is appointed by Gov. Tina Kotek and confirmed by the Oregon Senate to serve on the university's Board of Trustees.
- April 2025: Taran Cross rose to vice president with a Medford-based healthcare tech company after dropping out of college in 2007. He was accepted into SOU's Innovation and Leadership Program for working professionals in 2021, graduated last spring and was accepted into a master's degree program in history at Oxford University.
- April 2025: Alena Ruggerio, a professor of communication at SOU, is named the recipient of the 2025 Distinguished Teaching Award by the Western States Communication Association (WSCA), one of the leading academic organizations in the field of communication studies.
- April 2025: A group of Criminology & Criminal Justice students from SOU spent their spring break on an immersive academic journey to Nottingham, London and other locations in the United Kingdom, delving deep into the UK's rich legal and criminal justice history.
- April 2025: SOU's Youth Programs department brought local high school students to the university campus for the César E. Chávez Leadership Conference, which began at SOU in 2012 to celebrate the late civil rights leader's heritage and teach young people to carry on his legacy of leadership.
- April 2025: Ashland-based writer-director Gary Lundgren guides student filmmakers at SOU in bringing "An Extraordinary Year" to life this spring, when he mentors those in the Digital Cinema Department's innovative "Crew Experience" course.
- April 2025: SOU is honored by the national Arbor Day Foundation as a Tree Campus USA for the 11th consecutive year, in recognition of the university's commitment to the effective management of its urban forest.
- March 2025: Nine students and two faculty members from SOU work with their Mexican counterparts at Universidad de Guanajuato on the annual Global Innovation Scholars program – a multicultural business development initiative to help businesses in Guanajuato and Ashland while providing students with experience.

- March 2025: Author, teacher and consultant Jay Schroder delivers a keynote address, highlighting the third annual Raider Educator Day – an event that allows new and prospective teachers to gain insights into the field.
- March 2025: Middle and high school students from throughout the Rogue Valley come together to participate in the 48th annual Southern Oregon Brain Bowl, a quizbowl tournament organized by the Youth Programs Office at SOU.
- March 2025: Bryan Cohee was juggling his usual responsibilities as a husband, father, battalion chief with Jackson County Fire District 3 and undergraduate student in SOU’s Innovation and Leadership Program, then got an offer to be co-leader for a deployment of southern Oregon firefighters to help battle the historic Los Angeles wildfires.
- March 2025: SOU students, staff and faculty made their presence felt at the Washington Oregon Cascadia Higher Education Sustainability Conference (WOHESC) in Portland, where SOU participants shared the university’s stories of success in sustainability with peer institutions.
- March 2025: The SOU Alumni Association and multiple campus partners present a screening of the award-winning documentary “A River Between Us,” about the Klamath River, that was written and produced by 1992 SOU graduate Jason Atkinson.
- February 2025: SOU takes a step toward “Creating a Culture of Care” through a well-attended dialogue session with that title. The wide-ranging discussion – with more to come – is one of the projects currently included in the university’s Southern Oregon Behavioral Health Initiative.
- February 2025: The Rogue Buzzway – an interactive map that represents southern Oregon’s pollinator corridors – has bounced back following a steep decline caused by the 2020 Almeda Fire, under the leadership of recent SOU Environmental Science & Policy graduate Leo Helm.
- February 2025: SOU freshman Ryan Goodrich, a business administration student from Medford, is appointed by Gov. Tina Kotek and confirmed by the Oregon Senate to serve on the university’s Board of Trustees.
- January 2025: SOU begins the process of identifying a private-sector partner for the construction and operation of a senior living center on a 4.3-acre parcel where the Cascade Complex, an obsolete cluster of nine residence halls and a cafeteria that have been largely unused since 2013, is being demolished.
- January 2025: SOU President Rick Bailey is awarded a new, three-year contract – three years after taking the helm at SOU, steering the university through an organizational realignment and charting an entrepreneurial course forward.



- January 2025: SOU is making headway in its march toward becoming the first public university in the U.S. to produce all of the daytime electricity used on its campus, with more than \$5 million in recent state, federal and student funding and multiple solar projects underway.
- January 2025: A total of \$37 million in federal and state funding has been secured to build a wildlife crossing over Interstate 5 south of Ashland, in a project that SOU faculty and students have supported by monitoring wildlife patterns in the area.
- January 2025: SOU hosts the Klamath Dam Removal Research Collaboration Workshop, a follow-up seminar for the numerous groups and agencies working together on the world’s largest-ever dam removal and river restoration project.
- December 2024: Dr. Carson Howell, currently the Vice President for Finance and Administrative Services at 6,000-student Snow College in Utah, has been hired to join the leadership team at SOU as Vice President for Finance and Administration.
- November 2024: The TRIO-Student Support Services (SSS) program at SOU, which helps non-traditional students succeed and graduate, celebrates its 30th anniversary. The federally supported program marked the landmark with a “birthday party” at its office in the Stevenson Union.
- October 2024: Bernadette Boscoe, an assistant professor in the Computer Science Department at SOU, recognizes a shared need in fields as dissimilar as astronomy, environmental science and violin acoustics, and a new grant from the Alfred P. Sloan Foundation will pay for research that may benefit those and other academic disciplines.
- October 2024: The initial conference of SOU’s Institute for Applied Sustainability attracts about 85 sustainability professionals from southern Oregon and northern California for two days of hands-on learning, actionable insights and connection-building in Ashland and nearby venues.

## 2024 - 25 TOP UNIVERSITY ACCOMPLISHMENTS AND SUCCESSES

- October 2024: Two biologists and academic administrators from Arizona State University present a new method of teaching biology that combines immersive virtual reality with highly structured classroom activities, at the SOU Biology Department's Friday Science Seminar.
- October 2024: A Colorado State University professor helping develop the Periodic Table of Food; the founder of a nonprofit that protects Siskiyou backcountry trails; a former La Clinica CFO; and the CEO of a Beaverton software company and his wife, the president of a property management firm, are the year's alumni award winners.
- October 2024: Shanell Sanchez, an associate professor in the Criminology and Criminal Justice Department at SOU, is co-editor of a new book on the causes and consequences of discrimination against vulnerable populations.
- October 2024: SOU is awarded a \$110,000 grant from the Ashland Community Health Foundation to fund a faculty position for the 2024-25 academic year in SOU's master's degree program in Clinical Mental Health Counseling.
- October 2024: SOU – the nation's first Bee Campus USA – is recognized with that distinction for the 11th consecutive year. Bee City USA and Bee Campus USA are initiatives of the Xerces Society for Invertebrate Conservation.
- September 2024: SOU's 10-year update to its Campus Facilities Master Plan is underway, and the university is seeking input from both campus and the community before the plan goes before the Ashland City Council for final approval next spring.
- September 2024: The leaders of SOU and its Mexican sister institution, the Universidad de Guanajuato, officially renew the schools' 55-year relationship by pledging in a new memorandum of understanding to "strengthen institutional collaboration in the areas of teaching, research and extension."
- September 2024: The solar energy aspirations at SOU receive another jolt, with news that the Oregon Department of Energy has approved a third \$1 million grant to help fund SOU's push to become the nation's first public university to generate all of the daytime electricity that it uses.
- September 2024: Organic food company Amy's Kitchen, which operates a manufacturing plant in nearby White City, makes one of the largest-ever donations to SOU's Student Food Pantry – a total of 1,200 cans of vegan soup.
- September 2024: Kelly Szott, an associate professor of sociology at SOU, is awarded a post-doctoral fellowship at New York University's Rory Meyers College of Nursing to study drug use and addiction issues during her sabbatical year at SOU.
- August 2024: The Presidents of Oregon's public technical and regional universities (TRUs) – Southern Oregon University, Western Oregon University, Eastern Oregon University and Oregon Institute of Technology – sign a memorandum of understanding with Wenzao University in Kaohsiung, Taiwan.
- August 2024: Marcus Mariota, the former Heisman Trophy-winning quarterback of the University of Oregon and current member of the NFL's Washington Commanders, donates new Nike cleats for every member of the SOU football team.
- August 2024: SOU observes the 50th anniversary of the Music Recital Hall's Worth Harvey Pipe Organ – and the history behind it – with a celebration and concert. The massive and much-celebrated pipe organ itself is at center stage.
- July 2024: SOU economist Travis Campbell is the lead author of a research paper that highlights the critical role of family support during the "identity development" of transgender youth. The study was published in JAMA Pediatrics, a peer-reviewed journal of the American Medical Association.
- July 2024: SOU's Digital Cinema program makes the university one of the best film schools in North America. The current edition of MovieMaker magazine, which bills itself as the world's most widely read independent film magazine, includes SOU among its picks for the "30 Best Film Schools in the U.S. & Canada."
- July 2024: A \$20,000 grant from the Oregon State Historic Preservation Office enables staff and students from the SOU Sociology and Anthropology Program to conduct archaeological investigations at Maxville in northeast Oregon – a logging town that was home in the early 20th century to both African American and white loggers.







## INDEPENDENT AUDITORS' REPORT

Members of the Board  
Southern Oregon University  
Ashland, Oregon

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the fiduciary activities of Southern Oregon University, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Southern Oregon University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the fiduciary activities of Southern Oregon University, as of June 30, 2025 and 2024, 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.

We did not audit the financial statements Southern Oregon University Foundation, which represent 100% of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2025 and 2024. In addition, we did not audit the financial statements of CHF-Ashland, LLC, which represents 98%, 97%, and 99%, and 97%, 96%, and 60%, respectively, of the assets, fiduciary net position, and additions of the fiduciary activities as of June 30, 2025 and 2024. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Southern Oregon University Foundation and CHF-Ashland, LLC, are based solely on the reports of the other auditors.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern Oregon University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Southern Oregon University Foundation and CHF-Ashland, LLC were not audited in accordance with *Government Auditing Standards*.

***Emphasis-of-Matter***

As discussed in Note 21 to the financial statements, the University experienced significant losses over the prior two years and subsequent to the end of the year will need emergency funding from the State of Oregon to address cash shortfalls. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 21. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Oregon University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Southern Oregon University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern Oregon University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required pension and other post-employment benefit schedules, as referenced in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the SOU Board of Trustees & Executive Officers and the Message from the President but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Members of the Board  
Southern Oregon University

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of Southern Oregon 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 solely 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 the effectiveness of Southern Oregon University's 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 Southern Oregon University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Lake Oswego, Oregon  
March 26, 2026

## INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Southern Oregon University (SOU)/(University) for the years ended June 30, 2025, 2024, and 2023. SOU is comprised of the main campus in Ashland and a second campus in Medford.

## UNDERSTANDING FINANCIAL STATEMENTS

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

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

**Statement of Net Position (SNP)** presents a snapshot of SOU assets, deferred outflows, liabilities, and deferred inflows 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 SOU owes to vendors and bond holders, and net position delineated based upon their availability for future expenditures.

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

**Statement of Cash Flows (SCF)** provides information about SOU'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 SOU 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, is discretely presented in the SOU financial statements and in Notes 2 and 20.

**Custodial Funds**, comprised of funds that the University holds on behalf of other organizations, are presented in the SOU financial statements.

**The MD&A** provides an objective analysis of SOU'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.

## RECLASSIFICATIONS

The University reclassified certain items reported in the financial statements for the period ended June 30, 2024. These items include correcting the classification of cash formally reported as noncurrent cash restricted for capital projects to current cash as, upon reevaluation, it was determined that it was not held for long term cash needs. In addition, net position which was reported as

restricted for capital projects was moved to unrestricted net position as those projects did not have external restrictions. The University also reclassified the amount of the fiscal year 2025 interest paid on debt service using student building funds. The cash was moved from noncurrent cash to current as the funds were used within a year of the fiscal year end. Finally, SOU has traditionally reported refunds to commercial businesses as contra-revenue. After further analysis, it was determined that these refunds should be classified as operating expenses.

As a result of these reclassifications, and for the purposes of this MD&A, adjustments related to these reclassifications were also made to fiscal year 2023 information in order to have truly comparable data. For further informations about these reclassifications, please see "Note 1.Z. Reclassifications".

## ANNUAL FULL TIME EQUIVALENT STUDENT ENROLLMENT

SOU's student enrollment contributes to the financial position of the University. The following is a table showing the annual full time equivalent student enrollment for the past five years.

	2025	2024	2023	2022	2021
SOU	3,279	3,433	3,489	3,516	3,650

## FINANCIAL POSITION SUMMARY

The University's financial position decreased in both 2025 and 2024 due to decreases to Unrestricted Net Position.

## STATEMENT OF NET POSITION

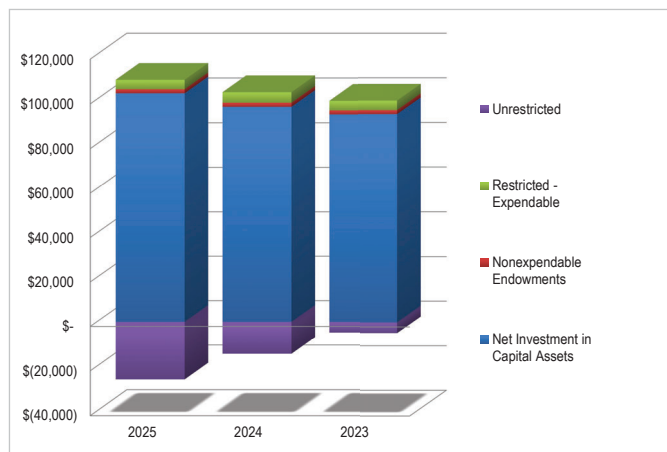
The term "Net Position" refers to the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and is an indicator of SOU's current financial condition. Changes in Net Position that occur over time indicate improvement or deterioration in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

### Condensed Statements of Net Position

As of June 30,	2025	2024	2023
Current Assets	\$ 25,794	\$ 29,069	\$ 25,122
Noncurrent Assets	7,698	14,929	24,669
Capital Assets, Net	177,368	173,841	166,864
<b>Total Assets</b>	<b>\$ 210,860</b>	<b>\$ 217,839</b>	<b>\$ 216,655</b>
Deferred Outflows of Resources	\$ 16,812	\$ 15,178	\$ 14,900
Current Liabilities	\$ 22,295	\$ 18,585	\$ 15,470
Noncurrent Liabilities	88,649	92,579	79,549
<b>Total Liabilities</b>	<b>\$ 110,944</b>	<b>\$ 111,164</b>	<b>\$ 95,019</b>
Deferred Inflows of Resources	\$ 33,847	\$ 33,050	\$ 42,025
Net Investment in Capital Assets	\$ 102,685	\$ 96,644	\$ 93,236
Restricted - Nonexpendable	1,812	1,812	1,812
Restricted - Expendable	4,213	4,725	4,285
Unrestricted	(25,829)	(14,378)	(4,822)
<b>Total Net Position</b>	<b>\$ 82,881</b>	<b>\$ 88,803</b>	<b>\$ 94,511</b>

### Total Net Position

As illustrated by the following graph, the make-up of net position changed between 2025, 2024, and 2023.



### Comparison of fiscal year 2025 to fiscal year 2024

**Net Investment in Capital Assets** increased \$6,041 or 6%.

- Capital assets increased \$3,527, while, long term debt associated with capital assets decreased \$1,496 and deferred inflows related to capital assets decreased \$1,018. For additional detail on changes in capital assets, see "Capital Assets and Related Financing Activities" on page 25.

**Restricted Expendable Net Position** decreased \$512 or 11%.

- Net position related to gifts, grants and contracts decreased \$539 due primarily to decreased federal, state, and local grants.

**Unrestricted Net Position** decreased \$11,451 due primarily to decreases in net position associated with operations and net position due to changes in year-end accruals for pension related deferrals. These are partially offset by increases due to year end accruals for OPEB related deferrals. See "Note 11. Unrestricted Net Position" for additional information.

### Comparison of fiscal year 2024 to fiscal year 2023

**Net Investment in Capital Assets** increased \$3,408 or 4%.

- Capital assets increased \$6,977, while, long term debt associated with capital assets increased \$4,588 and deferred inflows related to capital assets decreased \$1,018. For additional detail on changes in capital assets, see "Capital Assets and Related Financing Activities", page 25.

**Restricted Expendable Net Position** increased \$440 or 10%.

- Net position related to gifts, grants and contracts increased \$471 due primarily to state grants from the Department of Early Learning and Care and the Oregon Department of Energy.

**Unrestricted Net Position** decreased \$5,776 due in large part to decreases in net position associated with operations and net position due to changes in year-end accruals for the PERS net pension liability. These decreases were partially offset by increases in net position due to pension and OPEB related deferrals and other post-employment liabilities. See "Note 11. Unrestricted Net Position"

for additional information.

### Total Assets and Deferred Outflows of Resources

Total Assets decreased \$6,979 or 3% and increased \$1,184 or less than 1% during the years ended June 30, 2025 and 2024, respectively. Deferred Outflows of Resources increased \$1,634 or 11% and increased \$278 or 2% in the same two years.

### Comparison of fiscal year 2025 to fiscal year 2024

**Current Assets** decreased \$3,275 or 11%.

- Current Cash and Cash Equivalents decreased \$3,255 primarily due to a decrease in cash not restricted either internally or externally. There were increases in cash held for payments to payroll vendors due to timing between the last payroll of the fiscal year and the payment of payroll related invoices and also in cash pertaining to gifts, grants, and contracts.
- Accounts Receivable decreased \$260. Factors contributing to the change in accounts receivables were decreases to receivables for capital construction projects, receivables due to grants and contracts, and those due to our auxiliary units. There were increases in receivables due from the College Housing Foundation, a fiduciary unit of the University and also those from the SOU Foundation and student tuition and fees. The allowance for doubtful accounts increased, causing a decrease in accounts receivable. See "Note 3. Accounts Receivable" for additional information.
- Prepaid Expenses increased \$126 mainly due to increased prepaid expenses in the general fund.

**Noncurrent Assets** decreased \$7,231 or 48%.

- Noncurrent Cash decreased \$4,268 as the University had cash flow needs that necessitated the current use of cash typically designated by the University for the payment of debt payments more than one year into the future.
- Investments decreased \$2,737 primarily because investments that were held on SOU's behalf were sold to finance the implementation of the University's new ERP system. The University did see an increase in the fair market value of its endowments.
- Noncurrent Lease Receivables decreased \$175 due primarily to adjustments between the long term and short term portions of existing leases. See "Note 8. Leases" for additional information.

**Net Capital Assets** increased \$3,527. See "Capital Assets and Related Financing Activities" in this MD&A for additional information relating to these variances.

**Deferred Outflows of Resources** increased \$1,634 or 11%. The increase to deferred outflows is attributable to increases in both the Net Pension Liability and the OPEB Liability. See "Note 15. Employee Retirement Plans" and "Note 16. Other Post Employment Benefits" for more information on these changes.

**Comparison of fiscal year 2024 to fiscal year 2023**

**Current Assets** increased \$3,947 or 16%.

- Current Cash and Cash Equivalents increased \$5,333 primarily due to the University's exit from the Public University Fund (PUF). While participating in the PUF, a portion of the University's cash was held as investments. Currently, all of SOU's cash is held in cash and cash equivalents.
- Accounts Receivable decreased \$1,249. Factors contributing to the change in accounts receivables were decreases to receivables for student tuition and fees, capital construction receivables, and receivables due from the College Housing Foundation, a fiduciary unit of the University. There were increases in receivables from grants, gifts, and contracts, those from the SOU Foundation, and other receivables. Allowance for doubtful accounts decreased. See "Note 3. Accounts Receivable" for additional information.
- Prepaid Expenses decreased \$171 mainly due to decreased prepaid expenses in the general fund and grants and contracts.

**Noncurrent Assets** decreased \$9,740 or 39%.

- Noncurrent Cash increased \$3,006 due to the University's withdrawal from the PUF. While participating in the PUF, a portion of the University's cash was held as investments. Currently, all of SOU's cash is held in cash and cash equivalents.
- Investments decreased \$12,377 due to the University's withdrawal from the PUF. Subsequent to the withdrawal, none of the University's cash is held for investments. In addition, investments that were held on SOU's behalf were sold to finance the implementation of the University's new ERP system.
- Noncurrent Notes Receivable decreased \$79 caused mainly by a decrease to noncurrent notes receivable stemming from a third-party commitment to help fund building improvements on space utilized by the SOU Jefferson Public Radio department. This was offset by a decrease to the corresponding allowance for doubtful accounts. See "Note 4. Notes Receivable" for additional information.
- Noncurrent Lease Receivables decreased \$259 due primarily to adjustments between the long term and short term portions of existing leases. See "Note 8. Leases" for additional information.

**Net Capital Assets** increased \$6,977. See "Capital Assets and Related Financing Activities" in this MD&A for additional information relating to these variances.

**Deferred Outflows of Resources** increased \$278 or 2%. The increase to deferred outflows is attributable to changes in the Net Pension Liability, which increased deferred outflows by \$333, and also to changes in the OPEB Liability, which decreased deferred outflows by \$55. See "Note 15. Employee Retirement Plans" and "Note 16. Other Post Employment Benefits" for more information on these changes.

