

Oregon

Annual Comprehensive Financial Report



For the Fiscal Year Ended June 30, 2022

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Governor

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Interim State Chief Operating Officer, Director
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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For The Year Ended June 30, 2022

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Introductory Section



Oregon

Tina Kotek, Governor

Department of Administrative Services

Chief Financial Office
155 Cottage Street NE U10
Salem, OR 97301

February 27, 2023

To the Honorable Governor Tina Kotek, and Citizens of the State of Oregon:

We are pleased to provide you with the Annual Comprehensive Financial Report of the State of Oregon for the fiscal year ended June 30, 2022. This report is published to fulfill the requirement for annual financial statements in Oregon Revised Statute 291.040.

This report consists of management's representations concerning the finances of the State of Oregon (State). Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the State has established a comprehensive internal control framework. The framework is designed to protect the State's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the State's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the State's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the information presented is accurate in all material respects.

The Secretary of State Audits Division, the constitutional auditor of public accounts in Oregon, audited the State's financial statements for the fiscal year ended June 30, 2022. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. Based on the audit, the auditors concluded the financial statements for fiscal year 2022 are fairly presented in accordance with GAAP. The audit report is the first component in the financial section of this report.

The audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the needs of federal agencies that provide aid to the State. The standards governing single audit engagements require the auditor to report on the State's internal controls and compliance with legal requirements, particularly as they relate to federal awards. This information, also prepared by the Audits Division, will be available in a separately issued report on or about March 31, 2023.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A should be read in conjunction with the letter of transmittal.

Profile of the Government

The State provides services to Oregon's citizens through a wide range of programs, including education, human services, public safety, economic and community development, natural resources, transportation, consumer and business services, administrative support, legislative support, and judicial services. Oregon's primary government as reported in the accompanying financial statements consists of approximately 83 state agencies. In addition to the primary government, 10 entities are reported as discretely presented component units to emphasize that they are legally separate from the State. Refer to Note 1 to the basic financial statements for a more detailed discussion of the reporting entity.

Oregon's Legislature adopts a budget on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. This biennial budget serves as the foundation for the State's financial

planning and control. Appropriation bills approved through the legislative process include one or more appropriations that may be at the agency, program, or activity level. Accordingly, the legal level of budgetary control is at one of these various levels depending on the Legislature's view of the activity. Legislative approval is required to transfer expenditure authority between appropriations. Management can reallocate within an appropriation without legislative approval. The following budgeted appropriated fund types have been established to account for the State's budgetary activities: General Fund, Federal Funds, Lottery Funds, and Other Funds. Refer to the notes to the required supplementary information for additional information about the budget process and budgetary monitoring.

Oregon Economy

A mild recession is now the most likely outcome for the economy. Slowing economic growth, high inflation, and rising interest rates are a potent combination. Historically, inflationary booms do not end well. Just as the timing and nature of this cycle has been different than recent experiences, so too is the expected recession. In broad terms the recession is more technical than fundamental in that the impact on jobs, income, and spending is mild. The recession is driven by declines in residential construction and overall business investment due to high interest rates. Additionally, high interest rates and a strong U.S. dollar will weigh on domestic manufacturing activity and exports.

The economic outlook is highly uncertain today. Risks abound. The sharp rise in interest rates this year is akin to taking one's foot off the gas and slamming the brakes. An economic soft landing remains possible even as the odds have shifted such that a recession is more likely than not. Alternatively, a more severe recession may ultimately be needed if high inflation is more entrenched in the economy than realized.

Inflation remains the single most important macroeconomic issue today. In recent months inflation as measured by the Consumer Price Index has held steady around 8%. It will take time for the higher interest rates to continue to slow inflation. While much of the focus this year has been on the fast pace and size of rate hikes, what matters now is ultimately how high rates go this cycle and how long they stay. It's this combination of high rates for a period of time that will cool the economy.

Unfortunately, recent decades have brought both large recessions like the dotcom bust and extra large recessions like the Global Financial Crisis and pandemic. The average unemployment rate in Oregon since 2000 is 6.6%, indicating an underperforming economy with lots of unemployed workers and underutilized capital has been the norm. That is not the case today for the current state of the economy and that is not even the case for the pending recession.

Historically, Oregon's economy is more volatile than the typical state. Our recessions tend to be deeper, and our expansions longer. This volatility is primarily driven by two things. First, migration trends are pro-cyclical as people move more in good economic times than in bad. Second, the state's industrial structure is more reliant upon goods-producing industries than the nation, which are more volatile than the service-producing industries in part due to their sensitivity to interest rates and the fact consumers can time their big ticket purchases to when they have more income and/or feel more confident in their financial situation.

Perhaps nowhere is a slowdown more needed than in the labor market. Strong job growth and employment prospects are vital to economic health. However, there is a difference between a strong and tight labor market and an overheating labor market. Given wage growth is clearly outstripping productivity gains, it is inflationary today. A slowing in wage growth, along with an increase in business investment and productivity, is needed for underlying inflation to return to the Federal Reserve's target as wage growth provides households their baseline ability to spend.

Encouragingly the data, especially the Oregon data, does appear to be turning in such a way that a slowdown in the labor market and wage growth is not just possible, but likely. In August, there were 1.6 job openings in Oregon for every unemployed Oregonian looking for work. Better labor market balance would come from relatively fewer job openings or a large increase in unemployment. Back in March there were 1.9 job openings in Oregon for every unemployed Oregonian. More progress and better balance is needed, but movement in the right direction is still movement in the right direction.

Oregon typically outperforms most states over the entire economic cycle. This time is no different, however, the expectations are that the relative growth advantage may be a bit smaller than it has been historically. The

primary reason being slower population and labor force growth than in decades past. Over the extended forecast horizon, the Oregon Office of Economic Analysis (OEA) has identified four main avenues for growth that are important to continue to monitor: the state's dynamic labor supply, the state's industrial structure, productivity, and the current number of start-ups, or new businesses formed.

As noted previously, the recession is expected to be mild, and personal income is expected to remain stable despite job losses. Underlying personal income is not only the primary driver of Oregon's dominant personal income tax, but also a wide range of consumption-based taxes including the corporate activity tax and lottery sales.

In terms of job losses, the baseline scenario looks identical to the recession of 1991. The 1991 cycle was unique in that it did not result in a pronounced downturn in state revenues, only a couple of relatively flat years of available resources.

Unlike what was seen in the 1991 cycle, revenues are expected to drop going forward with or without a recession. Expected revenues for the 2023-25 biennium are expected to be around \$3 billion lower than they were this biennium as profits and investment income return to earth and a record kicker credit is paid out.

Long-term Financial Planning

Budget for the 2021-23 Biennium

The legislatively approved budget (LAB) for the 2021-23 biennium, as adjusted during the 2021 second special session and 2022 regular session, and including authorized executive branch administrative actions through March 2022, is \$121.2 billion total funds, an increase of \$8.4 billion from the 2021-23 budget adopted at the end of the 2021 session. The budget increase since the 2021 session is comprised of \$3 billion Federal Funds, \$2.9 billion Other Funds, \$2.4 billion General Fund, and \$84.1 million Lottery Funds,

General Fund expenditures totaling \$345.4 million were supported through the elimination or reduction of 13 special purpose appropriations (SPAs), including the elimination of the SPA for state employee compensation changes (\$198 million) to finance increases in state agency budgets for employee compensation and pension obligation bond cost adjustments. In addition, \$171.6 million General Fund was appropriated to establish five new SPAs and increase an existing SPA, including establishment of a \$50 million SPA to support cash flow needs in the Department of Forestry due to emergency firefighting costs and an increase of \$45 million in the SPA for Oregon Health Authority or Department of Human Services for caseload costs or other budget issues.

The March 2022 revenue forecast from the OEA projects total 2021-23 biennium lottery resources of \$1.8 billion, a \$90.8 million (or 5.3%) increase over the level assumed in the legislatively adopted budget, including reversions to the Economic Development Fund and Veterans' Services Fund. The total lottery resources projected for the current biennium represents a \$536.6 million (or 41.9%) increase over the 2019-21 biennium. The significant increase over the prior biennium is due to the decline in 2019-21 lottery revenues caused by operational restrictions implemented in response to the COVID-19 pandemic.

State Bonding

In January 2022, the State Debt Policy Advisory Commission (SDPAC) updated their recommended debt capacity limits for General Fund supported debt based upon the December 2021 revenue forecast published by the OEA. At the time, the SDPAC recommended the Legislature and Governor issue no more than \$1.9 billion in General Fund supported debt for each biennium commencing with the 2023-25 biennium. This recommendation is based on a target debt capacity ratio of no more than 5% annual debt service to General Fund revenues. For the 2021-23 biennium, the SDPAC recommended issuing no more than \$1.6 billion in General Fund supported debt. After taking into consideration the \$108.6 million of General Fund supported debt authorized in the 2019-21 biennium but not expected to be issued, overall available capacity for the 2021-23 biennium is \$1.7 billion.

The 2021 Legislature approved nearly \$1.7 billion in General Fund supported debt, the remaining \$54.1 million of debt capacity was approved during the 2022 legislative session. The amount authorized during the 2022 legislative session included \$19.4 million of Article XI-Q bonds to finance the capital costs of state

property and information technology projects, \$4.5 million of Article XI-Q bonds for Crook County Courthouse, and \$30.2 million of Article XI-Q bonds to finance public university facilities capital improvement projects.

The total General Fund debt service for projects in the legislatively approved budget is estimated to be \$55.4 million in the 2021-23 biennium, rolling up to \$278.7 million in the 2023-25 biennium.

Budgetary Reserves

The State currently administers two general reserve accounts, the Oregon Rainy Day Fund and the Education Stability Fund.

Established by the 2007 Legislature, the Oregon Rainy Day Fund is funded from the General Fund's ending balance up to 1% of General Fund appropriations for the prior biennium. The Legislature may deposit additional funds as it did to create the fund, using surplus corporate income tax revenues from the 2005-07 biennium. The Rainy Day Fund also earns interest on the moneys in the fund. Withdrawals from the Rainy Day Fund require one of three specific economic triggers to occur plus approval of three-fifths of both chambers of the Legislature. Withdrawals are capped at two-thirds of the balance as of the beginning of the biennium in question, while no additional contributions are made once the fund balance reaches a level equal to 7.5% of General Fund revenues in the prior biennium.

The Education Stability Fund is the State's second general reserve fund. Its current reserve structure and mechanics are the result of a constitutional amendment in 2002. Amounts in the Education Stability Fund may be spent under the same conditions as those required for spending moneys in the Oregon Rainy Day Fund. However, if none of the conditions are met, the Education Stability Fund can also be used by the Legislature for public education in Oregon if the Governor declares an emergency and the expenditure is approved by a three-fifths majority in each chamber. This fund receives 18% of lottery earnings, deposited on a quarterly basis. The fund does not retain interest earnings. The fund balance is capped at 5% of General Fund revenues collected in the prior biennium.

The forecast for the Rainy Day Fund includes two deposits for this biennium relating to the General Fund ending balance from the previous biennium (2019-21). A deposit of \$220.7 million was made in early 2022 once financial reporting was finalized. Additionally, a \$107.8 million deposit relating to the increased corporate taxes from Measure 67 is expected at the end of the biennium in June 2023. This exact transfer amount is subject to some revision as corporate filings are processed. At the end of the 2021-23 biennium, the Rainy Day fund will total \$1.3 billion.

The forecast for the Education Stability Fund is \$291.4 million in deposits during the 2021-23 biennium, based on the current Lottery forecast. At the end of the current 2021-23 biennium, the balance is expected to be \$705.8 million. The fund is not forecasted to reach its cap of 5% of the previous biennium's General Fund revenues until fiscal year 2026. Once the cap is reached, transfers accrue to the Capital Matching Account.

Major Initiatives

Of the major projects and related efforts included in the 2021-23 budget, several are of particular interest due to their overall cost, complexity and risk, importance to public safety and health, and/or cross-biennium timeframes. These projects include:

- Housing Instability
- Maintaining Provider Networks
- Wildfire Mitigation and Land Resilience

Housing Instability

Across Oregon, housing has emerged as a paramount concern. The lack of available housing, high rents, and high home prices are causing housing instability and homelessness to increase rapidly. During the 2022 Legislative Session, the Housing and Community Services Department budget increased by \$937.4 million including \$80 million for homelessness prevention and response, \$65 million for affordable housing preservation, \$50 million for project shortfalls due to inflation and supply chain issues, and \$35 million for

small affordable housing projects. Also included was a limitation increase of \$221.4 million for the second round of Emergency Rental Assistance provided through the federal American Rescue Plan Act (ARPA).

The Legislature approved various one-time General Fund appropriations to support community organizations and activities for the purpose of increasing affordable housing supply, and for supporting shelter and homelessness response efforts to specific communities. A distribution of \$50 million was made to the Oregon Community Foundation, which will in turn make grants by December 31, 2023, for community supported projects to convert motels and other existing structures to shelters and temporary housing throughout the State. A combined total of \$25 million is directed to local governments' response to homelessness.

Maintaining Provider Networks

One major initiative of the 2022 session was to strengthen foundations to benefit children and families across Oregon. To support the expansion access to childcare in Oregon, the Legislature approved nearly \$100 million General Fund on a one-time basis for a variety of programs that bolster and support the childcare sector. Portland State University's Oregon Center for Career Development in Childcare received a \$18.3 million appropriation from the Higher Education Coordinating Commission to make grants available to providers. An additional \$22 million General Fund is for the Seeding Justice's Capacity Building Grant Fund to issue grants to culturally specific and other childcare providers to become licensed, to expand services, or to start new childcare centers.

Federal Funds expenditure limitation adjustments include \$435.6 million to implement various Medicaid home and community-based services funded by one-time enhanced federal funds authorized in the ARPA. This includes investments in program infrastructure, workforce, and consumer and provider benefits.

To address the behavioral health care workforce shortage, the Oregon legislature authorized the distribution of grants to behavioral health care providers for staff compensation and workforce retention and recruitment. A one-time General Fund appropriation of \$132.3 million was approved to support the grant program.

Additionally, an appropriation of \$42.5 million increased provider payment rates an average of 30% for behavioral health services under the medical assistance program for the purpose of improving access, maintaining provider networks, increasing wages, and retaining workers.

Wildfire Mitigation and Land Resilience

Comprehensive legislation passed the Landscape Resiliency Program that provides \$220 million to help Oregon modernize and improve wildfire preparedness through three key strategies: creating fire-adapted communities, developing safe and effective response, and increasing the resiliency of Oregon's landscapes. The General Fund increased \$46.3 million and Other Funds increased \$78.2 million for payment costs associated with the 2021 wildfire season. Additionally, \$50 million was allocated to the Department of Forestry to support cash flow needs related to emergency firefighting costs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oregon for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the thirtieth consecutive year that the State has achieved this prestigious award. To receive the Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Chief Financial Office takes great pride in the preparation of the Oregon Annual Comprehensive Financial Report. We greatly appreciate the professionalism, commitment, and effort of Statewide Accounting and Reporting Services and the other individuals involved. We also want to thank all state agencies for their continuing support in planning and conducting the financial operations of the State in a professionally responsible manner. Without the participation and cooperation of the agencies' fiscal units, the preparation of

this report would not have been possible. In addition, we appreciate the contributions of the Office of Economic Analysis, the budget and policy section of the Chief Financial Office, the Oregon State Treasury, and the staff of the Secretary of State Audits Division.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'GN', written in a cursive style.

George Naughton
Chief Financial Officer
State of Oregon



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Oregon

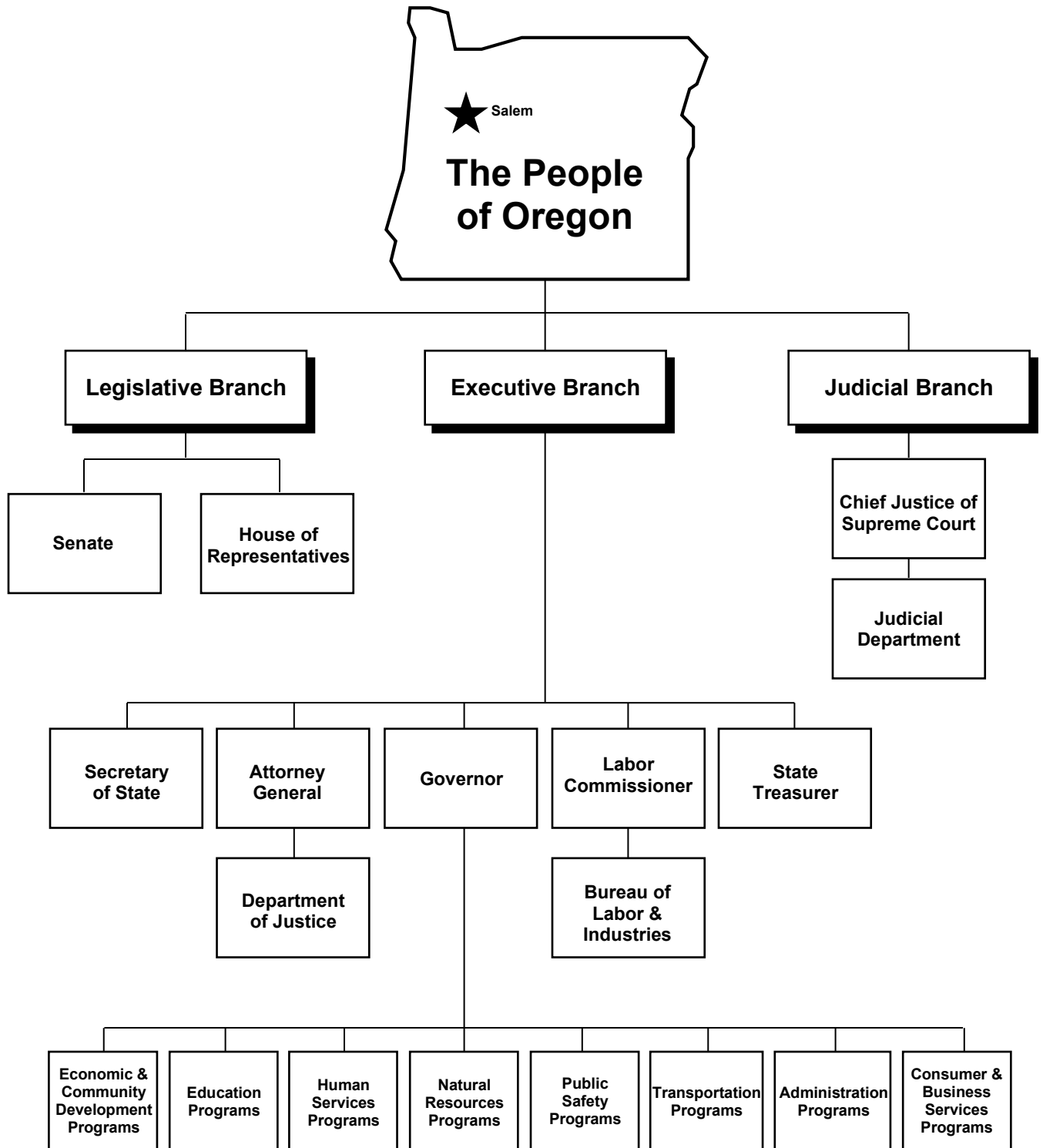
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

STATE OF OREGON ORGANIZATION CHART



Principal State Officials



EXECUTIVE

Tina Kotek, Governor

Shemia Fagan, Secretary of State

Tobias Read, State Treasurer

Ellen F. Rosenblum, Attorney General

Christina Stephenson, Commissioner, Labor and Industries

LEGISLATIVE

Rob Wagner, Senate President

Dan Rayfield, Speaker of the House of Representatives

JUDICIAL

Meagan A. Flynn, Chief Justice of the Supreme Court



Financial Section

Independent Auditor’s Report

The Honorable Tina Kotek
 Governor of Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State of Oregon’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit, and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon, as of June 30, 2022, and the respective changes in financial position and 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 of the SAIF Corporation, University of Oregon, Oregon State University, Portland State University, Western Oregon University, and Oregon Health and Science University, which are discretely presented component units. We also did not audit the financial statements of the Common School Fund or the Public Employees Retirement System. Those financial statements represent the following percentages of the assets, liabilities, and revenues/additions of opinion units as indicated below:

Opinion Unit	Percent of Assets	Percent of Liabilities	Percent of Revenues/ Additions
Governmental Activities	5%	1%	0%
Business-Type Activities	1%	0%	1%
Discretely Presented Component Units	97%	98%	97%
Common School – Major Governmental Fund	100%	100%	100%
Aggregate Remaining Fund:			
Public Employees Retirement System	83%	63%	33%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the above opinion units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 section R, during the year ended June 30, 2022, the State of Oregon implemented the Governmental Accounting Standards Board Statement No. 87, *Leases*. This action resulted in the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the underlying contract. Our opinions are 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 the State of Oregon'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.

Auditor's Responsibility 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 auditor's 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 the 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 the State of Oregon'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 the State of Oregon'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, budgetary comparison schedules and information, pension plan schedules and information, and other postemployment benefits schedules and information, as listed 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State of Oregon's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2023, on our consideration of the State of Oregon'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 in the Oregon Single Audit Report. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oregon's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
February 27, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of Oregon (State) for the fiscal year ended June 30, 2022. The MD&A is intended to serve as an introduction to the State's financial statements. It is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the State's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes, and required supplementary information should be reviewed in their entirety.

We encourage readers to consider the information presented in this analysis in conjunction with the transmittal letter beginning on page 2 of this report.

FINANCIAL HIGHLIGHTS

- On June 30, 2022, the State's net position on a government-wide basis was \$28.6 billion. Of this amount, the unrestricted portion was \$9.3 billion. The amount restricted for specific uses was \$6.9 billion. The State's net investment in capital assets was \$12.3 billion.
- The State's net position increased \$5.1 billion compared to the prior year, indicating the State's overall financial position has improved. Net position for governmental activities increased 23.2%, while net position for business-type activities increased 17.6%.
- As of June 30, 2022, the State's governmental funds reported combined ending fund balances of \$19.3 billion. Of this total, approximately 2% was considered nonspendable and included amounts related to inventories, prepaid amounts, and permanent fund principal.
- Approximately 54.7% of ending governmental fund balances were classified as restricted and included amounts that were subject to constraints imposed by external parties, such as creditors, grantors, or the laws and regulations of other governments (including the federal government), or imposed by constitutional provisions or enabling legislation. Restricted fund balances totaled \$10.6 billion.
- The remaining 43.3% of ending fund balances were classified as unrestricted and included the fund balance categories designated as committed, assigned, and unassigned. Committed fund balances are available for spending only with legislative approval, while assigned fund balances express legislative intent as indicated through the budget process. Unassigned fund balances may be spent at the government's discretion. Total unrestricted fund balances equaled \$8.4 billion. Additional information on the classification of governmental fund balances may be found in Notes 1 and 19 in the notes to the financial statements.
- At fiscal year-end, unrestricted fund balance (committed, assigned, and unassigned categories) in the General Fund was \$7.3 billion.
- The net pension liability for the State, as the primary government and excluding discretely presented component units, has decreased from \$5 billion to \$2.9 billion. The State recognized pension expense of \$522.2 million during the current year. State contributions to this defined benefit plan during the current fiscal year were \$576.8 million.
- The State implemented all or a portion of five accounting standards in fiscal year 2022, which are described further in Note 1. The most notable implementation was GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments.
- Outstanding debt decreased by \$16.5 million during fiscal year 2022. As part of an overall plan to reduce borrowing costs, the State was involved in two debt refunding issuances and refunded \$26.4 million of previously existing debt with \$124.1 million of new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the MD&A, the financial section of this annual report contains the *basic financial statements*, *required supplementary information*, and the *combining financial statements* for nonmajor funds, internal service funds, and fiduciary funds. A *statistical section* follows the combining fund statements.

The basic financial statements contain three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide a broad overview of the State's finances in a manner similar to a private-sector business. All of the State's activities are reported in the government-wide statements except for activities accounted for in fiduciary funds because resources of those funds are not available to support the State's own programs.

- The *statement of net position* presents information on all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual balance reported as *net position*.
- The *statement of activities* presents information showing how the State's net position changed during the fiscal year. All of the changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

Net position is one measure of the State's financial health, or financial position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the State's financial position is improving or deteriorating. However, to assess the overall health of the State, the reader needs to consider additional non-financial factors such as changes in Oregon's income tax base and changes in Oregon's economy.

The activities reported in the government-wide financial statements are divided into three categories:

- *Governmental activities*. This category includes the basic services provided by the State to its citizens, such as K-12 schools, community colleges and universities, public assistance programs, public safety, and public transportation. Income taxes and federal grants finance most of these activities. The State's internal service funds, which provide services to other state agencies, are included in governmental activities because these services predominately benefit governmental programs rather than business-type functions.
- *Business-type activities*. The State charges fees to customers to help cover the costs of certain services it provides. For example, the State administers loan programs to provide housing to citizens with low incomes and those who are elderly or disabled. The operation of the State's lottery and the unemployment compensation program are also reported under business-type activities.
- *Component units*. The State includes 10 other entities in its report that meet the criteria to be presented as discretely presented component units: SAIF Corporation, University of Oregon, Oregon State University, Portland State University, Oregon Health and Science University, Western Oregon University, Southern Oregon University, Eastern Oregon University, Oregon Institute of Technology, and the State Fair Council. Although legally separate, these entities are reported as component units either because they are fiscally dependent on the State or because of the nature and significance of their relationship to the State. Financial information for these component units is reported separately from the financial information of the primary government.

The government-wide financial statements can be found on pages 30-33 of this report.

Fund Financial Statements

The fund financial statements provide detail information about the State's most significant funds (not the State as a whole). Funds are accounting mechanisms the State uses to keep track of specific sources of funding and spending for particular purposes. Similar to other state and local governments, the State uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. Some funds are required by state law (such as the Lottery Operations Fund) or by bond covenants. The State establishes other funds to control and manage money for particular purposes, such as health and social services, or to show that it is properly using certain taxes and grants, such as gas taxes for transportation.

All of the State's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the State's basic services are included in governmental funds, which focus on (1) how cash and other financial resources that can be readily converted to cash flow in and out and (2) the balances remaining at year-end that are available to spend. Thus, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the State's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information has been provided following each governmental fund statement that reconciles the government-wide focus to the governmental fund focus.

The State maintains 19 individual governmental funds. Information is presented separately in the governmental fund financial statements for the five major governmental funds, including the General Fund. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements presented later in this report. The basic governmental fund financial statements can be found on pages 34-41 of this report.

Proprietary funds. Services for which the State charges customers a fee, similar to a business operation, are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long-term and short-term financial information. The State's enterprise funds (one type of proprietary fund) are the same as the business-type activities reported in the government-wide statements, except that the fund statements provide more detail and additional information, such as cash flows. The State also uses internal service funds (the other type of proprietary fund). The Central Services Fund, for example, is used to report activities that provide services to other agencies.

The proprietary fund financial statements provide separate information for the State's four major proprietary funds. Data from the 11 nonmajor enterprise funds are combined into a single, aggregated presentation. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the nonmajor enterprise funds and for each of the internal service funds is provided in the combining statements presented later in this report. The basic proprietary fund financial statements can be found on pages 42-51 of this report.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. The State is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, due to a trust or equivalent arrangement, can be used only for the trust beneficiaries. Fiduciary funds are accounted for in a manner similar to proprietary funds. All of the State's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities have been excluded from the State's government-wide financial statements because the State cannot use these assets to finance its operations.

The basic fiduciary fund financial statements include the aggregated data for the State's pension and other employee benefit trust funds, the private purpose trust fund, and the custodial funds, which are comprised of the aggregated external investment pool funds and the other custodial fund. Individual fund data for each of the pension and other employee benefit trust funds and the separate external investment pool funds is provided in separate combining statements presented later in this report. The basic fiduciary fund financial statements can be found on pages 52-53 of this report.

Discretely Presented Component Units

The State reports four major discretely presented component units (DPCU) and six nonmajor DPCUs. Within the basic financial statements on pages 54-59, the major DPCUs, SAIF Corporation, University of Oregon, Oregon State University, and Portland State University are presented separately while the nonmajor DPCUs are combined and reported in the aggregate. Individual information for each of the nonmajor DPCUs is provided in the combining statements presented later in this report. In the government-wide statements, the activities of the DPCUs are aggregated into a single column.

Notes to the Financial Statements

The basic financial statements also include notes that provide additional information essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 61-172 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents a section of *required supplementary information* (RSI), beginning on page 176, which contains budget-to-actual comparison schedules for all of the State's budgeted appropriated funds as well as accompanying notes. This section also includes two schedules related to the State's pension plan, which is a cost-sharing multiple-employer plan: the Schedule of Proportionate Share of the Net Pension Liability/(Asset) and the Schedule of Defined Benefit Pension Plan Contributions. Lastly, this section includes six schedules as well as accompanying notes related to the three State postemployment benefit plans: the Retiree Health Insurance Account (RHIA), the Retiree Health Insurance Premium Account (RHIPA), and the Public Employees Benefit Board Plan (PEBB).

The combining financial statements referred to earlier are presented immediately following the required supplementary information beginning on page 194 of this report. These combining statements provide details about the nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and nonmajor discretely presented component units each of which has been aggregated and presented in a single column in the basic financial statements. The combining financial statements also provide details about the pension and other employee benefit trust funds and the custodial funds – external investment pool funds.

A statistical section containing information regarding financial trends, revenue capacity, and debt capacity, as well as demographic, economic, and operating information follows immediately after the combining statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. The State's net position on a government-wide basis at June 30, 2022, was \$28.6 billion as shown in Table 1. Most of this balance was invested in capital assets, with infrastructure being the largest component. The net investment in capital assets was \$12.3 billion. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2022, restricted net position totaled \$6.9 billion. The remaining balance of \$9.3 billion was classified as unrestricted net position.

Table 1
State of Oregon's Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital assets	\$ 16,415.9	\$ 15,098.3	\$ 566.1	\$ 550.8	\$ 16,982.0	\$ 15,649.1
Other assets	27,105.3	21,669.4	8,879.9	8,021.1	35,985.2	29,690.5
Total assets	43,521.2	36,767.7	9,446.0	8,571.9	52,967.2	45,339.5
Total deferred outflows	1,769.2	1,709.3	168.6	174.0	1,937.8	1,883.3
Long-term liabilities	15,397.0	16,579.1	1,839.8	2,070.2	17,236.8	18,649.2
Other liabilities	6,249.3	4,343.9	417.2	593.3	6,666.5	4,937.2
Total liabilities	21,646.3	20,923.0	2,257.0	2,663.5	23,903.3	23,586.4
Total deferred inflows	2,198.3	141.9	231.7	21.4	2,430.1	163.3
Net investment in capital assets	12,129.3	11,902.9	544.1	542.0	12,329.2	12,084.7
Restricted	6,360.4	5,541.5	233.5	232.5	6,936.3	5,876.5
Unrestricted	2,956.1	(32.3)	6,348.2	5,286.5	9,306.2	5,511.9
Total net position	\$ 21,445.8	\$ 17,412.1	\$ 7,125.9	\$ 6,061.0	\$ 28,571.7	\$ 23,473.1

Changes in net position. The State's total net position increased \$5.1 billion compared to the prior year. The net position of governmental activities increased 23.2%, while the net position of business-type activities increased 17.6%.

The ending net position of governmental activities for fiscal year 2022 was \$21.4 billion compared to \$17.4 billion reported in fiscal year 2021. Expenses increased \$4.1 billion, or 12%, while revenues increased \$5 billion, or 13.4%.

Operating grants and contributions increased \$3.4 billion, or 20.3%, from fiscal year 2021 primarily due to an increase in reimbursement for Medicaid costs, and combating the effects of COVID-19 by multiple federal awards, such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act. Additionally, there were expansions in the Supplemental Nutrition Assistance Program and Temporary Assistance to Needy Families programs.

The ending net position for governmental activities increased \$4 billion, or 23.2%, from fiscal year 2021 primarily impacting human services and education programs. Related to the increase in operating grants, the qualifying expenditures occurred during the current fiscal year, such as increases in human services costs of \$3.5 billion, or 19.9% and increases in education expenses of \$1.1 billion, or 13.9%. These costs included additional Medicaid-eligible items, addressing the negative effects of the COVID-19 pandemic, both to health and education of Oregon's youth.

As shown in Table 2, the ending net position of business-type activities for fiscal year 2022 was \$7.1 billion, compared to \$6.1 billion reported in fiscal year 2021. Decreases were reported for operating grants and contributions as well as expenses, \$3.1 billion and \$4 billion, respectively. The primary cause for both decreases stems from the reduction of federal unemployment insurance programs and extensions. While the effects of the COVID-19 pandemic were sustained for the entirety of fiscal year 2021, the majority of the effects have subsided within fiscal year 2022 causing significant decreases in unemployment compensation claimant activity.

Table 2
State of Oregon's Changes in Net Position
(In Millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,735.6	\$ 2,352.4	\$ 4,103.5	\$ 3,505.3	\$ 6,839.1	\$ 5,857.7
Operating grants and contributions	20,178.9	16,770.7	1,109.1	4,225.8	21,288.0	20,996.5
Capital grants and contributions	22.3	27.6	0.5	3.2	22.8	30.8
General revenues:						
Personal income taxes	11,772.9	11,256.9	-	-	11,772.9	11,256.9
Corporate income taxes	1,489.0	1,223.5	-	-	1,489.0	1,223.5
Other taxes	5,655.8	5,264.6	21.7	17.7	5,677.5	5,282.3
Unrestricted investment earnings	59.5	52.1	-	-	59.5	52.1
Total revenues	41,913.9	36,947.8	5,234.8	7,752.0	47,148.7	44,699.8
Expenses:						
Education	8,671.0	7,614.4	-	-	8,671.0	7,614.4
Human services	20,868.8	17,401.8	-	-	20,868.8	17,401.8
Public safety	1,940.7	2,000.1	-	-	1,940.7	2,000.1
Economic and community development	1,402.7	1,706.1	-	-	1,402.7	1,706.1
Natural resources	1,061.7	1,045.1	-	-	1,061.7	1,045.1
Transportation	2,424.7	2,266.2	-	-	2,424.7	2,266.2
Consumer and business services	427.2	521.0	-	-	427.2	521.0
Administration	879.1	992.5	-	-	879.1	992.5
Legislative	69.9	81.1	-	-	69.9	81.1
Judicial	553.7	532.8	-	-	553.7	532.8
Interest on long-term debt	355.0	346.2	-	-	355.0	346.2
Housing and community services	-	-	47.2	44.1	47.2	44.1
Veterans' loan	-	-	16.5	16.6	16.5	16.6
Lottery operations	-	-	701.8	659.1	701.8	659.1
Unemployment compensation	-	-	1,320.2	5,409.2	1,320.2	5,409.2
State hospitals	-	-	490.8	509.9	490.8	509.9
Liquor control	-	-	641.8	596.1	641.8	596.1
Other business-type activities	-	-	171.4	160.1	171.4	160.1
Total expenses	38,654.6	34,507.3	3,389.8	7,395.2	42,044.4	41,902.5
Increase (decrease) before contributions, special and extraordinary items, and transfers	3,259.3	2,440.5	1,845.0	356.8	5,104.3	2,797.3
Transfers	779.8	539.2	(779.8)	(539.2)	-	-
Increase (decrease) in net position	4,039.4	2,979.7	1,065.2	(182.4)	5,104.6	2,797.3
Net position – beginning	17,412.1	14,414.7	6,061.0	6,225.5	23,473.1	20,640.1
Prior period adjustments	(5.7)	17.7	(0.0)	18.0	(5.7)	35.7
Cumulative effect of accounting change	-	-	(0.4)	-	(0.4)	-
Net position – beginning – as restated	17,406.4	14,432.4	6,060.7	6,243.5	23,467.1	20,675.8
Net position – ending	\$21,445.8	\$ 17,412.1	\$ 7,125.9	\$ 6,061.0	\$28,571.7	\$23,473.1

Figure 1 below illustrates fiscal year 2022 revenues of the State as a whole, by source. Approximately 45.2% of total revenue was provided by other entities and governments in the form of operating grants and contributions (e.g., federal revenues). Personal and corporate income taxes provided 28.1% of total revenues, while charges for services accounted for 14.5%.

Figure 1
State of Oregon's Revenue by Source
For the Year Ended June 30, 2022

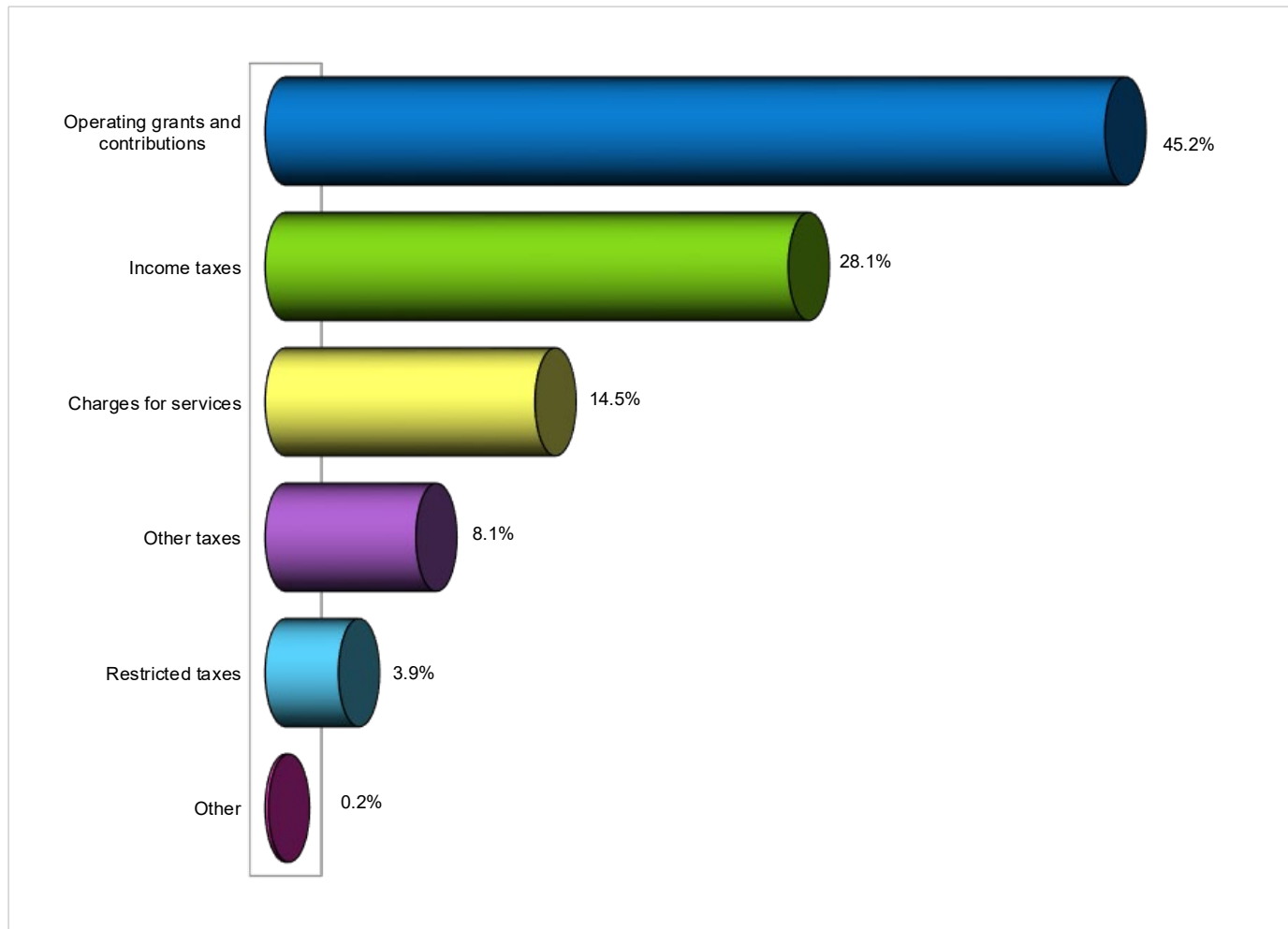
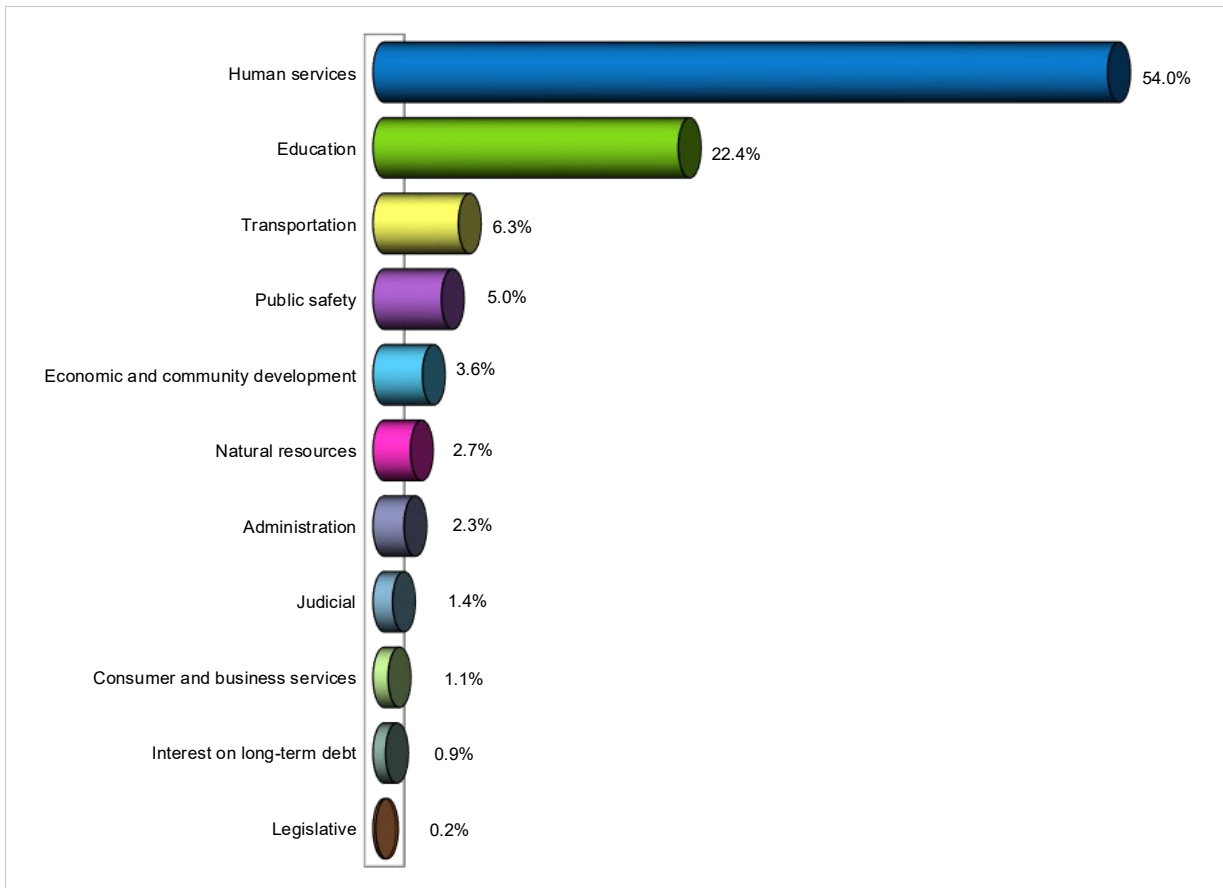


Figure 2 below shows expenses of the governmental activities by function. The cost of providing human services for Oregon citizens in need of assistance comprised 54% of total expenses. Elementary and secondary education accounted for 22.4% of the total.

**Figure 2
State of Oregon’s Governmental Expenses by Function
For the Year Ended June 30, 2022**



FINANCIAL ANALYSIS OF THE STATE’S FUNDS

As noted earlier, the State of Oregon uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the State’s governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* financial resources. In governmental funds, such information may serve as a useful measure of a government’s net resources available for spending. At the end of fiscal year 2022, the State’s governmental funds reported combined ending fund balances of \$19.3 billion, up \$3.3 billion compared to the prior year.

Nonspendable fund balances of \$385.7 million, or 2%, included amounts that were either not in spendable form or were legally or contractually required to be maintained intact, while restricted fund balances of \$10.6 billion, or 54.7%, were restricted for specific purposes. These restrictions included, for example, vehicle-related taxes that must be used for transportation purposes; federal funding that must be spent in accordance with the underlying grants; and lottery revenues restricted by the Oregon Constitution for job creation, economic development, financing public education, and restoring and protecting Oregon’s parks and beaches.

Committed fund balances of \$2.3 billion comprised 12.1% of total fund balances. This category represents amounts committed to specific purposes, such as residential assistance and community protection programs, as the result of constraints imposed by legislation. These amounts may not be used for other purposes unless

the legislation is modified or rescinded by passing additional legislation. The assigned fund balance category of \$368.3 million represents amounts constrained by the State's intent to use them for specific purposes. Intent is expressed by the Legislature via the budget process when there is no legislation other than the budget bill imposing the constraints. The unassigned fund balance category of \$5.7 billion represents the residual fund balance applicable to the General Fund.

The General Fund, which is the operating fund of the State, ended fiscal year 2022 with a total fund balance of \$8.6 billion. This represents a \$2.5 billion, or 41.3%, increase from the prior year's ending fund balance. Total revenues increased by 14.9% and total expenditures increased by 12.9%. Significant revenue increases included personal income taxes, which increased \$1.2 billion, and corporate income taxes, which increased \$387.1 million. Both tax revenue increases were primarily due to higher tax receipts received during fiscal year 2022 as the State has recovered strongly from the impacts of the pandemic. Other Taxes increased \$135.5 million due to increases in inheritance taxes, emergency communications taxes, and state lodging taxes. For inheritance taxes, it was the result of a smaller number of estates filing returns that owed no inheritance tax combined with filings associated with sizable estates. Regarding the emergency communications taxes, the per-line per-month fee increased from \$1.00 to \$1.25 in January 2021, so the current fiscal year realized the full impact of that rate increase. With respect to the state lodging tax increase, as travel restrictions eased, travel increased, yielding more lodging taxes. Federal revenue also increased significantly, up \$247.4 million from the prior year. This is primarily due to incurring eligible costs under the Coronavirus Relief Fund and the State Fiscal Recovery Fund, two federal awards that provided funding to address the impacts of the COVID-19 pandemic. A sizable portion of those expenditures reside within public safety. The General Fund recognized an increase of \$786.1 million, or 35.3%, in human resource expenditures. Some of this is part of normal fluctuations in biennium activity, but hiring additional staffing also contributed. Finally, capital outlay and long-term debt issued increased by \$502.5 million and \$567.1 million, respectively. This was primarily due to the implementation of GASB Statement No. 87, *Leases*, which required current year recognition of subject leases, even if the leases had been established in prior years.

Due to GASB Statement No. 54, the State reports the Oregon Rainy Day Fund as part of the General Fund. During the current fiscal year, the fund balance increased \$226.8 million to \$1.2 billion, attributed mostly to transfers in from other funds. The ending fund balance of the Rainy Day Fund is classified as committed fund balance.

The Health and Social Services Fund ended fiscal year 2022 with a \$183.8 million decrease in fund balance largely due to a \$1.8 billion increase in human resource expenditures. Among the reasons for this increase were higher payments for contracted healthcare staffing services, additional healthcare costs by those eligible for Medicaid and choosing to receive care for services that had been deferred as part of the pandemic. In addition, capitation payments to coordinated care organizations increase due to higher caseloads, which were the result of COVID-related eligibility expansions. These increased costs were largely offset by \$1.5 billion of additional federal revenue, the result of increases to Medicaid, Supplemental Nutrition Assistance Program, and Temporary Assistance for Needy Families along with the federal awards to combat the effects of the COVID-19 pandemic, such as the Coronavirus Relief Fund and the State Fiscal Relief Fund. Meanwhile, intergovernmental expenditures decreased by \$99.4 million as large grants to counties addressing the effects of the pandemic did not reoccur in the current year. Finally, capital outlay and long-term debt substantially increased, each by \$198 million, which is due to the implementation of GASB Statement No. 87, *Leases*. Pursuant to that standard, even pre-existing leases subject to the standard were recognized as though they became effective on the first day of the fiscal year.

In the Public Transportation Fund, ending fund balance totaled \$485 million, a decrease of \$267.6 million from the prior year. Overall, total revenues increased \$281.2 million primarily related to motor fuel and other vehicle taxes and federal revenues, which increased \$95.4 million and \$174.4 million, respectively. These revenue increases were the result of a number of different circumstances. For example, the motor fuel tax and the vehicle registration tax increases were due to driving habits and demand for vehicles returning to pre-COVID-19 levels. The weight-mile tax increase was primarily due to a rate increase of 45% over base. The increase in federal revenue was primarily due to new federal revenues under various federal awards targeting the effects of the COVID-19 pandemic, and an increase in federal participation for state construction projects authorized by House Bill 2017. Intergovernmental expenditures increased, by \$188.4 million, due to increased distributions made from the Statewide Transportation Improvement Fund (STIF). The amount available for STIF distributions increases as the economy improves. There is a maximum amount that can be distributed each year. Once the maximum amount is reached, distributions cease until the next plan cycle.

The Educational Support Fund experienced an increase of \$159.1 million, or 5.7%, in fund balance for fiscal year 2022. Total revenues increased \$288.3 million while total expenditures increased by \$554.8 million. Most notably, federal revenue increased by \$275.3 million, or 47.1%. The predominant source of the increase was due to enhanced funding from the federal Education Stabilization Fund provided to the Oregon Department of Education. This federal program experienced an infusion of resources under both the federal CARES Act and the American Rescue Plan Act. In turn, the State provided those resources to local education agencies throughout Oregon, contributing to the \$596 million increase in intergovernmental expenditures.

Ending fund balance in the Common School Fund increased \$140.4 million, or 7.5%. Many of the revenues and expenditures were comparable to the prior year with the exception of investment income and unclaimed and escheat property revenue. Largely due to market fluctuations, investment income decreased from \$498.3 million in the prior fiscal year to a negative \$119.2 million. Unclaimed and escheat property revenue increased \$243.1 million primarily due to a change in the calculation methodology.

Proprietary funds. The State's enterprise funds provide the same type of information presented for business-type activities in the government-wide financial statements, but in more detail.

The Housing and Community Services Fund finances home ownership and multi-family units for elderly, disabled, and low to moderate-income persons through the issuance of bonds. For fiscal year 2022, the Housing and Community Services Fund reported a change in net position of \$835 thousand, a decrease of \$3.4 million from the prior year. The primary reason for the change was an investment loss of \$4.6 million, compared to an investment gain in the prior year of \$339 thousand, which is the result of poorer investment results over the past year.

The Veterans' Loan Program's revenue is generated principally from interest earned on mortgage loans and investment income. In fiscal year 2022, resources generated through the program totaled \$16.3 million, of which \$12.3 million, or 75% is from interest income earned on loans and investments. Expenses of the Veterans' Loan Program consist primarily of interest expense on debt incurred to fund lending programs and operational expenses. Operating expenses for the program totaled \$17.1 million, of which \$7.9 million is bond interest expense and \$4.7 million is salaries and other payroll expenses. The change in net position for the year ended June 30, 2022, resulted in a decrease of \$388 thousand.

The net position of the Lottery Operations Fund increased \$59.2 million, or 24%, in fiscal year 2022, after profits were committed for contractual obligations and future capital purchases. Operating income increased \$343.1 million, or 53.4%, from the previous year due to increased product sales. Most notably, Video LotterySM game sales increased \$385.8 million and Draw game sales increase \$20.8 million. The increase in product sales occurred because fiscal year 2022 had no pandemic-related closures as those occurring in fiscal year 2021. Total operating expenses increased \$36.8 million, or 5.6%, over the prior year. Prizes and retailer commissions, which are expenses directly related to sales, increased as product sales increase.

In the Unemployment Compensation Fund, the net position increased by \$830.4 million, or 19.2%, from the prior year. This increase is primarily due to a reduction in expenses related to unemployment claims. In addition to regular unemployment insurance, several federal unemployment insurance programs and extensions discontinued during fiscal year 2022, resulting in \$3.2 billion less federal revenue. Special payments decreased by \$4.1 billion from fiscal year 2021. The decrease in special payments is related to the lack of unemployment insurance claims and federal insurance program payments stemming from the COVID-19 pandemic as numerous individuals returned to the workforce.

At the end of fiscal year 2022, approximately 89.1% of the net position reported by the State's proprietary funds was classified as unrestricted and was available for spending on business-type activities. However, restrictions significantly affected the availability of resources in the Housing and Community Services Fund with 89.4% of the fund's net position restricted for debt service.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. The net position of the Pension and Other Employee Benefit Trust Fund, which accounts for resources held in trust for the payment of retirement, disability, postemployment healthcare, and death benefits to members of the Public Employees Retirement System, decreased by \$1.2 billion. The fund reported a net depreciation in the fair value of investments in the current year of \$547.5 million, a decrease of \$22.2 billion from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State budgets on a biennial basis rather than an annual basis. Budgets are prepared on the cash basis utilizing encumbrance accounting. The original budget amounts reported for revenues in the budgetary statements represent original estimates, while budgeted expenditures represent the first complete appropriated budget adopted by the Legislature. The final budget amounts reported for revenues represent revised estimates, while the final budgeted expenditures represent the original appropriated budget modified by legally authorized legislative and executive changes, as well as Emergency Board actions taken during the year. For the 2021-23 biennium, final estimated revenues for the General Fund were slightly higher than the original estimate. The General Fund's final budgeted expenditures increased by \$2.4 billion, or 9.4%, compared to the original estimate.

Because of Oregon's biennial process, budget to actual comparisons are not final until the second year of the biennium. For the first year of the 2021-23 biennium, actual General Fund revenues and other financing sources exceeded actual expenditures and other financing uses by \$2 billion. Actual revenues for the first year of the biennium were 63.1% of those budgeted, or \$14.4 billion, while actual cash expenditures were 44.6% of those budgeted, or \$12.4 billion.

DEBT ADMINISTRATION

The State Debt Policy Advisory Commission advises the Governor and the legislative assembly regarding policies and actions that enhance and preserve the State's credit rating and maintain the future availability of low cost capital financing. The State's debt credit ratings, unchanged from the prior year at AA+ by Fitch, AA+ by Standard & Poor's, and Aa1 by Moody's, are an indication of the State's ability to repay its debt.

Debt outstanding for the years ended June 30, 2022, and 2021, is summarized in Table 3. In fiscal year 2022, the State issued general obligation bonds for governmental activities. At the Oregon Business Development Department, general obligation bonds were issued to finance seismic rehabilitation of public schools and emergency service facilities. At the Oregon Housing and Community Services Department, general obligation bonds were issued to finance affordable housing via the Local Innovation and Fast Track Housing Program and Permanent Supportive Housing Programs.

During fiscal year 2022, revenue bonds were issued for governmental activities and business-type activities. At the Oregon Business Development Department, revenue bonds were issued to finance statewide economic development and loans to businesses and municipalities. The Oregon Department of Administrative Services issued lottery revenue bonds to provide funding for projects statewide, including for the Pendleton Roundup, the Port of Morrow, and Oregon Judicial Department court facilities. At the Oregon Housing and Community Services Department, revenue bonds were issued to provide loans for first-time home buyers and affordable multi-family housing projects.

During fiscal year 2022, there were no direct borrowings and direct placements.

The State was involved in two separate debt refunding issuances in fiscal year 2022 and refunded \$26.4 million of previously existing debt with \$124.1 million of new debt. Additional information on the State's long-term debt may be found in Note 8 of this report.

Table 3
State of Oregon's Outstanding Debt
For the Years Ended June 30, 2022 and 2021
(In Millions)

	2022	2021	2022 Over (Under) 2021	
			Amount	Percent
General obligation bonds	\$ 7,341.6	\$ 7,253.0	\$ 88.6	1.2%
Revenue bonds	4,750.0	4,784.8	(34.8)	-0.7%
Certificates of participation	90.2	95.7	(5.5)	-5.7%
Direct borrowings and placements	43.0	66.8	(23.8)	-35.6%
Contracts, mortgages, and notes payable	255.9	296.8	(40.9)	-13.8%
Total	\$ 12,480.7	\$ 12,497.1	\$ (16.4)	-0.1%

CAPITAL ASSETS

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2022, was \$17 billion (net of accumulated depreciation) as summarized in Table 4. Capital assets include land, buildings, improvements, equipment, construction in progress, highways, tunnels and bridges, and works of art and other nondepreciable assets. The State's investment in capital assets for fiscal year 2022 increased \$1.3 billion, or 8.5%. Within the table below, leased assets are reported based on the underlying asset.

Table 4
State of Oregon's Capital Assets, Net of Depreciation
(In Millions)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 2,068.5	\$ 2,022.5	\$ 17.4	\$ 9.3	\$ 2,085.9	\$ 2,031.8
Buildings, property, and equipment	3,577.4	2,688.9	535.4	533.1	4,112.8	3,222.0
Construction in progress	1,340.5	1,021.5	10.2	5.2	1,350.7	1,026.7
Infrastructure	9,427.0	9,363.0	2.4	2.4	9,429.4	9,365.4
Works of art and other nondepreciable assets	2.5	2.5	0.8	0.8	3.3	3.3
Total	\$ 16,415.9	\$ 15,098.3	\$ 566.1	\$ 550.8	\$ 16,982.0	\$ 15,649.1

Major capital asset events during the fiscal year included the following:

- The State's outstanding construction commitments related to road and bridge construction totaled \$1.8 billion at June 30, 2022.
- The State implemented GASB statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. The implementation required significant increases in capital assets statewide, which amounted to \$1.1 billion in additions before depreciation. Of this amount, nearly all was in buildings, property, and equipment, with remaining additions to land and infrastructure.
- The Department of Transportation added \$20.3 million and \$248.2 million in buildings and construction in progress, respectively. The increase was mainly a result of multiple construction projects including Oregon Highway 217 Auxiliary Lanes Project and the Interstate 5 Rose Quarter Improvement Project.
- The Legislative Administrative Committee added \$42.2 million to construction in progress associated with improvements to the Capitol building which addressed ADA deficiencies, at-risk mechanical, electrical, and plumbing systems, and security and life-safety issues.

Additional information on the State's capital assets may be found in Note 6 of this report.

ECONOMIC FACTORS AND NEXT BIENNIUM'S BUDGET

Oregon's unemployment rate for December 2022 was 4.5% compared to 4.2% in December 2021. The U.S. unemployment rate for December 2022 was 3.5% compared to 3.9% in December 2021.

A recession now appears more likely than not. The consensus among national forecasters expects a mild recession to begin within the next year. This change in the baseline forecast is not due to any fundamental deterioration in the economy in recent months, but rather a shift in assessing the risks. In particular with inflation remaining well above the Federal Reserve's target, expectations are that interest rates will need to be higher and held there longer than previously thought. Most economists today believe a recession is likely, even if the exact path of the economy is uncertain.

The baseline economic outlook now calls for a mild recession. This is hard to see in the topline outlook for state revenues, as the forecast for available resources remains roughly unchanged in the near term. The recession is expected to be mild, and personal income is expected to remain stable despite job losses. Underlying personal income is not only the primary driver of Oregon's dominant personal income tax, but also a wide range of consumption-based taxes including the corporate activity tax and lottery sales.

The bottom line is that the unexpected revenue growth seen this year has left us with unprecedented balances this biennium, followed by a record kicker in 2023-25. The projected personal kicker is \$3.7 billion, which will be credited to taxpayers when they file their returns in Spring 2024. The projected corporate kicker is \$1.3 billion, which will be retained for K-12 educational spending.

The December 2022 forecast for General Fund revenues for the 2021-23 biennium is \$28.3 billion. This figure is \$5 billion more than the amount forecasted at the close of the 2021 legislative session. The projected General Fund ending balance for the 2021-23 biennium is \$4.1 billion. The latest revenue forecast projects a decrease, followed by an increase in General Fund revenues for the next two biennia, down 11.4% to \$25.1 billion in 2023-25 and then up an 28.3% to \$32.3 billion in 2025-27.



Basic Financial Statements

State of Oregon

Statement of Net Position
June 30, 2022
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 13,055,701	\$ 6,136,906	\$ 19,192,607	\$ 1,196,232
Cash and Cash Equivalents - Restricted	2,192,052	22,132	2,214,183	101,978
Investments	1,435,708	34,231	1,469,939	4,968,199
Investments - Restricted	410,026	22,481	432,507	-
Securities Lending Collateral	103,187	39,701	142,887	49,897
Accounts and Interest Receivable (net)	1,948,392	415,762	2,364,154	1,329,295
Taxes Receivable (net)	1,034,204	-	1,034,204	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	500,797
Internal Balances	307,694	(307,694)	-	-
Due from Component Units	94,963	6,641	101,604	-
Due from Other Governments	9,001	1,481	10,482	-
Due from Primary Government	-	-	-	108,783
Inventories	158,550	61,331	219,882	83,478
Prepaid Items	226,511	4,365	230,876	99,402
Leases Receivable	2,064	-	2,064	6,619
Loans Receivable (net)	55,632	80,249	135,882	-
Foreclosed and Deeded Property	1,375	-	1,375	-
Other Assets	1,864	-	1,864	-
Total Current Assets	<u>21,036,922</u>	<u>6,517,587</u>	<u>27,554,509</u>	<u>8,444,679</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	106,554	106,554	214,825
Cash and Cash Equivalents - Restricted	1,526,575	244,289	1,770,863	52,600
Investments	118,826	101,289	220,115	4,037,725
Investments - Restricted	726,919	160,508	887,427	2,843,385
Taxes Receivable (net)	144,262	-	144,262	-
Advances to Component Units	966,284	65,741	1,032,025	-
Net Contracts, Notes, and Other Receivables	1,442,440	118,460	1,560,901	94,169
Leases Receivable	26,675	-	26,675	90,865
Loans Receivable (net)	999,398	1,538,084	2,537,481	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	366,223
Net OPEB Asset	117,059	7,945	125,004	38,011
Derivative Instrument Assets	-	19,400	19,400	-
Other Assets	-	-	-	23,573
Capital Assets:				
Land	2,065,544	17,446	2,082,990	363,535
Buildings, Property, and Equipment	5,078,563	944,029	6,022,592	11,619,930
Leased Assets	1,064,192	10,259	1,074,451	181,924
Construction in Progress	1,340,522	10,159	1,350,681	433,236
Infrastructure	16,084,895	3,606	16,088,501	197,910
Works of Art and Other Nondepreciable Assets	2,474	794	3,268	91,255
Less Accumulated Depreciation and Amortization	(9,220,346)	(420,163)	(9,640,509)	(5,619,902)
Total Noncurrent Assets	<u>22,484,282</u>	<u>2,928,399</u>	<u>25,412,681</u>	<u>15,029,265</u>
Total Assets	<u>43,521,205</u>	<u>9,445,986</u>	<u>52,967,190</u>	<u>23,473,944</u>
DEFERRED OUTFLOWS OF RESOURCES				
Hedging Derivatives	-	-	-	4,958
Goodwill	-	-	-	261
Loss on Refunding	111,047	2,030	113,076	29,835
Asset Retirement Obligation	-	-	-	16,875
Related to Pensions	1,641,862	165,185	1,807,048	679,507
Related to OPEB	16,315	1,404	17,719	16,249
Total Deferred Outflows of Resources	<u>1,769,224</u>	<u>168,619</u>	<u>1,937,843</u>	<u>747,685</u>

The notes to the financial statements are an integral part of this statement.

State of Oregon

**Statement of Net Position
June 30, 2022
(In Thousands)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	2,414,702	233,763	2,648,465	806,745
Obligations Under Securities Lending	103,187	39,701	142,887	49,902
Obligations Under Life Income Agreements	-	-	-	71,199
Due to Component Units	108,105	88	108,193	-
Due to Other Governments	439,123	3,759	442,882	1,901
Due to Primary Government	-	-	-	101,625
Unearned Revenue	1,850,168	3,366	1,853,535	1,042,711
Compensated Absences Payable	202,280	17,455	219,736	153,090
Reserve for Loss and Loss Adjustment Expense	-	-	-	378,220
Claims and Judgments Payable	135,214	848	136,062	-
Lottery Prize Awards Payable	-	38,851	38,851	-
Arbitrage Rebate Payable	17	-	17	-
Deposit Liabilities	156,065	29,156	185,221	31,301
Contracts, Mortgages, and Notes Payable	34,602	5,998	40,600	21,588
Lease Obligations	90,808	1,571	92,379	30,802
Bonds/COPs Payable	699,483	42,660	742,143	27,352
Pollution Remediation Obligation	15,530	-	15,530	-
Total Current Liabilities	<u>6,249,283</u>	<u>417,216</u>	<u>6,666,499</u>	<u>2,716,436</u>
Noncurrent Liabilities:				
Unearned Revenue	-	-	-	14,984
Obligations Under Life Income Agreements	-	-	-	22,452
Compensated Absences Payable	113,992	9,697	123,689	18,228
Reserve for Loss and Loss Adjustment Expense	-	-	-	2,265,003
Claims and Judgments Payable	1,204,274	-	1,204,274	-
Lottery Prize Awards Payable	-	112,458	112,458	-
Arbitrage Rebate Payable	140	7,611	7,751	-
Deposit Liabilities	185,237	2,207	187,445	-
Contracts, Mortgages, and Notes Payable	195,681	18,911	214,592	200,156
Lease Obligations	884,847	6,822	891,669	127,743
Bonds/COPs Payable	10,066,035	1,416,618	11,482,653	2,362,233
Net Pension Liability	2,637,845	256,868	2,894,714	1,053,473
Advances from Primary Government	-	-	-	1,032,025
Pollution Remediation Obligation	24,792	-	24,792	-
Asset Retirement Obligation	-	-	-	21,040
Net OPEB Liability	-	-	-	19,563
Total OPEB Liability	84,184	8,570	92,753	19,600
Total Noncurrent Liabilities	<u>15,397,028</u>	<u>1,839,762</u>	<u>17,236,790</u>	<u>7,156,501</u>
Total Liabilities	<u>21,646,311</u>	<u>2,256,979</u>	<u>23,903,290</u>	<u>9,872,937</u>
DEFERRED INFLOWS OF RESOURCES				
Leases Receivable	28,365	-	28,365	95,056
Hedging Derivatives	-	19,400	19,400	-
Gain on Refunding	12,902	279	13,181	1,056
Life Income Agreements and Pending Funds	-	-	-	192,363
Loan Origination	-	3,657	3,657	-
Related to Pensions	2,060,654	200,545	2,261,199	900,712
Related to OPEB	96,420	7,862	104,282	38,857
Total Deferred Inflows of Resources	<u>2,198,341</u>	<u>231,744</u>	<u>2,430,084</u>	<u>1,228,044</u>
NET POSITION				
Net Investment in Capital Assets	12,129,260	544,117	12,329,175	4,384,234
Restricted-Nonexpendable	10,634	-	10,634	2,403,965
Restricted for:				
Health and Social Services Programs	-	-	342,392	-
Transportation Programs	269,717	-	269,717	-
Natural Resource Programs	1,131,430	-	1,131,430	-
Education	3,257,184	-	3,257,184	1,981,903
Community Protection	163,319	-	163,319	-
Consumer Protection	211,168	-	211,168	-
Employment Services	247,162	-	247,162	-
Workers' Compensation	-	-	-	2,425,353
Residential Assistance	135,303	1,130	136,433	-
Debt Service	1,969	224,461	226,430	2,788
Capital Projects	112,220	-	112,220	77,787
OPEB	117,059	7,945	125,004	38,011
Other Purposes	703,210	-	703,210	-
Unrestricted	2,956,142	6,348,230	9,306,181	1,806,606
Total Net Position	<u>\$ 21,445,777</u>	<u>\$ 7,125,882</u>	<u>\$ 28,571,659</u>	<u>\$ 13,120,649</u>

State of Oregon

Statement of Activities
For the Year Ended June 30, 2022
(In Thousands)

	Program Revenues			Net (Expense) Revenue	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Primary Government:					
Governmental Activities:					
Education	\$ 8,671,042	\$ 34,963	\$ 1,531,480	\$ -	\$ (7,104,599)
Human Services	20,868,785	1,228,724	15,302,009	-	(4,338,052)
Public Safety	1,940,672	66,958	820,933	21,348	(1,031,433)
Economic and Community Development	1,402,727	156,632	915,818	-	(330,276)
Natural Resources	1,061,719	528,976	288,851	752	(243,140)
Transportation	2,424,731	197,000	790,858	194	(1,436,679)
Consumer and Business Services	427,194	169,552	53,193	-	(204,449)
Administration	879,135	215,202	473,183	-	(190,751)
Legislative	69,927	1,468	318	-	(68,141)
Judicial	553,674	136,135	2,252	-	(415,288)
Interest on Long-term Debt	355,041	-	-	-	(355,041)
Total Governmental Activities	<u>38,654,647</u>	<u>2,735,610</u>	<u>20,178,895</u>	<u>22,294</u>	<u>(15,717,848)</u>
Business-type Activities:					
Housing and Community Services	47,157	51,464	-	-	4,307
Veterans' Loan	16,550	15,883	455	-	(212)
Lottery Operations	701,809	1,678,219	-	-	976,410
Unemployment Compensation	1,320,191	1,225,792	923,453	-	829,054
State Hospitals	490,836	124,649	150,000	-	(216,186)
Liquor Control	641,800	844,261	-	-	202,461
Other Business-type Activities	171,419	163,193	35,161	546	27,481
Total Business-type Activities	<u>3,389,761</u>	<u>4,103,461</u>	<u>1,109,070</u>	<u>546</u>	<u>1,823,315</u>
Total Primary Government	<u>\$ 42,044,408</u>	<u>\$ 6,839,071</u>	<u>\$ 21,287,965</u>	<u>\$ 22,839</u>	<u>\$ (13,894,533)</u>
Component Units:					
SAIF Corporation	\$ 902,902	\$ 585,828	\$ 120,987	\$ -	\$ (196,087)
University of Oregon	1,031,466	619,990	786,091	42,764	417,379
Oregon State University	1,299,428	566,105	774,599	43,503	84,779
Portland State University	526,940	236,647	300,132	15,169	25,008
Other Component Units	4,867,953	3,777,412	946,828	39,157	(104,556)
Total Component Units	<u>\$ 8,628,689</u>	<u>\$ 5,785,981</u>	<u>\$ 2,928,636</u>	<u>\$ 140,593</u>	<u>\$ 226,522</u>

The notes to the financial statements are an integral part of this statement.

