MONTHLY FINANCIAL UPDATE

For the period ending 7.31.2026

ABSTRACT

Monthly reports including E&G and All Funds budget updates including future year projections, Institutional Cash Flow, Key Assumptions and other relevant information regarding Southern Oregon University’s current financial status.

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Executive Summary

July 2026

Southern Oregon University has entered Fiscal Year 2027, covering the period July 1, 2026 through June 30, 2027. This month's financial report also provides a preliminary year-end review of Fiscal Year 2026, including accrual and closing transactions recorded in Workday through the August 18, 2026 data pull.

Because the FY2026 financial audit is not yet complete, additional year-end or corrective entries may occur. Accordingly, FY2026 results should be considered preliminary until the audit is finalized and formally accepted by the SOU Board of Trustees. Until that time, the prior-year financial report and related narrative will continue to be included in monthly reporting to provide transparency into year-end performance and any subsequent adjustments.

Several reporting improvements have also been introduced beginning with this submission. Narrative sections now align directly with the corresponding financial report rows, making it easier for readers to move between financial results and management commentary and to compare current results with prior submissions. This format will serve as the standard reporting structure going forward.

The assumptions section has also been expanded to consolidate key cash-flow, budget, and financial-modeling assumptions in one location. This month's report includes updated assumptions related to Other Personnel Expense (OPE), or fringe benefit costs. These updates reflect a multi-year review of actual fringe experience and are intended to strengthen the accuracy of future budget projections and longer-term financial planning.

Finally, implementation of the Vitality Plan continues to include improvements in financial transparency and accessibility. SOU is developing a public-facing dashboard in coordination with expert vendor support that will present key financial information from this report through charts and other visual tools. The dashboard is intended to make institutional financial trends easier to understand for both internal and external stakeholders. Additional information is expected to be announced at the beginning of Fall term.

Taken together, these changes are intended to provide clearer financial reporting, stronger alignment between actual results and planning assumptions, and greater transparency as SOU begins FY2027 and completes the FY2026 financial close and audit process.

Dr. Carson Howell
Vice President for Finance and Administration

Statement on Institutional Contingency Planning

GENERAL INSTITUTIONAL CONTINGENCIES

If enrollment falls materially below budget, and planned cost savings are insufficient, the university will implement contingency measures to preserve cash solvency, maintain essential academic and student services, and protect long-term institutional stability.

Actions may include further restrictions and additional spending controls, hiring and travel restrictions, requesting the use of available board-restricted reserves, contract renegotiations, and other cash management measures. The university may also consider temporary furloughs, reduced schedules, additional separations, position reductions, or other personnel actions consistent with applicable law, board policy, labor agreements, and shared governance.

The university may also seek bridge funding or liquidity support through state treasury, philanthropic, grant-related, or other legally available sources. All actions will prioritize instructional continuity, student success, payroll and debt obligations, regulatory compliance, and the university’s public mission.

E&G Budget Updates

Significant changes from last reported FY2026 E&G projection:

1. **Revenues**
   a. **Gross Tuition & Fees:** No changes from the June report
   b. **Less Remissions:** No changes from the June report
   c. **Net Tuition & Fees:** No changes from the June report
   d. **State Operating Appropriations:** Year-end accounting updates resulted in $68,644 update to projected year-end. It is possible this will change as accounting reviews associated revenue categories during the audit process.
   e. **State Debt Service Appropriations:** No changes from the June report, however the YTD actuals for this row are still showing no activity. An accounting update moving the revenue from fund 85FD Debt Retirement will happen prior to the next update.
   f. **Indirect Cost recovery:** Small positive adjustments reported.
   g. **All Other:** Strong collection efforts by the SOU Bursar's Office resulted in a materially lower FY2026 allowance for bad debt. SOU Accounting revised the estimate accordingly, improving projected results by $746K and bringing year-to-date actuals to within $115K of the revised Resiliency Plan Budget for the fiscal year.
2. **Expenses**
   a. **Salary & Wages:** Projection for July showing additional decline (-0.69%) from June and in aggregate, over $494k under the post-resiliency budget. This decline is directly related to less than expected impact from Faculty deferred pay adjustments and substantial savings from both the Resiliency and Vitality plan cuts enacted in FY2026.
   b. **Benefits (Health, Retirement & Other categories):** Total benefits estimate grew by an unexpected 4.45% spread across all fringe categories. Finance and accounting teams are preparing for a detailed Fringe analysis after the completion of the audit to determine why fringes are consistently higher than projected and budgeted. A future update to assumptions is described in detail later in this report and may help with projection calculations and associated budgets on aggregate benefit amounts.
   c. **Supplies & Services:** Total S&S expenses showing nearly $277k growth (4.16%) increase from June estimates. Similar to the June report, late invoice entry and unplanned/unbudgeted legal and consultant expenses continue upward pressure on the overall S&S budget. However, for FY2026, S&S still remains $159k under the post-resiliency budget, showing progress on S&S fiscal year savings.
   d. **Capital Expenditures:** Total Capital Expenditures experienced a $3.9k growth from June as final invoice entries are processed.
   e. **Institutional Student Aid:** Extremely small ($372) change in YTD actuals compared to the June projection.
   f. **Net Fund Transfers:** No changes from the June report and YTD actuals.

3. **Net Income and Fund Balance**
   a. **Net Income (Loss):** FY2026 now projected at ($4.03M) loss; a change of -2.35% compared to previous June forecast.
      i. Revenue enhancement were offset by unexpected S&S growth in professional services such as legal and especially Benefits calculated during the 'soft close' period which are largely the driver of losses for the fiscal year.
   b. **Ending Fund Balance:** There are no changes to the Additions/Deductions from the prior submission; the nominal roughly $93k decrease is mostly attributable to the unexpected increases in Benefits and S&S expenses but offset by the large change to 'All Other' revenues stemming from the aforementioned update to bad debt calculations.