**Total Liabilities and Deferred Inflows of Resources**

Total Liabilities decreased \$220 or less than 1% during the year ended June 30, 2025. Total Liabilities increased \$16,145 or 17% during the year ended June 30, 2024. Deferred Inflows of Resources increased \$797 or 2% during the fiscal year ended June 30, 2025 and decreased \$8,975 or 21% during the fiscal year ended June 30, 2024.

**Comparison of fiscal year 2025 to fiscal year 2024**

**Current Liabilities** increased \$3,710 or 20%.

- Accounts Payable and Accrued Liabilities increased \$1,444 due primarily to increased payables for payments to payroll related vendors, services and supplies, and salaries and wages. There were decreases in payables for construction projects and contract retainage. See "Note 7. Accounts Payable and Accrued Liabilities" for additional information.
- The current portion of Long-Term Liabilities increased by \$1,582 due primarily increased payments due to the State of Oregon, lessors, SBITA vendors, and early retirement program participants for fiscal year 2026. In addition, the current portion of the compensated absences liability also increased. See "Debt Administration" in this MD&A and "Note 10. Long Term Liabilities" for more information on these changes.
- Unearned revenue increased by \$726 due primarily to increases in prepaid tuition & fees, unearned revenues related to grants and contracts, and unearned revenue received for a lease with Oregon Health Sciences University.

**Noncurrent Liabilities** decreased \$3,930 or 4%.

- Net Pension Liability decreased \$574. For additional detail, see "Note 15. Employee Retirement Plans".
- OPEB Liability increased \$127. For additional information, see "Note 16. Other Postemployment Benefits".
- Noncurrent Long-Term Liabilities decreased \$3,483 due primarily to decreases in the long term portions of contracts payable to the State, compensated absences, SBITA liabilities, liabilities associated with the implementation of Workday, and the PERS pre-SLGRP liability. There were increases in long term liabilities for lease payments and the early retirement program. For additional detail, see "Note 10. Long-Term Liabilities", "Note 8. Leases", and "Note 9. SBITA".

**Deferred Inflows of Resources** increased \$797 or 2%. The increase to deferred inflows is attributable to changes in the Net Pension Liability. Deferred Inflows due to the OPEB liability, service concession arrangements, and Leases all decreased. See "Note 1.AB. Service Concession Arrangements", "Note 8. Leases", "Note 15. Employee Retirement Plans", and "Note 16. Other Post Employment Benefits" for more information on these changes.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

### Comparison of fiscal year 2024 to fiscal year 2023

**Current Liabilities** increased \$3,115 or 20%.

- Accounts Payable and Accrued Liabilities increased \$3,896 due primarily to increased payables for services and supplies, salaries and wages, and those related to construction projects. See "Note 7. Accounts Payable and Accrued Liabilities" for additional information.
- Deposits increased \$238 due primarily to funds held in agency for various programs such as international student insurance, conferences, and Barnes & Noble student purchases.
- The current portion of Long-Term Liabilities decreased by \$624 due primarily to an increase in the current portion of contracts payable to the State of Oregon and the subscription-based information technology arrangements (SBITA) liability. See "Debt Administration" in this MD&A and "Note 10. Long Term Liabilities" for more information on these changes.
- Unearned revenue decreased by \$370 due primarily to decreases in prepaid tuition & fees, unearned revenues related to grants and contracts, and unearned revenue received in 2023 for a lease with Oregon Health Sciences University.

**Noncurrent Liabilities** increased \$13,030 or 16%.

- Net Pension Liability increased \$8,375. For additional detail, see "Note 15. Employee Retirement Plans".
- OPEB Liability decreased \$154. For additional information, see "Note 16. Other Postemployment Benefits".
- Noncurrent Long-Term Liabilities increased \$4,809 due primarily to additions for new SBITA liabilities, including the subscription for the University's new enterprise resource planning (ERP) system. In addition, debt issued to finance the ERP transition increased, as did compensated absences. These increases were offset, in part, by decreases to the long-term portion of contracts payable to the State, the PERS pre-SLGRP liability, and the change for the short-term portion of lease liabilities. For additional detail, see "Note 10. Long-Term Liabilities", "Note 8. Leases", and "Note 9. SBITA".

**Deferred Inflows of Resources** decreased \$8,975 or 21%. The decrease to deferred inflows is attributable to changes in the Net Pension Liability, which decreased deferred inflows by \$7,401, changes due to the amortization of deferrals related to the service concession arrangement of \$1,018, changes due to new leases and the amortization of existing leases of \$342, and changes in the OPEB Liability of \$214. See "Note 1.AB. Service Concession Arrangements", "Note 8. Leases", "Note 15. Employee Retirement Plans", and "Note 16. Other Post Employment Benefits" for more information on these changes.

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

Due to the classification of certain revenues as nonoperating revenue, SOU shows a loss from operations. State General Fund Appropriations, nonexchange grants, and non-capital gifts, although considered nonoperating revenue under GASB Statement No. 35 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 SOU:

#### Condensed Statements of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30,	2025	2024	2023
Operating Revenues	\$ 50,040	\$ 53,241	\$ 53,962
Operating Expenses	115,428	112,558	101,301
Operating Loss	(65,388)	(59,317)	(47,339)
Nonoperating Revenues,			
Net of Expenses	54,701	48,348	42,572
Other Revenues	4,765	5,261	10,154
Increase in Net Position	(5,922)	(5,708)	5,387
Net Position, Beginning of Year	88,803	94,511	89,124
Change in Accounting Principle	-	-	-
Net Position, End of Year	\$ 82,881	\$ 88,803	\$ 94,511

#### Revenues

Revenues increased \$2,639 or 3% in 2025.

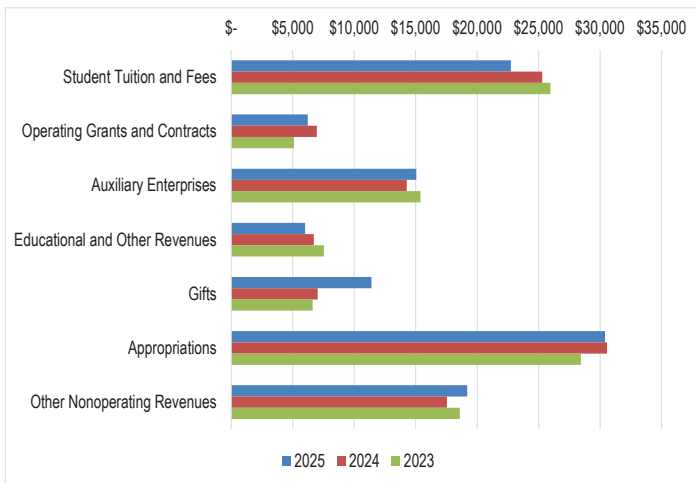
#### Total Operating and Nonoperating Revenues

For the Year Ended June 30,	2025	2024	2023
Student Tuition and Fees	\$ 22,745	\$ 25,293	\$ 25,950
Grants and Contracts	6,228	6,962	5,094
Auxiliary Enterprises	15,053	14,266	15,385
Educational and Other	6,014	6,720	7,533
Total Operating Revenues	50,040	53,241	53,962
Appropriations	30,390	30,564	28,430
Financial Aid Grants	13,174	10,889	8,435
Gifts	11,399	7,035	6,626
Investment Activity	1,406	1,563	631
Gain (Loss) on Sale of Assets, Net	22	4	(448)
Capital Grants and Gifts	4,586	5,082	9,975
Total Nonoperating and Other Revenues	60,977	55,137	53,649
Total Revenues	\$ 111,017	\$ 108,378	\$ 107,611

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

### Total Operating and Nonoperating Revenues



### Operating Revenues

Operating revenues decreased 6% from \$53,241 in 2024 to \$50,040 in 2025 and decreased by \$721 or 1% in 2024 as compared to 2023.

#### Comparison of fiscal year 2025 to fiscal year 2024

**Student Tuition and Fees** decreased \$2,548 or 10%.

- The increase in student tuition of \$961 was predominately caused by tuition rate increases.
- Student fee revenues decreased \$2,143 as SOU switched to a single fee for student fees which was lower than the sum of previous fees to students.
- Fee remissions and scholarship allowances increased \$1,021 which caused a decrease to tuition and fees revenue.
- Bad debt expense, primarily related to the maintenance of the allowance for bad debt, increased \$345, causing an increase to revenue.

**Federal, State and Nongovernmental Grants and Contracts** decreased \$734 or 11%.

- Federal grants and contracts decreased \$313 due primarily to increases in grant revenue from the U.S. Department of Agriculture and the Department of Health and Human Services. These decreases were offset by increases in awards from the Department of the Interior and the U.S. Department of Education.
- State and local grant activity decreased \$551, mostly due to decreases in grant revenues from the Oregon Departments of Education, Forestry, and Energy, along with other grants originating from various state agencies. Conversely, the University received increases in grant and contract revenues from the Higher Education Coordinating Commission, grants for behavioral health programs, grants from the Oregon Department of Transportation, and contracts for RVTV.
- Nongovernmental grants and contracts revenue increased \$130, mostly due to increases in revenues from grants awarded to SOU's Jefferson Public Radio department.

**Auxiliary Enterprise** revenues increased \$787 or 6% due mainly to the following:

- Housing and Dining revenues increased \$819. The change was primarily due to increased revenue from leases, conferences, a decrease in bad debt allowances, and an increase in the ground lease revenue received through the University's agreement with CHF. These increases were partially offset by a decrease in revenues from commercial business contracts, and student housing.
- Health Center revenue decreased \$173 due primarily to decreased revenues from student fees and other medical service income.
- Athletics revenue increased \$162 due mainly to increased institutional incidental fees.
- Other Auxiliaries decreased \$159 primarily due to a decrease in revenues from fees charged to students.

**Educational Department Sales and Services** revenues increased \$182 or 4% due in large part to increases in revenue from leases and memberships income. These increases are largely mitigated by a decrease in reimbursements from outside entities.

**Other Operating** revenues decreased \$888 or 47% due predominately to decreases in interest revenue on student accounts. SOU changed from a traditional interest on delinquent accounts to a continuing balance fee applied each term.

#### Comparison of fiscal year 2024 to fiscal year 2023

**Student Tuition and Fees** decreased \$657 or 3%.

- The decrease in student tuition of \$320 was predominately caused by decreasing enrollments.
- Student fee revenues increased \$650 as SOU increased student fee rates for building fees, student resource fees, and other student fees.
- Fee remissions and scholarship allowances increased \$1,000 which caused a decrease to tuition and fees revenue.
- Bad debt expense, primarily related to the maintenance of the allowance for bad debt, decreased \$13, causing an increase to revenue.

**Federal, State and Nongovernmental Grants and Contracts** increased \$1,868 or 37%.

- Federal grants and contracts increased \$754 due primarily to increases in grant revenue from the U.S. Department of Agriculture and the Department of Education. These increases were offset by decreases in awards from the Department of the Interior.
- State and local grant activity increased \$1,055, mostly due to increases in grant revenues from the Department of Early Learning and Care, the Oregon Department of Energy, and the Higher Education Coordinating Commission.

**Auxiliary Enterprise** revenues decreased \$1,119 or 7% due mainly to the following:

- Housing and Dining revenues decreased \$2,195. The decrease was primarily due to decreased revenue from leases, student housing, contracts with commercial businesses, and a decrease

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

in the ground lease revenue received through the University's agreement with CHF. These decreases were partially offset by an increase in conference income.

- Student Centers and Activities income decreased by \$177 due primarily to decreased incidental fees distributed to these activities.
- Health Center revenue increased \$112 due primarily to increased revenues from student health fees.
- Athletics revenue decreased \$76 due mainly to decreased institutional incidental fees.
- Parking revenues decreased \$61 due to decreases in parking fees and fines.
- Other Auxiliaries increased \$537 primarily due to an increase in revenues from incidental, recreation center, and other fees charged to students.

**Educational Department Sales and Services** revenues decreased \$467 or 9% due in large part to decreases in revenue from leases and rentals as well as memberships income and ticket sales.

**Other Operating** revenues decreased \$346 or 16% due predominately to decreases in collection charges and reimbursements from outside entities.

#### **Nonoperating and Other Revenues**

The increase in Nonoperating Revenues of \$5,840 during 2025 is primarily due to increased financial aid grants and gifts. This increase in nonoperating revenues was offset by a decrease in capital gifts and contracts as described below.

The increase in Nonoperating Revenues of \$1,488 during 2024 is primarily due to increased financial aid grants and appropriations. This increase in nonoperating revenues was offset by a decrease in capital gifts and contracts as described below.

#### **Comparison of fiscal year 2025 to fiscal year 2024**

**Government Appropriations** decreased \$174 or 1% due to decreased funding received from the State of Oregon for general fund operations. See "Note 14. Government Appropriations" for additional information relating to changes in appropriations.

**Gifts** increased \$4,364 or 62% mainly due to increased gifts from the SOU Foundation. In addition, the University received several gifts in-kind from private individuals for the Schneider Museum of Art .

**Financial Aid Grants** increased by \$2,285 or 21% due mainly to increased grants given through the Oregon Opportunity Grant, PELL grants, grants from the Higher Education Coordinating Commission and tuition assistance grants for behavioral health students .

**Investment Activity** revenues decreased \$157 or 10% largely due to decreases in interest income as well as net depreciation of investments. Gains on the sale of investments and increase investment earnings lessened the impact of the aforementioned increases. See "Note 12. Investment Activity" for additional information relating to these changes.

**Capital Grants and Gifts** decreased \$496 or 10% mainly due to decreases in the amount of capital grants from XI-Q State bond

funded construction projects and non-governmental grants as well as federal grant revenue used for capital expenditures. This was offset by an increase in gift revenue from the SOU Foundation for capital related projects.

#### **Comparison of fiscal year 2024 to fiscal year 2023**

**Government Appropriations** increased \$2,134 or 8% due to increased funding received from the State of Oregon for general fund operations as well as greater appropriations from lottery resources. See "Note 14. Government Appropriations" for additional information relating to changes in appropriations.

**Gifts** increased \$409 or 6% mainly due to increased gifts from the SOU Foundation. This increase was offset largely by decreases in gifts from other foundations, associations, and societies as well as gifts for private scholarships given through the State of Oregon.

**Financial Aid Grants** increased by \$2,454 or 29% due mainly to increased grants given through the Oregon Opportunity Grant, PELL grants, and tuition assistance grants for behavioral health students .

**Investment Activity** revenues increased \$932 or 148% largely due to combined investment earnings and interest income. Losses on the sale of investments also decreased, which caused investment activity to increase. See "Note 12. Investment Activity" for additional information relating to these changes..

**Gain (Loss) on Sales of Assets** changed from a loss of \$448 in 2023, due to the disposal of library materials, to a gain of \$4 in 2024.

**Capital Grants and Gifts** decreased \$4,893 or 49% mainly due to decreases in the amount of federal grant revenue used for capital expenditures and capital grants from XI-Q State bond funded construction projects. This was offset by an increase in revenue from state funded grants used for capital expenditures as well gift revenue from the SOU Foundation for capital related items.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

## Expenses

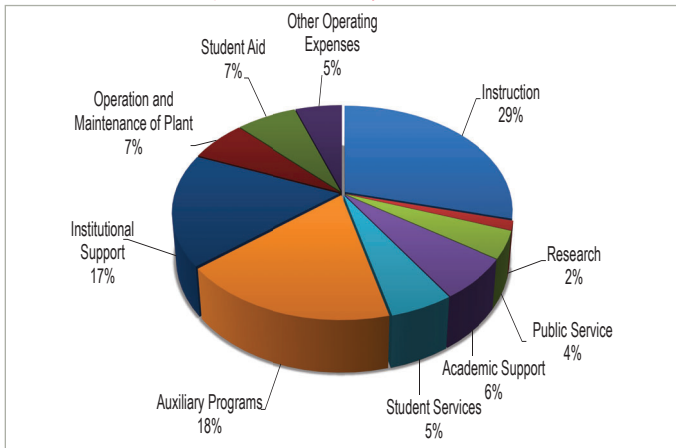
### Operating Expenses

Operating expenses increased \$2,870 or 3% in 2025 over 2024, to \$115,428. Operating expenses increased \$11,257 or 11% in 2024 over 2023, to \$112,558. The following summarizes operating expenses by functional classification:

### Operating Expense by Function

For the Year Ended June 30,	2025	2024	2023
Instruction	\$ 33,538	\$ 35,161	\$ 33,850
Research	1,634	1,247	792
Public Service	4,801	4,182	3,807
Academic Support	7,307	8,955	9,402
Student Services	5,978	5,952	5,938
Auxiliary Programs	20,663	21,256	20,574
Institutional Support	19,864	16,393	12,502
Operation and Maintenance of Plant	7,432	5,987	6,195
Student Aid	8,089	7,119	4,226
Other Operating Expenses	6,122	6,306	4,015
<b>Total Operating Expenses</b>	<b>\$ 115,428</b>	<b>\$ 112,558</b>	<b>\$ 101,301</b>

### 2025 Operating Expense by Function



The implementation of GASB No. 68 in 2015 and the implementation of GASB No. 75 in 2018 have had a profound impact on the operating expenses of SOU. The following tables show the effect of these GASB Statements across the functional classifications. The changes associated with recording the components of Net Pension Liability required by GASB No. 68 increased operating expenses by \$107 while the changes associated with recording the components of the OPEB Asset/Liability required by GASB No. 75 decreased them by \$145. See "Note 15. Employee Retirement Plans" and "Note 16. Other Postemployment Benefits" for additional details.

### The effect of GASB No. 68 and 75 on Expense by Functional Classification

For the Year Ended June 30, 2025	with adjustments	without adjustments	difference
Instruction	\$ 33,538	\$ 33,553	\$ (15)
Research	1,634	1,635	(1)
Public Service	4,801	4,802	(1)
Academic Support	7,307	7,312	(5)
Student Services	5,978	5,981	(3)
Auxiliary Programs	20,663	20,666	(3)
Institutional Support	19,864	19,870	(6)
Operation and Maintenance of Plant	7,432	7,435	(3)
Student Aid	8,089	8,089	-
Other Operating Expenses	6,122	6,123	(1)
<b>Total Operating Expenses</b>	<b>\$ 115,428</b>	<b>\$ 115,466</b>	<b>\$ (38)</b>

For the Year Ended June 30, 2024	with adjustments	without adjustments	difference
Instruction	\$ 35,161	\$ 34,998	\$ 163
Research	1,247	1,243	4
Public Service	4,182	4,168	14
Academic Support	8,955	8,917	38
Student Services	5,952	5,928	24
Auxiliary Programs	21,257	21,221	36
Institutional Support	16,393	16,337	56
Operation and Maintenance of Plant	5,987	5,962	25
Student Aid	7,119	7,119	-
Other Operating Expenses	6,306	6,306	-
<b>Total Operating Expenses</b>	<b>\$ 112,559</b>	<b>\$ 112,199</b>	<b>\$ 360</b>

For the Year Ended June 30, 2023	with adjustments	without adjustments	difference
Instruction	\$ 33,850	\$ 34,748	\$ (898)
Research	792	811	(19)
Public Service	3,807	3,859	(52)
Academic Support	9,402	9,527	(125)
Student Services	5,938	6,029	(91)
Auxiliary Programs	16,006	16,172	(166)
Institutional Support	12,502	12,582	(80)
Operation and Maintenance of Plant	6,195	6,378	(183)
Student Aid	4,226	4,226	-
Other Operating Expenses	4,015	4,017	(2)
<b>Total Operating Expenses</b>	<b>\$ 96,733</b>	<b>\$ 98,349</b>	<b>\$ (1,616)</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

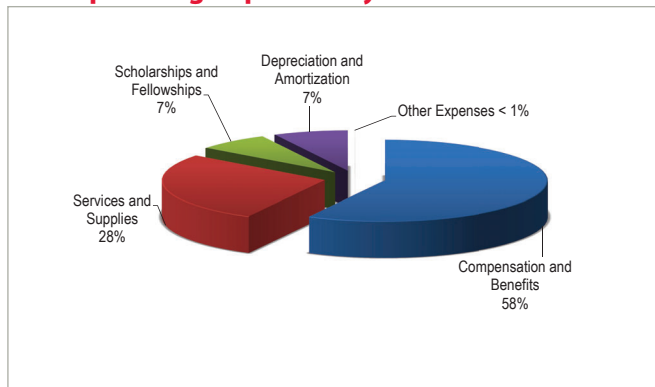
Due to the way in which expenses are incurred by SOU, variances are presented and explained by analyzing changes in the natural classification of expenses. Each natural classification analysis can be applied to many of the functional expense caption items.

