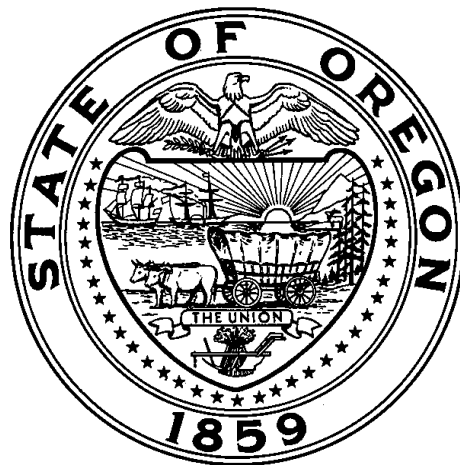


# Oregon

## Annual Comprehensive Financial Report



For the Fiscal Year Ended June 30, 2021

# **Oregon**

## **Annual Comprehensive Financial Report**

### **For the Fiscal Year Ended June 30, 2021**



**Kate Brown**  
Governor

**Katy Coba**  
State Chief Operating Officer  
Director, Department of Administrative Services

**George Naughton**  
State Chief Financial Officer

**Report Prepared by:**

**Statewide Accounting and Reporting Services**  
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# ANNUAL COMPREHENSIVE FINANCIAL REPORT

## For The Year Ended June 30, 2021

### TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	2
Certificate of Achievement for Excellence in Financial Reporting .....	9
Organizational Chart – State of Oregon .....	10
Principal State Officials .....	11
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	14
Management's Discussion and Analysis .....	17
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	32
Statement of Activities .....	34
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	36
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	40
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	43
Statement of Net Position – Proprietary Funds.....	44
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	48
Statement of Cash Flows – Proprietary Funds.....	50
Statement of Fiduciary Net Position – Fiduciary Funds .....	54
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	55
Discretely Presented Component Unit Financial Statements:	
Statement of Net Position – Discretely Presented Component Units.....	56
Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units .....	60
Notes to the Financial Statements:	
1. Summary of Significant Accounting Policies .....	63
2. Deposits and Investments .....	73
3. Derivative Instruments.....	99
4. Receivables and Payables .....	113
5. Joint Venture .....	116
6. Capital Assets .....	117
7. Leases.....	121
8. Short and Long-term Debt.....	123
9. Other Long-term Liabilities .....	131
10. Pollution Remediation Obligation .....	132
11. Pledged Revenues .....	133
12. Interfund Transactions.....	136
13. Segment Information .....	140

14. Employee Retirement Plans .....	141
15. Other Postemployment Benefit Plans .....	147
16. Deferred Compensation Plans .....	158
17. Risk Financing .....	158
18. Discounts and Allowances in Proprietary Funds .....	162
19. Fund Equity .....	163
20. Nonexchange Financial Guarantees .....	167
21. Tax Abatements .....	167
22. Settlement Activities .....	169
23. Commitments .....	169
24. Contingencies .....	170
25. Subsequent Events .....	173

**Required Supplementary Information**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – All Budgeted Appropriated Funds .....	178
Notes to Required Supplementary Information – Budgetary Schedule:	
1. Stewardship, Compliance, and Accountability .....	182
2. Budgetary Basis to GAAP Basis Reconciliation .....	184
Schedule of Proportionate Share of the Net Pension Liability/(Asset) .....	185
Schedule of Defined Benefit Pension Plan Contributions .....	186
Schedule of Proportionate Share of the Net OPEB Liability/(Asset) .....	187
Schedule of OPEB Plan Contributions .....	188
Schedule of Changes in Net OPEB Liability and Related Ratios .....	190
Schedule of Proportionate Share of the Total OPEB Liability .....	191
Schedule of Changes in Total OPEB Liability and Related Ratios .....	192

**Combining Fund Financial Statements**

Combining Balance Sheet – Nonmajor Governmental Funds .....	196
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	200
Combining Statement of Net Position – Nonmajor Enterprise Funds .....	206
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds ...	210
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	212
Combining Statement of Net Position – Internal Service Funds .....	218
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds .....	222
Combining Statement of Cash Flows – Internal Service Funds .....	224
Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds .....	230
Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds .....	232
Combining Statement of Fiduciary Net Position – Custodial Funds – External Investment Pools .....	236
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds – External Investment Pools .....	237
Combining Statement of Net Position – Nonmajor Discretely Presented Component Units .....	240
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Discretely Presented Component Units .....	244

**STATISTICAL SECTION**

Index .....	249
Schedule 1 – Net Position by Component .....	250
Schedule 2 – Changes in Net Position .....	252

Schedule 3 – Fund Balance – Governmental Funds .....	256
Schedule 4 – Changes in Fund Balance – Governmental Funds .....	258
Schedule 5 – Personal Income by Industry .....	260
Schedule 6 – Personal Income Tax Rates .....	262
Schedule 7 – Personal Income Tax Filers and Tax Liability by Income Level .....	263
Schedule 8 – Outstanding Debt by Type .....	264
Schedule 9 – Ratios of Net General Bonded Debt Outstanding .....	266
Schedule 10 – Legal Debt Margin Calculation.....	268
Schedule 11 – Legal Debt Margin Information.....	270
Schedule 12 – Pledged Revenues .....	272
Schedule 13 – Demographic and Economic Indicators .....	273
Schedule 14 – Employment by Industry .....	274
Schedule 15 – Government Employees .....	275
Schedule 16 – Operating Indicators and Capital Asset Information by Function .....	276

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# Introductory Section

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# Oregon

Kate Brown, Governor

## Department of Administrative Services

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

January 25, 2022

To the Honorable Governor Kate Brown, 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, 2021. 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, 2021. 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 2021 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, 2022.

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, 11 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***

The economic recovery from the pandemic continues to be robust. Booming wage gains are now offsetting the fading federal aid. Household incomes and consumer spending remain strong, supporting an overall bright outlook. The economy is set to reach full employment a year from now, or three times faster than in the aftermath of the Great Recession.

While new cases and hospitalization remain higher than at most points during the pandemic, economically, what matters the most are shutdowns. Without those in place, the economic impacts are contained to workplace disruptions with some workers out sick, and any slowing in consumer spending as some households stay home more.

With continued increases in vaccinations and available medical treatments, further pandemic progress is expected, boosting underlying economic growth. Pandemic-related risks are to the downside should public health deteriorate again in a future wave or new variant. Even so, the economic impacts are expected to be relatively minor compared to early in the pandemic.

Consumer demand remains robust. Between rising incomes, accumulated savings, lower levels of debt, and record housing and stock markets, consumers have no shortage of firepower. The economic challenges remain on the supply side of the economy. As firms struggle to find enough workers to produce products, increase capacity, and get the goods to market, it means the economy cannot grow as quickly as demand alone would suggest. These dynamics result in slower real growth and higher prices. The overall outlook remains bright, but supply constraints mean the recovery may take a little longer than anticipated.

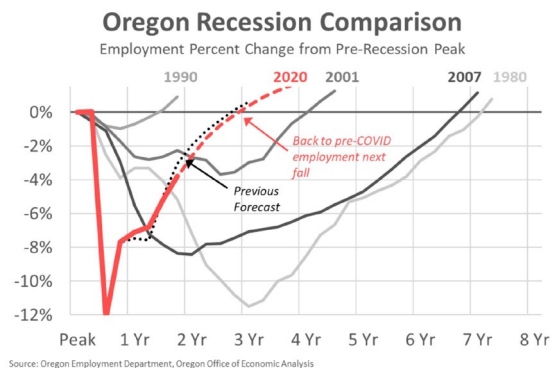
Labor is the biggest supply constraint today. The reason is labor runs through everything. If firms cannot find enough workers, then they cannot produce as many products, provide as much care, clean as many hotel rooms, or cook as many meals as consumers would like. Unlike past cycles where job opportunities were few and far between, today labor demand is strong. There are considerably more job openings than job seekers. Expectations are that workers will return to the labor market in greater numbers in the months ahead, easing the labor constraints somewhat.

Households have excess savings since the start of the pandemic: 42% of this can be tied to less consumer spending in 2020 while 58% of the excess household savings is due to higher incomes during the pandemic. Income gains are entirely thanks to the various federal programs enacted, as incomes excluding this aid declined during the shutdowns and recession. Recovery rebates, unemployment insurance, paycheck protection program grants, the enhanced child tax credit, and other programs more than offset the direct financial losses of the pandemic.

As households spend down some of this excess savings, the need to work to pay bills and put food on the table will increase. Additionally, as job opportunities become more plentiful and higher paying, workers will be enticed to return to work in greater numbers.

In Oregon, employment is 4% below pre-pandemic levels, and 6% below trend. There remains a massive jobs hole left to fill. However, total wages and salaries earned in the economy are 8% above pre-pandemic levels. Wages have fully reverted to trend, and will soon surpass pre-pandemic expectations. Employees are working more hours and at higher pay. Average wages in Oregon are 15% higher than before the pandemic.

Overall the economic and labor outlook remain bright. The current economic recovery is much faster than experienced in recent business cycles. However, supply constraints remain. The employment outlook is slowed a hair, as labor supply is expected to take a little longer to recover than previously anticipated. Oregon is now expected to fully regain all of its pandemic-related lost jobs by next fall, or one quarter slower than previously forecast. The economy is still expected to reach full employment by early 2023.



Looking forward there are a few potential avenues for improvements. First, as the pandemic wanes, more workers can return to their jobs, improving production and the movement of goods within existing supply chains. Second, firms can increase their productive capacity to meet the strong demand. Not only would this boost economic growth, but a supply increase can also slow inflationary pressures. Third, a cooling in consumer demand would immediately relieve pressure on supply chains.

An economy where demand is very strong and supply is constrained is a classic recipe for rising prices. Inflation is running hot, and showing no real signs of letting up in the near term. Initially, much of the inflation could be directly tied to reopening sectors of the economy, and shortages in the automobile industry. However, inflationary pressures seem to be widening beyond these temporary issues. Persistent inflation is a moderate risk to the overall outlook.

Oregon's primary sources of state tax revenues continue to outstrip expectations. Daily collection records have been set for both personal income tax withholdings and corporate tax collections. In addition, Lottery sales continue to set records for this time of year.

Recent forecasts have called for tax collections to return to earth. Federal aid has expired, and economic activity is beginning to return to normal with workers reentering the labor force, returning to offices and spending more on services. Instead of normalizing, however, revenue growth has accelerated further.

The revenue boom is begin supported by a wide range of income sources. Most importantly, healthy gains in labor income are generating personal income tax payments. Despite Oregon having lost more than 70 thousand jobs relative to pre-pandemic levels, taxable wages and salaries are far above pre-pandemic trends. A persistently tight labor market is putting upward pressure on wages, leading to significant payroll growth despite job losses.

The return of inflation after a 30-year hiatus is also generating additional revenue across a range of tax instruments. With demand so strong across the economy, businesses currently have a considerable amount of pricing power, and have been able to pass most of their cost increases along to consumers. As a result, profits and other taxable business income are booming. In addition to the direct boost to tax collections, healthy business earnings are supporting equity markets and other forms of investment income.

Inflation is also generating additional Corporate Activity Tax collections. Business sales are taxed by value, not by the quantity sold. As a result, tax liability has risen along with prices, and is expected to remain higher throughout the forecast horizon.

### **Long-term Financial Planning**

#### **Budget for the 2021-23 Biennium**

The legislatively approved budget (LAB) for the 2021-23 biennium is \$114 billion total funds, an increase of \$1.4 billion (or 1.3%) from the 2019-21 legislatively approved budget of \$112.5 billion. The relatively modest overall increase between the two biennia is the net effect of several factors. General Fund expenditures increase \$3.2 billion (or 14.1%) above levels authorized in the 2019-21 legislatively approved budget. Limited other funds expenditures grow by \$4.6 billion, but are partially offset by a \$3.6 billion reduction in non-limited other funds expenditures resulting from the phase out of heightened unemployment benefits and one-time bond refundings that occurred during the 2019-21 biennium. Limited federal fund expenditures increase by \$6 billion reflecting increased federal assistance from the American Rescue Plan Act (ARPA) authorized by

Congress in 2021 but non-limited federal fund expenditures decline by \$8.6 billion representing the phase out of federal unemployment benefits approved during the 2019-21 biennium.

The 14.1% increase in General Fund expenditures reflects the increased demand for public assistance driven by the COVID-19 pandemic. As Oregonians have responded to the pandemic, housing insecurity and labor market pressures have driven the State's response to support various industries throughout the State. Significant investments in the pandemic response, housing supports, and wage security highlight the legislative investments approved for the 2021-23 biennium. There will continue to be changes to the 2021-23 approved budget as the State's pandemic response evolves. Additionally, if there is a change in the anticipated revenue for the biennium, the Legislature may elect to (in the case of additional revenue) or need to (in the case of revenue shortfalls) make adjustments to the budget.

The COVID-19 pandemic had a significant negative impact on lottery game earnings during the 2019-21 biennium, which caused the Oregon Legislature to access \$400 million in lottery Education Stability Funds during the 2019-21 biennium to maintain adequate levels of funding for Oregon schools. Current revenue forecasts anticipate lottery game earnings will return to and exceed pre-pandemic levels during the 2021-23 biennium. With the low earnings base in 2019-21, lottery game earnings in 2021-23 are forecast to grow 43.3% over the 2019-21 biennium level. The broader measure of total Lottery resources, which includes the beginning balance and reversions is forecast to total \$1.5 billion in the 2021-23 biennium.

The December 2021 economic and revenue forecast projects \$24.1 billion of General Fund gross revenues for the 2021-23 biennium. General Fund resources are forecasted to increase by 1.8% in the 2021-23 biennium and 15.4% in the 2023-25 biennium. The relatively small increase in General Fund resources in the 2021-23 biennium is due to the payout of a large personal income tax kicker, and is offset by a large beginning balance.

### State Bonding

The State Debt Policy Advisory Commission (SDPAC) updated their recommended debt capacity limits for General Fund and Lottery Funds supported debt based upon the March 2021 revenue forecast published by the Office of Economic Analysis. The SDPAC recommended the Legislature and Governor issue no more than \$1.6 billion in General Fund supported debt for the 2021-23 biennium. This recommendation is based on a target debt capacity ratio of no more than 5% annual debt service to General Fund revenues. 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, this increased the available capacity to \$1.7 billion.

The 2021 Legislature approved \$1.7 billion in General Fund supported debt and left \$54 million of debt capacity available for possible use during the 2022 legislative session. The amount authorized includes: \$162.1 million of Article XI-M and Article XI-N bonds for seismic rehabilitation grants to schools and emergency services facilities; \$126.1 million of Article XI-P bonds to fund matching grants to school districts for capital improvements; \$413.5 million of Article XI-Q bonds for the Local Innovation and Fast Track (LIFT) and Permanent Supportive Housing programs; \$380.8 million of Article XI-Q bonds to finance the capital costs of state property, including deferred maintenance on state-owned facilities and information technology projects; \$166.1 million of Article XI-Q bonds for Benton County, Clackamas County, Crook County, and Linn County courthouse replacement projects and renovation of the Supreme Court building; \$294.2 million of Article XI-Q bonds along with \$42.8 million of Article XI-G bonds to finance public university facilities capital improvement projects; and \$77.2 million of Article XI-G bonds to finance various community college projects.