State of Oregon

Statement of Activities
For the Year Ended June 30, 2022
(In Thousands)

	<u>Primary Government</u>			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in Net Position:				
Net (Expense) Revenue	\$ (15,717,848)	\$ 1,823,315	\$ (13,894,533)	\$ 226,522
General Revenues:				
Taxes:				
Personal Income Taxes	11,772,886	-	11,772,886	-
Corporate Income Taxes	1,488,974	-	1,488,974	-
Corporate Activity Tax	1,219,388	-	1,219,388	-
Tobacco Taxes	459,571	-	459,571	-
Healthcare Provider Taxes	1,055,164	-	1,055,164	-
Insurance Premium Taxes	85,403	-	85,403	-
Marijuana Taxes	201,627	-	201,627	-
Other Taxes	776,867	21,704	798,571	-
Restricted for Transportation Purposes:				
Motor Fuel and Other Vehicle Taxes	1,574,518	-	1,574,518	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Workers' Compensation Insurance Taxes	92,391	-	92,391	-
Employer-Employee Taxes	190,859	-	190,859	-
Total Taxes	<u>18,917,649</u>	<u>21,704</u>	<u>18,939,353</u>	<u>-</u>
Unrestricted Investment Earnings	59,464	-	59,464	-
Contributions to Permanent Funds	307	-	307	-
Special Pmts to State Agencies				
Transfers - Internal Activities	779,800	(779,800)	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>19,757,219</u>	<u>(758,096)</u>	<u>18,999,124</u>	<u>-</u>
Change in Net Position	<u>4,039,371</u>	<u>1,065,220</u>	<u>5,104,590</u>	<u>226,522</u>
Net Position - Beginning	17,412,100	6,061,025	23,473,125	12,887,623
Prior Period Adjustments	(5,694)	-	(5,694)	-
Cumulative Effect of a Change in Accounting Principles	-	(363)	(363)	6,503
Net Position - Beginning - As Restated	<u>17,406,406</u>	<u>6,060,663</u>	<u>23,467,069</u>	<u>12,894,126</u>
Net Position - Ending	<u>\$ 21,445,777</u>	<u>\$ 7,125,882</u>	<u>\$ 28,571,659</u>	<u>\$ 13,120,649</u>

Balance Sheet
Governmental Funds
June 30, 2022
(In Thousands)

	General	Health and Social Services	Public Transportation
ASSETS			
Cash and Cash Equivalents	\$ 9,165,507	\$ 630,577	\$ 575,082
Investments	-	-	27,207
Securities Lending Collateral	51,952	4,910	3,171
Accounts and Interest Receivable (net)	14,427	825,341	90,398
Taxes Receivable (net)	514,295	315,610	62,491
Due from Other Funds	695,579	73,750	17,009
Due from Component Units	161	10,418	-
Due from Other Governments	9,001	-	-
Inventories	40,724	65,881	42,258
Prepaid Items	197,196	5,784	9,866
Advances to Other Funds	-	-	-
Advances to Component Units	-	-	-
Net Contracts, Notes, and Other Receivables	8,620	879,472	28,071
Leases Receivable	-	1,368	26,021
Loans Receivable (net)	1,685	287	22,240
Other Assets	-	-	-
Total Assets	\$ 10,699,147	\$ 2,813,398	\$ 903,813
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	\$ 639,162	\$ 700,974	\$ 132,525
Obligations Under Securities Lending	51,952	4,910	3,171
Due to Other Funds	259,967	359,403	22,283
Due to Component Units	5,761	43,727	2,054
Due to Other Governments	81,961	-	119,041
Unearned Revenue	839,942	323,522	81,737
Deposit Liabilities	16,395	16,697	1,295
Contracts, Mortgages, and Notes Payable	-	-	-
Advances from Other Funds	241	-	-
Total Liabilities	1,895,381	1,449,233	362,105
Deferred Inflows of Resources:			
Leases Receivable	-	1,368	25,623
Unavailable Revenue	174,047	880,573	31,073
Total Deferred Inflows of Resources	174,047	881,941	56,696
Fund Balances:			
Nonspendable	237,938	71,716	52,164
Restricted by:			
Federal Laws and Regulations	-	-	32,011
Oregon Constitution	951,167	5,335	8,501
Enabling Legislation	133,200	544,104	169,561
Debt Covenants	-	29,007	222,776
Donors and Other External Parties	-	14,309	-
Committed	1,285,824	155,665	-
Assigned	17,246	-	-
Unassigned	6,004,343	(337,912)	-
Total Fund Balances	8,629,719	482,224	485,012
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,699,147	\$ 2,813,398	\$ 903,813

The notes to the financial statements are an integral part of this statement.

State of Oregon

Educational Support	Common School	Other	Total
\$ 1,642,177	\$ 84,036	\$ 3,917,054	\$ 16,014,433
190,217	2,176,188	267,049	2,660,661
9,605	9,655	17,135	96,428
279,282	16,753	554,761	1,780,962
249,318	-	36,751	1,178,466
120,497	596	200,785	1,108,217
66,549	-	17,835	94,963
-	-	-	9,001
-	-	8,464	157,326
-	-	4,300	217,146
-	300	-	300
966,284	-	-	966,284
158	14	555,550	1,471,885
56	-	1,294	28,739
-	-	1,030,819	1,055,030
-	-	1,864	1,864
\$ 3,524,143	\$ 2,287,541	\$ 6,613,661	\$ 26,841,703
\$ 245,116	\$ 27,440	\$ 545,763	\$ 2,290,980
9,605	9,655	17,135	96,428
4,716	239	122,862	769,469
39,969	189	16,405	108,105
156,930	-	81,191	439,123
122,506	-	422,750	1,790,456
1	228,526	77,533	340,446
-	-	3,500	3,500
-	-	300	541
578,844	266,047	1,287,439	5,839,050
56	-	1,318	28,365
451	14	556,410	1,642,567
506	14	557,728	1,670,932
-	-	23,850	385,668
13,877	-	1,112,092	1,157,980
428,335	1,443,771	194,379	3,031,488
2,034,720	577,708	1,033,623	4,492,916
365,779	-	1,182,599	1,800,161
19,211	-	59,856	93,376
68,022	-	825,923	2,335,433
14,849	-	336,172	368,266
-	-	-	5,666,432
2,944,792	2,021,480	4,768,494	19,331,721
\$ 3,524,143	\$ 2,287,541	\$ 6,613,661	\$ 26,841,703

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Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022
(In Thousands)

Total fund balances of governmental funds \$ 19,331,721

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 2,051,949	
Buildings, property, and equipment	4,372,107	
Leased Assets	940,967	
Construction in progress	1,311,361	
Infrastructure	16,084,128	
Works of Art and Other Nondepreciable Assets	2,259	
Accumulated depreciation and amortization	<u>(8,786,999)</u>	
Total capital assets		15,975,772

Capital assets retired from service but not immediately sold or otherwise disposed of are removed from capital assets and reclassified as foreclosed and deeded property. 820

Some of the State's governmental revenues will be collected after year-end but are not available soon enough to pay the current year liabilities. 1,642,567

Gain or loss on debt refunding is reported as a deferred inflow of resources or a deferred outflow of resources, respectively, for governmental activities in the Statement of Net Position but are reported as expenditures in the funds.

Deferred outflows-loss on refunding	110,937
Deferred inflows-gain on refunding	(12,762)

The net pension liability and pension-related deferred inflows and outflows of resources are not financial resources and therefore are not reported in the funds. These consist of:

Net pension liability	(2,400,986)
Deferred outflows-related to pensions	1,494,254
Deferred inflows-related to pensions	(1,875,729)

The net OPEB asset, total OPEB liability, and OPEB-related deferred inflows and outflows of resources are not financial resources and therefore are not reported in the funds. These consist of:

Net OPEB asset	106,497
Total OPEB liability	(76,982)
Deferred outflows-related to OPEB	14,824
Deferred inflows-related to OPEB	(87,840)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position. 234,973

Some liabilities are not due and payable in the current year and therefore are not reported in the funds. Those liabilities consist of:

Accounts and interest payable	(79,726)	
Compensated absences payable	(281,695)	
Claims and judgments payable	(928,276)	
Arbitrage rebate payable	(157)	
Contracts, mortgages, and notes payable	(212,729)	
Lease Obligations	(862,872)	
Bonds and COPs payable	(10,606,512)	
Pollution remediation obligation	<u>(40,322)</u>	
Total long-term liabilities		<u>(13,012,288)</u>

Net position of governmental activities \$21,445,777

The notes to the financial statements are an integral part of this statement.

State of Oregon

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022
(In Thousands)**

	General	Health and Social Services	Public Transportation
REVENUES			
Personal Income Taxes	\$ 12,325,489	\$ -	\$ -
Corporate Income Taxes	1,532,104	-	-
Corporate Activity Taxes	7,947	-	-
Tobacco Taxes	54,393	405,052	-
Healthcare Provider Taxes	647	905,720	-
Insurance Premium Taxes	85,403	-	-
Motor Fuel and Other Vehicle Taxes	-	-	1,575,135
Employer-Employee Taxes	122,057	-	-
Workers' Compensation Insurance Taxes	-	-	-
Marijuana Taxes	-	202,481	-
Other Taxes	548,784	-	2,899
Licenses and Fees	118,970	18,789	121,964
Federal	774,969	12,050,154	802,189
Rebates and Recoveries	1,191	539,902	7,284
Charges for Services	26,405	11,077	32,589
Fines, Forfeitures, and Penalties	17,581	2,064	10,618
Rents and Royalties	798	3	4,318
Investment Income	59,464	3,045	5,719
Sales	373	4,076	14,750
Assessments	-	-	-
Donations and Grants	4,635	486	-
Contributions to Permanent Funds	-	-	-
Tobacco Settlement Proceeds	-	84,433	-
Unclaimed and Escheat Property Revenue	-	-	-
Other	30,744	444,815	3,225
Total Revenues	15,711,953	14,672,096	2,580,689
EXPENDITURES			
Current:			
Education	351,428	-	-
Human Resources	3,009,959	14,412,970	-
Public Safety	1,288,560	-	-
Economic and Community Development	166,702	-	-
Natural Resources	236,686	-	-
Transportation	29,202	-	1,055,377
Consumer and Business Services	8,601	-	-
Administration	379,468	2,445	-
Legislative	60,362	-	-
Judicial	469,183	1,367	-
Intergovernmental	6,704,447	476,135	965,694
Capital Outlay	549,082	199,472	761,032
Debt Service:			
Principal	258,559	18,484	6,259
Interest	160,929	642	1,359
Other Debt Service	408	31	38
Total Expenditures	13,673,575	15,111,545	2,789,759
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,038,378	(439,449)	(209,070)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	1,793,738	249,911	159,897
Transfers to Other Funds	(1,900,274)	(161,326)	(287,754)
Insurance Recoveries	433	-	801
Long-term Debt Issued	577,499	205,280	67,979
Debt Issuance Premium	6,363	1,378	630
Total Other Financing Sources (Uses)	477,758	295,243	(58,448)
Net Change in Fund Balances	2,516,136	(144,206)	(267,518)
Fund Balances - Beginning	6,107,882	666,027	752,618
Prior Period Adjustments	(16)	16	-
Fund Balances - Beginning - As Restated	6,107,866	666,043	752,618
Change in Inventories	5,717	(39,613)	(89)
Fund Balances - Ending	\$ 8,629,719	\$ 482,224	\$ 485,012

The notes to the financial statements are an integral part of this statement.

State of Oregon

Educational Support	Common School	Other	Total
\$ -	\$ -	\$ -	\$ 12,325,489
-	-	-	1,532,104
1,211,441	-	-	1,219,388
-	-	-	459,445
-	-	148,798	1,055,164
-	-	-	85,403
-	-	-	1,575,135
-	-	69,532	191,589
-	-	92,391	92,391
-	-	-	202,481
430	-	201,468	753,581
740	1,599	413,720	675,781
859,526	613	4,640,122	19,127,573
44	35	21,491	569,948
14,060	295	226,345	310,772
106	125	132,597	163,089
169	5,137	7,150	17,574
67,434	(119,245)	11,886	28,302
13,521	10	112,473	145,202
-	-	58,491	58,491
8,119	-	31,767	45,007
-	-	307	307
-	-	-	84,433
-	271,066	-	271,066
3,735	1,306	115,933	599,757
<u>2,179,324</u>	<u>160,940</u>	<u>6,284,470</u>	<u>41,589,473</u>
186,681	-	342,942	881,050
-	-	2,615,520	20,038,449
-	-	265,878	1,554,438
-	-	1,006,014	1,172,717
-	30,031	664,924	931,640
-	-	8,922	1,093,501
-	-	380,359	388,960
8,158	2,485	33,609	426,166
-	-	843	61,204
-	-	64,205	534,756
1,762,227	119	768,932	10,677,553
3,061	5,230	370,673	1,888,550
66,346	69	352,929	702,645
48,411	28	212,040	423,408
81	-	2,300	2,857
<u>2,074,964</u>	<u>37,962</u>	<u>7,090,090</u>	<u>40,777,895</u>
104,360	122,979	(805,620)	811,577
426,149	124,887	1,359,865	4,114,447
(384,305)	(113,899)	(454,819)	(3,302,377)
-	2,173	5,942	9,349
12,093	4,301	780,407	1,647,560
762	-	34,256	43,389
<u>54,699</u>	<u>17,463</u>	<u>1,725,652</u>	<u>2,512,368</u>
<u>159,059</u>	<u>140,441</u>	<u>920,032</u>	<u>3,323,945</u>
2,785,733	1,881,038	3,848,528	16,041,827
-	-	86	86
2,785,733	1,881,038	3,848,614	16,041,912
-	-	(152)	(34,136)
<u>\$ 2,944,792</u>	<u>\$ 2,021,480</u>	<u>\$ 4,768,494</u>	<u>\$ 19,331,721</u>

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State of Oregon

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022
(In Thousands)**

Net change in fund balances of total governmental funds \$ 3,323,945

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlay is reported as an expenditure in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and amortization expense. In the current year, these amounts are:

Capital outlay	\$ 1,904,840	
Depreciation and amortization expense	<u>(618,867)</u>	
Excess of capital outlays over depreciation and amortization		1,285,973

The net effect of sales, transfers, impairments, and donations of capital assets is a decrease to net position. (15,740)

A portion of the settlement activities were not recognized in the governmental funds because the activity was inconsistent with the current financial resources measurement focus and modified accrual basis of accounting. 3,272

Proceeds from the issuance of debt provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.

Bond proceeds	(684,219)	
Leases incurred	<u>(1,008,755)</u>	
Total proceeds from the issuance of debt		(1,692,974)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 703,091

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these become a component of Bonds/COPs payable and are amortized in the Statement of Activities. 63,600

Some expenses reported in the Statement of Activities do not require the use of current financial resources; thus, they are not reported as expenditures in governmental funds.

Net OPEB asset	35,925	
Accounts and interest payable	12,421	
Compensated absences payable	(5,553)	
Claims and judgments payable	21	
Contracts, mortgages, and notes payable	32,155	
Net pension liability	4,345	
Pollution remediation obligation	3,332	
Net OPEB liability	6,878	
Total OPEB liability	<u>937</u>	
Total		90,461

Investment income related to rebatable arbitrage does not provide current financial resources and is not reported as revenue in the governmental funds. 55

Some revenues will not be collected for several months after the State's fiscal year ends. Therefore, they are not considered "available" revenues in the governmental funds. 304,627

Change in inventory is reported as a separate line after the change in fund balances in the governmental statements, but is included in expenses in the governmental activities. (34,136)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported within governmental activities. 7,197

Change in net position of governmental activities \$ 4,039,371

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2022
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 27,541	\$ 83,503	\$ 425,771
Cash and Cash Equivalents - Restricted	15,077	3,321	-
Investments	-	11,489	11,131
Investments - Restricted	22,481	-	-
Securities Lending Collateral	580	857	33,559
Accounts and Interest Receivable (net)	3,665	1,213	23,410
Due from Other Funds	573	308	-
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Inventories	-	-	1,836
Prepaid Items	-	8	3,575
Loans Receivable (net)	28,428	8,983	-
Foreclosed and Deeded Property	-	-	-
Total Current Assets	98,345	109,681	499,281
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	106,554
Cash and Cash Equivalents - Restricted	107,940	71,826	-
Investments	-	-	101,289
Investments - Restricted	160,508	-	-
Advances to Other Funds	-	-	-
Advances to Component Units	-	-	-
Net Contracts, Notes, and Other Receivables	-	5,029	6,585
Loans Receivable (net)	811,206	289,656	-
Net OPEB Asset	159	153	1,561
Derivative Instrument Assets	12,369	7,031	-
Capital Assets:			
Land	-	-	-
Buildings, Property, and Equipment	183	11,145	300,825
Leased Assets	27	64	1,773
Construction in Progress	-	-	-
Infrastructure	-	-	-
Works of Art and Other Nondepreciable Assets	-	627	-
Less Accumulated Depreciation and Amortization	(197)	(6,211)	(222,823)
Total Noncurrent Assets	1,092,196	379,319	295,763
Total Assets	1,190,542	489,000	795,044
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	465	-	-
Related to Pensions	2,937	1,580	20,078
Related to OPEB	28	19	223
Total Deferred Outflows of Resources	3,430	1,599	20,301

The notes to the financial statements are an integral part of this statement.

State of Oregon

Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds	
Unemployment Compensation	Other	Total		
\$ 4,845,069	\$ 755,022	\$ 6,136,906	\$ 662,504	
-	3,734	22,132	5,890	
-	11,611	34,231	-	
-	-	22,481	30,817	
12	4,692	39,701	6,759	
356,816	30,658	415,762	137,814	
-	31,447	32,328	4,490	
-	6,641	6,641	-	
1,481	-	1,481	-	
-	59,495	61,331	1,224	
-	783	4,365	9,365	
-	42,839	80,249	-	
-	-	-	555	
5,203,379	946,922	6,857,609	859,418	
-	-	106,554	-	
-	64,522	244,289	91,501	
-	-	101,289	-	
-	-	160,508	-	
-	-	-	241	
-	65,741	65,741	-	
106,826	21	118,460	16	
-	437,222	1,538,084	-	
-	6,071	7,945	10,562	
-	-	19,400	-	
-	17,446	17,446	13,595	
-	631,876	944,029	706,457	
-	8,394	10,259	123,225	
-	10,159	10,159	29,161	
-	3,606	3,606	767	
-	167	794	215	
-	(190,932)	(420,163)	(433,347)	
106,826	1,054,294	2,928,399	542,393	
5,310,205	2,001,217	9,786,008	1,401,811	
-	1,565	2,030	110	
-	140,589	165,185	147,609	
-	1,134	1,404	1,491	
-	143,289	168,619	149,210	

(continued on next page)

Statement of Net Position

Proprietary Funds

June 30, 2022

(In Thousands)

(continued from previous page)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	13,439	706	18,225
Obligations Under Securities Lending	580	857	33,559
Due to Other Funds	174	-	233,111
Due to Component Units	-	-	-
Due to Other Governments	41	-	-
Unearned Revenue	527	-	1,370
Compensated Absences Payable	87	233	3,551
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	38,851
Deposit Liabilities	-	3,321	-
Contracts, Mortgages, and Notes Payable	49	65	3,298
Lease Obligations	7	21	447
Bonds/COPs Payable	12,335	15,030	-
Total Current Liabilities	27,240	20,233	332,411
Noncurrent Liabilities:			
Compensated Absences Payable	49	131	1,997
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	112,458
Arbitrage Rebate Payable	-	7,611	-
Deposit Liabilities	-	-	-
Contracts, Mortgages, and Notes Payable	266	354	4,808
Lease Obligations	2	19	502
Bonds/COPs Payable	891,780	315,502	-
Net Pension Liability	4,103	2,599	30,791
Total OPEB Liability	120	72	956
Total Noncurrent Liabilities	896,320	326,289	151,512
Total Liabilities	923,560	346,522	483,923
DEFERRED INFLOWS OF RESOURCES			
Hedging Derivatives	12,369	7,031	-
Gain on Refunding	80	-	-
Loan Origination	3,657	-	-
Related to Pensions	3,203	2,029	24,040
Related to OPEB	136	111	1,224
Total Deferred Inflows of Resources	19,445	9,172	25,264
NET POSITION			
Net Investment in Capital Assets	5	5,584	73,363
Restricted for:			
Residential Assistance	1,130	-	-
Debt Service	224,461	-	-
Capital Projects	-	-	-
OPEB	159	153	1,561
Unrestricted	25,211	129,169	231,235
Total Net Position	\$ 250,967	\$ 134,906	\$ 306,159

The notes to the financial statements are an integral part of this statement.

State of Oregon

Business-type Activities - Enterprise Funds			
Unemployment Compensation	Other	Total	Governmental Activities Internal Service Funds
134,544	66,682	233,595	43,690
12	4,692	39,701	6,759
16,970	89,433	339,688	35,891
-	88	88	-
3,714	4	3,759	-
-	1,469	3,366	59,712
-	13,585	17,455	22,130
-	848	848	59,735
-	-	38,851	-
-	25,835	29,156	856
-	2,586	5,998	4,029
-	1,096	1,571	9,438
-	15,295	42,660	9,192
155,240	221,613	756,737	251,433
-	7,520	9,697	12,448
-	-	-	351,477
-	-	112,458	-
-	-	7,611	-
-	2,207	2,207	-
-	13,483	18,911	10,024
-	6,299	6,822	103,649
-	209,336	1,416,618	149,813
-	219,375	256,868	236,860
-	7,422	8,570	7,202
-	465,642	1,839,762	871,473
155,240	687,255	2,596,499	1,122,906
-	-	19,400	-
-	199	279	139
-	-	3,657	-
-	171,273	200,545	184,924
-	6,390	7,862	8,581
-	177,863	231,744	193,644
-	465,165	544,117	246,585
-	-	1,130	-
-	-	224,461	154
-	-	-	83,874
-	6,071	7,945	10,562
5,154,964	808,152	6,348,731	(106,704)
\$ 5,154,964	\$ 1,279,388	\$ 7,126,384	\$ 234,471

Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included within the business-type activities.

	<u>\$ (501)</u>
Net position of business-type activities	<u>\$ 7,125,882</u>

State of Oregon

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
OPERATING REVENUES:			
Assessments	\$ -	\$ -	\$ -
Licenses and Fees	-	86	-
Federal	-	-	-
Rebates and Recoveries	5	2	-
Charges for Services	19,153	3,048	-
Fines, Forfeitures, and Penalties	-	-	-
Rents and Royalties	-	824	-
Sales	-	5	1,675,311
Loan Interest Income	32,323	11,845	-
Other	-	74	3,435
Gain (Loss) on Foreclosed Property	(12)	-	-
Total Operating Revenues	51,469	15,886	1,678,746
OPERATING EXPENSES:			
Salaries and Wages	8,846	4,315	44,868
Services and Supplies	9,607	4,683	374,736
Cost of Goods Sold	-	-	-
Distributions to Other Governments	101	-	-
Special Payments	2,179	-	250,392
Lease Interest Expense	-	1	-
Bond and COP Interest	26,373	7,901	-
Depreciation and Amortization	11	211	22,771
Bad Debt Expense	-	31	-
Total Operating Expenses	47,117	17,142	692,767
Operating Income (Loss)	4,352	(1,257)	985,980
NONOPERATING REVENUES (EXPENSES):			
Investment Income (Loss)	(4,637)	455	(8,970)
Other Grants	-	-	-
Other Taxes	-	-	-
Debt Proceeds	-	-	-
Gain (Loss) on Disposition of Assets	-	-	7
Gain (Loss) on Debt Extinguishment	4,418	613	-
Insurance Recovery	-	-	10
Settlement Activities	-	-	-
Loan Interest Income	-	-	-
Other Interest Expense	(18)	(24)	(498)
Principal Payments on Leased Assets - Proprietary	-	-	-
Other Nonoperating Items	(5)	(2)	(40)
Total Nonoperating Revenues (Expenses)	(243)	1,041	(9,491)
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	4,109	(216)	976,488
Capital Contributions	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(3,274)	(172)	(917,277)
Change in Net Position	835	(388)	59,211
Net Position - Beginning	250,131	135,294	246,948
Prior Period Adjustments	-	-	-
Cumulative Effect of Change in Accounting Principles	-	-	-
Net Position - Beginning - As Restated	250,131	135,294	246,948
Net Position - Ending	\$ 250,967	\$ 134,906	\$ 306,159

The notes to the financial statements are an integral part of this statement.

State of Oregon

Business-type Activities - Enterprise Funds					
Unemployment Compensation	Other	Total	Governmental Activities Internal Service Funds		
\$ 1,212,491	\$ -	\$ 1,212,491	\$ -		
-	10,686	10,773	-		
850,315	26,486	876,800	-		
-	95	103	40,102		
-	235,297	257,499	1,611,288		
5,587	224	5,811	40		
-	150	974	56,481		
-	866,141	2,541,457	2,848		
-	15,563	59,732	-		
7,855	3,929	15,294	23,433		
-	-	(12)	-		
<u>2,076,247</u>	<u>1,158,573</u>	<u>4,980,920</u>	<u>1,734,192</u>		
-	433,314	491,342	406,909		
-	265,191	654,216	1,222,764		
-	453,069	453,069	-		
-	88,297	88,398	-		
1,318,796	39,018	1,610,384	26,159		
-	272	273	2,159		
-	5,452	39,727	2,437		
-	18,483	41,476	39,021		
-	-	31	-		
<u>1,318,796</u>	<u>1,303,095</u>	<u>3,378,917</u>	<u>1,699,450</u>		
<u>757,451</u>	<u>(144,522)</u>	<u>1,602,004</u>	<u>34,742</u>		
73,139	2,663	62,649	1,935		
-	156,013	156,013	-		
-	21,704	21,704	-		
-	11	18	1,412		
-	-	5,030	-		
-	-	10	568		
-	24	24	138		
-	-	-	18		
-	(970)	(1,511)	(610)		
(141)	(7)	(195)	(8)		
<u>72,998</u>	<u>179,437</u>	<u>243,742</u>	<u>3,453</u>		
830,449	34,915	1,845,746	38,195		
-	546	546	-		
-	394,097	394,097	3,644		
-	(253,174)	(1,173,897)	(35,914)		
<u>830,449</u>	<u>176,384</u>	<u>1,066,491</u>	<u>5,925</u>		
4,324,515	1,103,367	6,060,255	229,084		
-	-	-	(537)		
-	(363)	(363)	-		
<u>4,324,515</u>	<u>1,103,004</u>	<u>6,059,892</u>	<u>228,546</u>		
\$ 5,154,964	\$ 1,279,388	\$ 7,126,384	\$ 234,471		

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with the business-type activities.

	<u>\$ (1,272)</u>
Change in net position of business-type activities	<u>\$ 1,065,220</u>

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 19,838	\$ 3,054	\$ 1,673,212
Receipts from Other Funds for Services	-	891	-
Loan Principal Repayments	167,843	62,857	-
Loan Interest Received	31,017	9,399	-
Grant Receipts	-	-	-
Taxes and Assessments Received	-	-	-
Payments to Employees for Services	(9,351)	(4,661)	(39,861)
Payments to Suppliers	(7,488)	(1,134)	(395,570)
Payments to Other Funds for Services	-	(2,692)	-
Payments to Prize Winners	-	-	(259,708)
Claims Paid	-	-	-
Loans Made	(150,728)	(88,807)	-
Distributions to Other Governments	-	-	-
Other Receipts (Payments)	(3,009)	200	2,488
Net Cash Provided (Used) in Operating Activities	<u>48,122</u>	<u>(20,892)</u>	<u>980,562</u>
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bond/COP Sales	188,635	47,496	-
Advances Received	-	-	-
Principal Payments on Bonds/COPs	(258,705)	(54,190)	-
Principal Payments on Loans	(56)	(74)	(306)
Interest Payments on Bonds/COPs	(29,743)	(8,407)	-
Interest Payments on Loans	(18)	(24)	(316)
Interest Receipts on Advances Made	-	-	-
Bond/COP Issuance Costs	(1,573)	(815)	-
Taxes and Assessments Received	-	-	-
Grant Receipts	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(3,237)	(172)	(910,828)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>(104,697)</u>	<u>(16,187)</u>	<u>(911,449)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Bond/COP Sales	-	-	-
Principal Payments on Leases	(8)	(24)	(825)
Principal Payments on Bonds/COPs	-	-	-
Principal Payments on Loans	-	-	(2,967)
Interest Payments on Leases	-	(1)	(4)
Interest Payments on Bonds/COPs	-	-	-
Interest Payments on Loans	-	-	(177)
Bond/COP Issuance Costs	-	-	-
Acquisition of Capital Assets	-	(15)	(28,603)
Proceeds from Disposition of Capital Assets	-	-	66
Insurance Recoveries for Capital Assets	-	-	10
Capital Contributions	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(8)</u>	<u>(39)</u>	<u>(32,501)</u>
Cash Flows from Investing Activities:			
Purchases of Investments	(305,324)	-	(12,661)
Proceeds from Sales and Maturities of Investments	369,503	-	11,079
Interest on Investments and Cash Balances	2,823	1,295	2,468
Interest Income from Securities Lending	10	5	105
Interest Expense from Securities Lending	(5)	(2)	(40)
Interest Expense	-	-	(14)
Loan Principal Repayments	-	-	-
Loan Interest Received	-	-	-
Loans Made	-	-	-
Net Cash Provided (Used) in Investing Activities	<u>67,007</u>	<u>1,297</u>	<u>938</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,424	(35,821)	37,548
Cash and Cash Equivalents - Beginning	140,135	194,470	494,776
Cash and Cash Equivalents - Ending	<u>\$ 150,559</u>	<u>\$ 158,650</u>	<u>\$ 532,325</u>

The notes to the financial statements are an integral part of this statement.

State of Oregon

Business-type Activities - Enterprise Funds			Governmental
Unemployment			Activities Internal
Compensation	Other	Total	Service Funds
\$ -	\$ 969,287	\$ 2,665,391	\$ 52,380
-	106,651	107,541	1,976,486
-	-	230,700	-
-	-	40,416	-
1,072,033	-	1,072,033	-
1,193,198	-	1,193,198	-
-	(467,954)	(521,828)	(453,837)
-	(631,851)	(1,036,042)	(539,214)
-	(66,943)	(69,634)	(35,223)
-	-	(259,708)	-
(1,570,390)	(31,035)	(1,601,426)	(827,066)
-	-	(239,535)	-
-	(79,517)	(79,517)	-
11,056	36,604	47,339	54,602
705,896	(164,760)	1,548,928	228,128
-	-	236,131	-
-	6,330	6,330	-
-	(15,855)	(328,750)	-
-	(3,028)	(3,464)	(3,506)
-	(6,094)	(44,245)	-
-	(960)	(1,318)	(841)
-	-	-	9
-	(11)	(2,398)	-
-	21,721	21,721	-
-	156,013	156,013	-
-	394,092	394,092	10,211
-	(233,244)	(1,147,482)	(130,462)
-	318,965	(713,369)	(124,590)
-	61,279	61,279	83,338
-	(998)	(1,854)	(10,171)
-	-	-	(6,779)
-	-	(2,967)	(2,099)
-	(184)	(189)	(2,159)
-	-	-	(3,157)
-	-	(177)	(212)
-	(189)	(189)	(349)
-	(11,536)	(40,154)	(43,806)
-	13	79	3,490
-	-	10	571
-	2,186	2,186	-
-	50,571	18,022	18,665
-	-	(317,984)	(9,000)
-	-	380,583	2,496
72,873	3,506	82,965	4,153
266	13	399	15
(141)	(7)	(195)	(8)
-	-	(14)	-
-	52,706	52,706	-
-	15,383	15,383	-
-	(51,699)	(51,699)	-
72,998	19,903	162,143	(2,344)
778,894	224,679	1,015,725	119,860
4,066,175	598,599	5,494,156	640,035
\$ 4,845,069	\$ 823,278	\$ 6,509,881	\$ 759,895

(continued on next page)

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022
(In Thousands)
(continued from previous page)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Operating Income (Loss)	\$ 4,352	\$ (1,257)	\$ 985,980
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Depreciation and Amortization	11	211	22,771
Amortization of Bond/COP Premium and Discount	(891)	(480)	-
Noncash Services Received Pursuant to Settlement Activities	-	-	-
Amortization of Other Bond/COP Related Costs	57	-	-
Bad Debt Expense	-	31	-
Interest Receipts Reported as Operating Revenue	-	-	-
Interest Payments Reported as Operating Expense	29,743	8,408	-
Bond/COP Issuance Costs Reported as Operating Expense	1,573	815	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	531	51	(2,657)
Due from Other Funds	(468)	36	-
Due from Other Governments	-	-	-
Inventories	-	-	(487)
Prepaid Items	-	10	(1,525)
Net Contracts, Notes and Other Receivables	-	(2,667)	530
Loans Receivable	16,107	(23,282)	-
Net OPEB Asset	(138)	(130)	(880)
Foreclosed and Deeded Property	123	-	-
Accounts and Interest Payable	(2,281)	(87)	331
Due to Other Funds	119	(100)	-
Due to Component Units	-	-	-
Due to Other Governments	35	-	-
Unearned Revenue	(117)	-	448
Compensated Absences Payable	(151)	(41)	493
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	(9,316)
Arbitrage Rebate Payable	-	(2,430)	-
Deposit Liabilities	-	125	-
Contracts, Mortgages, and Notes Payable	-	-	-
Net Pension Liability	(2,928)	(2,113)	(41,306)
Net OPEB Liability	(12)	(9)	(124)
Total OPEB Liability	(41)	(25)	(192)
Net Changes in Deferred Outflows of Resources:			
Loss on Refunding	-	-	-
Related to Pensions	(507)	23	2,944
Related to OPEB	5	8	309
Net Changes in Deferred Inflows of Resources:			
Gain on Refunding	-	-	-
Loan Origination	(144)	-	-
Related to Pensions	3,044	1,935	22,402
Related to OPEB	100	74	840
Total Adjustments	43,770	(19,636)	(5,418)
Net Cash Provided (Used) by Operating Activities	<u>\$ 48,122</u>	<u>\$ (20,892)</u>	<u>\$ 980,562</u>
Noncash Investing and Capital and Related Financing Activities:			
Net Change in Fair Value of Investments	\$ (7,414)	\$ (845)	\$ (11,543)
Capital Assets Acquired Through Long-term Contracts	-	-	2,080
Loan Modification	900	-	-

The notes to the financial statements are an integral part of this statement.

State of Oregon

Business-type Activities - Enterprise Funds				Governmental
Unemployment Compensation	Other	Total	Activities Internal Service Funds	
\$ 757,451	\$ (144,522)	\$ 1,602,004	\$	34,742
-	18,483	41,476	-	39,021
-	(973)	(2,344)	-	(1,076)
-	24	24	-	138
-	-	57	-	-
-	-	31	-	-
-	(15,383)	(15,383)	-	-
-	6,264	44,415	-	4,582
-	200	2,587	-	-
170,745	(2,712)	165,958	-	(5,631)
193	(13,116)	(13,355)	-	10,106
2,157	-	2,157	-	-
-	(3,421)	(3,908)	-	(111)
-	(353)	(1,867)	-	528
(78,466)	7	(80,596)	-	3
-	3,574	(3,602)	-	-
-	(5,250)	(6,398)	-	(9,136)
-	-	123	-	-
(142,699)	14,238	(130,498)	-	7,476
(2,892)	10,317	7,444	-	2,298
-	(105)	(105)	-	-
(592)	(901)	(1,457)	-	-
-	108	439	-	59,712
-	(1,034)	(732)	-	1,830
-	18	18	-	86,926
-	-	(9,316)	-	-
-	-	(2,430)	-	-
-	(9,710)	(9,585)	-	1,500
-	52	52	-	465
-	(181,088)	(227,434)	-	(181,467)
-	(619)	(763)	-	(654)
-	(1,675)	(1,933)	-	(1,255)
-	175	175	-	109
-	(4,577)	(2,117)	-	(4,169)
-	392	714	-	375
-	199	199	-	(197)
-	-	(144)	-	-
-	162,175	189,555	-	175,747
-	4,455	5,469	-	6,266
(51,555)	(20,237)	(53,076)	-	193,386
\$ 705,896	\$ (164,760)	\$ 1,548,928	\$	228,128
\$	-	\$ (854)	\$	(2,362)
-	-	2,080	-	-
-	-	900	-	-

State of Oregon

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022
(In Thousands)

	Custodial Funds			
	Pension and Other Employee Benefit Trust	Private Purpose Trust	External Investment Pools	Other
ASSETS				
Cash and Cash Equivalents	\$ 4,871,863	\$ 47,509	\$ 9,334,745	\$ 146,913
Investments:				
Fixed Income	19,201,300	114	18,927	-
Public Equity	23,715,061	1,012	-	-
Real Estate and Real Estate Investment Trusts	13,484,899	-	-	-
Annuity Contracts	-	63	-	-
Private Equity	24,588,062	-	-	-
Real Assets	7,493,706	-	-	-
Diversifying Strategies	5,192,617	-	-	-
Opportunity Portfolio	2,248,492	-	-	-
Total Investments	95,924,139	1,190	18,927	-
Performance Deposits	-	1,603,304	-	-
Conservatorship and Other Assets	-	2,866	-	845
Securities Lending Collateral	458,657	276	46,929	-
Receivables:				
Employer Contributions	47,486	-	-	-
Plan Member Contributions	27,901	-	-	-
Interest and Dividends	155,423	-	19,747	-
Member Loans	13,355	-	-	-
Investment Sales	3,251,639	-	1,714	-
Transitional Liability	305,741	-	-	-
Accounts	-	639	6,681	9,994
From Other Funds	23,177	19	-	31
From Other Governments	-	1,325	-	-
Leases	242	-	-	-
Loans	-	-	1,022	-
Total Receivables	3,824,966	1,982	29,164	10,026
Prepaid Items	11,138	-	-	-
Receivership Assets	-	11,337	-	-
Capital Assets (net of \$35,874 accumulated depreciation and amortization):				
Land	944	-	-	-
Buildings, Property, and Equipment	19,657	-	-	-
Leased Assets	429	-	-	-
Total Assets	105,111,793	1,668,464	9,429,765	157,783
LIABILITIES				
Accounts and Interest Payable	5,026,712	1,792	70,706	15
Obligations Under Securities Lending	458,756	276	46,978	-
Due to Other Funds	23,058	-	-	155
Deposit Liabilities	67,584	-	-	-
Contracts, Mortgages, and Notes Payable	-	708	-	-
Lease Obligations	488	-	-	-
Total Liabilities	5,576,597	2,776	117,684	170
DEFERRED INFLOWS OF RESOURCES				
Leases Receivable	241	-	-	-
Total Deferred Inflows of Resources	241	-	-	-
NET POSITION				
Restricted for Pension Benefits	96,215,239	-	-	-
Restricted for Other Postemployment Benefits	814,027	-	-	-
Restricted for Other Employee Benefits	2,505,688	-	-	-
Amount Held for Pool Participants	-	-	9,312,081	-
Amount Held for Individuals, Organizations, and Other Governments	-	1,665,687	-	157,613
Total Net Position	\$ 99,534,954	\$ 1,665,687	\$ 9,312,081	\$ 157,613

The notes to the financial statements are an integral part of this statement.

State of Oregon

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022
(In Thousands)**

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial Funds	
			External Investment Pools	Other
ADDITIONS				
Contributions:				
Employer	\$ 4,040,882	\$ -	\$ -	\$ -
Plan Members	985,891	-	-	-
Total Contributions	5,026,773	-	-	-
Investment Income:				
Net Appreciation (Depreciation) in Fair Value of Investments	(547,515)	36	(167,670)	-
Interest, Dividends, and Other Investment Income	2,206,558	319	71,055	184
Total Investment Income	1,659,043	355	(96,615)	184
Less Investment Expense	1,444,803	1	7,424	-
Net Investment Income	214,240	354	(104,039)	184
Taxes Collected on Behalf of Other Governments	-	-	-	499,575
Federal	-	-	-	124,176
Fines, Forfeitures, and Penalties	-	-	-	7,554
Income of Individuals in State Care	-	-	-	59,838
Veterans' Income	-	7,288	-	-
Unclaimed and Escheat Property Revenue	-	-	-	11,906
Other Income	16,385	387,090	-	49,503
Share Transactions:				
Participant Contributions	-	-	23,988,606	-
Participant Withdrawals	-	-	23,726,547	-
Net Share Transactions	-	-	262,059	-
Total Additions	5,257,397	394,731	158,020	752,736
DEDUCTIONS				
Benefits	6,368,199	-	-	-
Death Benefits	5,732	-	-	-
Contributions Refunded	14,893	-	-	-
Healthcare Premium Subsidies	34,041	-	-	-
Distribution to Other Governments	-	-	-	672,873
Special Payments to State Agencies	-	-	-	181
Distribution to Participants	-	-	46,475	-
Administrative Expenses	74,959	9,223	-	2,811
Payments in Accordance with Agreements	-	365,508	-	60,563
Total Deductions	6,497,825	374,731	46,475	736,427
Change in Net Position:				
Restricted for Pension Benefits	(907,086)	-	-	-
Restricted for Other Postemployment Benefits	(17,276)	-	-	-
Restricted for Other Employee Benefits	(316,065)	-	-	-
Amount Held for Pool Participants	-	-	111,545	-
Amount Held for Individuals, Organizations, and Other Governments	-	20,000	-	16,309
Net Position - Beginning	100,775,382	1,645,698	9,200,536	81,236
Prior Period Adjustments	-	(10)	-	60,069
Net Position - Beginning - As Restated	100,775,382	1,645,688	9,200,536	141,304
Net Position - Ending	\$ 99,534,954	\$ 1,665,687	\$ 9,312,081	\$ 157,613

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Discretely Presented Component Units
June 30, 2022
(In Thousands)

	SAIF Corporation	University of Oregon
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 76,232	\$ 493,681
Cash and Cash Equivalents - Restricted	-	-
Investments	4,939,096	468
Securities Lending Collateral	42,968	2,262
Accounts and Interest Receivable (net)	383,402	72,432
Pledges, Contributions, and Grants Receivable (net)	-	63,938
Due from Primary Government	8,652	12,571
Inventories	-	3,623
Prepaid Items	-	32,976
Leases Receivable	-	835
Total Current Assets	5,450,349	682,784
Noncurrent Assets:		
Cash and Cash Equivalents	-	211,881
Cash and Cash Equivalents - Restricted	-	-
Investments	-	2,020,922
Investments - Restricted	-	171,596
Net Contracts, Notes, and Other Receivables	-	37,470
Leases Receivable	-	3,753
Pledges, Contributions, and Grants Receivable (net)	-	187,387
Net OPEB Asset	3,811	7,812
Other Assets	-	-
Capital Assets:		
Land	2,922	110,696
Buildings, Property, and Equipment	173,498	2,907,122
Leased Assets	-	63,618
Construction in Progress	-	76,140
Infrastructure	-	59,267
Works of Art and Other Nondepreciable Assets	-	48,809
Less Accumulated Depreciation and Amortization	(53,687)	(1,093,031)
Total Noncurrent Assets	126,543	4,813,441
Total Assets	5,576,893	5,496,225
DEFERRED OUTFLOWS OF RESOURCES		
Hedging Derivatives	-	115
Goodwill	-	-
Loss on Refunding	-	-
Asset Retirement Obligations	-	-
Related to Pensions	84,213	141,741
Related to OPEB	1,834	1,323
Total Deferred Outflows of Resources	86,047	143,179

The notes to the financial statements are an integral part of this statement.

State of Oregon

Oregon State University	Portland State University	Other	Total
\$ 129,652	\$ 119,180	\$ 377,487	\$ 1,196,232
41,722	-	60,256	101,978
-	-	28,635	4,968,199
2,101	1,737	829	49,897
120,843	52,343	700,275	1,329,295
161,134	151,567	124,158	500,797
14,824	13,012	59,724	108,783
8,261	550	71,044	83,478
24,373	2,679	39,374	99,402
1,603	2,380	1,801	6,619
<u>504,513</u>	<u>343,448</u>	<u>1,463,583</u>	<u>8,444,679</u>
-	-	2,944	214,825
48,327	-	4,273	52,600
66,172	128,071	1,822,560	4,037,725
1,280,738	-	1,391,051	2,843,385
17,927	45	38,727	94,169
71,954	10,742	4,416	90,865
-	-	178,836	366,223
9,594	3,837	12,957	38,011
-	250	23,323	23,573
68,892	67,256	113,769	363,535
2,332,820	1,015,791	5,190,699	11,619,930
15,321	8,984	94,001	181,924
157,682	7,802	191,612	433,236
58,396	33,139	47,108	197,910
30,370	4,993	7,083	91,255
<u>(1,058,171)</u>	<u>(536,796)</u>	<u>(2,878,217)</u>	<u>(5,619,902)</u>
<u>3,100,021</u>	<u>744,115</u>	<u>6,245,143</u>	<u>15,029,265</u>
<u>3,604,534</u>	<u>1,087,563</u>	<u>7,708,725</u>	<u>23,473,944</u>
-	-	4,843	4,958
-	-	261	261
-	-	29,835	29,835
16,875	-	-	16,875
180,893	53,974	218,686	679,507
2,151	960	9,981	16,249
<u>199,919</u>	<u>54,934</u>	<u>263,606</u>	<u>747,685</u>

(continued on next page)

Statement of Net Position
Discretely Presented Component Units
June 30, 2022
(In Thousands)
(continued from previous page)

	SAIF Corporation	University of Oregon
LIABILITIES		
Current Liabilities:		
Accounts and Interest Payable	133,677	97,077
Obligations Under Securities Lending	42,972	2,262
Obligations Under Life Income Agreements	-	46,979
Due to Other Governments	1,901	-
Due to Primary Government	12,974	29,658
Unearned Revenue	243,014	562,539
Compensated Absences Payable	6,638	23,779
Reserve for Loss and Loss Adjustment Expense	330,671	-
Deposit Liabilities	-	29,579
Contracts, Mortgages, and Notes Payable	896	3,836
Lease Obligations	-	2,628
Bonds/COPs Payable	-	2,161
Total Current Liabilities	772,744	800,494
Noncurrent Liabilities:		
Unearned Revenue	-	1,404
Obligations Under Life Income Agreements	-	-
Compensated Absences Payable	-	-
Reserve for Loss and Loss Adjustment Expense	2,209,155	-
Contracts, Mortgages, and Notes Payable	5,508	59,955
Lease Obligations	-	48,468
Bonds/COPs Payable	-	446,184
Net Pension Liability	44,322	229,499
Advances from Primary Government	-	439,074
Asset Retirement Obligation	-	-
Net OPEB Liability	-	-
Total OPEB Liability	8,721	9,593
Total Noncurrent Liabilities	2,267,706	1,234,177
Total Liabilities	3,040,449	2,034,671
DEFERRED INFLOWS OF RESOURCES		
Leases Receivable	-	4,453
Gain on Refunding	-	-
Life Income Agreements and Pending Funds	-	-
Related to Pensions	66,187	179,177
Related to OPEB	4,407	8,046
Total Deferred Inflows of Resources	70,594	191,676
Net Position		
Net Investment in Capital Assets	122,732	1,312,700
Restricted-Nonexpendable	-	1,945,253
Restricted for:		
Education	-	21,399
Workers' Compensation	2,425,353	-
Debt Service	-	-
Capital Projects	-	60,041
OPEB	3,811	7,812
Unrestricted	-	65,851
Total Net Position	\$ 2,551,897	\$ 3,413,057

The notes to the financial statements are an integral part of this statement.

State of Oregon

Oregon State University	Portland State University	Other	Total
125,959	38,755	411,277	806,745
2,101	1,737	830	49,902
24,201	-	19	71,199
-	-	-	1,901
19,795	16,747	22,452	101,625
64,601	25,549	147,008	1,042,711
29,637	7,645	85,391	153,090
-	-	47,549	378,220
806	-	916	31,301
15,010	294	1,552	21,588
2,124	2,310	23,740	30,802
366	-	24,825	27,352
284,601	93,037	765,559	2,716,436
-	13,580	-	14,984
-	2,124	20,328	22,452
10,620	6,223	1,385	18,228
-	-	55,848	2,265,003
65,933	11,681	57,079	200,156
8,912	2,641	67,722	127,743
622,422	-	1,293,627	2,362,233
275,332	96,263	408,057	1,053,473
262,813	171,919	158,220	1,032,025
21,040	-	-	21,040
11,717	4,817	3,029	19,563
-	-	1,286	19,600
1,278,788	309,248	2,066,581	7,156,501
1,563,389	402,285	2,832,140	9,872,937
69,461	13,130	8,012	95,056
-	-	1,056	1,056
-	-	192,363	192,363
224,262	88,947	342,139	900,712
11,263	4,965	10,176	38,857
304,985	107,042	553,746	1,228,044
957,113	409,149	1,582,540	4,384,234
7,397	67,564	383,751	2,403,965
1,103,918	79,256	777,330	1,981,903
-	-	-	2,425,353
2,262	-	526	2,788
2,283	6,852	8,611	77,787
9,594	3,837	12,957	38,011
(146,488)	66,512	1,820,731	1,806,606
\$ 1,936,079	\$ 633,170	\$ 4,586,446	\$ 13,120,649

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Units
For the Year Ended June 30, 2022
(In Thousands)

	SAIF Corporation	University of Oregon
Operating Revenues:		
Federal Revenue	\$ -	\$ 633,880
Charges for Services	-	410,892
Rents and Royalties	-	-
Sales	-	246,344
Premiums Earned (net)	538,520	-
Gifts, Grants, and Contracts	-	4,033
Other Revenues	47,308	24,486
Total Operating Revenues	585,828	1,319,635
Operating Expenses:		
Salaries and Wages	-	666,577
Services and Supplies	-	193,520
Loss and Loss Adjustment Expense	506,926	-
Policyholders' Dividends	210,008	-
Underwriting Expenses	183,258	-
Depreciation and Amortization	-	94,643
Special Payments	-	76,726
Interest	-	-
Other Expenses	2,710	-
Total Operating Expenses	902,902	1,031,466
Operating Income (Loss)	(317,074)	288,170
Nonoperating Revenues (Expenses):		
Investment Income	120,987	24,980
State Appropriations	-	88,382
Other Grants	-	34,816
Gain/(Loss) on Disposition of Assets	-	(340)
Lease Interest Expense	-	-
Other Interest Expense	-	(31,940)
Other	-	(29,452)
Total Nonoperating Revenues (Expenses)	120,987	86,445
Income (Loss) Before Capital Contributions	(196,087)	374,614
Capital Contributions	-	42,764
Change in Net Position	(196,087)	417,378
Net Position - Beginning	2,747,984	2,996,843
Cumulative Effect of Change in Accounting Principles	-	(1,165)
Net Position - Beginning - As Restated	2,747,984	2,995,678
Net Position - Ending	\$ 2,551,897	\$ 3,413,057

The notes to the financial statements are an integral part of this statement.

State of Oregon

Oregon State University	Portland State University	Other	Total	Adjustments to Recast	Statement of Activities
\$ 239,794	\$ 42,423	\$ 411,306	\$ 1,327,403	\$ (1,327,403)	\$ -
354,633	170,569	3,285,213	4,221,307	1,564,675	5,785,981
-	-	846	846	(846)	-
238,548	74,604	54,414	613,910	(613,910)	-
-	-	-	538,520	(538,520)	-
249,731	40,256	420,416	714,436	2,214,201	2,928,636
46,662	7,047	402,255	527,758	(527,758)	-
1,129,367	334,899	4,574,449	7,944,180	770,439	8,714,617
824,584	327,627	2,830,021	4,648,809	-	4,648,809
340,151	94,971	1,676,131	2,304,773	-	2,304,773
-	-	-	506,926	-	506,926
-	-	-	210,008	-	210,008
-	-	-	183,258	-	183,258
72,865	32,291	234,369	434,168	-	434,168
61,828	72,051	81,471	292,076	-	292,076
-	-	45,958	45,958	-	45,958
-	-	-	2,710	-	2,710
1,299,428	526,940	4,867,953	8,628,689	-	8,628,689
(170,060)	(192,041)	(293,502)	(684,507)	770,439	85,928
(97,596)	(18,153)	(157,189)	(126,971)	126,971	-
287,696	117,551	164,636	658,265	(658,265)	-
94,974	118,055	107,659	355,504	(355,504)	-
550	(67)	(1,175)	(1,032)	1,032	-
(191)	(203)	(40)	(434)	434	-
(33,796)	(8,196)	(5,136)	(79,068)	79,068	-
(40,301)	(7,107)	41,035	(35,825)	35,825	-
211,335	201,880	149,790	770,439	(770,439)	-
41,275	9,839	(143,713)	85,928	-	85,928
43,503	15,169	39,157	140,593	-	140,593
84,779	25,008	(104,556)	226,522	-	226,522
1,844,039	608,270	4,690,487	12,887,623	-	12,887,623
7,261	(108)	515	6,503	-	6,503
1,851,300	608,162	4,691,002	12,894,126	-	12,894,126
\$ 1,936,079	\$ 633,170	\$ 4,586,446	\$ 13,120,649	\$ -	\$ 13,120,649

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State of Oregon (State) was admitted to the Union in 1859 and is governed by an elected governor and a ninety-member elected legislative body. The accompanying financial statements present the State, including all agencies, boards, commissions, and courts that are legally part of the State (primary government), and the State's component units. Component units are legally separate entities for which the primary government is financially accountable or entities that warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government.

Discretely Presented Component Units

The State reports discretely presented component units in a separate column in the government-wide financial statements to emphasize they are legally separate from the State. The component unit column in the government-wide financial statements includes the data of the State's discretely presented component units.

SAIF Corporation (SAIF) is a public corporation created by an act of the Legislature. SAIF is authorized to write workers' compensation insurance coverage in Oregon and certain other jurisdictions as required by the Oregon Department of Consumer and Business Services and to service accounts in the assigned risk pool. SAIF is governed by a board of directors appointed by the Governor and is financed solely through policyholder premiums and investment income. *The term of office for a board member is four years, but a member serves at the pleasure of the Governor.* SAIF reports on a fiscal year ended December 31 and uses proprietary fund accounting principles. The December 31, 2021, financial information of SAIF is included in this report. Because SAIF has a fiscal year different from the State, balances outstanding between SAIF and the State do not agree. SAIF reports \$8.7 million as Due from Primary Government while the State reports a Due to Component Unit of \$8.1 million for SAIF. Similarly, there are differences of \$21 thousand between what SAIF reports as a Due to Primary Government and what the State reports as a Due from Component Unit for SAIF.

The University of Oregon (UO), Oregon State University (OSU), Portland State University (PSU), Western Oregon University (WOU), Southern Oregon University (SOU), Eastern Oregon University (EOU), and the Oregon Institute of Technology (OIT) are each independent public bodies, legally separate from the State. Each university is governed by a citizen board appointed by the Governor. The universities are primarily financed through student tuition and fees, sales and services of auxiliary enterprises, and federal, state, and local grants and contracts. The financial information presented for the universities include the related university's foundation. These universities also receive General Fund moneys from the State and use proprietary fund accounting principles.

Each of these universities has one or more legally separate foundations, which are not-for-profit corporations that provide assistance in fundraising, public outreach, and other support. These foundations qualify as discretely presented component units of the individual universities. Prior to the universities becoming independent of the State, the university foundations were discretely presented component units of the State. In accordance with generally accepted accounting principles for governments, the State has reported as its discretely presented component unit the consolidated balances and activities of the university and foundation, net of any entries to eliminate balances and activities between the university and its foundation. For EOU, its foundation's fiscal year ends December 31, and as a result, there are no eliminating entries for the consolidated EOU. Any balances or activity between EOU and its foundation are not considered to be significant.

The Oregon Health and Science University (OHSU) is a governmental entity performing governmental functions and exercising governmental powers. OHSU is an independent public corporation governed by a board of directors appointed by the Governor and confirmed by the Senate. As an academic health center, OHSU provides education and training to healthcare professionals, conducts biomedical research, and provides patient care and public service. It is financed primarily through patient service fees, government grants and contracts, tuition charges, and other incidental fees. OHSU also receives General Fund moneys from the State. OHSU uses proprietary fund accounting principles.

State of Oregon
Notes to the Financial Statements

The State Fair Council is an independent public corporation, charged with creating a sustainable business model for the Oregon State Fair and Exposition Center that can capitalize on sponsorships, rapidly changing market conditions, and streamlined contracting and employment practices. The State Fair Council is a governmental entity performing governmental functions and exercising governmental powers. The Governor appoints members of the Council and may remove them at will. It is financed primarily through fees for renting the fairground property and facilities and operating the annual Oregon State Fair. The December 31, 2021, financial information is included in this report.

In the prior year, the Oregon Affordable Housing Assistance Corporation (OAHAC) was included as a discretely presented component unit of the State. However, during the current fiscal year, it ceased operations, and its remaining activities were merged into the Oregon Housing and Community Services Department. Refer to Note 25 for additional information about this change in reporting entity.

SAIF, UO, OSU, and PSU are reported as major component units due to the significant transactions with the primary government. The remaining component units are reported as nonmajor. Readers may obtain complete financial statements for SAIF, UO, OSU, PSU, OHSU, WOU, SOU, EOU, OIT, and the State Fair Council from their respective administrative offices or from the Oregon Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

Fiduciary Component Units

The State reports fiduciary component units as part of the fiduciary financial statements. The State's only fiduciary component units are pension and other postemployment benefit (OPEB) plans.

The Oregon Public Employees' Retirement System (PERS) administers a defined benefit plan, a defined contribution plan and two OPEB plans under the direction of the PERS Board. These plans are fiduciary component units of the State for financial reporting purposes.

Related Organizations

The following professional and occupational licensing boards are semi-independent: the Board of Architect Examiners, the Board of Examiners for Engineering and Land Surveying, the Landscape Architect Board, the Board of Geologist Examiners, the Board of Optometry, the Board of Massage Therapists, the Physical Therapists Licensing Board, the Appraiser Certification and Licensure Board, the Landscape Contractors Board, the Wine Board, and the Patient Safety Commission. Although the Governor appoints the administrators of these boards, the boards are all self-supporting and the State's accountability for these organizations does not extend beyond making the appointments. The State has no financial accountability for these related organizations.

The Oregon Utility Notification Center (OUNC) is an independent not-for-profit public corporation. Although the Governor appoints members to OUNC's board of directors, OUNC is funded through fees paid by operators of underground utilities who subscribe to OUNC. The OUNC receives no moneys or appropriation from the State, and the State has no financial accountability for OUNC.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been eliminated from these statements through consolidation, except for interfund activity that represents a true exchange of goods and services between funds. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Interfund activity within governmental and within business-type activities has been eliminated through consolidation; however, balances due and resource flows between governmental and business-type activities have not been eliminated. The *primary government* is reported separately from its *component units*.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Direct expenses include administrative overhead charges for centralized services charged to functions through internal service funds. *Program revenues* include (1) charges to customers who purchase, use, or

State of Oregon
Notes to the Financial Statements

directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions that are restricted to meeting the operational requirements of a particular function, and (3) capital grants and contributions that are restricted to meeting the capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

The State has chosen to report its basic financial statements, required supplementary information, combining fund financial statements, and statistical section in amounts that round to the nearest one thousand dollars. The natural round of all amounts, including subtotals and totals, has been maintained.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The State uses the economic resources measurement focus and the accrual basis of accounting in preparing the government-wide financial statements, as well as the financial statements of the proprietary funds, internal service funds, and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Income taxes are recognized as revenue, net of estimated refunds, in the year when the underlying exchange (earning of income) has occurred, to the extent such amounts are measurable. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The State uses the current financial resources measurement focus and the modified accrual basis of accounting in preparing the governmental fund financial statements. Revenues are recognized when they are both measurable and available. Revenues are considered available when they are collectible within the current year or soon enough thereafter to pay liabilities existing at the end of the year. For this purpose, the State considers revenues as available if they are collected within 90 days of the end of the current fiscal year. Primary revenue sources susceptible to accrual are income taxes, excise taxes, fines, forfeitures, and federal revenues. Income tax revenue, net of estimated refunds, is recognized in the fiscal year in which the underlying exchange has occurred and it becomes measurable and available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant eligibility requirements have been met. Revenue items not susceptible to accrual, such as licenses, fees, and the cash sales of goods and services, are considered measurable and available only when cash is received.

For governmental funds, expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The State reports the following major governmental funds:

General Fund

The *General Fund* is the State's primary operating fund and accounts for all financial resources of the general government, except those accounted for in another fund. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the General Fund also accounts for and reports the balances and activities of funds from which specific restricted or committed revenues comprise less than a substantial portion of the funds' "inflows". The State considers 30% as "substantial" for financial reporting purposes. Prior to the implementation of GASB Statement No. 54, the *Oregon Rainy Day Fund* was reported as an individual major special revenue fund but is now reported in the General Fund. The Rainy Day Fund relies on resources that are "transferred" from the General Fund in accordance with state law and which, along with investment income generated, can be appropriated by the Legislature only when certain specific criteria related to economic or revenue conditions have been met. The funding source for the Rainy Day Fund is not a specific restricted or committed revenue.

State of Oregon
Notes to the Financial Statements

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *Health and Social Services Fund* accounts for programs that provide assistance, services, training, and healthcare to individuals and families who do not have sufficient resources to meet their basic needs. The primary sources of funding for these programs come from federal grants, tobacco taxes, healthcare provider taxes along with rebates and recoveries.

The *Public Transportation Fund* accounts for the planning, design, construction, and maintenance of highways, roads, bridges, and public systems relating to air, water, rail, and highway transportation. Funding is provided from dedicated highway user taxes and vehicle registration taxes, in addition to various federal highway administration funds.

The *Educational Support Fund* accounts for programs that provide students with opportunities to develop their academic abilities to the fullest from early childhood to postgraduate research, not including activities accounted for in the Common School Fund. Among the activities of this fund are capital project loans and grants provided to the State's eight public universities, all of which are reported as discretely presented component units of the State. The principal funding sources for these programs include corporate activity taxes, federal grants, investment income and transfers from other funds.

The *Common School Fund* accounts for programs to manage state-owned land, including a leasing program that generates annual revenues, for the benefit of the public school system. Estate funds that become the property of the State, unclaimed property, and income derived from unclaimed property are also accounted for in this fund. Statutory and constitutional provisions stipulate that the assets of the fund, including investment income, must be used for common school purposes. The primary funding sources for these programs include investment income, rental income, and unclaimed property revenue.

The State reports the following major proprietary (enterprise) funds:

The *Housing and Community Services Fund* accounts for activities that finance multi-family rental housing and single-family mortgages for low to moderate-income families. Mortgage loans related to these activities are financed with the proceeds of bonds issued under various bond indentures. Mortgage loan payments and interest earnings on invested bond proceeds are used to pay debt service on the bonds.

The *Veterans' Loan Fund* accounts for activities to finance owner-occupied, single-family residential housing for qualified eligible Oregon veterans. Funds for lending are provided through the issuance of general obligation bonds that are repaid from the interest and principal payments made on mortgages.

The *Lottery Operations Fund* accounts for the operation of the Oregon State Lottery which markets and sells lottery products to the public. The primary objective of the Oregon State Lottery is to produce the maximum amount of net revenues to be used for creating jobs, furthering economic development, financing public education, and restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats.

The *Unemployment Compensation Fund* accounts for federal moneys and unemployment assessments collected from employers to provide payment of benefits to the unemployed.

Proprietary funds distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Additionally, the State reports the following fund types:

Governmental Fund Types (reported as nonmajor funds)

Like major special revenue funds, nonmajor *special revenue funds* also account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

State of Oregon
Notes to the Financial Statements

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term obligations.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities.

The *Permanent Fund* accounts for and reports resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State and its citizenry.

Proprietary Fund Types (reported as nonmajor funds)

Nonmajor *enterprise funds* account for and report business-type activities for which fees are charged to external users for goods and services.

Internal service funds account for goods and services provided by state agencies to other state agencies and to other governmental units on a cost-reimbursement basis. These goods and services include central services such as accounting, budgeting, personnel, mail, printing, copy center, data center, property development, telecommunications, motor pool, and an insurance fund. Legal, banking, and audit services, as well as state employee health benefits programs are also accounted for and reported in the internal service funds.

Fiduciary Fund Types

The *Pension and Other Employee Benefit Trust Fund* accounts for activities of the Public Employees Retirement System (PERS), which administers resources for the payment of retirement, disability, postemployment healthcare, and death benefits to members and beneficiaries of the retirement system.

The *Private Purpose Trust Fund* accounts for all trust arrangements, other than those properly reported in pension and other employee benefit trust funds, under which principal and income benefit individuals, private organizations, or other governments.

The *External Investment Pools Fund* accounts for the portion of cash and investment pools managed by the Oregon State Treasury belonging to entities other than the State. Oregon reports the State's portion of the pools within the funds of the State.

The *Other Custodial Fund* accounts for assets held by the state of Oregon as an agent for other governmental units, organizations, or individuals. Balances reported include, but are not limited to, amounts held by the Oregon Department of Corrections for adult in custody accounts, amounts held by the Oregon Youth Authority for youth in custody accounts, and amounts held by the Oregon Health Authority for individuals in state care (e.g., Oregon State Hospital) accounts.

D. Deposits and Investments

Deposits

Cash deposits not held in a cash management or investment pool are classified as cash and cash equivalents. Cash deposits that are held in a cash management or investment pool are classified as cash and cash equivalents when the pool has the general characteristics of a demand deposit account. Cash and cash equivalents include: cash on hand, cash and investments held by the Oregon State Treasury in the Oregon Short Term Fund (OSTF), cash deposits held in demand deposit accounts with custodial banks, and cash deposits of debt proceeds in investment funds held by a trustee.

Investments – Excluding Oregon Public Employees Retirement Fund

Investments are reported at fair value with the following exceptions, which are reported using cost-based measures:

- Nonparticipating interest-earning investment contracts and certain investments not held for investment purposes.
- Investments in the OSTF with remaining maturities of up to 90 days are carried at amortized cost, which approximates fair value. The State reports these investments as cash and cash equivalents on the balance sheet or statement of net position, but as investments in Note 2.

Changes in the fair value of investments are recognized as investment income (loss) in the current year.

State of Oregon
Notes to the Financial Statements

The fair value of publicly traded debt and equity securities in active markets is determined by the custodian's pricing agent using nationally recognized pricing services. The custodian's pricing agent values equity securities traded on a national or international exchange at the last reported sales price and generally values debt securities by using evaluated bid prices. The fair value of publicly traded real estate investment trust (REIT) securities is determined by the custodian's pricing agent using recognized pricing services and generally reflects the last reported sales price. For investments that do not have an active market, such as private placements or commingled investment vehicles, the value is stated at the net asset value (NAV) of units held, or its equivalent, as reported by the fund manager or general partner.

Investments – Oregon Public Employees Retirement Fund

Investments in private equities are recorded at fair value, as of June 30, 2022, as determined by Oregon Public Employees Retirement System (PERS) management based on valuation information provided by the general partner. Investments in private equities representing publicly traded securities are stated at quoted market price. Where observable market inputs are not available, valuation models are applied. The general partner determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information, including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include (1) the market approach, whereby fair value is derived by reference to observable valuation measures for comparable companies or assets, and (2) the income approach (e.g., the discounted cash flow method).

Investments in real estate, with the exception of publicly traded REITs, for which observable market prices in active markets do not exist, are reported at fair value as of June 30, 2022, as determined by PERS management based on valuation information provided in good faith by the general partner. Direct investments in real estate are appraised every one to two years and, between appraisals, investment managers adjust values to reflect current and projected operating performance and financial transactions. In the absence of observable market prices, general partners determine the fair value of real estate partnerships using valuation methods considered most appropriate. A variety of factors are considered, including the nature of the investment, local market conditions, trading values on public exchanges for comparable investments, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment.