The following summarizes operating expenses by natural classification:

#### Operating Expenses by Natural Classification

For the Year Ended June 30,	2025	2024	2023
Compensation and Benefits	\$ 66,603	\$ 67,544	\$ 62,711
Services and Supplies	31,902	29,398	26,793
Scholarships and Fellowships	8,335	7,254	4,587
Depreciation and Amortization	8,582	8,357	7,210
Other Expenses	6	5	-
<b>Total Operating Expenses</b>	<b>\$ 115,428</b>	<b>\$ 112,558</b>	<b>\$ 101,301</b>

#### 2025 Operating Expenses by Natural Classification



#### Comparison of fiscal year 2025 to fiscal year 2024

**Compensation and Benefits** costs decreased \$941 or 1% in 2025 compared to 2024 primarily due to:

- Salary and wage costs decreased \$936 due to decreases in classified pay of \$587, unclassified pay of \$210, and faculty pay of \$210. Student and graduate assistant pay increased of \$71. These decreases are largely attributable to the SOU Forward plan, which decreased staffing.
- Other personnel expenses (OPE) costs, not including costs associated with OPEB, SLGRP, and Pension Expense adjustments, increased \$463.
- OPE costs associated with net Pension Expense decreased \$532 while those associated with the net OPEB accruals increased \$136. See "Note 15. Employee Retirement Plans" and "Note 16. Other Post Employment Benefits" for further information.

**Services and Supplies** increased \$2,504 or 9%, during 2025. Increases in services and supplies expenses were mainly driven by increases in management fees and services, maintenance and repairs, communication supplies and services, refunds to commercial businesses, credit card processing fees, travel, utilities, and subaward costs attributable to a consortium grant awarded to the University through the state Department of Early Learning and Care.

**Scholarships and Fellowships** increased \$1,081 or 15%, when comparing 2025 to 2024. The increase is predominately due to increases in scholarships through the PELL grant, grants from the HECC, and the Oregon Opportunity grant.

**Depreciation and Amortization** expense increased \$225 or 3%. See "Capital Assets and Related Financing" in this MD&A and "Note 5. Capital Assets" for additional details on this change.

#### Comparison of fiscal year 2024 to fiscal year 2023

**Compensation and Benefits** costs increased \$4,833 or 8% in 2024 compared to 2023 primarily due to:

- Salary and wage costs increased \$1,111 due to increases in unclassified pay of \$227, classified pay of \$446 and student and graduate assistant pay of \$438. These increases are largely attributable to cost of living increases.
- Other personnel expenses (OPE) costs, not including costs associated with OPEB, SLGRP, and Pension Expense adjustments, increased \$676.
- OPE costs associated with net Pension Expense increased \$1,983. See "Note 15. Employee Retirement Plans" for further information.

**Services and Supplies** increased \$2,605 or 10%, during 2024. Increases in services and supplies expenses were mainly driven by increases in rental and lease costs as well as fees and services. In addition, there were new subaward costs attributable to a consortium grant awarded to the University through the state Department of Early Learning and Care.

**Scholarships and Fellowships** increased \$2,667 or 58%, when comparing 2024 to 2023. The increase is predominately due to increases in scholarships through state funded grants, including the Oregon Opportunity Grant and the Oregon Tribal Grant.

**Depreciation and Amortization** expense increased \$1,147 or 16%. See "Capital Assets and Related Financing" in this MD&A and "Note 5. Capital Assets" for additional details on this change.

#### Nonoperating Expenses

- Interest Expense increased \$43 or 3% in 2025 and increased \$41 or 3% in 2024.

#### Other Nonoperating Items

##### Comparison of fiscal year 2025 to fiscal year 2024

**Other Nonoperating Items** increased \$60.

##### Comparison of fiscal year 2024 to fiscal year 2023

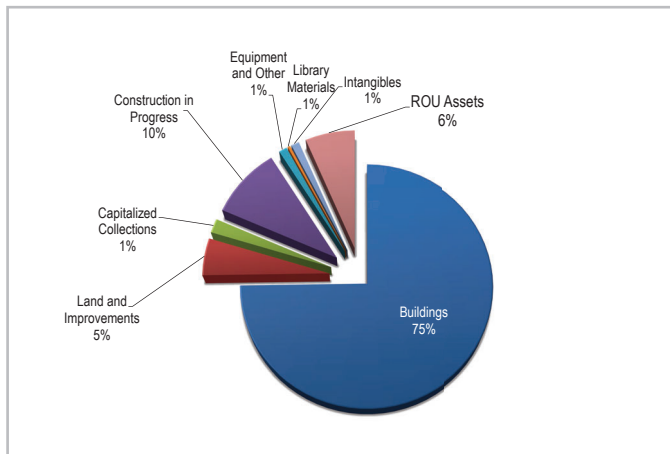
**Other Nonoperating Items** decreased \$564, primarily due to adjustments made to capital asset expenditures that were not capitalized.

**CAPITAL ASSETS AND RELATED FINANCING ACTIVITIES**

**Capital Assets**

At June 30, 2025, SOU had \$323,936 in capital assets, less accumulated depreciation of \$146,568, for net capital assets of \$177,368. At June 30, 2024, SOU had \$319,663 in capital assets, less accumulated depreciation of \$145,822, for net capital assets of \$173,841.

**2025 Capital Assets, Net - \$177,368 thousand**



**Changes to Capital Assets**

	2025	2024	2023
Capital Assets, Beginning of Year	\$ 319,663	\$ 305,687	\$ 296,635
Add: Purchases/Construction	12,139	17,454	9,473
Less: Retirements/ Disposals/Adjustments	(7,866)	(3,478)	(421)
<b>Total Capital Assets, End of Year</b>	<b>323,936</b>	<b>319,663</b>	<b>305,687</b>
Accum. Depreciation, Beginning of Year	(145,822)	(138,823)	(132,066)
Add: Depreciation Expense	(8,583)	(8,357)	(7,210)
Less: Retirements/ Disposals/Adjustments	7,837	1,358	453
<b>Total Accum. Depreciation, End of Year</b>	<b>(146,568)</b>	<b>(145,822)</b>	<b>(138,823)</b>
<b>Total Capital Assets, Net, End of Year</b>	<b>\$ 177,368</b>	<b>\$ 173,841</b>	<b>\$ 166,864</b>

During fiscal year 2025:

- Construction in progress (CIP) had additions of \$6,943, offset by transfers of completed projects of \$390, led to a net increase in CIP of \$6,553. CIP additions consisted of costs for the Central Hall project, solar projects, the softball complex, the replacement of the turf in Raider Stadium, and the website replacement.
- There were additions to right of use (ROU) leased equipment of \$837 and retirements of \$564. This caused a net increase due to new and terminated equipment leases of \$273.
- There were additions to capitalized collections of \$758 caused by gifted assets given to the Schneider Museum of Art.
- The demolition of the Cascade Complex caused retirements of \$5,937 of buildings.

- There were additions to land of \$2,241 and transfers in of CIP of \$390 for a net increase to land of 2,631. These increases were due to changes made to land related to the demolition of the Cascade complex.
- Accumulated depreciation and amortization increased \$746 due to monthly depreciation as well as retirements and adjustments.

During fiscal year 2024:

- Equipment additions of \$515, transfers from construction in progress (CIP) of \$293, and retirements and adjustments of \$104 net for a change in equipment of \$704.
- Library materials were added in the amount of \$95, with adjustments of \$34, for a net addition of \$61.
- Construction in progress (CIP) had additions of \$5,090, offset by transfers of completed projects of \$293 and adjustments of \$2,108. This led to a net increase in CIP of \$2,689. CIP additions consisted of costs for the Central Hall, Cascade Hall demolition, Solar projects, the softball complex, and Farm Shed projects.
- There were additions to right of use (ROU) leased equipment of \$371 and retirements of \$940. This caused a net decrease due to new and terminated equipment leases of \$569.
- Additions to subscription based technology arrangement (SBITA) assets totaled \$11,351, while there were retirements of \$292 for a net increase of \$11,059. The largest SBITA asset added was the subscription to Workday, the University's new ERP system.
- Accumulated depreciation and amortization increased \$6,999 due to monthly depreciation as well as retirements and adjustments.

**Debt Administration**

During 2024, long-term debt held by SOU decreased by \$1,497 or 3%, from \$53,710 to \$52,213.

Contracts payable to the State of Oregon decreased \$1,970 due to principal payments. The effects of the refunding of previous debt added \$650 to the debt while also decreasing the debt by \$700. In total, there was a net decrease to the total contracts payable to the State of \$2,020.

No new loans were added to the State Energy Loan Program (SELP), while principal payments of \$171 were paid during the year.

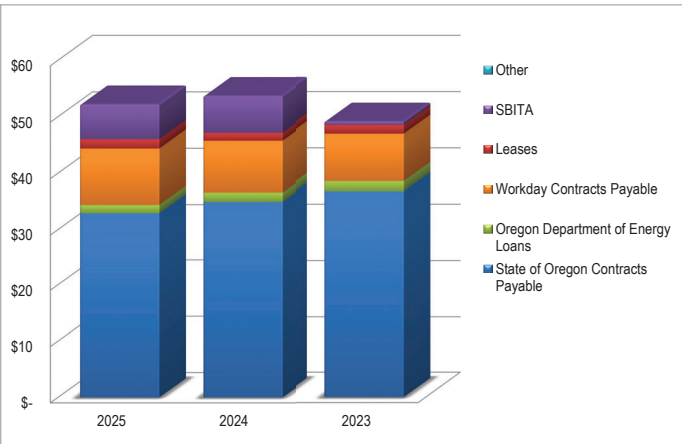
Lease additions of \$836 were offset by lease payments of \$595, for a net increase to lease liabilities of \$241.

There were SBITA additions of \$757 in 2025, while payments resulted in reductions of \$1,112 for a net decrease to debt associated with SBITAs of \$355 in 2025.

Changes to the principal owed on the financing agreements for the purchase and implementation of Workday included additions of \$808.

Also see "Note 10. Long-Term Liabilities" for additional information.

**Long-term Debt**



- Executing the streamlining and reduction of specific academic programs and support functions.
- Implementing rigorous budgeting and cost-reduction measures to stabilize the institution's financial trajectory.

**State Support and Long-Term Sustainability**

Recognizing the necessity of an operational bridge while implementing these structural changes, SOU petitioned the State of Oregon for one-time stabilization funds. In response, the 2026 Legislative Session passed House Bill 5204, which allocates \$15 million in emergency, one-time funding to the Emergency Board to support SOU's short-term financial stability.

House Bill 5204 also provided \$500,000 to the Higher Education Coordinating Commission to develop a long-term financial sustainability plan for SOU. We have partnered with Deloitte LLP to formulate this comprehensive plan, with a finalized report due by April 30, 2026. This upcoming report is expected to recommend additional structural changes to align revenues and expenditures permanently, without compromising our commitment to regional workforce needs.

Throughout this period of aggressive financial realignment, SOU's dedication to higher education accessibility remains resolute. By proactively addressing our financial constraints and demographic shifts, and by collaborating closely with stakeholders, SOU is positioned to emerge as a strengthened, highly resilient institution.

**ECONOMIC OUTLOOK**

**Institutional Alignment and Revenue Structure**

Southern Oregon University (SOU) remains dedicated to student success and the strategic alignment of our academic offerings with both regional needs and national online markets. As a pivotal mid-sized regional university, we offer diverse degree programs - notably in business, education, and psychology - built upon a liberal arts foundation. Our financial framework is supported by a diversified revenue model encompassing tuition, fees, state appropriations, philanthropic contributions, and financial aid. Additionally, SOU leverages federal grants and contracts to balance allowable administrative and infrastructure costs, reinforcing our financial resilience. The Board of Trustees and executive leadership actively pursue partnerships and program enhancements to ensure long-term financial sustainability.

**Acute Financial Challenges**

Despite our diversified funding base, SOU faces severe and immediate financial headwinds. Our historical reliance on state funding presents acute challenges due to declining allocations from the State's Student Success and Completion Model (SSCM), a direct result of recent enrollment trends. Compounding this revenue shortfall is the reality that ongoing operational expenses, particularly personnel and contractual obligations, have significantly outpaced revenue growth. Navigating these economic uncertainties demands aggressive optimization of personnel and operational expenses to foster institutional efficiency.

**Strategic Restructuring and Emergency Action**

The convergence of enrollment declines and the subsequent impact on state funding necessitated a formal declaration of financial exigency early in Fiscal Year 2026. To immediately address this critical imbalance, leadership adopted the "SOU Resiliency Plan" in August 2025 to create a more focused and responsive institution. Key actions include:

- Mandating an overall reduction in ongoing expenses of approximately \$10 million over the next four years.



STATEMENTS OF NET POSITION  
SOUTHERN OREGON UNIVERSITY

As of June 30,	2025	2024
	(In thousands)	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Note 2)	\$ 6,074	\$ 9,329
Collateral from Securities Lending (Note 2)	23	26
Accounts Receivable, Net (Note 3)	17,941	18,201
Notes Receivable, Net (Note 4)	86	89
Lease Receivable (Note 8)	195	168
Inventories	610	517
Prepaid Expenses	865	739
<b>Total Current Assets</b>	<b>25,794</b>	<b>29,069</b>
<b>Noncurrent Assets</b>		
Cash and Cash Equivalents (Note 2)	-	4,268
Investments (Note 2)	4,555	7,292
Notes Receivable, Net (Note 4)	1,105	1,181
Lease Receivable (Note 8)	948	1,123
Net OPEB Asset (Note 16)	1,090	1,065
Capital Assets, Net of Accumulated Depreciation and Amortization (Note 5)	177,368	173,841
<b>Total Noncurrent Assets</b>	<b>185,066</b>	<b>188,770</b>
<b>Total Assets</b>	<b>\$ 210,860</b>	<b>\$ 217,839</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b> (Note 6)	<b>\$ 16,812</b>	<b>\$ 15,178</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 7)	\$ 11,118	\$ 9,674
Deposits	330	369
Obligations Under Securities Lending (Note 2)	23	26
Current Portion of Long-Term Liabilities (Note 10)	6,459	4,877
Unearned Revenues	4,365	3,639
<b>Total Current Liabilities</b>	<b>22,295</b>	<b>18,585</b>
<b>Noncurrent Liabilities</b>		
Long-Term Liabilities (Note 10)	50,272	53,755
Net Pension Liability (Note 15)	37,336	37,910
OPEB Liability (Note 16)	1,041	914
<b>Total Noncurrent Liabilities</b>	<b>88,649</b>	<b>92,579</b>
<b>Total Liabilities</b>	<b>\$ 110,944</b>	<b>\$ 111,164</b>
<b>DEFERRED INFLOWS OF RESOURCES</b> (Note 6)	<b>\$ 33,847</b>	<b>\$ 33,050</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 102,685	\$ 96,644
Restricted For:		
Nonexpendable Endowments	1,812	1,812
Expendable:		
Gifts, Grants and Contracts	3,053	3,592
Student Loans	70	68
OPEB Asset	1,090	1,065
Unrestricted (Note 11)	(25,829)	(14,378)
<b>Total Net Position</b>	<b>\$ 82,881</b>	<b>\$ 88,803</b>

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

SOUTHERN OREGON UNIVERSITY

For the Years Ended June 30,	2025	2024
	(In thousands)	
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (Net of Allowances of \$15,131 and \$13,765, Note 1.V)	\$ 22,745	\$ 25,293
Federal Grants and Contracts	2,113	2,426
State and Local Grants and Contracts	2,998	3,549
Nongovernmental Grants and Contracts	1,117	987
Educational Department Sales and Services	5,030	4,848
Auxiliary Enterprises Revenues (Net of Allowances of \$1,206 and \$1,565, Note 1.V)	15,053	14,266
Other Operating Revenues	984	1,872
<b>Total Operating Revenues</b>	<b>50,040</b>	<b>53,241</b>
<b>OPERATING EXPENSES</b>		
Instruction	33,538	35,161
Research	1,634	1,247
Public Service	4,801	4,182
Academic Support	7,307	8,955
Student Services	5,978	5,952
Auxiliary Programs	20,663	21,256
Institutional Support	19,864	16,393
Operation and Maintenance of Plant	7,432	5,987
Student Aid	8,089	7,119
Other Operating Expenses	6,122	6,306
<b>Total Operating Expenses (Note 13)</b>	<b>115,428</b>	<b>112,558</b>
<b>Operating Loss</b>	<b>(65,388)</b>	<b>(59,317)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Government Appropriations (Note 14)	30,211	30,385
Financial Aid Grants	13,174	10,889
Gifts	11,399	7,035
Investment Activity (Note 12)	1,406	1,563
Gain on Sale of Assets, Net	22	4
Interest Expense	(1,520)	(1,477)
Other Nonoperating Items	9	(51)
<b>Net Nonoperating Revenues</b>	<b>54,701</b>	<b>48,348</b>
<b>Income (Loss) Before Other Nonoperating Revenues</b>	<b>(10,687)</b>	<b>(10,969)</b>
Debt Service Appropriations (Note 14)	179	179
Capital Grants and Gifts	4,586	5,082
<b>Total Other Nonoperating Revenues</b>	<b>4,765</b>	<b>5,261</b>
<b>Increase In Net Position</b>	<b>(5,922)</b>	<b>(5,708)</b>
<b>NET POSITION</b>		
Beginning Balance	88,803	94,511
<b>Ending Balance</b>	<b>\$ 82,881</b>	<b>\$ 88,803</b>

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

STATEMENTS OF CASH FLOWS  
SOUTHERN OREGON UNIVERSITY

For the Years Ended June 30,	2025	2024
	(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees	\$ 23,633	\$ 25,380
Grants and Contracts	8,346	4,147
Educational Department Sales and Services	5,045	4,848
Auxiliary Enterprises Operations	12,964	16,792
Payments to Employees for Compensation and Benefits	(65,890)	(66,329)
Payments to Suppliers	(31,555)	(26,897)
Student Financial Aid	(8,335)	(7,254)
Other Operating Receipts	1,258	1,661
Fiduciary Activities - Direct Student Loan Receipts	15,979	18,481
Fiduciary Activities - Direct Student Loan Disbursements	(16,412)	(18,343)
Fiduciary Activities - Other Custodial Fund Receipts	178	108
Fiduciary Activities - Other Custodial Fund Disbursements	(156)	(159)
<b>Net Cash Used by Operating Activities</b>	<b>(54,945)</b>	<b>(47,565)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Government Appropriations	30,211	30,385
Financial Aid Grants	13,174	10,889
Gifts	9,977	5,911
Other Noncapital Financing Receipts (Disbursements)	(61)	289
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>53,301</b>	<b>47,474</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Debt Service Appropriations	179	179
Capital Grants and Gifts	4,532	6,416
Proceeds from Sale of Capital Assets	51	2,124
Purchases of Capital Assets	(9,278)	(9,503)
Other Capital Disbursements	(107)	(105)
Interest Payments on Capital Debt	(1,550)	(1,497)
Principal Payments on Capital Debt	(3,848)	(3,124)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(10,021)</b>	<b>(5,510)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Sales of Investments	3,161	12,629
Income on Investments and Cash Balances	982	1,311
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>4,143</b>	<b>13,940</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,523)</b>	<b>8,339</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning Balance	13,597	5,258
<b>Ending Balance</b>	<b>\$ 6,074</b>	<b>\$ 13,597</b>

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

STATEMENTS OF CASH FLOWS, continued  
SOUTHERN OREGON UNIVERSITY

For the Years Ended June 30,	2025	2024
	(In thousands)	
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (65,388)	\$ (59,317)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense	8,582	8,357
Fiduciary Student Loans	(433)	138
Other Fiduciary Activities	22	(51)
Changes in Assets and Liabilities:		
Accounts Receivable	1,427	899
Notes Receivable	79	76
Inventories	(93)	(34)
Prepaid Expenses	(126)	171
Accounts Payable and Accrued Liabilities	1,726	3,629
Long-Term Liabilities	(404)	(404)
Unearned Revenue	717	(370)
Service Concession Arrangement Related Deferrals	(1,017)	(1,018)
OPEB Asset/Liability and Related Deferrals	(144)	(282)
Net Pension Liability and Related Deferrals	107	641
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (54,945)</b>	<b>\$ (47,565)</b>
<b>NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS</b>		
Contributed Capital Assets Acquired	\$ 751	\$ 2
Capital Assets Acquired by Accounts Payable	847	1,099
Capital Assets Acquired through Lease Obligations	837	371
Capital Assets Acquired through SBITA Obligations	910	11,351
Increase in Fair Value of Investments Recognized as a Component of Investment Activity	125	775
Gain (Loss) on Sale of Investments Recognized as a Component of Investment Activity	299	(523)