General Fund debt service for approved projects is estimated to be \$55.5 million in the 2021-23 biennium, rolling up to \$270.4 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 \$224.6 million is expected to be made in early 2022 once financial reporting is finalized. Additionally a \$64.9 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 \$279 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 \$693.4 million. The fund is not forecasted to reach its cap of 5% of the previous biennium's General Fund revenues until fiscal year 2027. 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:

- COVID-19 Pandemic Response
- Housing
- Infrastructure Investments

### **COVID-19 Pandemic Response**

Over the past two years, Oregon's response to the COVID-19 pandemic and its economic disruptions has been one of the most significant policy issues facing the State and the citizens of Oregon. The pandemic has highlighted significant economic and racial inequities both in how the virus has impacted communities and the supports that exist to assist those communities. During the 2019-21 biennium, and with the assistance of significant federal resources such as the Coronavirus Relief Fund, Oregon's initial investments focused on contact tracing and testing, purchasing personal protective equipment, providing unemployment benefits, and crafting small business supports.

The federal government has continued to provide significant assistance, including both the continued temporary 6.2% increase in federal Medicaid matching funds and the passage of the American Rescue Plan Act (ARPA) by Congress in 2021. The temporary 6.2% increase in federal Medicaid matching funds provides an additional \$402.7 million in federal assistance in 2021-23. Under ARPA, Oregon has received an additional \$2.6 billion in flexible federal assistance from the Coronavirus State Fiscal Recovery Fund to invest in pandemic response, infrastructure investments, and the replacement of revenues lost during the pandemic.

As the pandemic has evolved, so to have the investments made by the Oregon legislature. While the 2019-21 pandemic response focused on immediate public health needs and wage replacement, the 2021-23 investments focus on continuing health care for a larger portion of Oregonians, modernizing the public health system, and supporting health care workforces that have been particularly hard hit by the continuing economic impacts of the pandemic. Highlights of those investments for 2021-23 include maintaining Medicaid enrollment levels, modernizing the State's public health system (\$45 million), investments in rate stabilization for long term care providers (\$132.2 million), emergency child care assistance and expanded employment related day care services (\$517.8 million), behavioral health system and workforce investments (\$711.3

million), and an initiative to provide health care access for all Oregonians regardless of immigration status (\$100 million).

### Housing Instability

One of the most pressing issues faced by Oregon families as a result of the pandemic has been a significant increase in housing instability. This housing shortage was exacerbated by the wildfires that engulfed multiple communities in the fall of 2020. The inability of families throughout Oregon to make their rent or mortgage payments, and the perpetual threat of eviction, led to significant investments for the 2021-23 biennium. These investments include short term supports to immediately assist families with rent and mortgage payments as well as long term strategies aimed at increasing the housing supply.

With the influx of additional one-time federal funds, the 2021-23 budget includes \$252.1 million in short term supports such as emergency rental assistance, low income home energy assistance payments, and low income household water assistance payments. In addition, the budget included \$30 million to compensate landlords for unpaid rent payments incurred during the statewide eviction moratorium, building on a \$150 million investment that had been approved in December 2020 for the same purpose.

Beyond the immediate needs, the 2021-23 budget includes an additional \$30 million for affordable housing land acquisition, \$100 million for affordable housing preservation, and \$410 million for a project to develop affordable housing and supportive housing units for Oregonians who have experienced chronic homelessness. Finally, the 2021-23 budget includes \$50.8 million for interim housing costs for those displaced by wildfires and resources to acquire land for rebuilding efforts. The budget also included \$100.4 million for construction, rebuilding, and financing initiatives for wildfire survivors.

### Infrastructure Investments

One of the significant investment areas included within the ARPA Coronavirus State Fiscal Recovery Fund guidance is infrastructure investments specifically around water and wastewater projects. The 2021-23 budget includes \$275.7 million in ARPA funded projects specifically outlined for critical drinking water, storm water, and sanitary sewer projects. With this ARPA funding, 48 projects were identified across the State to make significant improvements to this critical infrastructure. An additional \$160 million in bond funds were authorized to make seismic rehabilitation upgrades to public school buildings and emergency services facilities.

In addition to these physical asset improvements, the 2021-23 budget makes a \$120 million investment in broadband access throughout the State. This investment is funded through the ARPA Capital Projects Fund, and will provide grants and loans through the Oregon Broadband Office to finance the planning and development of broadband service infrastructure.

### ***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, 2020. This was the twenty-ninth 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 'G. Naughton', 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

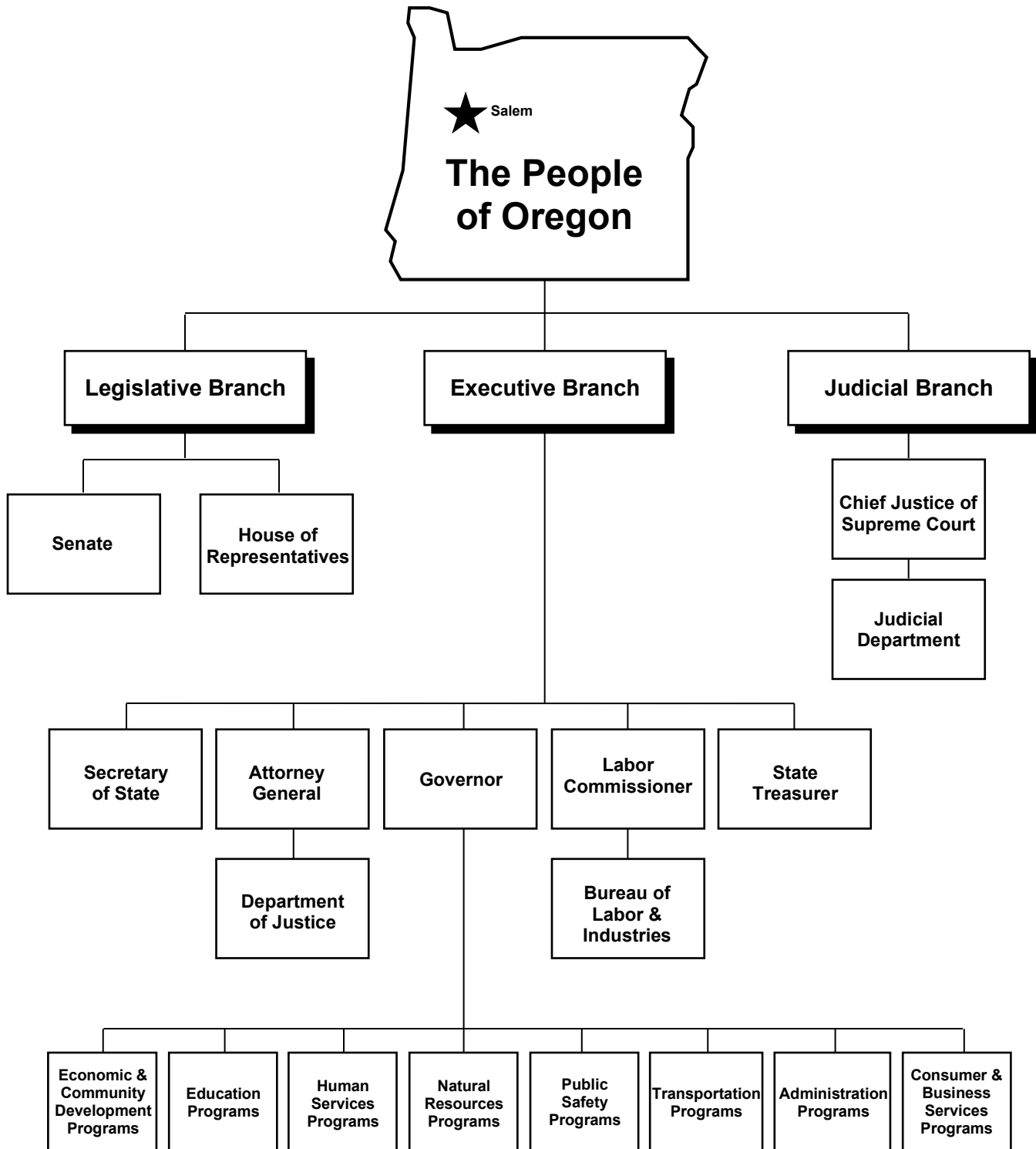
June 30, 2020

*Christopher P. Merrill*

Executive Director/CEO



# STATE OF OREGON ORGANIZATION CHART



## Principal State Officials



### EXECUTIVE

**Kate Brown**, Governor

**Shemia Fagan**, Secretary of State

**Tobias Read**, State Treasurer

**Ellen F. Rosenblum**, Attorney General

**Val Hoyle**, Commissioner, Labor and Industries

### LEGISLATIVE

**Peter Courtney**, Senate President

**Tina Kotek**, Speaker of the House of Representatives (Resigned January 21, 2022)

### JUDICIAL

**Martha L. Walters**, Chief Justice of the Supreme Court

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# Financial Section

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## Independent Auditor’s Report

The Honorable Kate Brown  
Governor of Oregon

### Report on the Financial Statements

We have audited the accompanying 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, 2021, 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.

### Management’s Responsibility for the Financial Statements

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

### Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 percentage 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	6%	2%	2%
Business Type Activities	1%	0%	0%
Discretely Presented Component Units	97%	97%	96%
Common School – Major Governmental Fund	100%	100%	100%
Aggregate Remaining Funds:			
Public Employees Retirement System	84%	49%	72%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above opinion units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, based on our audit and the reports of other auditors, the 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### 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, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oregon's basic financial statements. The combining fund financial statements and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated January 25, 2022, 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  
January 25, 2022

# 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, 2021. 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, 2021, the State's net position on a government-wide basis was \$23.5 billion. Of this amount, the unrestricted portion was \$5.5 billion. The amount restricted for specific uses was \$5.9 billion. The State's net investment in capital assets was \$12.1 billion.
- The State's net position increased \$2.8 billion compared to the prior year, indicating the State's overall financial position has improved. Net position for governmental activities increased 20.8%, while net position for business-type activities decreased 2.6%.
- As of June 30, 2021, the State's governmental funds reported combined ending fund balances of \$16 billion. Of this total, approximately 1% was considered nonspendable and included amounts related to inventories, prepaid amounts, and permanent fund principal.
- Approximately 56.9% 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 \$9.1 billion.
- The remaining 41.9% 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 \$6.7 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 \$5.2 billion.
- The net pension liability for the State, as the primary government and excluding discretely presented component units, has increased from \$3.9 billion to \$5 billion. The State recognized pension expense of \$1.2 billion during the current year. State contributions to this defined benefit plan during the current fiscal year were \$482.2 million.
- The State implemented all or a portion of two accounting standards in fiscal year 2021, which are described further in Note 1. The most notable implementation was GASB Statement No. 98, *The Annual Comprehensive Financial Report* which establishes the term "annual comprehensive financial report" and its acronym "ACFR".
- Outstanding debt increased by \$240.9 million during fiscal year 2021. As part of an overall plan to reduce borrowing costs, the State was involved in six debt refunding issuances and refunded \$1.2 billion of previously existing debt with \$1.4 billion 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 11 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, the State Fair Council, and the Oregon Affordable Housing Assistance Corporation. 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 32-35 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 36-43 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 44-53 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 54-55 of this report.

## Discretely Presented Component Units

The State reports four major discretely presented component units (DPCU) and seven nonmajor DPCUs. Within the basic financial statements on pages 56-61, 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 63-173 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 178, 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 196 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, 2021, was \$23.5 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 \$12.1 billion. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2021, restricted net position totaled \$5.9 billion. The remaining balance of \$5.5 billion was classified as unrestricted net position.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital assets	\$ 15,098.3	\$ 14,689.6	\$ 550.8	\$ 535.6	\$ 15,649.1	\$ 15,225.1
Other assets	21,669.4	18,282.9	8,021.1	10,079.3	29,690.5	28,362.3
<b>Total assets</b>	<b>36,767.8</b>	<b>32,972.5</b>	<b>8,571.9</b>	<b>10,614.9</b>	<b>45,339.7</b>	<b>43,587.4</b>
<b>Total deferred outflows</b>	<b>1,709.3</b>	<b>1,283.7</b>	<b>174.0</b>	<b>138.6</b>	<b>1,883.3</b>	<b>1,422.3</b>
Long-term liabilities	16,579.1	14,991.6	2,070.2	2,106.2	18,649.3	17,097.7
Other liabilities	4,343.9	4,648.4	593.3	2,398.0	4,937.2	7,046.4
<b>Total liabilities</b>	<b>20,923.0</b>	<b>19,640.1</b>	<b>2,663.5</b>	<b>4,504.2</b>	<b>23,586.5</b>	<b>24,144.2</b>
<b>Total deferred inflows</b>	<b>141.9</b>	<b>201.5</b>	<b>21.4</b>	<b>23.8</b>	<b>163.3</b>	<b>225.3</b>
Net investment in capital assets	11,902.9	11,343.8	542.0	524.2	12,084.7	11,489.0
Restricted	5,541.5	5,396.7	232.5	233.8	5,876.5	5,886.9
Unrestricted	(32.3)	(2,325.8)	5,286.5	5,467.5	5,511.9	3,264.3
<b>Total net position</b>	<b>\$ 17,412.1</b>	<b>\$ 14,414.7</b>	<b>\$ 6,061.0</b>	<b>\$ 6,225.5</b>	<b>\$ 23,473.1</b>	<b>\$ 20,640.1</b>

**Changes in net position.** The State's total net position increased \$2.8 billion compared to the prior year. The net position of governmental activities increased 20.8%, while the net position of business-type activities decreased 2.6%.

The ending net position of governmental activities for fiscal year 2021 was \$17.4 billion compared to \$14.4 billion reported in fiscal year 2020. Expenses increased \$5.2 billion, or 17.8%, while revenues increased \$8.1 billion, or 28.2%.

Operating grants and contributions increased \$4 billion, or 31.4%, from fiscal year 2020 primarily due to an increase in human services federal grant revenue related to COVID-19 federal stimulus funds including, but not limited to, moneys received from the Coronavirus Relief Fund and the Families First Coronavirus Recovery Package. As a result of the tax year 2019 filing extension, significantly higher tax receipts were received during fiscal year 2021 contributing to the \$2.6 billion increase in personal income tax revenues. Increases in marijuana sales, corporate activity tax receipts, a new inhalant tax, as well as a tobacco tax increase gave rise to other taxes of \$1.2 billion over the prior year. Implementation of the State's corporate activity tax mid-fiscal year 2020 resulted in a partial year of tax receipts reported, whereas fiscal year 2021 included a full year of corporate activity tax receipts.

