



## Financial Ratio Overview

Eastern Oregon University uses financial metrics and ratios to evaluate the financial performance and the long term financial health and viability of the university. The financial ratios provide a more holistic view of our financial performance and support a strategic approach to financial planning. EOU's mission is only attainable when our financial resources support our strategic plan. The alignment of resources and strategy is paramount for EOU to prosper as a university.

The following four ratios are used in assessing the institution's financial health. These ratios are calculated annually based on the current financial statements.

### Current Ratio:

The current ratio determines if current assets are sufficient to cover current liabilities. A 1:1 or 100% ratio suggest that current assets equal current liabilities. A ratio of less than 100% indicates liabilities are greater than current assets. Industry standards suggest a current ratio of at least 150% or 1.5. At 2:1 EOU would have sufficient current assets to meet current liabilities as they come due.

**Current Ratio Calculation:** 
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

### Contribution Ratio:

The contribution ratio shows the percentages of revenue types used to fund the expenses for a year. This ratio evaluates whether or not there is adequate diversity of revenue streams.

**Contribution Ratio Calculation:** Divides each revenue stream by the total revenue to determine specific revenue stream contribution.

### Primary Reserve Ratio:

The primary reserve ratio compares the university's expendable net assets to the total expenses. The primary reserve ratio determines if reserves are sufficient to cover a certain number of months expenses. A primary reserve ratio of 8.3% suggests that expendable reserves are sufficient to cover one month of expenses.

**Primary Reserve Ratio Calculation:** 
$$\frac{\text{Expendable Net Assets}}{\text{Total Adjusted Expenses}}$$

### Debt Burden Ratio:

The debt burden ratio measures the percentage of annual expenditures used to pay off long-term debt. Measurement only includes long term debt and does not include other long term obligations such as accrued liabilities for pension, other post-employment benefits or compensated absences such as

accrued vacation leave. EOU's long term debt includes General Obligation Bonds, Certificates of Participation (COP's), Lottery Bonds and Small Scale Energy Loans (SELP). ***Note: At the end of fiscal year 2016, long term debt considered state paid debt will be removed from EOU's financial statements and will be recorded by the State of Oregon as the owner of the debt. This will include all XI-G and Lottery Bonds as well as a portion of COP's and XI-Q bonds.***

**Ratio Overview 2006-2015**

	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
debt burden ratio - all debt	Data Not Available for EOU				9.66%	9.20%	11.12%	10.01%	11.44%
debt burden ratio - institution paid debt					5.01%	4.61%	5.33%	4.59%	4.34%
current ratio	196.56%	195.86%	203.58%	167.80%	212.97%	226.62%	110.62%	180.47%	106.81%
current ratio	1.9:1	1.9:1	2.0:1	1.6:1	2.1:1	2.2:1	1.0:1	1.8:1	1.1:1
Primary reserve ratio	13.80%	15.34%	21.33%	13.40%	21.99%	14.63%	11.42%	12.11%	9.33%
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Contribution Ratio formula used based on HECC board requirements									
Student Tuition and Fees	26%	27%	26%	25%	26%	27%	28%	25%	27%
Grants and Contracts	18%	16%	15%	18%	21%	6%	6%	4%	6%
Auxiliary Enterprises	14%	14%	13%	12%	12%	13%	12%	13%	11%
Other	2%	2%	2%	2%	1%	2%	1%	1%	2%
<b>Self Generated Revenues</b>	<b>59%</b>	<b>58%</b>	<b>56%</b>	<b>57%</b>	<b>60%</b>	<b>48%</b>	<b>47%</b>	<b>43%</b>	<b>46%</b>
State Appropriations	30%	32%	44%	34%	34%	31%	25%	25%	26%
Nonoperating Revenue	7%	6%	4%	9%	9%	17%	17%	18%	15%
Use of Fund Balance	4%	4%	-3%	0%	-3%	4%	12%	14%	14%

\*Source data for is from the published OUS Annual Reports

FY2015 is preliminary data -- financial statements/reports have not been finalized