Investments in the PERS Opportunity and Alternatives portfolios are recorded at fair value as of June 30, 2022, as determined by the respective general partner or account manager. (The Opportunity portfolio is an investment portfolio within the PERS Fund that utilizes investment approaches across a wide range of investment opportunities, while investments in the Alternatives portfolio represent alternative investment strategies, including infrastructure, natural resources, natural resource commodities, and hedge fund strategies.) Investments in these portfolios are reported at the NAV as provided by the general partner. Where observable market inputs are not available, valuation models are applied. The general partner or account manager determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information, including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include (1) the market approach, whereby fair value is derived by reference to observable valuation measures for comparable companies or assets, and (2) the income approach (e.g., the discounted cash flow method).

Due to the inherent uncertainty and the degree of judgment involved in determining certain private equity, Opportunity, Alternatives, and real estate portfolio investment valuations, the fair values reflected in the accompanying financial statements may differ significantly from values that would have been used had a readily determinable fair value for the investments existed, and the difference could be material. In addition, these investments are generally considered illiquid long-term investments, and the recorded fair values may differ from the amounts that eventually may be realized from the sale or other disposition of these investments.

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Derivative Instruments

In accordance with State investment policies, the Oregon State Treasury participates in contracts that have derivative characteristics. Derivative instruments are used to lower the cost of borrowing, to hedge against fluctuations in foreign currency rates, quickly and cost effectively replicate certain asset class exposures (e.g., stocks, bonds), and manage overall fund risk.

The fair value of *effective* hedging derivative instruments are reported on the proprietary funds statement of net position and the statement of fiduciary net position as assets and liabilities as applicable, with offsetting balances reported as deferred inflows of resources or deferred outflows of resources. The changes in fair value of effective hedging derivative instruments are also reflected on the proprietary funds statement of net position and the statement of fiduciary net position; such changes are not reported on the statement of revenues, expenses, and changes in proprietary fund net position and the statement of changes in fiduciary net position.

Ineffective hedging derivative instruments and derivatives purchased as investments are reported at fair value on the proprietary funds statement of net position and the statement of fiduciary net position. The related changes in fair value are reported on the statement of revenues, expenses, and changes in proprietary fund net position and the statement of changes in fiduciary net position.

E. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Trade receivables consist of revenues earned or accrued in the current period and are shown net of estimated uncollectible amounts. Income tax receivables deemed reasonably estimable are reported, net of estimated uncollectible amounts, in the fiscal year when the underlying exchange has occurred. Income tax receivables that may arise in the future from audits of prior years and discovery of non-filers are not included in receivables or revenues in the financial statements because these transactions are not measurable.

F. Intrafund Transactions

Intrafund balances (due to/from other funds and advances to/from other funds) and intrafund activity (transfers to/from other funds) within each fund in the financial statements have been eliminated.

G. Inventories

Inventories, which consist primarily of operating supplies, are stated at cost utilizing the first-in, first-out cost valuation method. In governmental funds, inventories are recorded as expenditures when purchased. Reported inventories in governmental funds are offset by nonspendable fund balance since the fund balance associated with inventory is not in spendable form. In proprietary funds, inventories are expended when consumed rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items. In governmental funds and proprietary funds, prepaid items are accounted for using the consumption method. In governmental funds, a portion of fund balance equal to the prepaid items is classified as nonspendable to indicate that it is not in spendable form.

I. Restricted Assets

Certain proceeds of the State’s bond and certificate of participation (COP) issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or COP financing agreements. Other restrictions on

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asset use may change the nature and availability of an asset. Various grant moneys, loan acquisition funds, customer deposits, and insurance funds are also classified as restricted assets.

J. Foreclosed and Deeded Properties

Properties acquired through foreclosure proceedings or by acceptance of deeds in lieu of foreclosure are recorded at the lower of cost or market.

K. Receivership Assets

When the Department of Consumer and Business Services is granted the authority by the court system to protect the assets and liabilities of an insurance company under receivership in accordance with Oregon Revised Statutes, the net amount is reported as receivership assets in the Private Purpose Trust Fund.

L. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (i.e., highways, tunnels, bridges, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the State as assets with an initial cost of \$5 thousand or more and an estimated useful life of more than one year. Such assets, when purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. Leased capital assets are generally recorded at the present value of payments expected to be made during the lease term. Major outlays for capital assets and improvements are capitalized as projects are constructed. Infrastructure acquired prior to fiscal years ended after June 30, 1980, is reported. The costs of normal maintenance and repairs that do not add to the value of assets or significantly extend asset lives are expensed rather than capitalized.

Capital assets of the primary government, as well as its component units, are depreciated over their estimated useful lives using the straight-line method, unless they are considered inexhaustible. Leased capital assets are generally amortized over the shorter of the lease term or the useful life of the underlying asset. Useful lives for buildings and related assets range from 10 to 75 years, while useful lives of equipment and machinery range from 3 to 50 years. For infrastructure assets, useful lives range from 5 to 75 years, with docks, dikes, and dams having useful lives between 30 to 50 years. Useful lives for depreciable works of art and historical treasures range from 10 to 30 years, and useful lives for motor vehicles range from 3 to 30 years. Data processing software and hardware have useful lives ranging from 3 to 10 years.

M. Compensated Absences

Employees accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since the State does not pay any amounts when employees separate from state service. A liability for vacation leave (compensated absences) is accrued when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for compensated absences is reported in governmental funds only if the liabilities have matured, for example, as the result of employee resignations and retirements.

N. Long-term Obligations

In the government-wide statement of net position, long-term debt and other long-term obligations are reported as liabilities for governmental activities or business-type activities, as applicable. In proprietary funds, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond or COP premiums and discounts are reported as a direct addition to or deduction from the applicable bond/COP payable and amortized over the term of the debt. Bond/COP issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as a prepaid item and are amortized over the duration of the related bond/COP.

In the fund financial statements, governmental funds recognize bond/COP premiums and discounts, as well as bond/COP issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issues are reported as other financing sources, while

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discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other debt service expenditures.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable. Plan investments are reported at fair value.

P. Postemployment Benefits Other Than Pension (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable. Plan investments are reported at fair value.

Q. Fund Equity

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is labeled "Net Position" on the government-wide, proprietary fund, and fiduciary fund financial statements and "Fund Balance" on the governmental fund financial statements.

In governmental funds, fund balance is reported in five components: (1) Nonspendable, (2) Restricted, (3) Committed, (4) Assigned, and (5) Unassigned.

Nonspendable fund balances include amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

Restricted fund balances are the result of constraints imposed by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Enabling legislation authorizes the State to levy, assess, charge, or otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation. The restricted fund balance category has been further broken down on the face of the governmental fund financial statements to indicate the various sources of those constraints.

Committed fund balance results from constraints imposed by bills (passed by the Legislature and signed into law by the Governor) that are separate from the authorization to raise the underlying revenue. The constraints may be modified or rescinded only by passing additional legislation.

Assigned fund balance represents amounts that are constrained by the State's intent to use them for specific purposes, which are neither restricted nor committed. Intent is expressed by the Legislature via the budget process when there is no legislation other than a budget bill imposing constraints.

Unassigned fund balance is the residual amount in the General Fund not included in the previous four categories. Deficit fund balances in other governmental funds are reported as unassigned. Refer to Note 19 for additional information on fund equity.

In the government-wide statement of net position and the proprietary fund statement of net position, net position is reported in three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Restricted net position results from restrictions imposed on a portion of net position by law through constitutional provisions, enabling legislation, or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments.

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For fund balance classification purposes, state agencies determine the appropriate classification of each of their detail-level funds based on the resources accounted for in those funds and the constraints on spending those resources. Agencies expend resources from the appropriate funds based on each fund's specific spending constraints. Ending fund balances, therefore, are the result of that spending. In the event that an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available for use, the individual state agencies determine the order in which those resources are spent, as there is no statewide flow assumption policy. The same is true of an expenditure incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available.

The State maintains two stabilization funds: the Oregon Rainy Day Fund and the Education Stability Fund, and both are reported in the General Fund. The resources in both funds may be expended only when specific non-routine budget shortfalls occur. Refer to Note 19 for additional information about the stabilization funds.

R. Changes in Accounting Principle

For the fiscal year ended June 30, 2022, the State implemented all or a portion of five new accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 87, *Leases* improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Refer to Notes 6 and 7 for additional information.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB Statement No. 92, *Omnibus 2020* was issued in January 2020 to improve the consistency in authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Paragraphs 4, 5, 11, and 13 of this Statement were effective in prior years, with the remaining paragraphs becoming effective for the State in fiscal year 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, paragraphs 13 and 14, which provide additional accounting and financial reporting guidance on lease modifications. Refer to Note 7 for additional information.

GASB Statement No. 99, *Omnibus 2022* was issued in April 2022 to address (a) practice issues that have been identified during implementation and application of certain GASB Statements and accounting and (b) accounting and financial reporting for financial guarantees. Paragraphs 26 – 32 were effective upon issuance with remaining paragraphs effective in future years.

S. Pending Changes in Accounting Principle

All or a portion of four new accounting standards are effective for the fiscal year ending June 30, 2023.

GASB Statement No. 91, *Conduit Debt Obligations* will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* addresses issues related to arrangements that occur over a period of time in an exchange or exchange-like transaction in which (1) a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, or (2) a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements

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(SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

GASB Statement No. 99, *Omnibus 2022* paragraphs 11 – 25, which addresses practice issues related to leases, public-private and public-public partnerships, and SBITAs. Some portions of this Statement were implemented in fiscal year 2022 as noted previously in Section R, *Changes in Accounting Principle*, while the remaining sections are to be implemented in fiscal year 2024.

The State is currently evaluating the impact of these standards on future financial statements.

2. DEPOSITS AND INVESTMENTS

The State's investment policies are governed by statute and the Oregon Investment Council (Council). The State Treasurer (Treasurer) is the investment officer for the Council and is responsible for the funds on deposit with the Oregon State Treasury (Treasury). In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution. The Treasurer is authorized to use demand deposit accounts, fixed income investments, and direct equity investments, although the majority of equity investments are currently directed by external investment managers under contract with the Council. Furthermore, common stock investments are limited to not more than 50% of the moneys contributed to the Oregon Public Employees Retirement Fund (OPERF) and not more than 65% of the other trust and endowment fund managed by the Council or the Treasury. The Deferred Compensation Fund, the Education Stability Fund, and the Common School Fund may also invest in common stock.

The Treasurer maintains the Oregon Short Term Fund (OSTF), a cash and investment pool that is available for use by all funds and local governments. Oregon reports the State's portion of the pool within the funds of the State. The portion of the pool belonging to local governments is reported in an external investment pool fund. Because the pool operates as a demand deposit account, each fund's portion of the pool is classified on the financial statements as cash and cash equivalents. A separate financial report for the OSTF is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 867 Hawthorne Ave SE, Salem, Oregon 97301, or from the Treasury's website at:

<https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx>

The Treasurer maintains the Oregon Intermediate Term Pool (OITP), an investment pool that is available for use by state agencies with statutory authority and limited external participants. Oregon reports the State's portion of the pool within the funds of the State. The portion of the pool belonging to external participants is reported in an external investment pool fund. A separate financial report for the OITP is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 867 Hawthorne Ave SE, Salem, Oregon 97301, or from the Treasury's website at:

<https://www.oregon.gov/treasury/invested-for-oregon/pages/oregon-intermediate-term-investments.aspx#OLGIF>

The Treasurer maintains the Oregon Local Government Intermediate Fund (OLGIF), an investment pool available for use by local governments and reported in an external investment pool fund. A separate financial report for the OLGIF is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 867 Hawthorne Ave SE, Salem, Oregon 97301, or from the Treasury's website at:

<https://www.oregon.gov/treasury/invested-for-oregon/pages/oregon-intermediate-term-investments.aspx#OITP>

The Treasurer also makes short-term and long-term investments, which are held separately by several of the State's funds. The Treasury's direct investments in short-term securities are limited by portfolio rules established by the OSTF Board and the Council. Other investments are made directly by state agencies with the approval of the Treasurer.

A. Custodial Credit Risk

Custodial Credit Risk for Deposits

The custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, the State will not be able to recover deposits or collateral securities that are in the possession of an outside party. The State does not have a formal policy regarding custodial credit risk for deposits. However, banking regulations and Oregon law establish the insurance and collateral requirements for deposits in the OSTF.

Oregon Revised Statutes (ORS), Chapter 295, governs the collateralization of public funds. Depositories are required to pledge collateral against any public fund deposits in excess of deposit insurance amounts. This requirement provides additional protection for public funds in the event of a depository failure or loss. ORS Chapter 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

ORS Chapter 295 provides the statutory authority for the Public Funds Collateralization Program (PFCP). The Treasury uses an internally-developed web application to administer the PFCP and facilitate depository, custodian, and public official compliance with ORS Chapter 295. Per the statute, depositories are required to report public fund balances in excess of Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) limits to the Treasury. The FDIC or NCUA assigns each bank or credit union a capitalization category quarterly: well-capitalized, adequately-capitalized, or under-capitalized. Depositories submit monthly or weekly reports to the Treasury depending on their capitalization category. Well-capitalized depositories report monthly; adequately- and under-capitalized depositories report weekly. In addition to uninsured public fund balances, depositories are also required to report their net worth, leverage, and capital ratios. Based on this information, each depository's minimum collateral required to be pledged with the custodian as well as the maximum liability in the pool of all depositories are calculated for the next reporting period. The maximum liability is reported to the depository and the Treasury.

Unless otherwise directed by the Treasury, a well-capitalized depository is required to pledge collateral valued at no less than 10% of its last reported uninsured public funds deposits. Per ORS Chapter 295, the Treasury may direct a well-capitalized depository to increase its collateral to a percentage greater than 10% - up to 100%. An adequately- or under-capitalized depository is required to pledge collateral valued at no less than 110% of its last reported uninsured public funds deposits. This percentage may not be decreased until such time the depository becomes well-capitalized.

There are three exceptions to the minimum collateral requirement calculation and these exceptions must be collateralized at 100%:

1. A depository may not accept public fund deposits from a single depositor in excess of the depository's net worth. If the depository has a drop in net worth that takes it out of compliance, the depository is required to post 100% collateral on any amount the depositor has in excess of the depository's net worth while working to eliminate that excess.
2. A depository may not hold a total public funds balance in excess of a percentage of the depository's net worth based on its capitalization category (100% for under-capitalized, 150% for adequately-capitalized, 200% for well-capitalized) unless approved for a period of up to 90 days by the Treasury. During this period, any public fund balances exceeding these limits must be collateralized at 100%.
3. A depository may not hold more than 30% of the aggregate public funds reported by all depositories in the pool unless the depository is well-capitalized and the excess is collateralized at 100%.

Where interest-bearing balances within the OSTF exceed the FDIC or NCUA amount of \$250 thousand, the balances are covered by collateral in the PFCP.

As of June 30, 2022, \$1.9 billion in other depository balances were exposed to custodial credit risk as the balances were uninsured and uncollateralized. In addition, \$940 thousand in depository balances were exposed to custodial credit risk as the balances were uninsured but collateralized with securities by the pledging financial institution.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the State will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The Council has no formal policy regarding the holding of securities by a custodian or counterparty.

B. Investments – Primary Government (Excluding the OPERF)

Investments Managed by Treasury

Investments of the primary government (excluding OPERF) held by the Treasurer require the exercise of prudent and reasonable care in the context of a fund's investment portfolio and as part of an overall investment strategy. The Treasurer is required to diversify investments unless it is not prudent to do so. In addition, the Treasurer must exercise reasonable care to incorporate risk and return objectives suitable to the particular investment fund. Each Treasury fund has a policy and procedure that addresses objectives and strategies.

Interest Rate Risk

Investment policy for fixed income portfolios under the direct management of the Treasurer generally limits the time horizon of the portfolio to an average maturity of one to five years. In addition, externally managed fixed income investment funds are required by policy to maintain an average bond duration level within 20% of the benchmark bond index. For investments not under the management of the Treasurer, there are no formal policies on interest rate risk. Investment objectives and strategies of the primary government (excluding the OPERF) are based on credit quality, asset diversification, staggered maturities, and in some portfolios, duration. For variable rate securities, the next interest rate reset date is used instead of the maturity date.

Credit risk

Investment policies for fixed income investments under the management of the Treasurer require that the portfolio maintain an average Standard and Poor's (S&P) credit quality of AA or A, as determined for each investment fund. For investments not under management of the Treasurer, there are no formal policies on credit risk.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Investments held by Treasury:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
 - o **Investments managed by Treasury:** funds priced using a fair value per share published daily and validated with a sufficient level of observable activity; investments in real estate, including real estate investment trusts, when their value is based on an active market price; and equity securities, including exchange-traded derivative instruments, when their value is based on quoted prices from an active market.
 - o **Investments not managed by Treasury:** funds priced using a fair value per share that is published daily and validated with a sufficient level of observable activity; and equity securities, including exchange-traded derivative instruments, when their value is based on quoted prices from an active market.

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- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
 - **Investments managed by Treasury:** investments with remaining maturities of fewer than 90 days are carried at amortized cost, which approximates fair value; investments with maturities of greater than 90 days, debt securities, and investments not valued at fair value per share are valued using the latest bid prices or evaluated quotes from independent pricing vendors, which use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions; certain non-U.S. government commercial paper is reported at amortized cost as independent vendor pricing was not available; and where observable activity is limited, yet supports that the fair value per share represents an exit value of the security at the measurement date.
 - **Investments not managed by Treasury:** debt securities are valued using the latest bid prices or evaluated quotes from independent pricing vendors, which use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions; and where observable activity is limited, yet supports that the fair value per share represents an exit value of the security at the measurement date.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.
 - **Investments managed by Treasury:** when independent price sources are not available, debt securities are priced based on the last traded price or a valuation provided by the investment manager; in the absence of quoted market prices, such as equity securities that trade infrequently or not at all, valuations are based on the last traded price or prices provided by investment managers; and funds that do not meet the criteria to be measured at fair value per share because the fair value per share (or its equivalent) was not calculated in a manner consistent with the Financial Accounting Standards Board (FASB) measurement principles for investment companies.
 - **Investments not managed by Treasury:** when independent price sources are not available, debt securities are priced based on last traded price or a valuation provided by the investment manager; and funds that do not meet the criteria to be measured at fair value per share because the fair value per share (or its equivalent) was not calculated in a manner consistent with the FASB measurement principles for investment companies. Real estate property investments are valued by appraisals using market sales approach and income approach.

Investments that are measured at net asset value (NAV) as a practical expedient, such as private equity, real estate open ended funds, and alternative equities, are excluded from the fair value hierarchy if the NAV per share (or its equivalent) was calculated in a manner consistent with the FASB measurement principles for investment companies. In the Common School Fund, private equity consists of 16 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged-buyouts, venture capital, growth equity, fund of funds, co-investments, and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. These funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 12 to 14 years.

Common School Fund investments in real estate open ended funds have been valued based on the NAV per share (or its equivalent) as provided by the fund manager and consist of investments in two open ended funds that permit quarterly redemption of shares, subject to certain requirements being met. Alternative equity funds seek to provide diversification and inflation hedging characteristics in the Common School Fund and consist of four investments in commingled funds which permit monthly redemption of shares, subject to certain requirements being met. The fair values of the investment have been determined using NAV per share (or its equivalent) as provided by the fund manager.

In the Educational Support Fund, private equity consists of 60 current funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including venture capital, growth equity,

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leveraged buyouts, natural resources, and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. The lifespan of these illiquid investments is intended to be between 10 to 12 years and the general partner determines how to return capital as each strategy develops. Commitments into these funds are spaced out annually as an attempt to smooth out the timing of these investments' distributions over the long-term.

Investments of the Oregon Short Term Fund (OSTF)

The OSTF is a short-term cash investment vehicle. A number of local governments in Oregon as well as all state agencies participate in the OSTF. Because the OSTF acts as a demand deposit account, both the cash and investments within the OSTF are shown as cash and cash equivalents on the balance sheet and statement of net position. The external portion of the OSTF is reported within an external investment pool fund. The OSTF staff manages interest rate risk by limiting the maturity of the investments. The portfolio rules require that at least 50% of the portfolio mature or reset within 93 days; not more than 25% of the portfolio may mature or reset in over a year; and no investments may mature or reset over three years from settlement date. For variable rate securities, the next interest rate reset date is used instead of the maturity date. For variable rate securities in a fixed rate period that will switch to variable rate at a later date, the maturity is based on the final maturity of the security, not the next variable reset date. For fixed rate securities with a put option, the date upon which the put option is fully exercisable for at least 100% of the face value is used instead of the maturity date, and for variable rate securities with a put option, the earlier of the next variable reset date or the put date is used instead of maturity date. For asset-backed securities, the weighted average life will be used as a proxy for the maturity date.

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Interest rate and credit risk for the OSTF investments as of June 30, 2022 (in thousands):

Investment Type	Credit Rating	Investment Maturities			Balance at June 30, 2022
		93 Days or less	94 to 366 Days	One to Three Years	
U.S. Treasuries	Exempt	\$ 5,249,282	\$ 1,098,149	\$ 387,594	\$ 6,735,025
Agency securities	AA	900,614	106,140	881,094	1,887,848.00
Agency discount notes	AAA	181,910	49,516	-	231,426.00
	AA	475,935	-	-	475,935
Total agency discount notes		657,845	49,516	-	707,361
Municipal commercial paper	A-1+	194,175	-	-	194,175
	A-1	26,626	-	-	26,626
	A-2	123,495	-	-	123,495
	Not rated	4,984	-	-	4,984
Total municipal commercial paper		349,280	-	-	349,280
Municipal obligations	AAA	11,794	3,996	56,966	72,756
	AA	648,127	69,103	134,795	852,025
	A	139,800	35,761	-	175,561
	Not rated	89,451	187,800	-	277,251
Total municipal obligations		889,172	296,660	191,761	1,377,593
Corporate commercial paper	A-1+	1,022,749	59,843	-	1,082,592
	A-1	1,255,233	148,544	-	1,403,777
	A-2	358,190	9,843	-	368,033
Total corporate commercial paper		2,636,172	218,230	-	2,854,402
Corporate obligations	AAA	50,000	-	68,333	118,333
	AA	1,151,647	187,561	303,800	1,643,008
	A	4,822,022	989,045	1,866,949	7,678,016
	BBB ¹	1,181,992	91,771	222,441	1,496,204
Total corporate obligations		7,205,661	1,268,377	2,461,523	10,935,561
Non-U.S. government commercial paper	A-1+	130,011	24,784	-	154,795
Non-U.S. government obligations	AAA	558,663	115,819	700,002	1,374,484
	AA	246,777	215,644	114,195	576,616
	A	-	107,549	60,139	167,688
Total non-U.S. government obligations		805,440	439,012	874,336	2,118,788
Asset-backed securities	AAA	2,839,595	559,785	1,296,117	4,695,497
Negotiable certificates of deposit	A	50,000	-	-	50,000
Commingled investment pool	Not rated ²	-	-	211,781	211,781
Total		\$ 21,713,072	\$ 4,060,653	\$ 6,304,206	\$ 32,077,931

¹ Securities rated BBB on this table have been downgraded during the past fiscal year. The positions have been reviewed and retained at the Senior Investment Officer's discretion per the rules below.

² The Oregon Local Government Intermediate Fund (OLGIF) is not rated by the credit ratings agencies. The composite credit quality rating of the OLGIF's holdings was AA at June 30, 2022.

OSTF investment policies provide for a minimum composite weighted average credit quality rating for the Fund's holdings to be the equivalent of an AA Standard and Poor's (S&P) rating. The minimum ratings for corporate notes at the time of purchase are a S&P rating of A-, a Moody's rating of A3, or a Fitch rating of A-. Commercial paper is required to have a minimum short-term credit rating at the time of purchase from two of three ratings services; minimum ratings are S&P of A-1, Moody's of P-1, and Fitch of F-1. Foreign government securities are required to have a minimum credit rating from S&P of AA-, Moody's of Aa3, or Fitch of AA-. Asset-backed securities are required to have long-term ratings of AAA, Aaa, or AAA, or short-term ratings of A-1+, P-1, or F-1+ by S&P, Moody's, and Fitch, respectively. Fund policies allow securities downgraded below the minimum required ratings at the time of purchase to be retained at the Senior Investment Officer's discretion. Rating groups were determined using the lowest actual rating from S&P, Moody's, or Fitch.

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Notes to the Financial Statements

The fair value measurement for investments held in the OSTF at June 30, 2022 (in thousands):

	Level 1	Level 2	Level 3	Balance at June 30, 2022
Investments:				
U.S. Treasuries	\$ -	\$ 6,370,278	\$ -	\$ 6,370,278
Agency securities	-	1,877,849	-	1,877,849
Agency discount notes	-	129,505	-	129,505
Municipal obligations	-	1,059,747	-	1,059,747
Municipal commercial paper	-	86,167	-	86,167
Non-U.S. government commercial paper	-	100,860	-	100,860
Non-U.S. government obligations	-	2,118,789	-	2,118,789
Corporate obligations	-	10,914,864	-	10,914,864
	-	468,157	-	468,157
Asset-backed securities	-	4,695,497	-	4,695,497
Total	\$ -	\$ 27,821,713	\$ -	\$ 27,821,713

The OSTF's investment in the Oregon Local Government Intermediate Fund (OLGIF) is priced using a net asset value and the value of OLGIF's underlying investments are marked to market daily. The OSTF held approximately 90% of the outstanding units of OLGIF at June 30, 2022.

Investments of the Oregon Intermediate Term Pool (OITP)

The OITP provides qualified participants with a vehicle to invest funds over a long-term investment horizon. The investment objective of OITP is to maximize total return (i.e., principal and income) within stipulated risk parameters. The external portion of the OITP is reported within an external investment pool fund. The OITP staff manages interest rate risk by limiting the duration of investments held by the Pool. The portfolio guidelines require that the portfolio's modified duration, a measure of interest rate risk, shall not exceed three years. The weighted average duration for the Pool at June 30, 2022, was 3.66 years. The maximum maturity for any single investment should not be greater than 10.25 years from settlement date, with exceptions for asset-backed securities, mortgage-backed securities, and commercial mortgage-backed securities. These securities use weighted average life (WAL) as a proxy for maturity and are limited to a WAL of five years, or less, at the time of purchase.

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Notes to the Financial Statements

The credit rating for the investments held within the OITP and using the weighted average modified duration method at June 30, 2022 (in thousands):

Investment Type	Credit Rating	Balance at June 30, 2022	Weighted Average Modified Duration (in years)
U.S. Federal agency commercial mortgage-backed securities ¹	Not Rated	\$ 32	0.44
U.S. Federal agency residential mortgage-backed securities ¹	A	1,549	
	Not Rated	8,889	7.36
Total U.S. federal agency residential mortgage-backed securities¹		<u>10,438</u>	
U.S. Treasury debt	Exempt	148,763	4.45
Asset-backed securities	AAA	29,716	
	AA	6,217	
	A	12,049	
	BBB	2,707	
	Not rated	5,911	
Total asset-backed securities		<u>56,600</u>	1.93
Corporate debt	A	21,252	
	BBB	59,410	
	BB	759	
Total corporate debt		<u>81,422</u>	3.21
Commercial mortgage-backed securities	AAA	4,207	
	Not rated	1,218	
Total commercial mortgage-backed securities		<u>5,425</u>	1.95
Municipal debt	AAA	475	2.46
External investment pool ²	Not Rated	4,050	0.51
Total		<u>\$ 307,204</u>	

¹ U.S. federal debt carries an implicit guarantee of the U.S. Government. For credit quality rules, federal debt is considered to be the highest quality, except when rated differently.

² The Oregon Short Term Fund (OSTF) is not rated by the credit ratings agencies. The composite credit quality rating of the OSTF's holdings was AA at June 30, 2022.

OITP guidelines require that all investments meet minimum ratings requirements at the time of purchase. Minimum required ratings are subject to investment type as dictated by the Pool's guidelines. Corporate notes and municipal debt must be rated investment grade or higher at time of purchase. Foreign government securities are required to have a minimum credit rating of AA- or Aa3 by at least two Nationally Recognized Statistical Rating Organizations (NRSROs). Structured securities such as asset-backed and mortgage-backed securities must be rated AAA at the time of purchase. Pool guidelines allow securities downgraded below investment grade to be retained at the Senior Investment Officer's discretion.

Fair value measurement for the OITP at June 30, 2022 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Balance at June 30, 2022
Asset-backed securities	\$ -	\$ 56,600	\$ -	\$ 56,600
Commercial mortgage-backed securities	-	5,425	-	5,425
U.S. Federal agency commercial mortgage-backed securities	-	32	-	32
U.S. Federal agency residential mortgage-backed securities	-	10,437	-	10,437
Municipal debt	-	475	-	475
Corporate debt	-	81,422	-	81,422
U.S. Treasury debt	-	148,763	-	148,763
Total	<u>\$ -</u>	<u>\$ 303,154</u>	<u>\$ -</u>	<u>\$ 303,154</u>

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Notes to the Financial Statements

Investments of the Oregon Local Government Intermediate Fund (OLGIF)

The OLGIF is an external commingled investment pool for local governments offered by the Oregon State Treasury. The OLGIF provides qualified local government participants with a vehicle to invest assets over an intermediate time horizon (three to five years). The OLGIF is reported within an external investment pool fund. The OLGIF staff manages interest rate risk by limiting the duration of investments held by the Fund. The portfolio guidelines require that the portfolio maintain a weighted average duration, a measure of interest rate risk, of plus or minus 20% relative to the duration of the Bloomberg Capital 1-5 Year Government/Credit Index (Benchmark). The duration for the Fund and the Benchmark at June 30, 2022, was 2.58 years and 2.73 years, respectively. The maximum maturity for any single investment should not be greater than 10.25 years from settlement date, with exceptions for asset-backed securities, mortgage-backed securities, and commercial mortgage-backed securities. These securities use weighted average life (WAL) as a proxy for maturity and are limited to a WAL of five years, or less, at the time of purchase.

The credit rating for the investments held within the OLGIF and using the weighted average modified duration method at June 30, 2022 (in thousands):

Investment Type	Credit Rating	Balance at June 30, 2022	Weighted Average Modified Duration (in years)
U.S. Treasuries	Exempt	\$ 87,524	2.56
Federal agency debt	AA	625	3.09
Federal agency mortgages	Not Rated	8,621	2.76
Short Term Investment Fund ¹	Not Rated	3,444	
Asset-backed securities	AAA	2,575	
	AA	720	
Total asset-backed securities		3,295	1.63
Corporate debt	AAA	700	
	AA	5,826	
	A	54,054	
	BBB	62,815	
	BB	3,539	
Total corporate debt		126,934	2.69
Commercial mortgage-backed securities	AAA	3,454	1.92
Municipal debt	AAA	255	0.06
Total		\$ 234,152	

¹ The Short Term Investment Fund (STIF) is not rated by the credit ratings agencies. The average credit quality of the STIF holdings was A1P1 and the weighted average maturity of the STIF was 58 days at June 30, 2022.

OLGIF guidelines require that all investments meet minimum ratings requirements at the time of purchase. Minimum required ratings are subject to investment type as dictated by the Fund's guidelines. Corporate notes and municipal debt must be rated investment grade or higher at time of purchase. Foreign government securities are required to have a minimum credit rating from S&P of AA-, Moody's of Aa3, or Fitch of AA-. Structured securities such as asset-backed and mortgage-backed securities must be rated AAA at the time of purchase.

Fund guidelines allow securities downgraded below investment grade to be retained at the discretion of the external manager. At no time should the weighted average credit quality of the Fund be more than one rating category below that of the Benchmark. At June 30, 2022, the weighted average credit quality of both the Fund and of the Benchmark was AA.

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Notes to the Financial Statements

Fair value measurement for the OLGIF at June 30, 2022 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Balance at June 30, 2022
Short Term Investment Fund	\$ -	\$ 3,444	\$ -	\$ 3,444
Asset-backed securities	-	3,295	-	3,295
Federal agency debt	-	625	-	625
Federal agency mortgages	-	8,621	-	8,621
Commercial mortgage-backed securities	-	3,454	-	3,454
Municipal debt	-	255	-	255
Corporate debt	-	126,934	-	126,934
U.S. Treasuries	-	87,524	-	87,524
Total	\$ -	\$ 234,152	\$ -	\$ 234,152

Investments of the Governmental Funds, Managed by Treasury

The credit rating for the investments at Treasury held within the governmental funds, excluding the Common School Fund, and using the segmented time distribution method at June 30, 2022 (in thousands):

Reporting Fund¹	Investment Type	Credit Rating²	Investment Maturities (in years)				Balance at June 30, 2022
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Public Transportation	Asset-backed securities	AAA	\$ 1,076	\$ -	\$ -	\$ -	\$ 1,076
	U.S. Federal agency debt	AA	-	1,000	-	-	1,000
	Corporate bonds	AAA	-	965	-	-	965
		A	9,235	11,613	-	-	20,848
		BBB	2,322	997	-	-	3,318
	Total corporate bonds		11,556	13,575	-	-	25,131
Total Public Transportation		12,632	14,575	-	-	27,207	
Employment Services	Oregon Intermediate Term Pool ³	Not rated	-	216,724	-	-	216,724
	Total Employment Services		-	216,724	-	-	216,724
Environmental Management	Oregon Intermediate Term Pool ³	Not rated	-	1,374	-	-	1,374
Permanent	Oregon Intermediate Term Pool ³	Not rated	-	1,526	-	-	1,526
Residential Assistance	U.S. Treasury securities ²	Exempt	4,776	-	-	-	4,776
	U.S. Federal agency debt	AA	-	-	-	9,312	9,312
	Total Residential Assistance		4,776	-	-	9,312	14,088
Business Development	Oregon Intermediate Term Pool ³	Not rated	-	30,814	-	-	30,814
Total			\$ 17,408	\$ 265,012	\$ -	\$ 9,312	\$ 291,732

¹ Refer to the separate Common School Fund schedule.

² Investments of \$4,776 of U.S. Treasury securities are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

³ Refer to the separate Oregon Intermediate Term Pool schedule.

State of Oregon
Notes to the Financial Statements

Fair value measurement for the investments at Treasury held within the governmental funds, excluding the Common School Fund, at June 30, 2022 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Total
Public Transportation	Asset-backed securities	\$ -	\$ 1,076	\$ -	\$ 1,076
	U.S. Federal agency debt	-	1,000	-	1,000
	Corporate bonds	-	25,131	-	25,131
Total Public Transportation		-	27,207	-	27,207
Residential Assistance	U.S. Treasury securities	-	4,776	-	4,776
	U.S. Federal agency debt	-	9,312	-	9,312
Total Residential Assistance		-	14,088	-	14,088
Total Debt Investments		\$ -	\$ 41,294	\$ -	41,294
Investments valued at Net Asset Value (NAV):					
Employment Services	Oregon Intermediate Term Pool				216,724
Environmental Management	Oregon Intermediate Term Pool				1,374
Permanent	Oregon Intermediate Term Pool				1,526
Business Development	Oregon Intermediate Term Pool				30,814
Total Investments valued at NAV					250,438
Total					\$ 291,732

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Notes to the Financial Statements

The credit rating for the Common School Fund's investments held at Treasury and using the segmented time distribution method at June 30, 2022 (in thousands):

Investment Type	Credit Rating ¹	Investment Maturities (in years)				Balance at June 30, 2022
		Less than 1	1 to 5	6 to 10	More than 10 or none	
U.S. Treasury	Exempt	\$ 1,262	\$ 27,656	\$ 10,999	\$ 24,550	\$ 64,466
U.S. Treasury TIPS	Exempt	560	2,157	-	868	3,585
U.S. Federal agency STRIPS	Exempt	15	-	-	4	19
U.S. Federal agency mortgages	Not Rated	17,054	131	294	47,349	64,828
Total U.S. government debt		18,891	29,944	11,292	72,772	132,898
Corporate bonds	AAA	-	1,596	124	103	1,823
	AA	189	1,459	561	1,061	3,270
	A	10,526	6,560	5,593	6,136	28,816
	BBB	10,466	13,766	17,790	16,040	58,062
	BB	532	3,959	1,887	2,540	8,917
	B	40	28	-	-	68
Total corporate bonds		21,753	27,368	25,955	25,880	100,956
Non-U.S. government debt	AAA	3,426	-	-	-	3,426
	AA	1,099	-	-	-	1,099
	A	-	895	185	-	1,081
	BBB	-	1,459	1,179	9,328	11,967
	BB	398	-	-	805	1,203
	Not Rated	235	-	226	67	528
Total non-U.S. government debt		5,158	2,354	1,591	10,200	19,304
Asset-backed securities	AAA	1,943	-	143	1,606	3,692
	AA	941	-	-	205	1,145
	A	1,686	-	-	514	2,199
	BBB	969	-	-	372	1,341
	B	1,119	-	-	-	1,119
	CCC	24	-	-	-	24
	CC	174	-	-	-	174
	Not Rated	217	-	-	393	610
Total asset-backed securities		7,072	-	143	3,090	10,305
Collateralized mortgage obligations	AAA	1,608	-	-	110	1,718
	AA	560	-	-	-	560
	A	1,346	-	-	-	1,346
	BBB	1,925	-	-	-	1,925
	CCC	99	-	-	-	99
	Not Rated	64	-	-	-	64
Total collateralized mortgage obligations		5,601	-	-	110	5,712

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Notes to the Financial Statements

(Continued from previous page)

Investment Type	Credit Rating ¹	Investment Maturities (in years) (continued)				Balance at June 30, 2022
		Less than 1	1 to 5	6 to 10	More than 10 or none	
Collateralized mortgage-backed securities	AAA	3,436	-	-	1,594	5,030
	AA	1,674	-	-	977	2,651
	A	47	-	-	-	47
	BBB	19	-	-	-	19
	BB	36	-	-	-	36
	B	49	-	-	-	49
	CC	11	-	-	-	11
	C	242	-	-	-	242
	Not rated	587	-	-	-	587
Total collateralized mortgage-backed securities		6,102	-	-	2,571	8,673
Domestic fixed income funds	Not rated	-	-	-	279,059	279,059
		\$ 64,577	\$ 59,666	\$ 38,981	\$ 393,682	556,906
Domestic equity securities						317,735
International equity securities						45,984
Domestic equity funds						159,574
International equity funds						465,933
Private equity holdings						204,382
Domestic real estate investment trusts						3,693
Real estate open ended funds						212,676
Alternative diversifying strategies						127,728
						<u>1,537,705</u>
Total						<u>\$ 2,094,611</u>

¹ Investments of \$64,466 in U.S. Treasury securities, \$3,585 in U.S. Treasury Inflation Protected Securities (TIPS), \$19 in Federal Agency STRIPS, and \$9,724 in Government National Mortgage Association (GNMA), which are reported within U.S. Federal agency mortgages, are explicitly guaranteed by the U.S. government, and therefore, are exempt from credit risk disclosure requirements.

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Notes to the Financial Statements

Fair value measurement for the investments at Treasury held by the Common School Fund at June 30, 2022 (in thousands):

Investment type	Level 1	Level 2	Level 3	Total
U.S. Treasury	\$ -	\$ 68,051	\$ -	\$ 68,051
U.S. Federal agency STRIPS	-	19	-	19
U.S. Federal agency mortgages	-	64,828	-	64,828
Corporate bonds	-	100,956	-	100,956
Non-U.S. government debt	-	19,304	-	19,304
Asset-backed securities	-	10,305	-	10,305
Collateralized mortgage obligations	-	5,712	-	5,712
Collateralized mortgage-backed securities	-	8,673	-	8,673
Domestic fixed income funds	-	279,059	-	279,059
Total Debt Investments	-	556,906	-	556,906
Domestic equity securities	363,719	-	-	363,719
Domestic real estate investment trusts	3,693	-	-	3,693
Total Equity securities and derivatives	367,412	-	-	367,412
Total	\$ 367,412	\$ 556,906	\$ -	924,318
Investments measured at Net Asset Value (NAV)				
Domestic equity funds				159,574
International equity funds				465,933
Private equity				204,382
Real estate open ended funds				212,676
Alternative diversifying strategies				98,046
Alternative infrastructure				29,683
Total investments measured at NAV				1,170,293
Total Investments at fair value				\$ 2,094,611

Disclosures regarding redemption and investments valued at NAV per share (or its equivalent), held by the Common School Fund, including unfunded commitments at June 30, 2022 (in thousands):

Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments¹	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity	\$ 204,382	\$ 32,327	N/A	N/A
Real estate open ended funds	212,676	5,618	Quarterly	15 - 45 days
Alternative diversifying strategies	98,046	-	Monthly	3 - 10 days
Alternative infrastructure	29,683	23,743	N/A	N/A
Domestic equity funds	159,574	-	N/A	N/A
International equity funds	465,933	-	N/A	N/A
Total	\$ 1,170,293	\$ 61,688		

¹ Excludes new commitments not yet funded at June 30, 2022.

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Notes to the Financial Statements

Investments of the Proprietary Funds, Managed by Treasury

The credit rating for the investments at Treasury held by proprietary funds and using the segmented time distribution method at June 30, 2022 (in thousands):

Reporting Fund	Investment Type	Credit Rating ²	Investment Maturities (in years)				Balance at June 30, 2022
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Housing and Community Services ¹	U.S. Treasury securities	Exempt	\$ -	\$ -	\$ -	\$ 906	\$ 906
	U.S. Federal agency debt	AA	-	-	-	482	482
Total Housing and Community Services			-	-	-	1,388	1,388
Veterans' Loan	Oregon Intermediate Term Pool ³	Not rated	-	11,489	-	-	11,489
Lottery Operations	U.S. Treasury STRIPS	Exempt	10,318	38,908	30,154	31,373	110,753
	U.S. Federal agency STRIPS	Not rated	813	854	-	-	1,667
Total Lottery Operations			11,131	39,762	30,154	31,373	112,420
Special Public Works	Oregon Intermediate Term Pool ³	Not rated	-	11,611	-	-	11,611
Central Services	U.S. Federal agency mortgages	Not rated	586	4	-	-	590
	Oregon Intermediate Term Pool ³	Not rated	-	30,227	-	-	30,227
Total Central Services			586	30,231	-	-	30,817
Total			\$ 11,717	\$ 93,093	\$ 30,154	\$ 32,761	\$ 167,725

¹ \$231,595 in investments are held outside Treasury. Refer to the separate schedule.

² Investments of \$906 in U.S. Treasury securities and \$110,753 in U.S. Treasury STRIPS are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

³ Refer to the separate Oregon Intermediate Term Pool schedule.

The fair value measurement for the investments at Treasury held by proprietary funds at June 30, 2022 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Balance at June 30, 2022
Housing and Community Services	U.S. Treasury securities	\$ -	\$ 906	\$ -	\$ 906
	U.S. Federal agency debt	-	482	-	482
Total Housing and Community Services		-	1,388	-	1,388
Lottery Operations	U.S. Treasury STRIPS	-	110,753	-	110,753
	U.S. Federal agency STRIPS	-	1,667	-	1,667
Total Lottery Operations		-	112,420	-	112,420
Central Services	U.S. Federal agency mortgages	-	590	-	590
Total Debt Investments		\$ -	\$ 114,398	\$ -	114,398
Investments valued at NAV					
Veterans' Loan	Oregon Intermediate Term Pool				11,489
Special Public Works	Oregon Intermediate Term Pool				11,611
Central Services	Oregon Intermediate Term Pool				30,227
Total Investments Valued at NAV					53,327
Total					\$ 167,725

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Investments not Managed by Treasury

For investments held outside of the Treasury, statutes govern the placement of funds with outside parties as part of trust agreements or mandatory asset holdings by regulatory agencies. The credit rating and segmented time distribution for investments held outside Treasury at June 30, 2022 (in thousands):

Reporting Fund	Investment Type	Credit Rating ¹	Investment Maturities (in years)				Balance at June 30, 2022
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Common School	U.S. agency securities	Exempt	\$ 1	\$ -	\$ -	\$ 110	\$ 111
	U.S. Treasury STRIPS	Exempt	2	1	-	-	3
	Municipal bonds	Not rated	-	-	25	148	173
	Corporate bonds	A	-	-	-	15	15
		BBB	-	-	-	43	43
		BB	-	-	26	-	26
Total corporate bonds			-	-	26	58	84
Total Common School			3	1	51	315	371
Revenue Bond	Guaranteed investment contracts	N/A	-	2,523	-	-	2,523
Housing and Community Services	U.S. Treasury securities	Exempt	117,742	5,512	-	-	123,254
	U.S. Federal agency debt	AA	4,056	5,603	13,189	15,499	38,347
		Not rated	19,985	-	-	-	19,985
	Total federal agency debt			24,041	5,603	13,189	15,499
	Investment derivative instruments	Not rated	-	-	-	15	15
	Money market mutual funds ²	AAA	49,993	-	-	-	49,993
Total Housing and Community Services			191,777	11,115	13,189	15,514	231,595
Private Purpose Trust	U.S. Treasury securities ³	Exempt	3,272	1	7	13	3,294
	Domestic mutual funds - debt ³	Not rated	7	-	-	985	992
Total Private Purpose Trust			3,280	1	7	998	4,286
Total Debt Investments			\$ 195,060	\$ 13,640	\$ 13,247	\$ 16,828	238,775
Educational Support	Private equities	N/A					190,217
Common School	Alternative Equities	N/A					24
	Mutual funds	N/A					28,983
	Domestic equity securities	N/A					47,548
	International equity securities	N/A					1,796
	Real estate	N/A					2,415
	Other collectibles	N/A					425
	Others	N/A					13
Private Purpose Trust	Domestic equity securities	N/A					20
	Annuity contracts	N/A					63
Total							\$ 510,282

¹ Investments of \$126,548 in U.S. Treasury securities and \$3 in U.S. Treasury STRIPS are explicitly guaranteed by the U.S. government and, therefore, exempt from credit risk disclosure requirements.

² Included in Cash and Cash Equivalents - Restricted on the Statement of Net Position.

³ Some investments (along with certain cash deposits) are reported as receivership assets on the statement of fiduciary net position.

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The fair value measurement for investments held outside Treasury at June 30, 2022 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Balance at June 30, 2022
Common School	U.S. agency securities	\$ -	\$ 111	\$ -	\$ 111
	U.S. Treasury STRIPS	-	3	-	3
	Municipal bonds	-	173	-	173
	Corporate bonds	-	84	-	84
	Domestic equity securities	47,548	-	-	47,548
	International equity securities	1,796	-	-	1,796
	Other collectibles	-	-	425	425
	Others	-	10	3	13
	Real estate	-	-	2,415	2,415
Total Common School		49,345	381	2,843	52,569
Housing and Community Services	U.S. Treasury securities	-	123,254	-	123,254
	U.S. Federal agency debt	-	58,332	-	58,332
	Investment derivative instruments	-	15	-	15
	Money market mutual funds	49,993	-	-	49,993
Total Housing and Community Services		49,993	181,602	-	231,595
Private Purpose Trust	U.S. Treasury securities	-	3,294	-	3,294
	Domestic equity securities	20	-	-	20
Total Private Purpose Trust		20	3,294	-	3,314
Total Debt Investments		\$ 99,358	\$ 185,276	\$ 2,843	287,478

Investments reported at NAV:

Educational Support	Private equities	190,217
Revenue Bond	Guaranteed investment contracts	2,523
Private Purpose Trust	Domestic mutual funds - debt	992
	Annuity contracts	63
Common School	Alternative equities	24
	Mutual funds	28,983
Total		\$ 510,282

Disclosures regarding redemption and investments valued at NAV per share (or its equivalent), held by the Educational Support Fund, including unfunded commitments at June 30, 2022 (in thousands):

Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private equities	\$ 190,217	\$ 51,223	N/A	N/A

Interest Rate Sensitive Investments

As of June 30, 2022, the primary government held approximately \$1.1 billion in debt instruments backed primarily by collateralized mortgage-backed securities and federal agency mortgages. These securities represent a stream of principal and interest payments from underlying mortgages. Assets with these characteristics are susceptible to prepayment by the mortgage holders, which may result in a decrease in total interest realized. The value of these securities can be volatile as interest rates fluctuate. Additionally, the risk of default exists and collateral held may potentially be insufficient to cover the principal due. In addition, the primary government held approximately \$5.1 billion of asset-backed securities collateralized primarily by credit card accounts, automobile loans, and equipment leases.

Concentration of Credit Risk

Investment policies for fixed income investments under the management of the Treasurer generally limit investments in a single issuer to 5% of the portfolio, with the exception of securities of the U.S. government and U.S. agencies. For investments not under the management of the Treasurer, there are no formal policies

**State of Oregon
Notes to the Financial Statements**

on concentration of credit risk. At June 30, 2022, there were no issuers that exceeded 5% of the primary government's holdings (excluding OPERF).

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2022, 10.8% of the Housing and Community Service Fund's total investments were Federal Home Loan Bank securities, 6.4% were Federal National Mortgage Association (FNMA) securities, and 5.5% are Federal Agriculture Mortgage Corporation securities.

Within the major governmental funds, the Public Transportation Fund's investments included \$4.8 million (17.8%) in Toyota Motor Corporation, \$3 million (11%) in Paccar Inc, \$2.8 million (10.3%) in Toronto-Dominion Bank, \$2.3 million (8.5%) in Goldman Sachs Group Inc, \$2 million (7.4%) in John Deere Capital Corporation, and \$1.6 million (5.9%) in Mitsubishi UFJ Financial Group.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Oregon state agencies are required to deposit moneys in state-qualified depositories under Oregon law. Exceptions due to foreign field offices and related circumstances are approved by the Treasurer. International debt securities denominated in U.S. dollars are not subject to currency risk if the investment's obligations will be paid in U.S. dollars. Investment policies for fixed income investments under the management of the Treasurer generally prohibit investments in non-dollar denominated securities. The Common School Fund is allowed to invest in non-dollar denominated securities. For investments not under the management of the Treasurer, there are no formal policies on foreign currency risk.

Deposits and investments exposed to foreign currency risk for the primary government (excluding the OPERF) as of June 30, 2022 (in thousands):

Foreign Currency Denomination	Deposits and Investments (U.S. Dollars)			
	Deposits	International Equity	Non-US Government	Total
Argentine peso	\$ 6	\$ -	\$ -	\$ 6
British pound sterling	6	47,281	-	47,288
Canadian dollar	-	976	3,426	4,402
Chinese yuan	186	-	76	262
Euro	-	16,539	-	16,539
Hong Kong dollar	-	5,527	-	5,527
Japanese yen	-	3,279	-	3,279
Korean won	-	814	-	814
Mexican peso	272	-	8,903	9,174
Russian ruble	36	-	528	564
South African Rand	-	1,233	-	1,233
Swedish krona	-	2,429	-	2,429
Total	\$ 506	\$ 78,079	\$ 12,932	\$ 91,517

C. Investments – Primary Government – Oregon Public Employees Retirement Fund (OPERF)

The Council establishes policies for the investment and reinvestment of moneys in the OPERF. Policies are established based on the primary investment class of each investment manager and do not reflect the classifications of individual holdings as presented in the financial statements. Contracts with individual investment managers provide additional guidelines that vary from manager to manager.

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Notes to the Financial Statements

Investments in the OPERF as of June 30, 2022 (in thousands):

Investment Type	Fair Value
U.S. Treasury obligations	\$ 7,405,479
U.S. Treasury obligations - STRIPS	706,365
U.S. Treasury obligations - TIPS	142,561
U.S. Federal agency mortgage securities	852,602
U.S. Federal agency mortgage TBAs	1,327,170
U.S. Federal agency debt	101,343
U.S. Federal agency STRIPS	429
International debt securities	1,153,681
Non-government debt securities	1,395,606
Corporate bonds	1,600,652
Bank loans	1,288,904
Municipal bonds	35,834
Collateralized mortgage obligations	499,310
Commercial mortgage-backed securities	90,218
Asset-backed securities	406,155
Guaranteed investment contracts ¹	302,017
Domestic fixed income funds	960,016
Global fixed income funds	893,259
Repurchase agreements	39,700
Total debt securities	19,201,300
Derivatives in asset positions	5,842
Domestic equity securities	11,035,418
International equity securities	6,804,294
Domestic equity funds	3,597,615
Global equity funds	684,341
International equity funds	758,845
Target date funds	789,884
Oregon Savings Growth Plan - self directed	38,823
Real estate and real estate investment trusts	13,484,899
Private equity	24,588,062
Real assets	7,493,706
Diversifying strategies	5,192,617
Opportunity portfolio	2,248,492
Total investments	\$ 95,924,139

¹ Guaranteed investment contracts are stated at contract value.

Interest Rate Risk

Interest rate risk is managed within the OPERF using the effective duration methodology. There is no policy restriction regarding the interest rate risk. As of June 30, 2022, the weighted average duration of the fixed income portfolio was 4.31 years and no individual fixed income investment manager's portfolio was outside the policy guidelines.

At June 30, 2022, the OPERF held approximately \$1.4 billion in debt instruments backed by pooled mortgages, collateralized mortgage obligations, or fixed-rate mortgages. These securities represent a stream of principal and interest payments from underlying mortgages. Assets with these characteristics are susceptible to prepayment by the mortgage holders, which may result in a decrease in total interest realized. The value of these securities can be volatile as interest rates fluctuate. Additionally, the risk of default exists and collateral held may potentially be insufficient to cover the principal due. The OPERF also held approximately \$1.3 billion in to-be-announced federal agency-issued mortgage pools. An additional \$406.1

State of Oregon
Notes to the Financial Statements

million of debt instruments are asset-backed securities backed primarily by automobiles, consumer credit receivables, heavy equipment leases, and student loan receivables.

Debt investments of the OPERF as of June 30, 2022 (in thousands):

Investment Type	Balance at June 30, 2022	Effective Weighted Duration Rate (in years)
U.S. Treasury obligations	\$ 7,405,479	3.07
U.S. Treasury obligations - STRIPS	706,365	0.25
U.S. Treasury obligations - TIPS	142,561	4.88
U.S. Federal agency mortgage securities	852,602	6.56
U.S. Federal agency mortgage TBAs	1,320,039	4.00
U.S. Federal agency debt	101,343	2.85
U.S. Federal agency STRIPS	429	18.91
International debt securities	1,153,681	4.60
Non-U.S. government debt securities	1,395,606	4.36
Corporate bonds	1,600,636	5.80
Bank loans	1,281,037	6.40
Municipal bonds	35,834	4.27
Collateralized mortgage obligations	499,310	8.28
Commercial mortgage-backed securities	90,218	6.81
Asset-backed securities	406,155	4.60
Domestic fixed income funds	960,016	5.33
Global fixed income funds	893,259	6.48
Repurchase agreements	39,700	0.00 ¹
No effective duration:		
U.S. Federal Agency Mortgage TBAs	7,131	N/A
Corporate bonds	16	N/A
Bank loans	7,868	N/A
Guaranteed investment contracts	302,017	N/A
Total debt securities	19,201,300	
Cash equivalent - Mutual Funds - STIF	1,267,068	11 days ²
Cash equivalent - Oregon Short Term Fund	2,098,357	185 days ²
Total subject to interest rate risk	\$ 22,566,725	

¹ 0.001 year

² Weighted average maturity. Pools are not rated.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Council has no formal policy regarding credit risk. As of June 30, 2022, the fair value of below grade investments, excluding unrated securities, is \$1.3 billion, or 12.5%, of total securities subject to credit risk and 7% of total debt securities. The weighted quality rating average is AA-. Unrated securities include \$582.6 million in bank loans, \$1.5 billion in domestic and global fixed income funds, \$302 million in guaranteed investment contracts, and \$658.6 million in other debt securities.

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Notes to the Financial Statements

Credit ratings for debt securities within the OPERF as of June 30, 2022 (in thousands):

Credit Rating	Balance at June 30, 2022
AAA	\$ 1,215,637
AA	610,334
A	961,447
BBB	1,606,258
BB	309,270
B	712,215
CCC	242,849
CC	63,988
C	1,093
D	6,349
Not rated	3,012,620
Not rated - U.S. Federal agency ¹	1,929,128
Total subject to credit risk	10,671,187
U.S. government guaranteed securities	8,530,114
Total	\$ 19,201,300

¹ Federal agency securities are not rated by the credit rating agencies as they carry an implicit guarantee of the U.S. government.

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the OPERF will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. There is no formal policy regarding the holding of securities by a custodian or counterparty. As of June 30, 2022, investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) are registered and held in the name of the Oregon Investment Council (OIC), for the benefit of PERS, and are not exposed to custodial credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2022, approximately 6.6% of the debt investment portfolio was invested in non-dollar denominated securities. Policies for the OPERF portfolio do not limit non-dollar denominated investments. OPERF utilizes a currency overlay manager to reduce risk through offsetting investments in the developed foreign currency market for international equity portfolios.

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Notes to the Financial Statements

The OPERF's exposure to foreign currency risk as of June 30, 2022 (in thousands):

Foreign Currency Denomination	Deposits and Investments (U.S. Dollars)							Total
	Cash and Cash Equivalents	Debt Securities	Public Equity	Derivatives in Asset Positions	Real Estate	Alternative Portfolio		
Argentine peso	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3
Australian dollar	6,097	36,864	274,684	-	9,110	47,843	-	374,598
Brazilian real	1,810	-	88,302	-	-	-	-	90,112
British pound sterling	24,575	211,205	951,771	-	980	44,912	-	1,233,444
Canadian dollar	7,752	30,103	461,173	-	3,684	-	-	502,713
Chilean peso	483	-	2,408	-	-	-	-	2,891
Chinese yuan	98,453	73,327	167,217	-	-	-	-	338,997
Colombian peso	4	799	209	-	-	-	-	1,012
Czech koruna	7	1,027	1,571	-	-	-	-	2,604
Danish krone	263	2,076	187,217	-	-	-	-	189,556
Egyptian pound	2	-	2,152	1	-	-	-	2,155
Euro	95,983	501,249	1,238,876	5	120	2,785,337	-	4,621,568
Hong Kong dollar	4,118	-	494,356	-	16,134	-	-	514,608
Hungarian forint	2	392	4,284	-	-	-	-	4,678
Indian rupee	1,452	-	117,626	-	-	-	-	119,078
Indonesian rupiah	554	10,565	34,241	-	-	-	-	45,361
Israeli new shekel	205	15,256	53,615	-	-	-	-	69,076
Japanese yen	11,075	314,581	970,856	-	1,975	-	-	1,298,487
Kenya shilling	847	-	819	-	-	-	-	1,666
Kuwaiti dinar	41	-	703	-	-	-	-	744
Malaysian ringgit	561	9,097	31,651	1,503	-	-	-	42,812
Mexican peso	4,295	29,512	39,844	-	9,880	-	-	83,531
New Taiwan dollar	3,463	-	208,623	-	-	-	-	212,085
New Zealand dollar	1,034	2,806	7,591	-	-	-	-	11,431
Nigerian naira	785	-	4,170	-	-	-	-	4,955
Norwegian krone	399	374	80,830	-	-	-	-	81,602
Pakistani rupee	77	-	4,736	-	-	-	-	4,813
Peruvian nuevo sol	3	6,344	10	-	-	-	-	6,357
Philippine peso	63	-	9,598	-	-	-	-	9,661
Polish zloty	257	1,381	13,675	-	-	-	-	15,313
Qatari rial	69	-	24,282	-	-	-	-	24,351
Romanian leu	-	668	1,345	-	-	-	-	2,013
Russian ruble	704	1,678	36,320	-	-	-	-	38,702
Saudi Arabian riyal	546	-	44,136	-	44	-	-	44,726
Singapore dollar	873	9,826	93,112	6	11,759	-	-	115,576
South African rand	789	4,126	67,535	-	-	-	-	72,449
South Korean won	2,633	-	248,720	18	14	-	-	251,386
Swedish krona	1,640	1,078	131,152	-	-	-	-	133,871
Swiss franc	5,405	-	400,128	196	-	-	-	405,729
Thailand baht	378	4,100	32,518	620	417	-	-	38,033
Turkish lira	73	-	13,549	-	-	-	-	13,622
United Arab Emirates dirham	18	-	11,598	-	-	-	-	11,616
Vietnamese dong	13	-	1,524	-	-	-	-	1,537
Total	\$ 277,804	\$ 1,268,432	\$ 6,558,728	\$ 2,349	\$ 54,118	\$ 2,878,092	\$ -	\$ 11,039,523

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Fair Value Measurement

Fair value measurement levels for investments in the OPERF as of June 30, 2022 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by Fair Value Level				
Debt Securities:				
U.S. Treasury obligations	\$ -	\$ 7,405,479	\$ -	\$ 7,405,479
U.S. Treasury obligations - STRIPS	-	706,365	-	706,365
U.S. Treasury obligations - TIPS	-	142,561	-	142,561
U.S. Federal agency mortgage securities	-	852,600	2	852,602
U.S. Federal agency mortgage TBAs	-	1,303,700	23,470	1,327,170
U.S. Federal agency debt	-	101,343	-	101,343
U.S. Federal agency STRIPS	-	429	-	429
Non-U.S. government debt securities	-	1,395,606	-	1,395,606
Corporate bonds	-	1,985,047	64,963	2,050,010
Bank loans	-	1,210,694	137,965	1,348,659
Municipal bonds	-	35,834	-	35,834
Collateralized mortgage obligations	-	659,619	628	660,247
Commercial mortgage-backed securities	-	90,314	-	90,314
Asset-backed securities	-	847,378	42,311	889,689
Domestic fixed income funds	-	960,016	-	960,016
Global fixed income funds	-	893,259	-	893,259
Repurchase agreements	-	39,700	-	39,700
Total debt securities¹	-	18,629,944	269,340	18,899,283
Public Equity:				
Domestic equity securities	10,988,767	-	46,652	11,035,418
International equity securities	6,791,873	-	12,421	6,804,294
Domestic equity funds	-	3,597,615	-	3,597,615
Global equity funds	-	684,341	-	684,341
International equity funds	534,842	129,135	94,868	758,845
Target date funds	-	789,884	-	789,884
Oregon Savings Growth Plan - self directed	38,823	-	-	38,823
Total public equity	18,354,304	5,200,975	153,941	23,709,220
Real estate investment trusts	591,019	-	-	591,019
Total investments by fair value level	<u>\$ 18,945,323</u>	<u>\$ 23,830,918</u>	<u>\$ 423,280</u>	<u>43,199,522</u>
Investments Measured at Net Asset Value (NAV)				
Real estate:				
Real estate investments				9,834,443
Real estate open ended funds				3,059,437
Total real estate				<u>12,893,880</u>
Private equity				24,588,062
Real assets				7,493,706
Diversifying strategies				5,192,617
Opportunity portfolio:				
Opportunity private investments				1,250,080
Opportunity open ended funds				998,413
Total opportunity portfolio				<u>2,248,492</u>
Total investments measured at NAV				<u>52,416,758</u>
Total investments measured at fair value				<u>\$ 95,616,280</u>

¹ Guaranteed investment contracts are excluded from the table as these are stated at contract value

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Investments Measured at Net Asset Value

Disclosures regarding redemption and investments valued at NAV per share (or its equivalent) including unfunded commitments at June 30, 2022 (in thousands):

	Fair Value	Unfunded Commitments ¹	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate:				
Real estate investments	\$ 9,834,443	\$ 3,528,737	N/A	N/A
Real estate open ended funds	3,059,437	108,375	Quarterly	15 - 90 days
Private equity	24,588,062	7,541,356	N/A	N/A
Real assets	7,493,706	3,187,452	N/A	N/A
Diversifying strategies	5,192,617	-	Monthly	3 - 90 days
Opportunity portfolio:				
Opportunity private investments	1,250,080	983,898	N/A	N/A
Opportunity open ended funds	998,413	295,929	Monthly, Quarterly	5 - 90 days
Total	\$ 52,416,758	\$ 15,645,747		

¹ Excludes unfunded commitments associated with investments included in the fair value hierarchy (Levels 1, 2, and 3) and new commitments not yet funded at June 30, 2022.

Equity securities are generally valued based on quoted prices from an active market and are therefore categorized in Level 1. In the absence of quoted market prices, such as equity securities that trade infrequently or not at all, valuations are based on the last traded price or a price provided by investment managers and are generally categorized in Level 3.

Debt securities classified as Level 2, are valued using the latest bid prices or evaluated quotes from independent pricing vendors. The third-party vendors use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. When independent price sources are not available, debt securities are priced based on the last traded price or a valuation provided by the investment manager and are categorized in Level 3.

Funds priced using a NAV that is published daily and validated with a sufficient level of observable activity are categorized in Level 1. If observable activity is limited, yet supports that the NAV represents an exit value of the security at the measurement date, the securities are categorized in Level 2. Investments that are measured at NAV as a practical expedient, such as most private equity, real assets, diversifying strategies, opportunity, and real estate investments, are excluded from the fair value hierarchy if the NAV per share (or its equivalent) was calculated in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Funds not meeting this criteria are categorized in Level 3.

Investments in real estate, other than real estate investment trusts which are generally valued based on an active market price and are categorized in Level 1, have been valued based on the NAV per share (or its equivalent), as provided by the general partner. This type includes 64 commingled real estate funds, structured as limited partnerships, where the funds have a finite term. Distributions from the funds will be received as the underlying investments of the funds are liquidated. Liquidation is expected to take place during the five year period following the termination of the investment period which extends to 2035. Investments in real estate also include 16 joint ventures where the investments are expected to be held for the long term and generate cash flow that will represent a significant component of the total return. Real estate also includes investments in 13 open ended funds that permit quarterly redemption of shares, subject to certain requirements being met.

Private equity consists of approximately 207 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged buyouts, venture capital, growth equity, fund-of-funds, co-investments, and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. These funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 12 to 14 years.

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Real Asset and Diversifying Asset investments seek to provide diversification and inflation-hedging characteristics to the fund. They include investments with a focus on infrastructure and natural resources. Alternatives Portfolio consists of 83 investments in commingled funds organized as limited partnerships and limited liability companies. The fair values of the investments have been determined using a NAV per share (or its equivalent) of the investments. For alternative infrastructure and natural resource investments, which includes 68 of the 83 funds, the funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 10 to 14 years. The remaining 15 funds are open ended, permitting periodic redemption of shares, subject to certain requirements being met. They consist of 14 funds investing in diversifying hedge strategies and one fund investing in a risk parity strategy.

The Opportunity Portfolio includes strategies that fall outside of other asset classes and include 24 funds investing in a broad range of performing and distressed debt and debt related securities as well as royalties and insurance-based investments. The fair values of the investments have been determined using a NAV per share (or its equivalent) of the investments. For 18 of the 24 funds, the funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next seven to 10 years. The remaining six funds are open ended, permitting periodic redemption of shares.

D. Repurchase Agreements

Investments in repurchase agreements made with cash collateral securities lending transactions had the following fair values at June 30, 2022:

- \$66.7 million, or 34.4% of the Oregon Short Term Investment Fund, the cash collateral pool for all agencies, excluding OPERF.
- \$251.2 million, or 55.3% of the OPERF cash collateral pool.

E. Securities Lending

The State participates in securities lending transactions in accordance with State investment policies. 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. There were no significant violations of the provisions of securities lending agreements during the year ended June 30, 2022.

During the year, State Street had the authority to loan short-term, fixed income, and equity securities and to receive as collateral U.S. dollar and foreign currency cash, U.S. government and agency securities, letters of credit, 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% of the fair value of the loaned U.S. securities, international fixed income securities, or 105% in the case of international equity. The custodian did not have the ability to pledge or sell collateral securities absent a borrower default, and during the fiscal year the State did not impose restrictions on the amount of loans the custodian made on its behalf. The State is fully indemnified against losses due to borrower default by its custodian. There were no losses during the year from the failure of borrowers to return loaned securities and no recoveries of amounts from prior losses.

State Street, as lending agent, has created a fund to reinvest cash collateral received on behalf of the OSTF and Oregon state agencies other than PERS. As permitted under the fund's Declaration of Trust (Declaration), participant purchases and redemptions are transacted at \$1 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 balance sheet and statement of net position.

The maturities of investments made with cash collateral did not generally 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, 2022, is effectively one day. On June 30, 2022, the State had no credit risk exposure to borrowers because the amounts the State owes to borrowers exceed the amounts borrowers owe the State.

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Securities lending balances on loan, collateral received, and investments of cash collateral as of June 30, 2022, of the primary government, including the OPERF (in thousands):

Investment Type	Cash and Securities Collateral Received	Securities on Loan at Fair Value	Investments of Cash Collateral at Fair Value
U.S. Treasury and agency securities	\$ 180,908	\$ 177,767	\$ 37,558
Domestic equity securities	410,824	395,705	350,857
International equity securities	83,103	77,862	38,253
Domestic fixed income securities	214,087	210,113	226,258
Total	\$ 888,922	\$ 861,448	\$ 652,926

State Street, as lending agent, has also created a fund, solely owned by OPERF, to reinvest cash collateral received. OPERF bears the entire risk of loss and the reinvested cash collateral is stated at fair value in the Pension and Other Employment Benefit Trust Funds in the statement of fiduciary net position.