FY2026 E&G Actuals & End-of-Year Projections ('Soft Close' 8.18.2026)

	Final Prior FY	FY2026 BUDGET, YTD ACTUALS, END-OF-YEAR PROJECTIONS						
	FY2025	FY2026 BUDGET	FY2026 YTD Actuals (as of 8.18.2026)	YTD Actuals % of Budget	Last Reported Projection (as of 6.30.2026)	Current FY2026 Projection (as of 8.18.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	37,008,351	37,945,000	36,834,902	97%	36,834,902	36,834,902	-	0.0%
Less fee remissions	(5,294,416)	(5,162,000)	(5,393,970)	104%	(5,393,970)	(5,393,970)	-	0.0%
Net Tuition & Fees	31,713,936	32,783,000	31,440,932	96%	31,440,932	31,440,932	-	0.0%
State operating appropriations	28,625,062	29,301,951	28,929,606	99%	28,860,962	28,929,606	68,644	0.2%
State debt service appropriations	179,160	179,160	-	0%	179,160	179,160	-	0.0%
Indirect cost recovery	308,132	310,000	379,326	122%	372,550	379,326	6,776	1.8%
All other	2,003,312	3,690,000	3,574,976	97%	2,828,478	3,574,976	746,498	26.4%
Total revenues	**62,829,601**	**66,264,111**	**64,324,841**	**97%**	**63,682,082**	**64,504,001**	**821,919**	**1.3%**
Expenses								
Salary & Wages	32,615,263	32,300,000	31,805,842	98%	32,026,884	31,805,842	(221,042)	-0.69%
Benefits: Health	7,979,990	7,483,379	8,142,453	109%	7,795,791	8,142,453	346,662	4.45%
Benefits: Retirement	8,444,131	7,918,635	8,616,043	109%	8,249,218	8,616,043	366,825	4.45%
Benefits: Other	3,248,898	3,046,712	3,315,041	109%	3,173,904	3,315,041	141,137	4.45%
Supplies & Services	14,378,648	14,313,497	14,154,047	99%	13,877,395	14,154,047	276,652	1.99%
Capital Expenditures	-	12,681	26,248	207%	22,332	26,248	3,915	17.53%
Institutional Student Aid	77,764	-	47,842	0%	47,470	47,842	372	0.78%
Net Fund Transfers	3,118,725	2,496,260	2,428,068	97%	2,428,068	2,428,068	-	0.00%
Total expenses	**69,863,419**	**67,571,164**	**68,535,583**	**101%**	**67,621,063**	**68,535,583**	**914,520**	**1.4%**
Net Income (Loss)	**(7,033,818)**	**(1,307,053)**			**(3,938,981)**	**(4,031,582)**	**(92,602)**	**-2.35%**
Margin As a % of Revenue	-11.2%	-2.0%			-6.2%	-6.3%		
Fund Balance Information								
Beginning Fund Balance	3,471,769	(3,562,049)			(3,562,049)	(3,562,049)	-	0.0%
Additions/(Deductions)		1,500,000			8,840,778	8,840,778	-	0.0%
Ending Fund Balance	**(3,562,049)**	**(3,369,102)**			**1,339,748**	**1,247,147**	**(92,602)**	
Balance as a % of Revenue	-5.67%	-5.08%			0.62%	1.93%		1.31%
Months of Operating Balance	(0.7)	(0.6)			0.1	0.2	0.2	
Additional Information								
% of Revenue that is Tuition	50.5%	49.5%	48.9%		48.8%	48.7%		-0.05%
Remission Rate	14.3%	13.6%	14.6%		14.6%	14.6%		0.00%
Wages and Benefits as % of Total:	74.8%	75.1%	75.7%		76.0%	75.7%		-0.38%

NOTE TO THIS SECTION:

The following section will cover the year-to-date execution of the FY2027 budget as adopted on July 29th, 2026. Comparative / projection data therefore is only for the month of execution against that adopted budget.

Significant changes from last reported FY2027 E&G projections:

1. **Revenues**
    a. **Gross Tuition & Fees:** No changes from the July 29, 2026 adopted budget.
    b. **Less Remissions:** No changes from the July 29, 2026 adopted budget.
    c. **Net Tuition & Fees:** No changes from the July 29, 2026 adopted budget.
    d. **State Operating Appropriations:** No projected changes from the July budget. The potential exists for a material adjustment to projections subsequent to the 'True-up' later in the Fall term and will likely be updated with either the December or January report submission. The assumption for state appropriations decline was reported in the June submission within the section titled 'Future Year Projections'
    e. **State Debt Service Appropriations:** No changes from the July 29, 2026 adopted budget.
    f. **Indirect Cost recovery:** Projection models influenced by year-end transactions show a slight $35k improvement over the July 29 adopted budget.
    g. **All Other:** Although strong collection efforts by the SOU Bursar's Office resulted in a materially lower FY2026 allowance for bad debt and substantial revenue revisions, future adjustments are not anticipated to be as significant as FY2026. Therefore, FY27 projections are maintained at July budgeted for this category.
2. **Expenses**
    a. **Salary & Wages:** Projections showing slight decline (-0.06%) from budgeted.
    b. **Benefits (Health, Retirement & Other categories):** A revision of Fringe projections based on assumption updates described later in this document results in a $1.56M increase over the July budgeted benefits amounts.
    c. **Supplies & Services:** Total S&S expenses projecting over $413k growth (2.73%) increase from July budgeted estimates if spending above prior year levels is maintained at current burn rates seen in July.
    d. **Capital Expenditures:** Early projections show nominal changes compared to budget.
    e. **Institutional Student Aid:** No changes anticipated; projections remaining at budget.
    f. **Net Fund Transfers:** No changes from the July budget.

3. **Net Income and Fund Balance**
    a. **Net Income (Loss):** FY2026 now projected at ($4.72M) loss; a significant change compared to the July Budget and forecast.
        i. The loss is mostly attributable to updates in Fringe OPE calculations determined to be necessary during the Fiscal Year 2026 close and reconciliation of faculty deferred pay and other accounting updates as described below.
    b. **Ending Fund Balance:** There are no changes to the Additions/Deductions, but fund balance will be impacted by the Fringe projection updates as compared to budget by roughly ($1.9M).