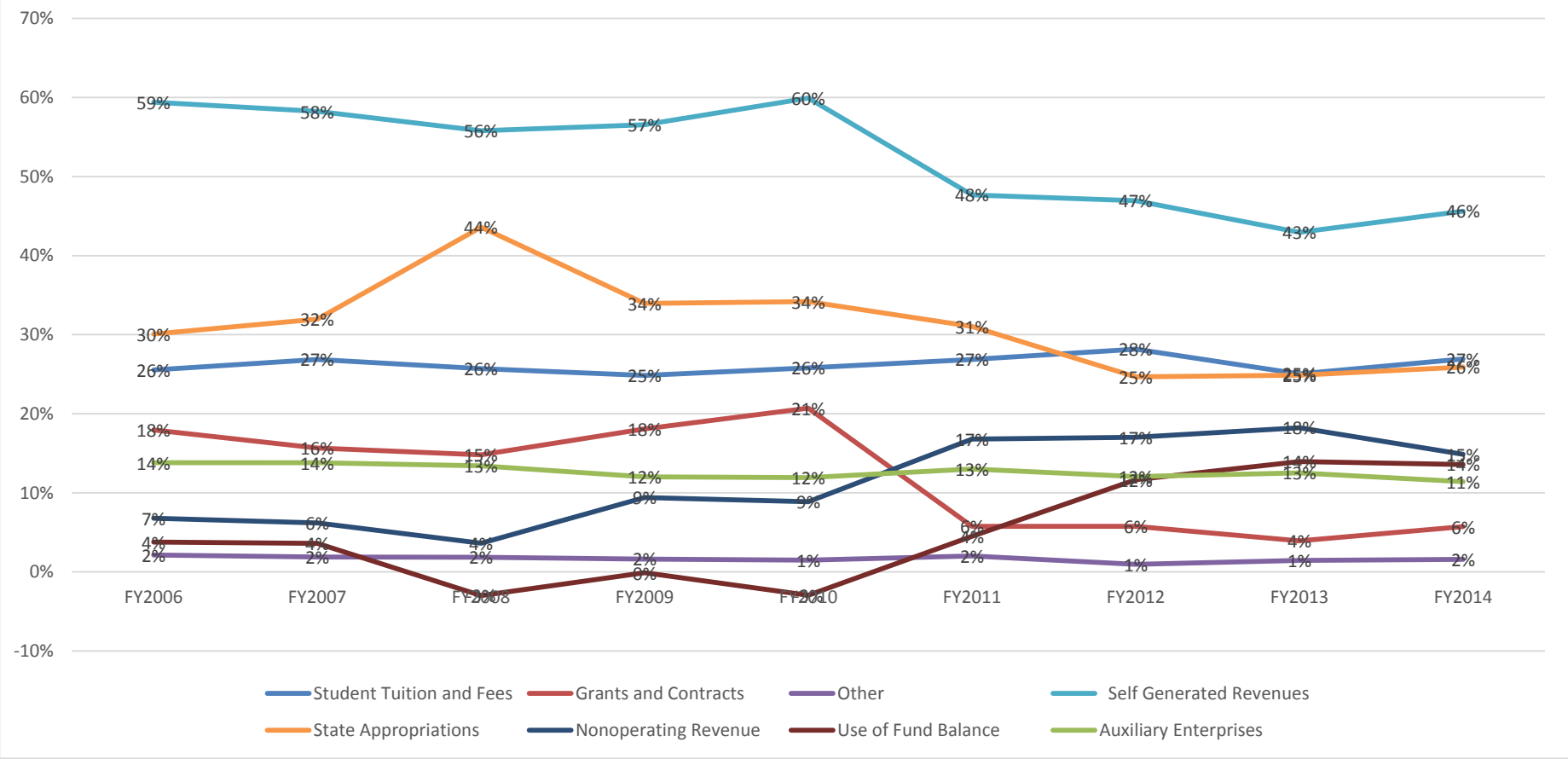
Debt Burden Ratio has been prepared by OUS, detail for EOU was not available for 2006-2009

Note: Grants and Contracts -- partial shift to Non operating Revenue in FY11

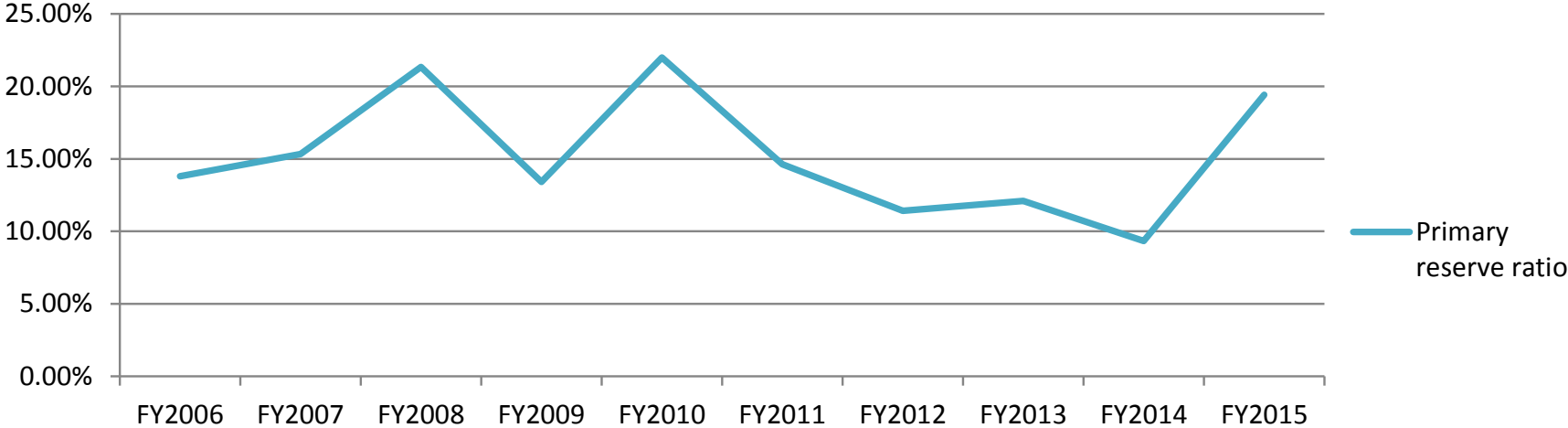
# current ratio



Contribution Ratio 2006-2015 (est)



# Primary Reserve Ratio



# Debt Burden Ratio