Governmental activities expenses increased \$5.2 billion, or 17.8%, from fiscal year 2020 primarily impacting human services, economic and community development, and education programs. Costs associated with distributing and administering vaccines contributed to the human services expenses increase of \$2.4 billion, or 15.9%. Other factors included increased spending by Health Programs Medicaid for payments to behavioral health providers and coordinated care organizations that experienced caseload changes caused by the COVID-19 pandemic. Increased distributions to hospitals for seismic-related projects and distributions of Coronavirus Relief Funds to non-profit organizations and non-government entities led rise to economic and community development expenses of \$1.1 billion. Education expenses increased \$700 million, or 10.1%, primarily due to an increase in distributions to school districts pursuant to the Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief Fund (GEERF), both of which were created by the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as well as an increase in Student Success Act distributions to school districts, counties, universities, and non-profit organizations for various programs.

As shown in Table 2, the ending net position of business-type activities for fiscal year 2021 was \$6.1 billion, compared to \$6.2 billion reported in fiscal year 2020. Increases were reported for operating grants and contributions as well as expenses, \$813.8 million and \$849.1 million, respectively. The primary cause for both increases stems from the continuation of federal unemployment insurance programs and extensions. While the COVID-19 pandemic was present for only the last quarter of fiscal year 2020, its effects were sustained

for the entirety of fiscal year 2021. The response to the pandemic led to unprecedented unemployment compensation claimant activity combined with the operational impacts to administer the related programs.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,352.4	\$ 2,365.8	\$ 3,505.3	\$ 3,045.3	\$ 5,857.7	\$ 5,411.1
Operating grants and contributions	16,770.7	12,764.6	4,225.8	3,412.1	20,996.5	16,176.7
Capital grants and contributions	27.6	19.6	3.2	0.4	30.8	20.0
General revenues:						
Personal income taxes	11,256.9	8,635.7	-	-	11,256.9	8,635.7
Corporate income taxes	1,223.5	892.5	-	-	1,223.5	892.5
Other taxes	5,264.6	4,038.6	17.7	18.3	5,282.3	4,056.8
Unrestricted investment earnings	52.1	101.5	-	-	52.1	101.5
<b>Total revenues</b>	<b>36,947.8</b>	<b>28,818.3</b>	<b>7,752.0</b>	<b>6,475.9</b>	<b>44,699.8</b>	<b>35,294.2</b>
<b>Expenses:</b>						
Education	7,614.4	6,914.4	-	-	7,614.4	6,914.4
Human services	17,401.8	15,017.6	-	-	17,401.8	15,017.6
Public safety	2,000.1	1,844.7	-	-	2,000.1	1,844.7
Economic and community development	1,706.1	654.8	-	-	1,706.1	654.8
Natural resources	1,045.1	896.9	-	-	1,045.1	896.9
Transportation	2,266.2	1,949.5	-	-	2,266.2	1,949.5
Consumer and business services	521.0	443.4	-	-	521.0	443.4
Administration	992.5	552.3	-	-	992.5	552.3
Legislative	81.1	61.9	-	-	81.1	61.9
Judicial	532.8	566.0	-	-	532.8	566.0
Interest on long-term debt	346.2	396.5	-	-	346.2	396.5
Housing and community services	-	-	44.1	51.7	44.1	51.7
Veterans' loan	-	-	16.6	20.6	16.6	20.6
Lottery operations	-	-	659.1	587.6	659.1	587.6
Unemployment compensation	-	-	5,409.2	4,670.9	5,409.2	4,670.9
State hospitals	-	-	509.9	500.8	509.9	500.8
Liquor control	-	-	596.1	551.3	596.1	551.3
Other business-type activities	-	-	160.1	163.3	160.1	163.3
<b>Total expenses</b>	<b>34,507.3</b>	<b>29,297.9</b>	<b>7,395.2</b>	<b>6,546.1</b>	<b>41,902.5</b>	<b>35,844.0</b>
Increase (decrease) before contributions, special and extraordinary items, and transfers	2,440.5	(479.6)	356.8	(70.2)	2,797.3	(549.8)
Transfers	539.2	442.0	(539.2)	(442.0)	-	-
<b>Increase (decrease) in net position</b>	<b>2,979.7</b>	<b>(37.6)</b>	<b>(182.4)</b>	<b>(512.2)</b>	<b>2,797.3</b>	<b>(549.8)</b>
Net position – beginning	14,414.7	14,338.6	6,225.5	6,737.7	20,640.1	21,076.3
Prior period adjustments	17.7	(8.2)	18.0	(0.1)	35.7	(8.3)
Cumulative effect of accounting change	-	122.0	-	-	-	122.0
Net position – beginning – as restated	14,432.4	14,452.3	6,243.5	6,737.7	20,675.8	21,190.0
<b>Net position – ending</b>	<b>\$17,412.1</b>	<b>\$ 14,414.7</b>	<b>\$ 6,061.0</b>	<b>\$ 6,225.5</b>	<b>\$ 23,473.1</b>	<b>\$ 20,640.1</b>

Figure 1 below illustrates fiscal year 2021 revenues of the State as a whole, by source. Approximately 47% 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 27.9% of total revenues, while charges for services accounted for 13.1%.

**Figure 1**  
**State of Oregon's Revenue by Source**  
**For the Year Ended June 30, 2021**

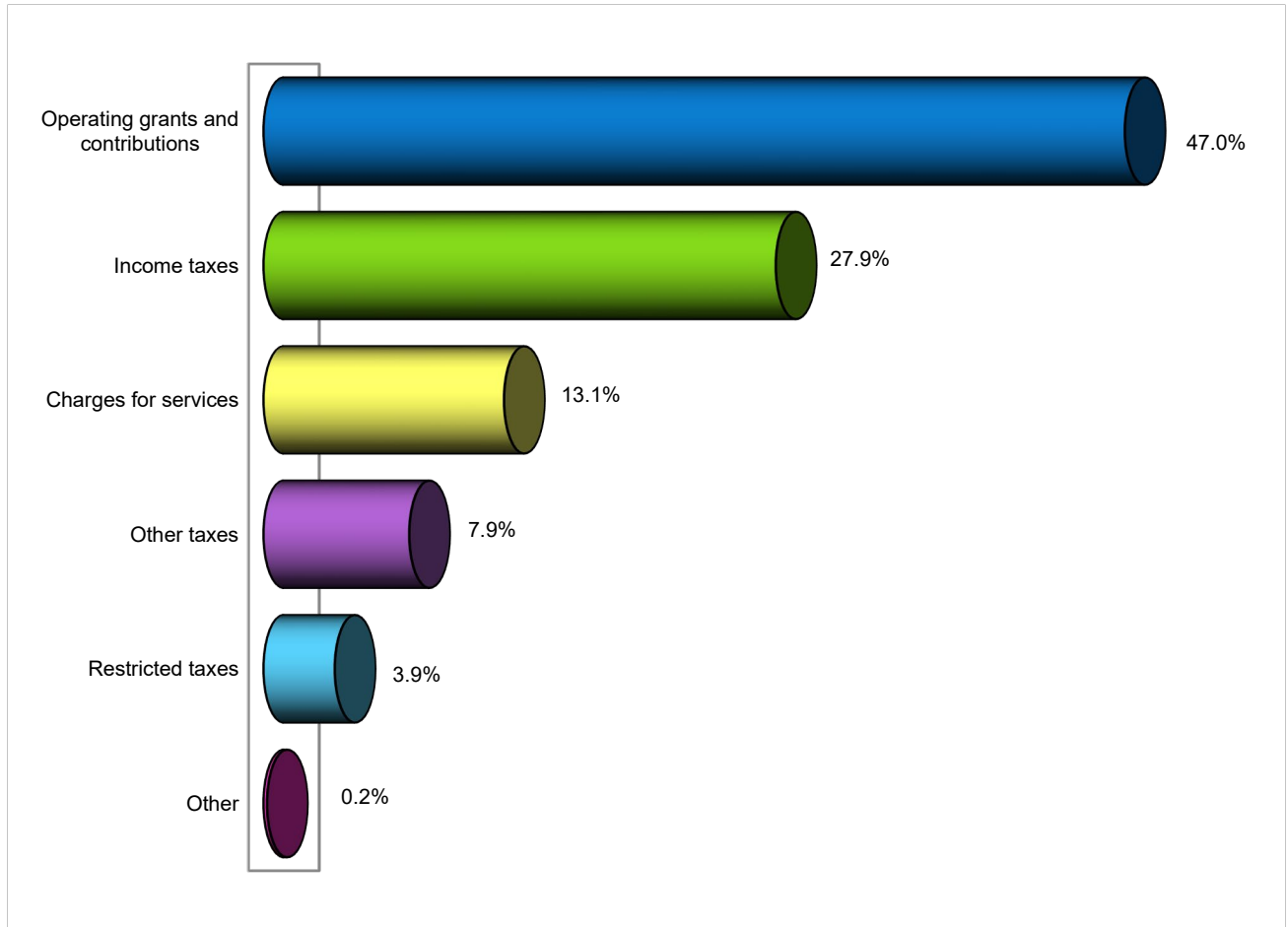
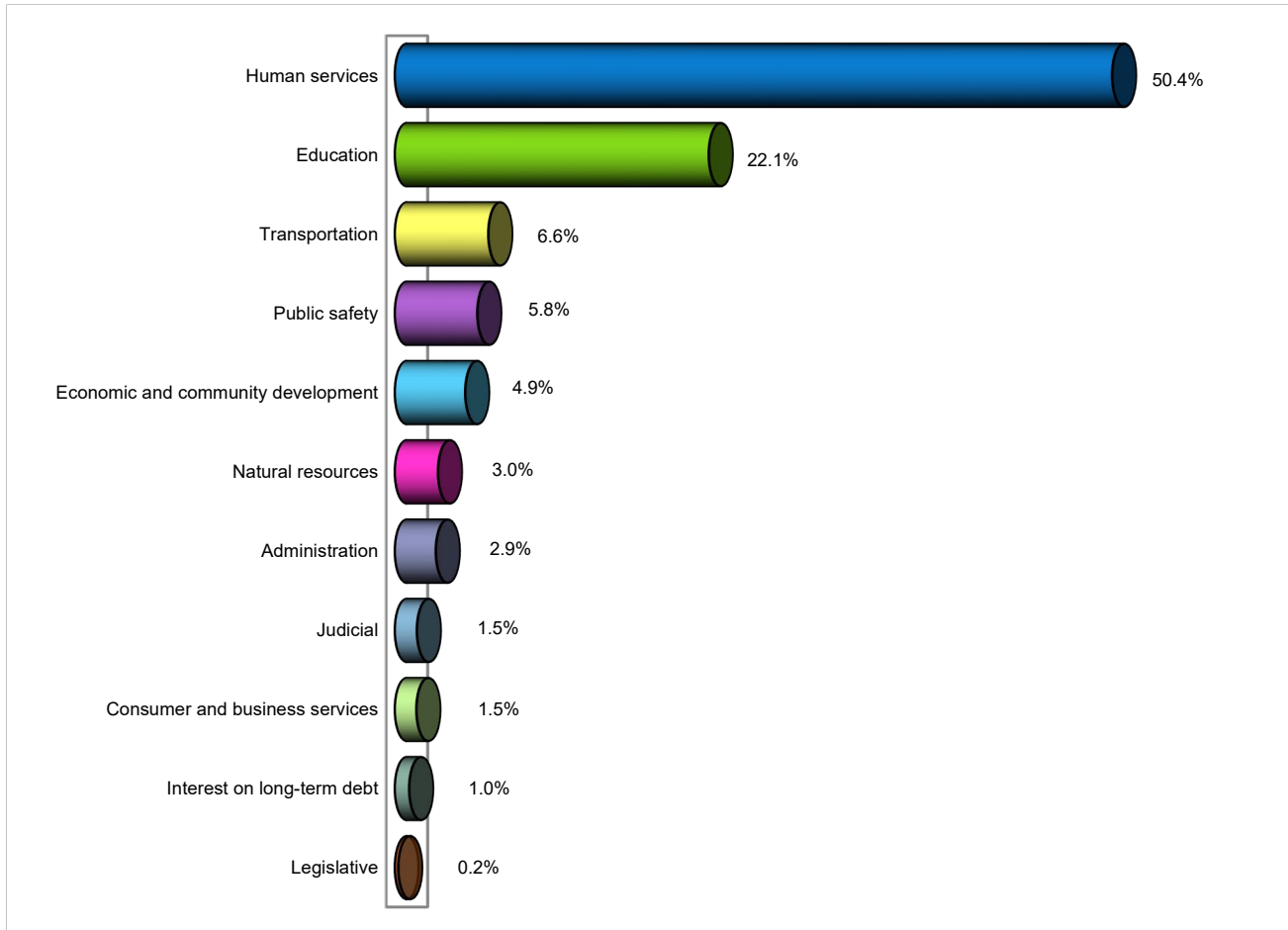


Figure 2 below shows expenses of the governmental activities by function. The cost of providing human services for Oregon citizens in need of assistance comprised 50.4% of total expenses. Elementary and secondary education accounted for 22.1% of the total.

**Figure 2**  
**State of Oregon’s Governmental Expenses by Function**  
**For the Year Ended June 30, 2021**



**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 2021, the State’s governmental funds reported combined ending fund balances of \$16 billion, up \$3.7 billion compared to the prior year.

Nonspendable fund balances of \$204.7 million, or 1%, included amounts that were either not in spendable form or were legally or contractually required to be maintained intact, while restricted fund balances of \$9.1 billion, or 56.9%, 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 \$2.1 billion comprised 13% 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 \$459 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 \$4.2 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 2021 with a total fund balance of \$6.1 billion. This represents a \$2.2 billion, or 57.6%, increase from the prior year's ending fund balance. Total revenues increased by 21.8% and total expenditures increased by 4%. Significant revenue increases included personal income taxes, which increased \$2.4 billion, and corporate income taxes, which increased \$227.4 million. Both tax revenue increases were primarily due to higher tax receipts received during fiscal year 2021 because of the tax year 2019 filing extension. Federal revenue also exhibited a significant increase totaling \$425.2 million, due, in part, to the expenditure of moneys from the Coronavirus Relief Fund, a segment of the federal CARES Act. Legislation authorizing the distribution of General Fund moneys to community action organizations to assist landlords who were not receiving rent payments due to the COVID-19 pandemic contributed to the \$221.7 million increase in economic and community development program spending. Other significant changes affected administration and intergovernmental expenditures, which increased \$204.2 million and \$354.7 million, respectively. The spending increase was attributed, in part, to the distribution of Coronavirus Relief Fund and Lottery project funds to various governmental and non-governmental entities. Distributions to school districts also contributed to the increase in intergovernmental spending. Human resources expenditures decreased \$474.9 million from the prior year. This decrease was anticipated since fiscal year 2021 represents the second year in the biennium and typically more General Fund moneys are spent in the first year of the biennium related to human resources programs. Transfers from other funds increased by \$1.3 billion, of which a substantial portion is related to increased transfers from the Educational Support Fund pursuant to Student Success Act allocations made to the Oregon Department of Education Early Childhood Equity Fund (reported within the General Fund) and the Youth Development Division.