Current **FY2027** E&G Actuals & End-of-Year Projections

	EST Final Prior FY	FY2027 BUDGET, YTD ACTUALS, END-OF-YEAR PROJECTIONS						
	FY2026	FY2027 BUDGET	FY2027 YTD Actuals (as of 7.31.2026)	YTD Actuals % of Budget	Last Reported Projection (as of 7.29.2026) 'Adopted Budget'	Current FY2027 Projection (as of 7.31.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	36,834,902	34,039,772	2,666,733	8%	34,039,772	34,039,772	-	0.0%
Less fee remissions	(5,393,970)	(4,730,000)	(31,850)	1%	(4,730,000)	(4,730,000)	-	0.0%
Net Tuition & Fees	31,440,932	29,309,772	2,634,882	9%	29,309,772	29,309,772	-	0.0%
State operating appropriations	28,929,606	29,552,520	10,639,747	36%	29,552,520	29,552,520	-	0.0%
	-				-			
State debt service appropriations	179,160	179,160	-	0%	179,160	179,160	-	0.0%
Indirect cost recovery	379,326	395,637	59,538	15%	395,637	430,105	34,468	8.7%
All other	3,574,976	2,957,723	73,493	2%	2,957,723	2,957,723	-	0.0%
Total revenues	**64,504,001**	**62,394,812**	**13,407,660**	**21%**	**62,394,812**	**62,429,280**	**34,468**	**0.1%**
Expenses								
Salary & Wages	31,805,842	30,907,892	2,036,751	7%	30,907,892	30,887,875	(20,017)	-0.06%
Benefits: Health	8,142,453	7,244,435	386,018	5%	7,244,435	7,878,122	633,687	8.75%
Benefits: Retirement	8,616,043	7,665,794	408,470	5%	7,665,794	8,336,338	670,544	8.75%
Benefits: Other	3,315,041	2,949,431	157,160	5%	2,949,431	3,207,424	257,993	8.75%
Supplies & Services	14,154,047	15,114,492	2,096,764	14%	15,114,492	15,527,534	413,042	2.73%
Capital Expenditures	26,248	30,000	-	0%	30,000	26,248	(3,752)	-12.51%
Institutional Student Aid	47,842	-	-	0%	-	-	-	
Net Fund Transfers	2,428,068	1,286,153	27,174	2%	1,286,153	1,286,153	-	0.00%
Total expenses	**68,535,583**	**65,198,197**	**5,112,336**	**8%**	**65,198,197**	**67,149,694**	**1,951,497**	**3.0%**
Net Income (Loss)	**(4,031,582)**	**(2,803,385)**			**(2,803,385)**	**(4,720,414)**	**(1,917,028)**	**-68.38%**
Margin As a % of Revenue	-6.3%	-4.5%			-4.5%	-7.6%		
Fund Balance Information					-			
Beginning Fund Balance	(3,562,049)	1,247,147			1,247,147	1,247,147	-	0.0%
Additions/(Deductions)	8,840,778	15,000,000			15,000,000	15,000,000	-	0.0%
Ending Fund Balance	**1,247,147**	**13,443,762**			**13,443,762**	**11,526,733**	**(1,917,028)**	
Balance as a % of Revenue	1.93%	21.55%			21.55%	18.46%		-3.08%
Months of Operating Balance	0.2	2.6			2.6	2.2	(0.4)	
Additional Information	0.0%				0.0%			
% of Revenue that is Tuition	48.7%	47.0%			47.0%	46.9%		-0.06%
Remission Rate	14.6%	13.9%			13.9%	13.9%		0.00%
Wages and Benefits as % of Total:	75.7%	74.8%			74.8%	74.9%		0.16%

Significant changes from last reported E&G Forecast through 2029:

For the July submission, changes have been made for future year forecasts which incorporate Vitality Plan updates from the July 29th budget adoption. Important projection updates will be noted here and additional detail explained in the Cash Flow assumptions discussion later in the report. The future year projections now include data through June 30, 2029.

1. Future Year Projections
    a. **<u>Revenue</u>** future-year projection updates:
        i. Gross tuition & fees are assumed to return to normal enrollment patterning subsequent to the AY26-27 steep decline. Losses in tuition and fee revenues are offset by tuition increases still assumed at 5% annual growth.
        ii. Remissions are expected to experience a larger decline in AY28-29 as planned decreases from the prior two academic years are compounded with the incoming AY28-29 class. This is to say, there will only be one cohort that remains on the old system of remissions by the Fiscal 2029 year.
        iii. FY2029 is the second year of the biennium and state appropriations normally increase. However, the amount projected to increase has been tempered by the projected decreases in enrollment. This assumption update was explained in the June submission.
    b. **<u>Expense</u>** future-year projection updates:
        i. The biggest impact to projections stems from updated modeling for Fringes. The observed 7.13% increase in FY2028 benefits compared to the FY2027 budget reflects the updated assumptions described later in the assumptions section.
            1. Total expenses projected to grow 0.93% compared to the FY27 budget
        ii. A planned reduction in professional services contracts related to Vitality Planning implementation in FY2029 results in a ($468k) savings compared to the FY2028 budget.
        iii. Total expenses projected to grow 0.62% compared to the FY28 budget.
    c. **<u>Fund Balance</u>** future-year projection updates:
        i. Net Losses from operations in both future years will be absorbed by fund balance which is projected to remain positive throughout the next biennium (FY2028/29).