F. Restricted Assets

Included in deposits and investments are amounts which are committed for specific purposes, including loan acquisitions, payment of debt service, lottery prizes, and deferred compensation. At June 30, 2022, the primary government had restricted assets of \$4 billion in deposits and \$1.3 billion in investments.

3. DERIVATIVE INSTRUMENTS

Derivative instruments are financial instruments whose value is derived from underlying assets, reference rates, or indexes. A derivative instrument generally takes the form of a contract in which two parties agree to make payments at some later date based on the value of the underlying assets, reference rates, or indexes. The main types of derivative instruments are futures, forwards, options, and swaps. The State uses derivative instruments as hedges against certain risks, for example, to counter increases in interest costs, and as investments. For investment derivative instruments, the Oregon State Treasury (Treasury) policy allows, with some restrictions, for the use of derivative instruments in the prudent management of the State's investments. Certain external management firms are allowed, through contract, to invest in derivative instruments in order to carry out their investment management activities.

A. Hedging Derivative Instruments (Excluding the Oregon Public Employees Retirement Fund)

Housing and Community Services Department

The Oregon Housing and Community Services Department (OHCS D) has entered into pay-fixed, receive-variable interest rate swaps to hedge against changes in variable rate interest and to lower borrowing costs compared to fixed rate bonds. OHCS D had six swaps at the end of the fiscal year. The fair value of the swaps on June 30, 2022, totaled \$12.4 million and the notional amount totaled \$171.2 million. The fair value of hedging derivative instruments totaled \$12.4 million. Hedging derivative instrument swaps with positive fair values are shown on the proprietary funds statement of net position and the government-wide statement of net position under deferred inflows of resources and derivative instrument assets. During the fiscal year the fair value of the hedging derivative instruments increased by \$16.1 million.

The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. This methodology is believed to be consistent with accepted practice in the market for interest rate swaps. The fair value is categorized as Level 2 within the fair value hierarchy described in Note 2.

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Notes to the Financial Statements

The terms, fair values, counterparties, and credit ratings of OHCS D's outstanding swaps as of June 30, 2022 (dollars in thousands):

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Term Date	Counterparty	Counterparty Rating ²
Mortgage revenue bonds								
2015 C	\$ 33,600	9/6/2018	2.75%	70.0% of 1-mo. LIBOR ¹ + .05%	\$ 651	7/1/2045	Royal Bank of Canada	Aa1 AA- AA-
2016 B	13,140	1/1/2019	1.71%	66.5% of 1-mo. LIBOR + .08%	558	1/1/2033	Royal Bank of Canada	Aa1 AA- AA-
2016 C	15,000	1/1/2019	2.00%	66.5% of 1-mo. LIBOR + .15%	775	7/1/2037	Royal Bank of Canada	Aa1 AA- AA-
2017 C	41,605	7/1/2019	2.41%	70.0% of 1-mo. LIBOR + .05%	263	7/1/2039	Bank of America, N.A.	Aa2 A+ AA
2018 E	41,000	5/4/2019	1.12% ³		6,874	7/1/2043	Bank of America, N.A.	Aa2 A+ AA
2020 B	24,500	7/13/2020	0.90% ⁴		3,248	7/1/2037	Royal Bank of Canada	Aa1 AA- AA-
	<u>\$ 168,845</u>				<u>\$ 12,369</u>			

¹ London Interbank Offered Rate

² Moody's / S&P / Fitch

³ USD SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index from the Effective Date weekly to but excluding, January 1, 2028, and 70% of LIBOR thereafter.

⁴ USD SIFMA Municipal Swap Index from the Effective Date weekly to but excluding, July 1, 2026, and 70% of LIBOR thereafter.

The mortgage revenue bonds (MRB) swaps include options giving OHCS D the right to call (cancel) the swaps in whole or in part, depending on the exercise date, semiannually on or after July 1, 2023 (2016 B and 2016 C), January 1, 2025 (2015 C), July 1, 2026 (2017 C and 2020 B), and January 1, 2028 (2018 E). These options provide flexibility to manage the prepayments of loans and the related bonds.

Basis risk is the risk that arises when variable interest rates on a derivative instrument and the associated bond are based on different indexes. All variable interest rates on OHCS D's tax exempt bonds are determined weekly by a remarketing agent. OHCS D is exposed to basis risk when the variable rates received, which are based on the one-month London Interbank Offered Rate (LIBOR) rate or the SIFMA rate, do not offset the variable rates paid on the bonds. As of June 30, 2022, the one-month LIBOR was 1.7% and the SIFMA rate was 0.9%. OHCS D's variable interest rates as of June 30, 2022, can be found in Note 8.

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. OHCS D or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the swap agreement. If any of the swaps are terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates and OHCS D would then be exposed to interest rate risk. Also, if any of the swaps had a negative value at termination, OHCS D would be liable to the counterparty for a payment equal to the fair value of the swap.

Rollover risk is the risk that occurs when the swap termination date does not extend to the maturity date of the associated debt. OHCS D is not exposed to rollover risk because the swap termination dates match the associated bond maturity dates.

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Notes to the Financial Statements

Debt service requirements of the variable rate debt and net swap payments of OHCS D, using interest rates as of June 30, 2022 (in thousands):

Year Ending June 30,	Principal	Interest	Interest Rate Swaps (Net)	Total
2023	\$ -	\$ 1,178	\$ 1,870	\$ 3,048
2024	-	1,606	1,242	2,848
2025	3,340	1,601	1,228	6,169
2026	4,010	1,564	1,190	6,764
2027	4,120	1,526	1,105	6,751
2028-2032	32,910	6,901	4,147	43,958
2033-2037	58,235	4,872	3,146	66,253
2038-2042	46,095	2,088	1,732	49,915
2043-2046	20,135	319	400	20,854
Total	\$ 168,845	\$ 21,655	\$ 16,060	\$ 206,560

OHCS D's swaps include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (MRB) is not above either Baa1 (Moody's) or BBB+ (S&P). If the bonds are at or below these levels, collateral in the amount of the current swap fair value (rounded to the nearest \$10 thousand) is required to be posted. The minimum transfer amount is \$100 thousand or \$0 if neither rating agency rates the bonds. The total fair value on June 30, 2022, of the swaps that include these provisions is \$12.4 million. At June 30, 2022, the bonds subject to these provisions are rated Aa2 by Moody's; the bonds are not rated by S&P.

Department of Veterans' Affairs

The Veterans' Loan Fund, a major enterprise fund managed by the Department of Veterans' Affairs (DVA), has interest rate swaps in connection with its Loan Program General Obligation Veterans' Welfare Bonds, 2015 Series P (Veterans' Welfare Bonds Series 95), 2020 Series J (Veterans' Welfare Bonds 105B), and 2020 Series M (Veterans' Welfare Bonds Series 106C). The swaps and underlying floating-rate bonds together create "synthetic" fixed-rate debt. The DVA did not have any maturities of derivative instruments during fiscal year 2022. During the fiscal year, the fair value of the Series 95 swap increased by \$2.6 million. The fair value of the Series 105B and 106C swap increased by \$3 million.

The fair value balance of the interest rate swaps is reported on the proprietary funds statement of net position and the government-wide statement of net position under deferred inflows of resources and derivative instrument assets.

The fair value as of June 30, 2022, is positive. The fair value of the interest rate swaps is estimated using the zero-coupon method. This method calculates the future payments required by the swaps, using the forward interest rates implied by the yield curve for the floating leg of the swaps and the fixed rate of the swaps for the fixed leg of the swaps. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps. The fair value is categorized as Level 2 within the fair value hierarchy described in Note 2.

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The terms and objectives of the DVA outstanding derivative instruments as of June 30, 2022 (dollars in thousands):

Type	Objective	Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Value
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 95 bonds, specifically related to changes in municipal tax-exempt interest rates	\$ 25,140	12/1/2020	12/1/2036	1.01%	100% USD-SIFMA ¹ Municipal Swap Index	\$ 3,138
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 105B & 106C bonds, specifically related to changes in municipal tax-exempt interest rates	\$ 23,000	6/1/2021	12/1/2044	1.17%	100% USD-SIFMA ¹ Municipal Swap Index ²	\$ 3,893

¹ Securities Industry and Financial Markets Association (resets weekly)

² Receive 100% SIFMA from July 1, 2021, until June 1, 2029, then 70% of 1-month LIBOR (London Interbank Offered Rate) from July 1, 2029, until the termination date.

The Series 95 swap was structured with an option that gives the DVA the right to cancel or terminate the swap at par on the first day of each June and December, in whole or in part commencing June 1, 2025. The DVA may also terminate the Series 105B and 106C swap on the first day of each June and December commencing on June 1, 2029. These options enhance asset/liability matching and provide flexibility to adjust the outstanding notional amount of the swaps over time.

Credit risk is the risk that a counterparty will not fulfill its obligations. The DVA's Series 95 swap is with Bank of America, N.A. (the Series 95 swap counterparty), which is rated A+ and Aa2 by S&P and Moody's, respectively. The Series 105B and 106C swap is with The Bank of New York Mellon (the Series 105B and 106C swap counterparty), which is rated AA- and Aa1 by S&P and Moody's, respectively. If the Series 95 swap counterparty's credit rating falls below certain levels, the Series 95 swap counterparty is required to post collateral to the lower of the following ratings (in thousands):

S&P Rating	Moody's Rating	Threshold	Minimum Transfer Amount
AA- or higher	Aa3 or higher	Infinite	\$ 1,000
A+	A1	\$ 10,000	1,000
A	A2	5,000	1,000
A-	A3	2,500	1,000
BBB+ or below or not rated	Baa1 or below or not rated	-	100 ¹

¹ Minimum Transfer Amount shall be \$0 if, and for so long as, neither Moody's nor S&P rate the long-term unsecured, unsubordinated, debt securities of Bank of America N.A.

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Notes to the Financial Statements

If the Series 105B and 106C swap counterparty's credit rating falls below certain levels, the Series 105B and 106C swap counterparty is required to post collateral to the lower of the following ratings (in thousands):

S&P Rating	Moody's Rating	Threshold	Minimum Transfer Amount	
AA- or higher	Aa3 or higher	Infinite	\$	-
A+	A1	\$ 10,000		1,000
A	A2	5,000		1,000
A-	A3	2,500		1,000
BBB+ or below or not rated	Baa1 or below or not rated	-		100 ¹

¹ Minimum Transfer Amount shall be \$0 if, and for so long as, neither Moody's nor S&P rate the long-term unsecured, unsubordinated, debt securities of The Bank of New York Mellon.

Since the fair value of the swaps as of June 30, 2022, are positive, but the threshold applicable to the ratings by S&P and Moody's has not been exceeded, the Series 95 swap counterparty and the Series 105B and 106C swap counterparty are not required to post collateral. The State may require collateralization or other credit enhancements to secure any or all swap payment obligations where Treasury determines such security is necessary to limit the credit risk or otherwise protect the interests of the State.

The DVA is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swaps. As the SIFMA Municipal Swap Index rate decreases, the net payments on the swaps increases.

The DVA is exposed to basis risk because the variable rate debt hedged by the interest rate swaps, are variable rate demand obligation (VRDO) bonds. The Series 95 VRDO bonds are remarketed weekly. The Series 105B and Series 106C VRDO bonds are remarketed daily. The DVA becomes exposed to basis risk because the variable rate payments received by the DVA are based on a rate other than the interest rate paid on the VRDO bonds. At June 30, 2022, the interest rate on the DVA's Series 95 VRDO bonds is 0.9% and the interest rate on the Series 105B and Series 106C VRDO bonds is 0.7%, while the SIFMA Municipal Swap Index rate is 0.9%.

The DVA or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract thereby exposing the DVA to termination risk.

As interest rates fluctuate, variable rate bond interest payments and net swap payments will differ between the fixed payments paid to the counterparties and the variable rate paid to the DVA. Using interest rates as of June 30, 2022, the following table presents the debt service requirements of the variable rate debt (on the notional amount of the swaps) and the net swap payments (in thousands):

Year Ending June 30,	Principal	Interest	Interest Rate Swaps (Net)		Total
2023	\$ -	\$ 293	\$ 90	\$	383
2024	-	293	90		383
2025	1,730	288	91		2,108
2026	1,800	273	88		2,160
2027	1,855	257	86		2,198
2028-2032	9,955	1,037	396		11,388
2033-2037	16,590	533	317		17,440
2038-2042	11,635	41	145		11,822
2043-2045	4,575	1	17		4,593
Total	\$ 48,140	\$ 3,016	\$ 1,320	\$	52,476

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If the State's unsecured, unenhanced, general obligation debt rating reaches certain levels, the DVA is required to post collateral to the lower of the following ratings (in thousands):

S&P Rating	Moody's Rating	Threshold	Minimum Transfer Amount (Series 95)	Minimum Transfer Amount (Series 105B & 106C)
A- or higher	A3 or higher	Infinite	\$ 100	\$ -
BBB+ or below	Baa1 or below	\$ -	100 ¹	100 ¹

¹ Minimum Transfer Amount shall be \$0 if, and for so long as, neither Moody's nor S&P rate the applicable DVA debt.

B. Investment Derivative Instruments (Excluding the Oregon Public Employees Retirement Fund)

Housing and Community Services Department

During the fiscal year, a portion of the MRB 2017 C swap was reclassified from hedging derivative instruments to investment derivative instruments when the associated bonds were called. The fair value of investment derivative instruments at the time of reclassification was negative \$125 thousand. The fair value of the investment derivative instruments was \$15 thousand on June 30, 2022, and is included in Investments – Restricted on the proprietary funds statement of net position and government-wide statement of net position. A total of negative \$9 thousand from investment derivative instruments is included in investment income.

The terms, fair values, counterparties, and credit ratings of OHCS's outstanding swaps as of June 30, 2022 (dollars in thousands):

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Term Date	Counterparty	Counterparty Rating²
Mortgage revenue bonds								
2017 C	\$ 2,395	7/1/2019	2.41%	70.0% of 1 mo LIBOR ¹ + .05%	\$ 15	7/1/2039	Bank of America, N.A.	Aa2 A+ AA
	\$ 2,395				\$ 15			

¹ London Interbank Offered Rate

² Moody's / S&P / Fitch

Common School Fund

In the Common School Fund (CSF) portfolio, forward currency exchange contracts may be used to gain exposure or hedge against effects of fluctuations of foreign currency exchange rates. A foreign currency exchange contract is a forward contract that is a commitment to purchase or sell a foreign currency at the future date at a negotiated forward rate. Foreign currency forward contracts are privately negotiated contracts with customized terms and are transacted in over-the-counter markets. Risk associated with such contracts includes movement in the value of foreign currencies and the failure of the counterparty to perform.

The following table shows the foreign currency exchange contracts within the Common School Fund as of June 30, 2022 (in thousands):

Currency	Currency Forward Contracts		
	Net Receivables	Net Payables	Total Exposure
Chinese yuan renminbi	\$ -	\$ 12	\$ 12
Mexican peso	(1)	(21)	(22)
Total	\$ (1)	\$ (9)	\$ (10)

In the CSF portfolio, rights and warrants are often obtained and held due to existing investments. Rights are the right, but not the obligation, to purchase newly issued equity shares, often in proportion to the number of shares currently owned, in a specific company, at a pre-established price on or within a predetermined date. A warrant provides the holder the right, but not the obligation, to purchase securities from the issuing entity at a specific price and within a certain period. Rights and warrants are privately transacted in the over-the-counter markets. Both are subject to general market risk and liquidity risk.

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The fair value of derivative instruments within the CSF portfolio as of June 30, 2022 (in thousands):

Investment Derivatives	Net Appreciation/ (Depreciation) in Fair Value ^{1,4}	Classification	Fair Value ²	Notional Value ³
Foreign exchange forwards	\$ 116	Long-term instruments	\$ (10)	\$ 4,408
Rights	53	Common stock	-	-
Total	\$ 169		\$ (10)	\$ 4,408

¹ Negative values (in brackets) refer to losses.

² Negative values refer to liabilities.

³ Notional may be a dollar amount or size of underlying for futures and options.

⁴ Excludes futures margin payments.

The fair value of derivative instruments is reported on the balance sheet as investments, accounts and interest receivable, and accounts and interest payable. Changes in fair value of derivative instruments during the fiscal year are reported on the statement of revenues, expenditures, and changes in fund balances as investment income.

C. Investment Derivative Instruments – Oregon Public Employees Retirement Fund (OPERF)

Oregon Investment Council policy allows, with some restrictions, for the use of derivative instruments in the prudent management of the OPERF investments. Certain internally and externally managed accounts are allowed, through contract and policy, to invest in derivative instruments in order to carry out their investment management activities. Risks inherent with derivative instruments are managed through investment management's adherence to contractual and policy prescribed terms that are consistent with the OPERF's investing objectives. All derivative instruments held by OPERF are considered investments. The fair value of the derivative investments is reported in public equity investments, investment sales receivable, and accounts and interest payable on the statement of fiduciary net position. Changes in fair value during the fiscal year are reported in the net appreciation (depreciation) in fair value of investments line on the statement of changes in fiduciary net position.

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The following schedule presents the related net appreciation/(depreciation) in fair value amounts and the notional amounts of derivative instruments outstanding as of June 30, 2022 (in thousands):

Investment Derivatives	Net Appreciation/ (Depreciation) in Fair Value of Investments^{1, 3}	Classification	Fair Value	Notional Value²
Commodity Futures Long	\$ 41,648	Public Equity	\$ -	\$ 66,587
Commodity Futures Short	(7,871)	Public Equity	-	(1)
Credit Default Swaps Bought	3,612	Public Equity	89	34,640
Credit Default Swaps Written	(40,255)	Public Equity	(2,046)	363,033
Fixed Income Futures Long	(579,948)	Public Equity	-	3,948,898
Fixed Income Futures Short	56,840	Public Equity	-	(394,111)
Fixed Income Options Bought	1,790	Public Equity	149	2,100
Fixed Income Options Written	(6,057)	Public Equity	(2,577)	(364,777)
Foreign Currency Options Bought	51	Public Equity	35	4,503
Foreign Currency Options Written	(98)	Public Equity	(36)	(4,080)
Foreign Exchange Forwards	721,543	Receivables/Payables	156,096	24,561,268
Futures Options Bought	(2,023)	Public Equity	179	93
Futures Options Written	5,116	Public Equity	(515)	(524)
Index Futures Long	(97,929)	Public Equity	-	23,115
Index Futures Short	198,160	Public Equity	-	(2,558)
Pay Fixed Interest Rate Swaps	152,161	Public Equity	31,789	1,686,209
Receive Fixed Interest Rate Swaps	(132,012)	Public Equity	(35,617)	904,402
Rights	148	Public Equity	20	190
Total Return Swaps Bond	254	Public Equity	679	20,386
Total Return Swaps Equity	37,219	Public Equity	(10,678)	(106,674)
Warrants	101	Public Equity	271	1,226
Total	\$ 352,449		\$ 137,838	\$ 30,743,925

¹ Negative values (in brackets) refer to losses.

² Notional may be a dollar amount or size of underlying for futures, rights, warrants, and options. Negative values refer to short positions.

³ Excludes futures margin payments.

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The following table shows the fair value measurement for investment derivative instruments as of June 30, 2022 (in thousands):

Investment Derivative Instruments ¹	Level 1	Level 2	Level 3	Total
Credit Default Swaps	\$ -	\$ 133	\$ -	\$ 133
Foreign Exchange Forwards	-	(291,710)	-	(291,710)
Interest Rate Swaps	-	4,858	-	4,858
Options	179	184	-	362
Rights and Warrants	211	-	81	292
Total Return Swaps	196	-	-	196
Total Assets	586	(286,535)	81	(285,869)
Credit Default Swaps	-	(2,090)	-	(2,090)
Foreign Exchange Forwards	-	447,806	-	447,806
Interest Rate Swaps	-	(8,686)	-	(8,686)
Options	-	(3,128)	-	(3,128)
Total Return Swaps	-	(10,195)	-	(10,195)
Total Liabilities	-	423,707	-	423,707
Total	\$ 586	\$ 137,172	\$ 81	\$ 137,838

¹ Refer to Note 2 for more information on the fair value hierarchy.

A forward foreign currency exchange contract is a forward contract that is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The fair value of a foreign currency forward is determined by the difference between the contract exchange rate and the closing exchange rate, at the end of the reporting period. Risks associated with such contracts include movement in the value of foreign currencies and the ability of the counterparty to perform.

A futures contract represents a commitment to purchase or sell an underlying asset at a future date and at a specified price. Futures contracts have standardized terms and are traded on exchanges. The counterparty credit risk for futures is generally less than for privately negotiated forward contracts, since the clearinghouse, which is the issuer or counterparty to each exchange-traded future, settles daily the net change in the futures contract's value in cash with the broker and results in the contract itself having no fair value at the end of any trading day.

A swap is an agreement that obligates two parties to exchange a series of cash flows or the net value of cash flows at specified intervals based upon, or calculated by, reference to changes in specified prices or rates for a specified amount of an underlying asset. Swaps are privately negotiated contracts with customized terms and are transacted in over-the-counter markets. OPERF held various types of swaps including credit default, interest rate, and total return swaps. The payment flows are usually netted against each other, with the difference being paid by one party or another. In addition, collateral may be pledged or received by OPERF in accordance with the terms of the respective swap agreements to provide value and recourse to OPERF or its counterparties. Swaps are subject to general market risk, liquidity risk, credit risk, interest rate risk, and the risk that the counterparty may fail to perform.

An option is an instrument that gives one party the right, but not the obligation, to buy or sell an underlying asset from or to another party at a fixed price over a specified period of time. In writing an option, OPERF bears the market risk of an unfavorable change in the price of the underlying investment of the written option. Exercise of an option written by OPERF could result in OPERF selling or buying an asset at a price different from the current fair value. Options may be subject to interest rate risk, general market risk, liquidity risk, credit risk, foreign currency risk, and, for non-exchange traded options, the risk of the counterparty's ability to perform.

Rights are the right, but not the obligation, to purchase newly issued equity shares, often in proportion to the number of shares currently owned, in a specified company, at a pre-established price on or within a predetermined date. A warrant provides the holder the right, but not the obligation, to purchase securities from the issuing entity at a specific price and within a certain time period. In the OPERF portfolio, rights and

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warrants are often obtained and held because of existing investments and are subject to general market risk and liquidity risk.

Counterparty Credit Risk

The following schedule presents a summary of counterparty credit rating relating to derivative instruments in asset positions as of June 30, 2022:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Morgan Stanley Capital Services Inc	16.90%	A-	A	A1
UBS AG	8.86%	A+	AA-	Aa3
JP Morgan Chase Bank N.A.	6.67%	A+	AA	Aa2
Citibank N.A.	6.66%	A+	A+	Aa3
Toronto Dominion Bank	6.31%	AA-	AA-	A1
JP Morgan Chase Bank N.A. London	5.63%	A+	AA	Aa2
Credit Agricole CIB	5.18%	A+	A+	Aa3
State Street Bank London	4.57%	A	AA-	A1
NatWest Markets PLC	4.56%	A-	A+	A2
Morgan Stanley CME	4.27%	A-	A	A1
Société Générale	4.18%	A	A-	A1
Standard Chartered Bank	3.42%	A+	A+	A1
Westpac Banking Corporation	3.37%	AA-	A+	Aa3
HSBC Bank PLC	3.36%	A-	A+	A3
HSBC Bank USA	3.12%	A+	AA-	Aa3
Goldman Sachs Bank USA	2.56%	BBB+	A	A2
Morgan Stanley LCH	1.94%	A-	A	A1
BNP Paribas SA	1.66%	A+	A+	Aa3
State Street Bank and Trust Company	1.47%	AA-	AA	Aa3
Bank of America, N.A.	0.81%	A+	AA	Aa2
JP Morgan Chase Bank N.A.	0.72%	A+	AA	Aa2
Royal Bank of Canada (U.K)	0.71%	AA-	AA-	A1
Barclays Bank PLC Wholesale	0.68%	A	A+	A1
Goldman Sachs International	0.52%	A+	A+	A1
The Bank of New York Mellon	0.52%	AA-	AA	Aa2
Bank of New York	0.46%	A	AA-	A1
Barclays Bank LCH	0.25%	A	A+	A1
Royal Bank of Canada	0.25%	AA-	AA-	A1
Morgan Stanley and Co. International PLC	0.14%	A-	A	A1
Morgan Stanley Co Incorporated	0.11%	A-	A	A1
Australia and New Zealand Banking Group	0.06%	AA-	A+	Aa3
Deutsche Bank AG	0.05%	A-	BBB+	A2
JP Morgan ICE	0.03%	A-	AA-	A2
Total	100.00%			

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Interest Rate Risk

As of June 30, 2022, OPERF is exposed to interest rate risk on its various swap arrangements and options.

The following schedule presents a segmented time schedule of those instruments as of June 30, 2022 (in thousands):

Investment Type	Fair Value	Investment Maturity (in years)			
		Less Than 1	1 - 5	6 - 10	More than 10
Credit Default Swaps Bought	\$ 89	\$ (62)	\$ 153	\$ -	\$ (2)
Credit Default Swaps Written	(2,046)	8	(2,055)	-	-
Fixed Income Options Bought	149	-	149	-	-
Fixed Income Options Written	(2,577)	(1,813)	(763)	-	-
Pay Fixed Interest Rate Swaps	31,789	-	12,579	7,973	11,236
Receive Fixed Interest Rate Swaps	(35,617)	-	(9,694)	(13,703)	(12,220)
Total Return Swaps Bond	679	679	-	-	-
Total Return Swaps Equity	(10,678)	(10,678)	-	-	-
Total	\$ (18,212)	\$ (11,866)	\$ 369	\$ (5,729)	\$ (986)

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Notes to the Financial Statements

The following schedule presents derivative instruments that were highly sensitive to interest rate changes as of June 30, 2022 (in thousands):

Investment Type	Reference Rate	Fair Value	Notional Value
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.0000%	\$ 533	\$ 3,500
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.7500%	4,802	26,600
Pay Fixed Interest Rate Swaps	Receive Variable 1-Month US CPI, Pay Fixed 2.3295%	48	500
Pay Fixed Interest Rate Swaps	Receive Variable 6-Month Euro EURIBOR , Pay Fixed 0.0000%	88	314
Pay Fixed Interest Rate Swaps	Receive Variable 1-Month US CPI, Pay Fixed 2.2740%	965	9,300
Pay Fixed Interest Rate Swaps	Receive Variable 1-Month US CPI, Pay Fixed 2.3450%	114	1,200
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.2500%	743	8,148
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.3500%	2,834	32,928
Pay Fixed Interest Rate Swaps	Receive Variable 6-month AUD BBSW , Pay Fixed 1.7500%	667	3,851
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 1.72875%	2,168	12,286
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.2500%	1,267	17,100
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month CHF SARON, Pay Fixed 0.5000%	-	13,370
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 1.5200%	3,001	14,048
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 0.7100%	5,773	62,100
Pay Fixed Interest Rate Swaps	Receive Variable 6-Month Euro EURIBOR, Pay Fixed 0.5000%	176	523
Pay Fixed Interest Rate Swaps	Receive Variable 6-Month Euro EURIBOR, Pay Fixed 0.2500%	-	54,782
Pay Fixed Interest Rate Swaps	Receive Variable 12-month GBP SONIA, Pay Fixed 0.7500%	119	850
Pay Fixed Interest Rate Swaps	Receive Variable 6-Month Euro EURIBOR, Pay Fixed 0.4140%	-	11,395
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 1.5600%	1,295	6,050
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 1.7334%	566	13,290
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month US CPI, Pay Fixed 2.9500%	494	13,300
Pay Fixed Interest Rate Swaps	Receive Variable 3-Month MYR KLIBOR, Pay Fixed 3.2500%	295	4,492
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 1.5200%	627	20,770
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month US CPI, Pay Fixed 3.9700%	550	18,270
Pay Fixed Interest Rate Swaps	Receive Variable 3-Month MYR KLIBOR, Pay Fixed 3.5000%	7	159
Pay Fixed Interest Rate Swaps	Receive Variable 3-Month MYR KLIBOR, Pay Fixed 3.5000%	13	295
Pay Fixed Interest Rate Swaps	Receive Variable 6-Month JPY TONAR, Pay Fixed 0.4465%	105	662
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month JPY TONAR, Pay Fixed 0.0390%	-	14,427
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month JPY TONAR, Pay Fixed 0.0390%	-	2,355
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 1.3200%	2,293	122,500
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 1.6300%	3,370	17,330
Pay Fixed Interest Rate Swaps	Receive Variable 6-Month INR MIBOR, Pay Fixed 5.7500%	301	6,576
Pay Fixed Interest Rate Swaps	Receive Variable 6-Month Euro EURIBOR, Pay Fixed 1.0000%	864	21,327
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 1.6500%	509	2,660
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 1.4300%	3	100
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.2700%	1,256	55,900
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 2.11678%	321	21,800
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 1.8500%	1,473	126,400
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 2.0000%	476	7,331
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 1.7500%	1,106	23,900
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month JPY TONAR, Pay Fixed 0.8000%	79	1,399
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month JPY TONAR, Pay Fixed 0.7000%	-	736
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month JPY TONAR, Pay Fixed 0.2500%	-	2,061
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month JPY TONAR, Pay Fixed 0.5000%	-	3,460
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 2.5000%	151	6,610
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month JPY TONAR, Pay Fixed 0.4500%	-	2,944
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 2.6000%	121	13,741
Pay Fixed Interest Rate Swaps	Receive Variable 3-Month CAD CDOR, Pay Fixed 2.2500%	1,279	10,466
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 2.78234%	26	28,460
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 2.96478%	(327)	46,000
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 3.1415%	(102)	35,439
Pay Fixed Interest Rate Swaps	Receive Variable 12-Month SOFR, Pay Fixed 3.05876%	(67)	6,200

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Investment Type	Reference Rate	Fair Value	Notional Value
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 3.4000%	(3,157)	496,701
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 3.0220%	(121)	10,962
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 3.3000%	(4,212)	190,368
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 3.2000%	(1,103)	33,321
Pay Fixed Interest Rate Swaps	Receive Variable 0-Month SOFR, Pay Fixed 3.1765%	-	24,652
Subtotal - Pay Fixed Interest Rate Swaps		31,789	1,686,209
Receive Fixed Interest Rate Swaps	Receive Fixed 7.4500%, Pay Variable 1-Month MXN TIE	(1,038)	13,368
Receive Fixed Interest Rate Swaps	Receive Fixed 7.4400%, Pay Variable 1-Month MXN TIE	(1,088)	13,916
Receive Fixed Interest Rate Swaps	Receive Fixed 1.0000%, Pay Variable 3-Month CAD CDOR	(725)	7,907
Receive Fixed Interest Rate Swaps	Receive Fixed 1.2500%, Pay Variable 3-Month CAD CDOR	(29)	155
Receive Fixed Interest Rate Swaps	Receive Fixed 0.2500%, Pay Variable 6-Month Euro EURIBOR	(2,938)	11,395
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 6-Month Euro EURIBOR	(390)	1,045
Receive Fixed Interest Rate Swaps	Receive Fixed 3.7400%, Pay Variable 1-month GBP UKRPI	(163)	1,214
Receive Fixed Interest Rate Swaps	Receive Fixed 3.7000%, Pay Variable 1-month GBP UKRPI	(327)	2,307
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 6-Month Euro EURIBOR	(1,944)	6,900
Receive Fixed Interest Rate Swaps	Receive Fixed 0.0000%, Pay Variable 6-Month Euro EURIBOR	-	314
Receive Fixed Interest Rate Swaps	Receive Fixed 0.8200%, Pay Variable 3-month LIBOR	(2,999)	128,660
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 3-month LIBOR	(338)	8,700
Receive Fixed Interest Rate Swaps	Receive Fixed 1.0000%, Pay Variable 12-Month CHF SARON	(870)	13,370
Receive Fixed Interest Rate Swaps	Receive Fixed 0.0000%, Pay Variable 12-Month JPY TONAR	(99)	14,427
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 12-Month JPY TONAR	(120)	3,460
Receive Fixed Interest Rate Swaps	Receive Fixed 0.0000%, Pay Variable 12-Month JPY TONAR	(40)	2,355
Receive Fixed Interest Rate Swaps	Receive Fixed 0.2500%, Pay Variable 6-Month Euro EURIBOR	(6,618)	36,361
Receive Fixed Interest Rate Swaps	Receive Fixed 1.0000%, Pay Variable 6-Month Euro EURIBOR	(2,592)	25,091
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 3-Month KRW KSDA	(1,191)	10,724
Receive Fixed Interest Rate Swaps	Receive Fixed 2.7700%, Pay Variable 12-Month US CPI	(345)	13,300
Receive Fixed Interest Rate Swaps	Receive Fixed 3.0000%, Pay Variable 3-Month NZD NZDDBB	(102)	8,518
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0600%, Pay Variable 3-Month CAD CDOR	(189)	11,628
Receive Fixed Interest Rate Swaps	Receive Fixed 0.4500%, Pay Variable 12-Month JPY TONAR	(429)	2,944
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 12-month GBP SONIA	(946)	10,201
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 12-month GBP SONIA	(272)	6,315
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 3-Month CAD CDOR	(87)	5,194
Receive Fixed Interest Rate Swaps	Receive Fixed 3.0000%, Pay Variable 3-Month NZD NZDDBB	(117)	9,575
Receive Fixed Interest Rate Swaps	Receive Fixed 3.3700%, Pay Variable 0-Month US CPI	(276)	18,270
Receive Fixed Interest Rate Swaps	Receive Fixed 0.0000%, Pay Variable 6-Month JPY TONAR	(36)	4,711
Receive Fixed Interest Rate Swaps	Receive Fixed 0.0000%, Pay Variable 6-Month JPY TONAR	(219)	5,741
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 12-Month SOFR	(534)	11,300
Receive Fixed Interest Rate Swaps	Receive Fixed 0.7500%, Pay Variable 12-month GBP SONIA	(928)	3,036
Receive Fixed Interest Rate Swaps	Receive Fixed 1.0000%, Pay Variable 12-Month SOFR	(1,578)	14,300
Receive Fixed Interest Rate Swaps	Receive Fixed 1.6170%, Pay Variable 3-month LIBOR	(251)	3,000
Receive Fixed Interest Rate Swaps	Receive Fixed 0.2940%, Pay Variable 12-Month CHF SARON	(125)	3,343
Receive Fixed Interest Rate Swaps	Receive Fixed 0.3425%, Pay Variable 12-Month CHF SARON	(220)	5,641
Receive Fixed Interest Rate Swaps	Receive Fixed 0.2950%, Pay Variable 12-Month CHF SARON	(47)	1,253
Receive Fixed Interest Rate Swaps	Receive Fixed 5.7500%, Pay Variable 12-Month INR MIBOR	(552)	40,067
Receive Fixed Interest Rate Swaps	Receive Fixed 5.7500%, Pay Variable 6-Month INR MIBOR	(97)	2,113
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 6-Month THB THBXF	(49)	560
Receive Fixed Interest Rate Swaps	Receive Fixed 0.2500%, Pay Variable 12-Month JPY TONAR	(36)	2,061
Receive Fixed Interest Rate Swaps	Receive Fixed 0.7000%, Pay Variable 12-Month JPY TONAR	(60)	736
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 6-Month THB THBXF	(20)	235
Receive Fixed Interest Rate Swaps	Receive Fixed 0.5000%, Pay Variable 6-Month Euro EURIBOR	-	21,327
Receive Fixed Interest Rate Swaps	Receive Fixed 0.6444%, Pay Variable 6-Month Euro EURIBOR	(808)	7,099
Receive Fixed Interest Rate Swaps	Receive Fixed 1.6950%, Pay Variable 12-Month SOFR	(315)	3,600
Receive Fixed Interest Rate Swaps	Receive Fixed 0.6900%, Pay Variable 6-Month Euro EURIBOR	(379)	3,440
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 6-Month THB THBXF	(187)	2,206
Receive Fixed Interest Rate Swaps	Receive Fixed 0.3675%, Pay Variable 12-Month CHF SARON	(334)	8,565
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 6-Month THB THBXF	(67)	767

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Investment Type	Reference Rate	Fair Value	Notional Value
Receive Fixed Interest Rate Swaps	Receive Fixed 2.0000%, Pay Variable 6-Month THB THBXF	(2)	25
Receive Fixed Interest Rate Swaps	Receive Fixed 1.7500%, Pay Variable 12-Month SOFR	(1,982)	22,500
Receive Fixed Interest Rate Swaps	Receive Fixed 1.7500%, Pay Variable 12-Month SOFR	(315)	1,800
Receive Fixed Interest Rate Swaps	Receive Fixed 11.0300%, Pay Variable 0-month Brazil BRCDI	(208)	5,067
Receive Fixed Interest Rate Swaps	Receive Fixed 3.0000%, Pay Variable 3-Month KRW KSDA	(80)	3,019
Receive Fixed Interest Rate Swaps	Receive Fixed 2.4700%, Pay Variable 0-Month SOFR	(943)	83,213
Receive Fixed Interest Rate Swaps	Receive Fixed 1.0000%, Pay Variable 6-Month Euro EURIBOR	(32)	3,868
Receive Fixed Interest Rate Swaps	Receive Fixed 2.1750%, Pay Variable 12-Month SOFR	(102)	2,900
Receive Fixed Interest Rate Swaps	Receive Fixed 11.9850%, Pay Variable 0-month Brazil BRCDI	(85)	4,972
Receive Fixed Interest Rate Swaps	Receive Fixed 3.7500%, Pay Variable 3-Month NZD NZDBB	(74)	5,782
Receive Fixed Interest Rate Swaps	Receive Fixed 12.0900%, Pay Variable 0-month Brazil BRCDI	(58)	4,016
Receive Fixed Interest Rate Swaps	Receive Fixed 4.0000%, Pay Variable 3-Month MYR KLIBOR	10	1,271
Receive Fixed Interest Rate Swaps	Receive Fixed 4.0000%, Pay Variable 3-Month MYR KLIBOR	16	2,065
Receive Fixed Interest Rate Swaps	Receive Fixed 3.2500%, Pay Variable 3-Month KRW KSDA	(1)	323
Receive Fixed Interest Rate Swaps	Receive Fixed 2.7700%, Pay Variable 0-Month SOFR	(160)	33,131
Receive Fixed Interest Rate Swaps	Receive Fixed 3.2500%, Pay Variable 6-Month THB THBXF	3	102
Receive Fixed Interest Rate Swaps	Receive Fixed 3.2500%, Pay Variable 6-Month THB THBXF	13	464
Receive Fixed Interest Rate Swaps	Receive Fixed 4.0000%, Pay Variable 3-Month NZD NZDBB	(21)	8,331
Receive Fixed Interest Rate Swaps	Receive Fixed 2.7500%, Pay Variable 6-Month THB THBXF	(9)	506
Receive Fixed Interest Rate Swaps	Receive Fixed 2.95103%, Pay Variable 12-Month SOFR	(60)	28,460
Receive Fixed Interest Rate Swaps	Receive Fixed 2.96466%, Pay Variable 12-Month SOFR	(19)	9,600
Receive Fixed Interest Rate Swaps	Receive Fixed 2.96815%, Pay Variable 12-Month SOFR	(33)	17,000
Receive Fixed Interest Rate Swaps	Receive Fixed 3.02628%, Pay Variable 12-Month SOFR	(14)	14,200
Receive Fixed Interest Rate Swaps	Receive Fixed 3.00387%, Pay Variable 12-Month SOFR	(10)	7,300
Receive Fixed Interest Rate Swaps	Receive Fixed 2.88642%, Pay Variable 12-Month SOFR	200	23,100
Receive Fixed Interest Rate Swaps	Receive Fixed 2.7500%, Pay Variable 6-Month SGD IBOR	4	1,581
Receive Fixed Interest Rate Swaps	Receive Fixed 3.53117%, Pay Variable 12-Month SOFR	53	7,000
Receive Fixed Interest Rate Swaps	Receive Fixed 2.4000%, Pay Variable 12-Month SOFR	(105)	9,900
Receive Fixed Interest Rate Swaps	Receive Fixed 2.3700%, Pay Variable 12-Month SOFR	(64)	3,600
Receive Fixed Interest Rate Swaps	Receive Fixed 3.4859%, Pay Variable 12-Month SOFR	24	3,600
Receive Fixed Interest Rate Swaps	Receive Fixed 3.52695%, Pay Variable 12-Month SOFR	45	6,000
Receive Fixed Interest Rate Swaps	Receive Fixed 3.00494%, Pay Variable 12-Month SOFR	47	2,500
Receive Fixed Interest Rate Swaps	Receive Fixed 3.1000%, Pay Variable 0-Month SOFR	1,402	15,283
Receive Fixed Interest Rate Swaps	Receive Fixed 3.1660%, Pay Variable 0-Month SOFR	58	17,271
Receive Fixed Interest Rate Swaps	Receive Fixed 2.8920%, Pay Variable 0-Month SOFR	-	8,877
Receive Fixed Interest Rate Swaps	Receive Fixed 2.6570%, Pay Variable 0-Month SOFR	-	13,057
Subtotal - Receive Fixed Interest Rate Swaps		<u>(35,617)</u>	<u>904,402</u>
Total Interest Rate Swaps		\$ (3,828)	\$ 2,590,610

State of Oregon
Notes to the Financial Statements

Foreign Currency Risk

OPERF is exposed to foreign currency risk on its derivative instruments. The following schedule presents a summary of derivative instruments subject to foreign currency risk as of June 30, 2022 (in thousands):

Currency Name	Currency Forward Contracts		Options/Rights/ Warrants	Swaps	Total Exposure
	Net Receivables	Net Payables			
Australian dollar	\$ (25,660)	\$ 21,219	\$ -	\$ 667	\$ (3,774)
Bahraini dinar	1	(74)	-	-	(73)
Brazilian real	15,192	(17,710)	-	(350)	(2,868)
British pound sterling	(15,699)	43,626	(19)	(2,517)	25,391
Canadian dollar	(23,977)	10,920	-	420	(12,636)
Chilean peso	(3,050)	2,286	-	-	(763)
Chinese yuan	(117)	(1,042)	-	-	(1,158)
Chinese yuan - offshore	(2,650)	2,315	-	-	(336)
Colombian peso	(3,857)	1,929	-	-	(1,928)
Czech koruna	(2,385)	2,820	-	-	436
Danish krone	(3,145)	14,164	-	-	11,019
Egyptian pound	(224)	3	1	-	(220)
Euro ¹	(18,065)	71,909	(91)	(15,961)	37,793
Hong Kong dollar	(189)	232	-	-	43
Hungarian Forint	(3,556)	961	-	-	(2,595)
Indian rupee	(3,530)	1,689	-	(348)	(2,189)
Indonesian rupiah	(394)	543	-	-	149
Japanese yen	(90,963)	178,128	-	(1,252)	85,914
Kuwaiti dinar	(5)	3	-	-	(2)
Malaysian ringgit	19	566	-	341	926
Mexican peso	4,044	(4,413)	-	(2,126)	(2,496)
Moroccan dirham	(115)	25	-	-	(90)
New Israeli sheqel	(5,192)	12,005	-	-	6,813
New Taiwan dollar	(2,140)	6,180	-	-	4,040
New Zealand dollar	(24,162)	20,426	-	(315)	(4,051)
Norwegian krone	(49,643)	32,113	-	-	(17,530)
Peruvian nuevo sol	54	(467)	-	-	(413)
Philippine peso	(1,243)	908	-	-	(335)
Polish zloty	(12,915)	6,601	-	-	(6,314)
Romanian leu	(861)	464	-	-	(397)
Russian ruble	17,809	(6,241)	-	-	11,568
Saudi riyal	18	(22)	-	-	(4)
Singapore dollar	(2,490)	3,541	-	4	1,055
South African rand	(9,812)	4,642	-	-	(5,170)
South Korean won	(5,629)	11,518	18	(1,272)	4,635
Swedish krona	(11,149)	19,846	-	65	8,762
Swiss franc	5,759	(5,300)	-	(1,351)	(891)
Thailand baht	(396)	415	64	(319)	(236)
Turkish lira	(293)	(25)	-	-	(318)
United Arab Emirates dirham	(2)	1	-	-	-
Total Subject to Foreign Currency Risk	\$ (280,612)	\$ 436,707	\$ (27)	\$ (24,314)	\$ 131,756

¹ Represents all of the positions with a Euro leg. It is not solely USD/Euro activity.

State of Oregon
Notes to the Financial Statements

4. RECEIVABLES AND PAYABLES

A. Taxes Receivable

The following table presents the types of taxes which are reported in the fund financial statements as taxes receivable (net). Some taxes receivable are not expected to be collected within one year of the date of the financial statements.

Taxes receivables reported for governmental activities at June 30, 2022 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Other	Total
Governmental activities						
Personal income taxes	\$ 408,309	\$ -	\$ -	\$ -	\$ -	\$ 408,309
Corporate income taxes	220,232	-	-	-	-	220,232
Corporate activity taxes	-	-	-	249,019	-	249,019
Inheritance taxes	24,469	-	-	-	-	24,469
Cigarette taxes	2,284	57,877	-	-	-	60,161
Marijuana taxes	-	18,570	-	-	-	18,570
Healthcare provider taxes	-	238,440	-	-	-	238,440
Motor fuel taxes	-	-	50,699	-	-	50,699
Weight mile taxes	-	-	18,688	-	-	18,688
Employer-employee taxes	-	-	-	-	16,890	16,890
Other	104,304	1,101	5	299	21,216	126,925
Gross receivables	759,598	315,988	69,391	249,318	38,106	1,432,401
Allowance for doubtful accounts	(245,302)	(378)	(6,900)	-	(1,355)	(253,936)
Total receivables, net	\$ 514,295	\$ 315,610	\$ 62,491	\$ 249,318	\$ 36,751	\$ 1,178,466

B. Loans Receivable

The following tables disaggregate loans receivable balances reported in the fund financial statements as loans receivable (net).

Loans receivables reported for governmental activities at June 30, 2022 (in thousands):

	General	Health and Social Services	Public Transportation	Other	Total
Governmental activities					
Clean water state revolving fund	\$ -	\$ -	\$ -	\$ 522,138	\$ 522,138
Oregon transportation infrastructure bank	-	-	22,240	-	22,240
Private forests program	-	-	-	1,000	1,000
Disabled and senior property tax assistance program	-	-	-	99,007	99,007
Business development	-	-	-	12,891	12,891
Multi-family housing units	1,685	-	-	364,015	365,699
Foreclosure prevention	-	-	-	45,865	45,865
Mental health housing facilities	-	25,008	-	-	25,008
Other	-	37	-	3,613	3,650
Gross receivables	1,685	25,045	22,240	1,048,529	1,097,498
Allowance for doubtful accounts	-	(24,758)	-	(17,710)	(42,468)
Total receivables, net	\$ 1,685	\$ 287	\$ 22,240	\$ 1,030,819	\$ 1,055,030

State of Oregon
Notes to the Financial Statements

Loans receivables reported for business-type activities at June 30, 2022 (in thousands):

	Housing and Community Services	Veterans' Loans	Other	Total
Business-type activities				
Single-family mortgage program	\$ 764,170	\$ -	\$ -	\$ 764,170
Elderly and disabled housing units	43,168	-	-	43,168
Multi-family housing units	32,295	-	-	32,295
Veterans' home loans	-	298,711	-	298,711
Small energy loan program	-	-	20,392	20,392
Business development	-	-	19,211	19,211
Special public works	-	-	183,444	183,444
Wastewater financing	-	-	55,293	55,293
Safe drinking water	-	-	208,743	208,743
Oregon ports/brownfields	-	-	11,424	11,424
Gross receivables	839,634	298,711	498,506	1,636,851
Allowance for doubtful accounts	-	(72)	(18,446)	(18,518)
Total receivables, net	\$ 839,634	\$ 298,639	\$ 480,061	\$ 1,618,333

C. Receivables Other Than Taxes and Loans

The following tables disaggregate receivable balances reported in the fund financial statements as accounts and interest receivable (net) and net contracts, notes, and other receivables. Contracts, notes, and other receivables are not expected to be collected within one year of the date of the financial statements.

Receivables reported for governmental activities at June 30, 2022 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total	Internal Service
Governmental activities								
General accounts	\$ 15,755	\$ 21,817	\$ 14,416	\$ 1,690	\$ 115	\$ 89,434	\$ 143,227	\$ 137,873
Due from federal government	382	1,352,485	74,968	277,592	-	492,486	2,197,913	-
Interest	5,311	-	108	-	2,464	20,428	28,312	31
Broker receivable	-	-	174	-	14,174	-	14,348	-
Contracts	340	-	4	-	-	5,613	5,957	-
Mortgages	-	5,674	-	-	-	-	5,674	-
Benefit recoveries	1,322	40,157	-	-	-	11,093	52,572	-
Medicaid drug rebate	-	161,088	-	-	-	-	161,088	-
Forest fire claims	-	-	-	-	-	169,021	169,021	-
Fines, forfeitures, and penalties	42,016	1,204	815	-	125	169,212	213,373	1
Restitution recovery	-	-	-	-	-	607,270	607,270	-
Court fines and fees	-	-	-	-	-	962,821	962,821	-
Child support recoveries	-	-	-	-	-	273,536	273,536	-
Workers' compensation assessment	-	-	-	-	-	28,369	28,369	-
Other	3,090	146,351	30,336	201	-	71,539	251,517	1,243
Gross receivables	68,216	1,728,776	120,821	279,483	16,878	2,900,824	5,114,998	139,147
Allowance for doubtful accounts	(45,169)	(23,963)	(2,353)	(43)	(111)	(1,790,512)	(1,862,151)	(1,317)
Total receivables, net	\$ 23,047	\$ 1,704,813	\$ 118,468	\$ 279,439	\$ 16,767	\$ 1,110,312	\$ 3,252,846	\$ 137,831

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Notes to the Financial Statements

Receivables reported for business-type activities at June 30, 2022 (in thousands):

	Housing and Community Services	Veterans' Loan	Lottery Operations	Unemployment Compensation	Other	Total
Business-type activities						
General accounts	\$ 322	\$ -	\$ 23,731	\$ 341,682	\$ 47,110	\$ 412,845
Due from federal government	-	-	-	1,169	5,535	6,703
Interest	3,343	1,078	-	-	8,256	12,678
Mortgages	-	134	-	-	-	134
Benefit recoveries	-	-	-	133,409	-	133,409
Fines, forfeitures, and penalties	-	-	-	9,699	-	9,699
Other	-	5,029	6,585	41,892	580	54,086
Gross receivables	3,665	6,242	30,316	527,851	61,481	629,555
Allowance for doubtful accounts	-	-	(322)	(64,209)	(30,802)	(95,333)
Total receivables, net	\$ 3,665	\$ 6,242	\$ 29,994	\$ 463,642	\$ 30,679	\$ 534,222

Receivables reported for fiduciary funds at June 30, 2022 (in thousands):

	Other
Fiduciary fund activities	
General accounts	\$ 3,106
Other	7,243
Gross receivables	10,349
Allowance for doubtful accounts	(354)
Total receivables, net	\$ 9,994

D. Payables

The following tables disaggregate payables reported in the fund financial statements as accounts and interest payable and contracts, mortgages, and notes payable.

Payables reported for governmental activities at June 30, 2022 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total	Internal Service
Governmental activities								
General accounts	\$ 639,162	\$ 700,974	\$ 132,525	\$ 245,116	\$ 1,465	\$ 545,763	\$2,265,006	\$ 42,835
Interest	-	-	-	-	-	-	-	856
Broker payable	-	-	-	-	25,974	-	25,974	-
Pension-related debt	-	-	-	-	-	-	-	10,468
Loans	-	-	-	-	-	3,500	3,500	-
Contracts - retainage	-	-	-	-	-	-	-	759
Other	-	-	-	-	-	-	-	2,827
Total payables	\$ 639,162	\$ 700,974	\$ 132,525	\$ 245,116	\$ 27,440	\$ 549,263	\$2,294,480	\$ 57,744

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Payables reported for business-type activities at June 30, 2022 (in thousands):

	Housing and Community Services	Veterans' Loan	Lottery Operations	Unemployment Compensation	Other	Total
Business-type activities						
General accounts	\$ 1,374	\$ 36	\$ 18,225	\$ 134,544	\$ 64,560	\$ 218,739
Interest	12,065	670	-	-	2,121	14,856
Pension-related debt	315	419	2,642	-	15,960	19,337
Contracts	-	-	5,464	-	109	5,573
Total payables	\$ 13,754	\$ 1,125	\$ 26,330	\$ 134,544	\$ 82,751	\$ 258,505

Payables reported for fiduciary funds at June 30, 2022 (in thousands):

	Custodial Funds			
	Pension and Other Employee Benefit Trust	Private Purpose Trust	External Investment Pools	Other
Fiduciary fund activities				
General accounts	\$ 7,708	\$ 1,792	\$ 3,143	\$ 15
Benefits payable	482,547	-	-	-
Broker payable	4,509,592	-	67,563	-
Investment fees	23,450	-	-	-
Compensated absences	3,414	-	-	-
Mortgages	-	708	-	-
Total payables	\$ 5,026,712	\$ 2,500	\$ 70,706	\$ 15

5. JOINT VENTURE

The Multi-State Lottery Association (MUSL) was established in 1987 to coordinate lottery games with larger prizes than the individual states could offer by themselves. The Oregon State Lottery has been a participating member since the inception of MUSL. Each participating state sells its choice of MUSL products and keeps all profits earned. Participating states contribute amounts necessary to fund the estimated and actual prizes won, reserve prize pools, and cost of services of MUSL. For the year ending June 30, 2022, MUSL service fees were \$22.7 thousand.

MUSL is a non-profit, government-benefit association owned and operated by its member lotteries. It is governed by a board on which each member lottery is represented. Each member lottery has one vote. The board's responsibilities to administer multi-state lottery games are performed through product groups, advisory committees, or panels staffed by officers and independent contractors as appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties, and qualifications. MUSL is subject to annual audits conducted by independent auditors retained by the board. Upon termination of the MUSL's existence, if such termination should occur, the member lotteries would receive any proceeds determined available for distribution by the board.

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Long-term liabilities of MUSL are limited to prize annuities due, which are fully funded through investments in U.S. government securities. The following schedule presents the summarized financial activity of MUSL as of June 30, 2022 and 2021 (in thousands):

	2022	2021
Assets	\$ 766,593	\$ 848,610
Liabilities	\$ 756,516	\$ 836,396
Net assets ¹ - unrestricted	10,077	12,214
Total liabilities and net assets¹	\$ 766,593	\$ 848,610
Revenue	\$ 3,442	\$ 1,324
Expenses	5,579	4,832
Other changes in net assets ¹	-	1,011
Excess revenues over expenses	\$ (2,137)	\$ (2,497)

¹ Because MUSL is organized as a non-profit, its financial statements have been prepared in accordance with accounting standards promulgated by the Financial Accounting Standards Board (FASB). Therefore, MUSL's financial statements use the term "net assets" rather than "net position" for equity.

Separate financial statements for MUSL may be obtained from the Multi-State Lottery Association, 8101 Birchwood Court, Suite R, Johnston, Iowa, 50131.

6. CAPITAL ASSETS

A. Primary Government

Capital Assets Activity

Capital asset activity for the primary government for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,022,463	\$ 56,972	\$ 13,890	\$ 2,065,544
Construction in progress	1,021,485	710,940	391,902	1,340,522
Works of art and other nondepreciable assets	2,474	-	-	2,474
Total capital assets not being depreciated	3,046,421	767,911	405,793	3,408,540
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	4,979,230	396,796	297,462	5,078,563
Infrastructure	15,758,713	401,020	74,838	16,084,895
Total capital assets being depreciated	20,737,943	797,816	372,300	21,163,459
<i>Leased assets being amortized:</i>				
Land	-	3,202	-	3,202
Building, property, and equipment	-	1,056,251	-	1,056,251
Infrastructure	-	4,739	-	4,739
Total leased assets being amortized	-	1,064,192	-	1,064,192
Less accumulated depreciation/amortization for:				
Land	-	247	-	247
Buildings, property, and equipment	2,290,323	316,707	49,567	2,557,463
Infrastructure	6,395,730	340,934	74,027	6,662,636
Total accumulated depreciation/amortization	8,686,053	657,888	123,595	9,220,346
Total capital assets being depreciated/amortized, net	12,051,890	1,204,120	248,705	13,007,305
Total capital assets, net	\$ 15,098,312	\$ 1,972,031	\$ 654,498	\$ 16,415,845

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	Beginning Balance¹	Increases	Decreases	Ending Balance
Business-type activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,291	\$ 8,155	\$ -	\$ 17,446
Construction in progress	5,224	7,843	2,907	10,159
Works of art and other nondepreciable assets	759	35	-	794
Total capital assets not being depreciated	<u>15,274</u>	<u>16,032</u>	<u>2,907</u>	<u>28,399</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	919,958	36,278	12,208	944,029
Infrastructure	3,606	-	-	3,606
Total capital assets being depreciated	<u>923,564</u>	<u>36,278</u>	<u>12,208</u>	<u>947,635</u>
<i>Leased assets being amortized:</i>				
Building, property, and equipment	-	10,259	-	10,259
Total leased assets being amortized	<u>-</u>	<u>10,259</u>	<u>-</u>	<u>10,259</u>
Less accumulated depreciation/amortization for:				
Buildings, property, and equipment	386,230	41,381	8,702	418,909
Infrastructure	1,159	95	-	1,254
Total accumulated depreciation/amortization	<u>387,389</u>	<u>41,476</u>	<u>8,702</u>	<u>420,163</u>
Total capital assets being depreciated/amortized, net	<u>536,175</u>	<u>5,061</u>	<u>3,506</u>	<u>537,730</u>
Total capital assets, net	\$ 551,449	\$ 21,093	\$ 6,413	\$ 566,129

¹ Beginning balances have been restated due to the implementation of GASB Statement No. 87, *Leases*.

	Beginning Balance	Increases	Decreases	Ending Balance
Fiduciary activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 944	\$ -	\$ -	\$ 944
Total capital assets not being depreciated	<u>944</u>	<u>-</u>	<u>-</u>	<u>944</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	53,561	1,587	-	55,148
Total capital assets being depreciated	<u>53,561</u>	<u>1,587</u>	<u>-</u>	<u>55,148</u>
<i>Leased assets being amortized:</i>				
Building, property, and equipment	-	811	-	811
Total leased assets being amortized	<u>-</u>	<u>811</u>	<u>-</u>	<u>811</u>
Less accumulated depreciation/amortization for:				
Buildings, property, and equipment	32,722	3,152	-	35,874
Total accumulated depreciation/amortization	<u>32,722</u>	<u>3,152</u>	<u>-</u>	<u>35,874</u>
Total capital assets being depreciated/amortized, net	<u>20,839</u>	<u>(754)</u>	<u>-</u>	<u>20,085</u>
Total capital assets, net	\$ 21,783	\$ (754)	\$ -	\$ 21,030

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Depreciation and Amortization Expense

Depreciation and amortization expense charged to functions of the primary government (in thousands):

Governmental activities	Amount
Education	\$ 2,849
Human services	94,673
Public safety	69,540
Economic and community development	7,874
Natural resources	26,358
Transportation	387,372
Consumer and business services	6,494
Administration	8,980
Legislative	3,638
Judicial	11,087
Subtotal	618,867
Internal service funds	39,021
Total depreciation and amortization expense	\$ 657,888

Business-type activities	Amount
Housing and Community Services	\$ 11
Veterans' Loan	211
Lottery Operations	22,771
Other business-type activities	18,483
Total depreciation and amortization expense	\$ 41,476

Fiduciary activities	Amount
Pension and Other Employee Benefit Trust	\$ 3,152
Total depreciation and amortization expense	\$ 3,152

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Construction Commitments

The State has active construction projects, which will be funded through either general fund appropriations, federal grants, lottery resources, or other funding sources as noted in the schedule below.

The State's construction commitments with contractors as of June 30, 2022 (in thousands):

Project	Spent-to-Date	Remaining Commitment	Remaining Commitment Source of Funds			
			General	Federal	Lottery	Other
Road and bridge construction	\$ 649,229	\$ 1,769,749	\$ -	\$ 1,367,358	\$ -	\$ 402,391
Building improvement and maintenance	77,196	196,504	486	1,849	-	194,169
Correctional facility construction and upgrades	27,977	17,927	80	-	-	17,847
Natural resources facilities	-	499	-	-	-	499
Military facilities	73,878	29,250	21	18,798	-	10,431
Rural airports	3,431	3,431	-	1,812	-	1,618
Capital building improvements	39,509	143,321	99,560	-	-	43,761
Land Improvements	111	46	-	-	-	46
Total construction commitments	\$ 871,330	\$ 2,160,727	\$ 100,148	\$ 1,389,817	\$ -	\$ 670,762

Collections Not Capitalized

Certain collections of historic artifacts and works of art are not reported in the accompanying financial statements. These assets include highway maintenance equipment displayed at various district and regional offices; printing equipment displayed at the Salem print plant; historic documents displayed at the Oregon State Archives; a museum of military artifacts at Camp Withycombe in Clackamas, Oregon; special collections of old, rare, and fragile books at the State Library; a collection of historic buildings, furniture, paintings, and ancestral artifacts displayed at various state parks; a collection of wildlife mounts displayed at various Department of Fish and Wildlife locations; and a collection of photographs portraying various Oregon locales displayed at the Oregon Liquor & Cannabis Commission headquarters. These assets have not been capitalized because they meet the conditions to qualify as collections that are not subject to capitalization. These conditions are:

1. The collections are held for public exhibition or education in the furtherance of public service, not held for financial gain;
2. The collections are protected, kept unencumbered, cared for, and preserved; and
3. The collections are subject to state agency policy that requires the proceeds from sales of collection items to be used to acquire other items for the collections.

Insurance Recoveries

In the government-wide statement of activities, program revenues include insurance recoveries of the applicable functions (in thousands):

Governmental activities	Amount
Public safety	\$ 470
Natural resources	7,841
Transportation	1,028
Administration	11
Subtotal	9,349
Internal service funds	568
Total insurance recoveries	\$ 9,916
Business-type activities	
Lottery operations	\$ 10
Total insurance recoveries	\$ 10

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Idle Impaired Capital Assets

At fiscal year-end, the Department of Corrections' Deer Ridge Correctional Institution, a minimum security facility with a carrying value of \$31.9 million, and the Oregon State Penitentiary minimum security facility with a carrying value of \$2.5 million were temporarily idle due to budget constraints and a delay in the implementation of Ballot Measure 57, the Mandatory Prison Sentences for Three or More Felonies Act. Additionally, the Department of Corrections' Mill Creek Correctional Facility, a minimum security facility with a carrying value of \$720 thousand, and the Shutter Creek Correctional Institution, a minimum security facility with a carrying value of \$8.5 million were closed as part of the State's sentencing reform efforts.

B. Discretely Presented Component Units

Under Oregon Revised Statutes 352.113, real property acquired by a university with a governing board shall be taken and held in the name of the State of Oregon acting by and through the governing board. In addition, legal title to all personal property acquired, constructed, remodeled, repaired, equipped, or furnished with the proceeds of bonds issued pursuant to Article XI-Q of the Oregon Constitution for the benefit of a university with a governing board must be taken and held in the name of the State of Oregon, acting by and through the governing board.

Changes in capital assets for universities that are considered major component units are included below (in thousands):

	Beginning Balance¹	Increases	Decreases	Ending Balance
University of Oregon				
<i>Capital assets not being depreciated:</i>				
Land	\$ 86,351	\$ 24,345	\$ -	\$ 110,696
Construction in progress	41,442	159,990	125,292	76,140
Works of art and other nondepreciable assets	48,043	796	30	48,809
Total capital assets not being depreciated	<u>175,836</u>	<u>185,131</u>	<u>125,322</u>	<u>235,645</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	2,800,646	117,723	11,247	2,907,122
Infrastructure	59,254	13	-	59,267
Total capital assets being depreciated	<u>2,859,900</u>	<u>117,736</u>	<u>11,247</u>	<u>2,966,389</u>
<i>Leased assets being amortized:</i>				
Building, property, and equipment	62,330	1,310	22	63,618
Total leased assets being amortized	<u>62,330</u>	<u>1,310</u>	<u>22</u>	<u>63,618</u>
Less accumulated depreciation and amortization for:				
Buildings, property, and equipment	971,446	92,898	11,569	1,052,775
Infrastructure	37,907	2,349	-	40,256
Total accumulated depreciation/amortization	<u>1,009,353</u>	<u>95,247</u>	<u>11,569</u>	<u>1,093,031</u>
Total capital assets being depreciated/amortized, net	<u>1,912,877</u>	<u>23,799</u>	<u>(300)</u>	<u>1,936,976</u>
Total capital assets, net	<u>\$ 2,088,713</u>	<u>\$ 208,930</u>	<u>\$ 125,022</u>	<u>\$ 2,172,621</u>

¹ Beginning balances have been restated due to the implementation of GASB Statement No. 87, *Leases*.

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	Beginning Balance ¹	Increases	Decreases	Ending Balance
Oregon State University				
<i>Capital assets not being depreciated:</i>				
Land	\$ 68,056	\$ 836	\$ -	\$ 68,892
Construction in progress	151,396	142,089	135,803	157,682
Works of art and other nondepreciable assets	30,308	68	6	30,370
Total capital assets not being depreciated	249,760	142,993	135,809	256,944
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	2,149,968	192,881	10,029	2,332,820
Infrastructure	52,115	6,281	-	58,396
Total capital assets being amortized	2,202,083	199,162	10,029	2,391,216
<i>Leased assets being amortized:</i>				
Land	72	-	-	72
Building, property, and equipment	15,082	295	128	15,249
Total capital assets being amortized	15,154	295	128	15,321
Less accumulated depreciation and amortization for:				
Land	5	9	-	14
Buildings, property, and equipment	963,639	71,775	8,607	1,026,807
Infrastructure	28,878	2,472	-	31,350
Total accumulated depreciation/amortization	992,522	74,256	8,607	1,058,171
Total capital assets being depreciated/amortized, net	1,224,715	125,201	1,550	1,348,366
Total capital assets, net	\$ 1,474,475	\$ 268,194	\$ 137,359	\$ 1,605,310

¹ Beginning balances have been restated due to the implementation of GASB Statement No. 87, *Leases*.

	Beginning Balance ¹	Increases	Decreases	Ending Balance
Portland State University				
<i>Capital assets not being depreciated:</i>				
Land	\$ 67,256	\$ -	\$ -	\$ 67,256
Construction in progress	4,770	6,474	3,442	7,802
Works of art and other nondepreciable assets	4,926	67	-	4,993
Total capital assets not being depreciated	76,952	6,541	3,442	80,051
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	1,004,767	11,953	929	1,015,791
Infrastructure	33,027	112	-	33,139
Total capital assets being depreciated	1,037,794	12,065	929	1,048,930
<i>Leased assets being amortized:</i>				
Land	4,159	-	-	4,159
Building, property, and equipment	4,292	666	133	4,825
Total capital assets being amortized	8,451	666	133	8,984
Less accumulated depreciation and amortization for:				
Land	1,313	-	-	1,313
Buildings, property, and equipment	485,316	31,133	991	515,458
Infrastructure	18,613	1,412	-	20,025
Total accumulated depreciation/amortization	505,242	32,545	991	536,796
Total capital assets being depreciated/amortized, net	541,003	(19,814)	71	521,118
Total capital assets, net	\$ 617,955	\$ (13,273)	\$ 3,513	\$ 601,169

¹ Beginning balances have been restated due to the implementation of GASB Statement No. 87, *Leases*.

7. LEASES

A. State as Lessor

The State enters into lease agreements providing rental income related to various plots of land, buildings, rights-of-way, railroad corridors, and furniture. The lease terms generally range from 2-15 years, and the

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ability to extend the lease varies by agreement. Generally, the agreements do not contain residual value guarantees or termination penalties. At times the agreements include provisions for variable payments that are based on future performance of the lessee or usage of the underlying asset. In those situations, the calculation of the lease receivable excludes those variable payments, and instead revenue is recognized when the amounts are received, which was \$66 thousand for the fiscal year ended June 30, 2022.

As of June 30, 2022, the total amount of lease-related revenues consisted of the following (in thousands):

Revenue Type	Amount
Lease revenue	\$ 2,476
Interest revenue	924
Total	\$ 3,400

There are no debt issuances for which the principal and interest payments are secured by these lease receipts as of June 30, 2022.

B. State as Lessee

The State routinely utilizes lease arrangements to obtain the right to use various capital assets instead of purchasing them. These leased capital assets include land, buildings, office space, furniture, and equipment. The contracts at times include variable payments that are based on future performance of the State or usage of the underlying asset, residual value guarantees, or termination penalties that are not known or reasonably certain to be exercised, therefore these amounts are not included in the calculation of the lease obligation, instead they are recognized as expenses in the period they occur. For the fiscal year ended June 30, 2022, the State recognized expenses for variable payments of \$1.3 million. There were no termination penalties or residual guarantee payments recognized during the fiscal year. Additionally, there were no impairment losses associated with lease obligations. All collateral pledged as security for the lease arrangements are solely the underlying asset.