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 \$81.5 million to \$962.7 million, 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 2021 with a \$67.2 million increase in fund balance largely due to increases in federal revenue and healthcare provider taxes. Federal revenue increased by \$1.3 billion, or 13.9%, primarily because of additional funding received through the Coronavirus Relief Fund, Food Stamp Emergency Allotment, and the Families First Coronavirus Recovery Package. A portion of these federal funds were distributed to various entities to supplement emergency response activities such as COVID-19 vaccine distribution and administration. This contributed, in part, to the increases in human resources and intergovernmental expenditures totaling \$1.9 billion and \$180.3 million, respectively. The increase in healthcare provider taxes of \$172 million, or 22.8%, was also related to the COVID-19 pandemic. Since hospitals postponed elective surgeries during 2020 in an effort to limit the spread of COVID-19, an uptick in hospital visits occurred in 2021 due, in part, to the rescheduling of elective surgeries which resulted in an increase in related revenue. Other factors contributing to the increase in ending fund balance were due to increased tobacco taxes and the corresponding revenue increase of \$138.1 million, as well as the increase in marijuana related sales which resulted in an increase in marijuana taxes totaling \$52.5 million.

In the Public Transportation Fund, ending fund balance totaled \$752.6 million, a decrease of \$27.1 million from the prior year. Overall, total revenues increased \$209.6 million primarily related to motor fuel and other vehicle taxes, federal, and licenses and fees, which increased \$123.6 million, \$70.1 million, and \$31 million, respectively. These revenue increases were the result of a number of different circumstances. For example, the motor fuel tax and weight mile tax increases combined with the significant increase in demand for trucking during the COVID-19 pandemic attributed to the increase in motor fuel and other vehicle tax revenues. Funds received from the Federal Emergency Management Agency offset by the reduction of large federally participating construction projects contributed to the net increase in federal revenue reported for fiscal year 2021. The 36.4% increase in licenses and fees revenue was due, in part, to the State's implementation of the REAL ID Act passed by Congress in 2005. The Act set standards for the issuance of sources of identification,



such as driver's licenses. The REAL ID cards became available to Oregon citizens in August 2020 resulting in a significant increase in revenue from (1) individuals acquiring a REAL ID as part of the regular renewal process and (2) replacement licenses issued to individuals who wanted a REAL ID outside of their normal expiration period. Transportation expenditures increased \$289 million due to the impacts of the COVID-19 pandemic and the 2020 wildfires. Furthermore, it is customary for transportation programs to spend more in the second year of the biennium (i.e., 2021). Intergovernmental expenditures also increased, by \$84.9 million, due to the distribution of Coronavirus Relief Funds to other governmental entities, such as transit districts. Long-term debt in the amount of \$186.5 million was issued to finance transportation projects including state highway improvements in Northwest Oregon, Interstate 205 active traffic management and corridor bottleneck projects, the State Highway 22 and Center Street Bridge seismic retrofit, and Interstate 5 modifications at the Aurora-Donald interchange. Though total revenues and other financing sources increased over fiscal year 2020, total expenditures for the fiscal year exceeded total revenues resulting in a decrease in fund balance.

The Educational Support Fund experienced an increase of \$711.9 million, or 34.3%, in fund balance for fiscal year 2021. Total revenues increased \$1.4 billion while total expenditures net of other financing sources and uses increased \$304.4 million. Most notably, corporate activity tax revenue increased \$760 million primarily because the tax was in effect for all of fiscal year 2021, unlike the prior fiscal year. Previously reported in the General Fund and transferred to the Educational Support Fund, the portion of the corporate activity tax revenue directly related to funding the Student Success Act enacted during the 2019 legislative session is now reported in the Educational Support Fund. Federal revenue also increased significantly, by \$173.6 million, or 42.3%. In addition to 14 new federal grant awards which became effective during the fiscal year, the Oregon Department of Education received federal funding for ESSER and funding from the GEERF, which were created by the CARES Act. Increases in capital construction spending at community colleges and distributions to school districts from the ESSER, GEERF, and Student Success Act funding contributed to the \$377.2 million, or 47.8%, increase in intergovernmental expenditures. Student Success Act funding distributions to non-governments contributed to the \$136.1 million increase in education expenditures. Student Success Act allocations made to the Oregon Department of Education Early Childhood Equity Fund (reported within the General Fund) and the Youth Development Division accounted for a portion of the \$1 billion increase in transfers to other funds. During the fiscal year, debt was issued in the amount of \$733.6 million to refund \$739.9 million in pre-existing debt while \$308.3 million in new debt was issued to fund public university and community college capital construction projects. Refer to Note 8 for additional debt information.

Ending fund balance in the Common School Fund increased \$465.9 million, or 32.9%. Many of the revenues and expenditures were comparable to the prior year with the exception of investment income and other revenue. Largely due to market fluctuations, investment income increased from a negative \$1 million in the prior fiscal year to a positive \$498.3 million. Other revenue increased \$21 million primarily due to the gain from the sale of land at Stevens Road.

**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 2021, the Housing and Community Services Fund reported operating income of \$1.5 million compared to an operating loss of \$4.4 million in fiscal year 2020. While operating revenues reported for fiscal year 2021 were comparable to the prior year, expenses decreased by \$7.1 million. The decrease in expenses primarily impacted services and supplies (\$2 million), special payments (\$1 million), and bond and COP interest (\$3.3 million). Investment income also decreased \$11.4 million because the total fair value of investments change was negative and interest rates were down. The net effect was a \$4.3 million increase in net position for fiscal year 2021.

The Veterans' Loan Program's revenue is generated principally from interest earned on mortgage loans and investment income. In fiscal year 2021, revenue generated through the program totaled \$15.9 million, of which \$12.2 million, or 77% 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 \$17.3 million, of which \$9 million is bond interest expense and \$5 million is salaries and other payroll expenses. The change in net position for the year ended June 30, 2021, resulted in a decrease of \$741 thousand.

The net position of the Lottery Operations Fund decreased \$20.3 million, or 7.6%, in fiscal year 2021, after profits were committed for contractual obligations and future capital purchases. Operating income increased \$85.4 million, or 15.3%, from the previous year due to increased product sales. Most notably, Video Lottery<sup>SM</sup> game sales increased \$62.8 million and Scratch-its<sup>SM</sup> instant ticket sales increase \$46.2 million. The increase in product sales occurred because fiscal year 2021 did not have pandemic mandated establishment closures for as many days as fiscal year 2020. Total operating expenses increased \$68.1 million, or 11.6%, 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 decreased by \$120.4 million, or 2.7%, from the prior year. This decrease is primarily due to additional expenses related to unemployment claims. In addition to regular unemployment insurance, several federal unemployment insurance programs and extensions continued through fiscal year 2021, resulting in \$885.2 million additional federal revenue. Special payments increased by \$735.9 million from fiscal year 2020. The increase in special payments is related to unemployment insurance claims and federal insurance program payments to individuals who suffered job losses or wages reductions as a result of the COVID-19 pandemic. Investment income decreased \$28.1 million, or 23.1%, from the prior year. Unprecedented benefit payments out of Oregon's Unemployment Trust Fund account at the U.S. Treasury in fiscal year 2021, resulted in a reduced balance therefore less interest earned.

In the fiscal year 2021, the other (nonmajor) proprietary funds recognized a \$78 million increase in operating revenues, primarily associated with sales in the Liquor Control Fund. Operating expenses increased by \$51.2 million, primarily related to increased salaries and wages in the State Hospitals Fund and increased cost of goods sold in the Liquor Control Fund. Overall, the other (nonmajor) proprietary funds recognized an operating loss of \$191.4 million, an improvement of \$26.7 million from the prior year operating loss of \$218.2 million.

At the end of fiscal year 2021, approximately 87.2% 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 91.8% 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, increased by \$19.4 billion. The fund reported a net appreciation in the fair value of investments in the current year of \$21.6 billion, an increase of \$21.5 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 2019-21 biennium, final estimated revenues for the General Fund were equal to the original estimate. The General Fund's final budgeted expenditures increased slightly compared to the original estimate.

For fiscal year 2021, actual General Fund revenues and other financing sources exceeded actual expenditures and other financing uses by \$5.3 billion, leaving an ending budget balance of \$4.7 billion. Actual revenues for the biennium were 109.1% of those budgeted, or \$23 billion, while actual cash expenditures were 97.1% of those budgeted, or \$21.8 billion. The remaining budget is expected to be used during the six-month lapse period from July 1 to December 31, 2021, to pay for obligations incurred prior to July 1, 2021.

## 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, 2021 and 2020 is summarized in Table 3. In fiscal year 2021, the State issued general obligation bonds for governmental activities. At the Oregon Higher Education Coordinating Commission, general obligation bonds were issued to finance various facilities and capital construction related projects for Oregon universities. At the Oregon Housing and Community Services Department, general obligation bonds were issued to finance affordable housing via the Local Innovation and Fast Track (LIFT) Housing Program and Permanent Supportive Housing (PSH) Programs.

During fiscal year 2021, revenue bonds were issued for governmental activities and business-type activities. At the Oregon Department of Transportation, revenue bonds were issued to finance state and local highway, multi-modal, and light rail projects. 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 2021, direct borrowings and direct placements were issued for governmental activities to finance state capitol construction and software application development projects through the Oregon Legislative Administration Committee.

The State was involved in six separate debt refunding issuances in fiscal year 2021 and refunded \$1.2 billion of previously existing debt with \$1.4 billion 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, 2021 and 2020**  
**(In Millions)**

	2021	2020	2021 Over (Under) 2020	
			Amount	Percent
General obligation bonds	\$ 7,253.0	\$ 6,971.6	\$ 281.4	4.0%
Revenue bonds	4,784.8	4,808.1	(23.3)	-0.5%
Certificates of participation	95.7	100.9	(5.2)	-5.2%
Direct borrowings and placements	66.8	70.0	(3.2)	-4.6%
Contracts, mortgages, and notes payable	296.8	305.5	(8.7)	-2.8%
<b>Total</b>	<b>\$ 12,497.1</b>	<b>\$ 12,256.2</b>	<b>\$ 240.9</b>	<b>2.0%</b>

## CAPITAL ASSETS

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2021, was \$15.6 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 2021 increased \$423.9 million, or 2.8%.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,022.5	\$ 2,008.8	\$ 9.3	\$ 9.3	\$ 2,031.8	\$ 2,018.1
Buildings, property, and equipment	2,688.9	2,194.2	533.1	519.2	3,222.0	2,713.4
Construction in progress	1,021.5	1,252.8	5.2	3.8	1,026.7	1,256.6
Infrastructure	9,363.0	9,231.7	2.4	2.5	9,365.4	9,234.2
Works of art and other nondepreciable assets	2.5	2.1	0.8	0.8	3.3	2.9
<b>Total</b>	<b>\$ 15,098.3</b>	<b>\$ 14,689.6</b>	<b>\$ 550.8</b>	<b>\$ 535.6</b>	<b>\$ 15,649.1</b>	<b>\$ 15,225.2</b>

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

- The State's outstanding construction commitments related to road and bridge construction totaled \$799.1 million at June 30, 2021.
- The Department of Justice added \$128.6 million of software to buildings, property, and equipment. The increase was the result of the Origin Project being completed and reclassified from construction in progress. The Origin Project replaced the Child Support Enforcement Application System. The new system will provide automation, secure communication, and improved production, accuracy, and effectiveness in the Child Support Program.
- The Oregon Department of Human Services added \$243.8 million of software to buildings, property, and equipment moved from construction in progress for the new Oregon Eligibility (ONE) system. The ONE system will allow applicants to apply and find out if they may be eligible for various forms of assistance, including the Oregon Health Plan.
- The Legislative Administrative Committee added \$69.8 million to buildings and building improvements, of which \$66.5 million was reclassified from construction in progress. Improvements were made to the Capitol building which addressed ADA deficiencies, at-risk mechanical, electrical, and plumbing systems, and security and life-safety issues.
- The Oregon Department of Transportation added \$426.3 million in infrastructure during fiscal year 2021, including the reclassification of \$255.2 million of completed project costs from construction in progress. Among other important projects completed during the year, a number of bridges on US Highway 97 were improved to assist traffic mobility following a major seismic event. This included replacing the Spanish Hollow Creek Bridge and the Trout Creek Bridge with new seismic resilient bridges.
- The Oregon Military Department added \$14.7 million to leasehold improvements related to three main projects, of which \$13 million was reclassified from construction in progress. The first project is the Boardman Known Distance Range which will assist Oregon National Guard Service Members to properly train in advanced rifle marksmanship and target engagement. The second project is related to building 53 at the Umatilla Regional Training Institute. This building is a part of the larger renovation of the facility to update the grounds to be recognized and used as a fully operational training center for the Oregon National Guard. The third project is the Oregon Youth Challenge Program expansion and remodel that was done to accommodate an increased number of cadets and staff. Improvements included upgraded or new classrooms, cafeteria, administrative offices, barracks, latrines, and a supply warehouse.
- The Oregon Department of Corrections added \$11.7 million in equipment and machinery and \$9.9 million in buildings and building improvements to the 14 correctional facilities. A total of \$9.4 million was reclassified from construction in progress. Kitchen equipment, medical equipment, security cameras, and mail screening devices represented the majority of the new equipment. Building improvements included roofs, heating and cooling, and upgrades to kitchens.

- The Oregon Youth Authority added \$21.3 million to buildings and building improvements from construction in process. The main projects that were completed included building a new school and vocational building at the Rogue Valley Youth Correctional Facility (YCF), remodeling and renovating the living units at the MacLaren YCF, adding an Enrichment Center at the Oak Creek YCF, and upgrading the CCTV systems at various facilities.

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 November 2021 was 4.2% compared to 6.6% in November 2020. The U.S. unemployment rate for November 2021 was 4.2% compared to 6.7% in November 2020. Oregon's unemployment rate reached a high point of 13.2% in April 2020, due to the onset of the COVID-19 pandemic but has been consistently improving since.

The economic recovery from the pandemic continues to be robust. Booming wage gains are now offsetting the fading federal aid. Household incomes and consumer spending remain strong, supporting an overall bright outlook. The economy is set to reach full employment a year from now, or three times faster than in the aftermath of the Great Recession.

The fundamental economic challenge remains the supply side of the economy trying to keep pace with demand. Labor runs through everything, from production to logistics to sales. Firms are looking to hire as quickly as possible, while labor supply has been slower to recover. Labor shortages are likely to ease some in the coming months as more workers search for a job in earnest. Even so, the labor market will remain tight for structural reasons like more retirements and less immigration.

Recent forecasts have called for tax collections to return to earth. Federal aid has expired, and economic activity is beginning to return to normal with workers reentering the labor force, returning to offices, and spending more on services. Instead of normalizing, however, revenue growth has accelerated further. In recent weeks, daily collection records have been set for both personal income tax withholdings and corporate tax collections. In addition, Lottery sales continue to set records for this time of year.

The revenue boom is being supported by a wide range of income sources. Most importantly, healthy gains in labor income are generating personal income tax payments. Despite Oregon having 70 thousand fewer jobs relative to pre-pandemic levels, taxable wages, and salaries are far above pre-pandemic trends. A persistently tight labor market is putting upward pressure on wages, leading to significant payroll growth despite the job losses.