E&G Forecast Update through **FY2029**

		FUTURE FISCAL YEAR PROJECTIONS					
	Current FY2027 Projection (as of 7.31.2026)	**FY2028**	**$ Change from 2027 Budget**	**% Change from 2027**	**FY2029**	**$ Change from 2028**	**% Change from 2028**
Revenues	-						
Gross tuition and fees	34,039,772	34,018,777	(20,995)	-0.06%	34,005,652	(13,125)	-0.04%
Less fee remissions	(4,730,000)	(4,600,000)	130,000	-2.75%	(4,190,000)	410,000	-8.91%
Net Tuition & Fees	29,309,772	29,418,777	109,005	0.37%	29,815,652	396,875	1.35%
State operating appropriations	29,552,520	30,123,425	570,905	1.93%	31,343,794	1,220,368	4.05%
			-			-	
State debt service appropriations	179,160	179,160	-	0.00%	179,160	-	0.00%
Indirect cost recovery	430,105	460,000	64,363	16.27%	492,000	32,000	6.96%
All other	2,957,723	3,092,874	135,151	4.57%	3,234,201	141,327	4.57%
Total revenues	**62,429,280**	**63,274,236**	**879,425**	**1.41%**	**65,064,807**	**1,790,570**	**2.83%**
Expenses							
Salary & Wages	30,887,875	30,151,659	(756,233)	-2.45%	30,608,774	457,115	1.52%
Benefits: Health	7,878,122	7,760,942	516,507	7.13%	7,919,949	159,007	2.05%
Benefits: Retirement	8,336,338	8,212,342	546,548	7.13%	8,380,598	168,256	2.05%
Benefits: Other	3,207,424	3,159,716	210,285	7.13%	3,224,453	64,737	2.05%
Supplies & Services	15,527,534	15,145,000	30,508	0.20%	14,677,000	(468,000)	-3.09%
Capital Expenditures	26,248	31,000	1,000	3.33%	32,000	1,000	3.23%
Institutional Student Aid	47,842	-	-			-	
Net Fund Transfers	1,286,153	1,347,060	60,907	4.74%	1,372,865	25,805	1.92%
Total expenses	**67,197,536**	**65,807,719**	**609,522**	**0.93%**	**66,215,638**	**407,920**	**0.62%**
Net Income (Loss)	**(4,768,256)**	**(2,533,482)**	**269,903**	**9.63%**	**(1,150,832)**	**1,382,651**	**54.58%**
Margin As a % of Revenue	-8%	-4%			-2%		
Fund Balance Information							
Beginning Fund Balance	(3,562,049)	13,443,762	12,196,615	978%	10,910,279	(2,533,482)	-19%
Additions/(Deductions)	15,000,000		(15,000,000)	-100%		-	
Ending Fund Balance	**6,669,695**	**10,910,279**	**(2,533,482)**	**-19%**	**9,759,448**	**(1,150,832)**	**-11%**
Balance as a % of Revenue	10.68%	17.24%		-4.30%	15.00%		-2.24%
Months of Operating Balance	1.3	2.1	(0.5)		1.8	(0.3)	
Additional Information							
% of Revenue that is Tuition	46.9%	46.5%		-1.02%	45.8%		-1.44%
Remission Rate	13.9%	13.5%		-2.69%	12.3%		-8.88%
Wages and Benefits as % of Total:	74.9%	74.9%		0.12%	75.7%		1.10%

All Funds Budget Update

Significant Changes from Last Reported FY2026 ALL FUNDS projection

1. **Revenues**
   a. **Gross Tuition & Fees:** Nominal change from the June report
   b. **Less Remissions:** No changes from the June report
   c. **Net Tuition & Fees:** Nominal change from the June report
   d. **State Operating Appropriations:** No changes from the June report.
   e. **State Debt Service Appropriations:** No changes from the June report.
   f. **Indirect Cost recovery:** Significant update in accounting actuals during the accrual period resulting in $390k actuals as compared to deficit in prior report submission.
   g. **All Other:** It is important to note that SOU operates on a modified accrual basis, under which a number of year-end transactions are recorded during the accrual period. These include, among other items, housing settle-ups, Foundation gift account activity, and deferred revenues.

      Historically, SOU has not projected total operations in this manner, and presenting the results on this basis may therefore create some confusion when compared with prior projections. In particular, the **$6.65 million** improvement from the previous projection should not be viewed as a financial "windfall." Rather, it is largely an artifact of the year-end accounting process, as many of these transactions cannot be reliably projected during the normal course of the fiscal year and are only determined after year-end processes are completed. Accounting teams are in the midst of those processes as of this writing.

      Finally, these figures remain subject to change as the Accounting team completes year-end close activities and works through the fiscal year audit.

2. **Expenses**
   a. **Salary & Wages:** A nominal decline from June's projection.
   b. **Benefits (Health, Retirement & Other categories):** Total benefits estimate grew by an unexpected 3.65% spread across all fringe categories with the recording of benefits associated with deferred pay. Finance and accounting teams are preparing for a detailed Fringe analysis after the completion of the audit to determine why fringes are consistently higher than projected and budgeted. A future update to assumptions is described in detail later in this report and may help with projection calculations and associated budgets on aggregate benefit amounts.
   c. **Supplies & Services:** It is important to note that SOU operates on a modified accrual basis, under which a number of year-end transactions are recorded during the accrual period. These include, among other items, recording bond principal payments in their corresponding liability accounts, which credits the expense, as first recorded on the transaction.

Historically, SOU has not projected total operations in this manner, and presenting the results on this basis may therefore create some confusion when compared with prior projections. In particular, the **$6.55 million** improvement from the previous projection should not be viewed as a financial "correction." Rather, it is largely an artifact of the year-end accounting process, as many of these transactions cannot be reliably projected during the normal course of the fiscal year and are only determined after year-end processes are completed. Accounting teams are in the midst of those processes as of this writing.

Finally, these figures remain subject to change as the Accounting team completes year-end close activities and works through the fiscal year audit.

d. **Capital Expenditures:** Total Capital Expenditures experienced a $208k growth from June as final invoice entries and corrections were processed.
e. **Institutional Student Aid:** Final projections show a sizeable savings ($655k) compared to previously reported projections as no remanent transactions have been shown during the year-end accrual period.
f. **Net Fund Transfers:** A very nominal changes from the June report and YTD actuals.