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

## STATEMENTS OF FINANCIAL POSITION

## SOUTHERN OREGON UNIVERSITY FOUNDATION - COMPONENT UNIT

As of June 30,	2025	2024
	(in thousands)	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,056	\$ 1,576
Unconditional Promises to Give, Net	2,254	2,191
<b>Total Current Assets</b>	<b>3,310</b>	<b>3,767</b>
<b>Noncurrent Assets</b>		
Investments	53,555	47,406
LongTerm Unconditional Promises to Give, Net	6,920	7,174
Assets Held Under Split-Interest Agreements	1,040	663
Other Assets	768	759
<b>Total Other Assets</b>	<b>62,283</b>	<b>56,002</b>
<b>Total Assets</b>	<b>\$ 65,593</b>	<b>\$ 59,769</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 62	\$ 61
Refundable Advances	485	419
Payments Due to Related Entity	2,867	1,436
<b>Total Current Liabilities</b>	<b>3,414</b>	<b>1,916</b>
<b>Obligations Under Split-Interest Agreements</b>	<b>421</b>	<b>241</b>
<b>Total Liabilities</b>	<b>3,835</b>	<b>2,157</b>
<b>Net Assets</b>		
Without Donor Restrictions	3,894	4,156
With Donor Restrictions	57,864	53,456
<b>Total Net Assets</b>	<b>61,758</b>	<b>57,612</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 65,593</b>	<b>\$ 59,769</b>

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

STATEMENTS OF ACTIVITIES

SOUTHERN OREGON UNIVERSITY FOUNDATION - COMPONENT UNIT

For the Years Ended June 30,	2025	2024
	(In thousands)	
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenue and Other Support</b>		
Donations	\$ 339	\$ 200
Contributed Services Support	1,092	1,088
Net Investment Income	148	493
Net Realized and Unrealized Gains	14	-
Net Assets Released From Restrictions	9,645	5,767
<b>Total Revenue and Other Support</b>	<b>11,238</b>	<b>7,548</b>
<b>Functional Expenses</b>		
Program Services	8,865	4,987
Management and Fundraising	2,634	2,528
<b>Total Expenses</b>	<b>11,499</b>	<b>7,515</b>
<b>Increase (Decrease) In Unrestricted Net Assets</b>	<b>(261)</b>	<b>33</b>
Beginning Balance, Unrestricted Net Assets	4,156	4,123
<b>Ending Balance, Unrestricted Net Assets</b>	<b>\$ 3,895</b>	<b>\$ 4,156</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
<b>Revenue and Other Support</b>		
Donations	8,743	7,758
Change in Split-Interest Agreements	(11)	(26)
Net Investment Income	2,082	1,297
Net Realized and Unrealized Gains	3,220	3,307
Fundraising Activities and Other Income	18	28
Net Assets Released From Restrictions	(9,645)	(5,767)
<b>Increase In Net Assets With Donor Restrictions</b>	<b>4,407</b>	<b>6,597</b>
Beginning Balance, Net Assets With Donor Restrictions	53,456	46,859
<b>Ending Balance, Net Assets With Donor Restrictions</b>	<b>\$ 57,863</b>	<b>\$ 53,456</b>
<b>Increase In Total Net Assets</b>	<b>4,146</b>	<b>6,630</b>
Beginning Balance, Total Net Assets	57,612	50,982
<b>Ending Balance, Total Net Assets</b>	<b>\$ 61,758</b>	<b>\$ 57,612</b>

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

## STATEMENTS OF FIDUCIARY NET POSITION

## SOUTHERN OREGON UNIVERSITY

## Custodial Funds

As of June 30,	Custodial Funds	
	2025	2024
	(In thousands)	
<b>ASSETS</b>		
Cash Deposits - Student Housing Program	\$ 4,792	\$ 2,692
Cash Reserves - Student Housing Capital	1,526	1,351
Cash Deposits - Other	151	143
Accounts Receivable, Net	633	839
Prepaid Expenses	209	187
<b>Total Assets</b>	<b>\$ 7,311</b>	<b>\$ 5,212</b>
<b>LIABILITIES</b>		
Payments Due to University	\$ 2,860	\$ 1,219
Accounts Payable and Accrued Liabilities	23	10
<b>Total Liabilities</b>	<b>\$ 2,883</b>	<b>\$ 1,229</b>
<b>FIDUCIARY NET POSITION</b>		
Restricted For:		
CHF-Ashland, L.L.C.	\$ 4,282	\$ 3,835
Student and Campus Organizations	146	148
<b>Total Fiduciary Net Position</b>	<b>\$ 4,428</b>	<b>\$ 3,983</b>

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

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

## SOUTHERN OREGON UNIVERSITY

For the Years Ended June 30,	Custodial Funds	
	2025	2024
	(In thousands)	
<b>ADDITIONS</b>		
Student Housing Rentals	\$ 6,645	\$ 6,863
Conference and Miscellaneous Rentals	401	284
Other Additions	1	4,770
<b>Total Additions</b>	<b>\$ 7,047</b>	<b>\$ 11,917</b>
<b>DEDUCTIONS</b>		
Student Housing Operations	\$ 6,487	\$ 9,148
Student Housing Administrative and General	62	125
Other Deductions	53	50
<b>Total Deductions</b>	<b>\$ 6,602</b>	<b>\$ 9,323</b>
<b>Increase In Fiduciary Net Position</b>	<b>\$ 445</b>	<b>\$ 2,594</b>
Fiduciary Net Position - Beginning	<b>3,983</b>	1,389
Fiduciary Net Position - Ending	<b>\$ 4,428</b>	<b>\$ 3,983</b>

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

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Southern Oregon University (SOU)/(University), located in Ashland, Oregon, is governed by the Southern Oregon University Board of Trustees (Board), a citizen board appointed by the Governor and confirmed by the State Senate.

The financial reporting entity includes SOU, the SOU Foundation (Foundation), and fiduciary funds for which SOU is the custodian.

The Foundation statements are displayed as a discretely presented component unit under the guidelines established by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Discretely presented means that the statements are included separately in the financial report. See "Note 20. University Foundation" for additional information relating to this component unit.

The fiduciary funds are presented under the guidelines established by GASB Statement No. 84, *Fiduciary Activities*.

The Governor of the State of Oregon (State) appoints the SOU Board and, because SOU receives some financial support from the State, the State determined that SOU is a discretely presented component unit and is included in the State's Annual Comprehensive Financial Report (ACFR).

### B. Financial Statement Presentation

SOU financial accounting records are maintained in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the GASB. The financial statement presentation required by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities—an amendment of GASB Statement No. 34, modified by GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*, provides a comprehensive, entity-wide perspective of SOU 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, interfund transfers between university funds and internal revenues and expenses associated with self-supporting auxiliary and service center operations have been eliminated. Unless otherwise stated, dollars are presented in thousands.

Financial statements of the SOU Foundation for fiscal years ended June 30, 2025 and 2024 are discretely presented. The Foundation's financial statements are prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue criteria and presentation. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the University. No modifications have been made to the Foundation's financial information included in the University's financial report.

Financial statements of fiduciary funds for fiscal years ended June 30, 2025 and 2024 are presented and are prepared in accordance with the requirements of GASB Statement No. 84. SOU holds funds for external entities and individuals including funds for CHF-Ashland, L.L.C. (CHF). CHF owns North Campus Village, a 702-bed student housing facility. SOU manages North Campus Village on behalf of CHF through a contractual management agreement. The property and all housing revenue generated by North Campus Village is owned by CHF, and these amounts are not included in the University's financial statements. Additionally, SOU holds funds for various campus and student organizations that operate on SOU's campus.

### C. Basis of Accounting

For financial reporting purposes, SOU is considered a special-purpose government engaged in business-type activities, as well as fiduciary custodial funds. Accordingly, the SOU 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.

#### NEWLY IMPLEMENTED ACCOUNTING STANDARDS

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The University implemented this statement effective for the fiscal year ended June 30, 2025, however, there was no immediate impact to the University's financial statements as a result of the implementation.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires that the University assess concentrations or constraints which could cause the University to be vulnerable to substantial impact. Should such concentrations or constraints exist, the University must disclose the concentration or constraint if an event (or events) have occurred, have begun to occur, or will most likely occur within 12 months of the financial statement issuance. In addition, the University must disclose any mitigating actions taken prior to the issuance of the financial statements. The University implemented this statement effective for the fiscal year ended June 30, 2025, however, there was no immediate impact to the University's financial statements as a result of the implementation.

#### UPCOMING ACCOUNTING STANDARDS

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement touches on the requirements of (1) management's discussion and analysis, (2) unusual and infrequent items, (3) presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, (4) major component unit information, and (5) budgetary comparison information. This statement is currently being reviewed

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

for applicability and impact to the University's financial statements. This statement will be effective for the fiscal year ended June 30, 2026.

In September 2025, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, intangible assets other than those three types should be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is currently being reviewed for impact to the university's financial statement disclosures. This statement will be effective for the fiscal year ended June 30, 2026

#### D. Cash and Cash Equivalents

Cash and cash equivalents may include highly liquid investments with original maturities of three months or less. Cash and cash equivalents of the University consist of: cash on hand and cash and investments held by the State of Oregon in the Oregon Short-Term Fund (OSTF). See "Note 2.A. Cash and Cash Equivalents" for disclosure of restricted portions of cash and cash equivalents.

#### 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. See "Note 12. Investment Activity" for additional information.

Investments are classified as noncurrent assets in the Statement of Net Position.

#### F. Receivables

Accounts receivable consists primarily of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable for tuition and fee charges are recorded net of estimated uncollectible amounts in accordance with generally accepted accounting principles.

Grants and contracts receivable include amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Component Unit receivables include amounts due from the SOU Foundation in connection with reimbursement of allowable expenditures on gift funds. Fiduciary Unit receivables are comprised of amounts due to the University related to the North Campus Village. Capital Construction receivables include amounts due from the State of Oregon in connection with reimbursement of allowable expenditures made pursuant to the grant agreements between the University and the State for facilities

projects funded by the State. See "Note 3. Accounts Receivable" for further information.

Notes Receivable has two main components. Student Loans receivable consists of amounts due from students for loans administered by the University and other small loan programs. Receivable for Third Party Commitments represent a commitment from the Jefferson Public Radio Foundation. See "Note 4. Notes Receivable" for additional information.

#### G. Inventories

Inventories are recorded at cost with cost being generally determined on a first-in, first-out or average basis. Inventories consist primarily of supplies in storerooms and physical plant stores.

#### H. Capital Assets

Capital assets are recorded at cost on the date acquired or at acquisition value on the date donated. SOU capitalizes equipment with unit costs of \$5 or more and an estimated useful life of greater than one year. SOU capitalizes real property expenditures that increase the functionality and/or extend the useful life of the real property if total expenditures exceed the capitalization thresholds of \$50 to \$100, depending on the type of real property. Intangible assets valued in excess of \$100 are capitalized. Expenditures below the capitalization threshold and repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

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 and land improvements, 10 years for library books, 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 museum collections, works of art and historical treasures, or library special collections.

#### I. Leases

The University determines if an arrangement is a lease at inception. Lessee arrangements are included in capital assets, as right of use (ROU) assets, and long-term liabilities, current and noncurrent, in the statements of net position. ROU assets represent the University's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. ROU assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. ROU assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the University's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option. Per SOU policy, the University has elected to recognize payments for short-term leases with a lease term of 12 months or less and leases with a present value of less than five thousand dollars as expenses as incurred, and these leases are

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

not included as lease liabilities or right-to-use lease assets on the statements of net position.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statements of net position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. SOU recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. Per University policy, SOU also recognizes payments received on leases with an initial calculated net present value of five thousand dollars or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position.

#### **J. Subscription Based Information Technology Arrangements**

The University determines if an arrangement is a subscription based information technology arrangement (SBITA) at inception. SBITAs are included in Right-of-Use (ROU) SBITA assets and SBITA liabilities in the statement of net position. ROU SBITA assets represent the University's right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract, in an exchange or exchange-like transaction. ROU SBITA assets are recognized at the commencement of the subscription term based on the initial measurement of the SBITA liability, plus any payments made to the vendor at the commencement of the subscription term and initial implementation costs. ROU SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. SBITA liabilities represent the University's obligation to make subscription payments arising from the SBITA. SBITA liabilities are recognized at the commencement date based on the present value of expected payments over the subscription term. Interest expense is recognized ratably over the subscription term. The SBITA term may include options to extend or terminate the subscription when it is reasonably certain that the University will exercise that option.

#### **K. 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).

#### **L. Compensated Absences**

The liability for compensated absences reported in the Statements of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

#### **M. Net Pension Liability**

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense are actuarially determined at the system-wide Plan level and are allocated to employers based on their proportionate share. SOU is included in the proportionate share for all state agencies. The SOU proportionate share is allocated to SOU by the Oregon State Department of Administrative Services.

#### **N. Other Postemployment Benefits (OPEB) Asset/Liability**

The University reports their proportionate share of the net PERS RHIA OPEB asset, net PERS RHIPA OPEB asset, and the total PEBB OPEB liability, along with the associated deferred outflows of resources and deferred inflows of resources. See "Note 16. Other Post-Employment Benefits (OPEB)" for a detailed description of each plan and the proportionate share methodology for each.

#### **O. Deferred Outflows and Deferred Inflows of Resources**

Deferred outflows of resources represent the use of resources in one period that is applicable to, and will be recognized in, a period which is more than a year in the future. These deferred outflows have a positive effect on net position that is similar to assets but are not assets. Deferred inflows of resources represent the acquisition of resources that is applicable to, and will be recognized in, a period which is more than a year in the future. These deferred inflows have a negative effect on net position that is similar to liabilities, but are not considered liabilities. SOU's deferred outflows and deferred inflows are related to lessor arrangements, service concession arrangements, defined benefit pension plans, and other postemployment benefits.

#### **P. Net Position**

SOU'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**

Restricted nonexpendable consists 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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

#### **RESTRICTED – EXPENDABLE**

Restricted expendable includes resources which SOU is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

#### **UNRESTRICTED**

Unrestricted are resources that may be used at the discretion of the Board.

#### **Q. Restricted/Unrestricted Resources**

The University has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred. Factors used to determine which resources to use include relative priorities of the University in accordance with the University's strategic initiatives and externally imposed matching requirements of certain restricted funds. Major capital purchases are many times split funded from multiple restricted and unrestricted funding sources.

#### **R. Endowments**

The University has the authority, through SOU Board policy, to use the interest, income, dividends, or profits of endowments. SOU has entered into an agreement with the Oregon State Treasury (State Treasury) for the management of SOU endowment funds. SOU Board policy is 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 investing permits. In accordance with current Board policy, the amount available for distribution during fiscal year 2026 is estimated to be \$116. For the year ended June 30, 2025, the net amount of appreciation available for authorization for expenditure was \$110. For the year ended June 30, 2024, the net amount of appreciation available for authorization for expenditure was \$106. Net appreciation of endowments are included in Expendable Gifts, Grants, and Contracts on the Statement of Net Position.

Nonexpendable Endowments on the Statement of Net Position of \$1,812 at both June 30, 2025 and 2024 represent the original corpus of true endowment funds and does not include the accumulated gains of those endowments.

#### **S. Income Taxes**

SOU is treated as a governmental entity for tax purposes. As such, SOU is generally not subject to federal and state income taxes. However, SOU 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 for the years ended June 30, 2025 or June 30, 2024, because there is no amount of taxes on such unrelated business income for SOU.

#### **T. Revenues and Expenses**

SOU 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 and benefits, scholarships and fellowships, utilities, supplies and other services, professional fees, and depreciation expense.

Nonoperating revenues and expenses generally have the characteristics of nonexchange transactions. In a nonexchange transaction, SOU 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 No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments*. Examples of nonoperating expenses include interest on capital asset related debt and loss on sale of assets.

#### **U. State Support**

SOU receives support from the State of Oregon in the form of General Fund and Lottery appropriations and debt service appropriations for some Oregon Department of Energy loans, see "Note 14. Government Appropriations" for details on appropriations.

In addition to appropriations, the State of Oregon provides funding for plant facilities on the University's campus. Capital projects for new facilities and capital improvements and repair are funded by philanthropy, campus paid debt and resources, and state-paid debt. The State of Oregon Legislature considers projects from all seven public universities for allocation of Oregon's bonding capacity. Funds for capital projects funded by state-paid debt are provided through grant agreements between SOU and the State of Oregon. Revenue is recorded as Capital Grants in the Statement of Revenues, Expenses and Changes in Net Position when appropriate expenditures are reimbursable per the grant agreements. Funds for capital projects funded by campus paid debt can also be funded through Oregon's bonding capacity. At the time that the bonds are sold, the State of Oregon instructs SOU to record a liability for the debt and a receivable for construction reimbursements, the receivable is reduced as expenditures on the capital project are completed and reimbursed by the State.

Facilities funded by philanthropy, state-paid debt, and campus paid debt are reflected as completed assets or construction in progress in the accompanying Statement of Net Position. The obligations for the bonds issued by the State of Oregon are not obligations of SOU. However, SOU is obligated to pay contracts payable for projects funded by campus paid debt. These contracts payable are included as current and long term liabilities in the Statement of Net Position.

#### **V. Allowances**

Student tuition and fees and campus housing revenues included in auxiliary enterprises revenues are reported net of scholarship and bad debt allowances. A scholarship allowance is the difference

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

between the University's stated rates and charges and the amounts actually paid by students and/or third parties making payments on behalf of the students. Under this approach, scholarships awarded by the University are considered as reductions in tuition and fee revenues rather than as expenses. Additionally, certain governmental grants, such as PELL grants, and payments from other federal, state, or nongovernmental programs, are required to be recorded as either operating or nonoperating revenues in the University's financial statement. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the University has reported a corresponding scholarship allowance. SOU has three types of allowances that net into tuition and fees and auxiliary revenues. Tuition and housing waivers provided directly by SOU amounted to \$5,453 and \$5,033 for the fiscal years ended June 30, 2025 and 2024, respectively. Revenues from financial aid programs (e.g., PELL Grants, Supplemental Educational Opportunity Grants, and Oregon Opportunity Grants) used for paying student tuition and fees and campus housing was estimated to be \$9,547 and \$9,044 for the fiscal years ended June 30, 2025 and 2024, respectively. Bad debt expense is included as an allowance to operating revenues and is estimated to be \$1,337 and \$1,253 for the fiscal years ended June 30, 2025 and 2024, respectively.

#### W. Federal Student Loan Programs

SOU receives proceeds from the Federal Direct Student Loan Program (FDSLPL). GASB Statement No. 84 allows business-type activities, such as SOU, to report activities that would otherwise be considered custodial funds in SOU's Statement of Net Position and Statement of Cash Flows as an operating activity if, upon receipt, the funds are normally expected to be held for three months or less. Funds associated with the FDSLPL meet this exception and are reported as such. Federal student loans received by SOU students but not reported in operations was \$16,412 and \$18,343 for the fiscal years ended June 30, 2025 and 2024, respectively.

#### X. Deposit Liabilities

Deposit Liabilities primarily consist of rental and dorm deposits as well as fund balances held by SOU on behalf of student groups and organizations that account for activities in the SOU accounting system that are not required to be reported in a fiduciary fund under GASB Statement No. 84 and whose cash is part of the cash held on deposit with the State Treasury.

#### Y. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities, deferred outflows and deferred inflows, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

#### Z. Reclassifications

The University has corrected the following financial statement lines reported as of June 30, 2024 on the Statement of Net Position:

Financial Statement Line	Financial Statements Dated		Difference
	June 30, 2025	June 30, 2024	
Current Cash	9,329	7,289	2,040
Noncurrent Cash	4,268	6,308	(2,040)
Restricted Expendable for Capital Projects Net Position	-	3,563	(3,563)
Unrestricted Net Position	(14,378)	(17,941)	3,563

Cash reported in the financial statements for the period ended June 30, 2024 as noncurrent cash restricted for capital has been reevaluated and determined to be neither restricted by external sources, nor held for long term cash needs. As a result, this cash has been reclassified as current cash. In addition, the amount of the fiscal year 2025 interest paid on debt service payments funded by student building funds was moved from noncurrent cash to current cash as it would be used within a year of June 30, 2024.

Net position which was previously reported as restricted for capital projects was reviewed and determined to not have external restrictions. As a result, it was moved to Unrestricted Net Position.

The University has corrected the following financial statement lines reported as of June 30, 2024 on the Statement of Revenues, Expenses, and Changes in Net Position:

Financial Statement Line	Financial Statements Dated		Difference
	June 30, 2025	June 30, 2024	
Auxiliary Enterprises Revenues	14,266	8,972	5,294
Auxiliary Programs	21,256	15,962	5,294

In the past, SOU has reported refunds to commercial businesses as a contra-revenue. It has been determined that the refunds should be classified as an operating expense in the services and supplies natural classification.

#### AA. Custodial Funds Net Position

The majority of the Custodial Funds reported in the Statements of Fiduciary Net position and the Statements of Changes in Fiduciary Net Position are associated with the CHF-Ashland, LLC Housing project. The Housing project is owned by the Collegiate Housing Foundation (CHF). SOU is managing the project on behalf of CHF, which includes collecting housing rents, paying ongoing operating expenses from the rental revenue, and forwarding funds to cover the debt service obligations on the bonds related to the project. As part of the compensation back to the University, the University receives a ground-lease payment, which varies from year to year. At the end of fiscal year 2025 and 2024, respectively, the ground-lease receivable to the University was \$2,860 and \$1,217.