The December 2021 forecast for General Fund revenues for the 2021-23 biennium is \$24.1 billion. This figure is \$807 million 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 \$2 billion. The latest revenue forecast projects increases in General Fund revenues for the next two biennia, up 15.4% to \$27.9 billion in 2023-25 and up an additional 11.1% to \$31 billion in 2025-27.



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# **Basic Financial Statements**

**State of Oregon**

**Statement of Net Position**  
**June 30, 2021**  
(In Thousands)

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 9,066,697	\$ 5,187,366	\$ 14,254,063	\$ 1,260,518
Cash and Cash Equivalents - Restricted	2,129,944	45,818	2,175,762	77,124
Investments	2,219,318	35,577	2,254,895	5,350,593
Investments - Restricted	277,663	47,238	324,901	-
Securities Lending Collateral	42,170	23,438	65,609	62,374
Accounts and Interest Receivable (net)	1,489,354	584,455	2,073,809	1,260,469
Taxes Receivable (net)	1,418,715	-	1,418,715	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	246,101
Internal Balances	269,520	(269,520)	-	-
Due from Component Units	80,192	6,350	86,543	-
Due from Other Governments	115	3,638	3,753	23,425
Due from Primary Government	-	-	-	102,950
Inventories	192,039	57,424	249,463	79,095
Prepaid Items	14,204	2,498	16,702	97,350
Loans Receivable (net)	37,678	76,826	114,504	-
Foreclosed and Deeded Property	100	123	223	-
Other Assets	1,635	-	1,635	-
Total Current Assets	<u>17,239,344</u>	<u>5,801,231</u>	<u>23,040,575</u>	<u>8,560,002</u>
<b>Noncurrent Assets:</b>				
Cash and Cash Equivalents	-	92,077	92,077	3,000
Cash and Cash Equivalents - Restricted	1,260,487	168,894	1,429,381	175,835
Investments	231,877	111,603	343,479	4,906,431
Investments - Restricted	5,537	207,330	212,867	1,616,484
Taxes Receivable (net)	446,982	-	446,982	-
Interfund Loans	7,609	(7,609)	-	-
Advances to Component Units	1,014,519	72,423	1,086,942	-
Net Contracts, Notes, and Other Receivables	617,619	37,864	655,482	111,481
Loans Receivable (net)	829,345	1,531,594	2,360,939	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	482,034
Net OPEB Asset	16,131	1,547	17,677	20,166
Derivative Instrument Assets	-	4,176	4,176	-
Other Assets	-	-	-	8,817
<b>Capital Assets:</b>				
Land	2,022,463	9,291	2,031,753	326,723
Buildings, Property, and Equipment	4,979,230	919,452	5,898,682	11,261,240
Construction in Progress	1,021,485	5,224	1,026,708	256,959
Infrastructure	15,758,713	3,606	15,762,319	186,934
Works of Art and Other Nondepreciable Assets	2,474	759	3,233	88,435
Less Accumulated Depreciation and Amortization	<u>(8,686,053)</u>	<u>(387,548)</u>	<u>(9,073,601)</u>	<u>(5,268,199)</u>
Total Noncurrent Assets	<u>19,528,416</u>	<u>2,770,682</u>	<u>22,299,098</u>	<u>14,176,340</u>
<b>Total Assets</b>	<u>36,767,760</u>	<u>8,571,913</u>	<u>45,339,673</u>	<u>22,736,342</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Hedging Derivatives	-	6,387	6,387	6,149
Goodwill	-	-	-	667
Loss on Refunding	120,391	2,415	122,806	27,794
Asset Retirement Obligation	-	-	-	16,494
Related to Pensions	1,567,640	163,069	1,730,709	709,243
Related to OPEB	21,230	2,118	23,349	26,377
<b>Total Deferred Outflows of Resources</b>	<u>1,709,262</u>	<u>173,989</u>	<u>1,883,251</u>	<u>786,723</u>

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

**State of Oregon**

**Statement of Net Position  
June 30, 2021  
(In Thousands)**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts and Interest Payable	2,059,421	359,654	2,419,076	742,519
Obligations Under Securities Lending	42,170	23,438	65,609	62,371
Obligations Under Life Income Agreements	-	-	-	85,109
Due to Component Units	101,547	193	101,740	-
Due to Other Governments	420,553	5,212	425,765	13,053
Due to Primary Government	-	-	-	86,405
Unearned Revenue	507,616	2,914	510,530	657,905
Compensated Absences Payable	200,779	18,212	218,991	136,188
Reserve for Loss and Loss Adjustment Expense	-	-	-	305,969
Claims and Judgments Payable	127,386	830	128,216	40,868
Lottery Prize Awards Payable	-	51,395	51,395	-
Deposit Liabilities	210,583	38,754	249,336	52,210
Contracts, Mortgages, and Notes Payable	36,157	4,696	40,853	21,832
Bonds/COPs Payable	629,080	86,695	715,775	28,162
Obligations Under Capital Lease	573	1,270	1,843	1,386
Pollution Remediation Obligation	8,029	-	8,029	-
Asset Retirement Obligation	-	-	-	565
Total Current Liabilities	<u>4,343,894</u>	<u>593,264</u>	<u>4,937,158</u>	<u>2,234,542</u>
<b>Noncurrent Liabilities:</b>				
Unearned Revenue	-	-	-	557,508
Obligations Under Life Income Agreements	-	-	-	25,955
Compensated Absences Payable	108,111	9,672	117,784	35,949
Reserve for Loss and Loss Adjustment Expense	-	-	-	2,163,512
Claims and Judgments Payable	1,126,351	-	1,126,351	46,639
Lottery Prize Awards Payable	-	109,230	109,230	-
Arbitrage Rebate Payable	243	10,042	10,285	-
Deposit Liabilities	358,902	2,195	361,097	-
Contracts, Mortgages, and Notes Payable	231,387	23,580	254,967	278,370
Bonds/COPs Payable	10,073,043	1,411,489	11,484,532	1,891,419
Obligations Under Capital Lease	1,127	2,049	3,176	1,098
Net Pension Liability	4,534,847	484,303	5,019,150	1,947,004
Advances from Primary Government	-	-	-	1,086,942
Pollution Remediation Obligation	35,625	-	35,625	-
Asset Retirement Obligation	-	-	-	20,120
Net OPEB Liability	6,932	763	7,695	2,276
Total OPEB Liability	102,517	10,503	113,020	70,429
Derivative Instrument Liabilities	-	6,387	6,387	16,263
Total Noncurrent Liabilities	<u>16,579,086</u>	<u>2,070,212</u>	<u>18,649,298</u>	<u>8,143,488</u>
<b>Total Liabilities</b>	<u>20,922,980</u>	<u>2,663,476</u>	<u>23,586,456</u>	<u>10,378,031</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Hedging Derivatives	-	4,176	4,176	-
Gain on Refunding	14,993	40	15,034	1,291
Life income agreements and pending funds	-	-	-	104,542
Loan Origination	-	3,802	3,802	-
Related to Pensions	104,054	11,003	115,057	136,528
Related to OPEB	22,894	2,380	25,274	15,048
<b>Total Deferred Inflows of Resources</b>	<u>141,942</u>	<u>21,400</u>	<u>163,342</u>	<u>257,411</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	11,902,923	542,048	12,084,721	4,315,969
Restricted-Nonexpendable	10,327	-	10,327	2,036,932
Restricted for:				
Health and Social Services Programs	17,557	-	17,557	-
Transportation Programs	553,278	-	553,278	-
Natural Resource Programs	997,716	-	997,716	-
Education	2,693,659	-	2,693,659	2,131,466
Community Protection	79,111	-	79,111	-
Consumer Protection	129,815	-	129,815	-
Employment Services	284,489	-	284,489	-
Workers' Compensation	-	-	-	2,620,854
Residential Assistance	80,190	1,257	81,447	-
Debt Service	563	229,689	230,252	3,368
Capital Projects	13,276	-	13,276	72,309
OPEB	16,131	1,547	17,677	20,166
Other Purposes	665,337	-	665,337	-
Unrestricted	(32,275)	5,286,486	5,511,912	1,686,557
<b>Total Net Position</b>	<u>\$ 17,412,100</u>	<u>\$ 6,061,025</u>	<u>\$ 23,473,125</u>	<u>\$ 12,887,623</u>



**State of Oregon**

**Statement of Activities**  
**For the Year Ended June 30, 2021**  
(In Thousands)

	<b>Program Revenues</b>				<b>Net (Expense) Revenue</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Functions/Programs</b>					
<b>Primary Government:</b>					
Governmental Activities:					
Education	\$ 7,614,399	\$ 25,972	\$ 1,070,074	\$ -	\$ (6,518,353)
Human Services	17,401,755	1,043,398	12,285,190	-	(4,073,167)
Public Safety	2,000,090	75,454	312,663	25,273	(1,586,700)
Economic and Community Development	1,706,086	119,339	991,855	-	(594,893)
Natural Resources	1,045,119	459,367	761,756	1,375	177,379
Transportation	2,266,246	175,544	630,969	956	(1,458,776)
Consumer and Business Services	520,979	153,803	100,894	-	(266,283)
Administration	992,498	173,782	608,850	-	(209,866)
Legislative	81,095	1,420	176	-	(79,500)
Judicial	532,840	124,318	8,244	-	(400,278)
Interest on Long-term Debt	346,208	-	-	-	(346,208)
Total Governmental Activities	<u>34,507,315</u>	<u>2,352,396</u>	<u>16,770,671</u>	<u>27,604</u>	<u>(15,356,644)</u>
Business-type Activities:					
Housing and Community Services	44,139	48,007	414	-	4,282
Veterans' Loan	16,609	13,764	2,120	1	(725)
Lottery Operations	659,109	1,298,805	-	-	639,696
Unemployment Compensation	5,409,212	1,094,573	4,193,014	-	(121,624)
State Hospitals	509,919	91,400	-	-	(418,519)
Liquor Control	596,099	803,504	170	-	207,574
Other Business-type Activities	160,127	155,247	30,090	3,169	28,379
Total Business-type Activities	<u>7,395,215</u>	<u>3,505,299</u>	<u>4,225,808</u>	<u>3,170</u>	<u>339,063</u>
<b>Total Primary Government</b>	<u>\$ 41,902,530</u>	<u>\$ 5,857,696</u>	<u>\$ 20,996,479</u>	<u>\$ 30,774</u>	<u>\$ (15,017,581)</u>
<b>Component Units:</b>					
SAIF Corporation	\$ 654,286	\$ 526,860	\$ 444,026	\$ -	\$ 316,601
University of Oregon	1,001,128	458,172	730,576	32,436	220,055
Oregon State University	1,257,796	485,946	946,622	77,514	252,287
Portland State University	508,829	236,951	296,238	8,364	32,725
Other Component Units	4,443,984	3,482,511	1,504,420	50,344	593,293
<b>Total Component Units</b>	<u>\$ 7,866,023</u>	<u>\$ 5,190,442</u>	<u>\$ 3,921,885</u>	<u>\$ 168,658</u>	<u>\$ 1,414,961</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, 2021**  
**(In Thousands)**

	<u>Primary Government</u>			Component Units
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	
Changes in Net Position:				
Net (Expense) Revenue	\$ (15,356,644)	\$ 339,063	\$ (15,017,581)	\$ 1,414,961
General Revenues:				
Taxes:				
Personal Income Taxes	11,256,904	-	11,256,904	-
Corporate Income Taxes	1,223,523	-	1,223,523	-
Corporate Activity Tax	1,179,137	-	1,179,137	-
Tobacco Taxes	377,921	-	377,921	-
Healthcare Provider Taxes	1,067,886	-	1,067,886	-
Insurance Premium Taxes	49,633	-	49,633	-
Marijuana Taxes	205,739	-	205,739	-
Other Taxes	650,519	17,690	668,209	-
Restricted for Transportation Purposes:				
Motor Fuel and Other Vehicle Taxes	1,480,420	-	1,480,420	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Workers' Compensation Insurance Taxes	74,489	-	74,489	-
Employer-Employee Taxes	178,873	-	178,873	-
Total Taxes	<u>17,745,046</u>	<u>17,690</u>	<u>17,762,735</u>	<u>-</u>
Unrestricted Investment Earnings	52,106	-	52,106	-
Contributions to Permanent Funds	26	-	26	-
Transfers - Internal Activities	539,185	(539,185)	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>18,336,363</u>	<u>(521,495)</u>	<u>17,814,867</u>	<u>-</u>
Change in Net Position	<u>2,979,719</u>	<u>(182,432)</u>	<u>2,797,286</u>	<u>1,414,961</u>
Net Position - Beginning	14,414,675	6,225,468	20,640,143	11,458,847
Prior Period Adjustments	17,707	17,989	35,696	-
Cumulative Effect of a Change in Accounting Principles	-	-	-	13,814
Net Position - Beginning - As Restated	<u>14,432,381</u>	<u>6,243,458</u>	<u>20,675,839</u>	<u>11,472,661</u>
<b>Net Position - Ending</b>	<b><u>\$ 17,412,100</u></b>	<b><u>\$ 6,061,025</u></b>	<b><u>\$ 23,473,125</u></b>	<b><u>\$ 12,887,623</u></b>

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**  
(In Thousands)

	General	Health and Social Services	Public Transportation
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,781,995	\$ 531,811	\$ 920,783
Investments	-	-	57,520
Securities Lending Collateral	17,828	1,577	2,795
Accounts and Interest Receivable (net)	16,339	722,321	66,748
Taxes Receivable (net)	1,167,628	355,565	67,791
Due from Other Funds	764,539	145,700	15,253
Due from Component Units	-	10,705	-
Due from Other Governments	115	-	-
Inventories	139,748	751	42,324
Prepaid Items	2,178	170	246
Advances to Other Funds	7,609	-	-
Advances to Component Units	-	-	-
Net Contracts, Notes, and Other Receivables	21,744	39,513	26,269
Loans Receivable (net)	-	284	22,531
Other Assets	-	-	-
<b>Total Assets</b>	<b>\$ 7,919,724</b>	<b>\$ 1,808,399</b>	<b>\$ 1,222,259</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts and Interest Payable	\$ 539,709	\$ 695,968	\$ 209,175
Obligations Under Securities Lending	17,828	1,577	2,795
Due to Other Funds	260,158	339,535	28,979
Due to Component Units	4,067	32,124	1,405
Due to Other Governments	95,291	-	112,589
Unearned Revenue	117,777	2,000	84,005
Deposit Liabilities	16,673	29,942	1,197
Contracts, Mortgages, and Notes Payable	-	-	-
Advances from Other Funds	293	-	-
<b>Total Liabilities</b>	<b>1,051,796</b>	<b>1,101,146</b>	<b>440,145</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	760,047	41,226	29,496
<b>Total Deferred Inflows of Resources</b>	<b>760,047</b>	<b>41,226</b>	<b>29,496</b>
<b>Fund Balances:</b>			
Nonspendable	141,946	973	42,559
Restricted by:			
Federal Laws and Regulations	3,063	61,720	35,988
Oregon Constitution	701,048	3,813	143,773
Enabling Legislation	74,526	151,872	139,232
Debt Covenants	12,537	23,118	391,067
Donors and Other External Parties	-	12,668	-
Committed	989,574	181,036	-
Assigned	16,765	230,827	-
Unassigned	4,168,423	-	-
<b>Total Fund Balances</b>	<b>6,107,882</b>	<b>666,027</b>	<b>752,618</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,919,724</b>	<b>\$ 1,808,399</b>	<b>\$ 1,222,259</b>