Principal and interest requirements for leases as of June 30, 2022 (in thousands):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 90,808	\$ 15,927	\$ 106,735
2024	80,649	14,488	95,137
2025	75,253	13,287	88,540
2026	68,205	12,175	80,380
2027	63,064	11,150	74,214
2028-2032	246,811	41,194	288,005
2033-2037	160,533	23,706	184,239
2038-2042	100,547	12,065	112,612
2043-2047	21,401	6,365	27,767
2048-2052	18,504	4,683	23,187
2053-2057	18,304	3,171	21,476
2058-2062	17,734	1,795	19,529
2063-2067	13,841	481	14,321
Total	\$ 975,655	\$ 160,487	\$ 1,136,143

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Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,571	\$ 195	\$ 1,766
2024	1,360	163	1,524
2025	1,064	135	1,199
2026	881	110	991
2027	672	90	761
2028-2032	2,247	203	2,449
2033-2037	427	34	461
2038-2042	171	10	181
Total	\$ 8,393	\$ 939	\$ 9,332

Year Ending June 30,	Fiduciary Activities		
	Principal	Interest	Total
2023	\$ 379	\$ 9	\$ 389
2024	95	1	97
2025	8	-	8
2026	6	-	6
Total	\$ 488	\$ 11	\$ 499

Refer to Note 6 for information about the right to use assets associated with these lease obligations.

There were commitments under leases before the commencement of the lease term as described in the following table for the fiscal year ended June 30, 2022 (in thousands):

Source of funding	Amount
General Fund	\$ 798
Federal Funds	425
Other Funds	1,393
Total	\$ 2,616

C. State as Lessor – Regulated Leases

The State has regulated leases with 11 state airports consistent with Federal Aviation Administration regulations and guidelines to provide land to lessees to use predominately for hangar space. The leases generally have a lease term of 25 years and contain an option to extend for an additional five years. The State does not provide preferential or exclusive use of the hangars to the counterparties under existing lease agreements.

As of June 30, 2022, the total amount of regulated lease-related revenues consisted of the following (in thousands):

Revenue Type	Amount
Lease revenue	\$ 231
Interest revenue	17
Other lease-related inflows	160
Total	\$ 408

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Expected future minimum revenues for regulated leases as of June 30, 2022 (in thousands):

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 237	\$ 16	\$ 253
2024	243	15	258
2025	204	13	217
2026	150	12	162
2027	146	11	157
2028-2032	771	44	815
2033-2037	586	25	611
2038-2042	453	10	462
2043-2047	95	1	96
Total	\$ 2,885	\$ 146	\$ 3,032

There are no debt issuances in which the principal and interest payments are secured by these lease receipts as of June 30, 2022.

8. SHORT AND LONG-TERM DEBT

A. Short-Term Debt

During the year, the Oregon Military Department (OMD) received a loan from the Oregon Short Term Fund (OSTF). The OMD needed funds to cover cash flow requirements due to a delay in receiving federal fund reimbursements and State Active Duty National Guard Activations.

Short-term debt activity for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Military treasury loan	\$ 5,000	\$ 4,800	\$ 6,300	\$ 3,500
Total short-term debt activity	\$ 5,000	\$ 4,800	\$ 6,300	\$ 3,500

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for a variety of projects as authorized by the Oregon Constitution. General obligation bonds are secured by a pledge of the full faith, credit, and taxing power of the State.

Specific provisions of the Oregon Constitution authorize general obligation debt to be issued for governmental activities. Obligations issued for highway construction pursuant to Article XI, Section 7, are financed through an appropriation from the General Fund. Article XI-G provides authorization to finance buildings and projects for community colleges. Debt service requirements for community colleges are financed through an appropriation from the General Fund. Issuance of general obligation bonds to finance higher education building projects is authorized in Article XI-F (1) and these bonds are repaid with university resources. Article XI-G authorizes financing of higher education facilities and institution activities. Debt service requirements for these higher education obligations are financed through an appropriation from the General Fund. Article XI-H authorizes the financing of pollution abatement and control facilities, as well as pollution control and disposal activities. Facilities acquired under the pollution control program are required to conservatively appear to be at least 70% self-supporting and self-liquidating from revenues, gifts, federal grants, assessments, user charges, and other fees. Article XI-L provides authorization to finance capital costs of Oregon Health and Science University. Article XI-M provides authorization to finance seismic rehabilitation projects for public education buildings and XI-N for emergency service buildings. Article XI-O provides authorization to finance pension liabilities through the issuance of general obligation bonds. Article XI-P authorizes the State to issue general

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obligation bonds to provide funds to be advanced by grant or loan to school districts to finance the capital costs of the school districts. Article XI-Q provides authorization to finance real or personal property projects to be owned or operated by the State.

The Oregon Constitution also authorizes general obligation debt to be used for business-type activities. Article XI-A authorizes the creation of the Oregon War Veterans' Fund to finance farm and home loans for eligible veterans. Financing of multi-family housing for the elderly and disabled persons is authorized in Article XI-I (2). Article XI-J provides authorization to finance loans for the development of small-scale local energy projects. The preceding bonds of business-type activities are fully self-supporting.

Debt service requirements for general obligation bonds as of June 30, 2022 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal ¹	Interest	Principal ²	Interest
2023	\$ 489,308	\$ 270,078	\$ 27,690	\$ 14,361
2024	509,360	247,994	26,310	13,667
2025	515,785	225,160	25,645	12,893
2026	544,200	201,489	26,165	12,143
2027	575,540	176,574	26,410	11,339
2028-2032	1,431,915	634,066	104,645	44,852
2033-2037	1,313,310	344,847	86,830	31,358
2038-2042	801,581	104,610	75,180	19,531
2043-2047	109,915	7,405	56,920	8,613
2048-2052	-	-	16,680	1,053
Total	\$ 6,290,914	\$ 2,212,223	\$ 472,475	\$ 169,808

¹ Includes \$1.1 billion in pension bond debt.

² Includes a total of \$63.9 million of bonds with variable interest rates adjusted daily or weekly based on the rates determined by the remarketing agent, not to exceed 12%. The interest rates at the end of the fiscal year were 0.65% for \$38.8 million of these bonds and 0.86% for \$25.1 million.

C. Revenue Bonds

Oregon Revised Statutes (ORS) authorizes the State to issue revenue bonds. Revenue bonds are secured by a pledge of revenues derived from the operation of the programs funded by the issuance of these obligations. The resulting bond obligations are not general obligations of the State.

ORS 286A.560 through 286A.585, 327.700 through 327.711, and 348.716 authorize the State to issue revenue bonds that are supported by unobligated net lottery proceeds. To date, lottery revenue bonds have been issued for infrastructure improvements, state parks, expansion and refurbishment of school facilities, light rail transportation, improvements to state fair facilities, acquisition of state forestland, watershed project grants, higher education and community college building improvements, preservation of affordable housing, and economic development in rural and distressed communities. Lottery revenue bonds have been issued for governmental activities.

ORS 367.605 through 367.665 authorize the Oregon Department of Transportation to issue highway user tax bonds for governmental activities to build and maintain public roads. Debt service payments for these bonds are funded by highway user taxes and vehicle registration fees.

ORS 456.645 authorizes the Oregon Housing and Community Services Department to issue revenue bonds for financing single-family mortgage loans and multi-family housing projects. Mortgage payments and fees and rental revenues support these bonds. ORS 285B.467 through 285B.482 authorize the Oregon Business Development Department to issue revenue bonds for financing infrastructure improvement projects through the Special Public Works Fund, while ORS 285B.572 through 285B.599 authorize the issuance of revenue bonds for financing water projects through the Water/Wastewater Financing Fund. Loan repayments support the bonds associated with these business-type activities.

State of Oregon
Notes to the Financial Statements

Debt service requirements for revenue bonds as of June 30, 2022 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal ¹	Interest
2023	\$ 204,425	\$ 138,063	\$ 13,630	\$ 24,387
2024	214,270	130,278	26,565	25,308
2025	222,655	121,694	30,700	24,703
2026	230,980	112,673	32,685	23,996
2027	233,070	103,193	32,340	23,216
2028-2032	1,057,380	401,768	171,185	103,371
2033-2037	824,180	209,983	179,200	80,351
2038-2042	475,925	63,283	175,250	57,122
2043-2047	43,625	1,003	157,644	32,986
2048-2052	-	-	92,050	7,542
2053-2057	-	-	1,040	40
Total	\$ 3,506,510	\$ 1,281,938	\$ 912,289	\$ 403,022

¹ Includes bonds with variable interest rates adjusted weekly based on the rates determined by the remarketing agent, not to exceed 12%. The interest rates at the end of the fiscal year were 0.94% for \$13.1 million of these bonds, 0.95% for \$140.1 million, and 0.97% for \$15 million.

D. Certificates of Participation

ORS 283.085 through 283.092 authorize the State to enter into financing agreements through the issuance of certificates of participation. The State has issued certificates of participation to provide funds for the acquisition of computer and telecommunication systems, to decouple the Elliott State Forest from the Common School Fund so as to compensate the Fund for preservation of noneconomic benefits, and the acquisition, construction, or remodeling of State facilities. Certificates of participation have been issued for governmental activities.

Debt service requirements for certificates of participation as of June 30, 2022 (in thousands):

Year ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 4,475	\$ 3,338
2024	4,155	3,198
2025	4,220	3,077
2026	4,350	2,948
2027	4,485	2,810
2028-2032	24,875	11,610
2033-2037	29,920	6,549
2038-2042	13,740	851
Total	\$ 90,220	\$ 34,381

E. Direct Borrowings and Direct Placements

The State has issued direct borrowings and direct placements for governmental activities to finance pollution control and disposal activities, state capitol construction, and software application development projects. Direct borrowings and direct placements have been issued for business-type activities to finance projects that serve elderly and disabled persons, to provide loans for first-time home buyers, or affordable multifamily housing projects, and to provide loans to municipalities, schools, and other entities for energy conservation and generation of renewable energy.

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Debt service requirements for direct borrowings and direct placements as of June 30, 2022 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,275	\$ 254	\$ 1,340	\$ 562
2024	1,300	234	2,355	537
2025	1,320	213	2,490	497
2026	1,340	192	2,715	456
2027	1,365	171	1,870	410
2028-2032	5,945	531	14,525	1,443
2033-2037	1,530	208	1,055	632
2038-2042	670	19	1,030	372
2043-2047	-	-	875	92
Total	\$ 14,745	\$ 1,822	\$ 28,255	\$ 5,000

F. Contracts, Mortgages, and Notes Payable

The liability for contracts, mortgages, and notes is generally liquidated through the General Fund, the Environmental Management Fund, the Health and Social Services Fund, and the Public Transportation Fund. Refer to Note 4 for additional information on the purpose of these balances.

Debt service requirements for contracts, mortgages, and notes payable as of June 30, 2022 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities		Fiduciary Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 34,602	\$ 12,508	\$ 5,998	\$ 1,366	\$ 23	\$ 32
2024	71,463	10,331	5,380	1,084	35	31
2025	32,862	8,000	3,845	848	37	29
2026	34,966	5,693	3,679	606	38	28
2027	36,952	3,264	3,937	348	40	26
2028-2032	19,438	671	2,071	72	229	101
2033-2037	-	-	-	-	289	44
2038-2042	-	-	-	-	16	1
Total	\$ 230,283	\$ 40,467	\$ 24,910	\$ 4,323	\$ 708	\$ 291

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G. Changes in Long-Term Debt

Changes in long-term debt for governmental activities for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Additions ¹	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds/certificates payable:					
General obligation bonds	\$ 6,239,470	\$ 493,260	\$ 441,816	\$ 6,290,914	\$ 489,308
Revenue bonds	3,479,600	217,690	190,780	3,506,510	204,425
Certificates of participation	95,670	-	5,450	90,220	4,475
Direct borrowings/placements payable	16,005	-	1,260	14,745	1,275
Adjusted by amounts:					
For issuance discounts	(1)	-	(1)	-	-
For issuance premiums	870,130	65,473	72,474	863,129	-
Accreted interest	1,249	-	1,249	-	-
Bonds/certificates/direct borrowings payable	10,702,123	776,423	713,028	10,765,518	699,483
Contracts, mortgages, and notes payable	267,544	13,746	51,008	230,283	34,602
Total	\$ 10,969,667	\$ 790,169	\$ 764,035	\$ 10,995,800	\$ 734,084

¹ Amounts identified in the additions column will not agree to total long-term debt issued as reported in the governmental funds statement of revenues, expenditures, and changes in fund balance due to two reasons: (1) the other financing source associated with leases is reported within that category; and (2) the table above includes activity reported within the internal service funds.

Changes in long-term debt for business-type activities for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Bonds/certificates payable:					
General obligation bonds	\$ 439,680	\$ 100,590	\$ 67,795	\$ 472,475	\$ 27,690
Revenue bonds	967,995	186,870	242,576	912,289	13,630
Direct borrowings/placements payable	50,830	-	22,575	28,255	1,340
Adjusted by amounts:					
For issuance discounts	(20)	-	(2)	(18)	-
For issuance premiums	39,699	12,920	6,343	46,276	-
Bonds/certificates/direct borrowings payable	1,498,184	300,380	339,287	1,459,278	42,660
Contracts, mortgages, and notes payable	28,276	751	4,117	24,910	5,998
Total	\$ 1,526,460	\$ 301,131	\$ 343,404	\$ 1,484,187	\$ 48,658

Changes in long-term debt for fiduciary activities for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary activities					
Contracts, mortgages, and notes payable	\$ 1,014	\$ -	\$ 306	\$ 708	\$ 23

H. Debt Agreement Terms

The Oregon Housing and Community Services Department (OHCS D) mortgage revenue bond and housing revenue bond indentures identify the following events that would lead to a default: payment of principal is not made when due, payment of interest is not made when due, or OHCS D defaults in the performance of any other covenants or agreements included in the bond or indenture and such default continues for 90 days after written notice for remedy has been provided to OHCS D by the trustee. The trustee may give such notice at their discretion, or at the written request of the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

If a default does occur for mortgage revenue bonds or housing revenue bonds the trustee may, or upon the written direction of the owners of not less than 51% of the bonds outstanding the trustee shall, declare via written notice to OHCS D that any principal and interest related to that bond is due and payable immediately.

**State of Oregon
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OHCS D multifamily housing revenue bond indenture identifies the following events that would lead to a default: payment of principal is not made when due, payment of interest is not made when due, or OHCS D defaults in the performance of any other covenants or agreements included in the bond or indenture and such default continues for 60 days after written notice for remedy has been provided to OHCS D by the trustee, or written notice provided to OHCS D and the trustee by the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

If a default occurs for a multifamily housing revenue bond the trustee may, or upon the written direction of the owners of not less than 25% of the bonds outstanding the trustee shall, proceed, in its own name, to protect and enforce the rights of the bond owners. Protecting and enforcing the rights of the bond owners could include declaring all outstanding bonds due and payable.

I. Demand Bonds

Oregon Department of Veterans' Affairs

Included in long-term debt are the following State of Oregon, General Obligation, Veterans' Welfare Variable Rate Demand Bonds, along with selected terms of their standby bond purchase agreements (SBPAs) at June 30, 2022 (dollars in thousands):

Series	Outstanding		Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
	Amount						
95	\$ 25,140		U.S. Bank National Association	5/17/2027	0.3100%	U.S. Bank National Association	0.05%
98B	15,800		U.S. Bank National Association	4/7/2025	0.3200%	U.S. Bank National Association	0.05%
105B	11,565		U.S. Bank National Association	5/17/2027	0.3100%	U.S. Bank National Association	0.05%
106C	11,435		U.S. Bank National Association	5/17/2027	0.3100%	U.S. Bank National Association	0.05%

These bonds are general obligations of the State and are payable from revenues and reserves of the Veterans' Loan Program. The bondholders may tender these bonds on specified dates at a price equal to principal plus accrued interest.

The Oregon Department of Veterans' Affairs (DVA) remarketing agent is authorized to use their best efforts to sell the repurchased bonds at face value by adjusting the interest rate on a daily or weekly basis based on the applicable mode. The designated remarketing agent for such bonds will determine the interest rate borne by each series of bonds. The DVA pays its designated remarketing agent a fee for this service.

In the event the bonds cannot be remarketed, they will be purchased as specified by the respective SBPA. Under the SBPAs for Series 95, 98B, 105B, and 106C (Series 95, 98B, 105B, and 106C SBPAs), U.S. Bank National Association will commit to purchase any Series 95, 98B, 105B, or 106C unremarketed bonds, subject to certain conditions set forth in the SBPAs.

If a tender advance did occur under the Series 95, 98B, 105B, and 106C SBPAs, it would accrue interest at the bank's base rate (either the prime lending rate plus 1%, the federal funds rate plus 2%, the Securities Industry and Financial Markets Association (SIFMA) rate plus 1%, or 7% for the time period 31 days after the purchase date and thereafter, whichever is higher) for the time period up to 30 days; at the bank's base rate plus 1% for the time period covering 31 days up to 90 days; or at the bank's base rate plus 1.5% for the time period thereafter. If the tender advance is in default, interest would accrue at the bank's base rate plus 3%. Interest on tender advances must generally be repaid before the principal portion of a tender advance is repaid. In most cases, tender advances are required to be paid off on the earliest to occur of (a) the date the applicable bonds are paid in full; (b) the conversion date of all or a portion of the applicable bonds to a fixed rate, an indexed rate, or a non-covered interest rate; or (c) the effective date of delivery of a substitute alternative liquidity facility. Tendered bonds that are unremarketed by the 91st day after the purchase date of the tender advance must be paid in full over a four year period in eight equal (or nearly equal) semi-annual installments, unless and until the bonds are remarketed or redeemed. If repayment of any tender advance does not occur within the specified timeframe contained in the Series 95, 98B, 105B, and 106C SBPAs, a default would have occurred.

No tender advances or draws were necessary to purchase unremarketed bonds under the Series 95, 98B, 105B, and 106C SBPAs for fiscal year 2022. Therefore, no tender advances or draws were outstanding as of June 30, 2022.

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Oregon Housing and Community Services Department

Included in Oregon Housing and Community Services Department's (OHCS) long-term debt is \$168.8 million in variable rate demand bonds. OHCS's variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the official statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCS has entered into a standby bond purchase agreement (SBPA) with State Street Bank and Trust Company and a standby letter of credit and reimbursement agreement with Sumitomo Mitsui Banking Corporation (the "liquidity facilities") to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The liquidity facilities require the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date, the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the relevant liquidity facility. The maximum rate for both liquidity facilities is 12%. The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption installments are to be paid commencing on the first business day of the eighteenth full month following the date the bonds became liquidity provider bonds in an amount equal to three-tenths of the initial amount of the liquidity provider bonds outstanding, with seven semi-annual installments due thereafter in an amount equal to one-tenth of the initial amount of liquidity provider bonds outstanding. There were no bank bonds as of June 30, 2022.

Certain terms of the standby purchase agreements and remarketing agreements are listed below (dollars in thousands):

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
MRB ¹ 2015 C	\$ 33,600	Sumitomo Mitsui Banking Corporation	1/27/2025	0.2700%	J.P. Morgan Securities, LLC	0.07%
MRB 2016 B	13,140	State Street Bank and Trust Company	1/27/2025	0.3000%	Bank of America Securities, Inc.	0.07%
MRB 2016 C	15,000	State Street Bank and Trust Company	1/27/2025	0.3000%	Bank of America Securities, Inc.	0.07%
MRB 2017 C	41,605	State Street Bank and Trust Company	1/27/2027	0.3300%	J.P. Morgan Securities, LLC	0.07%
MRB 2018 E	41,000	Sumitomo Mitsui Banking Corporation	1/27/2025	0.2700%	Bank of America Securities, Inc.	0.07%
MRB 2020 B	24,500	Sumitomo Mitsui Banking Corporation	1/27/2027	0.3100%	Bank of America Securities, Inc.	0.07%

¹ Mortgage Revenue Bonds

J. No-Commitment Debt

No-commitment debt refers to debt issued to finance public purpose expenditures intended for beneficial ownership by private entities. Such debt bears the name of the State but is secured solely by the credit of the private entity and usually is serviced and administered by a trustee independent of the State. The State has no obligation for payment of this debt. Accordingly, this debt is not reported in the accompanying financial statements.

No-commitment debt outstanding as of June 30, 2022 (in thousands):

Primary Government	Amount
Oregon Business Development Department	\$ 559,127
Oregon Facilities Authority	1,844,624
Housing and Community Services Department	949,505
Total no-commitment debt	\$ 3,353,256

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K. Debt Refundings

Occasionally, the State issues new long-term debt to extinguish the obligation of previously issued bonds or certificates of participation in order to take advantage of lower interest rates. In instances of advanced refunding, the money from the sale of the new debt is placed in an irrevocable trust to provide for all future debt service payments on the old debt. The amount of these issuances has provided funds to pay the interest and principal when due on the refunded debt to and including the dates irrevocably fixed for redemption. The trust account assets and liabilities for the defeased debt are not included in the accompanying financial statements.

Current/advance refunding issues that occurred between July 1, 2021, and June 30, 2022:

On April 27, 2022, the Oregon Housing and Community Services Department issued \$77.9 million in 2022 Series A Mortgage Revenue Bonds with an average interest rate of 3.7%. These bonds refunded \$18.9 million of various outstanding Housing Revenue Bonds with an average interest rate of 3.2%. The current refunding was undertaken to reduce the total debt service payments over the next 20 years by \$1.3 million and resulted in an economic loss of \$662 thousand.

On November 18, 2021, Oregon Department of Veterans' Affairs issued \$46.2 million of fixed rate General Obligation Bonds, of which \$7.5 million in bond proceeds were used to refund a portion of previously issued unhedged variable rate General Obligation Bonds. The current refunding of these bonds increases the total debt service over the next 15.9 years by approximately \$719 thousand and results in an economic loss of approximately \$1.1 million.

L. Defeased Debt

The State has defeased certain general obligation and revenue bonds, as well as certificates of participation, by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the liability for defeased debt is not included in the State's financial statements. On June 30, 2022, \$1.6 billion of debt outstanding is considered defeased.

9. OTHER LONG-TERM LIABILITIES

A. Primary Government

Changes in other long-term liabilities for governmental activities for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	\$ 308,890	\$ 290,257	\$ 282,875	\$ 316,273	\$ 202,280
Claims and judgments payable	1,253,737	989,613	903,862	1,339,488	135,214
Arbitrage rebate payable	243	-	86	157	17
Deposit liabilities	569,485	18,984,152	19,212,335	341,302	156,065
Lease Obligations	-	1,064,192	88,537	975,655	90,808
Pollution remediation obligation	43,654	623	3,955	40,322	15,530
Total other long-term liabilities	\$ 2,176,009	\$ 21,328,838	\$ 20,491,649	\$ 3,013,197	\$ 599,914

Internal service funds predominantly serve the governmental funds. Therefore, long-term liabilities for internal service funds are included as part of the totals for governmental activities. The compensated absences liability is mainly liquidated through the General Fund, Health and Social Services Fund, and the Public Transportation Fund. The claims and judgments liability is generally liquidated through the Employment Services Fund and the Central Services Fund, an internal service fund. The arbitrage rebate liability is generally liquidated through the Environmental Management Fund and Educational Support Fund. The deposit liabilities are expected to be primarily liquidated by the Common School Fund and Consumer Protection Fund. Lease obligations will be primarily liquidated through the General Fund and Health and

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Social Services Fund. The pollution remediation obligation will be mainly liquidated through the Environmental Management Fund, Public Transportation Fund, and the Common School Fund.

Changes in other long-term liabilities for business-type activities for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences payable	\$ 27,884	\$ 30,806	\$ 31,538	\$ 27,152	\$ 17,455
Claims and judgments payable	830	31,053	31,035	848	848
Lottery prize awards payable	160,625	257,169	266,484	151,309	38,851
Arbitrage rebate payable	10,042	-	2,430	7,611	-
Deposit liabilities	40,948	1,023,578	1,033,163	31,363	29,156
Lease Obligations	-	10,259	1,866	8,393	1,571
Derivative instruments liability	6,387	-	6,387	-	-
Total other long-term liabilities	\$ 246,717	\$ 1,352,865	\$ 1,372,905	\$ 226,677	\$ 87,881

Changes in other long-term liabilities for fiduciary fund activities for the year ended June 30, 2022 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary fund activities					
Deposit liabilities	\$ 73,350	\$ 15,827,159	\$ 15,832,925	\$ 67,584	\$ 67,584
Lease Obligations	-	811	323	488	379
Total other long-term liabilities	\$ 73,350	\$ 15,827,971	\$ 15,833,249	\$ 68,072	\$ 67,963

B. Discretely Presented Component Units

The State of Oregon has issued various debt instruments to fund capital projects for its university component units, which are the University of Oregon (UO), Oregon State University (OSU), Portland State University (PSU), Oregon Health and Science University (OHSU), Western Oregon University (WOU), Southern Oregon University (SOU), Eastern Oregon University (EOU), and Oregon Institute of Technology (OIT). These debt instruments include general obligation bonds, certificates of participation (COPs), and lottery revenue bonds, which are liabilities of the State, and are disclosed in greater detail in Note 8. These universities have entered into debt management agreements with the State, through the Higher Education Coordinating Commission to repay the State for certain debt instruments identified above. Pursuant to the debt management agreements, the universities have reported a payable to the State and the State has reported a receivable from the universities.

In addition, many of the universities have borrowed from the Oregon Department of Energy through the Small Scale Energy Loan Program (SELP) for energy conservation projects.

Changes in notes payable to the State of Oregon for the State's major component units, which are UO, OSU, and PSU are included below (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
University of Oregon					
Higher Education Coordinating Commission Loans	\$ 445,464	\$ -	\$ 14,771	\$ 430,693	\$ 17,308
Oregon Department of Energy Loans (SELP)	30,334	-	2,273	28,061	2,371
Advances from primary government	\$ 475,798	\$ -	\$ 17,044	458,754	19,679
Other current liabilities owed to primary government				9,979	9,979
Total				\$ 468,733	\$ 29,658

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Oregon State University					
Higher Education Coordinating Commission Loans	\$ 277,637	\$ -	\$ 9,512	\$ 268,125	\$ 13,568
Oregon Department of Energy Loans (SELP)	9,802	-	761	9,041	785
Advances from primary government	\$ 287,439	\$ -	\$ 10,273	277,166	14,353
Other current liabilities owed to primary government				5,442	5,442
Total				\$ 282,608	\$ 19,795
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Portland State University					
Higher Education Coordinating Commission Loans	\$ 169,323	\$ -	\$ 8,521	\$ 160,802	\$ 10,653
Oregon Department of Energy Loans (SELP)	26,565	-	2,355	24,210	2,440
Advances from primary government	\$ 195,888	\$ -	\$ 10,876	185,012	13,093
Other current liabilities owed to primary government				3,654	3,654
Total				\$ 188,666	\$ 16,747

The outstanding amounts above have been included in the discretely presented component unit financial statements as due to primary government and advances from primary government. The State, as the primary government, has included the above balances, along with other balances, as due from component units and advances to component units.

10. POLLUTION REMEDIATION OBLIGATION

Pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. This includes pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and postremediation monitoring. Excluded from pollution remediation obligations are obligations for pollution prevention and control activities, fines and penalties, landfill closure and postclosure care, and other future remediation activities required upon retirement of an asset.

The State recognizes a pollution remediation obligation when it can reasonably estimate the range of expected cash outlays. At June 30, 2022, the State recognized an estimated liability of \$40.3 million for pollution remediation activities. The liability, which is reported in the government-wide statement of net position, was recorded at the current value of the costs the State expects to incur to perform the work.

For many projects, the State can reasonably estimate the range of expected outlays early in the process, using the State's remediation history for similar sites as the basis for the calculations. In other cases, the estimated liability is based on the amount specified in a contract for remediation services or the estimate of the cleanup costs provided by an environmental consulting firm. Expected recoveries from responsible parties or potentially responsible parties and insurance recoveries are included in the estimates and reduce the State's expense. No material expected recoveries were included in the measurement of the State's pollution remediation obligation at June 30, 2022.

When new information indicates changes in expected outlays, the liability for pollution remediation is adjusted. Adjustments may occur due to price fluctuations resulting from delays in contracting specific remediation jobs, changes in technology, changes in legal or regulatory requirements, and changes in the remediation plan or operating conditions.

Currently, the Oregon Department of Environmental Quality (DEQ), as a government responsible for sharing cost under federal law, is obligated to clean up two Superfund sites. One site is contaminated with chemicals used in the wood-treating industry. Contamination was found in the soil, groundwater, and sediments of adjacent rivers. The second site is contaminated with asbestos in the soil resulting from demolition of approximately eighty 1940s era military barracks buildings. The Oregon Department of Transportation (ODOT) also performs ongoing pollution remediation. For example, to facilitate the agency's transportation goals, ODOT voluntarily conducts the cleanup of contaminated soil and ground water found within the footprint of a construction project and removes lead-based paint when performing bridge repairs. In other

cases, DEQ has named ODOT as a responsible party or potentially responsible party, or ODOT has entered the contaminated site into the DEQ's Voluntary Cleanup Program as the responsible party.

Portland Harbor is also a Superfund site, however, DEQ and the U.S. Environmental Protection Agency (EPA) expect responsible parties to fund all remediation costs. The Portland Harbor is a stretch of the Columbia River and the Willamette River with contaminated sediment from many historical industrial sites. EPA has identified over 100 parties as potentially responsible for costs related to investigation and cleanup of hazardous substances at the site, including the State of Oregon. EPA issued a Record of Decision (ROD) estimating the cleanup to cost \$1.1 billion and 13 years to complete. The State had entered into Administrative Settlements and Orders on Consent with EPA to perform the cleanup. As of June 30, 2022, the State has participated in a confidential, non-binding private mediation process to achieve an allocation of responsibility for the costs of implementing the ROD among the responsible parties. If successful, the process will culminate in the parties developing a comprehensive settlement proposal to EPA based on the allocation. If accepted by EPA, the settlement will be memorialized in a judicial Consent Decree filed in the Oregon federal district court. It is not possible to predict the relative share of cleanup costs that will be assigned to each agency through this confidential mediation or, should it fail, through litigation. It is also too early to predict when the mediation will conclude or whether it will result in a durable comprehensive settlement with EPA.

11. PLEDGED REVENUES

A. Lottery Revenue Bonds

The State has pledged future unobligated net lottery proceeds and interest earnings on guaranteed investment contracts to repay \$1.2 billion of lottery revenue bonds. Unobligated net lottery proceeds consist of all revenues derived from the operation of the Oregon State Lottery except for revenues used for payment of prizes and expenses of the Lottery. Proceeds from lottery revenue bonds have been used for a variety of purposes, which are described in greater detail in Note 8 within the section covering revenue bonds. The bonds are payable solely from the pledged revenues and are payable through fiscal year 2042. Total principal and interest remaining to be paid on the bonds is \$1.6 billion. In fiscal year 2023, principal and interest payments on the bonds are expected to require approximately 15.9% of pledged revenue. Principal and interest paid for the current year and total pledged revenues recognized were \$131.7 million and \$915.2 million, respectively.

B. Highway User Taxes Revenue Bonds

The State has pledged future highway user taxes and vehicle registration fees, net of administrative expenses, operating transfers, and statutory transfers to counties, to repay \$2.3 billion of highway user tax revenue bonds. Proceeds from the bonds provide financing for the construction, reconstruction, improvement, repair, maintenance and operation, and use of public highways, roads, streets, and roadside rest areas for the State. The bonds are payable solely from the pledged revenues and are payable through November 2042. Total principal and interest remaining to be paid on the bonds is \$3.2 billion. Fiscal year 2023 principal and interest payments on the bonds are expected to require approximately 24.1% of pledged revenues. Principal and interest paid for the current year and total pledged revenues recognized were \$197.1 million and \$800.9 million, respectively.

12. INTERFUND TRANSACTIONS

Interfund balances reported in the fund financial statements as of June 30, 2022 (in thousands):

Due to Other Funds	Due from Other Funds					
	General	Health and Social Services	Public Transportation	Educational Support	Common School	Nonmajor Governmental Funds
General	\$ -	\$ 34,541	\$ 10,705	\$ 94,720	\$ -	\$ 109,298
Health and Social Services	318,115	-	-	13,932	-	7,805
Public Transportation	266	-	-	-	-	22,017
Educational Support	575	-	-	-	-	4,141
Common School	-	-	-	-	-	237
Nonmajor Governmental Funds	40,453	37,790	6,304	11,845	596	24,438
Housing and Community Services	-	-	-	-	-	174
Lottery Operations	232,928	-	-	-	-	183
Unemployment Compensation	109	-	-	-	-	16,812
Nonmajor Enterprise Funds	82,123	1,335	-	-	-	742
Internal Service Funds	20,939	-	-	-	-	14,938
Pension and Other Employee Benefit Trust	-	-	-	-	-	-
Other Custodial	72	84	-	-	-	-
Total	\$ 695,579	\$ 73,750	\$ 17,009	\$ 120,497	\$ 596	\$ 200,785

Advances from Other Funds	Advances to Other Funds		
	Common School	Internal Service Funds	Total
General	\$ -	\$ 241	\$ 241
Nonmajor Governmental Funds	300	-	300
Total	\$ 300	\$ 241	\$ 541

Interfund balances result from the time lag between the date a transaction for interfund goods and services or reimbursable expenditures/expenses is recorded and the date the payment between funds is made. Advances to and from other funds are not expected to be repaid within one year.

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Due from Other Funds (continued)

Housing and Community Services	Veterans' Loan	Nonmajor Enterprise Funds	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Other Custodial	Total
\$ 240	\$ 59	\$ 7,607	\$ 2,796	\$ -	\$ -	\$ -	\$ 259,967
-	-	18,989	563	-	-	-	359,403
-	-	-	-	-	-	-	22,283
-	-	-	-	-	-	-	4,716
-	-	-	-	-	-	2	239
333	100	-	1,003	-	-	-	122,862
-	-	-	-	-	-	-	174
-	-	-	-	-	19	29	16,970
-	148	4,837	128	119	-	-	89,433
-	-	15	-	-	-	-	35,891
-	-	-	-	23,058	-	-	23,058
-	-	-	-	-	-	-	155
\$ 573	\$ 308	\$ 31,447	\$ 4,490	\$ 23,177	\$ 19	\$ 31	\$ 1,168,262

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Interfund transfers reported in the fund financial statements as of June 30, 2022 (in thousands):

Transfers to Other Funds	Transfers from Other Funds				
	General	Health and Social Services	Public Transportation	Educational Support	Common School
General	\$ -	\$ 189,531	\$ 157,384	\$ 380,878	\$ 121,000
Health and Social Services	68,996	-	-	38,245	-
Public Transportation	11,201	-	-	-	-
Educational Support	377,874	77	-	-	-
Common School	109,688	-	-	-	-
Nonmajor Governmental Funds	76,928	49,826	2,513	3,351	3,887
Housing and Community Services	2,900	-	-	-	-
Veterans' Loan	-	-	-	-	-
Lottery Operations	915,077	-	-	-	-
Nonmajor Enterprise Funds	218,731	10,478	-	-	-
Internal Service Funds	12,342	-	-	3,675	-
Total	\$ 1,793,738	\$ 249,911	\$ 159,897	\$ 426,149	\$ 124,887

Transfers are used to move (1) revenues collected by one fund to the fund authorized by statute or the State's budget to expend them, (2) receipts restricted to debt service or capital construction to the appropriate funds, and (3) unrestricted revenues collected by the General Fund for various programs accounted for in other funds according to State budget requirements.

The General Fund transferred \$104.7 million of COVID-19-related personal protective equipment (PPE) inventory for use by programs accounted for within the Health and Social Services Fund.

During the 2022 Regular Session, House Bill 5202 was passed requiring \$121 million be transferred from the General Fund to satisfy financial obligations related to the Elliot State Forest to the Common School Fund. To provide financial assistance to persons engaged in farming or ranching operations with lost farm income due to a qualifying natural disaster in calendar year 2021, the General Fund transferred \$39.4 million to the Agricultural Resources Fund, a nonmajor governmental fund.

Pursuant to Senate Bill 1566 (2018), \$45.5 million was transferred from the Common School Fund to the General Fund related to set aside moneys for the Oregon school districts' unfunded pension liability.

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Transfers from Other Funds (continued)

Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total
\$ 755,721	\$ 295,418	\$ 342	\$ 1,900,274
41,318	12,768	-	161,326
276,553	-	-	287,754
5,711	-	643	384,305
3,501	-	709	113,899
235,767	82,028	519	454,819
374	-	-	3,274
172	-	-	172
2,200	-	-	917,277
18,675	3,858	1,431	253,174
19,873	24	-	35,914
\$ 1,359,865	\$ 394,097	\$ 3,644	\$ 4,512,188

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13. SEGMENT INFORMATION

Oregon Revised Statutes (ORS) 285B.410 through 285B.482 create the Special Public Works Fund and authorize the Oregon Business Development Department (OBDD) to issue revenue bonds to finance loans to municipalities for infrastructure projects. ORS 285B.560 through 285B.599 establish the Water/Wastewater Financing Fund and authorize OBDD to issue revenue bonds to finance loans to municipalities for safe drinking water projects and wastewater system improvement projects. Loan repayments are pledged to repay the outstanding bonds.

ORS 456.645 authorizes the Oregon Housing and Community Services Department (OHCS) to issue revenue bonds to finance single-family mortgage loans and multi-family housing projects. Article XI-I (2) of the Oregon Constitution authorized OHCS to finance multi-family housing for elderly and disabled persons. Mortgage payments and fees and rental revenues support these bonds.

Summary financial information for the Special Public Works Fund, the Water/Wastewater Financing Fund and OHCS's various bond funds for the year ended June 30, 2022 (in thousands):

Condensed statement of net position	Special Public Works Fund	Water/ Wastewater Financing Fund	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Fund
Assets:						
Interfund receivables	\$ 417	\$ 4,420	\$ -	\$ -	\$ -	\$ -
Other current assets	234,896	42,774	59,683	-	3,472	7,165
Capital assets	-	-	-	-	-	2
Other noncurrent assets	170,727	50,819	919,643	-	54,604	96,907
Total assets	<u>406,040</u>	<u>98,013</u>	<u>979,326</u>	<u>-</u>	<u>58,076</u>	<u>104,075</u>
Deferred outflows of resources	525	237	408	-	56	401
Liabilities:						
Interfund payables	4,420	417	18	-	-	79
Other current liabilities	5,620	305	21,914	-	1,238	2,318
Noncurrent liabilities	62,384	435	849,723	-	21,895	20,833
Total liabilities	<u>72,424</u>	<u>1,157</u>	<u>871,654</u>	<u>-</u>	<u>23,133</u>	<u>23,230</u>
Deferred inflows of resources	675	303	15,531	-	273	783
Net position:						
Invested in capital assets, net of related debt	-	-	-	-	-	2
Restricted-Expendable	42	18	92,550	-	34,726	77,566
Unrestricted	333,424	96,772	-	-	-	2,895
Total net position	<u>\$ 333,466</u>	<u>\$ 96,790</u>	<u>\$ 92,550</u>	<u>\$ -</u>	<u>\$ 34,726</u>	<u>\$ 80,463</u>

Condensed statement of revenues, expenses, and changes in net position	Special Public Works Fund	Water/ Wastewater Financing Fund	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Fund
Operating activities:						
Loan interest income	\$ 6,120	\$ 1,232	\$ 27,490	\$ 890	\$ 1,949	\$ 1,984
Other operating revenue	72	-	4,390	41	(9)	144
Depreciation and amortization	-	-	-	-	-	2
Other operating expenses	5,542	2,736	31,054	682	1,218	2,316
Operating income (loss)	650	(1,504)	826	249	722	(190)
Total nonoperating revenues (expenses)	(86)	211	(3,146)	(17)	(543)	111
Transfers from other funds	115,951	13	22,677	19,019	-	-
Transfers to other funds	(4,710)	(1,775)	(21,019)	(23,677)	-	(46)
Change in net position	111,804	(3,054)	(661)	(4,426)	179	(125)
Beginning net position	221,662	99,845	93,211	4,426	34,547	80,588
Ending net position	<u>\$ 333,466</u>	<u>\$ 96,790</u>	<u>\$ 92,550</u>	<u>\$ -</u>	<u>\$ 34,726</u>	<u>\$ 80,463</u>

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Condensed statement of cash flows	Special Public Works Fund	Water/ Wastewater Financing Fund	Mortgage Revenue Bonds	Housing Revenue Bonds	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Fund
Net cash provided (used) by:						
Operating activities	\$ (3,189)	\$ (3,089)	\$ 26,313	\$ 4,590	\$ 4,946	\$ 4,407
Noncapital financing activities	106,003	(1,771)	(87,576)	(9,548)	(4,861)	(2,461)
Capital and related financing activities	-	-	-	-	-	(1)
Investing activities	8,476	4,360	68,951	865	(3,833)	382
Net increase (decrease)	111,290	(499)	7,688	(4,093)	(3,747)	2,327
Beginning cash and cash equivalents	93,980	37,577	51,100	4,093	8,944	56,480
Ending cash and cash equivalents	\$ 205,270	\$ 37,077	\$ 58,788	\$ -	\$ 5,197	\$ 58,807

14. EMPLOYEE RETIREMENT PLANS

A. Plan Descriptions

Public Employees Retirement Plan

The Public Employees Retirement System (PERS) administers a cost-sharing, multiple-employer plan for units of state government, political subdivisions, community colleges, and school districts containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by state government units, school districts, and community colleges is mandatory. Participation by most political subdivisions is optional, but irrevocable if elected. As of June 30, 2022, there were 898 participating employers.

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. All members of the Board are appointed by the governor and confirmed by the state Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

In 1995 the Oregon Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. The legislation created a second tier of benefits for those who established membership on or after January 1, 1996. 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. As of June 30, 2022, there were 11,413 active plan members, 129,376 inactive plan members or their beneficiaries currently receiving benefits, and 8,372 inactive plan members entitled to but not yet receiving benefits, for a total of 149,161 Tier One members. As of June 30, 2022, there were 27,056 active plan members, 20,720 inactive plan members or their beneficiaries currently receiving benefits, and 13,335 inactive plan members entitled to but not yet receiving benefits, for a total of 61,111 Tier Two members in the System. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

In 2003 the Oregon Legislature enacted House Bill 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit) and the Individual Account Program (IAP). The IAP is a defined contribution plan. Membership includes public employees hired on or after August 29, 2003. As of June 30, 2022, there were 142,471 active plan members, 10,230 inactive plan members or their beneficiaries currently receiving benefits, 8,625 inactive plan members entitled to but not yet receiving benefits, and 21,482 inactive plan members not eligible for refund or retirement, for a total of 182,808 OPSRP Pension Program members.

Beginning January 1, 2004, active PERS Tier One and Tier Two plan members became members of the IAP of OPSRP. PERS members retain their existing Defined Benefit Plan accounts, but a portion of 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

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PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Public Employees Defined Benefit Pension Plan Fund. In 2022, if the member earns more than \$3,333 per month, 0.75% for OPSRP members and 2.50% for Tier One and Tier Two members' contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account.

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 fiduciary funds basic financial statements. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information 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>

B. Benefits Provided

Tier One and Tier Two

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2% for police and fire employees, 1.67% 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. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary is limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022, and it is indexed with inflation every year. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Tier Two members are eligible for full benefits at age 60.

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 certain criteria exist. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit. Monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2% for all benefit recipients.

OPSRP

The pension portion of OPSRP provides a life pension funded by employer contributions. For police and fire employees, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. For general service employees, 1.5% 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 service. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022, and is indexed with inflation every year. 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 a spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. A member who has accrued 10 or

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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% of the member's salary determined as of the last full month of employment before the disability occurred.

OPSRP IAP

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. Upon retirement, a member of the OPSRP 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. 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 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.

C. Funding

Primary Government

To pay for PERS pension benefits, state agencies make required contributions based on a percentage of employee payrolls. The retirement contribution rates include an actuarially determined employer rate and a member contribution rate. The PERS Board updates the employer rates every two years, so that, over time, those contributions will be sufficient to fund the benefits earned, if earnings follow assumptions. A 6% member contribution is set by statute and is paid by state employees directly from their salary. These two contributions are paid to the State's pension system and are invested at an acceptable level of investment risk as determined by the Oregon Investment Council.

The PERS employer contribution rates for state agencies for the biennium beginning July 1, 2021, and ending June 30, 2023, expressed as a percentage of covered payroll:

Tier One - Tier Two		OPSRP Employer Rates	
General Service	Police and Fire	General Service	Police and Fire
21.03%	27.02%	17.12%	21.48%

State agencies' employer contributions to PERS for fiscal years ended June 30, 2022, totaled \$576.8 million. Member contributions paid by the State on behalf of employees for the year ended June 30, 2022, were \$2.3 million. The actual contribution equaled the contractually required contribution for the fiscal year. In fiscal year 2004, the State issued \$2 billion in pension obligation bonds to reduce the PERS pension liability. State agencies pay an additional assessment to cover the annual debt service requirements attributable to the pension bonds.

Discretely Presented Component Units

The SAIF Corporation's employer contributions to PERS for the fiscal year ended December 31, 2021, was \$16.2 million.

The respective employer contributions to PERS for the fiscal year ended June 30, 2022, for University of Oregon, Oregon State University, and Portland State University were \$44.6 million, \$46.8 million, and \$19.2 million.

D. Net Pension Liability

At June 30, 2022, the State reported a liability of \$2.9 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The State's portion of the net pension liability was based on a projection of the State's long-term share of contributions of all participating employers, actuarially determined. Certain component units are considered by the pension plan to be part of the State. The State determined those component units' proportionate share of the net pension liability and allocated it to them. At the June 30, 2021, measurement date (MD), the State's proportionate share, excluding those component units, was 24.2% which is 1.2% higher than the proportion of

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23% at the prior measurement date of June 30, 2020. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

For the year ended June 30, 2022, the State recognized pension expenses of \$522.2 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 270,964	\$ -
Changes in assumptions	724,634	7,618
Net difference between projected and actual earnings on investments	-	2,142,934
Changes in proportion and differences between employer contributions and proportionate share of contributions	234,605	110,647
Total (prior to post-MD contributions)	1,230,203	2,261,199
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	(1,030,996)
Contributions subsequent to the MD	576,845	N/A
Net deferred outflow/(inflow) of resources		\$ (454,151)

The \$576.8 million reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal Year	Amount
2023	\$ (153,354)
2024	(175,464)
2025	(277,613)
2026	(497,506)
2027	72,941
	\$ (1,030,996)

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Deferred outflows and inflows of resources related to pensions are reported as follows (in thousands):

Deferred Outflows and Deferred Inflows	Business-type Activities						Total Primary Government
	Governmental Activities	Housing and Community Services	Veterans' Loan	Lottery Operations	Other	Total	
Deferred Outflows:							
Difference between expected and actual economic experience	\$ 246,920	\$ 384	\$ 243	\$ 2,882	\$ 20,535	\$ 24,045	\$ 270,964
Changes in assumptions	660,332	1,027	651	7,708	54,916	64,302	724,634
Changes in proportion and differences between employer contributions and proportionate share of contributions	214,240	325	206	2,441	17,392	20,365	234,605
Contributions subsequent to the MD	520,371	1,201	480	7,047	47,746	56,474	576,845
Total deferred outflows related to pensions	\$ 1,641,862	\$ 2,937	\$ 1,580	\$ 20,078	\$ 140,589	\$ 165,185	\$ 1,807,048
Deferred Inflows:							
Changes in assumptions	\$ 6,942	\$ 11	\$ 7	\$ 81	\$ 577	\$ 676	\$ 7,618
Net difference between projected and actual earnings on investments	1,952,776	3,037	1,924	22,795	162,401	190,158	2,142,934
Changes in proportion and differences between employer contributions and proportionate share of contributions	100,935	155	98	1,164	8,294	9,712	110,647
Total deferred inflows related to pensions	\$ 2,060,654	\$ 3,203	\$ 2,029	\$ 24,040	\$ 171,273	\$ 200,545	\$ 2,261,199

Actuarial Assumptions

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

Valuation date	December 31, 2019
Experience study report	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected salary increases	3.40%
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25% / 0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: 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.</p> <p>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: 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.</p>

To develop an analytical basis for the selection of the long-term expected rate of return assumptions, in June 2021, the PERS Board reviewed long-term assumptions developed by both a consulting actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

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The following table shows the consulting actuary'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:

Asset Class	Target	Compound Annual Return (Geometric)
Global equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US cash	-2.50% ¹	1.77%
Assumed inflation - mean		2.40%

¹ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy

The OIC's description of each asset class was used to map the target allocation to the asset classes. Each asset class assumption is based on a consistent set of underlying assumptions and includes an 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.

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.2%. The projection of cash flows used to determine the discount rate assumed that the 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 the current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability calculated using the discount rate of 6.9%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.9%) or one percent higher (7.9%) than the current rate (in millions):

Net Pension Liability	1% Decrease (5.9%)	Current Discount (6.9%)	1% Increase (7.9%)
Defined Benefit Pension Plan	\$ 5,684.5	\$ 2,894.7	\$ 560.7

Pension Plan Fiduciary Net Position

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

E. Separately Financed Specific Liability

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), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP, effective January 1, 2002. The unfunded actuarial liability (UAL) attributable to the SCCP

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at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate, which was 6.9% in fiscal year 2022. The pre-SLGRP pooled liability, which has been referred to as pension-related debt in this report, attributable to the State is being amortized over the period ending December 31, 2027. The outstanding pension-related debt balance as of June 30, 2022, for the State, as the primary government, is \$200.8 million, and is reported in the accompanying financial statements as part of the contracts, mortgages, and notes payable balance.

15. OTHER POSTEMPLOYMENT BENEFIT PLANS

A. Public Employees Retirement System

Plan Descriptions

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of the members of PERS. 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).

The RHIA is a cost-sharing multiple-employer OPEB plan. 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 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 single-employer OPEB plan for financial reporting purposes, although certain discretely presented component units and related organizations, which are described in Note 1, do participate in the plan. 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.

At June 30, 2022, the following employees were covered by the benefit terms:

	<u>RHIA</u>	<u>RHIPA</u>
Inactive employees or beneficiaries currently receiving benefit payments	41,714	607
Inactive employees entitled to but not yet receiving benefit payments	12,409	-
Active employees	<u>38,259</u>	<u>10,709</u>
	<u>92,382</u>	<u>11,316</u>

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

The 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 fiduciary funds basic financial statements. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report

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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>

Funding

Both of the OPEB plans administered by PERS are funded through actuarially determined employer contributions.

The PERS employer contribution rates for state agencies for the biennium beginning July 1, 2021, and ending June 30, 2023, expressed as a percentage of covered-employee payroll:

RHIA		RHIPA	
Tier 1 - Tier 2	OPSRP	Tier 1 - Tier 2	OPSRP
0.05%	0.00%	0.28%	0.17%

State agencies' employer contributions to PERS for RHIA and RHIPA for fiscal year ended June 30, 2022, totaled \$464 thousand and \$6.5 million, respectively. The actual contribution equaled the contractually required contribution for both RHIA and RHIPA for the fiscal year.

As noted previously, because certain discretely presented component units and related organizations contribute to the RHIPA plan, the contributions identified in the combining statement of changes in fiduciary net position exceed the State's required employer contributions.

Net OPEB Asset

RHIA

At June 30, 2022, the State reported an asset of \$112.8 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The State's portion of the net OPEB asset was determined by comparing the State's actual, legally required contributions made to the Plan during the fiscal year with the total actual contributions made in the fiscal year by all employers. Certain component units are considered by the OPEB plan to be part of the State and the State determined those component units' proportionate share of the net OPEB asset and allocated it to them. At the June 30, 2021, measurement date (MD), the State's proportion, excluding those component units, was 32.9%, which is 24.2% higher than the proportion of 8.7% at the prior measurement date of June 30, 2020. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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For the year ended June 30, 2022, the State recognized OPEB expense of negative \$40.9 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,139
Change in assumptions	2,220	1,679
Net difference between projected and actual earnings on investments	-	26,816
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,381	23,471
Total (prior to post-MD contributions)	<u>7,601</u>	<u>55,105</u>
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	(47,504)
Contributions subsequent to the MD	464	N/A
Net deferred outflow/(inflow) of resources		<u><u>\$ (47,040)</u></u>

The \$464 thousand reported as deferred outflows of resources related to OPEB resulting from state contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Amount
2023	\$ (17,849)
2024	(15,062)
2025	(6,122)
2026	(8,471)
	<u><u>\$ (47,504)</u></u>

Deferred outflows and inflows of resources related to OPEB are reported as follows (in thousands):

	Business-type Activities						Total Primary Government
	Governmental Activities	Housing and Community Services	Veterans' Loan	Lottery Operations	Other	Total	
Deferred Outflows and Deferred Inflows							
Deferred Outflows:							
Change in assumptions	\$ 2,086	\$ 3	\$ 3	\$ 28	\$ 101	\$ 135	\$ 2,220
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,048	7	7	69	250	333	5,381
Contributions subsequent to the MD	436	1	1	7	20	29	464
Total deferred outflows related to OPEB	<u>\$ 7,569</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 104</u>	<u>\$ 372</u>	<u>\$ 496</u>	<u>\$ 8,065</u>
Deferred Inflows:							
Differences between expected and actual experience	\$ 2,949	\$ 4	\$ 4	\$ 39	\$ 143	\$ 190	\$ 3,139
Change in assumptions	1,577	2	2	21	76	102	1,679
Net difference between projected and actual earnings on investments	25,191	33	33	337	1,222	1,625	26,816
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,047	29	29	295	1,070	1,424	23,471
Total deferred inflows related to OPEB	<u>\$ 51,765</u>	<u>\$ 69</u>	<u>\$ 68</u>	<u>\$ 692</u>	<u>\$ 2,512</u>	<u>\$ 3,340</u>	<u>\$ 55,105</u>

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RHIPA

At June 30, 2022, the State reported a net OPEB asset of \$12.2 million. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. Certain component units are considered by the OPEB plan to be part of the State and the State determined those component units' proportionate share of the net OPEB asset and allocated it to them. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

For the year ended June 30, 2022, the State recognized OPEB expenses of negative \$2 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,373
Change in assumptions	882	4,289
Net difference between projected and actual earnings on investments	-	6,190
Total (prior to post-MD contributions)	882	15,851
Net deferred outflow/(inflow) of resources before contributions		
subsequent to MD	-	(14,970)
Contributions subsequent to the MD	6,548	N/A
Net deferred outflow/(inflow) of resources		\$ (8,421)

The \$6.5 million reported as deferred outflows of resources related to OPEB resulting from state contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Amount
2023	\$ (3,457)
2024	(3,417)
2025	(3,449)
2026	(3,614)
2027	(943)
Thereafter	(89)
	\$ (14,970)

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Deferred outflows and inflows of resources related to OPEB are reported as follows (in thousands):

Deferred Outflows and Deferred Inflows	Governmental Activities	Business-type Activities					Total	Total Primary Government
		Housing and Community Services	Veterans' Loan	Lottery Operations	Other			
Deferred Outflows:								
Change in assumptions	\$ 801	\$ 1	\$ 1	\$ 11	\$ 67	\$ 80	\$ 882	
Contributions subsequent to the MD	5,926	13	6	86	517	623	6,548	
Total deferred outflows related to OPEB	\$ 6,727	\$ 14	\$ 7	\$ 97	\$ 584	\$ 703	\$ 7,430	
Deferred Inflows:								
Differences between expected and actual experience	\$ 4,884	\$ 8	\$ 6	\$ 64	\$ 411	\$ 489	\$ 5,373	
Change in assumptions	3,899	7	5	51	328	390	4,289	
Net difference between projected and actual earnings on investments	5,626	9	7	74	473	563	6,190	
Total deferred inflows related to OPEB	\$ 14,409	\$ 24	\$ 17	\$ 189	\$ 1,212	\$ 1,442	\$ 15,851	

Changes in Net OPEB Liability

The schedule of changes in net OPEB liability and related ratios measured as of June 30, 2021, is as follows (dollars in millions):

Total OPEB Liability

Service cost	\$ 1.3
Interest on total OPEB liability	4.5
Changes in benefit terms	-
Changes in assumptions	1.1
Differences between expected and actual experience	(4.6)
Benefit payments	(3.7)
Net change in total OPEB liability	(1.4)
Total OPEB liability - Beginning	64.3
Total OPEB liability - Ending	<u>\$ 62.9</u>

Plan Fiduciary Net Position

Employer contributions	\$ 11.8
Net investment and other income	16.3
Benefit payments	(3.7)
Administrative expense	(0.3)
Net change in plan fiduciary net position	24.1
Plan fiduciary net position - Beginning	54.3
Plan fiduciary net position - Ending	<u>\$ 78.4</u>
Net OPEB Liability/(Asset)	<u>\$ (15.5)</u>

Plan fiduciary net position as a percentage of the total OPEB liability	124.6%
Covered payroll	\$ 1,159.0
Net OPEB liability/(asset) as a percentage of covered payroll	(1.34%)

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Actuarial Assumptions

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

	RHIA	RHIPA
Valuation date	December 31, 2019	December 31, 2019
Experience study report	2018, published July 24, 2019	2018, published July 24, 2019
Actuarial assumptions:		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation rate	2.40%	2.40%
Long-term expected rate of return	6.90%	6.90%
Discount rate	6.90%	6.90%
Projected salary increases	3.40%	3.40%
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%	8-14 Years of Service: 10%
		15-19 Years of Service: 15%
		20-24 Years of Service: 19%
		25-29 Years of Service: 26%
		30+ Years of Service: 34%
Healthcare cost trend rate	Not Applicable	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 4.9% for 2025, increasing to 5.0% for 2036, and decreasing to an ultimate rate of 4.0% for 2074 and beyond.
Mortality	<p>Healthy retirees and beneficiaries: 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.</p> <p>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: 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.</p>	<p>Healthy retirees and beneficiaries: 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.</p> <p>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: 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.</p>

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both a consulting actuary's capital market assumptions and the Oregon Investment Council's (OIC) investment advisors.

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The following table shows the consulting actuary's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation for both RHIA and RHIPA:

Asset Class	Target	Compound Annual Return (Geometric)
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US cash	-2.50% ¹	1.76%
Assumed inflation - mean		2.40%

¹ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

The OIC's description of each asset class was used to map the target allocation to the asset classes. Each asset class assumption is based on a consistent set of underlying assumptions and includes an 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.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.9% for both RHIA and RHIPA plans. The discount rate has decreased by 0.3% from the prior year's rate of 7.2%. 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 RHIA and RHIPA 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 RHIA and RHIPA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the net OPEB liability/asset for the RHIA and RHIPA plans calculated using the discount rate of 6.9%, as well as what the net OPEB liability/asset would be if it were calculated using a discount rate that is one percent lower (5.9%) or one percent higher (7.9%) than the current rate (in millions):

Net OPEB Liability/(Asset)	1% Decrease (5.9%)	Current Discount (6.9%)	1% Increase (7.9%)
RHIA	\$ (99.8)	\$ (112.8)	\$ (124.0)
RHIPA	(9.1)	(12.2)	(15.0)

The following table presents the net OPEB liability/asset for the RHIA and RHIPA plans calculated using the healthcare cost trend rates, as well as what the net OPEB liability/asset would be if it were calculated using healthcare cost trend rates that are one percent lower or one percent higher than the current trend rates (in millions):

Net OPEB Liability/(Asset)	1% Decrease	Current Trend Rate	1% Increase
RHIA	\$ (112.8)	\$ (112.8)	\$ (112.8)
RHIPA	(16.3)	(12.2)	(7.6)

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Changes in Plan Provisions

The PERS Board selected a lower long-term rate of investment return assumption of 6.9% on July 23, 2021, to be used in the December 31, 2020, and December 31, 2021, actuarial valuations for funding purposes. At the same time, the PERS board reduced the inflation and payroll growth assumptions to 2.4% and 3.4%, respectively. As such, the Total OPEB Liability for RHIA and RHIPA, as of June 30, 2021, measurement date, reflects the newly adopted rates. In addition, healthy retiree participation and healthy mortality assumptions for RHIA and RHIPA were changed to reflect an updated trends and mortality improvement scale for all groups.

RHIA and RHIPA Plans' Fiduciary Net Position

Detailed information about the RHIA and RHIPA's fiduciary net position is available in the separately issued PERS financial report.

B. Public Employees Benefit Board (PEBB)

Plan Description

The State 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 gives the Board the authority to establish and amend the benefit provisions of the PEBB Plan. The PEBB Plan is considered a single-employer plan for financial reporting purposes, although certain discretely presented component units and related organizations, which are described in Note 1, do participate in the PEBB plan. As a result, the State reports only a portion of the overall total OPEB liability under the primary government section of the Statement of Net Position. No assets are 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.

As of June 30, 2022, membership in the PEBB Plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	1,060
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>53,191</u>
	<u>54,251</u>

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".

Funding

The PEBB's funding policy provides for employer contributions in amounts sufficient to fund the cost of active employee health benefits, including the retiree rate subsidy, on a pay-as-you-go basis. For the year ended June 30, 2022, retired plan members contributed \$14.2 million through their required contributions. The average monthly contribution was \$1,114. Active employees do not contribute to the plan.

Total OPEB Liability

At June 30, 2022, the State reported a total OPEB liability of \$92.8 million. The total OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. Certain component units are considered by the OPEB plan to be part of the State and the State determined those component units' proportionate share of the OPEB liability and allocated it to them. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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For the year ended June 30, 2022, the State recognized OPEB expenses of \$6.1 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,519
Change in assumptions	2,224	21,807
Total	<u>2,224</u>	<u>33,326</u>
Net deferred outflow/(inflow) of resources		<u><u>\$ (31,102)</u></u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Amount
2023	\$ (4,925)
2024	(4,925)
2025	(4,925)
2026	(4,654)
2027	(4,951)
Thereafter	<u>(6,723)</u>
	<u><u>\$ (31,102)</u></u>

Deferred outflows and inflows of resources related to OPEB are reported as follows (in thousands):

	Business-type Activities						Total Primary Government
	Governmental Activities	Housing and Community Services	Veterans' Loan	Lottery Operations	Other	Total	
Deferred Outflows and Deferred Inflows							
Deferred Outflows:							
Change in assumptions	\$ 2,018	\$ 3	\$ 2	\$ 23	\$ 178	\$ 205	\$ 2,224
Total deferred outflows related to OPEB	<u>\$ 2,018</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 23</u>	<u>\$ 178</u>	<u>\$ 205</u>	<u>\$ 2,224</u>
Deferred Inflows:							
Differences between expected and actual experience	\$ 10,455	\$ 15	\$ 9	\$ 119	\$ 922	\$ 1,064	\$ 11,519
Change in assumptions	19,792	28	17	225	1,745	2,015	21,807
Total deferred inflows related to OPEB	<u>\$ 30,247</u>	<u>\$ 43</u>	<u>\$ 26</u>	<u>\$ 343</u>	<u>\$ 2,667</u>	<u>\$ 3,079</u>	<u>\$ 33,326</u>

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Changes in Total OPEB Liability

The schedule of changes in the total OPEB liability measured as of June 30, 2022, is as follows (in millions):

Balance as of June 30, 2021	\$ 151.1
Changes for the year	
Service cost	10.5
Interest on total OPEB liability	3.4
Effect of changes to benefit terms	-
Differences between expected and actual experience	(17.0)
Changes of assumptions or other input	(15.4)
Benefit payments	(9.2)
Balance as of June 30, 2022	<u>\$ 123.3</u>

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Actuarial Assumptions

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

Valuation date	July 1, 2021
Experience study report	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.00%
Salary increases	3.00%
Discount rate	3.54%
Healthcare cost trend rates	Growth in per-member expenditures under self-insured plans and premium amounts is assumed to be 3.4% per year.
Withdrawal, retirement, and mortality rates	<p><u>General Service and Beneficiary Mortality Rates</u> Active employees: PUB 2010 Employee Tables for General Employees, sex distinct, projected generationally.</p> <p>Active employee adjustments: 115% of published rates for males set back 12 months, 125% of published rates for females with no set back.</p> <p>Retirees and Beneficiaries: PUB 2010 Retiree Tables for General Employees, sex distinct, projected generationally.</p> <p>Retiree and Beneficiary adjustments: Set back 12 months for males, no set back for females.</p> <p><u>Public Safety Mortality Rates</u> Active and Retired employees: PUB 2010 Employee and Retiree Tables for Public Safety Employees, sex distinct, projected generationally.</p> <p>Active and Retired employee adjustments: no adjustments for males, set back 12 months for females.</p> <p><u>Mortality Improvement Scale</u> Unisex Social Security Data Scale (60-year average), with data through 2017.</p> <p><u>Turnover, Disability, and Retirement Rates</u> As developed for the valuation of benefits under Oregon PERS.</p>
Election and lapse rates	<p>30% of eligible employees</p> <p>60% spouse coverage for males, 35% for females</p> <p>7% annual lapse rate</p>

Discount Rate

The discount rate used to measure the total OPEB liability for PEBB was 3.54%, which reflects the Bond Buyer 20-year General Obligation Bond Index. The rate used to measure the total OPEB liability for fiscal year 2021 was 2.16%, which is 1.38% lower than the rate for fiscal year 2022.

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The following table presents the total OPEB liability for the PEBB plan calculated using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower (2.54%) or one percent higher (4.54%) than the current rate (in millions):

Total OPEB Liability	1% Decrease (2.54%)	Current Discount (3.54%)	1% Increase (4.54%)
PEBB	\$ 99.5	\$ 92.8	\$ 86.5

The following table presents the total OPEB liability for the PEBB plan calculated using the healthcare cost trend rates, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or one percent higher than the current trend rates (in millions):

Total OPEB Liability	1% Decrease	Current Trend Rate	1% Increase
PEBB	\$ 82.5	\$ 92.8	\$ 104.9

Changes in Plan Provisions

The general inflation and payroll growth assumptions were revised, and the salary merit scale and mortality improvement assumption were introduced to better align with the assumptions used in the valuation of Oregon PERS.

C. Collective Amount of OPEB Expense

For the year ended June 30, 2022, the aggregate amount of OPEB expense recognized by the primary government was negative \$36.7 million.

D. Discretely Presented Component Units

The SAIF Corporation's employer contributions to RHIA and RHIPA for the fiscal year ended December 31, 2021, were \$17 thousand and \$238 thousand, respectively.

The employer contributions to RHIA for the fiscal year ended June 30, 2022, for University of Oregon, Oregon State University, and Portland State University are \$29 thousand, \$35 thousand, and \$14 thousand, respectively.

The employer contributions to RHIPA for the fiscal year ended June 30, 2022, for University of Oregon, Oregon State University, and Portland State University are \$527 thousand, \$565 thousand, and \$238 thousand, respectively.

16. DEFERRED COMPENSATION PLANS

The Oregon Savings Growth Plan (OSGP) is a deferred compensation plan available to eligible state employees. Employee contributions are deposited into the Deferred Compensation Fund established by Oregon Revised Statute 243.411. To participate, an employee enters into an individual agreement with the State to defer current earnings to be paid at a future date. The Public Employees Retirement System (PERS) administers the plan. As trustee of the assets, PERS contracts with Voya Financial to maintain OSGP participant records. The Oregon State Treasury, as custodian of the assets, contracts with State Street Bank and Trust Company to provide financial services. PERS may assess a charge to participants not to exceed 2% on amounts deferred, both contributions and investment earnings, to cover costs incurred for administering the program. Actual charges to participants, including investment charges, for the year ended June 30, 2022, averaged 0.2% of amounts deferred.

Participants direct the selection of investment options and bear any market risk. Although the State has no liability for losses under the OSGP, the State does have the prudent investor responsibility of due care.

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Activity of the OSGP is reported under the Deferred Compensation Plan in the fiduciary funds combining financial statements. As of June 30, 2022, the fair value of the investments was \$2.5 billion.

17. RISK FINANCING

A. Property, Liability, and Workers' Compensation Coverage for State Government

The Department of Administrative Services, Enterprise Goods and Services Division, Risk Management section (Risk Management) administers the State's property, liability, and workers' compensation insurance program. Risk Management has found it is more economical to manage the risk of loss internally and, therefore, minimizes the purchases of commercial insurance policies to the extent possible. The moneys set aside by Risk Management under Chapter 278 of the Oregon Revised Statutes are used to service the following risks:

- Direct physical loss or damage to State property
- Tort liability claims brought against the State, its officers, employees, or agents
- Inmate injury
- Worker's compensation
- Employee dishonesty
- Faithful performance bonds for key position as required by law and additional positions as determined by agency policy

Risk Management purchases commercial insurance for specific insurance needs not covered by self-funding. For example, the self-insured property and liability program is backed by an excess property policy with a limit of \$425 million and a blanket commercial crime policy with a limit of \$5 million. The amount of claim settlements did not exceed commercial insurance coverage for each of the past three fiscal years.