#### AB. Service Concession Arrangements

During the fiscal year ended June 30, 2012, the University entered into an agreement with the Collegiate Housing Foundation (CHF) in order to fund the construction of a new student housing facility, North Campus Village. Through the arrangement, CHF constructed

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

and operates the facility, using SOU staff for property management. SOU leases the land on which the facility is located to CHF. SOU receives compensation from CHF equal to the Net Available Cash Flow which is equal to general revenues, less expenses, less any third party management fees, less required deposits to fund reserves, less scheduled bond debt service for the same annual period. (See "Note 1. AA. Custodial Funds Net Position" for further information about this arrangement.) These payments are disclosed as variable payments in "Note 8. Leases". The University has the option to terminate this agreement and would, upon termination, be obligated to pay any amounts due to satisfy the debt obligations outstanding at the time of termination. It is unlikely that the University will exercise this option. Also, as part of this arrangement, CHF is entitled to a monthly membership fee on behalf of SOU based on the student housing revenues not to exceed \$250 annually.

At the end of the agreement term, during fiscal year 2048, the building will revert to the University's possession. As such, the University has recorded capital assets of \$34,072 for buildings and \$473 for land improvements. Accumulated depreciation associated with these assets totaled \$12,075 and \$11,057 as of June 30, 2025 and June 30, 2024, respectively. In addition, deferred inflows associated with this arrangement totaled \$22,471, and \$23,488 as of June 30, 2025 and June 30, 2024, respectively.

## 2. CASH AND INVESTMENTS

The majority of SOU's cash and investments were held in custody with the Oregon State Treasury (State Treasury) during the fiscal years ended June 30, 2025 and 2024. The State Treasury manages these invested assets through commingled investment pools. Through December of 2023, SOU joined with five other Oregon public universities and the Public Universities Risk Management and Insurance Trust, to commingle their operating cash and investments in the Public University Fund (PUF). The investments held in the PUF are managed by the State Treasury and administered by the statutorily defined Designated University, currently Oregon State University. Each underlying investment pool has an investment policy and set of objectives identifying risk and return parameters for the respective investment pool. The State Treasury invests these deposits in high grade, dollar-denominated, short and intermediate-term fixed income securities. The Oregon Investment Council (OIC) provides oversight and counsel on the investment policies for each investment pool. SOU withdrew from the PUF in January 2024.

In general, 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. Although the objective of each investment pool is to preserve capital within defined risk parameters, it is likely that the value of the investment securities will fluctuate during short periods of time, and it is possible that such changes could materially affect the amounts reported in the financial statements. For more information on investment risk exposures, see section B of this note.

For full disclosure regarding cash and investments managed by the State Treasury, a copy of the State Treasury audited annual financial

report may be obtained by writing to the Oregon State Treasury, 867 Hawthorn Avenue, SE, Salem, OR 97301-5241 or via the internet at [www.oregon.gov/treasury/news-data/pages/treasury-news-reports.aspx](http://www.oregon.gov/treasury/news-data/pages/treasury-news-reports.aspx)

### A. Cash and Cash Equivalents

Cash and Cash Equivalents are classified as current and noncurrent which include both designated and unrestricted cash and are summarized at June 30, 2025 and 2024 as follows:

	June 30, 2025	June 30, 2024
<b>Current</b>		
Unrestricted	\$ 1,569	\$ 6,422
Designated For:		
Gifts, Grants, and Contracts	1,501	907
Student Aid	43	42
Endowments	2	2
Payroll Vendor Payments	2,959	1,956
<b>Total Current Cash</b>	<b>6,074</b>	<b>9,329</b>
<b>Noncurrent</b>		
Unrestricted	-	4,268
<b>Total Noncurrent Cash</b>	<b>-</b>	<b>4,268</b>
<b>Total</b>	<b>\$ 6,074</b>	<b>\$ 13,597</b>

Noncurrent, unrestricted cash is related to student building fee funds. The Board of Trustees has spending authority over these funds, which are not externally restricted. Typically, these funds are held for future debt service payments. As such, the University has classified these amounts as noncurrent. The portion of the student building fee funds that will be used for debt service payable in the following fiscal year is reported as current cash. During the fiscal year ended June 30, 2025, this cash was deemed to be current as it was used to cover current operating cash needs.

### DEPOSITS WITH STATE TREASURY

SOU maintains a portion of its current 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 short-term cash and investment pool for use by all state agencies or by agreement for related agencies, such as SOU. The State Treasury invests these deposits in high-grade short-term investment securities. While the University is not required by statute to collateralize deposits, it does have a contractual obligation with the State Treasury to collateralize deposits within 24 hours of receipt. At the fiscal year ended June 30, 2025 and 2024, SOU cash and cash equivalents on deposit at the State Treasury was \$6,064 and \$13,588, respectively. At the fiscal year ended June 30, 2025 and 2024, cash and cash equivalents on deposit at the State Treasury held for custodial (fiduciary) funds as reported on the Statements of Fiduciary Net Position was \$6,469 and \$4,186 respectively.

### CUSTODIAL CREDIT RISK—DEPOSITS

Custodial credit risk is the risk that, in the event of a financial institution failure, cash deposits will not be returned to a depositor. The University and State do not have formal policies regarding custodial credit risk for deposits. However, banking regulations and Oregon Revised Statute (ORS) Chapter 295 establish the

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insurance and collateral requirements for deposits in the OSTF. SOU cash balances held on deposit at the State Treasury are invested continuously, therefore custodial credit risk exposure to the State Treasury is low.

#### 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 denominated in U.S. currency and therefore not exposed to foreign currency risk.

#### OTHER DEPOSITS

For both the years ended June 30, 2025 and 2024, SOU had vault and petty cash balances of \$9.

### B. Investments

During fiscal year 2024, SOU liquidated investments previously held in the PUF Core Bond Fund (CBF), managed by the State Treasury, and invested in the OSTF. Prior to that, SOU's operating funds were invested in the CBF. The CBF invests primarily in intermediate-term fixed income securities and is managed with an investment objective to maximize total return (i.e., principal and income) over an intermediate time horizon within stipulated risk parameters. The CBF is actively managed to maintain an average duration of four to five years, through a diversified portfolio of quality, investment grade fixed income securities as defined in the portfolio guidelines.

The University entered into a financing agreement that resulted in investments held on SOU's behalf by City National Bank. At June 30, 2025, these separately held investments totaled \$1,192 while at June 30, 2024 they totaled \$4,239. The SOU endowment assets are managed separately by the State Treasury, invested in mutual funds and exchange traded funds, and directed by external investment managers who are under contract to the OIC. Per policy, the endowment assets are expected to be available in perpetuity. As such, the assets are invested with a long-term horizon while maintaining a prudent level of risk. Investments are managed as a prudent investor would do, exercising reasonable care, skill, and caution. See Note 1, Section "R. Endowments" for additional information regarding SOU endowments.

Investments are all classified as noncurrent and include both restricted and unrestricted funds. At June 30, 2025, of the total \$4,555 in investments, \$3,363 are restricted for endowments, which include both true and quasi-endowments.

At June 30, 2024, of the total \$7,292 in investments, \$3,053 are restricted for endowments, which include both true and quasi-endowments.

Due to the level of risk associated with certain investment securities, it is at least reasonably 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 aggressive action by the Federal Open Market Committee to influence both short and long-term interest rates contribute to

price volatility.

Investments of the SOU discretely presented component units are summarized at June 30, 2025 and 2024 as follows:

#### COMPONENT UNIT

Fair Value at June 30,	2025	2024
Investment Type:		
Mutual Funds:		
Equities	\$ 36,289	\$ 32,145
Fixed Income	14,495	13,944
Cash and Cash Equivalents	2,274	7
Treasury Bills	-	1,310
Other Investments	497	-
Total Investments	\$ 53,555	\$ 47,406

#### CREDIT RISK

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. As of June 30, 2025, approximately 21.6% percent of SOU's endowment assets managed by the State Treasury were subject to credit risk reporting. Of these, fixed income securities rated by the credit agencies as lower medium to high quality totaled \$740 while (\$14) were unrated. As of June 30, 2024, SOU's endowment assets managed by the State Treasury were invested in commingled funds and did not have independently published ratings. As of June 30, 2025, approximately 99.7% percent of the investments held on SOU's behalf were subject to credit risk reporting. Of these, fixed income securities rated by the credit agencies as lower medium to high quality totaled \$933 while the remainder was invested in cash equivalents. As of June 30, 2024, approximately 99.6% percent of the investments held on SOU's behalf were subject to credit risk reporting. Of these, fixed income securities rated by the credit agencies as lower medium to high quality totaled \$3,277 while the remainder was invested in cash equivalents.

#### CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The State Treasury has no formal policy regarding the holding of securities by a custodian or counterparty. For the years ended June 30, 2024 and 2023, the University's investments were exposed to custodial credit risk indirectly through the State Treasury.

#### CONCENTRATION OF CREDIT RISK

Concentration of credit risk refers to potential losses if total investments are concentrated with one or fewer issuers. For fixed income investments held by the endowment fund, not more than five percent of the market value of any investment fund will be invested in any single security, unless part of an index fund. No more than 10 percent of the bond portfolio, at market value, will be invested in the securities of a single issuer, with the exception of the U.S. Government and Agency issues.

The investment manager of the investments held on SOU's behalf purchases liquid, high quality, short-term U.S. Government and agency obligations. The securities must have a maturity of less

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than 397 days and, in the opinion of the investment manager, have minimal credit risk. At least 80 percent of the fund's assets are invested in the following money market instruments: U.S. Treasury Obligations; obligations issued or guaranteed as to principal and interest by the agencies or instruments of the U.S. government; and repurchase agreements involving these agreements.

#### FOREIGN CURRENCY RISK

Foreign currency risk is the risk that investments may lose value due to fluctuations in foreign exchange rates. As of June 30, 2025, \$1,012 of the SOU endowments, which are invested in mutual funds and managed by the State Treasury, were subject to foreign currency risk. As of June 30, 2024, \$857 of the SOU endowments, which are invested in mutual funds and managed by the State Treasury, were subject to foreign currency risk. As of June 30, 2025 and June 30, 2024, none of the investments held on SOU's behalf were subject to foreign currency risk.

#### 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. As of June 30, 2025, SOU endowments managed through the State Treasury held subject to interest rate risk totaling \$726 had an average duration of 6.07 years. As of June 30, 2024, SOU endowments managed through the State Treasury held subject to interest rate risk totaling \$3,051 had an average duration of 6.63 years. Duration measures the change in the value of a fixed income security that will result from a one percent change in interest rates. All of the investments held separately on SOU's behalf are cash and cash equivalents, thus they are not held subject to interest rate risk. The investments held separately on SOU's behalf have an average maturity of 19 days and an average effective duration of 0.00 years.

#### FAIR VALUE MEASUREMENT

Investments are reported at estimated fair value as determined by State Treasury, based on a fair value hierarchy which prioritizes the input techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted market prices that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 – Inputs that are unobservable. These are only used if relevant Level 1 and Level 2 inputs are not available.

Inputs are used in applying valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. In addition to the underlying reported net asset values (NAV), which generally serve as the primary valuation input, other inputs may include liquidity factors and broad credit data. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

At June 30, 2025, 22 percent, or \$740, of the SOU endowment managed by the State Treasury was valued using level 1 inputs and 78 percent, or \$2,623, were valued using level 2 inputs.

At June 30, 2024, 100 percent, or \$3,051, of the SOU endowment managed by the State Treasury was valued using level 2 inputs.

At June 30, 2025 and 2024, 100 percent of the SOU Foundation's investments were valued using level 1 inputs.

#### C. Securities Lending

In accordance with the State investment policies, the State participates in securities lending transactions. The Treasury has, through a Securities Lending Agreement, authorized State Street Bank and Trust Company (State Street) to lend the State's securities pursuant to a form of loan agreement. Both the State and borrowers maintain the right to terminate all securities lending transactions on demand. SOU's cash on deposit with the State Treasury is subject to securities lending. There were no significant violations of the provisions of securities lending agreements during the years ended June 30, 2025 and 2024.

During the year, State Street had the authority to lend short-term, fixed income, and equity securities and receive as collateral U.S. dollar and foreign currency cash, U.S. government and agency securities, and foreign sovereign debt of Organization of Economic Cooperation and Development countries. Borrowers were required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned U.S. security. The custodian did not have the ability to pledge or sell collateral securities absent a borrower default, and during the year the State did impose restrictions on the amount of the loans that the custodian made on its behalf. The State Treasury is fully indemnified by the custodian against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

State Street, as lending agent, has created a fund to reinvest cash collateral received on behalf of the OSTF and Oregon state and related agencies, including SOU. As permitted under the fund's Declaration of Trust (Declaration), participant purchases and redemptions are transacted at one dollar per unit ("constant value") based on the amortized cost of the fund's investments. Accordingly, the securities lending collateral held and the obligation to the lending agent are both stated at constant value on the statement of net position.

The fair value of investments held by the fund is based upon valuations provided by a recognized pricing service. These funds are not registered with the Securities and Exchange Commission, but the custodial agent is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. No income from the funds was assigned to any other funds.

The maturities of investments made with the cash collateral generally do not match the maturities of the securities loaned. Since the securities loaned are callable on demand by either the lender or borrower, the life of the loans at June 30, 2025 and 2024, is effectively one day. As of June 30, 2025 and 2024, the state had no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amounts borrowers owed to the State.

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The fair value of the University's share of securities lending balances on loan as of June 30, 2025 and 2024 comprised the following:

Investment Type	June 30, 2025	June 30, 2024
U.S. Treasury and Agency Securities	\$ 549	\$ 177
Domestic Fixed Income Securities	31	25
<b>Total</b>	<b>\$ 580</b>	<b>\$ 202</b>

The fair value of the University's share of total cash and securities collateral received as of June 30, 2025 and 2024 was \$591 and \$207, respectively. The fair value of the University's share of investments purchased with cash collateral as of June 30, 2025 and 2024 was \$23 and \$26, respectively.

### 3. ACCOUNTS RECEIVABLE

Accounts Receivable, including amounts due from component and fiduciary units, comprised the following:

	June 30, 2025	June 30, 2024
Student Tuition and Fees	\$ 12,654	\$ 12,262
Auxiliary Enterprises and Other Operating Activities	2,032	2,570
Capital Construction Gifts and Grants	-	697
State, Other Government, and Private Gifts, Grants and Contracts	2,180	2,902
Component Units	2,867	1,436
Fiduciary Units	2,859	1,217
Federal Grants and Contracts	972	1,307
Other	59	333
	<b>23,623</b>	<b>22,724</b>
Less: Allowance for Doubtful Accounts	(5,682)	(4,523)
Accounts Receivable, Net	<b>\$ 17,941</b>	<b>\$ 18,201</b>

### 4. NOTES RECEIVABLE

SOU Notes Receivable has two main components.

Institutional and Other Student Loans include loans offered through the University itself and other various non-federal loan programs.

Receivable for Third Party Commitment represents a commitment from the JPR Foundation to provide funds for future debt service payments on a loan agreement to the state which funded building improvements to space utilized by the SOU JPR Department.

	June 30, 2025		
	Current	Noncurrent	Total
Institutional and Other Student Loans	\$ -	\$ 27	\$ 27
Third Party Commitment	99	1,211	1,310
	99	1,238	1,337
Less: Allowance for Doubtful Accounts	(13)	(133)	(146)
Notes Receivable, Net	<b>\$ 86</b>	<b>\$ 1,105</b>	<b>\$ 1,191</b>

	June 30, 2024		
	Current	Noncurrent	Total
Institutional and Other Student Loans	\$ -	\$ 27	\$ 27
Third Party Commitment	102	1,310	1,412
	102	1,337	1,439
Less: Allowance for Doubtful Accounts	(13)	(156)	(169)
Notes Receivable, Net	<b>\$ 89</b>	<b>\$ 1,181</b>	<b>\$ 1,270</b>

## NOTES TO THE FINANCIAL STATEMENTS

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### 5. CAPITAL ASSETS

The following schedule reflects the changes in capital assets:

	Balance June 30, 2023	Additions	Transfer Completed Assets	Retire. And Adjust.	Balance July 1, 2024	Additions	Transfer Completed Assets	Retire. And Adjust.	Balance June 30, 2025
<b>Capital Assets, Non-depreciable/Non-amortizable:</b>									
Land	\$ 4,389	\$ -	\$ -	\$ -	\$ 4,389	\$ 2,241	\$ 390	\$ -	\$ 7,020
Capitalized Collections	2,502	32	-	-	2,534	758	-	(1)	3,291
Construction in Progress	7,621	5,090	(293)	(2,108)	10,310	6,943	(390)	-	16,863
Perpetual Intangible Assets	1,879	-	-	-	1,879	-	-	-	1,879
<b>Total Capital Assets, Non-depreciable/Non-amortizable</b>	<b>16,391</b>	<b>5,122</b>	<b>(293)</b>	<b>(2,108)</b>	<b>19,112</b>	<b>9,942</b>	<b>-</b>	<b>(1)</b>	<b>29,053</b>
<b>Capital Assets, Depreciable/Amortizable:</b>									
Equipment	14,042	515	293	(104)	14,746	192	-	(242)	14,696
Library Materials	15,444	95	-	(34)	15,505	87	-	(131)	15,461
Buildings	244,035	-	-	-	244,035	171	-	(5,937)	238,269
Land Improvements	3,502	-	-	-	3,502	-	-	-	3,502
Improvements Other Than Buildings	2,347	-	-	-	2,347	-	-	-	2,347
Infrastructure	3,055	-	-	-	3,055	-	-	(6)	3,049
Intangible Assets	2,091	-	-	-	2,091	-	-	-	2,091
ROU Leased Equipment	2,538	371	-	(940)	1,969	837	-	(564)	2,242
ROU Leased Land	624	-	-	-	624	-	-	-	624
ROU SBITA Assets	1,618	11,351	-	(292)	12,677	910	-	(985)	12,602
<b>Total Capital Assets, Depreciable/Amortizable</b>	<b>289,296</b>	<b>12,332</b>	<b>293</b>	<b>(1,370)</b>	<b>300,551</b>	<b>2,197</b>	<b>-</b>	<b>(7,865)</b>	<b>294,883</b>
<b>Less Accumulated Depreciation/Amortization for:</b>									
Equipment	(12,158)	(531)	-	92	(12,597)	(499)	-	239	(12,857)
Library Materials	(14,683)	(171)	-	34	(14,820)	(162)	-	131	(14,851)
Buildings	(100,666)	(5,366)	-	-	(106,032)	(5,579)	-	5,937	(105,674)
Land Improvements	(2,528)	(92)	-	-	(2,620)	(91)	-	-	(2,711)
Improvements Other Than Buildings	(1,213)	(77)	-	-	(1,290)	(154)	-	-	(1,444)
Infrastructure	(2,992)	(2)	-	-	(2,994)	(4)	-	6	(2,992)
Intangible Assets	(2,090)	-	-	-	(2,090)	-	-	-	(2,090)
ROU Leased Equipment	(1,464)	(509)	-	940	(1,033)	(557)	-	564	(1,026)
ROU Leased Land	(134)	(53)	-	-	(187)	(53)	-	-	(240)
ROU SBITA Assets	(895)	(1,556)	-	292	(2,159)	(1,484)	-	960	(2,683)
<b>Total Accumulated Depreciation/Amortization</b>	<b>(138,823)</b>	<b>(8,357)</b>	<b>-</b>	<b>1,358</b>	<b>(145,822)</b>	<b>(8,583)</b>	<b>-</b>	<b>7,837</b>	<b>(146,568)</b>
<b>Total Capital Assets, Net</b>	<b>\$ 166,864</b>	<b>\$ 9,097</b>	<b>\$ -</b>	<b>\$ (2,120)</b>	<b>\$ 173,841</b>	<b>\$ 3,556</b>	<b>\$ -</b>	<b>\$ (29)</b>	<b>\$ 177,368</b>
<b>Capital Assets Summary</b>									
Capital Assets, Non-depreciable/Non-amortizable	\$ 16,391	\$ 5,122	\$ (293)	\$ (2,108)	\$ 19,112	\$ 9,942	\$ -	\$ (1)	\$ 29,053
Capital Assets, Depreciable/Amortizable	289,296	12,332	293	(1,370)	300,551	2,197	-	(7,865)	294,883
Total Cost of Capital Assets	305,687	17,454	-	(3,478)	319,663	12,139	-	(7,866)	323,936
Less Accumulated Depreciation/Amortization	(138,823)	(8,357)	-	1,358	(145,822)	(8,583)	-	7,837	(146,568)
<b>Total Capital Assets, Net</b>	<b>\$ 166,864</b>	<b>\$ 9,097</b>	<b>\$ -</b>	<b>\$ (2,120)</b>	<b>\$ 173,841</b>	<b>\$ 3,556</b>	<b>\$ -</b>	<b>\$ (29)</b>	<b>\$ 177,368</b>

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### 6. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred Inflows and Outflows of Resources comprised the following:

	June 30, 2025	June 30, 2024
<b>Deferred Outflows of Resources due to:</b>		
Pension Obligations (Note 15)	\$ 16,550	\$ 15,035
Other Postemployment Benefit Obligations (Note 16)	262	143
<b>Total Deferred Outflows of Resources:</b>	<b>\$ 16,812</b>	<b>\$ 15,178</b>
<b>Deferred Inflows of Resources</b>		
Leases (Note 8)	\$ 2,617	\$ 2,872
Service Concession Arrangements (Note 1.AB)	22,471	23,488
Pension Obligations (Note 15)	7,972	5,776
Other Postemployment Benefit Obligations (Note 16)	787	914
<b>Total Deferred Inflows of Resources:</b>	<b>\$ 33,847</b>	<b>\$ 33,050</b>

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts Payable and Accrued Liabilities comprised the following:

	June 30, 2025	June 30, 2024
Payroll Related	\$ 2,976	\$ 1,862
Salaries & Wages	1,745	1,705
Services & Supplies	5,126	4,554
Accrued Interest	425	454
Contract Retainage Payable	62	190
Construction Payables	785	909
<b>Total</b>	<b>\$ 11,118</b>	<b>\$ 9,674</b>

### 8. LEASES

#### A. Lessee Arrangements

SOU leases equipment, vehicles, and space from external parties for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through 2036 and provide for renewal options ranging from one year to ten years. In accordance with GASB Statement No. 87, the University records right-of-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University's

incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The University made variable payments on leases in the amount of \$18 and \$18 during the fiscal years ended June 30, 2025 and 2024, respectively. These payments were made based on the income the University received from various subleases in which SOU was the lessor. The University has leases featuring payments tied to the consumer price index. The University does not have any leases subject to a residual value guarantee. See "Note 5. Capital Assets" for information on right-of-use assets and associated accumulated depreciation. See "Note 10. Long-Term Liabilities" for future payments schedule.