3. <u>**Net Income and Fund Balance**</u>

   a. **Net Income (Loss):** FY2026 now projected at $4.11M gain; a dramatic change of 145% compared to previous June forecast.
      i. This is directly related to the two large adjusted categories as described above where revenues were enhanced and expenses were trimmed. However, as explained, these should not be considered outside the normal course of business; the overall change from Fiscal 2025 is a $5M reduction to fund balance.

   b. **Ending Fund Balance:** Institutional fund balances across the 'All Funds' perspective declines by ($5.01M) with the bulk of that decline attributable to non-E&G funds that comprise the 'All Funds' report such as Auxiliaries.

FY2026 All Funds Actuals & End-of-Year Projections ('Soft Close' 8.18.2026)

	Final Prior FY	FY2026 BUDGET, YTD ACTUALS, END-OF-YEAR PROJECTIONS						
	FY2025	FY2026 BUDGET	FY2026 YTD Actuals (as of 8.18.2026)	YTD Actuals % of Budget	Last Reported Projection (as of 6.30.2026)	Current FY2026 Projection (as of 8.18.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	43,775,539	47,141,208	43,927,399	93%	43,927,582	43,927,399	(182)	0.0%
Less fee remissions	(5,452,611)	(5,497,200)	(5,573,070)	101%	(5,573,070)	(5,573,070)	-	0.0%
Net Tuition & Fees	38,322,928	41,644,008	38,354,329	92%	38,354,512	38,354,329	(182)	0.0%
State operating appropriations	30,211,442	30,737,797	30,463,351	99%	30,463,351	30,463,351	-	0.0%
						-		
State debt service appropriations	179,160	179,160	179,160	100%	179,160	179,160	-	0.0%
Indirect cost recovery	175	310,000	390,662	126%	(1,434)	390,662	392,096	27351.1%
All others	51,951,453	53,000,000	62,360,292	118%	55,714,182	62,360,292	6,646,109	11.9%
Total revenues	**120,665,158**	**125,870,965**	**131,747,795**	**105%**	**124,709,772**	**131,747,795**	**7,038,023**	**5.6%**
Expenses								
Salary & Wages	42,718,076	42,168,026	42,342,390	99%	42,404,752	42,342,390	(62,361)	-0.15%
Benefits: Health	9,688,635	10,418,335	10,290,845	95%	9,928,486	10,290,845	362,359	3.65%
Benefits: Retirement	10,252,156	11,024,298	10,889,392	95%	10,505,958	10,889,392	383,435	3.65%
Benefits: Other	3,944,539	4,241,622	4,189,717	95%	4,042,190	4,189,717	147,527	3.65%
Supplies & Services	42,760,544	29,736,138	41,809,466	141%	48,354,474	41,809,466	(6,545,009)	-13.54%
Capital Expenditures	(708,937)	252,549	215,232	36%	6,473	215,232	208,759	3225.18%
Institutional Student Aid	17,881,756	64,050	17,808,843	27805%	18,464,001	17,808,843	(655,157)	-3.55%
Net Fund Transfers	49,031	-	89,048	0%	127,288	89,048	(38,239)	-30.04%
Total expenses	**126,585,800**	**97,905,018**	**125,941,330**	**129%**	**133,833,621**	**127,634,935**	**(6,198,686)**	**-4.6%**
Net Income (Loss)	**(5,920,642)**	**27,965,947**			**(9,123,849)**	**4,112,860**	**13,236,709**	**145.08%**
Margin As a % of Revenue	-4.9%	22.2%			-7.3%	-4.8%		
Fund Balance Information								
Beginning Fund Balance	84,656,483	78,735,841			78,735,841	69,611,992	(9,123,849)	-11.6%
Additions/(Deductions)								
Ending Fund Balance	**78,735,841**	**106,701,787**			**69,611,992**	**73,724,852**	**4,112,860**	
Balance as a % of Revenue	65.25%	84.77%			55.82%	-5.26%		-61.08%
Months of Operating Balance	7.8	10.2			6.7	(0.6)	(7.3)	
Additional Information						0.0%		
% of Revenue that is Tuition	31.8%	33.1%	30.6%		30.8%	50.8%		65.05%
Remission Rate	12.5%	11.7%	12.7%		12.7%	13.3%		4.70%
Wages and Benefits as % of Total:	52.6%	69.3%	52.5%		50.0%	53.1%		6.16%

Significant changes from last reported FY2027 ALL FUNDS projections:

1. **Revenues**
   a. **Gross Tuition & Fees:** Projections now incorporate better analysis of non-E&G sources and more closely match the budgets presented in July for combined operations.
   b. **Less Remissions:** An update was made to remissions in recognition that the initial plan for cuts was too aggressive. Remissions values more closely align with E&G expectations for gradual reduction in discounting capacity.
   c. **Net Tuition & Fees:** Net of the two above changes results in an enhanced net by over $2.77M compared to the June submitted estimates.
   d. **State Operating Appropriations:** The assumption for state appropriations decline was reported in the July budget document and is more closely aligned with enrollment expectations.
   e. **State Debt Service Appropriations:** No changes from the July 29, 2026 adopted budget.
   f. **Indirect Cost recovery:** Projection models influenced by year-end transactions show a slight $10k improvement over the July 29 adopted budget.
   g. **All Other:** The aggregate projection remains at the budget planning value.
2. **Expenses**
   a. **Salary & Wages:** Projections showing slight decline (-0.06%) from budgeted.
   b. **Benefits (Health, Retirement & Other categories):** A revision of Fringe projections based on assumption updates described later in this document results in a $1.94M increase over the July budgeted benefits amounts.
   c. **Supplies & Services:** Total S&S expenses projecting savings of roughly $471k. However, this is very early in the fiscal year and projections are subject to change as the term begins in September.
   d. **Capital Expenditures:** Early projections show nominal changes compared to budget.
   e. **Institutional Student Aid:** No changes anticipated; projections remaining neutral until financial aid figures begin to materialize during the start of term.
   f. **Net Fund Transfers:** No changes from the July budget across all operating funds.