All State agencies, commissions, and boards participate in the self-insured property and liability program. Risk Management allocates the cost of claims and claims administration by charging an assessment to each State entity, based on its share of losses. Statewide risk charges are based on independent annual actuarial forecasts and division expenses, less any available fund balance from the prior biennium.

Risk Management purchases workers' compensation insurance for the State from SAIF Corporation, a discretely presented component unit, utilizing retrospective paid loss plans. These plans are ten years in length and have cash flow and investment earnings advantages. The accumulated claim loss liability for the plans was approximately \$81.1 million as of June 30, 2022. Independent actuaries determine annual loss forecasts.

Periodically, Risk Management re-evaluates claims liabilities taking into consideration recently settled claims, the frequency of claims, and other economic and social factors. Contracted actuaries estimate claims and allocated expenses using the last 20 to 25 years of State claims experience and the projected numbers of employees, payroll, vehicles, and other property. Liabilities include claims and legal expenses that have been incurred but not reported (IBNR) and are discounted at an annual rate of 2%. The actuaries forecast ultimate losses by line of coverage.

Changes in the balance of aggregate claims liabilities for the property, liability, inmate injury, and workers' compensation insurance program for the years ended June 30, 2022 and 2021 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2022	\$ 265,889	\$ 155,932	\$ (84,815)	\$ 337,006
2021	229,368	103,236	(66,715)	265,889

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The balance of claim liabilities as of June 30, 2022, is included in claims and judgments payable on the combining statement of net position of internal service funds under Central Services.

B. State Healthcare Plans

Chapter 243 of the Oregon Revised Statutes authorized the Public Employees' Benefit Board (PEBB) to establish and maintain medical, dental, and vision insurance plans for the benefit of PEBB members. Currently the State provides these benefits through five self-insurance plans.

PEBB is responsible for controlling expenditures, stabilizing benefit premium rates, and minimizing the risk of loss. Funds set aside in a stabilization fund may be used to offset any actual premium deficiencies in the self-funded plans. The reserve is considered adequate to cover catastrophic losses due to large claims in the self-insured plans, as well as unexpected increases in trend, utilization, or other potential fluctuations. PEBB has not purchased stop-loss coverage on any of the self-insured plans.

Contracted actuaries and consultants estimate the claims liability. IBNR expenses are estimated by using claims lag triangles from the plans to develop completion factors. For the most recent months, incurred claims are estimated based upon reviewing the most recent claims experience per employee and adjusting for trend and seasonality to the projection month. Since most of the claims will be paid out within the year, the estimated amounts are not discounted. Specific adjustments for subrogation or other anticipated recoveries are not included. Overall, these adjustments are not expected to be significant.

Settlements exceeded coverage for one of the statewide plans in 2019, but the amount of claims for the other plans did not exceed the self-insured coverage for the past three years.

Changes in the balance of aggregate claims liabilities for the healthcare plans for the years ended June 30, 2022 and 2021 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2022	\$ 58,396	\$ 758,060	\$ (742,251)	\$ 74,205
2021	50,506	725,520	(717,630)	58,396

The June 30, 2022, balance of claims liabilities is included in claims and judgments payable on the combining statement of net position of internal service funds under Health Services.

C. Supplemental Workers' Compensation Insurance

The Department of Consumer and Business Services operates several supplemental workers' compensation benefit programs. These programs are accounted for in special revenue funds. The primary program is the Retroactive Program, established by Oregon Revised Statute 656.506. It provides increased insurance benefits to claimants or their beneficiaries when current payment requirements exceed benefits in effect at the time of injury.

The Department of Consumer and Business Services determines the funding of supplemental workers' compensation insurance programs through cash flow projections based on historical data and economic forecasts. Employer work hour assessments, contributions by employees, workers' compensation insurance premium assessments, and investment and interest earnings pay for the programs. Long-term liabilities were actuarially computed as of June 30, 2022, using a 4% discount rate.

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Changes in the balance of aggregate claims liabilities for supplemental workers' compensation insurance for the years ended June 30, 2022 and 2021 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2022	\$ 929,452	\$ 75,621	\$ (76,797)	\$ 928,276
2021	873,747	130,834	(75,129)	929,452

The June 30, 2022, balance of claims liabilities is included in claims and judgments payable on the government-wide statement of net position under governmental activities.

D. Standard Retiree Health Insurance Account

Chapter 238 of the Oregon Revised Statutes authorizes the Public Employees Retirement System (PERS) to contract with health insurance carriers to provide health care insurance for eligible retired members of PERS. The Standard Retiree Health Insurance Account (SRHIA) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been IBNR. The estimated claims liability was calculated by contracted health insurance consultants using a variety of mathematical and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of \$848 thousand is carried at its face amount and no interest discount is assumed.

Changes in the balance of aggregate claims liabilities for the SRHIA for the years ended June 30, 2022 and 2021 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2022	\$ 830	\$ 31,053	\$ (31,035)	\$ 848
2021	630	25,943	(25,743)	830

The June 30, 2022, balance of claims liabilities for SRHIA is included in claims and judgments payable on the statement of net position of proprietary funds under Other.

E. SAIF Corporation Workers' Compensation Insurance

The Legislature created SAIF Corporation (SAIF) to transact workers' compensation insurance and reinsurance business. SAIF is an independent public corporation, a discretely presented component unit of the State, and the largest workers' compensation insurer in Oregon.

SAIF has established a reserve for both reported and unreported insured events, which includes estimates of future payments of losses and related loss adjustment expenses (LAE). In estimating the reserve for loss and LAE, SAIF considers prior experience, industry information, currently recognized trends affecting data specific to SAIF, and other factors related to workers' compensation insurance underwritten by SAIF.

The net reserve for losses and LAE decreased \$70.4 million in calendar year 2021, which was net of favorable loss development of \$93.3 million. Loss reserves increased \$95 million as compared to the prior year. This was driven by establishing reserves for the 2021 accident year, offset by payments made on previously incurred claims, and favorable development in prior accident years. A significant portion of the favorable development on prior accident years is due to a decrease in estimated ultimate medical claims costs. Estimates of ultimate medical claims costs are based on numerous assumptions, including future increases in medical costs (i.e., medical escalation), the number and types of claims, and how far into the future payments will be made. The reduction in ultimate medical claims costs for 2021 was attributed primarily to permanent disability reserves. The key drivers are continued low average medical payments and lower

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frequency rates of permanent disabling claims during recent years. The favorable development on medical loss reserves was partially offset by increases in indemnity loss reserves.

LAE reserves decreased \$24.6 million in 2021. This was driven by paid LAE associated with previously incurred claims and favorable development in prior accident years, offset by newly established reserves for the 2021 accident year. The favorable development in unpaid LAE was largely attributable to shifting assumptions to rely on a more stable reserving method.

SAIF discounts the indemnity case reserve for workers' compensation claims on a tabular basis using the 2007 United States Life Tables, the 1997 United States of America Railroad Retirement Board Remarriage Table, and a discount rate of 3.5%. For federal claims, SAIF uses the 1999 United States Life Tables and a discount rate of 3.5%. SAIF does not discount any IBNR reserves, medical reserves, or LAE, except for assumed IBNR reserves reported by the National Workers Compensation Reinsurance Pool. Net reserves subject to tabular discounting were \$201.9 million for 2021. The discounts were \$101.7 million as of December 31, 2021.

Anticipated salvage and subrogation of \$52.1 million was included as a reduction of the reserve for losses and LAE at December 31, 2021.

SAIF's exposure to asbestos claims arose from the sale of workers' compensation policies. Reserves of \$13.7 million for losses and LAE are related to asbestos claims as of December 31, 2021. Amounts paid for asbestos-related claims were \$477 thousand as of the end of the year.

Changes in the balance of the liability for loss and LAE related to workers compensation insurance underwritten by SAIF for 2021 and 2020 (in thousands):

Calendar Year	Beginning Balance	Incurred Losses and Loss Adjustment Expenses	Loss and Loss Adjustment Expense Payments	Ending Balance
2021	\$ 2,469,481	\$ 506,926	\$ (436,581)	\$ 2,539,826
2020	2,530,599	365,757	(426,875)	2,469,481

This liability is reported as the reserve for loss and loss adjustment expenses on the statement of net position of discretely presented component units under SAIF Corporation.

18. DISCOUNTS AND ALLOWANCES IN PROPRIETARY FUNDS

Proprietary fund revenues are reported net of discounts and allowances in the accompanying financial statements. Discounts and allowances in proprietary funds for the year ended June 30, 2022 (in thousands):

Proprietary Funds	Type of Revenue	Amount
Lottery Operations	Sales	\$ 3,673
Unemployment Compensation	Fines and forfeitures	1,333
Nonmajor Enterprise Funds	Charges for services	14,822
Nonmajor Enterprise Funds	Fines and forfeitures	15
Nonmajor Enterprise Funds	Sales	8,405
Internal Service Funds	Charges for services	2,668
Internal Service Funds	Fines and forfeitures	14
Internal Service Funds	Other Revenue	1,124
Total discounts and allowances		\$ 32,054

19. FUND EQUITY

A. Net Position Restricted by Enabling Legislation

The following schedule summarizes the State's net position at June 30, 2022, that is restricted by enabling legislation (in thousands). All of the legislative restrictions are in governmental activities.

	Restricted Net Position
Expendable net position restricted for:	
Transportation programs	\$ 16,335
Natural resource programs	210,778
Education	1,351,990
Community protection	106,148
Consumer protection	211,168
Employment services	170,066
Residential assistance	6,508
Other programs	141,877
Nonexpendable net position restricted for:	
Education	3,908
Residential assistance	5,727
Workers' compensation	1,000
Total net position restricted by enabling legislation	\$ 2,225,505

B. Changes to Beginning Equity

As of June 30, 2022, the beginning fund balance was restated as follows (in thousands):

	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance- Restated
Governmental funds and activities				
General	\$ 6,107,882	\$ (16)	\$ -	\$ 6,107,866
Health and Social Services	666,027	16	-	666,043
Public Transportation	752,618	-	-	752,618
Educational Support	2,785,733	-	-	2,785,733
Common School	1,881,038	-	-	1,881,038
Other (nonmajor)	3,848,528	86	-	3,848,614
Capital assets, net of depreciation	14,776,445	(6,397)	-	14,770,049
Other noncurrent assets	15,667	-	-	15,667
Noncurrent liabilities	(16,446,228)	1,154	-	(16,445,074)
Deferred inflows and outflows of resources	2,795,306	-	-	2,795,306
Internal service funds	229,084	(537)	-	228,546
Total governmental funds and activities	\$ 17,412,100	\$ (5,694)	\$ -	\$ 17,406,406

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	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance- Restated
Proprietary funds and business-type activities				
Housing and Community Services	\$ 250,131	\$ -	\$ -	\$ 250,131
Veterans' Loan	135,294	-	-	135,294
Lottery Operations	246,948	-	-	246,948
Unemployment Compensation	4,324,515	-	-	4,324,515
Other (nonmajor)	1,103,367	-	(363)	1,103,004
Internal service funds adjustment	770	-	-	770
Total proprietary funds and business-type activities	\$ 6,061,025	\$ -	\$ (363)	\$ 6,060,663

	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance- Restated
Fiduciary funds				
Pension and Other Employee Benefit Trust	\$100,775,382	\$ -	\$ -	\$ 100,775,382
Private Purpose Trust	1,645,698	(10)	-	1,645,688
External Investment Pools	9,200,536	-	-	9,200,536
Other	81,236	60,069	-	141,304
Total fiduciary funds	\$111,702,852	\$ 60,058	\$ -	\$ 111,762,910

In the prior fiscal year, the Other Custodial Fund reported a liability for amounts due to other governments of \$60.1 million. However, the criteria to report a liability under GASB Statement No. 84, *Fiduciary Activities* has not been met as of June 30, 2021, therefore the liability and related reduction of fiduciary net position were recognized in error.

The accounting change reported in the proprietary funds and business-type activities is related to the implementation of GASB Statement No. 87, *Leases*. This Statement is described further in Note 1.

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C. Fund Balances - Governmental Funds

The following table displays in detail the June 30, 2022, fund balances that are reported in the aggregate on the governmental funds balance sheet (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total
Nonspendable:							
Not in spendable form	\$ 237,920	\$ 71,665	\$ 52,124	\$ -	\$ -	\$ 12,764	\$ 374,472
Legally or contractually required to be maintained intact	18	52	40	-	-	11,086	11,196
Restricted for:							
Public health and welfare	389	592,755	-	-	-	-	593,144
Roads and bridges	-	-	432,848	-	-	-	432,848
Conservation and natural resources	186,290	-	-	-	-	1,225,928	1,412,218
K-12 and higher education	-	-	-	2,861,922	2,021,480	-	4,883,401
Education stabilization	599,286	-	-	-	-	-	599,286
Business development	79,005	-	-	-	-	135,454	214,460
Community protection	35,997	-	-	-	-	375,493	411,490
Licensing and regulation	-	-	-	-	-	211,299	211,299
Employment related programs	-	-	-	-	-	247,162	247,162
Low income housing assistance	-	-	-	-	-	367,513	367,513
Debt service	-	-	-	-	-	354,742	354,742
Capital projects	-	-	-	-	-	611,700	611,700
Other purposes	183,400	-	-	-	-	53,259	236,660
Committed to:							
Public health and welfare	-	155,665	-	-	-	-	155,665
Conservation and natural resources	-	-	-	-	-	119,959	119,959
Education	19,486	-	-	68,022	-	-	87,508
Business development	1,162	-	-	-	-	53,008	54,169
Community protection	12,233	-	-	-	-	174,834	187,067
Licensing and regulation	-	-	-	-	-	48,917	48,917
Employment related programs	-	-	-	-	-	189,541	189,541
Low-income housing assistance	-	-	-	-	-	216,382	216,382
Stabilization	1,189,463	-	-	-	-	-	1,189,463
Capital projects	-	-	-	-	-	475	475
Other purposes	63,480	-	-	-	-	22,807	86,287
Assigned to:							
Conservation and natural resources	-	-	-	-	-	34,144	34,144
Education	-	-	-	14,849	-	-	14,849
Business development	-	-	-	-	-	40	40
Community protection	-	-	-	-	-	17,021	17,021
Employment related programs	-	-	-	-	-	1,784	1,784
Low-income housing assistance	-	-	-	-	-	275,491	275,491
Capital projects	-	-	-	-	-	1,759	1,759
Other purposes	17,246	-	-	-	-	5,933	23,179
Unassigned:	6,004,343	(337,912)	-	-	-	-	5,666,432
Total fund balances	\$ 8,629,719	\$ 482,224	\$ 485,012	\$ 2,944,792	\$ 2,021,480	\$ 4,768,494	\$ 19,331,721

Nonspendable fund balances include inventories, advances to other funds, and prepaid items, which are not in spendable form, and fund balances associated with the corpus of revolving funds and permanent fund principal, which are legally or contractually required to be maintained intact.

Restricted fund balances result from constraints imposed on net position by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Enabling legislation authorizes the State to levy, access, charge, or otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation.

Committed fund balance results from constraints imposed by bills passed by the Legislature and signed into law by the Governor. The constraints on the use of resources are separate from the authorization to raise the underlying revenue and may be modified or rescinded only by passing additional legislation.

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Assigned fund balance represents amounts that are constrained by the State's intent to use them for specific purposes, which are neither restricted nor committed. Intent is expressed by the Legislature via the budget process when there is no legislation other than a budget bill imposing constraints.

D. Deficit Net Position

The Energy Loan Fund, a nonmajor enterprise fund, reports a deficit net position of \$2.3 million as of June 30, 2022.

The Paid Family and Medical Leave Insurance Fund, a nonmajor enterprise fund, reports a deficit net position of \$16.7 million as of June 30, 2022.

The Legal Services Fund, an internal service fund, reports a deficit net position of \$51.3 million as of June 30, 2022.

The Audit Services Fund, an internal service fund, reports a deficit net position of \$3.2 million as of June 30, 2022.

E. Stabilization Arrangements

Oregon maintains two stabilization funds – the Oregon Rainy Day Fund and the Education Stability Fund.

Established by the 2007 legislature, the Oregon Rainy Day Fund is funded from the General Fund's ending balance up to 1% of General Fund appropriations for the prior biennium. The Legislature may deposit additional funds as it did to create the fund, using surplus corporate income tax revenues from the 2005-07 biennium. The Rainy Day Fund also earns interest on the moneys in the fund. No additional contributions are made once the fund balance reaches a level equal to 7.5% of General Fund revenues in the prior biennium.

Stabilization amounts in the Oregon Rainy Day Fund may be spent if approved by three-fifths of the members of the Legislative Assembly and one of the following conditions exists:

- The last quarterly economic and revenue forecast for a biennium indicates that moneys available to the General Fund for the next biennium will be at least 3% less than appropriations from the General Fund for the current biennium;
- There has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or
- A quarterly economic and revenue forecast projects that revenues in the General Fund in the current biennium will be at least 2% below what the revenues were projected to be in the revenue forecast on which the legislatively adopted budget for the current biennium was based.

For any one biennium, the Legislative Assembly may not appropriate more than two-thirds of the amount that is in the Oregon Rainy Day Fund at the beginning of the biennium. If the appropriation is for a biennium that has not yet begun, the Legislative Assembly may use as the base the most recent estimate of the amount that will be in the Oregon Rainy Day Fund at the beginning of the biennium for which the appropriation is made. The fund balance of the Oregon Rainy Day Fund as of June 30, 2022, was \$1.2 billion.

The Education Stability Fund is authorized in the Oregon Constitution, Article XV, Section 4, part (4)(d) and requires that 18% of net lottery proceeds be deposited in the fund. Earnings on moneys in the fund are retained by the fund or continuously appropriated to finance public education under Oregon Revised Statute 348.696. The balance in the fund may not exceed 5% of General Fund revenues of the prior biennium.

Amounts in the Education Stability Fund may be spent under the same conditions as those required for spending moneys in the Oregon Rainy Day Fund. However, if none of the conditions are met, the Education Stability Fund can also be used by the Legislature for public education. The Governor must declare an emergency and the expenditure must be approved by a three-fifths majority in each chamber. The fund balance of the Education Stability Fund as of June 30, 2022, was \$599.3 million.

20. NONEXCHANGE FINANCIAL GUARANTEES

Article XI-K of the Oregon Constitution allows the State to guarantee the general obligations bonded indebtedness of school districts, education service districts, and community college districts in order to secure lower interest costs on general obligation bonds of such districts, without receiving equal or approximately equal value in exchange. Payment of the principal and interest on the bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356. The amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of 1% of the real market value of all taxable property in the State. School districts, education service districts, and community college districts are entities legally separate from the State.

To apply and qualify for the Oregon School Bond Guaranty (OSBG) certification, districts must provide comprehensive information to the Office of Debt Management of the Oregon State Treasury. After application approval and issuance of guaranteed bonds, no additional information is required to be provided to the Office of Debt Management, except when a district becomes aware that it will not make scheduled payment(s) on the State OSBG bonds it has issued. The district is then required to notify the trustee and the Office of Debt Management 15 days prior to the scheduled payment of OSBG bond debt service. The qualifying certification analysis requires that each district demonstrate adequate coverage of OSBG and other debt service claims against state aid to ensure coverage using just the state aid. The evaluation also reviews all overlapping debt of the district and requires that the ratio of all overlapping debt meet the guideline of less than 5%. If this ratio is exceeded at application, special approval is requested, or the application may not be granted. Since inception of the program, no district has ever defaulted.

If one or more payments are made by the State, as provided for in the Oregon School Bond Guaranty Act, the Oregon State Treasurer shall pursue recovery from the district of all moneys necessary to reimburse the State. In seeking recovery, the Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund, and any other source of operating moneys provided by or through the State to the district that issued the bonds that would otherwise be paid to the district by the State and (ii) exercise the rights of a secured creditor in any money or assets pledged by the district to secure its reimbursement obligation to the State. The Treasurer may apply any intercepted payments or secured assets to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the district to the State arising from those payments, including any interest and penalties, are paid in full.

At June 30, 2022, the State had extended nonexchange financial guarantees of \$9.5 billion for outstanding general obligation indebtedness of school districts, education service districts, and community college districts. The longest current guaranty is for outstanding general obligation bonds that mature June 15, 2051.

21. TAX ABATEMENTS

As of June 30, 2022, the State provides material tax abatements through three programs. Details of each program are provided below:

- The Electronic Commerce Zone Investment program (Oregon Revised Statutes (ORS) 315.507, 315.508) provides an income tax credit to qualified businesses engaged in electronic commerce in an approved enterprise zone. The credit is equal to 25% of the investment in capital assets that are used in the designated area primarily for electronic commerce operations, limited to the lesser of \$2 million or the tax liability. Any tax credit that is not used may be carried forward for up to five years. If the property is not both used in electronic commerce operations in an area designated for electronic commerce and exempt from property taxation under ORS 285C.175 within three years following the year in which a credit is first claimed, or if the property is disqualified from property tax exemption under ORS 285C.240, the State shall disallow the credit for the current or any prior tax year and collect any taxes that were not paid as a result of application of the credit.
- The Oregon Investment Advantage program (ORS 285C.495, 285C.500 through 285C.506, 316.778, 317.391) helps businesses start or locate new types of operations in a number of Oregon counties by providing an income tax subtraction. The subtraction is determined by multiplying the taxable income of the business by the sum of: (a) 50% of the ratio of the payroll at the certified facility over the business's

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statewide payroll and (b) 50% of the ratio of the average value of the property of the business at the certified facility over the average value of the business's statewide property. Businesses apply for preliminary certification and the application is due to the Oregon Business Development Department before any work commences on the facility. All of the following requirements must be met in order to be a certified facility: (a) the facility must be located within the urban growth boundary of a city that has 15 thousand or fewer residents or is land zoned for industrial use and located in a county that had a county unemployment rate that was in the highest third of county unemployment rates in the State, or a county that had a per capita personal income that was in the lowest third of county per capita personal incomes in the State; (b) the facility must intend to operate as a facility for at least 10 years following the date it becomes operational; (c) the business must hire at least five employees for full-time, year-round employment; (d) the newly hired employees must receive a minimum annual compensation of 150% of the county per capita personal income of the county in which the facility is located, or 100% of the county per capita personal income of the county in which the facility is located and the business must provide health insurance coverage to the employees of the facility that meets or exceeds the health insurance benefits provided to employees of the city, port, or county in which the facility is located; (e) the business operations of the facility must constitute a new line of business that the business firm does not operate at another location within the State; and (f) the business operations of the business firm will not compete with existing business in the city or county in which the facility is located.

- Business Energy Program (ORS 315.354, 315.356, 315.357, 469B.130) provides an income tax credit based upon the certified cost of a facility used to process or use renewable energy resources, or to achieve energy efficiency that exceeds industry or regulatory standards by 10% or better. The term "facility" includes alternative fuel fleet vehicles, telecommuting equipment, refueling stations, high-efficiency combined heat and power facility, a high-performance home, a homebuilder-installed renewable energy system, or a renewable energy resource equipment manufacturing facility. Eligible costs also include employer-provided transit passes and costs of providing transit passes to students and patrons of medical facilities, and certain utilities. This credit is no longer eligible for new facility costs, and to be eligible, preliminary certification must have been received from the Oregon Department of Energy before July 1, 2011, and the credit must have been claimed in a tax year beginning before January 1, 2013. The credit can be carried forward for up to eight years.

Income tax abatements for the year ending June 30, 2022 (in thousands):

Tax Abatement Program	Amount
Electronic Commerce Zone Investment	\$ 1,300
Business Energy Program	1,500
Total	\$ 2,800

The revenue impact for the Oregon Investment Advantage tax abatement program is prohibited from disclosure due to taxpayer privacy laws (ORS 314.835).

There are no tax abatement agreements entered into by other governments that reduce the State's own tax revenues.

22. SETTLEMENT ACTIVITIES

On September 15, 2016, the State of Oregon entered into a settlement agreement with Oracle America, Inc. (Oracle) and Mythics, Inc. (Mythics) to resolve a legal dispute. As part of the settlement agreement, the State received a six-year unlimited license agreement (ULA) for several business enterprise software packages and related services, discharge of \$1.4 million of liabilities owed to Oracle or Mythics, and \$25 million to defray the cost of attorneys' fees and other costs the State incurred in connection with the legal dispute.

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The following table shows the total amount recognized as revenue during the current fiscal year pursuant to this settlement agreement (in thousands):

	Governmental Activities	Business-type Activities
Capitalized product received through the ULA Services and non-capitalized product received through the ULA	\$ 552	\$ -
	2,858	24
Total settlement revenue	\$ 3,410	\$ 24

This is the sixth and final year of the ULA and since inception, the State of Oregon has realized total savings of \$50.9 million as a result of this settlement agreement, including \$13.1 million of Oracle product that has been capitalized.

23. COMMITMENTS

The State has significant commitments as of June 30, 2022, in addition to the construction contract commitments disclosed in Note 6. Commitments are defined as existing arrangements to enter into future transactions or events, such as contractual obligations with vendors for future purchases or services at specified prices and sometimes at specified quantities. Commitments may also include agreements to make grants and loans.

Commitments in effect as of June 30, 2022, and the anticipated sources of funding (in thousands):

Purpose	General Fund	Federal Funds	Lottery Funds	Other Funds	Total
Community services contracts	\$ 321,493	\$ 258,728	\$ 94,270	\$ 234,071	\$ 908,562
Grant and loan commitments	628,578	1,869,032	35,007	1,395,448	3,928,065
Personal services contracts	190,091	229,764	2,146	597,261	1,019,262
Public defense contracts	146,349	-	-	-	146,349
Systems development	28,388	48,530	128	98,857	175,904
Equipment purchases	21,416	32	-	29,393	50,841
Total commitments	\$ 1,336,316	\$ 2,406,086	\$ 131,551	\$ 2,355,030	\$ 6,228,983

Encumbrance balances in the governmental funds as of June 30, 2022 (in thousands):

Governmental Funds	Amount
General	\$ 7,504
Health and Social Services	2
Educational Support	75,631
Other Nonmajor	36,650
Total encumbrances	\$ 119,787

The Oregon Investment Council has entered into agreements that commit the investment manager for the Oregon Public Employees Retirement Fund (OPERF) and the Common School Fund (CSF), upon request, to make additional investment purchases up to a predetermined amount. The Oregon Growth Account (OGA) and the Oregon Growth Fund (OGF) make similar commitments for investment purchases. As of June 30, 2022, the OPERF had \$9.9 billion in commitments to purchase private equity investments, \$4.9 billion to purchase real estate investments, \$1.3 billion to purchase Opportunity Portfolio investments, and \$3.5 billion to purchase real assets. As of June 30, 2022, the CSF had \$96.7 million in commitments to purchase private equity, alternatives, and real estate open-ended fund investments while OGA and OGF had \$51.2 million and \$250 thousand, respectively, in commitments to purchase private equity investments. These amounts are unfunded and are not recorded in the financial statements.

24. CONTINGENCIES

A. Litigation

Portland Harbor Superfund

In 2000, the US Environmental Protection Agency (EPA) listed a ten-mile stretch of the lower Willamette River area as a Superfund site under the federal Superfund law (CERCLA). Over 100 parties may eventually be found liable for a share of the costs related to investigation and cleanup of hazardous substances at the Site, including the State of Oregon, acting through its Department of Transportation (ODOT) and Department of State Lands (DSL).

On January 6, 2017, EPA issued its final cleanup plan for the Portland Harbor Superfund site in a document called the Record of Decision (ROD). The ROD requires active remediation (through dredging, capping, enhanced natural recovery, and monitored natural recovery) of nearly 400 acres of contaminated sediments and over 20 thousand lineal feet of riverbank. The EPA initially estimated costs of \$1.1 billion and approximately 13 years to complete. Other parties estimate that it will be a \$3 billion remedy that will take 20 years to complete. Liable parties under CERCLA are responsible for funding this remedial action, as well as other preliminary actions such as additional investigations, remedial design, and agency oversight. The EPA has asked potentially responsible parties (PRPs) to step forward to perform components of the ROD or risk enforcement action. Numerous parties, including DSL and ODOT, have entered into Administrative Settlements and Orders on Consent with EPA to perform pre-remedial design and related work.

The ROD additionally states that EPA is relying on the Oregon Department of Environmental Quality (DEQ) to use its cleanup authorities to require sediment investigations and address potential sources of contamination in the Downtown Reach, which is located immediately upstream of the Site. In November 2017, DEQ required ODOT and City of Portland to investigate and collect samples from contaminated sediments in the river. After completion of that agreement, EPA and DEQ concurred on the use of an expedited process under DEQ authority to investigate, evaluate, and potentially remove contaminated sediment from certain areas. It is not possible to predict whether the ODOT's investigation of and potential liability for contaminated sediment in the area will conclude with a de minimis evaluation, if DEQ will additionally require a removal action and seek to have ODOT perform it, or the cost of a potential removal action.

A group of Portland Harbor Superfund PRPs are engaged in a confidential, non-binding private mediation process that will result in an allocation of the ROD's cleanup costs among all liable parties. If the mediation is successful, it will culminate in a settlement proposal, which if accepted by EPA will be memorialized in a Consent Decree filed in the Oregon federal district court.

It is not possible to estimate the proportionate share of liability for cleanup costs that will be assigned to each agency through this confidential mediation or, should it fail, through litigation. It is also too early to predict when the mediation will conclude or whether it will result in a durable comprehensive settlement with EPA.

Separately, the Portland Harbor natural resources trustees, a group composed of five tribes, two federal agencies, and the State, acting through its trustee, the Oregon Department of Fish and Wildlife, are asserting a CERCLA claim for natural resource damages (NRD) against all PRPs, including ODOT and DSL. The trustees have initiated a cooperative injury assessment process funded by thirty parties, the goal of which is to reach settlements of the NRD claim based on readily available information. The State is seeking a settlement of its NRD liabilities through this process.

The State is pursuing claims for insurance coverage of its Portland Harbor defense costs and any future liabilities for cleanup costs and NRD. These claims are based on commercial general liability insurance policies the State held from 1968 to 1972, and on insurance policies that listed DSL and ODOT as additional insureds. The State has executed a settlement agreement with several of its insurers regarding their obligation to pay for most of the State's defense costs through 2024 but the insurers have reserved their rights to deny indemnity coverage.

Department of Corrections COVID-19

More than 5,100 adults in custody (AIC) confined in the Oregon Department of Correction's (ODOC) 14 facilities throughout the State ultimately contracted COVID-19. The State has been sued in a class action in federal court where the judge overseeing the case has certified the class. The case involves two classes of AICs. One class seeks damages for all AIC's who contracted COVID-19, and the other class consists of the estates of 47 AICs that died while sick with COVID-19. Plaintiffs seek an award exceeding \$50 million.

B. Unemployment Benefits

State employees, who qualify, are entitled to benefit payments during periods of unemployment. Each state agency is required to reimburse the Employment Department for benefit payments made to former employees. The amount of future benefit payments to claimants, and the resulting liability to the State, cannot be reasonably estimated. Consequently, this potential obligation is not reported in the accompanying financial statements. Expenditures relating to these benefits for the year ended June 30, 2022, totaled approximately \$10.5 million.

C. Federal Issues

The State receives significant financial assistance from the federal government. Entitlement to these resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2022, there is no indication that such audits will result in a material liability.

25. GOVERNMENT MERGER

The Oregon Affordable Housing Assistance Corporation (OAHAC) was an Oregon not-for-profit public benefit corporation that administered programs targeted to help prevent or mitigate the impact of foreclosures on low and moderate income persons, to help stabilize housing markets in Oregon, to provide resources of affordable or subsidized housing, and to develop and administer programs related to housing permitted under the Emergency Economic Stabilization Act of 2008, as amended (EESA), and act as an institution eligible to receive Troubled Asset Relief Program (TARP) funds under EESA. OAHAC reported on a fiscal year ended December 31 and was previously reported as a discretely presented component unit of the State. In June 2022, OAHAC ceased operations and its remaining activities were merged into the Oregon Housing and Community Services Department (OHCS), which resulted in a change in reporting entity.

State of Oregon
Notes to the Financial Statements

Due to the merger with OAHAC, the beginning balances of the Residential Assistance Fund have been restated as follows as of July 1, 2021 (in thousands):

	Residential Assistance	OAHAC	Total	Debit Adjustment	Credit Adjustment	Total
Assets						
Current Assets	\$ 942,980	\$ 25,704	\$ 968,685	\$ 11,413	\$ -	\$ 980,098
Other Assets	-	11,413	11,413	-	11,413	-
Total Assets	942,980	37,117	980,098	11,413	11,413	980,098
Liabilities						
Current Liabilities	303,275	37,117	340,393	-	-	340,393
Noncurrent Liabilities	-	-	-	-	-	-
Total Liabilities	303,275	37,117	340,393	-	-	340,393
Deferred Inflows of Resources	39,574	-	39,574	-	-	39,574
Equity						
Fund Balance						
Nonspendable	352	-	352	-	-	352
Restricted	229,473	-	229,473	-	-	229,473
Committed	208,864	-	208,864	-	-	208,864
Assigned	161,442	-	161,442	-	-	161,442
Total Fund Balance	600,131	-	600,131	-	-	600,131
Net Position						
Unrestricted	-	-	-	-	-	-
Total Net Position	-	-	-	-	-	-
Total Equity	\$ 600,131	\$ -	\$ 600,131	\$ -	\$ -	\$ 600,131

Adjustments to the OAHAC balances merged into the Residential Assistance Fund were made to report all the assets as current, consistent with the State's utilization of the assets.

Due to the merger with OAHAC, the beginning balances of the governmental activities portion of the government-wide statement of net position have been restated as follows as of July 1, 2021 (in thousands):

	Governmental Activities	OAHAC	Total	Debit Adjustment	Credit Adjustment	Total
Assets						
Current Assets	\$ 17,239,344	\$ 25,704	\$ 17,265,049	\$ 11,413	\$ -	\$ 17,276,462
Capital Assets, Net	15,098,312	-	15,098,312	-	-	15,098,312
Other Assets	4,430,104	11,413	4,441,517	-	11,413	4,430,104
Total Assets	36,767,760	37,117	36,804,877	11,413	11,413	36,804,877
Deferred Outflows of Resources	1,709,262	-	1,709,262	-	-	1,709,262
Liabilities						
Current Liabilities	4,343,894	37,117	4,381,012	-	-	4,381,012
Noncurrent Liabilities	16,579,086	-	16,579,086	-	-	16,579,086
Total Liabilities	20,922,980	37,117	20,960,098	-	-	20,960,098
Deferred Inflows of Resources	141,942	-	141,942	-	-	141,942
Net Position						
Net Investment in Capital Assets	11,902,923	-	11,902,923	-	-	11,902,923
Restricted	5,541,452	-	5,541,452	-	-	5,541,452
Unrestricted	(32,275)	-	(32,275)	-	-	(32,275)
Total Net Position	\$ 17,412,100	\$ -	\$ 17,412,100	\$ -	\$ -	\$ 17,412,100

Adjustments to the OAHAC balances merged into the governmental activities portion of the government-wide statement of net position were made to report all the assets as current, consistent with the State's utilization of the assets.

26. SUBSEQUENT EVENTS

A. Long-term Debt Issues

Long-term debt issued, including refundings, since July 1, 2022 (in thousands):

Type of Debt	Amount
General Obligation Bonds	
Department of Veterans' Affairs	\$ 39,145
Revenue Bonds	
Department of Transportation	214,035
Housing and Community Services Department	60,810

B. Short-term Debt Issues

On November 1, 2022, the Department of Transportation established a short-term commercial paper program that is supported by \$500 million in letters of credit facility. On the next day, the Department drew down \$100 million for new projects.

C. Bond Calls

Bond calls that have occurred since July 1, 2022 (in thousands):

Type of Call	Amount
General Obligation Bonds	
Housing and Community Services Department	\$ 90
Department of Veterans' Affairs	3,730
Revenue Bonds	
Housing and Community Services Department	35,430

D. Interest Rate Swaps

On July 20, 2022, the Department of Veterans' Affairs entered into an interest rate swap in connection with its Loan Program General Obligation Bonds, 2022 Series E (Veterans' Welfare Bonds Series 110). The effective date of the swap is August 10, 2022. The notional amount is \$11 million.

On September 29, 2022, Oregon Housing and Community Services Department (OHCS D) entered into a swap transaction with Royal Bank of Canada (the counterparty) for Mortgage Revenue Bonds 2022 Series D. The notional amount of the swap is \$21 million, effective date is October 27, 2022, and the termination date is July 1, 2047. OHCS D will pay the counterparty a fixed rate of 4.4% and receive a variable payment of the USD-SOFR-COMPOUND plus 0.2%.

State of Oregon
Notes to the Financial Statements

E. Debt Guarantees

Under Article XI-K of the Oregon Constitution, \$425 million in bonds for school districts (SD) were issued and guaranteed following the fiscal year ended June 30, 2022, as noted below (dollars in thousands). Ultimately, the debt service payments remain the responsibility of the respective district.

School District	Series	Amount
Clackamas Cty SD 3J (W. Linn-Wilsonville)	2022A	\$ 8,171
Clackamas Cty SD 3J (W. Linn-Wilsonville)	2022B	50,750
Polk Cty SD 2 (Dallas)	2022	12,765
Union Cty SD 1 (La Grande)	2022	4,845
Washington Cty SD 48J (Beaverton)	2022A	142,742
Washington Cty SD 48J (Beaverton)	2022B	176,670
Yamhill Cty SD 4J (Amity)	2022	29,400
Total debt guarantees		<u>\$ 425,343</u>



Required Supplementary Information

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Budgeted Appropriated Funds

The State accounts for budgetary activities based on the source of moneys used to pay expenditures. Separate appropriated funds are established for each funding source.

General Fund

This fund accounts for expenditures made with General Fund revenue. General Fund revenue consists largely of personal and corporate income taxes.

Federal Funds

This fund accounts for budgeted expenditures made with Federal Revenue.

Lottery Funds

This fund accounts for expenditures made with Lottery funds. These funds, which are earned by the Oregon State Lottery, are transferred to the Economic Development Fund at the Department of Administrative Services for disbursement to agencies where the funds are expended.

Other Funds

This fund accounts for budgeted expenditures other than those funded by General, Federal, and Lottery funds.

State of Oregon

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis -
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2022
(In Thousands)**

	General Fund			
	2021-2023 Original Budget	2021-2023 Final Budget	1st Year Actual	Variance Over/ (Under)
Revenues:				
Personal Income Taxes	\$ 20,627,298	\$ 20,664,498	\$ 12,253,632	\$ (8,410,866)
Corporate Income Taxes	1,290,183	1,290,183	1,538,497	248,314
Tobacco Taxes	110,032	110,032	52,210	(57,822)
Motor Fuels Taxes	-	-	-	-
Weight Mile Taxes	-	-	-	-
Vehicle Registration Taxes	-	-	-	-
Other Taxes	506,934	506,934	418,694	(88,240)
Licenses and Fees	246,017	246,017	106,208	(139,810)
Federal	-	-	-	-
Charges for Services	12,749	12,749	6,373	(6,376)
Fines and Forfeitures	17,048	17,048	2,929	(14,119)
Rents and Royalties	-	-	-	-
Investment Income	677	677	39,963	39,286
Sales	2,096	2,096	735	(1,362)
Donations and Grants	-	-	-	-
Pension Bond Debt Service Assessments	-	-	-	-
Other	11,380	11,380	3,977	(7,403)
Total Revenues	<u>22,824,414</u>	<u>22,861,614</u>	<u>14,423,217</u>	<u>(8,438,397)</u>
Expenditures:				
Education	11,467,545	11,814,736	5,837,213	(5,977,523)
Human Services	8,140,439	8,633,145	3,753,807	(4,879,338)
Public Safety	2,264,727	2,342,419	1,053,862	(1,288,557)
Economic and Community Development	767,075	1,236,227	359,578	(876,649)
Natural Resources	516,360	857,639	466,088	(391,551)
Transportation	36,021	76,760	25,658	(51,102)
Consumer and Business Services	32,745	55,860	10,580	(45,280)
Administration	380,171	986,281	340,474	(645,806)
Legislative	949,305	887,249	80,214	(807,035)
Judicial	906,831	964,444	493,479	(470,965)
Total Expenditures	<u>25,461,220</u>	<u>27,854,760</u>	<u>12,420,954</u>	<u>(15,433,806)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,636,806)	(4,993,146)	2,002,263	6,995,408
Other Financing Sources (Uses):				
Transfers from Other Funds	470,795	482,180	181,803	(300,377)
Transfers to Other Funds	-	-	(220,723)	(220,723)
Long-term Debt Issued	-	-	-	-
Debt Issuance Premium	-	-	-	-
Loan Proceeds	-	-	-	-
Gain (Loss) on Disposition of Assets	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (2,166,010)</u>	<u>\$ (4,510,966)</u>	<u>1,963,343</u>	<u>\$ 6,474,309</u>
Budgetary Fund Balances - Beginning			4,687,372	
Prior Period Adjustments			16	
Budgetary Fund Balances - Beginning - As Restated			4,687,388	
Prior Biennium Transactions			92,535	
Budgetary Fund Balances - Ending			<u>\$ 6,743,266</u>	

State of Oregon

Federal Funds				Lottery Funds			
2021-2023 Original Budget	2021-2023 Final Budget	1st Year Actual	Variance Over/ (Under)	2021-2023 Original Budget	2021-2023 Final Budget	1st Year Actual	Variance Over/ (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
32,722,067	35,482,152	16,677,769	(18,804,383)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	11,325	28,871	27,660	(1,211)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
32,722,067	35,482,152	16,677,769	(18,804,383)	11,325	28,871	27,660	(1,211)
3,074,113	3,076,953	983,606	(2,093,347)	711,854	790,382	303,807	(486,575)
24,033,868	25,451,504	11,886,058	(13,565,446)	18,642	19,670	7,417	(12,253)
1,425,732	1,434,277	232,228	(1,202,049)	11,648	11,897	5,113	(6,784)
818,209	1,134,584	598,602	(535,982)	197,028	192,148	64,289	(127,859)
345,400	350,575	118,180	(232,395)	251,728	255,935	71,454	(184,481)
135,418	136,175	28,116	(108,059)	122,894	122,094	56,309	(65,785)
121,294	125,085	63,362	(61,723)	261	271	77	(193)
2,642,610	3,219,725	2,815,617	(404,108)	48,571	50,926	13,133	(37,793)
-	-	-	-	-	-	-	-
1,476	1,782	1,057	(725)	-	-	-	-
32,598,121	34,930,661	16,726,826	(18,203,835)	1,362,627	1,443,323	521,599	(921,724)
123,946	551,491	(49,057)	(600,548)	(1,351,302)	(1,414,452)	(493,940)	920,513
2,371	2,378	97,934	95,556	3,612,511	3,826,315	1,426,361	(2,399,954)
(400)	(200)	(62,384)	(62,184)	(191,463)	(186,836)	(386,571)	(199,735)
-	-	-	-	-	-	353	353
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 125,917	\$ 553,669	(13,507)	\$ (567,177)	\$ 2,069,746	\$ 2,225,027	546,203	\$ (1,678,823)
		199,085				418,868	
		4				-	
		199,090				418,866	
		(206,467)				(246,148)	
		\$ (20,885)				\$ 718,921	

(continued on next page)

**Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis -
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2022
(In Thousands)**
(continued from previous page)

	Other Funds			
	2021-2023 Original Budget	2021-2023 Final Budget	1st Year Actual	Variance Over/ (Under)
Revenues:				
Personal Income Taxes	\$ -	\$ -	\$ -	\$ -
Corporate Income Taxes	-	-	-	-
Tobacco Taxes	710,297	710,297	374,964	(335,333)
Motor Fuels Taxes	1,415,485	1,415,485	600,717	(814,767)
Weight Mile Taxes	858,142	858,142	421,625	(436,516)
Vehicle Registration Taxes	919,983	919,983	426,406	(493,576)
Other Taxes	7,007,677	7,126,578	1,203,141	(5,923,437)
Licenses and Fees	1,039,520	1,039,658	548,507	(491,151)
Federal	1,792,380	2,205,786	597,982	(1,607,804)
Charges for Services	5,757,830	5,791,349	2,543,354	(3,247,995)
Fines and Forfeitures	191,042	191,042	79,184	(111,858)
Rents and Royalties	156,704	156,841	71,759	(85,082)
Investment Income	119,191	119,970	32,335	(87,636)
Sales	1,637,459	1,708,067	142,263	(1,565,803)
Donations and Grants	65,468	68,052	63,688	(4,364)
Pension Bond Debt Service Assessments	485,476	484,386	667,862	183,477
Other	2,698,003	4,075,913	1,684,999	(2,390,915)
Total Revenues	24,854,656	26,871,549	9,458,788	(17,412,762)
Expenditures:				
Education	3,929,433	4,176,734	1,028,122	(3,148,612)
Human Services	10,373,009	11,594,689	4,874,748	(6,719,941)
Public Safety	2,123,461	2,295,546	902,105	(1,393,440)
Economic and Community Development	2,423,899	2,776,054	469,793	(2,306,262)
Natural Resources	1,354,754	1,558,826	561,580	(997,246)
Transportation	4,845,169	4,914,599	2,124,816	(2,789,783)
Consumer and Business Services	556,520	571,098	240,760	(330,337)
Administration	2,350,722	2,689,556	1,046,595	(1,642,961)
Legislative	14,012	38,310	5,890	(32,420)
Judicial	193,508	300,347	23,708	(276,639)
Total Expenditures	28,164,488	30,915,757	11,278,115	(19,637,642)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,309,832)	(4,044,208)	(1,819,327)	2,224,881
Other Financing Sources (Uses):				
Transfers from Other Funds	14,739,392	16,548,230	9,611,212	(6,937,018)
Transfers to Other Funds	(192,814)	(116,077)	(4,978,870)	(4,862,794)
Long-term Debt Issued	2,596,617	2,773,482	612,632	(2,160,849)
Debt Issuance Premium	-	-	51,971	51,971
Loan Proceeds	-	-	125,340	125,340
Gain (Loss) on Disposition of Assets	-	-	3,336	3,336
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 13,833,363	\$ 15,161,426	3,606,294	\$ (11,555,132)
Budgetary Fund Balances - Beginning			5,872,045	
Prior Period Adjustments			(525)	
Budgetary Fund Balances - Beginning - As Restated			5,871,519	
Prior Biennium Transactions			(1,983,271)	
Budgetary Fund Balances - Ending			\$ 7,494,543	

Total All Budgeted Appropriated Funds

2021-2023 Original Budget	2021-2023 Final Budget	1st Year Actual	Variance Over/ (Under)
\$ 20,627,298	\$ 20,664,498	\$ 12,253,632	\$ (8,410,866)
1,290,183	1,290,183	1,538,497	248,314
820,329	820,329	427,174	(393,155)
1,415,485	1,415,485	600,717	(814,767)
858,142	858,142	421,625	(436,516)
919,983	919,983	426,406	(493,576)
7,514,611	7,633,512	1,621,835	(6,011,677)
1,285,538	1,285,676	654,715	(630,961)
34,514,447	37,687,938	17,275,751	(20,412,187)
5,770,579	5,804,098	2,549,727	(3,254,371)
208,090	208,090	82,113	(125,977)
156,704	156,841	71,759	(85,082)
131,193	149,518	99,957	(49,561)
1,639,555	1,710,163	142,998	(1,567,165)
65,468	68,052	63,688	(4,364)
485,476	484,386	667,862	183,477
2,709,383	4,087,294	1,688,976	(2,398,318)
<u>80,412,462</u>	<u>85,244,186</u>	<u>40,587,434</u>	<u>(44,656,753)</u>
19,182,946	19,858,805	8,152,748	(11,706,057)
42,565,958	45,699,009	20,522,029	(25,176,979)
5,825,568	6,084,138	2,193,308	(3,890,830)
4,206,212	5,339,014	1,492,262	(3,846,752)
2,468,243	3,022,974	1,217,302	(1,805,672)
5,139,504	5,249,628	2,234,899	(3,014,729)
710,820	752,314	314,780	(437,534)
5,422,074	6,946,488	4,215,819	(2,730,669)
963,317	925,559	86,103	(839,455)
1,101,816	1,266,573	518,244	(748,329)
<u>87,586,456</u>	<u>95,144,502</u>	<u>40,947,495</u>	<u>(54,197,007)</u>
(7,173,995)	(9,900,315)	(360,061)	9,540,254
18,825,069	20,859,102	11,317,310	(9,541,792)
(384,677)	(303,112)	(5,648,549)	(5,345,436)
2,596,617	2,773,482	612,985	(2,160,497)
-	-	51,971	51,971
-	-	125,340	125,340
-	-	3,336	3,336
<u>\$ 13,863,014</u>	<u>\$ 13,429,156</u>	6,102,333	<u>\$ (7,326,823)</u>
		11,177,369	
		(505)	
		11,176,863	
		(2,343,351)	
		<u>\$ 14,935,845</u>	

1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The State's budget is approved on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. The Governor is required to submit budget recommendations to the Legislature no later than December 1 preceding the biennium. The Governor establishes priorities for the State based on function (e.g., education, human services, etc.) and the budget is summarized by these functions. Expenditures are budgeted based on the following revenue sources: general, federal, lottery, and other.

A constitutional amendment adopted by the people in 2010 changed the historical Oregon "biennial" session process into "annual" sessions. The amendment limited the session length to 160 calendar days in odd-numbered years and to 35 calendar days in even-numbered years. In odd-numbered years, the budget is adopted by the Legislature's passage of separate appropriation bills and by the Governor's approval of those bills. The resulting approved appropriation bills become the appropriated budget for the State. Appropriation bills include one or more appropriations (budgeted expenditure items) which may be at the agency, program, or activity level. The Oregon Constitution requires the budget to be in balance at the end of each biennium. Because of this provision, the State may not budget a deficit and is required to compensate for any revenue shortfalls within each biennium.

Also included in the Governor's budget recommendations are legally authorized, nonappropriated budget items that are not legislatively limited by an appropriation bill. These nonlimited funds include other funds, federal funds, and other funds debt service. Spending plans for nonbudgeted financial activities are also established by agencies for certain expenditures to enhance fiscal control. These nonbudgeted items include federal funds and other funds and are not included in the Governor's budget recommendations.

When the Legislature is not in session, the Legislative Emergency Board is authorized to amend the legally adopted budget. The Emergency Board authorizes and allocates all changes in funding and takes other actions to meet emergency needs. Emergency Board approval is required to authorize the transfer of expenditure authority between appropriations. Management can reallocate within an appropriation without Emergency Board approval.

The State does not budget by the prescribed fund types of generally accepted accounting principles (GAAP). Appropriations may be at the agency, program, or activity level. Accordingly, the legal level of budgetary control is at one of these three levels depending on the Legislature's view of the activity. The State uses the Relational Statewide Accounting and Reporting System (R*STARS) to control expenditures by budgeted expenditure item. Each item on an approved appropriation bill is assigned an appropriation number. In R*STARS, the appropriated funds are tied to one or more appropriation numbers to ensure expenditures do not exceed approved appropriations. The following budgeted appropriated fund types have been established in R*STARS to account for the State's budgetary activities: General Fund, Federal Funds, Lottery Funds, and Other Funds.

Budgets are prepared on the cash basis. Spending limits are established using quarterly allotments. Allotments are required for both appropriated and nonappropriated items. The spending limits are monitored by the Chief Financial Office of the Department of Administrative Services and are controlled by R*STARS. Encumbrance accounting provides additional budgetary control. Encumbrances represent commitments related to unperformed contracts for goods or services. For budgetary reporting purposes, encumbrances are treated like expenditures and are shown as a reduction of fund balance.

The accompanying "Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Budgetary (Non-GAAP) Basis - All Budgeted Appropriated Funds" is not presented at the legal level of budgetary control. Such a presentation would be extremely cumbersome. To demonstrate compliance with the legal level of budgetary control, the State has prepared a separate report for the 2021-2023 biennium as of June 30, 2022. A copy of this report is available at the Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

Unexpended appropriations at the end of each biennium are available for subsequent expenditure to the extent liabilities have been incurred at June 30, provided payment of those liabilities occurs during the succeeding six-month period of July 1 through December 31. Any remaining unexpended appropriations lapse December 31 following the end of the biennium, except for appropriations related to capital construction.

State of Oregon
Notes to Required Supplementary Information – Budgetary Schedule

Agencies are required to provide estimates of expected revenues for program revenue and segregated revenue categories. General Fund revenues consist primarily of general taxes and other receipts that are paid into the General Fund and are then available for appropriation by the Legislature. Revenues not recorded in the General Fund consist of function specific revenues, which are credited by law to an appropriation to finance a specified program, and segregated revenues that are paid into separate identifiable funds.

The original budget amounts reported for revenues in the accompanying “Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary (Non-GAAP) Basis - All Budgeted Appropriated Funds” represent original estimates, while budgeted expenditures represent the first complete appropriated budget adopted by the Legislature. The final budget amounts reported for revenues represent revised estimates, while the final budget amounts reported for expenditures represent the original budget modified by legally authorized legislative and executive changes, as well as Emergency Board actions taken during the year.

The major differences between budgetary (non-GAAP) basis and GAAP basis are:

- Encumbrances are recorded as expenditures for budgetary purposes when purchase orders are issued.
- Revenues are recognized when received in cash (budgetary basis) versus when they are susceptible to accrual (GAAP basis).
- Expenditures are recognized when paid in cash or encumbered (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
- Nonappropriated and nonbudgeted funds are not included in the budgetary schedule.
- Timing differences occur because of a six-month lapse period between June 30 and December 31 of each odd-numbered year.

These different accounting principles may result in basis, perspective, entity, and timing differences in the excess (deficiency) of revenues and other financial resources over (under) expenditures and other uses of financial resources. A reconciliation of these differences is presented in Note 2 of the required supplementary information.

2. BUDGETARY BASIS TO GAAP BASIS RECONCILIATION

The accompanying "Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Budgetary (Non-GAAP Basis) - All Budgeted Appropriated Funds" presents comparisons of the legally approved budget (more fully described in RSI Note 1) with actual data on a budgetary basis.

Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A reconciliation of the resulting differences in excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses for the year ended June 30, 2022, is presented below. Governmental funds are reconciled to the net change in fund balances. Proprietary funds and fiduciary fund types are reconciled to the change in net position.

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses (In Thousands)

GAAP Fund	Budgetary Balances Classified into GAAP Fund Structure				Total Budgeted Funds	Timing Differences	Basis Differences	Non- Budgeted Funds	GAAP Balances
	Budgeted General Fund	Budgeted Federal Funds	Budgeted Lottery Funds	Budgeted Other Funds					
General	\$ 1,963,343	\$ 59,857	\$ 289,942	\$ 699,339	\$ 3,012,480	\$ (63,409)	\$ 3,622,056	\$ (4,054,991)	\$ 2,516,136
Health and Social Services	-	(209,117)	5,582	505,477	301,943	(321,972)	(112,902)	(11,274)	(144,206)
Public Transportation	-	(2,066)	(96)	(209,744)	(211,905)	(137,066)	59,053	22,401	(267,518)
Educational Support	-	56,478	135,739	560,342	752,559	(462,862)	(101,948)	(28,690)	159,059
Common School	-	-	-	(12,974)	(12,974)	(1,574)	615	154,374	140,441
Nonmajor Governmental Housing and Community Services	-	79,324	115,036	1,235,719	1,430,079	(514,277)	(43,416)	47,645	920,032
Veterans' Loan	-	-	-	9,521	9,521	(185)	1,046	(9,547)	835
Lottery Operations	-	-	-	(4,780)	(4,780)	(8)	316	4,084	(388)
Unemployment Compensation	-	-	-	-	-	-	-	59,211	59,211
Nonmajor Enterprise	-	-	-	-	-	-	-	830,449	830,449
Internal Service	-	2,017	-	70,036	72,053	(105,872)	(51,210)	261,413	176,384
Pension and Other	-	-	-	734,236	734,236	(593,698)	(46,671)	(87,942)	5,925
Employee Benefit Trust	-	-	-	2,990	2,990	(2,800)	(65,693)	(1,174,925)	(1,240,428)
Other Custodial	-	-	-	16,131	16,131	(16,844)	-	17,022	16,309
Private Purpose Trust	-	-	-	-	-	-	-	20,000	20,000
External Investment Pools	-	-	-	-	-	-	-	111,545	111,545
Totals	\$ 1,963,343	\$ (13,507)	\$ 546,203	\$ 3,606,294	\$ 6,102,333	\$ (2,220,567)	\$ 3,261,246	\$ (3,839,226)	\$ 3,303,787

State of Oregon

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability/(Asset)
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	<u>2021²</u>	<u>2020²</u>	<u>2019²</u>	<u>2018²</u>	<u>2017²</u>	<u>2016²</u>	<u>2015²</u>	<u>2014²</u>
Proportion of the net pension liability/(asset)	24.19019%	22.9989%	22.26906%	21.0808%	20.7211%	20.68476%	19.73914%	(19.01053%)
Proportionate share of the net pension liability/(asset)	\$ 2,894,714	\$ 5,019,150	\$ 3,852,015	\$ 3,193,464	\$ 2,793,212	\$ 3,105,262	\$ 1,133,315	\$ (430,914)
Covered payroll	2,963,703	2,743,334	2,302,682	2,188,520	2,293,042	2,154,318	2,137,616	2,487,982
Employer net pension liability/(asset) as a percentage of covered payroll	97.7%	183.0%	167.3%	145.9%	121.8%	144.1%	53.0%	(17.3%)
Plan fiduciary net position as a percentage of the total pension liability	87.6%	75.8%	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%

¹ 10-year trend information will be presented prospectively.

² The amounts presented were determined as of the net pension liability/(asset) measurement date.

Required Supplementary Information
Schedule of Defined Benefit Pension Plan Contributions
Defined Benefit Plan
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions ²	\$ 576,845	\$ 482,177	\$ 445,812	\$ 311,692	\$ 292,695	\$ 187,524	\$ 205,419	\$ 152,789
Contributions in relation to the contractually required contributions	576,845	482,177	445,812	311,692	292,695	187,524	205,419	152,789
Contribution deficiency	-	-	-	-	-	-	-	-
Covered payroll	3,197,166	2,963,703	2,743,340	2,302,682	2,188,520	2,293,042	2,154,318	2,137,616
Contributions as a percentage of covered payroll	18.04%	16.27%	16.25%	13.54%	13.37%	8.18%	9.54%	7.15%

¹ 10-year trend information will be presented prospectively.

² The contractually required contributions on this Schedule of Defined Benefit Pension Plan Contributions have been adjusted to remove amounts contributed to finance employer-specific liabilities and employer optional contributions.

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability/(Asset)
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	2021 ²	2020 ²	2019 ²	2018 ²	2017 ²
Retiree Health Insurance Account (RHIA)					
Proportion of the net OPEB liability/(asset)	32.8592%	8.6755%	22.8100%	22.8805%	23.3603%
Proportionate share of the net OPEB liability/(asset)	\$ (112,839)	\$ (17,677)	\$ (44,077)	\$ (25,541)	\$ (9,749)
Covered payroll	2,963,703	2,743,340	2,302,682	2,188,520	2,293,042
Employer net OPEB liability/(asset) as a percentage of covered payroll	(3.8%)	(0.6%)	(1.9%)	(1.2%)	(0.4%)
Plan fiduciary net position as a percentage of the total OPEB liability	183.9%	150.1%	144.4%	124.0%	108.9%

¹ 10-year trend information will be presented prospectively.

² The amounts presented were determined as of the net OPEB liability/(asset) measurement date.

Required Supplementary Information
Schedule of OPEB Plan Contributions
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	2022	2021	2020	2019	2018
Retiree Health Insurance Account (RHIA)					
Contractually required contributions	\$ 464	\$ 562	\$ 587	\$ 10,773	\$ 11,210
Contributions in relation to the contractually required contributions	464	562	587	10,773	11,210
Contribution deficiency	-	-	-	-	-
Covered payroll	3,197,166	2,963,703	2,743,340	2,302,682	2,188,520
Contributions as a percentage of covered payroll	0.01%	0.02%	0.02%	0.47%	0.51%

¹ 10-year trend information will be presented prospectively.

**Required Supplementary Information
Schedule of OPEB Plan Contributions
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)**

	2022	2021	2020	2019	2018
Retiree Health Insurance Premium Account (RHIPA)					
Actuarially determined contributions	\$ 6,548	\$ 9,061	\$ 8,770	\$ 10,603	\$ 10,392
Contributions recognized by plan	6,548	9,061	8,770	10,603	10,392
Contribution deficiency	-	-	-	-	-
Covered payroll	3,197,166	2,963,703	2,743,340	2,302,682	2,188,520
Contributions as a percentage of covered payroll	0.20%	0.31%	0.32%	0.46%	0.47%

¹ 10-year trend information will be presented prospectively.

Notes to schedule of OPEB plan contributions:

Actuarial assumptions and methods used to set the actuarially determined contributions.

Actuarial valuation	December 31, 2019
Effective	July 2021 - June 2023
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	10 years
Asset valuation method	Market value
Remaining amortization periods	10 years
Actuarial assumptions:	
Inflation rate	2.40%
Healthcare cost trend rate	Graded from 7.1% in 2019 to 4.0% in 2074
Projected salary increases	3.40%
Investment rate of return	6.90%

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30¹
(Dollars in millions)

Retiree Health Insurance Premium Account (RHIPA)

Total OPEB Liability

	2021	2020	2019	2018	2017
Service cost	\$ 1.3	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5
Interest on total OPEB liability	4.5	5.1	5.0	5.2	5.0
Changes in benefit terms	-	-	-	-	-
Changes in assumptions	1.1	(7.9)	-	0.4	-
Differences between expected and actual experience	(4.6)	(2.2)	(0.3)	(3.0)	-
Benefit payments	(3.7)	(4.1)	(4.5)	(4.7)	(4.3)
Net change in total OPEB liability	(1.4)	(7.7)	1.7	(0.6)	2.2
Total OPEB liability - beginning	64.3	72.0	70.3	70.9	68.7
Total OPEB liability - ending	<u>\$ 62.9</u>	<u>\$ 64.3</u>	<u>\$ 72.0</u>	<u>\$ 70.3</u>	<u>\$ 70.9</u>

Plan Fiduciary Net Position

Employer contributions	\$ 11.8	\$ 11.2	\$ 14.0	\$ 13.3	\$ 11.9
Net investment and other income	16.3	0.8	2.5	2.4	2.0
Benefit payments	(3.7)	(4.1)	(4.5)	(4.7)	(4.3)
Administrative expense	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Net change in plan fiduciary net position	24.1	7.6	11.7	10.7	9.3
Plan fiduciary net position - beginning	54.3	46.7	35.0	24.3	15.0
Plan fiduciary net position - ending	<u>\$ 78.4</u>	<u>\$ 54.3</u>	<u>\$ 46.7</u>	<u>\$ 35.0</u>	<u>\$ 24.3</u>
Net OPEB Liability	<u>\$ (15.5)</u>	<u>\$ 10.0</u>	<u>\$ 25.3</u>	<u>\$ 35.3</u>	<u>\$ 46.6</u>

Plan fiduciary net position as a percentage of the total OPEB liability	124.6%	84.5%	64.9%	49.8%	34.3%
Covered payroll	\$ 1,159.0	\$ 1,166.4	\$ 1,120.5	\$ 1,165.3	\$ 1,327.1
Net OPEB liability as a percentage of covered payroll	(1.3%)	0.9%	2.3%	3.0%	3.5%

¹ 10-year trend information will be presented prospectively.

Required Supplementary Information
Schedule of Proportionate Share of the Total OPEB Liability
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	2022 ²	2021 ²	2020 ²	2019 ²	2018 ²
Public Employees Benefit Board (PEBB)					
Proportion of the total OPEB liability	75.2016%	74.8025%	73.8195%	73.7321%	73.0657%
Proportionate share of the total OPEB liability	\$ 92,753	\$ 113,020	\$ 108,291	\$ 118,835	\$ 108,548
Covered-employee payroll	3,385,265	3,148,338	2,904,809	2,700,487	2,381,726
Government's total OPEB liability as a percentage of covered-employee payroll	2.7%	3.6%	3.7%	4.4%	4.6%

¹ 10-year trend information will be presented prospectively.

² The amounts presented were determined as of the total OPEB liability measurement date.

Notes to schedule of proportionate share of the total OPEB liability:

The plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30¹
(Dollars in millions)

Public Employees Benefit Board (PEBB)

Total OPEB Liability	2022	2021	2020	2019	2018
Service cost	\$ 10.5	\$ 10.1	\$ 10.1	\$ 9.1	\$ 9.3
Interest on total OPEB liability	3.4	3.4	5.9	6.0	5.4
Effect of changes to benefit terms	-	-	-	-	-
Effect of differences between expected and actual experience	(17.0)	-	-	-	-
Effect of economic/demographic gains or losses	-	-	(0.8)	-	-
Effect of assumptions changes or inputs	(15.4)	0.5	(21.7)	5.0	(3.7)
Benefit payments	(9.2)	(9.6)	(7.9)	(7.5)	(7.2)
Net change in total OPEB liability	(27.8)	4.4	(14.4)	12.6	3.8
Total OPEB liability - beginning	151.1	146.7	161.2	148.6	144.8
Total OPEB liability - ending	<u>\$ 123.3</u>	<u>\$ 151.1</u>	<u>\$ 146.7</u>	<u>\$ 161.2</u>	<u>\$ 148.6</u>
Covered-employee payroll	\$ 4,463.9	\$ 4,066.4	\$ 3,889.1	\$ 3,743.0	\$ 3,362.1
Total OPEB liability as a percentage of Covered-employee payroll	2.8%	3.7%	3.8%	4.3%	4.4%

¹ 10-year trend information will be presented prospectively.

Notes to schedule of changes in total OPEB liability and related ratios:

Change of assumptions

The discount rate in effect for the June 30, 2021, reporting date was 2.16%, and the discount rate in effect for the June 30, 2022, reporting date is 3.54%. The discount rate reflects a 20-year General Obligation Bond Index. The general inflation and payroll growth assumptions were revised, and the salary merit scale and mortality improvement assumption were introduced to better align with the assumptions used in the valuation of Oregon PERS.



Combining Fund Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Agricultural Resources Fund

This fund accounts for programs related to the promotion, inspection, and regulation of the State's agricultural industry. Funding for these programs include licenses and fees, charges for services, and federal grants.

Business Development Fund

This fund is used to account for programs that expand existing businesses as well as attract and promote new businesses. Federal grants, donations, and transfers from other funds comprise the main funding sources for these programs.

Community Protection Fund

This fund accounts for a variety of activities that help to ensure the safety of the State's citizens and their property through the courts, police, military, and correctional facilities. The main funding sources for these programs include federal grants, fines, and state court fees.

Consumer Protection Fund

This fund is used to account for programs that regulate existing businesses and license various professionals and organizations. Public utilities taxes, healthcare provider taxes, and business license fees comprise the main funding sources.

Employment Services Fund

This fund accounts for programs that provide workers with a safe and secure workplace. Funding for these employment-related programs include federal grants, employer and employee taxes, and workers' compensation insurance taxes.

Environmental Management Fund

This fund accounts for programs that promote, protect, and preserve the State's forests, parks, wildlife, fish, and waterways. The main funding sources for these programs are user fees, federal grants, and sales revenue.

Nutritional Support Fund

This fund accounts for programs to improve the diets of low-income households and school children. Federal grants provide the main source of revenue for these programs.

Residential Assistance Fund

This fund accounts for programs that help to meet the housing and energy needs of low-income Oregonians. Major funding sources include federal grants, senior citizen property tax repayments, and public utilities taxes.

Other Special Revenue Funds

This fund accounts for a variety of small programs that are funded mainly by federal grants and charges for services.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term obligations.

Revenue Bond Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on long-term revenue bonds not reported in proprietary funds. The portion of these bonds that is not self-supporting is funded by a legislative appropriation.

Certificates of Participation Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on certificates of participation not reported in proprietary funds. Debt service requirements are funded by a legislative appropriation.

General Obligation Bond Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation bonds not reported in the general fund, other governmental funds, or in proprietary funds. The issuance of general obligation debt is authorized in the Oregon Constitution. The portion of these bonds that is not self-supporting is funded by a legislative appropriation.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund

The permanent fund is used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs. These earnings provide funding for programs such as the upkeep on fish hatcheries, scholarship funds for injured workers, special library book purchases, and homes for the developmentally disabled.