#### B. Lessor Arrangements

SOU leases building space and infrastructure to external parties. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. SOU records lease revenue in Educational Department Sales and Services and Auxiliary Enterprise Revenues. The expected receipts are discounted using the interest rate charged on the lease or using the University's incremental borrowing rate. SOU booked total revenue in the amount of \$3,153 and \$1,561 for the fiscal years ended June 30, 2025 and 2024, respectively. Variable payments are excluded from the valuations unless they are fixed in substance. Of the total revenue recorded, \$2,860 and \$1,219, respectively, were variable in nature.

### 9. SBITAS

SOU partners with various vendors for subscription based information technology arrangements (SBITA) for various terms under long-term, non-cancelable agreements. The arrangements expire at various dates through 2029 and provide for renewal options ranging from one year to five years. In accordance with GASB Statement No. 96, the University records right-to-use assets and SBITA liabilities based on the present value of expected payments over the subscription term of the respective arrangements. The expected payments are discounted using the interest rate charged on the arrangement, if available, or are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The University does not have any SBITAs featuring payments tied to an index or market rate. See "Note 5. Capital Assets" for information on right-of-use assets and associated accumulated amortization. See "Note 10. Long-Term Liabilities" for future payments schedule.

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**10. LONG-TERM LIABILITIES**

Long-term liability activity was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amount Due Within One Year	Long-Term Portion
<b>Long-Term Debt</b>						
Due to the State of Oregon:						
Contracts Payable	\$ 34,920	\$ 650	\$ (2,670)	\$ 32,900	\$ 2,190	\$ 30,710
Oregon Department of Energy Loans (SELP)	1,644	-	(171)	1,473	175	1,298
Leases	1,416	836	(595)	1,657	519	1,138
SBITA	6,528	757	(1,112)	6,173	1,001	5,172
Workday Contracts Payable	9,202	808	-	10,010	1,059	8,951
<b>Total Long-Term Debt</b>	<b>53,710</b>	<b>3,051</b>	<b>(4,548)</b>	<b>52,213</b>	<b>4,944</b>	<b>47,269</b>
<b>Other Noncurrent Liabilities</b>						
PERS pre-SLGRP pooled Liability	1,407	-	(590)	817	310	507
Compensated Absences	2,158	1,777	(1,641)	2,294	918	1,376
Early Retirement Liability	1,357	59	(9)	1,407	287	1,120
<b>Total Other Noncurrent Liabilities</b>	<b>4,922</b>	<b>1,836</b>	<b>(2,240)</b>	<b>4,518</b>	<b>1,515</b>	<b>3,003</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 58,632</b>	<b>\$ 4,887</b>	<b>\$ (6,788)</b>	<b>\$ 56,731</b>	<b>\$ 6,459</b>	<b>\$ 50,272</b>
	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amount Due Within One Year	Long-Term Portion
<b>Long-Term Debt</b>						
Due to the State of Oregon:						
Contracts Payable	\$ 36,732	\$ -	\$ (1,812)	\$ 34,920	\$ 1,970	\$ 32,950
Oregon Department of Energy Loans (SELP)	1,796	-	(152)	1,644	168	1,476
Leases	1,598	371	(553)	1,416	484	932
SBITA	584	6,551	(607)	6,528	892	5,636
Workday Contracts Payable	8,411	791	-	9,202	-	9,202
<b>Total Long-Term Debt</b>	<b>49,121</b>	<b>7,713</b>	<b>(3,124)</b>	<b>53,710</b>	<b>3,514</b>	<b>50,196</b>
<b>Other Noncurrent Liabilities</b>						
PERS pre-SLGRP pooled Liability	1,824	-	(417)	1,407	368	1,039
Compensated Absences	2,165	702	(709)	2,158	724	1,434
Early Retirement Liability	1,337	230	(210)	1,357	271	1,086
<b>Total Other Noncurrent Liabilities</b>	<b>5,326</b>	<b>932</b>	<b>(1,336)</b>	<b>4,922</b>	<b>1,363</b>	<b>3,559</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 54,447</b>	<b>\$ 8,645</b>	<b>\$ (4,460)</b>	<b>\$ 58,632</b>	<b>\$ 4,877</b>	<b>\$ 53,755</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

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

For the Year Ending June 30,	Contracts		Workday			Total	Principal	Interest
	Payable	SELP	Contracts	Leases	SBITA	Payments		
2026	\$ 3,024	\$ 231	\$ 1,416	\$ 564	\$ 1,191	\$ 6,426	\$ 4,944	\$ 1,482
2027	3,070	231	1,628	414	1,047	6,390	5,045	1,345
2028	2,881	231	1,628	320	942	6,002	4,798	1,204
2029	2,858	231	1,628	216	964	5,897	4,829	1,068
2030	2,875	218	1,628	72	893	5,686	4,763	923
2031-2035	12,460	581	3,527	156	1,881	18,605	16,006	2,599
2036-2040	7,087	-	-	34	-	7,121	5,978	1,143
2041-2045	5,520	-	-	-	-	5,520	5,080	440
2046-2050	780	-	-	-	-	780	770	10
<b>Total Future Debt Service</b>	<b>40,555</b>	<b>1,723</b>	<b>11,455</b>	<b>1,776</b>	<b>6,918</b>	<b>62,427</b>	<b>\$ 52,213</b>	<b>\$ 10,214</b>
Less: Interest Component of Future Payments	(7,655)	(250)	(1,445)	(119)	(745)	(10,214)		
<b>Principal Portion of Future Payments</b>	<b>\$ 32,900</b>	<b>\$ 1,473</b>	<b>\$ 10,010</b>	<b>\$ 1,657</b>	<b>\$ 6,173</b>	<b>\$ 52,213</b>		

SOU has entered into contract agreements with the State for the repayment of debt instruments issued to fund capital projects at SOU. In addition, SOU also holds loan agreements with the Oregon Department of Energy. The State may periodically issue new debt to refund previously held debt. Per the contract and loan agreements, when this happens the State is required to pass the savings on to the University.

#### A. Contracts Payable

SOU has entered into loan agreements with the State for repayment of XI-F(1) bonds issued by the State on behalf of SOU for capital construction and refunding of previously issued debt. SOU makes loan payments (principal and interest) to the State in accordance with the loan agreements. In the event of default, the State may withhold further disbursements of state general fund appropriations up to the amount of the default. Loans, with coupon rates ranging from 0.79 percent to 5.00 percent, are due serially through 2046.

During the fiscal year ended June 30, 2025, the State issued \$650 of Series 2025F XI-F(1) bonds on behalf of SOU for the refunding of previously held debt. The bonds have an effective rate of 5.00 percent and are due serially through 2033. The refunding of previously held debt will ultimately save the University \$48 over the next 8 years. Other changes to the contracts payable include debt service payments for principal of \$1,970.

During the fiscal year ended June 30, 2024, the State did not issue any bonds which resulted in either an increase or decrease to SOU's contracts payable to the State. Changes to the contracts payable include debt service payments for principal of \$1,812.

#### B. Oregon Department of Energy Loans (SELP)

SOU 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 SOU. SOU makes monthly loan payments (principal and interest) to the DOE in accordance with the loan agreements. Upon event of default, the lender may accelerate the due date and declare the balance due immediately. The projects funded by the loan serve as security for the debt. SELP loans, with

interest rates ranging from 3.56 percent to 4.40 percent, are due through 2034.

#### C. Workday Contracts Payable

SOU has entered into two financing agreements in order to fund the implementation of a new enterprise resource planning system, Workday. SOU makes loan payments (principal and interest) to the financing company in accordance with the financing agreements. The agreements have interest rates of 3.49 and 4.49 percent and are due through 2032.

#### D. 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 of Oregon, based on salaries and wages, to all public universities, state proprietary funds, and the government-wide reporting fund in the State Annual Comprehensive Financial Report. Interest expense was paid by SOU in the amount of \$4 and \$99 for June 30, 2025 and 2024, respectively. Principal payments of \$590 and \$417 were applied to the liability for June 30, 2025 and 2024, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

### E. Early Retirement Liability

Since 1998, SOU has offered a voluntary tenure relinquishment and early retirement program to tenured faculty at least 55 years of age. Faculty electing this plan relinquish all claims to tenure and receive an annual full-time fixed term contract for up to three years. An option within the plan provides that SOU will subsidize health and dental benefits up to a specified dollar amount for up to seven years after the employee's retirement date. As of June 30, 2025, 26 retirees are participating in the health and dental benefits option of this plan and a \$1,407 liability will be paid out through fiscal year 2034. As of June 30, 2024, 26 retirees are participating in the health and dental benefits option of this plan and a \$1,357 liability will be paid out through fiscal year 2029.

### 11. UNRESTRICTED NET POSITION

Unrestricted Net Position was comprised of the following:

	June 30, 2025	June 30, 2024
University Operations	\$ 7,608	\$ 19,523
Compensated Absences Liability (Note 10)	(2,296)	(2,158)
Other Post-Employment Benefits Liability (Note 16)	(1,041)	(914)
State and Local Government Rate Pool (Note 10)	(817)	(1,407)
Net Pension Liability (Note 15)	(37,336)	(37,910)
Pension & OPEB Related Deferred Outflows (Note 6)	16,812	15,178
Pension & OPEB Related Deferred Inflows (Note 6)	(8,759)	(6,690)
<b>Total Unrestricted Net Position</b>	<b>\$ (25,829)</b>	<b>\$ (14,378)</b>

### 12. INVESTMENT ACTIVITY

Investment Activity detail is as follows:

	June 30, 2025	June 30, 2024
Investment Earnings	\$ 850	\$ 565
Interest Income	6	641
Endowment Income	122	106
Net Appreciation (Depreciation) of Investments	125	775
Gain (Loss) on Sale of Investment	299	(523)
Royalties and Tech Transfer	5	-
Other	(1)	(1)
<b>Total Investment Activity</b>	<b>\$ 1,406</b>	<b>\$ 1,563</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

### 13. OPERATING EXPENSES BY NATURAL CLASSIFICATION

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

The reporting of the net pension liability as per GASB Statement Nos. 68 and 71 as well as that of the OPEB liability per GASB Statement No. 75, significantly affects the recorded compensation and benefit expenses of SOU. Changes in the pension and OPEB expenses and their associated reporting requirements decreased the reported compensation and benefit expenses of SOU by \$38 for the fiscal year ended June 30, 2025 and increased them by \$359 for the fiscal year ended June 30, 2024.

The following displays operating expenses by both the functional and natural classifications:

June 30, 2025	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	\$ 28,504	\$ 4,787	\$ 137	\$ 97	\$ 13	\$ 33,538
Research	975	509	150	-	-	1,634
Public Services	2,937	1,745	2	117	-	4,801
Academic Support	6,413	730	10	154	-	7,307
Student Services	4,597	1,321	24	36	-	5,978
Auxiliary Services	6,281	11,984	46	2,352	-	20,663
Institutional Support	11,248	7,050	7	1,559	-	19,864
Operation & Maintenance	4,835	2,597	-	-	-	7,432
Student Aid	-	130	7,959	-	-	8,089
Other	813	1,049	-	4,267	(7)	6,122
<b>Total</b>	<b>\$ 66,603</b>	<b>\$ 31,902</b>	<b>\$ 8,335</b>	<b>\$ 8,582</b>	<b>\$ 6</b>	<b>\$ 115,428</b>

June 30, 2024	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	\$ 29,510	\$ 5,344	\$ 312	\$ 3	\$ (8)	\$ 35,161
Research	797	282	150	-	18	1,247
Public Services	2,492	1,602	-	88	-	4,182
Academic Support	6,214	2,212	3	526	-	8,955
Student Services	4,738	1,182	11	21	-	5,952
Auxiliary Services	7,175	11,621	33	2,427	-	21,256
Institutional Support	10,588	4,444	-	1,360	1	16,393
Operation & Maintenance	4,475	1,512	-	-	-	5,987
Student Aid	215	159	6,745	-	-	7,119
Other	1,340	1,040	-	3,932	(6)	6,306
<b>Total</b>	<b>\$ 67,544</b>	<b>\$ 29,398</b>	<b>\$ 7,254</b>	<b>\$ 8,357</b>	<b>\$ 5</b>	<b>\$ 112,558</b>

### 14. GOVERNMENT APPROPRIATIONS

The University receives support from the State of Oregon in the form of General Fund and Lottery appropriations. These appropriations are in support of the operations of the University and debt service of SELP loans. Appropriations for SELP debt service are dependent upon the loan agreements between the University and the Oregon Department of Energy. Government appropriations comprised the following:

	June 30, 2025	June 30, 2024
General Fund - Operations	\$ 28,625	\$ 28,799
General Fund - SELP Debt Service	179	179
Lottery Funding	1,586	1,586
<b>Total Appropriations</b>	<b>\$ 30,390</b>	<b>\$ 30,564</b>

### 15. EMPLOYEE RETIREMENT PLANS

SOU offers various retirement plans to qualified employees as described below.

#### A. Public Employees Retirement System (PERS)

##### Organization

Southern Oregon University participates with other state agencies in the Oregon Public Employees Retirement System (System/PERS), which is a cost-sharing multiple employer defined benefit plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

#### Plan Membership

The 1995 Oregon Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. Membership prior to January 1, 1996 are Tier One members. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One. Both Tier One and Tier Two are defined benefit plans.

The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit, DB) and the Individual Account Program (IAP). The IAP is a defined contribution plan. Membership includes public employees hired on or after August 29, 2003.

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of IAP of OPSRP. PERS members retain their existing Defined Benefit Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board.

#### Pension Plan Report

The PERS defined benefit and defined contribution retirement plans are reported as pension trust funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the State of Oregon Annual Comprehensive Financial Report. PERS issues a separate, publicly available financial report that includes an audit opinion that may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

#### Summary of Significant Accounting Policies

Employers participating in the Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to pensions in the measurement of employer liabilities for pensions and recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

#### Basis of Accounting

Contributions from employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements.

#### Proportionate Share Allocation Methodology for the Plan

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

#### Collective Pension Plan Liability

The components of the Plan's collective net pension liability as of the measurement dates of June 30, 2024 and 2023 are as follows (dollars in millions):

	June 30, 2024	June 30, 2023
Total Pension Liability	\$ 107,327	\$ 102,218
Plan Fiduciary Net Position	85,100	83,488
Collective Net Pension Liability	\$ 22,227	\$ 18,730

The Plan's fiduciary net position has been determined on the same basis used by the pension plan.

#### Changes Subsequent to the Measurement Date

The University is unaware of any changes made subsequent to the measurement date of June 30, 2024.

#### Oregon PERS Pension (Chapter 238) Program

##### 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 (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. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled. 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. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 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.

##### 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:

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

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

#### 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 when determining the monthly benefit.

#### 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 adjustments (COLAs). The COLA is capped at 2.0 percent.

#### Oregon Public Service Retirement Plan (OPSRP DB) Pension Program

##### Pension Benefits

The OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: 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 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.

##### 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.

##### 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.

#### Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through COLAs. The cap on the COLAs will vary based on 1.25 percent on the first \$60 of annual benefit and 0.15 percent on annual benefits above \$60.

#### Oregon Public Service Retirement Plan (OPSRP IAP) Pension Program

##### Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the 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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

##### 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.

##### Pension Plan Contributions

PERS and OPSRP employee contribution requirements are established by ORS 238.200 and ORS 238A.330, respectively, and are credited to an employee's account in the Individual Account Program and may be amended by an act of the Oregon Legislature. 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. Effective January 1, 2020, Senate Bill 1049 requires employers to pay contributions on re-employed PERS retirees' salaries as if they were active members, excluding IAP (6 percent) contributions.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

Employer contribution rates for the fiscal year ended June 30, 2025 were based on the December 31, 2021 valuation and those for the fiscal year ended June 30, 2024 were based on the December 31, 2021 valuation. The employer contribution rates for the PERS and OPSRP are as follows:

	2025	2024
Base PERS Tier One/Two Rate	21.43%	21.43%
SLGRP Rate	1.33%	1.33%
RHIA/RHIPA OPEB Rate	0.00%	0.00%
Total PERS Tier One/Two Rate	22.76%	22.76%
Base OPSRP Rate	16.80%	16.80%
SLGRP Rate	1.33%	1.33%
RHIA/RHIPA OPEB Rate	0.00%	0.00%
Total OPSRP Rate	18.13%	18.13%

The University's required employer contributions for PERS and OPSRP for the years ended June 30, 2025 and June 30, 2024 were \$5,208 and \$5,131, respectively, including amounts to fund separately financed employer specific liabilities associated with the SLGRP liability. See "Note 10.D. State and Local Government Rate Pool" for additional information.

#### Net Pension Liability

At June 30, 2025, the University reported a liability of \$37,336 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2025 was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. At June 30, 2024, the University reported a liability of \$37,910 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2024 was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The PERS system does not provide SOU an audited proportionate share as a separate employer; the University is allocated a proportionate share of PERS employer state agencies, which includes all state agencies. The State of Oregon Department of Administrative Services (DAS) calculated SOU's proportionate share of all state agencies internally based on actual contributions by SOU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2025, SOU's proportion was 0.17 percent of the statewide pension plan, a 0.03 percent decrease over 2024. At June 30, 2024, SOU's proportion was 0.20 percent of the statewide pension plan, a 0.01 percent increase over 2023.

For the years ended June 30, 2025 and 2024, SOU recorded total pension expense of \$4,722 and \$5,253, respectively, due to the increase in net pension liability and changes to deferred inflows and deferred outflows.

#### Deferred Items

Certain deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. Other deferred items are calculated at the University level. For fiscal years

ending June 30, 2024 and 2023, deferred items include:

- Difference between expected and actual experience
- Changes in assumptions
- Net difference between projected and actual earnings
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are as follows:

Measurement period ended June 30, 2024 – 5.3 years
Measurement period ended June 30, 2023 – 5.4 years
Measurement period ended June 30, 2022 – 5.5 years
Measurement period ended June 30, 2021 – 5.4 years
Measurement period ended June 30, 2020 – 5.3 years
Measurement period ended June 30, 2019 – 5.2 years

The difference between projected and actual earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the University's total pension expense for fiscal years 2025 and 2024.

At June 30, 2025, SOU 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	\$ 2,212	\$ 89
Changes in assumptions	3,754	5
Net difference between projected and actual earnings on pension plan investments	2,372	-
Changes in proportion and differences between System's contributions and proportionate share of contributions	3,598	7,878
Total	\$ 11,936	\$ 7,972
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	3,964	
Contributions Subsequent to the MD	4,614	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	\$ 8,578	

Of the amount reported as deferred outflows of resources, \$4,614 are related to pensions resulting from SOU contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

As of June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Outflow/(Inflow) of Resources	
Year Ended June 30:	
2026	\$ (1,228)
2027	3,498
2028	1,552
2029	200
2030	(58)
	<b>\$ 3,964</b>

At June 30, 2024, SOU 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	\$ 1,854	\$ 150
Changes in assumptions	3,368	26
Net difference between projected and actual earnings on pension plan investments	681	-
Changes in proportion and differences between System's contributions and proportionate share of contributions	4,518	5,600
Total	<b>\$ 10,421</b>	<b>\$ 5,776</b>
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	4,645	
Contributions Subsequent to the MD	4,614	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<b>\$ 9,259</b>	

Of the amount reported as deferred outflows of resources, \$4,614 were related to pensions resulting from SOU contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability in the year ended June 30, 2025.