3. **Net Income and Fund Balance**
   a. **Net Income (Loss):** FY2027 projecting a gain currently, but this is mostly due to a lack of institutional Student Aid present in the calculations which are not expected to begin disbursements until the start of the academic year.
   a. **Ending Fund Balance:** There are no changes to the Additions/Deductions, but fund balance will be impacted by the Fringe projection updates as compared to budget by roughly ($1.9M).

Current **FY2027** ALL FUNDS Actuals & End-of-Year Projections

	EST Final Prior FY	FY2027 BUDGET, YTD ACTUALS, END-OF-YEAR PROJECTIONS						
	FY2026	FY2027 BUDGET	FY2027 YTD Actuals (as of 7.31.2026)	YTD Actuals % of Budget	Last Reported Projection	Current FY2027 Projection (as of 7.31.2026)	$ Changes from Last Projection	% Change from Last Projection
Revenues								
Gross tuition and fees	43,927,399	40,629,772	2,669,488	7%	40,629,772	40,629,772	-	0.0%
Less fee remissions	(5,573,070)	(4,900,000)	(31,850)	1%	(4,900,000)	(4,900,000)	-	0.0%
Net Tuition & Fees	38,354,329	35,729,772	2,637,638	7%	35,729,772	35,729,772	-	0.0%
State operating appropriations	30,463,351	30,988,367	18,498,709	60%	30,988,367	30,988,367	-	0.0%
	-				-			
State debt service appropriations	179,160	179,160	44,790	25%	179,160	179,160	-	0.0%
Indirect cost recovery	390,662	420,000	63,860	15%	420,000	430,105	10,105	2.4%
All others	62,360,292	53,000,000	1,214,678	2%	53,000,000	53,000,000	-	0.0%
Total revenues	**131,747,795**	**120,317,299**	**22,459,674**	**19%**	**120,317,299**	**120,327,404**	**10,105**	**0.0%**
					-			
Expenses								
Salary & Wages	42,342,390	40,692,146	2,936,626	7%	40,692,146	40,665,792	(26,354)	-0.06%
Benefits: Health	10,290,845	9,903,602	586,397	6%	9,903,602	10,691,152	787,549	7.95%
Benefits: Retirement	10,889,392	10,479,627	620,503	6%	10,479,627	11,312,982	833,356	7.95%
Benefits: Other	4,189,717	4,032,059	238,740	6%	4,032,059	4,352,694	320,635	7.95%
Supplies & Services	41,809,466	41,500,000	4,415,526	11%	41,500,000	41,028,659	(471,341)	-1.14%
Capital Expenditures	215,232	30,000	-	0%	30,000	26,248	(3,752)	-12.51%
Institutional Student Aid	17,808,843	64,050	148,544	232%	64,050	-	(64,050)	-100.00%
Net Fund Transfers	89,048	-	179	0%	-	-	-	
Total expenses	**127,634,935**	**106,701,484**	**8,946,515**	**8%**	**106,701,484**	**108,077,526**	**1,376,043**	**1.3%**
					-			
Net Income (Loss)	**4,112,860**	**13,615,815**			**13,615,815**	**12,249,878**	**(1,365,937)**	**10.03%**
Margin As a % of Revenue	3.1%	11.3%			11.3%	10.2%		
					-			
Fund Balance Information					-			
Beginning Fund Balance	78,735,841	82,848,701			82,848,701	82,848,701	-	0.0%
Additions/(Deductions)		15,000,000			15,000,000	15,000,000	-	0.0%
Ending Fund Balance	**82,848,701**	**111,464,516**			**111,464,516**	**110,098,579**	**(1,365,937)**	
Balance as a % of Revenue	62.88%	92.64%			92.64%	91.50%		-1.14%
Months of Operating Balance	7.5	11.1			11.1	11.0	(0.1)	
Additional Information								
% of Revenue that is Tuition	29.1%	29.7%			29.7%	29.7%		-0.01%
Remission Rate	12.7%	12.1%			12.1%	12.1%		0.00%
Wages and Benefits as % of Total:	53.1%	61.0%			61.0%	62.0%		1.63%

Significant changes from last reported ALL FUNDS Forecast through 2029:

For the July submission, significant changes have been made for future year forecasts which incorporate Vitality Plan updates from the July 29th budget adoption. Important projection updates will be noted here and additional detail explained in the Cash Flow assumptions discussion later in the report. The future year projections now include data through June 30, 2029.

1. Future Year Projections
   a. **Revenue** future-year projection updates:
      i. Gross tuition & fees are assumed to return to normal enrollment patterning subsequent to the AY26-27 steep decline. Losses in tuition and fee revenues are offset by tuition increases still assumed at 5% annual growth.
      ii. Remissions are expected to experience a larger decline in AY28-29 as planned decreases from the prior two academic years are compounded with the incoming AY28-29 class. This is to say, there will only be one cohort that remains on the old system of remissions by the Fiscal 2029 year.
      iii. FY2029 is the second year of the biennium and state appropriations normally increase. However, the amount projected to increase has been tempered by the projected decreases in enrollment. This assumption update was explained in the June submission.
   b. **Expense** future-year projection updates:
      i. The biggest impact to projections stems from updated modeling for Fringes. The observed 5.5% increase in FY2028 benefits compared to the FY2027 budget reflects the updated assumptions described later in the assumptions section.
         1. This is a smaller overall % change than E&G because labor from the 'ALL FUNDS' perspective comprises a different mix of labor classifications. One example; ALL FUNDS labor includes faculty grant work that is not charged medical expense.
         2. Total labor expenses projected to grow $392K compared to the FY27 budget and is directly tied to the Fringe expense recalculations
      ii. Total expenses projected to grow 1.21% compared to the FY27 budget.
   c. **Fund Balance** future-year projection updates:
      i. Net Losses from operations in both future years will be absorbed by fund balance which is projected to remain positive throughout the next biennium (FY2028/29).
         1. NOTE: The 'All Funds' report perspective includes Grants, Gifts and all other funds operated by the university and budgets are not created for certain fund types annually which may be present in the actuals presentation(s) reported here.
         2. This was described in detail in the May submission.