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022
(In Thousands)**

	Special Revenue Funds		
	Agricultural Resources	Business Development	Community Protection
ASSETS			
Cash and Cash Equivalents	\$ 48,446	\$ 446,447	\$ 558,998
Investments	-	30,814	-
Securities Lending Collateral	282	2,582	3,249
Accounts and Interest Receivable (net)	4,477	2,707	92,134
Taxes Receivable (net)	-	-	-
Due from Other Funds	482	13,379	42,655
Due from Component Units	-	1,548	-
Inventories	-	17	888
Prepaid Items	41	2	429
Net Contracts, Notes, and Other Receivables	2	24	269,197
Leases Receivable	-	-	220
Loans Receivable (net)	-	2,364	-
Other Assets	-	1,864	-
Total Assets	\$ 53,730	\$ 501,748	\$ 967,771
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	\$ 1,923	\$ 18,015	\$ 68,713
Obligations Under Securities Lending	282	2,582	3,249
Due to Other Funds	19	56	15,474
Due to Component Units	430	-	357
Due to Other Governments	-	2,389	3,061
Unearned Revenue	3	290,160	4,373
Deposit Liabilities	144	-	30,873
Contracts, Mortgages, and Notes Payable	-	-	3,500
Advances from Other Funds	-	-	-
Total Liabilities	2,799	313,203	129,599
Deferred Inflows of Resources:			
Leases Receivable	-	-	244
Unavailable Revenue	2	24	269,197
Total Deferred Inflows of Resources	2	24	269,442
Fund Balances:			
Nonspendable	66	20	1,382
Restricted by:			
Federal Laws and Regulations	-	17,792	41,210
Oregon Constitution	912	29,758	14,920
Enabling Legislation	22,454	87,904	110,282
Debt Covenants	-	-	206,941
Donors and Other External Parties	-	-	2,141
Committed	22,028	53,008	174,834
Assigned	5,468	40	17,021
Total Fund Balances	50,929	188,522	568,730
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 53,730	\$ 501,748	\$ 967,771

State of Oregon

Special Revenue Funds						
Consumer Protection	Employment Services	Environmental Management	Nutritional Support	Residential Assistance	Other Special Revenue	
\$ 409,764	\$ 157,198	\$ 922,593	\$ -	\$ 450,159	\$ 25,935	
-	216,724	1,374	-	14,088	-	
2,382	458	5,362	-	2,616	151	
12,880	100,368	50,639	257,287	20,499	794	
14,827	15,487	1,668	-	4,768	-	
7,347	17,946	26,806	-	11,942	804	
-	12,541	-	-	-	-	
60	1,742	4,035	14	17	1,691	
222	1,280	2,017	-	8	300	
57,258	46,593	142,114	14	40,349	-	
-	-	1,074	-	-	-	
-	-	516,909	-	511,530	16	
-	-	-	-	-	-	
\$ 504,740	\$ 570,337	\$ 1,674,590	\$ 257,315	\$ 1,055,977	\$ 29,691	
\$ 112,100	\$ 20,914	\$ 67,708	\$ 220,633	\$ 23,997	\$ 867	
2,382	458	5,362	-	2,616	151	
26,365	30,567	30,947	11,693	407	219	
-	14,853	765	-	-	-	
4,606	14,503	20,096	20,482	16,054	-	
-	-	15,072	-	113,141	-	
41,525	795	4,002	-	-	9	
-	-	-	-	-	-	
-	-	300	-	-	-	
186,978	82,091	144,253	252,808	156,216	1,246	
-	-	1,074	-	-	-	
57,258	46,637	142,930	14	40,349	-	
57,258	46,637	144,004	14	40,349	-	
288	3,124	6,304	14	25	1,992	
5,264	77,007	873,570	2,988	80,467	10,714	
-	89	16,168	-	-	-	
205,736	170,066	217,536	1,491	214,883	3,211	
-	-	115,095	-	23,836	6,028	
298	-	3,558	-	48,328	5,256	
48,917	189,541	119,959	-	216,382	779	
-	1,784	34,144	-	275,491	465	
260,504	441,610	1,386,334	4,494	859,412	28,445	
\$ 504,740	\$ 570,337	\$ 1,674,590	\$ 257,315	\$ 1,055,977	\$ 29,691	

(continued on next page)

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022
(In Thousands)**
(continued from previous page)

	Debt Service Funds		
	Revenue Bond	Certificates of Participation	General Obligation Bond
ASSETS			
Cash and Cash Equivalents	\$ 211,926	\$ 3	\$ 63,676
Investments	2,523	-	-
Securities Lending Collateral	-	-	-
Accounts and Interest Receivable (net)	187	-	264
Taxes Receivable (net)	-	-	-
Due from Other Funds	57,521	-	15,177
Due from Component Units	-	-	3,746
Inventories	-	-	-
Prepaid Items	-	-	-
Net Contracts, Notes, and Other Receivables	-	-	-
Leases Receivable	-	-	-
Loans Receivable (net)	-	-	-
Other Assets	-	-	-
Total Assets	\$ 272,158	\$ 3	\$ 82,863
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	\$ 80	\$ -	\$ 17
Obligations Under Securities Lending	-	-	-
Due to Other Funds	-	-	-
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposit Liabilities	184	-	1
Contracts, Mortgages, and Notes Payable	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	264	-	19
Deferred Inflows of Resources:			
Leases Receivable	-	-	-
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted by:			
Federal Laws and Regulations	-	-	-
Oregon Constitution	132,108	-	-
Enabling Legislation	-	-	-
Debt Covenants	139,786	3	82,845
Donors and Other External Party	-	-	-
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	271,894	3	82,845
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 272,158	\$ 3	\$ 82,863

Capital Projects	Permanent	Total
\$ 612,595	\$ 9,313	\$ 3,917,054
-	1,526	267,049
-	54	17,135
12,526	-	554,761
-	-	36,751
6,724	-	200,785
-	-	17,835
-	-	8,464
-	-	4,300
-	-	555,550
-	-	1,294
-	-	1,030,819
-	-	1,864
<u>\$ 631,845</u>	<u>\$ 10,893</u>	<u>\$ 6,613,661</u>

\$ 10,797	\$ -	\$ 545,763
-	54	17,135
7,114	-	122,862
-	-	16,405
-	-	81,191
-	-	422,750
-	-	77,533
-	-	3,500
-	-	300
<u>17,911</u>	<u>54</u>	<u>1,287,439</u>

-	-	1,318
-	-	556,410
-	-	557,728

-	10,634	23,850
3,080	-	1,112,092
424	-	194,379
12	48	1,033,623
608,065	-	1,182,599
119	157	59,856
475	-	825,923
1,759	-	336,172
<u>613,934</u>	<u>10,839</u>	<u>4,768,494</u>

<u>\$ 631,845</u>	<u>\$ 10,893</u>	<u>\$ 6,613,661</u>
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State of Oregon

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022
(In Thousands)

	Special Revenue Funds		
	Agricultural Resources	Business Development	Community Protection
REVENUES			
Healthcare Provider Taxes	\$ -	\$ -	\$ -
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	9,482	4,534	28,956
Federal	8,798	48,139	275,850
Rebates and Recoveries	98	1	7,093
Charges for Services	9,832	320	29,077
Fines, Forfeitures, and Penalties	99	11	106,592
Rents and Royalties	-	-	1,536
Investment Income	151	(475)	1,561
Sales	4	2,365	966
Assessments	-	-	-
Donations and Grants	-	24,285	1,104
Contributions to Permanent Funds	-	-	-
Other	46	4,123	2,622
Total Revenues	28,510	83,302	455,358
EXPENDITURES			
Current:			
Education	-	-	-
Human Resources	-	-	2,291
Public Safety	-	3,168	262,710
Economic and Community Development	-	88,274	435
Natural Resources	53,585	1	-
Transportation	-	-	8,885
Consumer and Business Services	-	-	-
Administration	-	3,299	13,169
Legislative	-	-	-
Judicial	-	-	64,205
Intergovernmental	1,500	26,606	192,594
Capital Outlay	1,981	-	68,880
Debt Service:			
Principal	46	145	5,955
Interest	2	74	1,213
Other Debt Service	-	228	420
Total Expenditures	57,115	121,796	620,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,605)	(38,494)	(165,399)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	47,307	99,098	234,999
Transfers to Other Funds	(908)	(90,463)	(59,698)
Insurance Recoveries	15	-	67
Long-term Debt Issued	1,967	84,305	128,613
Debt Issuance Premium	-	786	8,879
Total Other Financing Sources (Uses)	48,381	93,726	312,859
Net Change in Fund Balances	19,776	55,233	147,460
Fund Balances - Beginning	31,153	133,287	421,269
Prior Period Adjustments	-	-	-
Fund Balances - Beginning - As Restated	31,153	133,287	421,269
Change in Inventories	-	2	1
Fund Balances - Ending	\$ 50,929	\$ 188,522	\$ 568,730

State of Oregon

Special Revenue Funds

Consumer Protection	Employment Services	Environmental Management	Nutritional Support	Residential Assistance	Other Special Revenue
\$ 148,798	\$ -	\$ -	\$ -	\$ -	\$ -
-	69,532	-	-	-	-
-	92,391	-	-	-	-
120,501	-	27,602	-	53,365	-
166,623	3,219	200,813	-	93	-
64,358	463,165	173,879	2,897,642	671,784	5,192
-	5	599	13,419	270	-
4,119	31,317	134,706	1,039	7,668	8,267
1,666	22,432	1,764	-	31	3
-	335	5,031	-	-	247
1,673	(13,436)	12,275	6	5,689	107
18	334	107,572	-	-	1,215
-	57,299	-	-	1,192	-
-	-	5,603	-	285	290
-	-	-	-	-	-
485	2,484	19,032	78	40,243	512
508,239	729,077	688,876	2,912,184	780,620	15,832
6,275	308,819	-	24,902	-	2,946
10,533	-	-	2,602,696	-	-
-	-	-	-	-	-
-	260,558	-	-	656,456	292
3,732	-	607,605	-	-	-
37	-	-	-	-	-
269,274	107,938	-	-	3,117	-
6,978	1,198	-	-	264	8,700
-	-	-	-	-	843
-	-	-	-	-	-
18,948	44,871	99,489	282,045	102,194	685
13,370	69,504	85,370	-	36	1,174
2,672	6,860	2,466	-	68	245
218	831	2,300	-	36	415
-	-	386	-	1,197	31
332,037	800,578	797,616	2,909,643	763,367	15,331
176,203	(71,501)	(108,740)	2,541	17,252	501
21,259	1,446	205,003	179	220,352	938
(124,974)	(27,972)	(35,856)	(1,340)	(4,919)	(3,833)
-	-	5,634	-	-	-
12,952	65,292	115,678	-	26,606	6,684
-	-	7,555	-	-	944
(90,763)	38,766	298,015	(1,161)	242,039	4,733
85,439	(32,735)	189,274	1,380	259,291	5,234
174,994	474,777	1,196,735	3,135	600,131	23,213
86	-	-	-	-	-
175,080	474,777	1,196,735	3,135	600,131	23,213
(15)	(432)	325	(21)	(10)	(2)
\$ 260,504	\$ 441,610	\$ 1,386,334	\$ 4,494	\$ 859,412	\$ 28,445

(continued on next page)

State of Oregon

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022
(In Thousands)**
(continued from previous page)

	Debt Service Funds		
	Revenue Bond	Certificates of Participation	General Obligation Bond
REVENUES			
Healthcare Provider Taxes	\$ -	\$ -	\$ -
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	-	-	-
Federal	9,838	-	-
Rebates and Recoveries	-	-	-
Charges for Services	-	-	-
Fines, Forfeitures, and Penalties	-	-	-
Rents and Royalties	-	-	-
Investment Income	834	3	2,065
Sales	-	-	-
Assessments	-	-	-
Donations and Grants	-	-	-
Contributions to Permanent Funds	-	-	-
Other	-	-	46,272
Total Revenues	10,672	3	48,337
EXPENDITURES			
Current:			
Education	-	-	-
Human Resources	-	-	-
Public Safety	-	-	-
Economic and Community Development	-	-	-
Natural Resources	-	-	-
Transportation	-	-	-
Consumer and Business Services	-	-	-
Administration	-	-	-
Legislative	-	-	-
Judicial	-	-	-
Intergovernmental	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	176,587	50	157,836
Interest	131,329	3	75,619
Other Debt Service	20	-	17
Total Expenditures	307,937	53	233,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	(297,265)	(50)	(185,135)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	322,151	51	186,322
Transfers to Other Funds	-	-	(138)
Insurance Recoveries	-	-	-
Long-term Debt Issued	353	-	-
Debt Issuance Premium	-	-	-
Total Other Financing Sources (Uses)	322,503	51	186,184
Net Change in Fund Balances	25,238	1	1,049
Fund Balances - Beginning	246,655	3	81,796
Prior Period Adjustments	-	-	-
Fund Balances - Beginning - As Restated	246,655	3	81,796
Change in Inventories	-	-	-
Fund Balances - Ending	\$ 271,894	\$ 3	\$ 82,845

State of Oregon

<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
\$ -	\$ -	\$ 148,798
-	-	69,532
-	-	92,391
-	-	201,468
-	-	413,720
21,479	-	4,640,122
6	-	21,491
-	-	226,345
-	-	132,597
-	-	7,150
1,532	(99)	11,886
-	-	112,473
-	-	58,491
200	-	31,767
-	307	307
36	-	115,933
<u>23,253</u>	<u>208</u>	<u>6,284,470</u>
-	-	342,942
-	-	2,615,520
-	-	265,878
-	-	1,006,014
-	-	664,924
-	-	8,922
-	30	380,359
-	-	33,609
-	-	843
-	-	64,205
-	-	768,932
130,358	-	370,673
-	-	352,929
-	-	212,040
-	-	2,300
<u>130,358</u>	<u>30</u>	<u>7,090,090</u>
(107,106)	178	(805,620)
20,761	-	1,359,865
(104,718)	-	(454,819)
227	-	5,942
337,958	-	780,407
16,092	-	34,256
<u>270,319</u>	<u>-</u>	<u>1,725,652</u>
<u>163,214</u>	<u>178</u>	<u>920,032</u>
450,720	10,661	3,848,528
-	-	86
<u>450,720</u>	<u>10,661</u>	<u>3,848,614</u>
-	-	(152)
<u>\$ 613,934</u>	<u>\$ 10,839</u>	<u>\$ 4,768,494</u>

Nonmajor Enterprise Funds

Enterprise Funds account for goods and services provided to the general public on a continuous basis, either when all or most of the cost involved in operating the enterprise is intended to be financed from user charges, or when periodic measurement of the results of operations is appropriate for management control or accountability.

Energy Loan Fund

This fund accounts for activities to provide low-interest loans for renewable energy resource and energy conservation projects. Funding is from the issuance of bonds that are repaid from the interest and principal payments on loans.

Business Development Fund

This fund accounts for resources used to finance land, buildings, machinery, and permanent working capital for eligible activities including those determined to diversify an economic base.

Special Public Works Fund

This fund accounts for loans and grants to local governments for construction of infrastructure required to support needed public services. The Special Public Works Fund is financed through lottery resources, the sale of revenue bonds, loan repayments, and interest earnings.

State Hospitals Fund

This fund accounts for the operations of State hospitals and State operated residential group homes that provide treatment services for specific citizens as well as training and care for developmentally disabled persons. Clinical programs include the adult psychiatric program, the child and adolescent treatment program, the forensic and correctional treatment program, and the geropsychiatric treatment and medical service program.

Liquor Control Fund

This fund accounts for the operation of the Oregon Liquor and Cannabis Commission that regulates the sale and use of alcoholic beverages and promotes responsible alcohol use.

Standard Retiree Health Insurance Fund

This fund accounts for the accumulation of retiree insurance premiums, reinsurance reimbursements, and interest earnings less insurance claims and administrative expenses.

Veterans' Home Fund

This fund accounts for activities of the Oregon Veterans' Home, which provides skilled nursing and Alzheimer's disease care to some of Oregon's most vulnerable veterans.

Water/Wastewater Financing Fund

This fund accounts for loans and grants to municipalities to improve compliance with federal and State of Oregon water quality standards. The Water/Wastewater Financing Fund is financed through lottery resources, the sale of revenue bonds, loan repayments, and interest earnings.

Safe Drinking Water

This fund accounts for activities of the Safe Drinking Water financing program, which provides low-cost financing for construction and/or improvements of public and private water systems.

Paid Family and Medical Leave Insurance Fund

Established within the Oregon Employment Department in fiscal year 2020, this fund will account for a family and medical leave insurance program to provide compensated time off from work to care for and bond with a child during the first year after the child's birth or arrival through adoption or foster care, to provide care for a family member who has a serious health condition, or to recover from one's own serious health condition. Current year activity is related to starting up the program.

Other Enterprise Funds

This fund is used to account for the sale of goods and services to other than governmental entities through activities not specifically accounted for in another enterprise fund. The fund includes programs within the following state agencies: the Oregon Department of Human Services, the Oregon Business Development Department, the Department of Administrative Services, the Department of Corrections, the Department of Environmental Quality, the Department of Forestry, the Judicial Department, the Legislative Administration Committee, the Oregon State Treasury, Oregon Corrections Enterprises, the Oregon Facilities Authority, the Oregon Health Authority, and the Water Resources Department.

State of Oregon

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2022
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 993	\$ 32,330	\$ 204,045	\$ 1,140
Cash and Cash Equivalents - Restricted	3,344	-	-	-
Investments	-	-	11,611	-
Securities Lending Collateral	38	188	1,186	7
Accounts and Interest Receivable (net)	349	4	4,251	9,231
Due from Other Funds	-	-	417	26,494
Due from Component Units	6,641	-	-	-
Inventories	-	-	-	2,265
Prepaid Items	-	-	-	20
Loans Receivable (net)	3,302	3,163	13,802	-
Total Current Assets	14,666	35,684	235,313	39,155
Noncurrent Assets:				
Cash and Cash Equivalents - Restricted	2,207	-	1,225	-
Advances to Component Units	65,741	-	-	-
Net Contracts, Notes, and Other Receivables	-	-	-	-
Loans Receivable (net)	16,090	13,360	169,459	-
Net OPEB Asset	-	14	42	4,589
Capital Assets:				
Land	-	-	-	15
Buildings, Property, and Equipment	264	-	-	473,830
Leased Assets	-	-	-	592
Construction in Progress	-	-	-	4,014
Infrastructure	-	-	-	3,606
Works of Art and Other Nondepreciable Assets	-	-	-	-
Less Accumulated Depreciation and Amortization	(264)	-	-	(110,308)
Total Noncurrent Assets	84,039	13,374	170,727	376,338
Total Assets	98,705	49,058	406,040	415,493
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refunding	1,565	-	-	-
Related to Pensions	20	340	520	120,060
Related to OPEB	-	3	6	926
Total Deferred Outflows of Resources	1,586	342	525	120,986

State of Oregon

Liquor Control	Standard Retiree Health Insurance	Veterans' Home	Water/Wastewater Financing	Safe Drinking Water	Paid Family and Medical Leave Insurance	Other	Total
\$ 74,125	\$ 95,984	\$ 25,178	\$ 37,077	\$ 127,747	\$ -	\$ 156,403	\$ 755,022
-	-	390	-	-	-	-	3,734
-	-	-	-	-	-	-	11,611
787	541	149	215	742	-	839	4,692
400	-	6,823	990	2,609	-	6,001	30,658
-	-	-	4,420	102	-	15	31,447
-	-	-	-	-	-	-	6,641
47,240	-	-	-	-	-	9,991	59,495
-	-	-	-	-	286	477	783
-	-	-	4,491	15,859	-	2,222	42,839
122,552	96,525	32,539	47,194	147,059	286	175,949	946,922
61,090	-	-	-	-	-	-	64,522
-	-	-	-	-	-	-	65,741
-	-	21	-	-	-	-	21
-	-	-	50,802	178,920	-	8,591	437,222
580	12	14	18	12	57	733	6,071
9,658	-	4,648	-	-	-	3,124	17,446
37,292	-	67,132	-	-	754	52,604	631,876
5,621	-	-	-	-	-	2,181	8,394
-	-	6	-	-	4,487	1,652	10,159
-	-	-	-	-	-	-	3,606
25	-	107	-	-	-	35	167
(22,211)	-	(18,095)	-	-	(352)	(39,702)	(190,932)
92,056	12	53,834	50,819	178,932	4,946	29,218	1,054,294
214,608	96,537	86,373	98,013	325,991	5,232	205,167	2,001,217
-	-	-	-	-	-	-	1,565
10,024	200	137	234	99	1,597	7,359	140,589
90	2	2	2	1	16	87	1,134
10,113	202	139	237	100	1,612	7,446	143,289

(continued on next page)

State of Oregon

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2022
(In Thousands)
(continued from previous page)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	901	13	1,341	8,605
Obligations Under Securities Lending	38	188	1,186	7
Due to Other Funds	5	-	4,420	21,553
Due to Component Units	-	-	-	88
Due to Other Governments	-	4	-	-
Unearned Revenue	143	-	-	-
Compensated Absences Payable	20	59	109	10,913
Claims and Judgments Payable	-	-	-	-
Deposit Liabilities	-	-	-	-
Contracts, Mortgages, and Notes Payable	8	5	14	2,056
Lease Obligations	-	-	-	138
Bonds/COPs Payable	10,625	-	2,970	-
Total Current Liabilities	11,740	269	10,040	43,360
Noncurrent Liabilities:				
Compensated Absences Payable	11	21	72	6,139
Deposit Liabilities	2,207	-	-	-
Contracts, Mortgages, and Notes Payable	45	25	78	11,192
Lease Obligations	-	-	-	318
Bonds/COPs Payable	88,369	-	61,387	-
Net Pension Liability	30	533	823	186,187
Total OPEB Liability	2	16	23	6,385
Total Noncurrent Liabilities	90,665	594	62,384	210,221
Total Liabilities	102,404	863	72,424	253,581
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding	199	-	-	-
Related to Pensions	23	416	643	145,362
Related to OPEB	1	14	32	5,176
Total Deferred Inflows of Resources	224	430	675	150,538
NET POSITION				
Net Investment in Capital Assets	-	-	-	371,293
Restricted for:				
OPEB	-	14	42	4,589
Unrestricted	(2,339)	48,093	333,424	(243,521)
Total Net Position	\$ (2,338)	\$ 48,107	\$ 333,466	\$ 132,361

State of Oregon

Liquor Control	Standard Retiree Health Insurance	Veterans' Home	Water/Wastewater Financing	Safe Drinking Water	Paid Family and Medical Leave Insurance	Other	Total
47,242	1,154	2,374	28	2	66	4,956	66,682
787	541	149	215	742	-	839	4,692
42,338	119	148	417	-	19,567	865	89,433
-	-	-	-	-	-	-	88
-	-	-	-	-	-	-	4
610	-	716	-	-	-	-	1,469
1,335	34	6	56	11	196	846	13,585
-	848	-	-	-	-	-	848
694	-	-	-	-	-	25,141	25,835
182	2	112	6	4	-	196	2,586
532	-	-	-	-	-	427	1,096
1,700	-	-	-	-	-	-	15,295
95,419	2,698	3,504	722	760	19,829	33,271	221,613
751	19	3	22	17	110	354	7,520
-	-	-	-	-	-	-	2,207
992	12	15	32	24	-	1,068	13,483
4,637	-	-	-	-	-	1,344	6,299
59,579	-	-	-	-	-	-	209,336
16,265	286	237	370	180	1,916	12,548	219,375
523	11	7	10	5	106	334	7,422
82,747	329	262	435	226	2,132	15,648	465,642
178,166	3,027	3,766	1,157	986	21,961	48,920	687,255
-	-	-	-	-	-	-	199
12,698	223	185	289	140	1,496	9,797	171,273
527	11	10	14	8	72	524	6,390
13,226	234	195	303	148	1,568	10,321	177,863
17,062	-	53,798	-	-	4,889	18,123	465,165
580	12	14	18	12	57	733	6,071
15,687	93,465	28,737	96,772	324,946	(21,631)	134,517	808,152
\$ 33,330	\$ 93,478	\$ 82,550	\$ 96,790	\$ 324,958	\$ (16,685)	\$ 153,372	\$ 1,279,388

State of Oregon

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
OPERATING REVENUES:				
Licenses and Fees	\$ -	\$ -	\$ -	\$ 7
Federal	-	-	-	-
Rebates and Recoveries	-	-	-	95
Charges for Services	-	18	-	122,979
Fines, Forfeitures, and Penalties	7	-	-	-
Rents and Royalties	-	13	-	137
Sales	-	-	-	934
Loan Interest Income	4,241	638	6,120	-
Other	144	-	72	497
Total Operating Revenues	4,392	669	6,192	124,649
OPERATING EXPENSES:				
Salaries and Wages	89	1,035	1,483	380,984
Services and Supplies	56	172	439	98,009
Cost of Goods Sold	-	-	-	-
Distributions to Other Governments	-	-	816	-
Special Payments	-	-	288	57
Lease Interest Expense	-	-	-	3
Bond and COP Interest	2,937	-	2,515	-
Depreciation and Amortization	-	-	-	11,011
Total Operating Expenses	3,082	1,207	5,542	490,064
Operating Income (Loss)	1,310	(538)	650	(365,414)
NONOPERATING REVENUES (EXPENSES):				
Investment Income (Loss)	29	162	(79)	-
Other Grants	-	6,013	-	150,000
Other Taxes	-	-	-	-
Gain (Loss) on Disposition of Assets	-	-	-	-
Settlement Activities	-	-	-	-
Other Interest Expense	(3)	(2)	(5)	(772)
Other Nonoperating Items	-	-	(2)	-
Total Nonoperating Revenues (Expenses)	26	6,173	(86)	149,228
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	1,335	5,634	564	(216,186)
Capital Contributions	-	-	-	-
Transfers from Other Funds	2,500	-	115,951	249,047
Transfers to Other Funds	(94)	(345)	(4,710)	(13,329)
Change in Net Position	3,742	5,289	111,804	19,532
Net Position - Beginning	(6,080)	42,818	221,662	112,829
Cumulative Effect of Change in Accounting Principles	-	-	-	-
Net Position - Beginning - As Restated	(6,080)	42,818	221,662	112,829
Net Position - Ending	\$ (2,338)	\$ 48,107	\$ 333,466	\$ 132,361

State of Oregon

Liquor Control	Standard Retiree Health Insurance	Veterans' Home	Water/Wastewater Financing	Safe Drinking Water	Paid Family and Medical Leave Insurance	Other	Total
\$ 8,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,119	\$ 10,686
-	-	26,486	-	-	-	-	26,486
-	-	-	-	-	-	-	95
-	28,296	16,622	-	-	-	67,382	235,297
207	-	-	-	-	-	11	224
-	-	-	-	-	-	-	150
834,212	-	-	-	-	-	30,995	866,141
-	-	-	1,232	3,091	-	243	15,563
1,282	-	7	-	-	-	1,927	3,929
844,261	28,296	43,115	1,232	3,091	-	102,677	1,158,573
28,038	628	317	679	249	8,127	11,684	433,314
104,341	3,533	41,380	152	10	2,205	14,894	265,191
421,179	-	-	-	-	-	31,890	453,069
85,365	-	-	1,904	-	-	211	88,297
361	31,053	-	-	3,865	-	3,394	39,018
209	-	-	-	-	-	60	272
-	-	-	-	-	-	-	5,452
2,252	-	2,185	-	-	335	2,701	18,483
641,744	35,215	43,881	2,736	4,124	10,666	64,835	1,303,095
202,517	(6,919)	(766)	(1,504)	(1,033)	(10,666)	37,842	(144,522)
-	613	157	214	734	-	834	2,663
-	-	-	-	-	-	-	156,013
21,704	-	-	-	-	-	-	21,704
13	-	-	-	-	-	(2)	11
-	-	-	-	-	-	24	24
(68)	(1)	(1)	(2)	(2)	-	(114)	(970)
-	(1)	-	-	(1)	-	(2)	(7)
21,649	611	155	211	731	-	740	179,437
224,166	(6,308)	(611)	(1,293)	(303)	(10,666)	38,583	34,915
-	-	546	-	-	-	-	546
3,759	-	14	13	12,034	-	10,779	394,097
(230,224)	(25)	(12)	(1,775)	(9)	(243)	(2,408)	(253,174)
(2,300)	(6,333)	(63)	(3,054)	11,722	(10,909)	46,954	176,384
35,629	99,810	82,613	99,845	313,235	(5,776)	106,782	1,103,367
-	-	-	-	-	-	(363)	(363)
35,629	99,810	82,613	99,845	313,235	(5,776)	106,419	1,103,004
\$ 33,330	\$ 93,478	\$ 82,550	\$ 96,790	\$ 324,958	\$ (16,685)	\$ 153,372	\$ 1,279,388

State of Oregon

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 7	\$ 27	\$ -	\$ 14,558
Receipts from Other Funds for Services	-	-	-	95,212
Payments to Employees for Services	(155)	(1,137)	(1,654)	(409,652)
Payments to Suppliers	(7)	(55)	(97)	(49,170)
Payments to Other Funds for Services	(34)	(120)	(248)	(49,512)
Claims Paid	-	-	-	-
Distributions to Other Governments	-	-	(901)	-
Other Receipts (Payments)	12	-	(288)	381
Net Cash Provided (Used) in Operating Activities	(176)	(1,284)	(3,189)	(398,182)
Cash Flows from Noncapital Financing Activities:				
Advances Received	-	-	-	6,330
Principal Payments on Bonds/COPs	(13,055)	-	(2,800)	-
Principal Payments on Loans	(9)	(5)	(16)	(2,345)
Interest Payments on Bonds/COPs	(3,678)	-	(2,416)	-
Interest Payments on Loans	(3)	(2)	(5)	(772)
Bond/COP Issuance Costs	(11)	-	-	-
Taxes and Assessments Received	-	-	-	-
Grant Receipts	-	6,013	-	150,000
Transfers from Other Funds	2,500	-	115,951	249,096
Transfers to Other Funds	(100)	(345)	(4,710)	(13,378)
Net Cash Provided (Used) in Noncapital Financing Activities	(14,356)	5,661	106,003	388,930
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Bond/COP Sales	-	-	-	-
Principal Payments on Leases	-	-	-	(136)
Interest Payments on Leases	-	-	-	(3)
Bond/COP Issuance Costs	-	-	-	-
Acquisition of Capital Assets	-	-	-	(869)
Proceeds from Disposition of Capital Assets	-	-	-	-
Capital Contributions	-	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	-	-	-	(1,009)
Cash Flows from Investing Activities:				
Interest on Investments and Cash Balances	29	165	771	-
Interest Income from Securities Lending	-	1	3	-
Interest Expense from Securities Lending	-	-	(2)	-
Loan Principal Repayments	10,337	4,390	20,621	-
Loan Interest Received	4,213	705	6,079	-
Loans Made	-	(4,034)	(18,996)	-
Net Cash Provided (Used) in Investing Activities	14,579	1,225	8,476	-
Net Increase (Decrease) in Cash and Cash Equivalents	46	5,602	111,290	(10,260)
Cash and Cash Equivalents - Beginning	6,497	26,728	93,980	11,400
Cash and Cash Equivalents - Ending	\$ 6,544	\$ 32,330	\$ 205,270	\$ 1,140

State of Oregon

Liquor Control	Standard Retiree Health Insurance	Veterans' Home	Water/Wastewater Financing	Safe Drinking Water	Paid Family and Medical Leave Insurance	Other	Total
\$ 843,317	\$ 28,296	\$ 42,921	\$ -	\$ -	\$ -	\$ 40,161	\$ 969,287
-	-	-	-	-	-	11,438	106,651
(28,032)	(699)	(421)	(760)	(279)	-	(25,165)	(467,954)
(506,777)	(3,296)	(41,417)	(25)	(1)	-	(31,007)	(631,851)
(14,135)	(35)	(1,514)	(116)	(10)	-	(1,218)	(66,943)
-	(31,035)	-	-	-	-	-	(31,035)
(76,131)	-	-	(2,189)	(45)	-	(252)	(79,517)
913	146	7	-	(168)	-	35,598	36,604
219,155	(6,623)	(425)	(3,089)	(501)	-	29,554	(164,760)
-	-	-	-	-	-	-	6,330
-	-	-	-	-	-	-	(15,855)
(208)	(3)	(3)	(7)	(5)	-	(427)	(3,028)
-	-	-	-	-	-	-	(6,094)
(68)	(1)	(1)	(2)	(2)	-	(103)	(960)
-	-	-	-	-	-	-	(11)
21,721	-	-	-	-	-	-	21,721
-	-	-	-	-	-	-	156,013
3,759	-	14	13	11,995	-	10,765	394,092
(206,286)	(25)	(12)	(1,775)	(9)	-	(6,605)	(233,244)
(181,082)	(28)	(2)	(1,771)	11,979	-	3,630	318,965
61,279	-	-	-	-	-	-	61,279
(453)	-	-	-	-	-	(409)	(998)
(109)	-	-	-	-	-	(71)	(184)
(189)	-	-	-	-	-	-	(189)
(8,460)	-	(1,076)	-	-	-	(1,131)	(11,536)
13	-	-	-	-	-	-	13
-	-	2,186	-	-	-	-	2,186
52,080	-	1,110	-	-	-	(1,611)	50,571
-	611	156	213	731	-	831	3,506
-	2	1	1	3	-	3	13
-	(1)	-	-	(1)	-	(2)	(7)
-	-	-	4,319	10,665	-	2,374	52,706
-	-	-	1,635	2,454	-	298	15,383
-	-	-	(1,807)	(26,512)	-	(349)	(51,699)
-	612	156	4,360	(12,661)	-	3,155	19,903
90,153	(6,040)	840	(499)	(1,183)	-	34,729	224,679
45,062	102,024	24,727	37,577	128,931	-	121,674	598,599
\$ 135,215	\$ 95,984	\$ 25,568	\$ 37,077	\$ 127,747	\$ -	\$ 156,403	\$ 823,278

(continued on next page)

State of Oregon

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2022
(In Thousands)**

(continued from previous page)

	Energy Loan	Business Development	Special Public Works	State Hospitals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 1,310	\$ (538)	\$ 650	\$ (365,414)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	-	-	11,011
Amortization of Bond/COP Premium and Discount	(973)	-	-	-
Noncash Services Received Pursuant to Settlement Activities	-	-	-	-
Interest Receipts Reported as Operating Revenue	(4,213)	(705)	(6,079)	-
Interest Payments Reported as Operating Expense	3,678	-	2,416	3
Bond/COP Issuance Costs Reported as Operating Expense	11	-	-	-
Net Changes in Assets and Liabilities:				
Accounts and Interest Receivable (net)	20	63	375	(1,750)
Due from Other Funds	-	-	(400)	(12,731)
Inventories	-	-	-	(742)
Prepaid Items	-	-	-	(20)
Net Contracts, Notes and Other Receivables	-	-	-	-
Loans Receivable	(144)	-	(72)	-
Net OPEB Asset	-	(13)	(38)	(3,964)
Accounts and Interest Payable	(137)	(93)	84	421
Due to Other Funds	-	(1)	(1)	23
Due to Component Units	-	-	-	(105)
Due to Other Governments	-	-	(85)	-
Unearned Revenue	(48)	-	-	(14)
Compensated Absences Payable	(1)	2	4	(914)
Claims and Judgments Payable	-	-	-	-
Deposit Liabilities	12	-	-	-
Contracts, Mortgages, and Notes Payable	-	-	-	-
Net Pension Liability	(105)	(379)	(658)	(160,345)
Net OPEB Liability	-	(1)	(3)	(530)
Total OPEB Liability	-	(2)	(5)	(1,474)
Net Changes in Deferred Outflows of Resources:				
Loss on Refunding	175	-	-	-
Related to Pensions	18	(24)	(15)	(2,978)
Related to OPEB	1	1	1	330
Net Changes in Deferred Inflows of Resources:				
Gain on Refunding	199	-	-	-
Related to Pensions	20	395	609	137,489
Related to OPEB	1	10	25	3,522
Total Adjustments	(1,486)	(746)	(3,839)	(32,767)
Net Cash Provided (Used) by Operating Activities	\$ (176)	\$ (1,284)	\$ (3,189)	\$ (398,182)
 Noncash Investing and Capital and Related Financing Activities:				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ (854)	\$ -

State of Oregon

Liquor Control	Standard Retiree Health Insurance	Veterans' Home	Water/ Wastewater Financing	Safe Drinking Water	Paid Family and Medical Leave Insurance	Other	Total
\$ 202,517	\$ (6,919)	\$ (766)	\$ (1,504)	\$ (1,033)	\$ (10,666)	\$ 37,842	\$ (144,522)
2,252	-	2,185	-	-	335	2,701	18,483
-	-	-	-	-	-	-	(973)
-	-	-	-	-	-	24	24
-	-	-	(1,635)	(2,454)	-	(298)	(15,383)
109	-	-	-	-	-	57	6,264
189	-	-	-	-	-	-	200
(14)	-	(186)	(15)	(637)	-	(570)	(2,712)
-	-	-	9	-	-	5	(13,116)
(1,511)	-	-	-	-	-	(1,168)	(3,421)
-	-	-	-	-	(286)	(47)	(353)
-	-	6	-	-	-	-	7
-	-	-	-	3,699	-	91	3,574
(504)	(10)	(12)	(16)	(10)	(53)	(630)	(5,250)
15,344	313	(1,685)	(122)	(61)	(17)	191	14,238
-	20	7	417	-	9,152	700	10,317
-	-	-	-	-	-	-	(105)
(556)	-	-	(211)	(23)	-	(26)	(901)
179	-	(8)	-	-	-	-	108
(5)	13	2	2	-	36	(173)	(1,034)
-	18	-	-	-	-	-	18
694	-	-	-	-	-	(10,417)	(9,710)
-	-	52	-	-	-	-	52
(11,397)	(263)	(210)	(288)	(127)	953	(8,269)	(181,088)
(43)	(1)	(1)	(1)	(1)	(1)	(37)	(619)
(143)	2	(5)	(2)	(3)	53	(97)	(1,675)
-	-	-	-	-	-	-	175
(442)	(15)	14	(9)	7	(1,036)	(96)	(4,577)
31	-	-	-	1	(6)	33	392
-	-	-	-	-	-	-	199
12,070	211	175	274	133	1,474	9,324	162,175
386	9	8	11	6	63	414	4,455
16,638	296	341	(1,585)	532	10,666	(8,288)	(20,237)
\$ 219,155	\$ (6,623)	\$ (425)	\$ (3,089)	\$ (501)	\$ -	\$ 29,554	\$ (164,760)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (854)

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Internal Service Funds

Internal Service Funds account for goods and services provided by state agencies or departments to other state agencies or departments and to other governmental units on a cost-reimbursement basis.

Central Services Fund

This fund accounts for activities to provide various services to state agencies. These services include accounting, budgeting, personnel, mail and shuttle, purchasing, printing, copy center, data center, property development, telecommunications, motor pool, and an insurance fund.

Legal Services Fund

This fund accounts for activities of the Department of Justice Attorney General's office to represent and advise the State's elected and appointed officials, agencies, boards, and commissions.

Banking Services Fund

This fund accounts for activities of the Oregon State Treasury to provide banking, investment, and debt management services to state agencies.

Audit Services Fund

This fund accounts for activities of the Secretary of State, Audits Division, to provide independent auditing services to state agencies.

Forestry Services Fund

This fund accounts for activities of the Department of Forestry to operate an equipment and maintenance pool that provides transportation, heavy equipment, and aircraft support for operating programs and other state agencies.

Health Services Fund

This fund accounts, primarily, for the activities of the Public Employees' Benefit Board, through the Oregon Health Authority, to provide health care benefits and related services for the employees of state agencies.

Other Internal Service Funds

This fund accounts for the sale of goods and services to other governmental units through activities not specifically accounted for in another internal service fund.

Combining Statement of Net Position
Internal Service Funds
June 30, 2022
(In Thousands)

	Central Services	Legal Services	Banking Services
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 159,409	\$ 4,966	\$ 35,614
Cash and Cash Equivalents - Restricted	5,890	-	-
Investments - Restricted	30,817	-	-
Securities Lending Collateral	3,869	29	207
Accounts and Interest Receivable (net)	105,776	19,359	1,133
Due from Other Funds	1,624	1,121	-
Inventories	879	68	-
Prepaid Items	9,272	-	-
Foreclosed and Deeded Property	555	-	-
Total Current Assets	<u>318,090</u>	<u>25,544</u>	<u>36,955</u>
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	91,501	-	-
Advances to Other Funds	241	-	-
Net Contracts, Notes, and Other Receivables	15	1	-
Net OPEB Asset	3,709	2,484	421
Capital Assets:			
Land	13,595	-	-
Buildings, Property, and Equipment	640,271	11,027	16,455
Leased Assets	16,849	41,864	56,375
Construction in Progress	28,981	-	-
Infrastructure	767	-	-
Works of Art and Other Nondepreciable Assets	215	-	-
Less Accumulated Depreciation and Amortization	<u>(389,235)</u>	<u>(11,194)</u>	<u>(3,628)</u>
Total Noncurrent Assets	<u>406,909</u>	<u>44,182</u>	<u>69,624</u>
Total Assets	<u>724,999</u>	<u>69,726</u>	<u>106,578</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	110	-	-
Related to Pensions	41,746	36,377	9,253
Related to OPEB	475	358	72
Total Deferred Outflows of Resources	<u>42,331</u>	<u>36,735</u>	<u>9,326</u>

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ 2,223	\$ 5,633	\$ 450,553	\$ 4,106	\$ 662,504
-	-	-	-	5,890
-	-	-	-	30,817
13	33	2,585	24	6,759
2,476	1,663	7,319	89	137,814
-	-	1,745	-	4,490
-	230	39	8	1,224
52	-	1	39	9,365
-	-	-	-	555
4,764	7,558	462,242	4,265	859,418
-	-	-	-	91,501
-	-	-	-	241
-	-	-	-	16
222	106	3,563	57	10,562
-	-	-	-	13,595
547	29,388	-	8,769	706,457
-	-	8,133	5	123,225
-	180	-	-	29,161
-	-	-	-	767
-	-	-	-	215
(418)	(21,054)	(878)	(6,941)	(433,347)
351	8,620	10,818	1,890	542,393
5,115	16,179	473,060	6,155	1,401,811
-	-	-	-	110
3,545	1,044	54,861	783	147,609
33	12	534	7	1,491
3,578	1,056	55,394	789	149,210

(continued on next page)

**Combining Statement of Net Position
Internal Service Funds
June 30, 2022
(In Thousands)**
(continued from previous page)

	Central Services	Legal Services	Banking Services
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	30,199	1,650	928
Obligations Under Securities Lending	3,869	29	207
Due to Other Funds	18,845	2	-
Unearned Revenue	59,712	-	-
Compensated Absences Payable	6,242	6,205	1,687
Claims and Judgments Payable	59,735	-	-
Deposit Liabilities	788	13	-
Contracts, Mortgages, and Notes Payable	3,152	659	113
Lease Obligations	2,940	4,236	1,451
Bonds/COPs Payable	9,192	-	-
Total Current Liabilities	194,673	12,794	4,386
Noncurrent Liabilities:			
Compensated Absences Payable	3,511	3,490	949
Claims and Judgments Payable	277,272	-	-
Contracts, Mortgages, and Notes Payable	5,247	3,585	617
Lease Obligations	11,230	31,904	53,954
Bonds/COPs Payable	149,813	-	-
Net Pension Liability	67,794	57,620	14,772
Total OPEB Liability	1,856	1,468	338
Total Noncurrent Liabilities	516,723	98,067	70,630
Total Liabilities	711,396	110,861	75,016
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding	139	-	-
Related to Pensions	52,929	44,986	11,533
Related to OPEB	2,727	1,952	379
Total Deferred Inflows of Resources	55,796	46,938	11,911
NET POSITION			
Net Investment in Capital Assets	216,872	5,557	13,797
Restricted for:			
Debt Service	154	-	-
Capital Projects	83,874	-	-
OPEB	3,709	2,484	421
Unrestricted	(304,470)	(59,379)	14,758
Total Net Position	\$ 139	\$ (51,338)	\$ 28,977

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
200	1,487	9,121	105	43,690
13	33	2,585	24	6,759
-	-	17,012	32	35,891
-	-	-	-	59,712
569	141	7,172	115	22,130
-	-	-	-	59,735
-	5	50	-	856
67	20	18	-	4,029
-	-	810	1	9,438
-	-	-	-	9,192
849	1,686	36,768	277	251,433
320	80	4,034	64	12,448
-	-	74,205	-	351,477
366	110	100	-	10,024
-	-	6,558	2	103,649
-	-	-	-	149,813
5,615	1,786	87,950	1,323	236,860
141	52	3,320	26	7,202
6,442	2,028	176,167	1,416	871,473
7,291	3,714	212,935	1,693	1,122,906
-	-	-	-	139
4,384	1,395	68,665	1,033	184,924
180	77	3,225	41	8,581
4,563	1,471	71,890	1,074	193,644
129	8,514	(113)	1,829	246,585
-	-	-	-	154
-	-	-	-	83,874
222	106	3,563	57	10,562
(3,513)	3,429	240,180	2,290	(106,704)
\$ (3,162)	\$ 12,050	\$ 243,629	\$ 4,177	\$ 234,471

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2022
(In Thousands)

	Central Services	Legal Services	Banking Services
OPERATING REVENUES:			
Rebates and Recoveries	\$ 3,163	\$ 11	\$ 7
Charges for Services	343,367	136,426	52,352
Fines, Forfeitures, and Penalties	-	40	-
Rents and Royalties	51,513	-	-
Sales	1,703	10	-
Other	2,015	46	23
Total Operating Revenues	<u>401,761</u>	<u>136,532</u>	<u>52,382</u>
OPERATING EXPENSES:			
Salaries and Wages	112,335	103,285	28,057
Services and Supplies	301,231	10,735	10,602
Special Payments	-	-	-
Lease Interest Expense	735	995	364
Bond and COP Interest	2,437	-	-
Depreciation and Amortization	29,971	3,950	2,165
Total Operating Expenses	<u>446,709</u>	<u>118,964</u>	<u>41,187</u>
Operating Income (Loss)	<u>(44,948)</u>	<u>17,568</u>	<u>11,194</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income (Loss)	(650)	-	-
Gain (Loss) on Disposition of Assets	2,035	-	(745)
Insurance Recovery	375	-	-
Settlement Activities	34	-	-
Loan Interest Income	18	-	-
Other Interest Expense	(280)	(247)	(43)
Other Nonoperating Items	(3)	-	-
Total Nonoperating Revenues (Expenses)	<u>1,528</u>	<u>(247)</u>	<u>(787)</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	(43,420)	17,320	10,407
Transfers from Other Funds	1,584	-	1,695
Transfers to Other Funds	(18,531)	(4,003)	(998)
Change in Net Position	<u>(60,366)</u>	<u>13,318</u>	<u>11,104</u>
Net Position - Beginning	61,042	(64,656)	17,873
Prior Period Adjustments	(537)	-	-
Net Position - Beginning - As Restated	<u>60,505</u>	<u>(64,656)</u>	<u>17,873</u>
Net Position - Ending	<u>\$ 139</u>	<u>\$ (51,338)</u>	<u>\$ 28,977</u>

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ -	\$ -	\$ 36,643	\$ 278	\$ 40,102
18,637	3,633	1,052,300	4,573	1,611,288
-	-	-	-	40
-	4,968	-	-	56,481
-	1,136	-	-	2,848
-	3	21,336	9	23,433
18,637	9,741	1,110,279	4,860	1,734,192
9,467	2,604	149,424	1,738	406,909
1,582	5,422	891,620	1,573	1,222,764
-	-	26,159	-	26,159
-	-	66	-	2,159
-	-	-	-	2,437
46	1,489	878	522	39,021
11,095	9,515	1,068,147	3,833	1,699,450
7,542	226	42,132	1,028	34,742
-	-	2,585	-	1,935
-	136	-	(14)	1,412
-	181	-	11	568
-	-	-	104	138
-	-	-	-	18
(25)	(8)	(7)	-	(610)
-	-	(5)	-	(8)
(25)	310	2,573	101	3,453
7,517	536	44,705	1,129	38,195
-	365	-	-	3,644
(5,358)	(1,096)	(5,420)	(508)	(35,914)
2,159	(195)	39,285	620	5,925
(5,321)	12,245	204,345	3,556	229,084
-	-	-	-	(537)
(5,321)	12,245	204,345	3,556	228,546
\$ (3,162)	\$ 12,050	\$ 243,629	\$ 4,177	\$ 234,471

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022
(In Thousands)**

	Central Services	Legal Services	Banking Services
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 52,316	\$ 64	\$ -
Receipts from Other Funds for Services	376,711	131,707	51,837
Payments to Employees for Services	(114,532)	(105,672)	(28,915)
Payments to Suppliers	(103,520)	(6,537)	(9,690)
Payments to Other Funds for Services	(19,659)	(3,934)	(1,097)
Claims Paid	(84,815)	-	-
Other Receipts (Payments)	32,010	105	6
Net Cash Provided (Used) in Operating Activities	<u>138,512</u>	<u>15,734</u>	<u>12,141</u>
Cash Flows from Noncapital Financing Activities:			
Principal Payments on Loans	(2,505)	(751)	(129)
Interest Payments on Loans	(512)	(247)	(43)
Interest Receipts on Advances Made	9	-	-
Transfers from Other Funds	7,950	-	1,695
Transfers to Other Funds	(113,078)	(4,003)	(998)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>(108,136)</u>	<u>(5,001)</u>	<u>525</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Bond/COP Sales	83,338	-	-
Principal Payments on Leases	(2,678)	(5,724)	(970)
Principal Payments on Bonds/COPs	(6,779)	-	-
Principal Payments on Loans	(2,099)	-	-
Interest Payments on Leases	(735)	(995)	(364)
Interest Payments on Bonds/COPs	(3,157)	-	-
Interest Payments on Loans	(212)	-	-
Bond/COP Issuance Costs	(349)	-	-
Acquisition of Capital Assets	(39,178)	(86)	(1,100)
Proceeds from Disposition of Capital Assets	3,339	-	-
Insurance Recoveries for Capital Assets	378	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>31,868</u>	<u>(6,805)</u>	<u>(2,434)</u>
Cash Flows from Investing Activities:			
Purchases of Investments	(9,000)	-	-
Proceeds from Sales and Maturities of Investments	2,496	-	-
Interest on Investments and Cash Balances	1,577	-	-
Interest Income from Securities Lending	5	-	-
Interest Expense from Securities Lending	(3)	-	-
Net Cash Provided (Used) in Investing Activities	<u>(4,924)</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	57,321	3,928	10,232
Cash and Cash Equivalents - Beginning	199,479	1,039	25,382
Cash and Cash Equivalents - Ending	<u>\$ 256,800</u>	<u>\$ 4,966</u>	<u>\$ 35,614</u>

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ 52,380
17,551	8,896	1,384,940	4,844	1,976,486
(9,965)	(2,622)	(190,588)	(1,544)	(453,837)
(874)	(2,813)	(414,859)	(922)	(539,214)
(722)	(2,290)	(6,946)	(576)	(35,223)
-	-	(742,251)	-	(827,066)
-	5	22,465	10	54,602
5,991	1,176	52,762	1,812	228,128
(77)	(23)	(21)	-	(3,506)
(25)	(8)	(7)	-	(841)
-	-	-	-	9
-	565	-	-	10,211
(5,358)	(1,097)	(5,420)	(509)	(130,462)
(5,460)	(562)	(5,448)	(509)	(124,590)
-	-	-	-	83,338
-	-	(798)	(1)	(10,171)
-	-	-	-	(6,779)
-	-	-	-	(2,099)
-	-	(66)	-	(2,159)
-	-	-	-	(3,157)
-	-	-	-	(212)
-	-	-	-	(349)
-	(3,442)	-	-	(43,806)
-	136	-	14	3,490
-	181	-	11	571
-	(3,124)	(864)	24	18,665
-	-	-	-	(9,000)
-	-	-	-	2,496
-	-	2,576	-	4,153
-	-	9	-	15
-	-	(5)	-	(8)
-	-	2,580	-	(2,344)
531	(2,510)	49,030	1,328	119,860
1,692	8,142	401,523	2,778	640,035
\$ 2,223	\$ 5,633	\$ 450,553	\$ 4,106	\$ 759,895

(continued on next page)

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2022
(In Thousands)

(continued from previous page)

	Central Services	Legal Services	Banking Services
Reconciliation of Operating Income (Loss) to Net Cash Provided			
(Used) by Operating Activities:			
Operating Income (Loss)	\$ (44,948)	\$ 17,568	\$ 11,194
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided			
(Used) by Operating Activities:			
Depreciation and Amortization	29,971	3,950	2,165
Amortization of Bond/COP Premium and Discount	(1,076)	-	-
Noncash Services Received Pursuant to Settlement Activities	34	-	-
Interest Payments Reported as Operating Expense	3,157	995	364
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	1,001	(4,580)	(481)
Due from Other Funds	9,744	183	-
Inventories	(67)	4	-
Prepaid Items	588	-	-
Net Contracts, Notes and Other Receivables	(1)	4	-
Net OPEB Asset	(3,202)	(2,142)	(364)
Accounts and Interest Payable	9,909	414	(153)
Due to Other Funds	119	(338)	-
Unearned Revenue	59,712	-	-
Compensated Absences Payable	243	670	115
Claims and Judgments Payable	71,117	-	-
Deposit Liabilities	552	(3)	-
Contracts, Mortgages, and Notes Payable	465	-	-
Net Pension Liability	(49,282)	(43,153)	(11,582)
Net OPEB Liability	(190)	(165)	(42)
Total OPEB Liability	(442)	(243)	(65)
Net Changes in Deferred Outflows of Resources:			
Loss on Refunding	109	-	-
Related to pensions	(1,367)	(1,744)	(246)
Related to OPEB	140	110	27
Net Changes in Deferred Inflows of Resources:			
Gain on Refunding	(197)	-	-
Related to Pensions	50,596	42,696	10,934
Related to OPEB	1,828	1,508	275
Total Adjustments	183,460	(1,834)	947
Net Cash Provided (Used) by Operating Activities	\$ 138,512	\$ 15,734	\$ 12,141
Noncash Investing and Capital and Related Financing Activities:			
Net Change in Fair Value of Investments	\$ (2,362)	\$ -	\$ -

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ 7,542	\$ 226	\$ 42,132	\$ 1,028	\$ 34,742
46	1,489	878	522	39,021
-	-	-	-	(1,076)
-	-	-	104	138
-	-	66	-	4,582
(1,086)	(845)	367	(6)	(5,631)
-	-	180	-	10,106
-	(14)	(30)	(5)	(111)
(20)	-	(1)	(39)	528
-	-	-	-	3
(186)	(92)	(3,100)	(50)	(9,136)
177	333	(3,202)	(2)	7,476
-	-	2,512	5	2,298
-	-	-	-	59,712
136	6	674	(14)	1,830
-	-	15,809	-	86,926
-	5	946	-	1,500
-	-	-	-	465
(4,872)	(1,328)	(70,562)	(687)	(181,467)
(17)	(5)	(234)	(2)	(654)
(19)	(16)	(469)	(1)	(1,255)
-	-	-	-	109
59	27	(836)	(62)	(4,169)
(50)	4	143	2	375
-	-	-	-	(197)
4,145	1,324	65,064	988	175,747
136	61	2,425	34	6,266
(1,551)	950	10,630	785	193,386
\$ 5,991	\$ 1,176	\$ 52,762	\$ 1,812	\$ 228,128

\$ - \$ - \$ - \$ - \$ (2,362)

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Fiduciary Funds

Combining Pension and Other Employee Benefit Trust Funds

Pension Trust Funds

Pension trust funds account for the transactions, assets, liabilities, and net position held in trust for public employees by the Public Employees Retirement System (PERS) for the payment of retirement, disability, and death benefits to members of the retirement system.

Public Employees Defined Benefit Pension Plan Fund

This fund accounts for the activities of the defined benefit retirement plan for units of state government, political subdivisions, community colleges, and school districts. Also included in this fund are the activities of the defined benefit portion of the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003, as well as inactive PERS members who return to employment following a six-month or greater break in service, participate in the OPSRP pension program. The plan is administered by the Public Employees Retirement Board under Oregon Revised Statutes, Chapter 238, and Section 401(a) of the Internal Revenue Code.

Individual Account Program Defined Contribution Pension Plan Fund

This fund accounts for the activities of the defined contribution portion of the OPSRP. Beginning January 1, 2004, PERS member contributions, account earnings and losses, as well as administrative costs of the plan, are reflected in this fund. The OPSRP is administered by PERS.

Other Employee Benefit Trust Funds

Other employee benefit trust funds account for the transactions, assets, liabilities, and net position held in trust for public employees by PERS for the payment of postemployment healthcare benefits and deferred compensation to members of the retirement system.

Retirement Health Insurance Account (RHIA) OPEB Plan Fund

This fund accounts for the activities of the RHIA cost-sharing, multiple-employer other postemployment benefit (OPEB) plan administered by PERS for units of state government, political subdivisions, community colleges, and school districts. The RHIA is a defined benefit OPEB plan established pursuant to section 401(h) of the Internal Revenue Code. The plan authorizes a payment of up to \$60 towards the monthly cost of health insurance for eligible PERS members participating in PERS-sponsored health insurance plans. Employer contributions, investment income, healthcare premium subsidy payments, and administrative costs are accounted for within this fund.

Retiree Health Insurance Premium Account (RHIPA) OPEB Plan Fund

This fund accounts for the activities of the RHIPA single-employer OPEB plan administered by PERS. The RHIPA is a defined benefit OPEB plan established pursuant to Section 401(h) of the Internal Revenue Code. The plan authorizes payment to eligible retired state employees of the average difference between the health insurance premiums paid by retirees under contracts entered into by the PERS Board and health insurance premiums paid by state employees who are not retired. Employer contributions, investment income, healthcare premium subsidy payments, and administrative costs are accounted for within this fund.

Deferred Compensation Plan Fund

This fund accounts for the activities of the Oregon Savings Growth Plan, an Internal Revenue Code Section 457 deferred compensation plan, offered to employees of the State and administered by PERS.

**Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2022
(In Thousands)**

	Pension Trust Funds	
	Public Employees Defined Benefit Pension Plan	Individual Account Program Defined Contribution Pension Plan
ASSETS		
Cash and Cash Equivalents	\$ 4,022,204	\$ 806,168
Investments:		
Fixed Income	15,547,742	3,038,350
Public Equity	18,041,657	3,473,806
Real Estate and Real Estate Investment Trusts	12,028,716	1,337,655
Private Equity	21,932,889	2,439,050
Real Assets	6,684,489	743,350
Diversifying Strategies	4,631,886	515,090
Opportunity Portfolio	2,005,686	223,043
Total Investments	<u>80,873,065</u>	<u>11,770,343</u>
Securities Lending Collateral	408,623	46,016
Receivables:		
Employer Contributions	45,254	-
Plan Member Contributions	-	27,901
Interest and Dividends	138,121	15,360
Member Loans	-	-
Investment Sales	2,901,277	321,861
Transitional Liability	305,741	-
From Other Funds	23,165	12
Leases	242	-
Total Receivables	<u>3,413,801</u>	<u>365,134</u>
Prepaid Items	10,120	936
Capital Assets (net of \$35,874 accumulated depreciation and amortization):		
Land	944	-
Buildings, Property, and Equipment	19,501	156
Leased Assets	429	-
Total Assets	<u>88,748,687</u>	<u>12,988,752</u>
LIABILITIES		
Accounts and Interest Payable	4,528,482	450,715
Obligations Under Securities Lending	408,711	46,026
Due to Other Funds	8,230	14,497
Deposit Liabilities	32,981	31,829
Lease Obligations	488	-
Total Liabilities	<u>4,978,893</u>	<u>543,067</u>
DEFERRED INFLOWS OF RESOURCES		
Leases Receivable	241	-
Total Deferred Inflows of Resources	<u>241</u>	<u>-</u>
NET POSITION		
Restricted for Pension Benefits	83,769,553	12,445,686
Restricted for Other Postemployment Benefits	-	-
Restricted for Other Employee Benefits	-	-
Total Net Position	<u>\$ 83,769,553</u>	<u>\$ 12,445,686</u>

State of Oregon

Other Employee Benefit Trust Funds

Other Postemployment Benefits				
Retirement Health Insurance Account OPEB Plan	Retiree Health Insurance Premium Account OPEB Plan	Deferred Compensation Plan	Total	
\$ 29,305	\$ 3,911	\$ 10,275	\$	4,871,863
137,757	15,448	462,003		19,201,300
157,243	17,633	2,024,723		23,715,061
106,577	11,951	-		13,484,899
194,331	21,792	-		24,588,062
59,226	6,641	-		7,493,706
41,040	4,602	-		5,192,617
17,771	1,993	-		2,248,492
<u>713,945</u>	<u>80,059</u>	<u>2,486,727</u>		<u>95,924,139</u>
3,610	406	2		458,657
1,691	541	-		47,486
-	-	-		27,901
1,224	137	582		155,423
-	-	13,355		13,355
25,612	2,889	-		3,251,639
-	-	-		305,741
-	-	-		23,177
-	-	-		242
<u>28,527</u>	<u>3,567</u>	<u>13,936</u>		<u>3,824,966</u>
75	8	-		11,138
-	-	-		944
-	-	-		19,657
-	-	-		429
<u>775,461</u>	<u>87,952</u>	<u>2,510,940</u>		<u>105,111,793</u>
38,421	4,023	5,071		5,026,712
3,611	406	2		458,756
73	79	179		23,058
2,658	116	-		67,584
-	-	-		488
<u>44,762</u>	<u>4,624</u>	<u>5,252</u>		<u>5,576,597</u>
-	-	-		241
-	-	-		241
-	-	-		96,215,239
730,700	83,328	-		814,027
-	-	2,505,688		2,505,688
<u>\$ 730,700</u>	<u>\$ 83,328</u>	<u>\$ 2,505,688</u>	<u>\$</u>	<u>\$ 99,534,954</u>

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2022
(In Thousands)**

	Pension Trust Funds	
	Public Employees Defined Benefit Pension Plan	Individual Account Program Defined Contribution Pension Plan
ADDITIONS		
Contributions:		
Employer	\$ 4,030,159	\$ -
Plan Members	160,098	630,155
Total Contributions	<u>4,190,256</u>	<u>630,155</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	103,479	(299,545)
Interest, Dividends, and Other Investment Income	1,957,171	221,711
Total Investment Income	<u>2,060,651</u>	<u>(77,834)</u>
Less Investment Expense	1,277,293	148,434
Net Investment Income	<u>783,358</u>	<u>(226,268)</u>
Other Income	6,427	7,661
Total Additions	<u>4,980,041</u>	<u>411,548</u>
DEDUCTIONS		
Benefits	5,462,483	744,713
Death Benefits	5,732	-
Contributions Refunded	14,893	-
Healthcare Premium Subsidies	-	-
Administrative Expenses	58,696	12,158
Total Deductions	<u>5,541,805</u>	<u>756,871</u>
Change in Net Position:		
Restricted for Pension Benefits	(561,764)	(345,323)
Restricted for Other Postemployment Benefits	-	-
Restricted for Other Employee Benefits	-	-
Net Position - Beginning	<u>84,331,316</u>	<u>12,791,009</u>
Net Position - Ending	<u>\$ 83,769,553</u>	<u>\$ 12,445,686</u>

State of Oregon

Other Employee Benefit Trust Funds

Other Postemployment Benefits

Retirement Health Insurance Account OPEB Plan	Retiree Health Insurance Premium Account OPEB Plan	Deferred Compensation Plan	Total
\$ 2,459	\$ 8,265	\$ -	\$ 4,040,882
-	-	195,637	985,891
2,459	8,265	195,637	5,026,773
1,493	114	(353,056)	(547,515)
17,433	1,873	8,370	2,206,558
18,925	1,987	(344,686)	1,659,043
11,379	1,222	6,475	1,444,803
7,547	765	(351,161)	214,240
-	-	2,297	16,385
10,005	9,030	(153,227)	5,257,397
-	-	161,003	6,368,199
-	-	-	5,732
-	-	-	14,893
30,609	3,432	-	34,041
1,604	666	1,835	74,959
32,213	4,098	162,838	6,497,825
-	-	-	(907,086)
(22,208)	4,932	-	(17,276)
-	-	(316,065)	(316,065)
752,908	78,396	2,821,753	100,775,382
\$ 730,700	\$ 83,328	\$ 2,505,688	\$ 99,534,954

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Fiduciary Funds

Combining Custodial Funds - External Investment Pools

External investment funds account for the portion of cash and investment pools managed by the Oregon State Treasury belonging to entities other than the State.

Short Term Investment Fund

This fund accounts for the portion of the Oregon Short Term Fund (OSTF) belonging to entities other than the State. The OSTF is a cash and investment pool, managed by the Oregon State Treasury, which is available for use by all funds and local governments. Oregon reports the State's portion of this pool within the funds of the State.

Intermediate Term Investment Fund

This fund accounts for the portion of the Oregon Intermediate Term Pool (OITP) belonging to entities other than the State. The OITP is an intermediate term fixed income investment vehicle managed by the Oregon State Treasury, participants include several state agencies, some discretely presented component units, and one non-agency entity, the latter of which was liquidated during the current year. State agencies have the opportunity to participate in the OITP subject to application requiring evidence of statutory authority to invest in the OITP and subsequent approval by the Oregon State Treasury. Oregon reports the State's portion of this pool within the funds of the State.

Local Government Intermediate Investment Fund

This fund accounts for the portion of the Oregon Local Government Intermediate Fund (OLGIF) belonging to entities other than the State. The OLGIF is an intermediate term fixed income investment vehicle managed by the Oregon State Treasury, participants include OSTF and several local governments. The State does not participate directly in this pool.

State of Oregon

**Combining Statement of Fiduciary Net Position
Custodial Funds - External Investment Pools
June 30, 2022
(In Thousands)**

	Short Term Investment	Intermediate Term Investment	Local Government Intermediate Investment	Elimination for Consolidation	Total
ASSETS					
Cash and Cash Equivalents	\$ 9,331,301	\$ -	\$ 3,444	\$ -	\$ 9,334,745
Investments:					
Fixed Income	-	-	230,708	(211,781)	18,927
Total Investments	-	-	230,708	(211,781)	18,927
Securities Lending Collateral	46,075	-	854	-	46,929
Receivables:					
Interest and Dividends	18,607	-	1,140	-	19,747
Investment Sales	-	-	1,714	-	1,714
Accounts	6,681	-	-	-	6,681
Loans	1,022	-	-	-	1,022
Total Receivables	26,310	-	2,854	-	29,164
Total Assets	9,403,686	-	237,860	(211,781)	9,429,765
LIABILITIES					
Accounts and Interest Payable	67,563	-	3,143	-	70,706
Obligations Under Securities Lending	46,123	-	855	-	46,978
Total Liabilities	113,686	-	3,998	-	117,684
NET POSITION					
Amount Held for Pool Participants	9,290,000	-	233,862	(211,781)	9,312,081
Total Net Position	\$ 9,290,000	\$ -	\$ 233,862	\$ (211,781)	\$ 9,312,081

State of Oregon

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds - External Investment Pools
For the Year Ended June 30, 2022
(In Thousands)**

	Short Term Investment	Intermediate Term Investment	Local Government Intermediate Investment	Elimination for Consolidation	Total
ADDITIONS					
Investment Income:					
Net Appreciation (Depreciation) in Fair Value of Investments	\$ (147,871)	\$ (2,956)	\$ (16,843)	\$ -	\$ (167,670)
Interest, Dividends, and Other Investment Income	66,640	736	3,679	-	71,055
Total Investment Income	(81,231)	(2,220)	(13,164)	-	(96,615)
Less Investment Expense	7,087	22	315	-	7,424
Net Investment Income	(88,318)	(2,242)	(13,479)	-	(104,039)
Share Transactions:					
Participant Contributions	23,988,606	-	-	-	23,988,606
Participant Withdrawals	23,689,025	35,522	2,000	-	23,726,547
Net Share Transactions	299,581	(35,522)	(2,000)	-	262,059
Total Additions	211,263	(37,764)	(15,479)	-	158,020
DEDUCTIONS					
Distribution to Participants	60,941	-	-	(14,466)	46,475
Total Deductions	60,941	-	-	(14,466)	46,475
Change in Net Position:					
Amount Held for Pool Participants	150,322	(37,764)	(15,479)	14,466	111,545
Net Position - Beginning	9,139,678	37,764	249,341	(226,247)	9,200,536
Net Position - Ending	\$ 9,290,000	\$ -	\$ 233,862	\$ (211,781)	\$ 9,312,081

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Nonmajor Discretely Presented Component Units

Component units are legally separate entities for which the primary government is financially accountable or entities that warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government. The State reports discretely presented component units in a separate column in the government-wide financial statements to emphasize they are legally separate from the State.

Oregon Health and Science University

The Oregon Health and Science University (OHSU) is a governmental entity performing governmental functions and exercising governmental powers. OHSU is an independent public corporation governed by a board of directors appointed by the Governor and confirmed by the Senate. As an academic health center, OHSU provides education and training to healthcare professionals, conducts biomedical research, and provides patient care and public service. It is financed primarily through patient service fees, government grants and contracts, tuition charges, and other incidental fees. OHSU also receives General Fund moneys from the State. OHSU uses proprietary fund accounting principles.

Western Oregon University, Southern Oregon University, Eastern Oregon University, and the Oregon Institute of Technology

Pursuant to Senate Bill (SB) 270, passed by the Oregon Legislature during fiscal year 2013, Western Oregon University (WOU), Southern Oregon University (SOU), Eastern Oregon University (EOU), and Oregon Institute of Technology (OIT) are each an independent public body legally separate from the State as of July 1, 2015. These four universities join University of Oregon (UO), Oregon State University (OSU), and Portland State University (PSU) which became independent public bodies legally separate from the State the year before. Each university is governed by a citizen board appointed by the Governor. The universities are primarily financed through student tuition and fees, sales and services of auxiliary enterprises, and federal, state, and local grants and contracts. The financial information presented for the universities include the related university's foundation. These universities also receive General Fund moneys from the State and use proprietary fund accounting principles.