### Actuarial Methods and Assumptions

The following methods and assumptions were used in the development of the total pension liability:

Actuarial Methods:		
As of:	June 30, 2025	June 30, 2024
Valuation Date	December 31, 2022	December 31, 2021
Measurement Date	June 30, 2024	June 30, 2023
Experience Study Report	2022, published July 2023	2020, published July 2021
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.40 percent	
Long-Term Expected Rate of Return	6.90 percent	
Discount Rate	6.90 percent	
Projected Salary Increases	3.40 percent	
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service	
Mortality	<i>Healthy retirees and beneficiaries:</i>	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	<i>Active members:</i>	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	<i>Disabled retirees:</i>	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	

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.

### Discount Rate

The discount rate used to measure the total pension liability at both June 30, 2025 and June 30, 2024 was 6.90 percent. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity Analysis

The sensitivity analysis shows the sensitivity of the University's

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

proportionate share of the net pension liability to changes in the discount rate. The following table presents SOU's proportionate share of the net pension liability calculated using the applicable discount rates as of June 30, 2025 and 2024 as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

As of:	June 30, 2025	June 30, 2024
1 % Decrease 5.90%	\$ 58,896	\$ 62,620
Current Discount Rate 6.90%	37,336	37,910
1 % Increase 7.90%	19,278	17,230

### Depletion Date Projection

GASB No. 68 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 No. 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB No. 68 (paragraph 67) 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 Oregon PERS:

- Oregon 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 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB No. 68 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 the independent actuary's opinion that the detailed depletion date projections outlined in GASB No. 68 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
Debt Securities	20.00 %	30.00 %	25.00 %
Public Equity	22.50	32.50	27.50
Private Equity	15.00	27.50	20.00
Real Estate	7.50	17.50	12.50
Real Assets	2.50	10.00	7.50
Diversifying Strategies	2.50	10.00	7.50
Opportunity Portfolio	0.00	5.00	0.00
Total			100.00 %

### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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. Each asset 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. The following table 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.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: [www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx](http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx).

Long-term expected rate of return is as follows:

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Funds of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge Fund - Macro	5.62	4.83
Assumed Inflation – Mean		2.35%

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

#### BOND DEBT

The Retirement Bond Debt Service Assessment was authorized by the State of Oregon Legislature in 2003 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 periodically over the life of the twenty-four year debt repayment schedule.

The payroll assessment for the pension obligation bond began in May 2004. The assessment rate for fiscal year 2025 was 4.80 percent. The assessment rate for fiscal year 2024 was 5.60 percent through October 31, 2023 and was reduced to 4.80 percent effective November 1, 2023. Payroll assessments for the fiscal years ended June 30, 2025 and 2024 were \$1,304 and \$1,329, respectively.

#### B. OTHER RETIREMENT PLANS

##### Optional Retirement Plan

The 1995 Oregon Legislature enacted legislation that authorized SOU 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 named trustees to manage plan assets placed with mutual funds and insurance companies. Beginning April 1, 1996, the ORP was made available to University academic and administrative faculty. Employees choosing the ORP may invest the employee and employer contributions in one of two investment companies, either Fidelity or the Teacher's Insurance Annuity Association (TIAA).

The ORP consists of four tiers. Membership under ORP Tier One and Tier Two is determined using the same date of entry criteria as PERS. The third tier is determined by the date of entry applicable to the OPSRP. Employees hired on or after July 1, 2014 who elected the ORP are Tier Four members. The first contributions for Tier Four were payable January 2015 after six-months of qualifying service.

Tier Four is a departure from the other three tiers. The employee is entitled to an employer contribution plus a "match" contribution based on the employee's participation in the voluntary 403(b) investment plan. The employer contribution is fixed at 8 percent by plan rules and is unaffected by PERS rates, unlike the other tiers. The employer provides an ORP match contribution equal to 403(b) deferrals up to a 4 percent maximum. Under the ORP Tiers One, Two and Three, the employee's contribution rate is 6 percent and is paid by the employer. There is no employee contribution rate for Tier Four.

The employer contribution rates for the ORP are as follows:

	<u>2025</u>	<u>2024</u>
Tier One/Two	28.69%	28.69%
Tier Three	9.63%	9.76%
Tier Four	8.00%	8.00%

#### Summary of Defined Contribution Pension Payments

SOU total payroll for the year ended June 30, 2025 was \$41,992, of which \$10,869 was subject to defined contribution retirement plan contributions. The following schedule lists payments made by SOU for the fiscal year:

	<u>June 30, 2025</u>			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
ORP	\$ 757	6.97%	\$ 780	7.17%

Of the employee share, SOU paid \$652 of the ORP employee contribution amounts on behalf of their employees during the fiscal year ended June 30, 2025.

SOU total payroll for the year ended June 30, 2024 was \$42,821, of which \$11,058 was subject to defined contribution retirement plan contributions. The following schedule lists payments made by SOU for the fiscal year:

	<u>June 30, 2024</u>			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
ORP	\$ 872	7.89%	\$ 772	6.98%

Of the employee share, SOU paid \$652 of the ORP employee contribution amounts on behalf of their employees during the fiscal year ended June 30, 2024.

#### 16. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

##### A. Public Employees Retirement System (PERS)

###### Plan Descriptions

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of eligible PERS members. Eligible retirees pay their own age-adjusted premiums. To help retirees defray the cost of these premiums, PERS also administers two separate defined benefit other postemployment benefit (OPEB) plans: the Retirement Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA). Only Tier One and Tier Two PERS members are eligible to participate in the RHIA and RHIPA plans. (Refer to "Note 15. Employee Retirement Plans" for details concerning Tier One and Tier Two membership in PERS.)

The RHIA is a cost-sharing multiple-employer defined benefit OPEB plan in which the University participates. Established under Oregon Revised Statute (ORS) 238.420, the plan provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive the RHIA subsidy, the member must (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both

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### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations for the RHIA plan.

Established under ORS 238.415, the RHIPA is considered a cost-sharing multiple-employer defined benefit OPEB plan for financial reporting purposes. The plan provides payment of the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the PERS Board and health insurance premiums paid by state employees who are not retired. PERS members are qualified to receive the RHIPA subsidy if they have eight or more years of qualifying service in PERS at the time of retirement or receive a disability pension calculated as if they had eight or more years of qualifying service, but are not eligible for federal Medicare coverage. A surviving spouse or dependent of a deceased retired state employee is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired on or after September 29, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations of the RHIPA plan.

Both RHIA and RHIPA are closed to employees hired on or after August 29, 2003, who had not established PERS membership prior to that date.

#### OPEB Plans Report

The PERS RHIA and RHIPA defined benefit OPEB plans are reported separately under Other Employee Benefit Trust Funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the State's Annual Comprehensive Financial Report. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

#### Summary of Significant Accounting Policies

Employers participating in PERS are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

#### Basis of Accounting

The financial statements for the PERS OPEB plans are prepared using the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements.

#### Proportionate Share Allocation Methodology

The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

#### OPEB Plan (Asset)/Liability

The components of the PERS Net OPEB liability (asset) for the OPEB plans as of the measurement date of June 30, 2024 and June 30, 2023, respectively, are as follows (in millions):

	June 30, 2024	June 30, 2023
<b>Net OPEB - RHIA (Asset)</b>		
Total OPEB - RHIA Liability	\$ 334.9	\$ 360.4
Plan Fiduciary Net Position	738.8	726.6
Employer's Net OPEB - RHIA (Asset)	<b>\$ (403.9)</b>	<b>\$ (366.2)</b>
	June 30, 2023	June 30, 2023
<b>Net OPEB - RHIPA Liability/(Asset)</b>		
Total OPEB - RHIPA Liability	\$ 42.6	\$ 47.3
Plan Fiduciary Net Position	94.0	91.4
Employer's Net OPEB - RHIPA Liability/(Asset)	<b>\$ (51.4)</b>	<b>\$ (44.1)</b>

The Plan's fiduciary net position has been determined on the same basis used by the pension plan.

#### Changes Subsequent to the Measurement Date

The University is not aware of any changes to the benefit terms subsequent to the June 30, 2024 measurement date.

#### Assumed Asset Allocation

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	20.00 %	30.00 %	25.00 %
Public Equity	22.50	32.50	27.50
Private Equity	15.00	27.50	20.00
Real Estate	7.50	17.50	12.50
Real Assets	2.50	10.00	7.50
Diversifying Strategies	2.50	10.00	7.50
Opportunity Portfolio	0.00	5.00	0.00

#### Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset 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. The

**NOTES TO THE FINANCIAL STATEMENTS**  
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table below shows a summary of long-term expected rate of return by asset class. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: [www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx](http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx)

Long-term expected rate of return is as follows:

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity - Hedge	0.63	6.48
Hedge Fund - Macro	5.62	4.83
Assumed Inflation – Mean		2.35%

**Depletion Date Projection**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, generally requires that a blended discount rate be used to measure the Total OPEB 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. 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No. 75 (paragraph 39) 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 Oregon PERS:

- Oregon 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 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB Statement No. 75 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 that might impact the plan's funded position.

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses. As such, the long-term expected return was used to discount the liability.

**i. RHIA Contributions**

The RHIA plan is funded through actuarially determined employer contributions.

For the fiscal year ended June 30, 2025, the University contributed 0.04 percent of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits and negative 0.04 percent to amortize the unfunded actuarial accrued liability for a net contribution of zero percent. For the fiscal year ended June 30, 2024, the University contributed 0.04 percent of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits and negative 0.04 percent to amortize the unfunded actuarial accrued liability for a net contribution of zero percent. The required employer contribution was approximately \$0 for both the years ended June 30, 2025 and June 30, 2024. The actual contribution equaled the annual required contribution for both fiscal years.

**Net OPEB Asset**

At June 30, 2025, the University reported an asset of \$814 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2025 was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. At June 30, 2024, the University reported an asset of \$828 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2024 was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021. The PERS system does not provide SOU an audited proportionate share as a separate employer; the University is allocated a proportionate share of PERS employer state agencies. The state Department of Administrative Services (DAS) calculated SOU's proportionate share of all state agencies internally based on actual contributions by SOU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2025 SOU's proportion was 0.20 percent of the statewide OPEB plan, a decrease of 0.02 percent over 2024. While at June 30, 2024 SOU's proportion was 0.23 percent of the statewide OPEB plan, a decrease of 0.01 percent over 2023.

For the years ended June 30, 2025 and June 30, 2024, SOU recorded total OPEB expense of (\$23) and (\$147), respectively, due to the change in the net RHIA OPEB asset, changes to deferred outflows and

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deferred inflows, and amortization of deferred amounts.

#### Deferred Items

Certain deferred inflows of resources and deferred outflows of resources are calculated at the system-wide level and are allocated to employers based on their proportionate share. Other deferred items are calculated at the University level. For the measurement periods ended June 30, 2024 and 2023, there were:

- A difference between expected and actual experience
- A difference due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- A difference between projected and actual earnings
- A difference between employer contributions and proportionate share of contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are as follows:

Measurement period ended June 30, 2024 – 2.1 years
Measurement period ended June 30, 2023 – 2.3 years
Measurement period ended June 30, 2022 – 2.5 years
Measurement period ended June 30, 2021 – 2.7 years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the University's total OPEB expense for fiscal years 2025 and 2024.

At June 30, 2025, SOU reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16
Changes in assumptions	-	10
Net difference between projected and actual earnings on pension plan investments	23	-
Change in proportionate share	52	-
Difference between contributions and proportionate share of contributions	-	1
Total	<u>\$ 75</u>	<u>\$ 27</u>
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<u>\$ 48</u>	

Of the amount reported as deferred outflows of resources, none are related to contributions subsequent to the measurement date and will be recognized as an increase of the net OPEB asset in the year ended June 30, 2026.

As of June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows:

Deferred Outflow/(Inflow) of Resources	
Year Ended June 30:	
2026	\$ 1
2027	32
2028	12
2029	3
	<u>\$ 48</u>

At June 30, 2024, SOU reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 21
Changes in assumptions	-	9
Net difference between projected and actual earnings on pension plan investments	2	-
Change in proportionate share	40	-
Difference between contributions and proportionate share of contributions	-	1
Total	<u>\$ 42</u>	<u>\$ 31</u>
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<u>\$ 11</u>	

Of the amount reported as deferred outflows of resources, none were related to contributions subsequent to the measurement date and were recognized as an increase of the net OPEB asset in the year ended June 30, 2025.

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**Actuarial Methods and Assumptions**

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.

Actuarial Methods and Assumptions:		
RHIA		
Fiscal Year	June 30, 2025	June 30, 2024
Valuation Date	December 31, 2022	December 31, 2021
Measurement Date	June 30, 2024	June 30, 2023
Experience Study Report	2022, published July 2023	2020, published July 2021
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	
Long-Term Expected Rate of Return	6.90 percent	
Discount Rate	6.90 percent	
Projected Salary Increases	3.40 percent	
Retiree Healthcare Participation	Healthy retirees: 25.0%; Disabled retirees: 15.0%	Healthy retirees: 27.5%; Disabled retirees: 15.0%
Healthcare Cost Trend Rate	Not applicable	
Mortality	<i>Healthy retirees and beneficiaries:</i>	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
	<i>Active members:</i>	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
Mortality	<i>Disabled retirees:</i>	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2025 and June 30, 2024 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' 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 OPEB plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity Analysis**

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the net OPEB liability (asset) calculated using the applicable discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	June 30, 2025	June 30, 2024
1% Decrease 5.90%	\$ (754)	\$ (753)
Current Discount Rate 6.90%	(814)	(828)
1% Increase 7.90%	(866)	(893)

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates:

Health Care Cost Rate	June 30, 2024	June 30, 2024
1% Decrease	\$ (814)	\$ (828)
Current Trend Rate	(814)	(828)
1% Increase	(814)	(828)

**ii. RHIPA Contributions**

The RHIPA plan is funded through actuarially determined employer contributions.

For fiscal year ended June 30, 2025, the University contributed 0.09 percent of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIPA benefits. In addition, the University contributed a negative 0.09 percent for the fiscal year ended June 30, 2025 of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. For fiscal year ended June 30, 2024, the University contributed 0.09 percent of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIPA benefits. In addition, the University contributed a negative 0.09 percent for the fiscal year ended June 30, 2024 of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contribution was zero for the years ended June 30, 2025 and June 30, 2024. The actual contribution equaled the annual required contribution for the fiscal year.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

#### Net OPEB Asset

At June 30, 2025, the University reported an asset of \$276 for its proportionate share of the RHIPA net OPEB asset. The net OPEB asset as of June 30, 2025 was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. At June 30, 2024, the University reported an asset of \$236 for its proportionate share of the RHIPA net OPEB asset. The net OPEB asset as of June 30, 2024 was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021. The PERS system does not provide SOU an audited proportionate share as a separate employer; the University is allocated a proportionate share of PERS employer state agencies. DAS calculated SOU's proportionate share of all state agencies internally based on actual contributions by SOU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At both June 30, 2025 and June 30, 2024, SOU's proportion was 0.54 percent of the statewide OPEB plan. The proportion at June 30, 2024 was a decrease of 0.15 percent over the previous year.

For the year ended June 30, 2025 and June 30, 2024, respectively, SOU recorded total OPEB expense of (\$46) and (\$30) due to the increase in the net RHIPA OPEB asset, changes to deferred outflows and deferred inflows, and amortization of deferred amounts.

#### Deferred Items

Certain deferred inflows of resources and deferred outflows of resources are calculated at the system-wide level and are allocated to employers based on their proportionate share. Other deferred items are calculated at the University level. For the measurement period ended June 30, 2024, there were:

- A difference between expected and actual experience
- A difference due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- A net difference between projected and actual earnings
- A difference between employer contributions and proportionate share of contributions

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period.

The average remaining service lives determined as of the beginning of each measurement period are as follows:

Measurement period ended June 30, 2024 – 5.7 years
Measurement period ended June 30, 2023 – 5.9 years
Measurement period ended June 30, 2022 – 6.1 years
Measurement period ended June 30, 2021 – 6.2 years
Measurement period ended June 30, 2020 – 6.4 years
Measurement period ended June 30, 2019 – 6.7 years
Measurement period ended June 30, 2018 – 6.9 years
Measurement period ended June 30, 2017 – 7.2 years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the University's total OPEB expense for fiscal years 2025 and 2024.

At June 30, 2025, SOU reported deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 54
Changes in assumptions	2	48
Net difference between projected and actual earnings on pension plan investments	10	-
Change in proportionate share	11	9
Difference between contributions and proportionate share of contributions	-	4
Total	<u>\$ 23</u>	<u>\$ 115</u>
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<u>\$ (92)</u>	

Of the amount reported as deferred outflows of resources, none are related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

As of June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB will be recognized in OPEB expense as follows:

	Deferred Outflow/(Inflow) of Resources
Year Ended June 30:	
2026	\$ (41)
2027	(21)
2028	(17)
2029	(7)
2030	(6)
	<u>\$ (92)</u>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

At June 30, 2024, SOU reported deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 50
Changes in assumptions	3	57
Net difference between projected and actual earnings on pension plan investments	5	-
Change in proportionate share	16	15
Difference between contributions and proportionate share of contributions	1	2
<b>Total</b>	<b>\$ 25</b>	<b>\$ 124</b>
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<b>\$ (99)</b>	

Of the amount reported as deferred outflows of resources, none were related to contributions subsequent to the measurement date and were recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.



### Actuarial Methods and Assumptions

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.

Actuarial Methods and Assumptions:		
	RHIPA	
	June 30, 2025	June 30, 2024
Valuation Date	December 31, 2022	December 31, 2021
Measurement Date	June 30, 2024	June 30, 2023
Experience Study Report	2022, published July 2023	2020, published July 2021
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	
Long-Term Expected Rate of Return	6.90 percent	
Discount Rate	6.90 percent	
Projected Salary Increases	3.40 percent	
Retiree Healthcare Participation	8-14 Years of Service: 10% 15-19 Years of Service: 11% 20-24 Years of Service: 12% 25-29 Years of Service: 20% 30+ Years of Service: 25%	8-14 Years of Service: 10% 15-19 Years of Service: 11% 20-24 Years of Service: 14% 25-29 Years of Service: 22% 30+ Years of Service: 27%
Healthcare Cost Trend Rate	Applied at beginning of plan year, starting with 6.6% for 2023, increasing to 7.0% for 2024, decreasing to 4.2% for 2032, increasing to 4.3% for 2055, and decreasing to an ultimate rate of 3.8% for 2074 and beyond.	Applied at beginning of plan year, starting with 5.9% for 2021, decreasing to 4.7% for 2028, increasing to 4.8% for 2037, increasing to 4.9% for 2046, and decreasing to an ultimate rate of 3.9% for 2074 and beyond.
Mortality	<i>Healthy retirees and beneficiaries:</i>	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
	<i>Active members:</i>	
	Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
	<i>Disabled retirees:</i>	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	

### Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2025 and June 30, 2024 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' 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 OPEB plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

**Sensitivity Analysis**

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the net OPEB liability (asset) calculated using the applicable discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	June 30,2025	June 30,2024
1% Decrease 5.90%	\$ (264)	\$ (222)
Current Discount Rate 6.90%	(276)	(236)
1% Increase 7.90%	(287)	(250)

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rate:

Health Care Cost Rate	June 30, 2025	June 30, 2024
1% Decrease	\$ (293)	\$ (256)
Current Trend Rate	(276)	(236)
1% Increase	(257)	(215)

**B. Public Employees' Benefit Board (PEBB)**

**Plan Description**

SOU participates in a defined benefit postemployment healthcare plan administered by the Public Employees Benefit Board (PEBB). This plan offers healthcare assistance to eligible retired employees and their beneficiaries. Chapter 243 of the Oregon Revised Statutes (ORS) gives PEBB the authority to establish and amend the benefit provisions of the PEBB Plan. The PEBB Plan is considered a cost-sharing multiple-employer plan for financial reporting purposes and has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. PEBB does not issue a separate, publicly available financial report.

The PEBB Plan allows qualifying retired employees to continue their "active" health insurance coverage on a self-pay basis until they are eligible for Medicare. Participating retirees pay their own monthly premiums. However, the premium amount is based on a blended rate that is determined by pooling the qualifying retirees with active employees, thus, creating an "implicit rate subsidy".

**Summary of Significant Accounting Policies**

Employers participating in PEBB are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

**Proportionate Share Allocation Methodology**

The basis for the employer's proportion is determined by comparing the employer's actual contributions made during the fiscal year with the total actual contributions made in the fiscal year of all employers.