All Funds Forecast Update through FY2029

		FUTURE FISCAL YEAR PROJECTIONS					
	Current FY2027 Projection (as of 7.31.2026)	FY2028	$ Change from 2027	% Change from 2027	FY2029	$ Change from 2028	% Change from 2028
Revenues	-						
Gross tuition and fees	40,629,772	39,247,922	(1,381,850)	-3.40%	37,749,255	(1,498,667)	-3.82%
Less fee remissions	(4,900,000)	(4,600,000)	300,000	-6.12%	(4,190,000)	410,000	-8.91%
Net Tuition & Fees	35,729,772	34,647,922	(1,081,850)	-3.03%	33,559,255	(1,088,667)	-3.14%
State operating appropriations	30,988,367	30,123,425	(864,942)	-2.79%	31,343,794	1,220,368	4.05%
			-			-	
State debt service appropriations	179,160	179,160	-	0.00%	179,160	-	0.00%
Indirect cost recovery	430,105	422,522	2,522	0.60%	425,060	2,537	0.60%
All others	53,000,000	53,859,489	859,489	1.62%	54,510,949	651,460	1.21%
Total revenues	**120,327,404**	**119,232,519**	**(1,084,780)**	**-0.90%**	**120,018,217**	**785,698**	**0.66%**
Expenses							
Salary & Wages	40,665,792	39,741,850	(950,296)	-2.34%	40,426,554	684,704	1.72%
Benefits: Health	10,691,152	10,448,245	544,642	5.50%	10,628,255	180,011	1.72%
Benefits: Retirement	11,312,982	11,055,947	576,320	5.50%	11,246,428	190,481	1.72%
Benefits: Other	4,352,694	4,253,799	221,741	5.50%	4,327,087	73,288	1.72%
Supplies & Services	41,028,659	42,457,000	957,000	2.31%	42,947,000	490,000	1.15%
Capital Expenditures	26,248	31,000	1,000	3.33%	32,000	1,000	3.23%
Institutional Student Aid	-	-	(64,050)	-100.00%		-	
Net Fund Transfers	-	-	-		-	-	
Total expenses	**108,077,526**	**107,987,841**	**1,286,357**	**1.21%**	**109,607,324**	**1,619,483**	**1.50%**
Net Income (Loss)	**12,249,878**	**11,244,678**	**(2,371,138)**	**17.41%**	**10,410,893**	**(833,785)**	**7.41%**
Margin As a % of Revenue	10%	9%			9%		
Fund Balance Information							
Beginning Fund Balance	78,735,841	111,464,516	28,615,815	35%	122,709,194	11,244,678	10%
Additions/(Deductions)	15,000,000		(15,000,000)	-100%		-	
Ending Fund Balance	**105,985,719**	**122,709,194**	**11,244,678**	**10%**	**133,120,087**	**10,410,893**	**8%**
Balance as a % of Revenue	88.08%	102.92%		10.27%	110.92%		8.00%
Months of Operating Balance	10.6	12.3	1.2		13.3	1.0	
Additional Information							
% of Revenue that is Tuition	29.7%	29.1%		-2.15%	28.0%		-3.78%
Remission Rate	12.1%	11.7%		-2.82%	11.1%		-5.30%
Wages and Benefits as % of Total:	62.0%	60.7%		-0.60%	60.8%		0.22%

Cashflow Projection

Forecast through June 30, 2027

Southern Oregon University is projecting a positive ending cash balance through June 30, 2027, with the $15 million state special allocation providing doing what it was intended to do, provide SOU with funding to operate through FY2027 and provide the time to implement the Vitality Plan.

Noteworthy Changes between June and July

For the month of July 2026, Southern Oregon University's cash position increased by $9.1M, compared to a projected increase of $10.8M, resulting in a net negative variance of $1.7M. This variance does not reflect an operational deficit; rather, it is primarily driven by timing differences in scheduled receipts and disbursements across fiscal periods, offset by strong early revenue receipts.

Key drivers for favorable cash inflows (+ $2.2M Revenue Variance) include SOU Foundation reimbursements (+$1.7M) that were originally anticipated in June and August being received in July, and Sports Lottery allocation (+$400K) being received earlier than anticipated, provided a positive cash impact for July.

Unfavorable Cash Outflows (- $3.9M) were associated with timing shifts as well. June liabilities clearing in July amounted to $2.4M and were associated with payroll-related transactions ($900K) and major software and system payments ($1.5M) clearing the bank in July instead of June. In addition, invoices for dining services ($980K) were delayed due to enhanced invoice review as part of ongoing cost-alignment initiatives and payment on the EAB enrollment initiative ($230K) took place in July.

The primary drivers of this month's variance are self-correcting timing shifts between June and July. Core operational cash flow remains stable, and these timing shifts are expected to normalize over the coming quarters as we continue to hone the modeling.

Future Forecasting

The cashflow forecast is a continuously evolving document as the university is reconciling its cash activity each month back to the cash flow projection to gain further clarity around the uses of its money and the resources available to continue operations. For that reason, this forecast may look different than previous forecasts, and future forecasts will do the same. Areas at greatest risk for changes include enrollment for fall and future years, collective bargaining agreement compensation and benefit packages, funding, and inflation.

Key Assumptions Used Within the Cashflow & Budget Forecast – Changes from June

Enrollment Projections (as of 8.18.2026)

Key Enrollment Assumption:

Currently, the total academic year 2026-27 SCH (inclusive of summer) remains projected to be **-15.5% (with Fall 2026: -16%)** from the AY2025-26 year. This update reflects recent enrollment modeling based on current registration activity at the time of this writing.