State Fair Council

The State Fair Council is a newly formed independent public corporation, charged with creating a new, sustainable business model for the Oregon State Fair and Exposition Center that can capitalize on sponsorships, rapidly changing market conditions, and streamlined contracting and employment practices. The State Fair Council is a governmental entity performing governmental functions and exercising governmental powers. The Governor appoints members of the Council, and may remove them at will. It is financed primarily through fees for renting the fairground property and facilities and operating the annual Oregon State Fair.

State of Oregon

Combining Statement of Net Position
 Nonmajor Discretely Presented Component Units
 June 30, 2022
 (In Thousands)

	Oregon Health and Science University	Western Oregon University	Southern Oregon University
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 334,819	\$ 10,535	\$ 4,353
Cash and Cash Equivalents - Restricted	43,338	6,690	2,813
Investments	28,635	-	-
Securities Lending Collateral	-	258	146
Accounts and Interest Receivable (net)	661,019	7,742	13,152
Pledges, Contributions, and Grants Receivable (net)	121,490	932	612
Due from Primary Government	39,658	2,876	966
Inventories	69,152	1,295	444
Prepaid Items	36,605	651	267
Leases Receivable	-	-	81
Total Current Assets	<u>1,334,716</u>	<u>30,979</u>	<u>22,833</u>
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	2,363
Cash and Cash Equivalents - Restricted	-	-	251
Investments	1,744,200	43,052	9,733
Investments - Restricted	1,287,543	-	40,452
Net Contracts, Notes, and Other Receivables	33,500	1,239	2,946
Leases Receivable	-	-	1,468
Pledges, Contributions, and Grants Receivable (net)	174,981	-	915
Net OPEB Asset	10,070	953	1,016
Other Assets	22,700	261	-
Capital Assets:			
Land	92,880	5,720	5,792
Buildings, Property, and Equipment	4,346,730	231,044	238,645
Leased Assets	88,047	90	3,057
Construction in Progress	159,536	-	6,511
Infrastructure	-	7,226	3,038
Works of Art and Other Nondepreciable Assets	-	704	4,241
Less Accumulated Depreciation and Amortization	<u>(2,443,773)</u>	<u>(117,487)</u>	<u>(122,600)</u>
Total Noncurrent Assets	<u>5,516,414</u>	<u>172,802</u>	<u>197,829</u>
Total Assets	<u>6,851,130</u>	<u>203,781</u>	<u>220,662</u>
DEFERRED OUTFLOWS OF RESOURCES			
Hedging Derivatives	4,843	-	-
Goodwill	261	-	-
Loss on Refunding	29,835	-	-
Related to Pensions	174,512	14,503	11,094
Related to OPEB	9,253	167	236
Total Deferred Outflows of Resources	<u>218,704</u>	<u>14,670</u>	<u>11,330</u>

State of Oregon

Eastern Oregon University	Oregon Institute of Technology	State Fair Council	Total
\$ 13,439	\$ 9,219	\$ 5,122	\$ 377,487
2,887	4,528	-	60,256
-	-	-	28,635
207	218	-	829
5,685	12,674	3	700,275
1,124	-	-	124,158
2,509	13,715	-	59,724
7	146	-	71,044
56	1,792	3	39,374
867	853	-	1,801
<u>26,781</u>	<u>43,145</u>	<u>5,127</u>	<u>1,463,583</u>
-	581	-	2,944
970	3,052	-	4,273
14,181	11,394	-	1,822,560
19,110	43,946	-	1,391,051
1	1,041	-	38,727
1,944	1,004	-	4,416
-	2,940	-	178,836
540	378	-	12,957
-	362	-	23,323
3,127	6,250	-	113,769
150,872	221,171	2,237	5,190,699
333	2,474	-	94,001
10,593	14,972	-	191,612
5,447	31,397	-	47,108
337	1,761	40	7,083
<u>(85,964)</u>	<u>(107,764)</u>	<u>(629)</u>	<u>(2,878,217)</u>
<u>121,491</u>	<u>234,960</u>	<u>1,648</u>	<u>6,245,143</u>
<u>148,272</u>	<u>278,105</u>	<u>6,775</u>	<u>7,708,725</u>
-	-	-	4,843
-	-	-	261
-	-	-	29,835
9,428	9,149	-	218,686
158	167	-	9,981
<u>9,586</u>	<u>9,316</u>	<u>-</u>	<u>263,606</u>

(continued on next page)

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2022
(In Thousands)
(continued from previous page)

	Oregon Health and Science University	Western Oregon University	Southern Oregon University
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	380,016	7,445	4,739
Obligations Under Securities Lending	-	258	146
Obligations Under Life Income Agreements	-	-	-
Due to Primary Government	11,663	3,690	1,639
Unearned Revenue	132,847	3,543	3,435
Compensated Absences Payable	78,135	1,829	2,375
Reserve for Loss and Loss Adjustment Expense	47,549	-	-
Deposit Liabilities	-	223	195
Contracts, Mortgages, and Notes Payable	-	482	587
Lease Obligations	22,580	8	648
Bonds/COPs Payable	24,825	-	-
Total Current Liabilities	697,615	17,478	13,765
Noncurrent Liabilities:			
Obligations Under Life Income Agreements	20,111	-	217
Compensated Absences Payable	-	423	196
Reserve for Loss and Loss Adjustment Expense	55,848	-	-
Contracts, Mortgages, and Notes Payable	49,330	2,638	2,609
Lease Obligations	65,467	82	1,263
Bonds/COPs Payable	1,293,627	-	-
Net Pension Liability	335,635	23,369	19,313
Advances from Primary Government	24,421	42,868	38,527
Net OPEB Liability	-	-	1,204
Total OPEB Liability	-	1,286	-
Total Noncurrent Liabilities	1,844,439	70,666	63,329
Total Liabilities	2,542,054	88,144	77,093
DEFERRED INFLOWS OF RESOURCES			
Leases Receivable	1,538	-	2,013
Gain on Refunding	1,056	-	-
Life income agreements and Pending Funds	192,363	-	-
Related to Pensions	278,368	18,246	21,133
Related to OPEB	6,396	1,118	1,223
Total Deferred Inflows of Resources	479,721	19,364	24,370
Net Position			
Net Investment in Capital Assets	1,205,762	81,779	96,453
Restricted-Nonexpendable	323,982	18,563	29,279
Restricted for:			
Education	717,832	6,557	12,125
Debt Service	-	86	264
Capital Projects	-	-	394
OPEB	10,070	953	1,016
Unrestricted	1,790,413	3,005	(9,001)
Total Net Position	\$ 4,048,059	\$ 110,943	\$ 130,529

State of Oregon

Eastern Oregon University	Oregon Institute of Technology	State Fair Council	Total
7,908	11,056	113	411,277
207	219	-	830
-	19	-	19
1,513	3,947	-	22,452
2,866	4,026	291	147,008
1,448	1,604	-	85,391
-	-	-	47,549
223	275	-	916
188	295	-	1,552
60	444	-	23,740
-	-	-	24,825
<u>14,413</u>	<u>21,885</u>	<u>403</u>	<u>765,559</u>
-	-	-	20,328
55	711	-	1,385
-	-	-	55,848
1,025	1,477	-	57,079
83	827	-	67,722
-	-	-	1,293,627
15,320	14,420	-	408,057
15,874	36,530	-	158,220
843	982	-	3,029
-	-	-	1,286
<u>33,200</u>	<u>54,947</u>	<u>-</u>	<u>2,066,581</u>
<u>47,613</u>	<u>76,832</u>	<u>403</u>	<u>2,832,140</u>
2,683	1,778	-	8,012
-	-	-	1,056
-	-	-	192,363
12,123	12,269	-	342,139
702	737	-	10,176
<u>15,508</u>	<u>14,784</u>	<u>-</u>	<u>553,746</u>
66,289	130,609	1,648	1,582,540
11,927	-	-	383,751
10,043	30,773	-	777,330
172	4	-	526
168	8,041	8	8,611
540	378	-	12,957
5,598	26,000	4,716	1,820,731
<u>\$ 94,737</u>	<u>\$ 195,805</u>	<u>\$ 6,372</u>	<u>\$ 4,586,446</u>

State of Oregon

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Discretely Presented Component Units
For the Year Ended June 30, 2022
(In Thousands)**

	Oregon Health and Science University	Western Oregon University	Southern Oregon University
Operating Revenues:			
Federal Revenue	\$ 398,313	\$ 7,391	\$ 1,467
Charges for Services	3,188,236	24,380	26,205
Rents and Royalties	-	-	-
Sales	-	15,477	13,086
Gifts, Grants, and Contracts	384,371	4,899	12,301
Other Revenues	396,339	3,209	977
Total Operating Revenues	<u>4,367,259</u>	<u>55,356</u>	<u>54,035</u>
Operating Expenses:			
Salaries and Wages	2,602,905	68,895	61,529
Services and Supplies	1,591,613	20,980	19,339
Depreciation and Amortization	208,067	6,075	5,428
Special Payments	43,131	15,459	9,818
Interest	45,958	-	-
Total Operating Expenses	<u>4,491,674</u>	<u>111,409</u>	<u>96,114</u>
Operating Income (Loss)	<u>(124,415)</u>	<u>(56,053)</u>	<u>(42,078)</u>
Nonoperating Revenues (Expenses):			
Investment Income	(141,090)	(3,892)	(6,698)
State Appropriations	41,240	32,686	27,649
Other Grants	33,514	26,671	19,966
Gain/(Loss) on Disposition of Assets	(2,044)	(101)	960
Lease Interest Expense	-	-	(35)
Other Interest Expense	-	(1,847)	(1,341)
Other	43,440	(43)	404
Total Nonoperating Revenues (Expenses)	<u>(24,940)</u>	<u>53,474</u>	<u>40,904</u>
Income (Loss) Before Capital Contributions	<u>(149,355)</u>	<u>(2,579)</u>	<u>(1,174)</u>
Capital Contributions	4,902	7	2,462
Change in Net Position	<u>(144,453)</u>	<u>(2,572)</u>	<u>1,288</u>
Net Position - Beginning	4,192,006	113,515	129,232
Cumulative Effect of Change in Accounting Principles	506	-	9
Net Position - Beginning - As Restated	<u>4,192,512</u>	<u>113,515</u>	<u>129,241</u>
Net Position - Ending	<u>\$ 4,048,059</u>	<u>\$ 110,943</u>	<u>\$ 130,529</u>

State of Oregon

Eastern Oregon University	Oregon Institute of Technology	State Fair Council	Total
\$ 3,362	\$ 773	\$ -	\$ 411,306
19,089	27,303	-	3,285,213
-	-	846	846
6,055	13,802	5,994	54,414
6,669	12,176	-	420,416
919	507	304	402,255
<u>36,094</u>	<u>54,561</u>	<u>7,144</u>	<u>4,574,449</u>
41,540	54,527	625	2,830,021
16,212	22,342	5,645	1,676,131
4,757	9,865	177	234,369
5,413	7,650	-	81,471
-	-	-	45,958
<u>67,923</u>	<u>94,384</u>	<u>6,448</u>	<u>4,867,953</u>
<u>(31,828)</u>	<u>(39,823)</u>	<u>696</u>	<u>(293,502)</u>
(62)	(5,466)	19	(157,189)
24,225	38,836	-	164,636
10,124	17,384	-	107,659
10	-	-	(1,175)
(5)	-	-	(40)
(729)	(1,219)	-	(5,136)
(1,417)	(1,349)	-	41,035
<u>32,146</u>	<u>48,187</u>	<u>19</u>	<u>149,790</u>
317	8,363	715	(143,713)
7,851	23,649	286	39,157
<u>8,168</u>	<u>32,012</u>	<u>1,001</u>	<u>(104,556)</u>
86,569	163,793	5,372	4,690,487
-	-	-	515
<u>86,569</u>	<u>163,793</u>	<u>5,372</u>	<u>4,691,002</u>
\$ 94,737	\$ 195,805	\$ 6,372	\$ 4,586,446

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Statistical Section

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Statistical Section Index

This part of the State of Oregon's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.

Schedule 1	Net Position by Component
Schedule 2	Changes in Net Position
Schedule 3	Fund Balance – Governmental Funds
Schedule 4	Changes in Fund Balance – Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the State's most significant revenue source, personal income taxes.

Schedule 5	Personal Income by Industry
Schedule 6	Personal Income Tax Rates
Schedule 7	Personal Income Tax Filers and Tax Liability by Income Level

Debt Capacity

These schedules present information concerning the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule 8	Outstanding Debt by Type
Schedule 9	Ratios of Net General Bonded Debt Outstanding
Schedule 10	Legal Debt Margin Calculation
Schedule 11	Legal Debt Margin Information
Schedule 12	Pledged Revenues

Demographic and Economic Information

These schedules provide demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule 13	Demographic and Economic Indicators
Schedule 14	Employment by Industry

Operating Information

These schedules present operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule 15	Government Employees
Schedule 16	Operating Indicators and Capital Asset Information by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

Schedule 1
NET POSITION BY COMPONENT
 Last Ten Fiscal Years (In Thousands)
 (Accrual Basis of Accounting)

	2013	2014	2015	2016
Governmental Activities				
Net Investment in Capital Assets	\$ 10,636,687	\$ 9,982,055	\$11,116,322	\$ 9,563,039
Restricted	2,794,989	3,494,851	3,812,040	4,052,223
Unrestricted	(1,488,172)	(1,077,265)	(3,243,523)	(2,937,300)
Total Governmental Activities Net Position	\$ 11,943,504	\$12,399,641	\$11,684,839	\$10,677,962
Business-type Activities				
Net Investment in Capital Assets	\$ 1,383,562	\$ 1,443,136	\$ 633,944	\$ 612,107
Restricted	549,486	578,740	311,509	222,398
Unrestricted	3,084,564	3,613,692	3,205,302	4,233,276
Total Business-type Activities Net Position	\$ 5,017,612	\$ 5,635,568	\$ 4,150,755	\$ 5,067,782
Primary Government				
Net Investment in Capital Assets	\$ 12,020,249	\$11,425,191	\$11,750,266	\$10,175,146
Restricted	3,344,475	4,073,591	4,123,549	4,274,621
Unrestricted	1,596,392	2,536,427	(38,221)	1,295,976
Total Primary Government Net Position	\$ 16,961,116	\$18,035,209	\$15,835,594	\$15,745,743

State of Oregon

2017	2018	2019	2020	2021	2022
\$ 9,694,241	\$ 9,981,128	\$10,980,266	\$ 11,343,771	\$ 11,902,923	\$ 12,129,260
4,316,623	5,054,204	4,882,727	5,396,688	5,541,452	6,360,375
(2,482,259)	(2,466,140)	(1,524,443)	(2,325,782)	(32,275)	2,956,142
<u>\$11,528,605</u>	<u>\$12,569,192</u>	<u>\$14,338,550</u>	<u>\$ 14,414,675</u>	<u>\$ 17,412,100</u>	<u>\$ 21,445,777</u>
\$ 610,616	\$ 583,878	\$ 547,653	\$ 524,170	\$ 542,048	\$ 544,117
215,772	216,041	224,778	233,786	232,492	233,536
4,763,302	5,325,538	5,965,305	5,467,513	5,286,486	6,348,230
<u>\$ 5,589,690</u>	<u>\$ 6,125,457</u>	<u>\$ 6,737,736</u>	<u>\$ 6,225,468</u>	<u>\$ 6,061,025</u>	<u>\$ 7,125,882</u>
\$10,304,857	\$10,565,006	\$11,133,063	\$ 11,489,028	\$ 12,084,721	\$ 12,329,175
4,532,395	5,270,245	5,235,707	5,886,848	5,876,493	6,936,303
2,281,043	2,859,398	4,707,517	3,264,267	5,511,912	9,306,181
<u>\$17,118,295</u>	<u>\$18,694,649</u>	<u>\$21,076,287</u>	<u>\$ 20,640,143</u>	<u>\$ 23,473,125</u>	<u>\$ 28,571,659</u>

Schedule 2
CHANGES IN NET POSITION
Last Ten Fiscal Years (In Thousands)
(Accrual Basis of Accounting)

	2013	2014	2015	2016
Expenses				
Governmental activities:				
Education	\$ 3,883,592	\$ 4,420,704	\$ 4,693,469	\$ 5,588,674
Human Services	8,459,678	9,880,251	11,556,800	12,516,784
Public Safety	1,256,086	1,300,085	1,179,299	1,683,095
Economic and Community Development	423,191	385,464	375,497	444,564
Natural Resources	637,929	724,185	661,438	845,601
Transportation	1,407,506	1,555,822	1,437,587	1,614,231
Consumer and Business Services	403,725	283,039	204,614	364,373
Administration	305,791	404,182	684,677	450,111
Legislative	40,828	37,234	39,621	48,293
Judicial	311,401	340,313	331,253	455,749
Interest on Long-term Debt	331,531	347,010	321,032	403,769
Total governmental activities expenses	17,461,258	19,678,289	21,485,287	24,415,243
Business-type activities:				
Housing and Community Services	67,918	56,473	49,422	48,060
Veterans' Loan	-	-	-	18,531
Lottery Operations	494,337	493,652	522,185	595,692
Unemployment Compensation	1,236,639	831,914	573,992	547,309
University System	2,412,100	2,505,392	351,959	-
State Hospitals	253,960	278,804	269,549	399,766
Liquor Control	367,141	384,491	400,683	424,939
Other Business-type Activities	324,463	306,212	362,326	315,720
Total business-type activities expenses	5,156,558	4,856,938	2,530,116	2,350,017
Total primary government expenses	\$ 22,617,816	\$ 24,535,227	\$ 24,015,403	\$ 26,765,260
Program Revenues				
Governmental activities:				
Charges for Services:				
Human Services	\$ 639,524	\$ 615,829	\$ 581,530	\$ 711,764
Public Safety	59,551	85,549	67,756	80,479
Natural Resources	301,196	335,198	337,857	394,169
Transportation	147,234	171,154	161,937	163,195
Consumer and Business Services	124,698	126,482	114,971	143,591
Administration	91,626	92,358	130,508	179,412
Judicial	197,966	33,722	131,951	154,534
Other governmental activities	63,009	44,347	87,253	78,511
Operating Grants and Contributions	7,816,666	9,055,464	10,371,663	10,797,377
Capital Grants and Contributions	30,663	17,766	17,615	18,426
Total governmental activities program revenues	9,472,133	10,577,869	12,003,041	12,721,458

State of Oregon

	2017	2018	2019	2020	2021	2022
\$	5,722,672	\$ 6,272,580	\$ 6,418,578	\$ 6,914,415	\$ 7,614,399	\$ 8,671,042
	12,446,233	12,912,779	13,745,007	15,017,603	17,401,755	20,868,785
	1,604,349	1,659,150	1,711,657	1,844,670	2,000,090	1,940,672
	477,674	527,649	604,380	654,791	1,706,086	1,402,727
	800,960	842,882	970,404	896,949	1,045,119	1,061,719
	1,667,739	1,660,362	1,887,748	1,949,483	2,266,246	2,424,731
	260,420	298,499	394,611	443,364	520,979	427,194
	410,692	387,319	370,025	552,258	992,498	879,135
	49,497	49,415	59,681	61,859	81,095	69,927
	433,325	456,707	510,105	566,009	532,840	553,674
	427,671	430,169	413,532	396,486	346,208	355,041
	<u>24,301,233</u>	<u>25,497,511</u>	<u>27,085,729</u>	<u>29,297,887</u>	<u>34,507,315</u>	<u>38,654,647</u>
	42,246	42,904	50,329	51,654	44,139	47,157
	18,058	19,231	19,604	20,618	16,609	16,550
	578,629	608,499	637,164	587,551	659,109	701,809
	528,851	521,071	524,641	4,670,860	5,409,212	1,320,191
	-	-	-	-	-	-
	408,488	422,663	440,355	500,839	509,919	490,836
	447,266	471,783	498,114	551,281	596,099	641,800
	266,455	281,383	209,950	163,340	160,127	171,419
	<u>2,289,995</u>	<u>2,367,534</u>	<u>2,380,156</u>	<u>6,546,142</u>	<u>7,395,215</u>	<u>3,389,761</u>
\$	<u>26,591,224</u>	<u>27,865,045</u>	<u>29,465,886</u>	<u>35,844,029</u>	<u>41,902,530</u>	<u>42,044,408</u>
\$	688,009	\$ 738,454	\$ 1,002,665	\$ 1,030,658	\$ 1,043,398	\$ 1,228,724
	131,406	85,772	77,101	84,448	75,454	66,958
	369,685	454,784	419,569	444,480	459,367	528,976
	159,842	183,907	153,641	150,920	175,544	197,000
	113,061	220,486	162,871	149,379	153,803	169,552
	151,025	171,603	171,960	191,361	173,782	215,202
	145,933	167,027	140,372	199,856	124,318	136,135
	96,994	105,995	127,474	114,700	146,731	193,063
	10,801,215	11,096,213	11,620,564	12,764,628	16,770,671	20,178,895
	11,153	18,684	8,639	19,608	27,604	22,294
	<u>12,668,324</u>	<u>13,242,925</u>	<u>13,884,856</u>	<u>15,150,038</u>	<u>19,150,671</u>	<u>22,936,799</u>

(continued on next page)

Schedule 2
CHANGES IN NET POSITION
Last Ten Fiscal Years (In Thousands)
(Accrual Basis of Accounting)
(continued from previous page)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Business-type activities:				
Charges for Services:				
Lottery Operations	1,069,064	1,052,945	1,117,175	1,229,979
Unemployment Compensation	1,092,890	1,064,234	1,009,913	952,114
University System	1,438,948	1,527,836	156,824	-
Liquor Control	502,919	524,218	550,405	577,662
Other Business-type Activities	452,345	428,344	475,414	426,497
Operating Grants and Contributions	1,139,888	851,199	181,961	131,900
Capital Grants and Contributions	60,048	158,927	7,584	540
Total business-type activities program revenues	<u>5,756,102</u>	<u>5,607,703</u>	<u>3,499,276</u>	<u>3,318,692</u>
Total primary government program revenues	\$ 15,228,235	\$ 16,185,572	\$ 15,502,317	\$ 16,040,150
Net (Expense)/Revenue				
Governmental activities	\$ (7,989,125)	\$ (9,100,420)	\$ (9,482,246)	\$ (11,693,785)
Business-type activities	599,544	750,765	969,160	968,675
Total primary government net expense	\$ (7,389,581)	\$ (8,349,655)	\$ (8,513,086)	\$ (10,725,110)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Personal Income Taxes	\$ 6,320,497	\$ 6,596,708	\$ 7,292,582	\$ 7,611,745
Corporate Income Taxes	463,012	506,889	595,327	633,871
Corporate Activity Taxes	N/A	N/A	N/A	N/A
Tobacco Taxes	254,483	260,882	266,831	270,199
Healthcare Provider Taxes	414,267	485,584	569,831	607,485
Inheritance Taxes	99,318	N/A	N/A	N/A
Public Utilities Taxes	85,781	N/A	N/A	N/A
Insurance Premium Taxes	103,251	85,196	58,193	65,903
Marijuana Taxes	N/A	N/A	N/A	28,586
Other Taxes	186,038	380,783	384,585	378,602
Motor Fuels and Other Vehicle Taxes	N/A	1,053,611	1,096,505	1,143,173
Motor Fuels Taxes	487,308	N/A	N/A	N/A
Weight Mile Taxes	251,518	N/A	N/A	N/A
Vehicle Registration Taxes	282,857	N/A	N/A	N/A
Workers' Compensation Insurance Taxes	50,242	54,126	54,957	58,192
Employer-Employee Taxes	72,861	91,343	91,232	95,866
Unrestricted Investment Earnings	4,917	5,516	7,374	12,164
Contributions to Permanent Fund	228	297	518	39
Special Items	-	-	(3,276)	-
Transfers	107,437	133,008	285,417	(230,618)
Total governmental activities	9,184,015	9,653,943	10,700,076	10,675,206
Business-type activities:				
Other Taxes	16,388	17,584	17,689	18,286
Additions to Permanent Endowments	241	776	-	-
Special Items	-	-	(1,956,089)	(335,632)
Transfers	(107,437)	(133,008)	(285,417)	230,618
Total business-type activities	(90,808)	(114,648)	(2,223,817)	(86,727)
Total primary government	\$ 9,093,207	\$ 9,539,295	\$ 8,476,259	\$ 10,588,479
Change in Net Position				
Governmental activities	\$ 1,194,890	\$ 553,523	\$ 1,217,830	\$ (1,018,580)
Business-type activities	508,736	636,117	(1,254,657)	881,948
Total primary government	\$ 1,703,626	\$ 1,189,640	\$ (36,827)	\$ (136,632)

State of Oregon

2017	2018	2019	2020	2021	2022
1,246,531	1,302,541	1,347,465	1,144,786	1,298,805	1,678,219
971,299	964,343	928,641	862,764	1,094,573	1,225,792
-	-	-	-	-	-
604,621	633,927	674,421	737,837	803,504	844,261
411,850	419,184	408,376	299,864	308,417	355,189
128,325	153,982	203,080	3,412,052	4,225,808	1,109,070
975	2,769	183	377	3,170	546
<u>3,363,600</u>	<u>3,476,746</u>	<u>3,562,166</u>	<u>6,457,680</u>	<u>7,734,278</u>	<u>5,213,076</u>
<u>\$ 16,031,924</u>	<u>\$ 16,719,671</u>	<u>\$ 17,447,022</u>	<u>\$ 21,607,718</u>	<u>\$ 26,884,949</u>	<u>\$ 28,149,874</u>
\$ (11,632,910)	\$ (12,254,588)	\$ (13,200,874)	\$ (14,147,850)	\$ (15,356,644)	\$ (15,717,848)
1,073,606	1,109,213	1,182,010	(88,462)	339,063	1,823,315
<u>\$ (10,559,304)</u>	<u>\$ (11,145,375)</u>	<u>\$ (12,018,865)</u>	<u>\$ (14,236,312)</u>	<u>\$ (15,017,581)</u>	<u>\$ (13,894,533)</u>
\$ 8,379,255	\$ 8,879,552	\$ 9,847,141	\$ 8,635,668	\$ 11,256,904	\$ 11,772,886
633,046	804,453	910,929	892,484	1,223,523	1,488,974
N/A	N/A	N/A	419,206	1,179,137	1,219,388
247,406	263,860	250,156	245,318	377,921	459,571
568,742	651,696	799,796	865,521	1,067,886	1,055,164
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
68,481	70,903	80,618	76,462	49,633	85,403
77,573	104,545	118,546	156,154	205,739	201,627
469,181	503,298	549,703	672,583	650,519	776,867
1,167,291	1,286,863	1,424,423	1,357,001	1,480,420	1,574,518
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
55,798	66,782	72,016	68,107	74,489	92,391
93,887	82,084	155,364	178,234	178,873	190,859
27,786	52,597	96,035	101,487	52,106	59,464
519	50	132	6	26	307
-	-	-	-	-	-
581,535	608,500	598,875	442,009	539,185	779,800
<u>12,370,501</u>	<u>13,375,183</u>	<u>14,903,733</u>	<u>14,110,240</u>	<u>18,336,363</u>	<u>19,757,219</u>
18,819	18,455	19,156	18,260	17,690	21,704
-	-	-	-	-	-
-	-	-	-	-	-
(581,535)	(608,500)	(598,875)	(442,009)	(539,185)	(779,800)
(562,716)	(590,045)	(579,719)	(423,749)	(521,495)	(758,096)
<u>\$ 11,807,784</u>	<u>\$ 12,785,138</u>	<u>\$ 14,324,013</u>	<u>\$ 13,686,491</u>	<u>\$ 17,814,867</u>	<u>\$ 18,999,124</u>
\$ 737,591	\$ 1,120,594	\$ 1,702,858	\$ (37,610)	\$ 2,979,719	\$ 4,039,371
510,890	519,168	602,290	(512,210)	(182,432)	1,065,220
<u>\$ 1,248,481</u>	<u>\$ 1,639,762</u>	<u>\$ 2,305,148</u>	<u>\$ (549,821)</u>	<u>\$ 2,797,286</u>	<u>\$ 5,104,590</u>

Schedule 3
FUND BALANCE – GOVERNMENTAL FUNDS
 Last Ten Fiscal Years (In Thousands)
 (Modified Accrual Basis of Accounting)

	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 20,361	\$ 24,430	\$ 20,139	\$ 25,020
Restricted	106,241	255,539	358,784	505,844
Committed	83,083	92,978	226,081	395,319
Assigned	-	1,327	5,164	12,793
Unassigned	574,197	394,999	675,921	663,658
Total General Fund	\$ 783,882	\$ 769,273	\$ 1,286,089	\$ 1,602,633
All Other Governmental Funds				
Nonspendable	\$ 76,641	\$ 60,728	\$ 68,229	\$ 67,251
Restricted	3,582,344	4,132,949	4,452,289	5,655,799
Committed	515,440	586,296	614,287	658,467
Assigned	20,164	23,298	24,444	45,171
Unassigned	(46,516)	(18,237)	(3,788)	(32)
Total all other governmental funds	\$ 4,148,073	\$ 4,785,034	\$ 5,155,461	\$ 6,426,656

State of Oregon

2017	2018	2019	2020	2021	2022
\$ 27,869	\$ 24,931	\$ 24,703	\$ 68,525	\$ 141,946	\$ 237,938
666,091	869,084	950,784	1,260,078	791,174	1,084,368
406,978	815,278	703,834	940,038	989,574	1,285,824
12,478	12,038	13,009	14,292	16,765	17,246
1,037,374	1,157,707	2,911,326	1,593,184	4,168,423	6,004,343
\$ 2,150,789	\$ 2,879,038	\$ 4,603,657	\$ 3,876,117	\$ 6,107,882	\$ 8,629,719
\$ 79,437	\$ 67,996	\$ 68,774	\$ 56,078	\$ 62,793	\$ 147,730
6,603,630	6,672,783	7,054,520	7,370,053	8,331,272	9,491,554
737,890	646,285	721,942	846,126	1,098,093	1,049,609
48,419	211,667	146,837	195,100	442,223	351,021
(12,208)	(17)	-	-	(435)	(337,912)
\$ 7,457,168	\$ 7,598,714	\$ 7,992,073	\$ 8,467,358	\$ 9,933,945	\$ 10,702,002

Schedule 4
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
Last Ten Fiscal Years (In Thousands)
(Modified Accrual Basis of Accounting)

	2013	2014	2015	2016
Revenues				
Taxes	\$8,969,867	\$9,542,069	\$10,460,831	\$10,899,473
Licenses and Fees	462,233	495,774	504,355	538,591
Federal	7,480,379	8,623,136	10,166,298	10,553,352
Rebates and Recoveries	N/A	292,805	342,598	507,710
Charges for Services	356,418	250,738	229,578	239,976
Fines, Forfeitures, and Penalties	119,942	107,326	120,574	127,788
Rents and Royalties	16,258	17,293	17,312	17,435
Investment Income	191,017	274,861	103,132	108,875
Sales	105,796	124,071	126,601	136,989
Assessments	N/A	N/A	37,185	35,154
Donations and Grants	32,694	44,372	50,342	38,610
Contributions to Permanent Funds	227	297	518	39
Tobacco Settlement Proceeds	78,909	86,924	76,600	80,239
Pension Bond Debt Service Assessments	6,196	N/A	N/A	N/A
Settlement Activities	N/A	N/A	N/A	N/A
Unclaimed and Escheat Property Revenue	22,057	24,360	18,214	13,629
Other	429,523	281,831	222,011	280,196
Total Revenues	18,271,516	20,165,857	22,476,149	23,578,059
Expenditures				
Education	3,884,393	4,421,231	4,702,795	5,572,518
Human Resources	8,544,692	9,959,458	11,626,788	12,322,549
Public Safety	1,241,057	1,289,232	1,281,050	1,425,482
Economic and Community Development	420,351	384,392	392,966	417,634
Natural Resources	647,606	685,357	750,784	758,592
Transportation	1,694,679	1,698,418	1,763,595	1,716,411
Consumer and Business Services	269,701	299,925	288,066	298,410
Administration	348,600	341,549	715,932	441,111
Legislative	39,405	36,319	42,923	38,984
Judicial	318,209	346,710	367,669	407,265
Intergovernmental	N/A	N/A	N/A	N/A
Capital Outlay	88,583	73,976	66,071	61,522
Debt Service:				
Principal	357,106	330,745	324,485	407,072
Interest	338,645	339,476	322,091	431,197
Other Debt Service	3,440	4,759	10,032	3,210
Total Expenditures	18,196,467	20,211,547	22,655,247	24,301,956
Excess of Revenues Over (Under) Expenditures	75,049	(45,690)	(179,098)	(723,897)
Other Financing Sources (Uses)				
Transfers from Other Funds	2,809,301	2,223,916	2,434,341	3,811,108
Transfers to Other Funds	(2,679,360)	(2,054,506)	(2,024,246)	(1,813,474)
Insurance Recoveries	2,224	1,839	2,502	6,027
Leases Incurred	-	-	-	503
Long-term Debt Issued	108,186	538,877	435,459	245,921
Debt Issuance Premium	47,125	57,611	304,732	96,002
Refunding Debt Issued	212,319	266,635	1,146,120	224,581
Refunded Debt Payment to Escrow Agent	(246,543)	(266,425)	(1,377,597)	(278,200)
Total Other Financing Sources (Uses)	253,252	767,947	921,311	2,292,468
Special Items	-	-	(3,054)	-
Net Change in Fund Balances	\$ 328,301	\$ 722,257	\$ 739,159	\$ 1,568,571
Debt service as a percentage of noncapital expenditures	3.99%	3.42%	2.95%	3.55%

State of Oregon

2017	2018	2019	2020	2021	2022
\$ 11,581,800	\$ 12,786,737	\$ 14,287,003	\$ 13,718,277	\$ 17,530,770	\$ 19,492,170
563,129	629,021	675,514	595,254	639,354	675,781
10,310,284	10,728,658	11,122,076	12,440,995	16,036,549	19,127,573
555,032	557,629	599,701	459,971	666,758	569,948
188,513	241,644	205,408	302,379	210,731	310,772
148,872	124,535	118,765	80,662	122,491	163,089
17,845	17,255	17,117	17,042	16,887	17,574
332,171	341,356	387,524	268,116	701,162	28,302
143,789	173,360	192,072	158,686	173,827	145,202
45,775	45,125	49,404	46,297	71,924	58,491
40,253	41,639	42,958	40,523	45,444	45,007
519	50	132	6	26	307
142,200	69,536	69,915	65,933	74,705	84,433
N/A	N/A	N/A	N/A	N/A	N/A
25,218	-	-	-	-	-
10,731	13,275	15,082	25,961	27,930	271,066
190,499	267,654	447,572	534,984	536,614	599,757
24,296,631	26,037,474	28,230,243	28,755,086	36,855,170	41,589,473
5,714,090	6,269,848	410,924	419,273	635,417	881,050
12,427,872	12,934,967	13,158,705	14,381,203	16,544,932	20,038,449
1,462,808	1,573,565	1,351,758	1,416,846	1,518,228	1,554,438
465,401	518,518	429,691	470,187	1,441,807	1,172,717
768,431	822,361	753,813	718,261	806,059	931,640
1,826,813	1,763,839	1,412,939	1,348,917	1,663,047	1,093,501
305,144	290,183	366,424	378,412	411,441	388,960
404,691	403,270	195,779	368,775	578,649	426,166
45,456	43,987	56,720	55,435	69,865	61,204
415,091	437,320	394,240	479,189	477,045	534,756
N/A	N/A	8,069,800	8,644,629	9,656,448	10,677,553
77,717	73,152	157,529	158,252	209,890	1,888,550
435,702	451,874	508,152	540,009	596,926	702,645
433,520	463,976	457,907	469,752	410,777	423,408
8,108	3,075	4,867	5,907	9,024	2,857
24,790,844	26,049,935	27,729,247	29,855,048	35,029,554	40,777,895
(494,214)	(12,461)	500,996	(1,099,962)	1,825,616	811,577
2,889,176	3,006,402	3,500,028	3,234,653	5,026,004	4,114,447
(2,285,337)	(2,315,214)	(2,938,809)	(2,767,183)	(4,302,137)	(3,302,377)
3,632	9,689	2,322	7,708	4,108	9,349
999	-	-	-	-	-
1,235,289	170,437	950,477	189,690	874,500	1,647,560
252,799	36,921	127,269	127,496	201,921	43,389
645,082	132,800	-	1,140,875	1,386,205	-
(710,834)	(154,563)	-	(1,242,820)	(1,401,625)	-
2,030,804	886,472	1,641,287	690,418	1,788,977	2,512,368
-	-	-	-	-	-
\$ 1,536,591	\$ 874,014	\$ 2,142,283	\$ (409,544)	\$ 3,614,594	\$ 3,323,945
3.61%	3.61%	3.59%	3.47%	2.95%	2.90%

Schedule 5
PERSONAL INCOME BY INDUSTRY
Last Ten Calendar Years
(Dollars in Thousands)

	2012	2013	2014	2015
Farm earnings	\$ 1,404,692	\$ 1,645,661	\$ 1,593,061	\$ 1,806,041
Forestry, fishing, and related activities	1,222,841	1,224,015	1,277,340	1,392,974
Mining	112,281	111,541	111,038	118,138
Utilities	667,746	708,708	686,661	606,651
Construction	6,199,355	6,609,217	7,322,792	7,755,085
Manufacturing	13,979,258	14,116,085	14,509,494	15,414,567
Wholesale trade	6,709,418	5,757,195	5,924,749	6,285,883
Retail trade	7,316,105	7,538,200	7,861,333	8,338,329
Transportation and warehousing	3,551,288	3,616,611	3,897,609	4,210,460
Information	3,008,608	2,994,952	3,128,702	3,296,096
Finance and insurance	5,030,466	5,178,201	5,166,253	5,510,764
Real estate, rental, and leasing	1,435,204	1,686,273	1,922,688	2,544,610
Professional, scientific, and technical	8,171,032	8,416,855	9,101,383	9,800,056
Management of companies	3,134,763	4,836,500	5,218,920	5,986,789
Administrative & waste mgmt. services	4,063,051	4,228,272	4,524,148	4,793,747
Educational services	1,607,257	1,631,771	1,675,462	1,695,120
Health care and social assistance	13,544,411	14,086,674	14,701,689	15,918,489
Arts, entertainment, and recreation	1,133,231	1,167,190	1,302,189	1,319,398
Accommodation and food services	3,713,319	3,840,619	4,298,033	4,856,152
Other services	4,216,958	4,267,809	4,581,142	4,836,335
Federal government, civilian	2,732,268	2,690,794	2,730,997	2,812,334
Military	477,881	463,169	437,531	433,827
State government	4,376,685	4,610,488	4,870,474	5,065,486
Local government	12,088,691	12,347,880	12,859,979	13,406,220
Other ¹	43,651,149	42,355,332	47,373,658	51,396,667
Total personal income	\$ 153,547,958	\$ 156,130,012	\$ 167,077,325	\$ 179,600,218

Overall effective tax rate ²	5.7%	5.8%	6.0%	6.0%
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¹ Includes income from all sources other than wages, salaries, tips, etc.

² Overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). Overall effective tax rate for 2021 will not be available until May 2023.

Source: US Department of Commerce, Bureau of Economic Analysis and the Oregon Department of Revenue.

State of Oregon

	2016	2017	2018	2019	2020	2021
\$	1,746,211	\$ 1,303,260	\$ 1,369,409	\$ 1,286,298	\$ 1,424,981	\$ 1,461,517
	1,428,207	1,484,299	1,712,179	1,627,873	1,905,053	1,851,520
	126,075	148,225	163,873	166,975	152,422	166,013
	685,452	744,569	748,026	851,927	1,050,764	1,071,517
	8,636,306	9,745,602	10,783,065	11,597,166	12,067,033	12,849,056
	15,961,464	16,516,468	17,562,434	17,901,495	17,927,444	18,808,215
	6,438,970	6,823,747	7,087,239	7,326,032	7,679,117	8,255,686
	8,621,144	9,213,349	9,683,104	10,058,858	10,518,039	11,605,989
	4,285,357	4,588,733	4,930,027	5,232,146	5,479,421	5,944,344
	3,228,386	3,670,954	4,027,041	4,092,376	4,359,213	5,258,138
	5,841,148	6,196,251	6,348,923	6,635,298	7,377,521	7,752,690
	3,477,194	3,981,753	4,693,388	5,306,902	6,027,425	6,380,389
	10,415,997	11,305,914	12,018,182	12,735,409	13,271,570	14,467,197
	6,092,358	6,492,434	6,798,938	7,326,861	7,884,681	9,025,320
	4,965,120	5,320,371	5,621,676	5,919,505	6,006,526	6,670,856
	1,770,060	1,711,899	1,769,112	1,835,028	1,860,178	1,930,682
	16,891,372	17,684,186	18,440,027	19,307,163	20,409,298	21,549,412
	1,437,534	1,542,249	1,671,724	1,662,895	1,426,966	1,687,718
	5,300,209	5,800,223	6,338,790	6,663,033	5,353,572	7,068,289
	5,084,998	5,270,426	5,600,164	5,791,419	5,736,775	6,004,113
	2,945,497	3,044,717	3,168,273	3,193,240	3,386,888	3,504,508
	442,922	443,769	468,506	505,974	521,394	535,724
	3,500,834	3,721,628	3,862,713	4,241,290	4,508,853	4,884,717
	15,750,887	16,463,985	17,484,619	18,496,378	19,045,766	20,043,960
	53,209,616	55,738,521	59,190,198	62,495,417	76,409,408	82,768,938
	\$ 188,283,318	\$ 198,957,532	\$ 211,541,630	\$ 222,256,958	\$ 241,790,308	\$ 261,546,508
	6.0%	6.1%	6.3%	6.3%	6.4%	N/A

**Schedule 6
PERSONAL INCOME TAX RATES
Last Ten Calendar Years**

Year	Top Rate	Top Income Tax Rate is Applied to Taxable Income in Excess of		Overall Effective Tax Rate ²
		Single & Married Filing Separately	Married/RDP ¹ Filing Jointly & Head of Household	
2012	9.9%	\$ 125,000	\$ 250,000	5.7%
2013	9.9%	125,000	250,000	5.8%
2014	9.9%	125,000	250,000	6.0%
2015	9.9%	125,000	250,000	6.0%
2016	9.9%	125,000	250,000	6.0%
2017	9.9%	125,000	250,000	6.1%
2018	9.9%	125,000	250,000	6.3%
2019	9.9%	125,000	250,000	6.3%
2020	9.9%	125,000	250,000	6.4%
2021	9.9%	125,000	250,000	N/A

¹ Registered Domestic Partners

² The overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). The overall effective tax rate for 2021 will not be available until May 2023.

Source: Oregon Department of Revenue

Schedule 7
PERSONAL INCOME TAX FILERS AND TAX LIABILITY BY INCOME LEVEL
 Calendar Years 2011 and 2020
 (Dollars in Thousands)

2011

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	6,727	0.37%	\$ 679,189	13.25%
\$100,001–\$500,000	205,980	11.29%	2,121,876	41.38%
\$80,001–\$100,000	115,896	6.35%	545,009	10.63%
\$60,001–\$80,000	174,028	9.54%	593,286	11.57%
\$40,001–\$60,000	252,076	13.81%	576,456	11.24%
\$20,001–\$40,000	410,277	22.48%	473,872	9.24%
\$10,001–\$20,000	291,247	15.96%	113,570	2.21%
\$10,000 and lower	368,557	20.20%	24,543	0.48%
Total	1,824,788	100.00%	\$ 5,127,801	100.00%

2020

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	19,685	0.89%	\$ 2,145,047	21.79%
\$100,001–\$500,000	399,489	17.96%	4,586,795	46.60%
\$80,001–\$100,000	154,851	6.96%	773,182	7.86%
\$60,001–\$80,000	213,324	9.59%	797,352	8.10%
\$40,001–\$60,000	306,772	13.79%	793,866	8.07%
\$20,001–\$40,000	455,380	20.48%	607,984	6.18%
\$10,001–\$20,000	271,890	12.23%	115,323	1.17%
\$10,000 and lower	402,633	18.10%	22,667	0.23%
Total	2,224,024	100.00%	\$ 9,842,216	100.00%

Source: Oregon Department of Revenue

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. Tax year 2020 is the most current year available.

Schedule 8
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Dollars in Thousands)

	2013	2014	2015	2016
Governmental Activities				
General Obligation Bonds	\$ 3,144,443	\$ 3,193,894	\$ 3,512,256	\$ 5,525,430
Revenue Bonds	3,170,655	3,509,036	3,616,493	3,672,088
Certificates of Participation	692,043	620,270	485,271	340,753
Direct Borrowings/Placements	N/A	N/A	N/A	N/A
General Appropriation Bonds	29,131	-	-	-
Contracts, Mortgages, and Notes Payable	485,003	412,560	377,200	353,620
Lease Obligations	N/A	N/A	N/A	N/A
Capital Leases ²	2,789	3,027	3,845	5,779
Business-type Activities				
General Obligation Bonds	2,256,660	2,419,832	2,411,599	554,270
Revenue Bonds	1,479,103	1,362,942	1,208,434	984,935
Certificates of Participation	85,121	78,057	49,261	-
Direct Borrowings/Placements	N/A	N/A	N/A	N/A
Contracts, Mortgages, and Notes Payable	154,135	160,108	50,919	34,900
Lease Obligations	N/A	N/A	N/A	N/A
Capital Leases ²	560	69	578	268
Total Primary Government	\$ 11,499,643	\$ 11,759,795	\$ 11,715,856	\$ 11,472,043
Percentage of Personal Income ¹	7.37%	7.04%	6.52%	6.09%
Per Capita ¹	\$ 2.94	\$ 2.97	\$ 2.93	\$ 2.82

¹ Ratios are calculated using personal income and population data found in Schedule 13.

² Beginning in 2022, Capital Leases are no longer being reported due to the implementation of GASB Statement No 87, *Leases*.

Note: Details regarding the State's debt can be found in Note 8 of the financial statements, while information about lease obligations is located within Note 7. Amounts of outstanding debt for bonds and certificates of participation represent the outstanding principal, net of discounts, premiums, and other adjustments.

State of Oregon

	2017	2018	2019	2020	2021	2022
\$	6,119,313	\$ 5,993,375	\$ 6,415,345	\$ 6,436,086	\$ 6,802,573	\$ 6,850,997
	4,062,386	3,912,568	3,541,759	3,722,243	3,787,875	3,809,556
	289,137	246,559	315,743	100,940	95,670	90,220
	N/A	N/A	372,327	5,733	16,005	14,745
	-	-	-	-	-	-
	337,675	319,221	408,577	271,476	229,816	230,283
	N/A	N/A	N/A	N/A	N/A	975,655
	4,148	4,274	3,141	2,701	1,700	N/A
	536,509	558,571	553,611	535,556	450,472	490,614
	897,572	957,733	1,007,006	1,085,878	996,882	940,409
	-	-	-	-	-	-
	N/A	N/A	66,035	64,270	50,830	28,255
	44,001	41,793	37,408	32,847	28,276	24,910
	N/A	N/A	N/A	N/A	N/A	8,393
	6,315	5,512	4,649	4,507	3,319	N/A
\$	12,297,056	\$ 12,039,606	\$ 12,725,601	\$ 12,262,237	\$ 12,463,418	\$ 13,464,037
	6.18%	5.69%	5.73%	5.07%	4.77%	5.03%
\$	2.98	\$ 2.88	\$ 3.02	\$ 2.89	\$ 2.92	\$ 3.14

Schedule 9
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Dollars in Thousands)

Year	General Bonded Debt Outstanding	Resources Restricted for Repaying the Principal of Bonded Debt Outstanding	Net General Bonded Debt Outstanding	Percentage of Personal Income¹	Per Capita
2013	\$ 5,401,103	\$ 69,098	\$ 5,332,005	3.42%	\$ 1.36
2014	5,613,726	66,985	5,546,741	3.32%	1.40
2015	5,923,855	68,147	5,855,708	3.26%	1.46
2016	6,079,700	71,723	6,007,977	3.19%	1.48
2017	6,655,822	66,987	6,588,835	3.31%	1.60
2018	6,551,946	55,693	6,496,253	3.07%	1.56
2019	6,968,956	45,985	6,922,971	3.11%	1.64
2020	6,971,642	43,720	6,927,922	2.87%	1.63
2021	7,253,045	34,988	7,218,057	2.76%	1.69
2022	7,341,591	33,996	7,307,595	2.73%	1.70

¹ Ratios are calculated using personal income and population data found in Statistical Schedule 13.

Note: Details regarding the State's debt can be found in Notes 8 and 9 of the financial statements. Amounts of outstanding general bonded debt represent the outstanding principal, net of discounts, premiums, and other adjustments.

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**Schedule 10
LEGAL DEBT MARGIN CALCULATION
For Fiscal Year 2022**

	Constitutional/Statutory Provision	Constitutional Debt Limit¹	Statutory Debt Limit
General Obligation Bonds			
General Purpose	Article XI Section 7	0.00%	\$ -
State Highway	Article XI Section 7	1.00%	-
Veterans' Welfare	Article XI-A	8.00%	-
State Power Development	Article XI-D	1.50%	-
Forest Rehabilitation	Article XI-E	0.19%	-
Higher Education	Article XI-F & XI-G	1.50%	-
Pollution Control ³	Article XI-H/ORS 468.195	1.00%	260,000,000
Elderly and Disabled Housing	Article XI-I/ORS 456.519	0.50%	-
Alternate Energy Projects	Article XI-J	0.50%	-
Oregon School Bond Guarantee	Article XI-K	0.50%	-
Oregon Opportunity Bonds (OHSU) ⁴	Article XI-L/ORS 353.556	0.50%	261,495,000
Seismic Rehab-Public Education Buildings	Article XI-M	0.20%	-
Seismic Rehab-Emergency Service Building	Article XI-N	0.20%	-
Pension Obligation	Article XI-O	1.00%	-
School District Capital Cost	Article XI-P	0.50%	-
General Purpose GO's	Article XI-Q	1.00%	-
Revenue Bonds			
Highway User Tax	ORS 367.620	0.00%	3,720,000,000
Single and Multi-Family Housing Programs	ORS 456.661	0.00%	2,500,000,000

¹ Percentages listed are of Real Market Value (RMV) of all taxable real property in the State, based on the January 1, 2021, RMV of \$823,693,769,305.

² Amount outstanding includes Direct Borrowings and Direct Placements.

³ Issuance of Pollution Control bonds is limited by statute to \$260 million at any one time.

⁴ Bonds issued to finance capital costs of Oregon Health and Science University shall be in an aggregate principal amount that produces net proceeds in an amount that does not exceed \$200 million plus the amount of any costs and expenses of issuing the bonds.

Source: Oregon State Treasury, Debt Management Division, and Oregon Constitution.

Note: The legal debt limit for lottery revenue bonds is based on the requirement that unobligated net lottery proceeds be at least 400% of the maximum annual debt service on outstanding bonds, including the estimated debt service on proposed new bonds. The debt limit for lottery bonds is not a specific dollar amount; the limit varies based on changes in estimated net lottery proceeds and changes in estimated debt service on proposed new bonds. Therefore, lottery revenue bonds are not included in this schedule.

Legal Debt Limit	Amount Outstanding ²	Legal Debt Margin
\$ 50,000	\$ -	\$ 50,000
8,236,937,693	26,665,000	8,210,272,693
65,895,501,544	324,565,000	65,570,936,544
12,355,406,540	-	12,355,406,540
1,544,425,817	-	1,544,425,817
12,355,406,540	1,923,885,000	10,431,521,540
8,236,937,693	21,395,000	8,215,542,693
4,118,468,847	26,840,000	4,091,628,847
4,118,468,847	94,910,000	4,023,558,847
4,118,468,847	-	4,118,468,847
4,118,468,847	21,195,000	4,097,273,847
1,647,387,539	325,808,797	1,321,578,741
1,647,387,539	81,005,000	1,566,382,539
8,236,937,693	1,076,650,000	7,160,287,693
4,118,468,847	252,875,000	3,865,593,847
8,236,937,693	2,630,595,000	5,606,342,693
<u>\$ 148,985,660,523</u>	<u>\$ 6,806,388,797</u>	<u>\$ 142,179,271,727</u>
\$ 3,720,000,000	\$ 2,814,546,843	\$ 905,453,157
2,500,000,000	933,215,450	1,566,784,550
<u>\$ 6,220,000,000</u>	<u>\$ 3,747,762,293</u>	<u>\$ 2,472,237,707</u>

Schedule 11
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 (Dollars in Thousands)

	2013	2014	2015	2016
General Obligation Bonds				
Debt limit	\$ 74,668,862	\$ 76,758,613	\$ 76,048,937	\$ 81,952,523
Total debt applicable to limit	5,401,103	5,613,726	5,923,856	6,079,700
Legal debt margin	<u>\$ 69,267,759</u>	<u>\$ 71,144,887</u>	<u>\$ 70,125,081</u>	<u>\$ 75,872,823</u>
Total debt applicable to the limit as a percentage of debt limit	7.23%	7.31%	7.79%	7.42%
Revenue Bonds				
Debt limit	\$ 5,750,000	\$ 5,750,000	\$ 5,740,000	\$ 5,740,000
Total debt applicable to limit	3,958,765	4,242,316	4,168,546	4,063,270
Legal debt margin	<u>\$ 1,791,235</u>	<u>\$ 1,507,684</u>	<u>\$ 1,571,454</u>	<u>\$ 1,676,730</u>
Total debt applicable to the limit as a percentage of debt limit	68.85%	73.78%	72.62%	70.79%

Source: Oregon State Treasury, Debt Management Division, and state agencies' disclosures.

Note: Amounts of outstanding debt applicable to the debt limit represent the outstanding principal, net of discounts, premiums, and other adjustments.

State of Oregon

2017	2018	2019	2020	2021	2022
\$ 98,858,028	\$ 103,514,944	\$ 112,798,205	\$ 119,254,357	\$ 126,046,905	\$ 148,985,661
6,135,461	6,055,473	6,413,769	6,510,272	6,745,985	6,806,389
\$ 92,722,567	\$ 97,459,471	\$ 106,384,436	\$ 112,744,086	\$ 119,300,920	\$ 142,179,272
6.21%	5.85%	5.69%	5.46%	5.35%	4.57%
\$ 5,740,000	\$ 5,740,000	\$ 5,740,000	\$ 6,220,000	\$ 6,220,000	\$ 6,220,000
3,989,587	3,950,940	3,577,354	3,871,098	3,917,058	3,747,762
\$ 1,750,413	\$ 1,789,060	\$ 2,162,646	\$ 2,348,902	\$ 2,302,942	\$ 2,472,238
69.51%	68.83%	62.32%	62.24%	62.98%	60.25%

**Schedule 12
PLEGGED REVENUES
Last Ten Fiscal Years
(In Thousands)**

Lottery Revenue Bonds

Year	Revenues	Expenses	Interest Earnings on GICs ¹	Net Revenues Available for Debt Service	Debt Service Requirements			
					Principal	Interest	Total	Coverage
2013	\$ 1,064,782	\$ 515,429	\$ 3,018	\$ 552,371	\$74,525	\$54,088	\$128,613	4.29
2014	1,058,703	546,276	2,739	515,166	72,310	54,310	126,620	4.07
2015	1,122,156	570,297	957	552,816	58,855	41,511	100,366	5.51
2016	1,245,710	657,218	299	588,791	60,300	53,163	113,463	5.19
2017	1,245,383	544,156	133	701,360	67,170	50,260	117,430	5.97
2018	1,307,690	595,537	132	712,285	73,875	54,081	127,956	5.57
2019	1,367,397	645,536	132	721,993	73,005	51,671	124,676	5.79
2020	1,168,344	578,576	133	589,902	77,895	55,170	133,065	4.43
2021	1,295,918	637,649	133	658,401	80,990	52,281	133,271	4.94
2022	1,669,254	754,178	133	915,209	86,425	45,266	131,691	6.95

¹ In accordance with the bond indenture, interest earnings on Guaranteed Investment Contracts (GICs) have been included.

Source: Oregon State Lottery financial statements and the Oregon Department of Administrative Services, Chief Financial Office.

Lottery Bonds are secured by future unobligated net lottery proceeds. For additional information, refer to Note 11.

Highway User Tax Revenue Bonds

Year	Pledged Revenue	Debt Service Requirements			
		Principal	Interest	Total	Coverage
2013	\$ 555,971	\$ 56,705	\$ 91,187	\$ 147,892	3.76
2014	578,008	58,340	100,325	158,665	3.64
2015	588,295	70,020	99,528	169,548	3.47
2016	610,576	73,130	101,170	174,300	3.50
2017	620,869	75,465	99,649	175,114	3.55
2018	664,622	66,400	108,025	174,425	3.81
2019	730,313	77,785	110,603	188,388	3.88
2020	709,654	80,265	106,682	186,947	3.80
2021	772,286	87,580	91,075	178,655	4.32
2022	800,862	104,355	92,711	197,066	4.06

Source: Highway User Tax Bond official statements and the Oregon Department of Transportation.

Highway User Tax Revenue Bonds are secured by a pledge of motor fuels, weight-mile, and vehicle registration fees.

Note: The State also issues revenue bonds that are primarily paid using loan repayments. Schedules for these bonds are not presented because an association of net revenues with debt service requirements is not meaningful.

**Schedule 13
DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Calendar Years**

Year	Population	Personal Income¹	Per Capita Personal Income	Unemployment Rate
2013	3,911,943	\$ 156,130,012	\$ 39,911	7.8%
2014	3,953,356	167,077,325	42,262	6.7%
2015	4,002,145	179,600,218	44,876	5.5%
2016	4,062,203	188,283,318	46,350	4.7%
2017	4,124,435	198,957,532	48,239	4.1%
2018	4,176,095	211,541,630	50,655	4.0%
2019	4,214,664	222,256,958	52,734	3.7%
2020	4,243,791	241,790,308	56,975	7.6%
2021	4,266,584	261,546,508	61,301	5.2%
2022	4,294,500	267,700,000	62,336	3.9%

¹ Personal income presented in thousands.

Source: Population and personal income figures for 2013 through 2021 were supplied by the US Department of Commerce, Bureau of Economic Analysis. The unemployment rates for all years are annual averages and were provided by the Oregon Employment Department.

Population and personal income estimates for were provided by the Oregon Office of Economic Analysis.

Schedule 14
EMPLOYMENT BY INDUSTRY
Calendar Year 2021 and Nine Years Prior

	2012		2021	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Farm employment	62,508	2.82%	69,840	2.73%
Forestry, fishing, and related activities	30,898	1.39%	32,073	1.25%
Mining	6,196	0.28%	4,442	0.17%
Utilities	4,823	0.22%	5,199	0.20%
Construction	103,187	4.65%	150,262	5.87%
Manufacturing	186,778	8.41%	201,963	7.89%
Wholesale trade	83,077	3.74%	81,845	3.20%
Retail trade	232,008	10.45%	259,680	10.15%
Transportation and warehousing	64,108	2.89%	123,175	4.81%
Information	40,863	1.84%	43,247	1.69%
Finance and insurance	93,563	4.22%	101,551	3.97%
Real estate, rental, and leasing	101,123	4.56%	125,673	4.91%
Professional and technical services	138,192	6.23%	176,991	6.92%
Management of companies	31,591	1.42%	50,637	1.98%
Administrative and waste services	116,983	5.27%	129,993	5.08%
Educational services	54,800	2.47%	49,509	1.93%
Health care and social assistance	256,988	11.58%	308,939	12.07%
Arts, entertainment, and recreation	54,429	2.45%	57,662	2.25%
Accommodation and food services	161,497	7.28%	173,376	6.77%
Other services	116,864	5.26%	125,429	4.90%
Federal government, civilian	28,141	1.27%	28,561	1.12%
Military	12,273	0.55%	11,155	0.44%
State government	61,618	2.78%	42,770	1.67%
Local government	177,391	7.99%	205,482	8.03%
Total employment	2,219,899	100.00%	2,559,454	100.00%

Source: US Department of Commerce, Bureau of Economic Analysis.

Note: Due to confidentiality issues, the names of the ten principal employers are not available. The categories presented are intended to provide alternative information regarding the concentration of employment in various business sectors.

**Schedule 15
GOVERNMENT EMPLOYEES
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Education	13,485	624	642	688	688	704	709	815	811	1,003
Human Services	11,379	11,694	11,671	12,373	12,360	12,970	12,998	13,673	13,792	15,455
Public Safety	8,532	8,615	8,618	8,667	8,677	8,891	8,891	9,182	9,187	9,380
Economic and Community Development	1,910	1,651	1,670	1,610	1,615	1,664	1,646	1,784	2,411	2,885
Natural Resources	4,288	4,338	4,348	4,324	4,313	4,267	4,282	4,282	4,313	4,632
Transportation	4,533	4,480	4,475	4,411	4,408	4,511	4,517	4,726	4,726	4,770
Consumer and Business Services	1,446	1,421	1,410	1,427	1,423	1,442	1,450	1,467	1,466	1,489
Administration	2,785	2,827	2,827	2,961	2,977	3,052	3,060	3,253	3,225	3,432
Legislative Branch	427	429	429	432	432	452	448	459	459	477
Judicial Branch	1,829	1,840	1,839	1,860	1,859	1,850	1,853	1,904	1,904	2,028
Total FTE Positions	50,614	37,919	37,929	38,753	38,752	39,803	39,855	41,545	42,294	45,551

Source: Department of Administrative Services, Chief Financial Office.

Note: The number of full time equivalent (FTE) positions is established in the legislatively adopted biennial budget. A distinction between governmental and business-type activities is not available.

In 2014, the Oregon University System was legislatively approved to act as a private entity and will no longer be included in the Education FTE figure.

Schedule 16
OPERATING INDICATORS AND CAPITAL ASSET INFORMATION BY FUNCTION
Last Ten Fiscal Years

	2013	2014	2015
Governmental Activities			
Education			
Number of PreK-12 students	563,714	567,100	570,857
Number of FTE community college students	117,233	104,339	97,362
Special education school campuses	1	1	1
Human Services			
Number of individuals eligible for Oregon Health Plan	672,210	971,104	1,050,178
Average number of basic TANF individuals	74,313	70,046	60,188
Public Safety			
Number of sworn state police officers	606	606	719
Prison inmate population	14,578	14,632	14,706
Number of correctional facilities	14	14	14
Economic and Community Development			
Community development grants provided (in dollars)	\$ 17,299,550	\$ 18,590,649	\$ 20,287,281
Number of technical assistance grants provided	6	5	1
Natural Resources			
Forest acres burned	103,836	53,018	87,793
State park day use visitors (in millions)	42.1	43.2	47.6
Acreage of state parks	108,654	108,499	109,587
Miles of forest roads	3,432	3,456	3,488
Transportation			
Licensed drivers (in millions)	3.1	3.1	3.1
Vehicle miles traveled on state highway system (in billions)	19.5	19.8	20.7
State highway system miles	7,401	7,399	7,401
Number of state owned bridges	2,717	2,725	2,726
Consumer and Business Services			
Number of employers covered by workers' compensation	100,300	107,900	112,100
Historic premiums written for all insurance lines (in billions)	\$ 19.7	\$ 19.5	\$ 20.6
Average bank and credit union assets (in billions)	\$ 45.0	\$ 56.6	\$ 61.0
Construction employment (in thousands)	74.2	80.1	83.3
Administration			
Number of tax returns filed	1,886,438	1,942,678	1,993,570
Percent of returns filed electronically	83.0%	84.0%	86.0%
Uniform rent square footage (in millions)	2.0	2.0	2.0
Leased office space square footage (in millions)	4.0	4.6	4.6
Number of motor pool vehicles	3,994	3,993	4,022
Legislative			
Number of bills introduced	2,511	252	2,641
Number of bills becoming law	788	126	847
Length of legislative session (in days)	156	36	155
Capitol building	1	1	1
Judicial			
Cases filed in circuit courts	544,687	536,922	522,377
Number of circuit court judges	173	173	173

Sources: Various state agencies

Note: Figures for 2020 and 2021 that are not available until a later date are indicated with N/A.

State of Oregon

2016	2017	2018	2019	2020	2021	2022
576,407	578,947	580,684	581,730	582,661	560,917	553,012
90,478	88,167	85,642	81,809	73,836	64,814	60,863
1	1	1	1	1	1	1
1,109,321	1,067,322	1,077,267	991,189	1,110,339	1,226,697	1,356,894
50,490	48,502	44,646	43,257	43,039	31,611	36,289
732	700	680	714	694	692	698
14,721	14,742	14,916	14,632	13,149	12,044	12,267
14	14	14	14	14	14	12
\$ 12,055,779	\$ 11,978,330	\$ 13,162,331	\$ 12,357,434	\$ 19,759,812	\$ 14,331,610	\$ 10,810,432
4	2	2	3	4	-	-
5,649	45,463	75,608	17,164	307,632	226,302	34,588
51.5	49.0	51.4	52.1	42.0	53.0	51.0
107,960	108,499	113,143	113,276	113,085	113,177	111,485
3,528	3,569	3,598	3,642	3,663	3,681	3,702
3.1	3.1	3.2	3.2	N/A	N/A	N/A
21.4	21.4	21.8	21.9	19.5	22.0	N/A
7,402	7,401	7,350	7,341	7,346	7,346	N/A
2,738	2,737	2,744	2,760	2,763	2,767	2,772
116,900	120,200	123,900	126,100	128,000	134,200	N/A
\$ 22.9	\$ 22.5	\$ 24.1	\$ 25.5	\$ 25.6	\$ 26.6	N/A
\$ 66.0	\$ 99.8	\$ 102.8	\$ 111.5	\$ 120.5	\$ 135.8	N/A
90.4	97.9	105.4	109.6	108.4	111.0	N/A
2,040,738	2,085,153	2,128,750	2,212,690	2,224,020	N/A	N/A
86.0%	87.0%	88.0%	90.0%	91%	N/A	N/A
2.0	1.9	1.9	1.9	1.8	1.8	1.8
5.0	5.4	4.9	5.0	5.3	5.3	5.7
4,130	4,117	4,192	4,142	4,201	4,053	3,996
253	2,647	232	2,768	283	2,390	254
124	747	122	760	6	680	119
32	157	28	168	38	161	41
1	1	1	1	1	1	1
491,681	489,135	522,013	493,361	433,881	366,645	493,247
173	173	173	175	177	177	179

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Schedule 16
OPERATING INDICATORS AND CAPITAL ASSET INFORMATION BY FUNCTION
Last Ten Fiscal Years
 (continued from previous page)

	2013	2014	2015
Business-Type Activities			
Housing and Community Services			
Number of low or moderate income single family home loans closed	360	394	334
Number of affordable rental units financed	-	94	564
Veterans' Loan			
Number of outstanding loans	2,050	1,934	1,881
Percent of delinquent loans	1.61%	1.45%	0.80%
Lottery Operations			
Number of retailers	3,848	3,843	3,939
Number of video terminals	12,037	11,951	11,925
Unemployment Compensation			
Number of claims paid	3,552,320	1,762,202	1,604,461
Amount of claims paid (in millions)	\$ 1,067.4	\$ 561.7	\$ 544.9
University System			
Total headcount enrollment	93,657	94,129	94,011
Degrees awarded	20,830	21,359	21,429
Number of university campuses	7	7	7
State Hospital System			
Number of mental health patient days served	231,355	222,776	218,127
Number of state owned hospital beds	685	727	786
Liquor Control			
Number of state retail outlets	248	248	248
Number of cases sold	2,911,100	2,955,352	3,021,190
Other Business-type Activities			
Number of residents in Oregon Veterans' Homes	144	140	155
Number of state owned parking spaces	4,742	4,605	4,616

* Starting with FY 2016, the university system is no longer part of the primary government and will no longer be reported.

State of Oregon

2016	2017	2018	2019	2020	2021	2022
410	490	714	1,029	678	368	522
479	440	1,217	1,943	1,602	2,860	3,537
1,864	1,870	1,877	1,927	1,777	1,417	1,376
0.80%	0.91%	0.91%	0.42%	0.51%	0.64%	0.44%
3,920	3,934	3,923	3,975	3,919	3,896	3,829
11,909	11,817	11,742	11,586	11,567	10,851	10,999
1,407,146	1,054,564	1,302,855	1,299,188	10,352,882	7,847,472	N/A
\$ 504.2	\$ 390.0	\$ 504.5	\$ 521.3	\$ 6,296.2	\$ 4,511.1	N/A
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
220,202	218,966	212,309	221,496	225,699	218,570	232,626
786	766	742	742	758	758	743
248	256	267	282	282	281	282
3,127,664	3,244,159	3,365,467	3,525,882	3,766,538	3,922,074	3,929,953
235	284	268	279	280	239	233
4,595	4,661	4,710	4,752	4,657	4,641	4,584

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