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

**State of Oregon**

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<b>Educational Support</b>	<b>Common School</b>	<b>Other</b>	<b>Total</b>
\$ 1,407,091	\$ 89,465	\$ 3,085,947	\$ 11,817,093
168,174	2,243,435	238,708	2,707,837
4,301	5,538	6,999	39,038
181,363	7,200	362,694	1,356,664
230,435	-	44,278	1,865,697
84,488	109	171,733	1,181,822
56,139	-	13,348	80,192
-	-	-	115
-	-	8,102	190,926
-	-	1,717	4,311
-	300	-	7,909
1,014,519	-	-	1,014,519
42	103	529,927	617,599
232	-	843,975	867,023
-	-	1,635	1,635
<b>\$ 3,146,784</b>	<b>\$ 2,346,150</b>	<b>\$ 5,309,064</b>	<b>\$ 21,752,380</b>

\$ 180,054	\$ 12,405	\$ 280,368	\$ 1,917,680
4,301	5,538	6,999	39,038
2,596	181	180,741	812,190
47,978	-	15,973	101,547
125,735	-	63,216	396,830
-	-	303,834	507,616
109	446,885	73,574	568,378
-	-	5,000	5,000
-	-	300	593
<b>360,771</b>	<b>465,009</b>	<b>930,005</b>	<b>4,348,872</b>
279	103	530,531	1,361,681
279	103	530,531	1,361,681
-	-	19,261	204,738
1,995	-	1,008,878	1,111,643
349,742	1,456,786	173,861	2,829,022
1,690,083	424,252	770,324	3,250,290
508,801	-	948,198	1,883,720
13,900	-	21,202	47,770
216,620	-	700,436	2,087,667
4,593	-	206,803	458,988
-	-	(435)	4,167,988
<b>2,785,733</b>	<b>1,881,038</b>	<b>3,848,528</b>	<b>16,041,827</b>
<b>\$ 3,146,784</b>	<b>\$ 2,346,150</b>	<b>\$ 5,309,064</b>	<b>\$ 21,752,380</b>

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**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021  
(In Thousands)**

**Total fund balances of governmental funds** \$ 16,041,827

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	\$ 2,008,861	
Buildings, property, and equipment	4,295,756	
Construction in progress	988,488	
Infrastructure	15,757,946	
Works of Art and Other Nondepreciable Assets	2,259	
Accumulated depreciation and amortization	<u>(8,276,865)</u>	
Total capital assets		14,776,445

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. 100

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. 1,361,681

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	120,173
Deferred inflows-gain on refunding	(14,657)

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	(4,116,521)
Deferred outflows-related to pensions	1,424,265
Deferred inflows-related to pensions	(94,550)

The net and total OPEB liability, net OPEB asset, 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	14,705
Net OPEB liability	(6,278)
Total OPEB liability	(94,061)
Deferred outflows-related to OPEB	19,301
Deferred inflows-related to OPEB	(20,907)

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. 228,313

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	(85,238)	
Due to Other Governments	(23,723)	
Compensated absences payable	(276,142)	
Claims and judgments payable	(929,452)	
Arbitrage rebate payable	(212)	
Contracts, mortgages and notes payable	(250,640)	
Bonds and COPs payable	(10,618,600)	
Obligations under capital leases	(76)	
Pollution remediation obligation	<u>(43,654)</u>	
Total long-term liabilities		<u>(12,227,736)</u>

**Net position of governmental activities** \$ 17,412,100

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, 2021  
(In Thousands)**

	General	Health and Social Services	Public Transportation
<b>REVENUES</b>			
Personal Income Taxes	\$ 11,156,682	\$ -	\$ -
Corporate Income Taxes	1,144,978	-	-
Corporate Activity Taxes	2,789	-	-
Tobacco Taxes	55,246	322,085	-
Healthcare Provider Taxes	707	926,024	-
Insurance Premium Taxes	49,633	-	-
Motor Fuel and Other Vehicle Taxes	-	-	1,479,734
Employer-Employee Taxes	110,678	-	-
Workers' Compensation Insurance Taxes	-	-	-
Marijuana Taxes	-	209,230	-
Other Taxes	413,248	-	3,069
Licenses and Fees	115,347	16,126	116,170
Federal	527,549	10,575,268	627,747
Rebates and Recoveries	1,163	636,088	6,540
Charges for Services	26,302	11,959	22,728
Fines, Forfeitures, and Penalties	14,665	1,751	8,165
Rents and Royalties	759	3	4,809
Investment Income	52,106	3,571	14,267
Sales	1,061	3,990	14,105
Assessments	-	-	-
Donations and Grants	3,799	429	-
Contributions to Permanent Funds	-	-	-
Tobacco Settlement Proceeds	-	74,705	-
Unclaimed and Escheat Property Revenue	-	-	-
Other	3,243	455,335	2,156
<b>Total Revenues</b>	<b>13,679,956</b>	<b>13,236,565</b>	<b>2,299,488</b>
<b>EXPENDITURES</b>			
Current:			
Education	255,928	-	-
Human Resources	2,223,884	12,592,509	-
Public Safety	1,213,645	-	-
Economic and Community Development	281,486	-	-
Natural Resources	192,716	-	-
Transportation	26,670	-	1,628,272
Consumer and Business Services	6,630	-	-
Administration	537,457	1,254	-
Legislative	66,817	-	-
Judicial	424,024	1,161	-
Intergovernmental	6,499,475	575,494	777,293
Capital Outlay	46,568	1,526	35,704
Debt Service:			
Principal	210,776	-	-
Interest	126,415	9	-
Other Debt Service	32	26	984
<b>Total Expenditures</b>	<b>12,112,523</b>	<b>13,171,978</b>	<b>2,442,253</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,567,433	64,586	(142,765)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	2,540,487	226,246	152,675
Transfers to Other Funds	(1,986,756)	(211,391)	(284,042)
Insurance Recoveries	465	-	159
Long-term Debt Issued	10,370	7,585	186,465
Debt Issuance Premium	-	1,441	54,439
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>564,565</b>	<b>23,881</b>	<b>109,695</b>
Net Change in Fund Balances	2,131,998	88,468	(33,070)
Fund Balances - Beginning	3,876,117	598,854	779,675
Prior Period Adjustments	24,755	(21,397)	(648)
Fund Balances - Beginning - As Restated	3,900,871	577,457	779,027
Change in Inventories	75,012	103	6,661
<b>Fund Balances - Ending</b>	<b>\$ 6,107,882</b>	<b>\$ 666,027</b>	<b>\$ 752,618</b>

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

**State of Oregon**

Educational Support	Common School	Other	Total
\$ -	\$ -	\$ -	\$ 11,156,682
-	-	-	1,144,978
1,176,348	-	-	1,179,137
-	-	-	377,330
-	-	141,155	1,067,886
-	-	-	49,633
-	-	-	1,479,734
-	-	67,077	177,755
-	-	74,489	74,489
-	-	-	209,230
353	-	197,245	613,915
856	1,271	389,585	639,354
584,180	468	3,721,338	16,036,549
9	925	22,033	666,758
8,573	455	140,714	210,731
90	142	97,678	122,491
160	5,286	5,871	16,887
94,556	498,280	38,382	701,162
13,000	1,007	140,664	173,827
-	-	71,924	71,924
11,290	-	29,926	45,444
-	-	26	26
-	-	-	74,705
-	27,930	-	27,930
1,637	21,827	52,416	536,614
<u>1,891,052</u>	<u>557,589</u>	<u>5,190,521</u>	<u>36,855,170</u>
206,981	-	172,507	635,417
-	-	1,728,539	16,544,932
-	-	304,583	1,518,228
-	-	1,160,321	1,441,807
-	29,940	583,403	806,059
-	-	8,104	1,663,047
-	-	404,811	411,441
7,317	-	32,621	578,649
-	-	3,048	69,865
-	-	51,859	477,045
1,166,207	707	637,272	9,656,448
116	1,830	124,147	209,890
73,089	-	313,060	596,926
61,831	-	222,522	410,777
4,622	-	3,361	9,024
<u>1,520,163</u>	<u>32,477</u>	<u>5,750,160</u>	<u>35,029,554</u>
370,889	525,111	(559,638)	1,825,616
1,155,612	4,515	946,469	5,026,004
(1,209,510)	(66,853)	(543,584)	(4,302,137)
-	3,112	373	4,108
308,257	-	361,823	874,500
93,004	-	53,037	201,921
733,580	-	652,625	1,386,205
(739,932)	-	(661,693)	(1,401,625)
<u>341,011</u>	<u>(59,226)</u>	<u>809,050</u>	<u>1,788,977</u>
<u>711,901</u>	<u>465,886</u>	<u>249,411</u>	<u>3,614,594</u>
2,073,833	1,415,140	3,599,858	12,343,475
-	13	(1,202)	1,521
<u>2,073,833</u>	<u>1,415,153</u>	<u>3,598,656</u>	<u>12,344,996</u>
-	-	461	82,237
<u>\$ 2,785,733</u>	<u>\$ 1,881,038</u>	<u>\$ 3,848,528</u>	<u>\$ 16,041,827</u>



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**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, 2021  
(In Thousands)**

**Net change in fund balances of total governmental funds** \$ 3,614,594

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 expense. In the current year, these amounts are:

Capital outlay	\$ 908,929	
Depreciation expense	<u>(485,639)</u>	
Excess of capital outlays over depreciation		423,290

The net effect of sales, transfers, impairments, and donations of capital assets is a decrease to net position. (40,581)

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. 3,140

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. (2,462,626)

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. 1,998,551

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. 61,156

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	(9,205)	
Accounts and interest payable	(136)	
Due to Other Governments	(23,723)	
Compensated absences payable	(31,474)	
Claims and judgments payable	(55,705)	
Contracts, mortgages, and notes payable	2,933	
Net pension liability	(546,121)	
Pollution remediation obligation	(14,476)	
Net OPEB liability	6,351	
Total OPEB liability	<u>(3,495)</u>	
Total		(675,050)

Investment income related to rebatable arbitrage does not provide current financial resources and is not reported as revenue in the governmental funds. 50

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. 120,427

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. 82,237

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. (145,469)

**Change in net position of governmental activities** \$ 2,979,719

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

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**  
(In Thousands)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 19,753	\$ 107,464	\$ 402,699
Cash and Cash Equivalents - Restricted	38,652	3,196	-
Investments	-	12,334	10,779
Investments - Restricted	47,238	-	-
Securities Lending Collateral	302	561	20,786
Accounts and Interest Receivable (net)	4,243	1,264	20,753
Due from Other Funds	131	344	-
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Inventories	-	-	1,349
Prepaid Items	-	18	2,050
Loans Receivable (net)	29,188	8,567	-
Foreclosed and Deeded Property	123	-	-
<b>Total Current Assets</b>	<b>139,629</b>	<b>133,747</b>	<b>458,415</b>
<b>Noncurrent Assets:</b>			
Cash and Cash Equivalents	-	-	92,077
Cash and Cash Equivalents - Restricted	81,730	83,811	-
Investments	-	-	111,603
Investments - Restricted	207,330	-	-
Advances to Other Funds	-	-	-
Advances to Component Units	-	-	-
Net Contracts, Notes, and Other Receivables	-	2,362	7,115
Loans Receivable (net)	826,553	266,820	-
Net OPEB Asset	21	23	681
Derivative Instrument Assets	2,687	1,488	-
<b>Capital Assets:</b>			
Land	-	-	-
Buildings, Property, and Equipment	183	11,130	280,332
Construction in Progress	-	-	-
Infrastructure	-	-	-
Works of Art and Other Nondepreciable Assets	-	627	-
Less Accumulated Depreciation and Amortization	(176)	(6,000)	(208,410)
<b>Total Noncurrent Assets</b>	<b>1,118,328</b>	<b>360,261</b>	<b>283,397</b>
<b>Total Assets</b>	<b>1,257,958</b>	<b>494,009</b>	<b>741,812</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Hedging Derivatives	6,387	-	-
Loss on Refunding	675	-	-
Related to Pensions	2,430	1,603	23,022
Related to OPEB	32	27	533
<b>Total Deferred Outflows of Resources</b>	<b>9,524</b>	<b>1,630</b>	<b>23,555</b>

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

**State of Oregon**

<b>Business-type Activities - Enterprise Funds</b>				
<b>Unemployment Compensation</b>	<b>Other</b>	<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>	
\$ 4,066,175	\$ 591,275	\$ 5,187,366	\$ 619,846	
-	3,971	45,818	3,838	
-	12,465	35,577	-	
-	-	47,238	26,557	
-	1,790	23,438	3,133	
527,561	30,548	584,369	132,650	
193	13,858	14,526	14,342	
-	6,350	6,350	-	
3,638	-	3,638	-	
-	56,075	57,424	1,113	
-	430	2,498	9,892	
-	39,070	76,826	-	
-	-	123	-	
<b>4,597,567</b>	<b>755,833</b>	<b>6,085,192</b>	<b>811,371</b>	
-	-	92,077	-	
-	3,353	168,894	16,351	
-	-	111,603	-	
-	-	207,330	-	
-	-	-	293	
-	72,423	72,423	-	
28,360	27	37,864	19	
-	438,221	1,531,594	-	
-	822	1,547	1,426	
-	-	4,176	-	
-	9,291	9,291	13,602	
-	627,807	919,452	683,474	
-	5,224	5,224	32,997	
-	3,606	3,606	767	
-	132	759	215	
-	(172,961)	(387,548)	(409,188)	
<b>28,360</b>	<b>987,945</b>	<b>2,778,291</b>	<b>339,956</b>	
<b>4,625,927</b>	<b>1,743,778</b>	<b>8,863,483</b>	<b>1,151,327</b>	
-	-	6,387	-	
-	1,740	2,415	219	
-	136,013	163,069	143,376	
-	1,526	2,118	1,930	
-	<b>139,279</b>	<b>173,989</b>	<b>145,524</b>	

(continued on next page)