First-year, and Overall, Student Retention Rates (as of 7.15.2026)

Key Retention Assumption:

Currently, the retention assumption (UG 80% fall-to-fall) is maintained **as modeled** until implementation of the SOU Vitality Plan during academic year 2026-27 and impacts on specific majors can be quantified.

Housing Occupancy Rate

Key Occupancy Assumptions:

Annual housing occupancy rates in the Cash flow model were updated with recent projections:

Assumptions	2027	2028	2029	2030
Housing rate increase	2.50%	2.50%	2.50%	2.50%
Housing Occupancy	80%	83%	85%	90%
Prior Occupancy Fill Rates	85%	87%	90%	90%

The projected increase percentage in occupancy is an acknowledgement that maintaining a healthy fill rate is critical to meeting debt covenant obligations. Recent measures to restore on-campus housing occupancy to historical levels are underway and include updates to meal-plan requirements and analysis of housing specific remissions to address student financial stress relative to housing and dining.

Net Tuition and Other Revenue

Key Net Tuition and Other Revenue Assumptions:

As reported in July; the general increase seen across the analysis period for ‘All Funds, All Other’ is closely tied to projected increases in housing revenues. As discussed in the Occupancy Assumption section, there are active measures being finalized to restore occupancy and thus revenues seen in ‘All Other’. Aggregate increase estimates trending towards **+2.8% year-over-year** and are part of the cash flow model across all other revenue accounts reported. However, budgeted ‘All other’ remains consistent ($53M) with the FY2026 budget for the ALL FUNDS budget.

Savings Realized & Expected from adopted Resiliency & Vitality Plans

Key Resiliency Assumptions:

The SOU Resiliency Plan had two tranches of cuts. The key assumption for FY2027 is that all remaining cuts (**totaling: $1,426,534)** will manifest in the Cash Flow as modeled.

Additionally, Vitality Plan cuts for 2027 (**totaling: $2,748,024**) have been incorporated into the cash flow model; the bulk of these cuts being seen in labor savings illustrated in the pic below taken from the Cash Flow model.

Assumptions	Source & Notes	2026	2027	2028	2029
EST Resilience & Vitality Plan Sal + OPE Savings	Vitality Costing Tool				
5000:Classified Salaries		$ (582,756.00)	$ (1,441,723.00)	$ (1,153,812.00)	$ -
5100:Unclassified Salaries		$ (1,692,142.00)	$ (1,099,009.00)	$ (806,353.00)	$ -
5200:Faculty Salaries		$ (1,058,298.00)	$ (1,633,826.00)	$ (1,842,884.00)	$ (771,440.00)
		$ (3,333,196.00)	$ (4,174,558.00)	$ (3,803,049.00)	$ (771,440.00)

Operating Expense Inflation Including Wages, Benefits, S&S

SALARY & WAGE PROJECTIONS

Key Salary & Wage Assumptions:

The wage increases seen below are not to be presumed as final. Negotiations are underway with SEIU (Classified) and pending for APSOU (Faculty). Until the future salary tables are agreed to, these values will be retained as placeholders for salary increases.

Assumptions	2027	2028	2029	2030
Unclassified	3%	3%	1%	1%
Classified	4.38%	4.00%	4.00%	4.00%
Faculty (& Adjunct)	3%	3%	3%	3%
Students (Regular & Grad assumed)	3.25%	3.25%	3.25%	3.25%

FRINGE BENEFIT PROJECTIONS (Cash Flow and Budget)

Key Fringe Benefit Assumptions:

All Fringe Benefit calculations in the Cash Flow reflect the ratio of their respective category to the total of salary and wages unless an extreme and unanticipated change to healthcare premiums or retirement contributions occurs. Budgeted rates will also follow similar logic in modeling.

Given the known table of retirement rates for FY2027 (and advisory rates showing a slight decline starting 7/1/2027) coupled with plans for significant cuts, it could be assumed this is one area that is over-projecting expense slightly but within bounds for modeling confidence.

As the overall labor force is reduced on campus, similar changes are calculated for Fringes (Health, Retirement, Other) automatically per the ratio logic described above.

UPDATE TO ASSUMPTION: However, *budgeted and projected* fringes differ from Cash flow and should not be considered a de facto 1-for-1 dollar equivalent. When compiling the year-end actuals for FY2026 fringes, it has become apparent that actual charges are nearly 9% higher than forecasts have been showing. A variety of factors are likely influencing this difference including:

1. Faculty deferred pay calculations which happen once per year
2. Vacation Payouts related to Resiliency and Vitality Plan cuts
3. Compensated absences calculations that happen during year-end

These factors are notoriously difficult to project and are not calculated beforehand. While preparing this month's submission, a longitudinal analysis spotlights that the average deviation between budget and actuals, ostensibly caused by these factors, is close to 9%. Modeling updates have been incorporated to account for these in an aggregate fashion across all fringe calculations for projections and will be utilized for budget calculations going forward.

Key Vendor Payments

Key Vendor Payment Assumptions:

The following vendors are assumed to require individual modeling outside of aggregate S&S with inflation target of **3.51%** added to their baseline 2026 projected expenses for the FY2027:

1. Elior (Aladdin Food Services),
2. P-Card processing (US Bank),
3. Risepoint,
4. La Clinica,
5. Ellucian,
6. Workday,
7. Foundation sponsored projects.

The following debt service payments are also scheduled on the cash flow, but **do not** have inflation adjustments to their schedules:

1. State of Oregon (Capital bonds),
2. Oregon Dept of Energy (SELP),
3. Workday Financing (American 1st Financial)

Operating Deficit from Auxiliary Activities

Key Auxiliary Deficit Assumptions:

Auxiliary operations should target a higher degree of self-sufficiency. This takes time and deep restructuring of several areas as noted previously and discussed publically. Currently, the university's cash flow model **assumes regular activities** with some offsets to Auxiliaries in the form of added SOU Foundation support of $1M for FY2027 and FY2028.