**Total OPEB Liability**

At June 30, 2025, the University reported a liability of \$1,041 for its proportionate share of the total PEBB OPEB liability. The total PEBB OPEB liability as of June 30, 2025 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024. At June 30, 2024, the University reported a liability of \$914 for its proportionate share of the total PEBB OPEB liability. The total PEBB OPEB liability as of June 30, 2024 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023. PEBB does not provide SOU an audited proportionate share as a separate employer; the University is allocated a proportionate share of PEBB participating employers. DAS calculated SOU's proportionate share of all participating employers internally based on actual contributions by SOU as compared to the total for participating employers. The Oregon Audits Division reviewed this internal calculation. At June 30, 2025, SOU's proportion was 0.81 percent of participating employers, a decrease of 0.04 percent over 2024. At June 30, 2024, SOU's proportion was 0.85 percent, a decrease of 0.16 percent over the previous year.

For the years ended June 30, 2025 and June 30, 2024, SOU recorded total OPEB expense of (\$21) and (\$32), respectively, due to the change in the total PEBB OPEB liability, changes to deferred outflows and deferred inflows, and amortization of deferred amounts.

**Deferred Items**

Deferred inflows of resources and deferred outflows of resources are either calculated at the system-wide level, and allocated to employers based on their proportionate share. For the measurement period ended June 30, 2025, there were:

- Difference between expected and actual experience
- Difference due to changes in assumptions
- Difference between employer contributions and the proportionate share of contributions.
- Changes in employer proportion since the prior measurement date

Changes in assumption and changes in proportion are amortized over the closed period equal to the average expected remaining service lives of all covered active and inactive participants. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The weighted average expected remaining service lives, assuming zero years for all retirees, determined as of the beginning of each

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

measurement periods are as follows:

- Measurement period ended June 30, 2025 – 8.0 years
- Measurement period ended June 30, 2024 – 8.2 years
- Measurement period ended June 30, 2023 – 8.2 years
- Measurement period ended June 30, 2022 – 7.8 years
- Measurement period ended June 30, 2021 – 8.6 years
- Measurement period ended June 30, 2020 – 8.6 years
- Measurement period ended June 30, 2019 – 8.2 years
- Measurement period ended June 30, 2018 – 8.2 years

One year of amortization is recognized in the University's total OPEB expense for fiscal years 2025 and 2024.

At June 30, 2025, SOU reported deferred outflows of resources and deferred inflows of resources related to PEBA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89	\$ 135
Changes in assumptions	22	193
Change in proportionate share	39	315
Difference between contributions and proportionate share of contributions	14	2
<b>Total</b>	<b>\$ 164</b>	<b>\$ 645</b>
<b>Net Deferred Outflow/(Inflow) of Resources</b>	<b>\$ (481)</b>	

As of June 30, 2025, amounts reported as deferred outflows of resources and deferred inflows of resources related to PEBA OPEB will be recognized in OPEB expense as follows:

<b>Deferred Outflow/(Inflow) of Resources</b>	
Year Ended June 30:	
2026	(115)
2027	(112)
2028	(103)
2029	(80)
2030	(43)
Thereafter	(28)
<b>\$</b>	<b>(481)</b>

At June 30, 2024, SOU reported deferred outflows of resources and deferred inflows of resources related to PEBA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 172
Changes in assumptions	14	258
Changes in proportionate share	47	327
Differences between contributions and proportionate share of contributions	15	2
<b>Total</b>	<b>\$ 76</b>	<b>\$ 759</b>
<b>Net Deferred Outflow/(Inflow) of Resources</b>	<b>\$ (683)</b>	

**Actuarial Methods and Assumptions**

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.

<b>Actuarial Methods and Assumptions:</b>		
Measurement Date	<b>June 30, 2025</b>	June 30, 2024
Valuation Date	July 1, 2024	July 1, 2023
<b>Actuarial Assumptions:</b>		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	2.40 percent
Discount Rate	5.20 percent	3.93 percent
Projected Salary Increases	3.40 percent	3.40 percent
Mortality Rates	Pub-2010 mortality tables, adjusted for PERS experience and generational mortality improvements	
Withdrawal and retirement rates	December 31, 2023 Oregon PERS valuation	December 31, 2022 Oregon PERS valuation
Healthcare Cost Trend Rate	Health Care costs are assumed to increase 4.50% per year	Pursuant to ORS 243.135(8), growth in per-member expenditures under self-insured plans and premium amounts is assumed to be 3.40% per year.
Election and lapse rates	30% of eligible employees	
	60% spouse coverage for males, 35% for females	
	7% annual lapse rate	

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

#### Discount Rate

Unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The Bond Buyer 20-Year General Obligation Bond Index was used to determine the discount rate for the OPEB liability. The discount rates in effect for the June 30, 2025 and 2024 reporting date are 5.20 and 3.93 percent, respectively.

#### Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the total OPEB liability calculated using the applicable discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	June 30, 2025	June 30, 2024
1% Decrease 4.20% / 2.93%	\$ 1,114	\$ 978
Current Discount Rate 5.20% / 3.93%	1,041	914
1% Increase 6.20% / 4.93%	972	854

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the total OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates:

Healthcare Cost Rate	June 30, 2025	June 30, 2024
1% Decrease	\$ 930	\$ 801
Current Trend Rate	1,041	914
1% Increase	1,171	1,048

## 17. RISK FINANCING

SOU developed and utilizes an Enterprise Risk Management model and is a member of the Public Universities Risk Management and Insurance Trust (Trust). The Trust is a separate legal entity which operates for the benefit of the member universities (Member). The Trust is governed by a Board of Trustees comprised of a representative of each Member of the Trust. The Trustees administer insurance programs wherein the Members share risk by pooling their losses and claims and jointly purchasing insurance and administrative services through the Trust. In exchange, Members pay annual assessments and provide the Trustees with information or assistance as necessary for the Trustees to determine annual assessments and to purchase insurance or reinsurance. By participating, SOU manages risk using the following insurance areas:

- Property. Real property loss for a university owned building, equipment, automobiles, and other types of property.
- Tort Liability claims brought against a university, its officers, employees, or agents.
- Workers' compensation and employers liability.
- Cyber
- Crime and Fiduciary.
- Specialty lines of business including: marine, medical practicums, international travel, fine art, aircraft, camps, clinics, and other items as applicable.

SOU is self insured (retains risk) for losses under \$5k, which is the

deductible per claim not covered by insurance purchased through the Trust.

SOU is charged an assessment to cover the Trust's cost of servicing claims and payments based on the Risk Allocation Model and actuarial estimates of the amounts needed to pay prior and current-year claims. The amount of settlements has not exceeded insurance coverage for the past three years.

In addition, the University purchases various commercial insurance policies to cover the deductible amounts of intercollegiate athletics insurance provided through the National Association of Intercollegiate Athletics, and to provide coverage for special events and other occasions on an as needed basis.

## 18. COMMITMENTS AND CONTINGENT LIABILITIES

Outstanding commitments on partially completed and planned, but not initiated, construction projects totaled approximately \$18,886 and \$12,460 at June 30, 2025 and 2024, respectively. These commitments will be primarily funded from gifts and grants, bond proceeds, and other SOU funds. Refer to the table accompanying this note for projects relating to construction commitments as of June 30, 2025.

### Construction Commitments as of June 30, 2025

	Total Commitment	Completed to Date	Outstanding Commitment
Capital Repair	\$ 11,011	\$ 3,076	\$ 7,935
Cascade Hall Demo	3,500	3,171	329
Central Hall	6,000	-	6,000
Community Renewable Energy Program	3,000	1,000	2,000
Softball Complex Renovation	3,000	378	2,622
	<u>\$ 26,511</u>	<u>\$ 7,625</u>	<u>\$ 18,886</u>

SOU 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.

SOU participates in certain federal grant and IRS tax credit 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 Chapter 657. SOU 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 SOU cannot be reasonably determined at June 30, 2025.

## 19. SUBSEQUENT EVENTS

### Property Sales

Subsequent to the end of fiscal year 2025, SOU sold property in two separate transactions. Both of these sale transactions will be

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED JUNE 30, 2025 AND 2024 (DOLLARS IN THOUSANDS)

recognized in the fiscal year ended June 30, 2026.

The agreement for the sale of Parking Lot #34 was signed May 7, 2025, with the final sale contingent on re-zoning by the City of Ashland. The sale closed on December 24, 2025. In 2026, the University will record a gain of \$446.

The purchase agreement for the second sale of the Henry Street Properties was signed December 19, 2025, also with the sale contingent on re-zoning by the City of Ashland. The sale closed on December 24, 2025. In 2026, the University will record a gain of \$2,978.

#### Employee Retention Credit

Subsequent to June 30, 2025, the University received Employee Retention Credit (ERC) refunds related to payroll costs incurred in prior periods. The University filed ERC claims with the Internal Revenue Service (IRS) on January 31, 2024. During July and August 2025, the University was notified that ERC refund payments were being processed, including notifications dated July 28, 2025 (\$4,996) and August 7, 2025 (\$4,852). The full amount of the claims were paid with related refund checks issued in August 2025 and deposited during August 2025. Accordingly, the receipt of these amounts occurred after fiscal year end.

SOU evaluated the ERC refunds as a nonrecognized subsequent event because the underlying recognition criteria, including the resolution of relevant eligibility barriers and the determination that collection was probable based on IRS acknowledgment/acceptance of the claim, were concluded in a subsequent reporting period. Therefore, the ERC refunds will be evaluated for recognition during the year ending June 30, 2026.

## 20. UNIVERSITY FOUNDATION

Under policies approved by the Board, individual university foundations may be established to provide assistance in fund raising, public outreach and other support for the mission of SOU. The SOU Foundation (Foundation) is a legally separate, tax-exempt entity with an independent governing board. Although SOU does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of SOU and is discretely presented in the financial statements. The financial activity is reported for the years ended June 30, 2025 and 2024.

During the years ended June 30, 2025 and 2024, gifts of \$9,242 and \$5,118, respectively, were transferred from the Foundation to SOU. The Foundation is audited annually and received an unmodified audit opinion.

Please see the financial statements for the SOU component unit on pages 30-31 of this document.

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

*Southern Oregon University Foundation, 1250 Siskiyou Blvd., Ashland, OR 97520*

## 21. EMERGENCY STATE FUNDING AND FINANCIAL SUSTAINABILITY PLAN

On March 6, 2026, the Oregon Legislature passed House Bill 5204, appropriating \$15,000 to the Emergency Board for the purpose of short-term financial stability for Southern Oregon University due to cash shortfalls and a projected financial structural imbalance in the University's budget. The funding is designed to ensure that SOU is able to meet all its financial obligations for the duration of the 2025-2027 biennium, ending June 30, 2027. The funding is to be allocated to the Higher Education Coordinating Commission.

House Bill 5204 appropriates an additional \$500 to the Higher Education Coordinating Commission for the purposes of developing the Southern Oregon University long-term financial sustainability plan. The details of the long-term plan are identified as Initial Deliverables below.

#### Initial Deliverables (Due April 30, 2026)

- SOU must collaborate with the Higher Education Coordinating Commission (HECC) to submit a formal report.
- This report must detail the actions the University will implement to guarantee continued operations through June 30, 2027.
- The plan must include updated financial modeling that demonstrates the institution's ability to meet all obligations through June 30, 2027.
- This financial modeling must be endorsed by external budget and accounting experts.

#### Recurring Deliverables (Beginning May 2026)

- Monthly Financial Reporting: SOU must issue monthly financial statements and an updated cash flow forecast. These monthly documents must be provided to the HECC, the Department of Administrative Services Chief Financial Office, and the Legislative Fiscal Office.
- Quarterly Operational Reporting: SOU must provide a quarterly summary of the institution's operational status. This quarterly summary must identify any risks that could affect SOU's contractual commitments and obligations to students.

The long-term goals of the financial sustainability plan must develop a plan for future delivery of higher education in Southern Oregon, by performing the following:

- Align existing and potential revenue sources with budgeted expenditures to achieve a balanced budget for the 2027-29 biennium and long-term structural fiscal balance;
- Identify programs and functions of the University that are both specifically meaningful to southern Oregon or the state and that are capable of sustained delivery; and
- Evaluate options for sustainability that may include partnership with other institutions or as part of an alternative higher education structure.

Initial Funding from the \$15,000 appropriation will be available no earlier than June 2026, once SOU and HECC submit the financial sustainability plan to the Emergency Board meeting the requirements listed above.

## REQUIRED SUPPLEMENTARY INFORMATION (DOLLARS IN THOUSANDS)

### SCHEDULE OF SOUTHERN OREGON UNIVERSITY'S CONTRIBUTIONS

#### Public Employees Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,614	\$ 4,613	\$ 4,319	\$ 4,252	\$ 3,250	\$ 3,745	\$ 2,809	\$ 2,792	\$ 2,006	\$ 1,988
contribution	4,614	4,613	4,319	4,252	3,250	3,745	2,809	2,792	2,006	1,988
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SOU's covered payroll	\$ 27,496	\$ 26,888	\$ 27,185	\$ 28,658	\$ 24,847	\$ 26,358	\$ 26,476	\$ 25,636	\$ 24,855	\$ 23,605
Contributions as a percentage of covered payroll	16.8%	17.2%	15.9%	14.8%	13.1%	14.2%	10.6%	10.9%	8.1%	8.4%

### SCHEDULE OF SOUTHERN OREGON UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/ LIABILITY

#### Public Employees Retirement System

As of the Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SOU's proportion of the net pension asset / (liability)	0.17%	0.20%	0.19%	0.16%	0.19%	0.20%	0.22%	0.22%	0.18%	0.20%
SOU's proportionate share of the net pension asset/ (liability)	\$ (37,336)	\$ (37,910)	\$ (29,535)	\$ (19,313)	\$ (41,733)	\$ (34,506)	\$ (32,662)	\$ (30,120)	\$ (27,369)	\$ (11,423)
SOU's covered payroll	\$ 26,888	\$ 27,185	\$ 28,658	\$ 24,847	\$ 26,358	\$ 26,476	\$ 25,636	\$ 24,855	\$ 23,605	\$ 22,474
SOU's proportionate share of the net pension asset/ (liability) as a percentage of its covered payroll	138.86%	139.45%	103.06%	77.73%	158.33%	130.33%	127.41%	121.18%	115.95%	50.83%
Plan fiduciary net position as a percentage of the total pension asset/ (liability)	79.29%	81.68%	84.55%	87.57%	75.79%	80.23%	82.07%	83.12%	80.53%	91.88%

## Changes in Benefit Terms and Assumptions

**Benefit Terms:** The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

**Assumptions:** The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was changed to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated. For June 30, 2021, the long-term expected rate of return was lowered to 6.90 percent, while the assumed inflation rate was lowered to 2.40 percent and the projected salary increases were lowered to 3.40 percent.

### SCHEDULE OF SOUTHERN OREGON UNIVERSITY'S PROPORTIONATE SHARE

#### TOTAL PEBB OPEB LIABILITY\*

As of June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
SOU's allocation of the total OPEB liability	0.81%	0.85%	1.01%	0.98%	1.01%	1.05%	1.05%	1.09%	1.10%
SOU's proportionate share of the total OPEB liability	\$ 1,041	\$ 914	\$ 1,068	\$ 1,204	\$ 1,524	\$ 1,539	\$ 1,685	\$ 1,618	\$ 1,593
SOU's covered payroll	37,238	35,516	34,655	33,858	30,074	34,326	33,666	33,266	32,056
SOU's proportionate share of the total OPEB liability as a percentage of its covered payroll	2.80%	2.57%	3.08%	3.56%	5.07%	4.48%	5.01%	4.86%	4.97%
Total OPEB Liability as a % of Total Covered Payroll	2.19%	2.05%	2.19%	2.76%	3.72%	3.77%	4.31%	4.42%	4.45%

\*These tables will eventually contain 10 years of data. Only the data presented above is available at this time.

## REQUIRED SUPPLEMENTARY INFORMATION (DOLLARS IN THOUSANDS)

### SCHEDULE OF SOUTHERN OREGON UNIVERSITY PERS RHIA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions <sup>1</sup>	\$ -	\$ -	\$ 3	\$ 4	\$ 5	\$ 6	\$ 121	\$ 117	\$ 121	\$ 115
Contributions in relation to the actuarially determined contributions	-	-	3	4	5	6	121	117	121	115
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,496	\$ 26,888	\$ 27,185	\$ 28,658	\$ 24,847	\$ 26,358	\$ 26,471	\$ 25,632	\$ 24,850	\$ 23,600
Contributions as a percentage of covered payroll	0.00%	0.00%	0.01%	0.01%	0.02%	0.02%	0.46%	0.46%	0.49%	0.49%

<sup>1</sup>For Actuarial Assumptions and Methods, see table in Note 16

### SCHEDULE OF SOUTHERN OREGON UNIVERSITY'S PROPORTIONATE SHARE NET PERS RHIA OPEB LIABILITY/(ASSET)\*

As of the Measurement Date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016
SOU's allocation of the net OPEB liability/(asset)	0.20%	0.23%	0.24%	0.27%	0.08%	0.25%	0.24%	0.25%	0.20%
SOU's proportionate share of the net OPEB liability/(asset)	\$ (814)	\$ (828)	\$ (860)	\$ (913)	\$ (161)	\$ (488)	\$ (263)	\$ (105)	\$ 54
SOU's covered payroll	\$ 26,888	\$ 27,185	\$ 28,658	\$ 24,847	\$ 26,358	\$ 26,471	\$ 25,632	\$ 24,850	\$ 23,600
SOU's proportionate share of the net OPEB liability/(asset) as a percentage of covered pay	3.03%	3.05%	3.00%	3.67%	0.61%	1.84%	1.03%	0.42%	0.23%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	220.60%	201.61%	194.65%	183.86%	150.09%	144.38%	123.99%	108.88%	94.15%

\*These tables will eventually contain 10 years of data. Only the data presented above is available at this time.

## Changes in Benefit Terms and Assumptions

**Assumptions:** The PERS Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50 to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups. For the June 30, 2021 measurement date, the assumed inflation rate was lowered to 2.40 percent, the long-term, expected rate of return was lowered to 6.90 percent, and the projected salary increases were lowered to 3.40 percent.

\*Eventually, these tables will include data for 10 years. Only the data shown above is available at this time.

## REQUIRED SUPPLEMENTARY INFORMATION (DOLLARS IN THOUSANDS)

### SCHEDULE OF SOUTHERN OREGON UNIVERSITY PERS RHIPA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions <sup>1</sup>	\$ -	\$ -	\$ 46	\$ 58	\$ 76	\$ 82	\$ 111	\$ 109	\$ 97	\$ 93
Contributions in relation to the actuarially determined contributions	-	-	46	58	76	82	111	109	97	93
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,496	\$ 26,888	\$ 27,185	\$ 28,658	\$ 24,847	\$ 26,358	\$ 26,471	\$ 25,632	\$ 24,850	\$ 23,600
Contributions as a percentage of covered payroll	0.00%	0.00%	0.17%	0.20%	0.31%	0.31%	0.42%	0.43%	0.39%	0.39%

<sup>1</sup>For Actuarial Assumptions and Methods, see table in Note 16

### SCHEDULE OF SOUTHERN OREGON UNIVERSITY'S PROPORTIONATE SHARE NET PERS RHIPA OPEB LIABILITY/(ASSET)\*

As of the Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016
SOU's allocation of the net OPEB liability/(asset)	0.54%	0.54%	0.69%	0.66%	0.72%	0.81%	0.81%	0.82%	0.68%
SOU's proportionate share of the net OPEB liability/(asset)	\$ (276)	\$ (236)	\$ (236)	\$ (103)	\$ 72	\$ 205	\$ 285	\$ 381	\$ 365
SOU's covered payroll	\$ 26,888	\$ 27,185	\$ 28,658	\$ 24,847	\$ 26,358	\$ 26,471	\$ 25,632	\$ 24,850	\$ 23,600
SOU's proportionate share of the net OPEB liability/(asset) as a percentage of covered payroll	-1.03%	-0.87%	-0.82%	-0.41%	0.27%	0.77%	1.11%	1.53%	1.55%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	220.66%	193.23%	169.65%	124.64%	84.45%	64.86%	49.79%	34.25%	21.87%

\*These tables will eventually contain 10 years of data. Only the data presented above is available at this time.

## Changes in Benefit Terms and Assumptions

**Assumptions:** The PERS Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50 to 7.20 percent. In addition, the healthy healthcare participation and cost trend rates, and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups. For the June 30, 2021 measurement date, the assumed inflation rate was lowered to 2.40 percent, the long-term, expected rate of return was lowered to 6.90 percent, and the projected salary increases were lowered to 3.40 percent. In addition, the healthcare cost trend rates were changed to reflect updated trends.

\*Eventually, these tables will include data for 10 years. Only the data shown above is available at this time.



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