**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**  
(In Thousands)  
(continued from previous page)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts and Interest Payable	15,716	793	17,913
Obligations Under Securities Lending	302	561	20,786
Due to Other Funds	24	100	226,643
Due to Component Units	-	-	-
Due to Other Governments	6	-	-
Unearned Revenue	644	-	923
Compensated Absences Payable	186	263	3,286
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	51,395
Deposit Liabilities	-	3,196	-
Contracts, Mortgages, and Notes Payable	46	61	2,195
Bonds/COPs Payable	57,000	13,840	-
Obligations Under Capital Lease	-	-	1,076
<b>Total Current Liabilities</b>	<b>73,924</b>	<b>18,814</b>	<b>324,216</b>
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	100	142	1,769
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	109,230
Arbitrage Rebate Payable	-	10,042	-
Deposit Liabilities	-	-	-
Contracts, Mortgages, and Notes Payable	325	432	6,171
Bonds/COPs Payable	922,686	324,479	-
Obligations Under Capital Lease	-	-	1,644
Net Pension Liability	7,031	4,712	72,097
Advances from Other Funds	-	-	-
Net OPEB Liability	12	9	124
Total OPEB Liability	161	97	1,147
Derivative Instrument Liabilities	6,387	-	-
<b>Total Noncurrent Liabilities</b>	<b>936,702</b>	<b>339,911</b>	<b>192,182</b>
<b>Total Liabilities</b>	<b>1,010,626</b>	<b>358,725</b>	<b>516,398</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Hedging Derivatives	2,687	1,488	-
Gain on Refunding	40	-	-
Loan Origination	3,802	-	-
Related to Pensions	160	107	1,638
Related to OPEB	36	25	384
<b>Total Deferred Inflows of Resources</b>	<b>6,725</b>	<b>1,620</b>	<b>2,022</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7	5,757	63,784
Restricted for:			
Residential Assistance	1,257	-	-
Debt Service	229,689	-	-
Capital Projects	-	-	-
OPEB	21	23	681
Unrestricted	19,158	129,514	182,483
<b>Total Net Position</b>	<b>\$ 250,131</b>	<b>\$ 135,294</b>	<b>\$ 246,948</b>

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

**State of Oregon**

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<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>
<b>Unemployment Compensation</b>	<b>Other</b>	<b>Total</b>	
277,243	47,876	359,541	43,153
-	1,790	23,438	3,133
19,862	38,216	284,845	121,329
-	193	193	-
4,306	901	5,212	-
-	1,348	2,914	-
-	14,477	18,212	21,286
-	830	830	52,295
-	-	51,395	-
-	35,558	38,754	1,106
-	2,394	4,696	5,080
-	15,855	86,695	6,779
-	194	1,270	498
<b>301,411</b>	<b>159,631</b>	<b>877,995</b>	<b>254,660</b>
-	7,661	9,672	11,462
-	-	-	271,990
-	-	109,230	-
-	-	10,042	31
-	2,195	2,195	-
-	16,652	23,580	12,489
-	164,324	1,411,489	76,744
-	405	2,049	1,126
-	400,463	484,303	418,326
-	7,609	7,609	-
-	619	763	654
-	9,097	10,503	8,457
-	-	6,387	-
-	609,026	2,077,821	801,280
<b>301,411</b>	<b>768,656</b>	<b>2,955,816</b>	<b>1,055,940</b>
-	-	4,176	-
-	-	40	337
-	-	3,802	-
-	9,098	11,003	9,504
-	1,935	2,380	1,987
-	11,033	21,400	11,828
-	472,499	542,048	253,044
-	-	1,257	-
-	-	229,689	103
-	-	-	17
-	822	1,547	1,426
<b>4,324,515</b>	<b>630,046</b>	<b>5,285,715</b>	<b>(25,507)</b>
<b>\$ 4,324,515</b>	<b>\$ 1,103,367</b>	<b>\$ 6,060,255</b>	<b>\$ 229,084</b>

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.

Net position of business-type activities	\$ 770
	\$ 6,061,025

**State of Oregon**

**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**  
(In Thousands)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>
<b>OPERATING REVENUES:</b>			
Assessments	\$ -	\$ -	\$ -
Licenses and Fees	-	96	-
Federal	-	-	-
Rebates and Recoveries	26	2	-
Charges for Services	12,907	2,639	-
Fines, Forfeitures, and Penalties	-	-	-
Rents and Royalties	-	807	-
Sales	-	-	1,298,407
Loan Interest Income	35,075	10,093	-
Other	-	128	421
Total Operating Revenues	48,009	13,765	1,298,828
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	7,864	5,049	74,189
Services and Supplies	7,564	3,122	298,939
Cost of Goods Sold	-	-	-
Distributions to Other Governments	85	-	-
Special Payments	1,225	-	260,255
Bond and COP Interest	29,815	8,958	-
Depreciation and Amortization	3	193	22,561
Total Operating Expenses	46,556	17,321	655,945
Operating Income (Loss)	1,452	(3,556)	642,883
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income (Loss)	339	2,120	(2,561)
Other Grants	75	-	-
Other Taxes	-	-	-
Gain (Loss) on Disposition of Assets	-	-	172
Gain (Loss) on Debt Extinguishment	2,695	827	-
Insurance Recovery	-	-	10
Settlement Activities	-	-	-
Loan Interest Income	-	-	-
Loan Interest Expense	-	-	-
Other Interest Expense	(29)	(39)	(499)
Other Nonoperating Items	(2)	(1)	(33)
Total Nonoperating Revenues (Expenses)	3,077	2,907	(2,910)
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	4,530	(650)	639,973
Capital Contributions	-	1	-
Transfers from Other Funds	-	86	-
Transfers to Other Funds	(265)	(178)	(660,251)
Change in Net Position	4,265	(741)	(20,278)
Net Position - Beginning	245,866	136,035	267,226
Prior Period Adjustments	-	-	-
Net Position - Beginning - As Restated	245,866	136,035	267,226
<b>Net Position - Ending</b>	\$ 250,131	\$ 135,294	\$ 246,948

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
\$ 1,066,737	\$ -	\$ 1,066,737	\$ -
-	9,304	9,399	-
4,098,591	23,014	4,121,605	-
-	75	104	41,212
-	186,636	202,182	1,513,954
840	89	929	8
-	83	891	49,219
-	823,617	2,122,024	3,085
-	16,603	61,771	-
27,060	13,723	41,332	18,056
<u>5,193,227</u>	<u>1,073,144</u>	<u>7,626,972</u>	<u>1,625,534</u>
-	469,898	557,000	445,316
-	227,685	537,311	1,109,192
-	417,610	417,610	-
-	95,704	95,788	1
5,408,012	31,898	5,701,390	25,615
-	5,346	44,119	2,075
-	16,432	39,189	29,516
<u>5,408,012</u>	<u>1,264,574</u>	<u>7,392,408</u>	<u>1,611,714</u>
<u>(214,785)</u>	<u>(191,430)</u>	<u>234,564</u>	<u>13,820</u>
93,447	4,594	97,939	6,081
977	2,651	3,703	14,538
-	17,690	17,690	-
-	(74)	98	3,862
-	-	3,522	-
-	-	10	386
-	24	24	142
-	-	-	21
-	(21)	(21)	(464)
-	(1,476)	(2,043)	(968)
(63)	(3)	(102)	(4)
<u>94,361</u>	<u>23,385</u>	<u>120,819</u>	<u>23,593</u>
(120,424)	(168,046)	355,383	37,413
-	3,169	3,170	-
-	379,642	379,728	2,691
-	(258,219)	(918,913)	(187,373)
<u>(120,424)</u>	<u>(43,453)</u>	<u>(180,631)</u>	<u>(147,269)</u>
4,444,939	1,128,830	6,222,897	369,447
-	17,989	17,989	6,906
<u>4,444,939</u>	<u>1,146,820</u>	<u>6,240,887</u>	<u>376,353</u>
<u>\$ 4,324,515</u>	<u>\$ 1,103,367</u>	<u>\$ 6,060,255</u>	<u>\$ 229,084</u>

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.

\$ (1,801)

Change in net position of business-type activities \$ (182,432)



State of Oregon

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**  
(In Thousands)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers	\$ 13,175	\$ 867	\$ 1,312,783
Receipts from Other Funds for Services	-	2,757	-
Loan Principal Repayments	222,942	119,188	-
Loan Interest Received	34,259	11,547	-
Grant Receipts	-	-	-
Taxes and Assessments Received	-	-	-
Payments to Employees for Services	(7,367)	(4,608)	(35,542)
Payments to Suppliers	(5,684)	(2,233)	(314,960)
Payments to Other Funds for Services	-	(609)	-
Payments to Prize Winners	-	-	(246,305)
Claims Paid	-	-	-
Loans Made	(95,333)	(48,065)	-
Distributions to Other Governments	-	-	-
Other Receipts (Payments)	(2,057)	(692)	1,712
Net Cash Provided (Used) in Operating Activities	<u>159,935</u>	<u>78,152</u>	<u>717,688</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Repayments on Advances Made	-	-	-
Proceeds from Bond/COP Sales	61,928	-	-
Principal Payments on Bonds/COPs	(185,740)	(60,940)	-
Principal Payments on Loans	(50)	(67)	(419)
Repayments on Advances Received	-	-	-
Interest Payments on Bonds/COPs	(32,682)	(9,632)	-
Interest Payments on Loans	(29)	(39)	(244)
Interest Receipts on Advances Made	-	-	-
Bond/COP Issuance Costs	(804)	(668)	-
Taxes and Assessments Received	-	-	-
Grant Receipts	75	-	-
Insurance Recoveries for Other than Capital Assets	-	-	-
Transfers from Other Funds	89	-	-
Transfers to Other Funds	(270)	(7)	(504,889)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>(157,485)</u>	<u>(71,352)</u>	<u>(505,553)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Payments on Bonds/COPs	-	-	-
Principal Payments on Loans	-	-	(2,044)
Interest Payments on Bonds/COPs	-	-	-
Interest Payments on Loans	-	-	-
Acquisition of Capital Assets	-	57	(45,483)
Payments on Capital Leases	-	-	(1,212)
Proceeds from Disposition of Capital Assets	-	-	366
Insurance Recoveries for Capital Assets	-	-	10
Capital Contributions	-	1	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>-</u>	<u>58</u>	<u>(48,363)</u>
<b>Cash Flows from Investing Activities:</b>			
Purchases of Investments	(380,551)	-	(5,598)
Proceeds from Sales and Maturities of Investments	346,112	-	10,644
Interest on Investments and Cash Balances	3,537	1,768	2,945
Interest Income from Securities Lending	7	4	120
Interest Expense from Securities Lending	(2)	(1)	(33)
Interest Expense	-	-	(14)
Loan Principal Repayments	-	-	-
Loan Interest Received	-	-	-
Loans Made	-	-	-
Net Cash Provided (Used) in Investing Activities	<u>(30,897)</u>	<u>1,770</u>	<u>8,065</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(28,448)</u>	<u>8,629</u>	<u>171,837</u>
Cash and Cash Equivalents - Beginning	168,582	185,842	322,939
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 140,135</u>	<u>\$ 194,470</u>	<u>\$ 494,776</u>

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
\$ -	\$ 934,429	\$ 2,261,255	\$ 48,524
-	99,130	101,887	1,836,946
-	-	342,130	-
-	-	45,806	-
5,585,797	-	5,585,797	-
981,525	-	981,525	-
-	(408,866)	(456,383)	(389,732)
-	(591,708)	(914,586)	(523,558)
-	(48,447)	(49,056)	(70,891)
-	-	(246,305)	-
(7,144,119)	(25,743)	(7,169,862)	(784,345)
-	-	(143,397)	-
-	(95,686)	(95,686)	(1)
33,639	27,795	60,397	11,422
(543,158)	(109,095)	303,521	128,366
-	-	-	96
-	37,017	98,945	-
-	(32,940)	(279,620)	-
-	(2,534)	(3,070)	(3,538)
-	(3,300)	(3,300)	-
-	(6,372)	(48,686)	-
-	(1,476)	(1,788)	(1,242)
-	-	-	32
-	(438)	(1,909)	-
-	17,716	17,716	-
977	3,479	4,531	14,538
-	78	78	-
-	379,936	380,024	17,271
-	(252,854)	(758,020)	(104,307)
977	138,313	(595,099)	(77,151)
-	-	-	(6,474)
-	-	(2,044)	(1,815)
-	-	-	(2,902)
-	-	-	(190)
-	(5,712)	(51,138)	(33,616)
-	(209)	(1,421)	(917)
-	15	381	11,614
-	-	10	421
-	-	1	-
-	(5,907)	(54,212)	(33,878)
-	-	(386,149)	(18,000)
-	-	356,756	43,251
93,257	4,234	105,740	8,285
190	9	329	11
(63)	(3)	(102)	(4)
-	-	(14)	-
-	47,866	47,866	-
-	16,075	16,075	-
-	(63,587)	(63,587)	-
93,384	4,593	76,915	33,544
(448,797)	27,904	(268,875)	50,880
4,514,972	570,695	5,763,031	589,155
\$ 4,066,175	\$ 598,599	\$ 5,494,156	\$ 640,035

(continued on next page)

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**  
**(In Thousands)**  
(continued from previous page)

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>			
<b>by Operating Activities:</b>			
Operating Income (Loss)	\$ 1,452	\$ (3,556)	\$ 642,883
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used)			
by Operating Activities:			
Depreciation and Amortization	3	193	22,561
Amortization of Bond/COP Premium and Discount	(983)	(516)	-
Noncash Services Received Pursuant to Settlement Activities	-	-	-
Amortization of Other Bond/COP Related Costs	80	-	-
Interest Receipts Reported as Operating Revenue	-	-	-
Interest Payments Reported as Operating Expense	32,682	9,632	-
Bond/COP Issuance Costs Reported as Operating Expense	804	445	-
Expenses Related to Insurance Recoveries for Capital Assets	-	-	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	432	171	14,372
Due from Other Funds	260	25	-
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Inventories	-	-	259
Prepaid Items	-	(15)	2,197
Net Contracts, Notes and Other Receivables	-	(1,421)	138
Loans Receivable	126,803	72,525	-
Net OPEB Asset	51	28	(88)
Foreclosed and Deeded Property	694	-	-
Accounts and Interest Payable	(2,167)	(386)	231
Due to Other Funds	(30)	-	-
Due to Component Units	-	-	-
Due to Other Governments	6	-	-
Unearned Revenue	(111)	-	63
Compensated Absences Payable	1	49	385
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	13,671
Arbitrage Rebate Payable	-	1,230	-
Deposit Liabilities	-	(692)	-
Contracts, Mortgages, and Notes Payable	-	-	-
Net Pension Liability	1,226	859	28,640
Advances from Other Funds	-	-	-
Net OPEB Liability	(20)	(14)	(126)
Total OPEB Liability	8	(7)	(118)
Net Changes in Deferred Outflows of Resources:			
Loss on Refunding	-	-	-
Related to Pensions	(479)	(304)	(6,665)
Related to OPEB	(14)	(13)	(331)
Net Changes in Deferred Inflows of Resources:			
Gain on Refunding	-	-	-
Loan Origination	(644)	-	-
Related to Pensions	(117)	(77)	(434)
Related to OPEB	(5)	(3)	49
Total Adjustments	158,482	81,709	74,805
Net Cash Provided (Used) by Operating Activities	<u>\$ 159,935</u>	<u>\$ 78,152</u>	<u>\$ 717,688</u>
<b>Noncash Investing and Capital and Related Financing Activities:</b>			
Net Change in Fair Value of Investments	\$ (3,094)	\$ (348)	\$ (5,627)
Capital Leases	-	-	-
Capital Assets Acquired Through Long-term Contracts	-	-	564
Loan Modification	228	-	-
Noncash Assets Received Pursuant to Settlement Activities	-	-	-

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

**State of Oregon**

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<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>		
<b>Unemployment Compensation</b>	<b>Other</b>	<b>Total</b>			
\$ (214,785)	\$ (191,430)	\$ 234,564	\$	13,820	
-	16,432	39,189		29,516	
-	(1,430)	(2,929)		(895)	
-	24	24		142	
-	-	80		-	
-	(16,075)	(16,075)		-	
-	6,372	48,686		2,902	
-	438	1,687		-	
-	-	-		(11)	
1,354,470	2,558	1,372,003		(10,660)	
1,454	9,267	11,006		(11,677)	
-	191	191		-	
6,174	-	6,174		-	
-	(7,004)	(6,744)		(9)	
-	656	2,838		(7,439)	
10,571	72	9,359		120	
-	(5,384)	193,943		-	
-	2,794	2,784		2,269	
-	-	694		-	
(1,707,720)	1,730	(1,708,312)		15,980	
12,726	12	12,708		(7,893)	
-	(708)	(708)		-	
(6,048)	(373)	(6,415)		-	
-	(21)	(68)		(50)	
-	2,023	2,458		4,424	
-	200	200		44,411	
-	-	13,671		-	
-	-	1,230		-	
-	2,701	2,009		(336)	
-	(21)	(21)		(609)	
-	103,485	134,210		94,361	
-	3,699	3,699		-	
-	(968)	(1,130)		(1,001)	
-	(285)	(402)		98	
-	434	434		241	
-	(32,536)	(39,984)		(32,131)	
-	(522)	(881)		(890)	
-	-	-		(197)	
-	-	(644)		-	
-	(5,060)	(5,687)		(5,941)	
-	(363)	(321)		(179)	
(328,373)	82,335	68,958		114,546	
\$ (543,158)	\$ (109,095)	\$ 303,521	\$	128,366	
\$	-	\$	352	\$ (8,717)	\$ (1,806)
-	-	-	-	-	804
-	-	-	564	-	-
-	-	-	228	-	-
-	-	-	-	-	3,690

**State of Oregon**

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**  
(In Thousands)

	<u>Custodial Funds</u>			
	<b>Pension and Other Employee Benefit Trust</b>	<b>Private Purpose Trust</b>	<b>External Investment Pools</b>	<b>Other</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,036,777	\$ 46,311	\$ 9,156,456	\$ 122,864
Investments:				
Fixed Income	16,577,911	2,075	38,894	-
Public Equity	33,064,101	22	-	-
Real Estate	10,151,289	-	-	-
Annuity Contracts	-	292	-	-
Private Equity	25,725,638	-	-	-
Alternatives Portfolio	9,647,954	-	-	-
Opportunity Portfolio	2,125,975	-	-	-
Total Investments	<u>97,292,867</u>	<u>2,389</u>	<u>38,894</u>	<u>-</u>
Performance Deposits	-	1,584,665	-	-
Conservatorship and Other Assets	-	3,674	-	849
Securities Lending Collateral	639,066	142	44,050	-
Receivables:				
Employer Contributions	36,959	-	-	-
Plan Member Contributions	21,426	-	-	-
Interest and Dividends	132,641	-	17,408	-
Member Loans	13,052	-	-	-
Investment Sales	996,698	-	2,805	-
Transitional Liability	358,151	-	-	-
Accounts	-	973	19,596	10,286
From Other Funds	13,859	15	-	7,685
From Other Governments	-	1,183	-	-
Loans	-	-	1,706	-
Total Receivables	<u>1,572,786</u>	<u>2,171</u>	<u>41,515</u>	<u>17,972</u>
Prepaid Items	10,995	-	-	-
Receivership Assets	-	9,431	-	-
Capital Assets (net of \$32,722 accumulated depreciation):				
Land	944	-	-	-
Buildings, Property, and Equipment	20,839	-	-	-
<b>Total Assets</b>	<u>103,574,275</u>	<u>1,648,783</u>	<u>9,280,915</u>	<u>141,684</u>
<b>LIABILITIES</b>				
Accounts and Interest Payable	2,072,152	1,844	36,329	340
Obligations Under Securities Lending	639,117	142	44,050	-
Due to Other Funds	13,760	85	-	40
Due to Other Governments	-	-	-	60,069
Unearned Revenue	514	-	-	-
Deposit Liabilities	73,350	-	-	-
Contracts, Mortgages, and Notes Payable	-	1,014	-	-
<b>Total Liabilities</b>	<u>2,798,893</u>	<u>3,085</u>	<u>80,379</u>	<u>60,449</u>
<b>NET POSITION</b>				
Restricted for Pension Benefits	97,122,325	-	-	-
Restricted for Other Postemployment Benefits	831,304	-	-	-
Restricted for Other Employee Benefits	2,821,753	-	-	-
Amount Held for Pool Participants	-	-	9,200,536	-
Amount Held for Individuals, Organizations, and Other Governments	-	1,645,698	-	81,236
<b>Total Net Position</b>	<u>\$ 100,775,382</u>	<u>\$ 1,645,698</u>	<u>\$ 9,200,536</u>	<u>\$ 81,236</u>

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, 2021  
(In Thousands)**

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial Funds	
			External Investment Pools	Other
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 2,176,139	\$ -	\$ -	\$ -
Plan Members	890,719	-	-	-
Total Contributions	<u>3,066,858</u>	-	-	-
Investment Income:				
Net Appreciation (Depreciation) in Fair Value of Investments	21,612,104	215	(7,045)	-
Interest, Dividends, and Other Investment Income	1,764,480	510	56,983	184
Total Investment Income	<u>23,376,584</u>	<u>725</u>	<u>49,938</u>	<u>184</u>
Less Investment Expense	1,001,512	-	6,882	-
Net Investment Income	<u>22,375,072</u>	<u>725</u>	<u>43,056</u>	<u>184</u>
Taxes Collected on Behalf of Other Governments	-	-	-	451,371
Fines, Forfeitures, and Penalties	-	-	-	16,021
Income of Individuals in State Care	-	5	-	84,834
Veterans' Income	-	11,105	-	-
Unclaimed and Escheat Property Revenue	-	-	-	615
Other Income	2,410	430,223	-	48,168
Share Transactions:				
Participant Contributions	-	-	23,481,280	-
Participant Withdrawals	-	-	22,500,595	-
Net Share Transactions	<u>-</u>	<u>-</u>	<u>980,685</u>	<u>-</u>
<b>Total Additions</b>	<u>25,444,340</u>	<u>442,057</u>	<u>1,023,741</u>	<u>601,194</u>
<b>DEDUCTIONS</b>				
Benefits	5,946,730	-	-	-
Death Benefits	4,923	-	-	-
Contributions Refunded	11,934	-	-	-
Healthcare Premium Subsidies	35,008	-	-	-
Distribution to Other Governments	-	-	-	489,347
Special Payments to State Agencies	-	-	-	476
Distribution to Participants	-	-	69,763	-
Administrative Expenses	75,911	9,688	-	2,859
Payments in Accordance with Agreements	-	406,960	-	107,678
<b>Total Deductions</b>	<u>6,074,505</u>	<u>416,648</u>	<u>69,763</u>	<u>600,361</u>
Change in Net Position:				
Restricted for Pension Benefits	18,560,642	-	-	-
Restricted for Other Postemployment Benefits	166,220	-	-	-
Restricted for Other Employee Benefits	642,973	-	-	-
Amount Held for Pool Participants	-	-	953,978	-
Amount Held for Individuals, Organizations, and Other Governments	-	25,409	-	833
Net Position - Beginning	<u>81,405,547</u>	<u>1,620,289</u>	<u>8,246,558</u>	<u>80,402</u>
<b>Net Position - Ending</b>	<u>\$100,775,382</u>	<u>\$ 1,645,698</u>	<u>\$ 9,200,536</u>	<u>\$ 81,236</u>

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

**Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2021**  
(In Thousands)

	SAIF Corporation	University of Oregon
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 50,847	\$ 323,009
Cash and Cash Equivalents - Restricted	-	-
Investments	5,101,550	1,092
Securities Lending Collateral	56,546	876
Accounts and Interest Receivable (net)	363,691	75,145
Pledges, Contributions, and Grants Receivable (net)	-	65,738
Due from Other Governments	-	-
Due from Primary Government	10,097	2,834
Inventories	-	4,531
Prepaid Items	85	31,122
Total Current Assets	5,582,817	504,346
<b>Noncurrent Assets:</b>		
Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - Restricted	-	122,017
Investments	-	1,945,901
Investments - Restricted	-	182,035
Net Contracts, Notes, and Other Receivables	-	38,311
Pledges, Contributions, and Grants Receivable (net)	-	231,040
Net OPEB Asset	6,019	3,492
Other Assets	-	-
<b>Capital Assets:</b>		
Land	3,892	86,351
Buildings, Property, and Equipment	161,572	2,809,805
Construction in Progress	-	41,442
Infrastructure	-	59,254
Works of Art and Other Nondepreciable Assets	-	48,043
Less Accumulated Depreciation and	(44,353)	(1,007,840)
Total Noncurrent Assets	127,130	4,559,852
<b>Total Assets</b>	5,709,947	5,064,198
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Hedging Derivatives	-	58
Goodwill	-	-
Loss on Refunding	-	-
Asset Retirement Obligations	-	-
Related to Pensions	102,496	147,205
Related to OPEB	4,833	3,037
<b>Total Deferred Outflows of Resources</b>	107,329	150,299

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

**State of Oregon**

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<b>Oregon State University</b>	<b>Portland State University</b>	<b>Other</b>	<b>Total</b>
\$ 221,993	\$ 121,658	\$ 543,011	\$ 1,260,518
29,818	-	47,306	77,124
-	139,796	108,155	5,350,593
2,151	1,944	857	62,374
120,303	65,063	636,267	1,260,469
42,107	16,058	122,198	246,101
-	-	23,425	23,425
15,526	14,296	60,198	102,950
8,946	495	65,123	79,095
17,988	2,128	46,027	97,350
<u>458,833</u>	<u>361,438</u>	<u>1,652,568</u>	<u>8,560,002</u>
-	-	3,000	3,000
51,217	-	2,601	175,835
215,785	-	2,744,745	4,906,431
1,231,390	115,365	87,694	1,616,484
19,845	51	53,274	111,481
-	-	250,994	482,034
1,369	548	8,738	20,166
-	250	8,567	8,817
68,056	67,256	101,168	326,723
2,149,968	1,004,767	5,135,128	11,261,240
151,396	4,770	59,351	256,959
52,115	33,027	42,538	186,934
30,308	4,926	5,158	88,435
(990,097)	(503,109)	(2,722,800)	(5,268,199)
<u>2,981,351</u>	<u>727,852</u>	<u>5,780,155</u>	<u>14,176,340</u>
<u>3,440,183</u>	<u>1,089,290</u>	<u>7,432,724</u>	<u>22,736,342</u>
-	-	6,091	6,149
-	-	667	667
-	-	27,794	27,794
16,494	-	-	16,494
157,645	60,636	241,261	709,243
3,618	1,625	13,264	26,377
<u>177,757</u>	<u>62,261</u>	<u>289,077</u>	<u>786,723</u>

(continued on next page)



**Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2021**  
**(In Thousands)**  
(continued from previous page)

	<b>SAIF Corporation</b>	<b>University of Oregon</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts and Interest Payable	144,832	101,065
Obligations Under Securities Lending	56,543	876
Obligations Under Life Income Agreements	-	56,038
Due to Other Governments	1,640	-
Due to Primary Government	9,893	27,182
Unearned Revenue	235,613	57,891
Compensated Absences Payable	6,596	17,529
Reserve for Loss and Loss Adjustment Expense	305,969	-
Claims and Judgments Payable	-	-
Deposit Liabilities	-	30,734
Contracts, Mortgages, and Notes Payable	845	3,574
Bonds/COPs Payable	-	1,842
Obligations Under Capital Lease	-	29
Asset Retirement Obligation	-	-
Total Current Liabilities	761,930	296,759
<b>Noncurrent Liabilities:</b>		
Unearned Revenue	-	543,320
Obligations Under Life Income Agreements	-	-
Compensated Absences Payable	-	4,325
Reserve for Loss and Loss Adjustment Expense	2,163,512	-
Claims and Judgments Payable	-	-
Contracts, Mortgages, and Notes Payable	6,538	112,524
Bonds/COPs Payable	-	337,929
Obligations Under Capital Lease	-	40
Net Pension Liability	82,928	438,807
Advances from Primary Government	-	458,755
Asset Retirement Obligation	-	-
Net OPEB Liability	271	642
Total OPEB Liability	9,208	11,850
Derivative Instrument Liabilities	-	-
Total Noncurrent Liabilities	2,262,457	1,908,192
<b>Total Liabilities</b>	<b>3,024,387</b>	<b>2,204,951</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Gain on Refunding	-	-
Life income agreements and pending funds	-	-
Related to Pensions	42,008	9,969
Related to OPEB	2,897	2,734
<b>Total Deferred Inflows of Resources</b>	<b>44,905</b>	<b>12,703</b>
<b>Net Position</b>		
Net Investment in Capital Assets	121,111	1,265,739
Restricted-Nonexpendable	-	1,689,127
Restricted for:		
Education	-	30,645
Workers' Compensation	2,620,854	-
Debt Service	-	-
Capital Projects	-	59,408
OPEB	6,019	3,492
Unrestricted	-	(51,569)
<b>Total Net Position</b>	<b>\$ 2,747,984</b>	<b>\$ 2,996,843</b>

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

**State of Oregon**

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<b>Oregon State University</b>	<b>Portland State University</b>	<b>Other</b>	<b>Total</b>
106,535	23,558	366,529	742,519
2,151	1,944	857	62,371
28,108	-	963	85,109
-	-	11,413	13,053
15,907	14,263	19,161	86,405
70,848	42,000	251,553	657,905
22,488	6,722	82,853	136,188
-	-	-	305,969
-	-	40,868	40,868
720	19,971	785	52,210
15,376	211	1,826	21,832
366	-	25,954	28,162
-	-	1,357	1,386
565	-	-	565
<b>263,065</b>	<b>108,669</b>	<b>804,119</b>	<b>2,234,542</b>
-	14,188	-	557,508
-	2,228	23,727	25,955
19,547	9,054	3,023	35,949
-	-	-	2,163,512
-	-	46,639	46,639
80,820	13,290	65,198	278,370
622,789	-	930,701	1,891,419
-	-	1,058	1,098
451,900	190,338	783,031	1,947,004
277,173	185,033	165,981	1,086,942
20,120	-	-	20,120
742	318	303	2,276
14,472	6,004	28,895	70,429
-	-	16,263	16,263
<b>1,487,564</b>	<b>420,454</b>	<b>2,064,821</b>	<b>8,143,488</b>
<b>1,750,629</b>	<b>529,124</b>	<b>2,868,940</b>	<b>10,378,031</b>
-	-	1,291	1,291
-	-	104,542	104,542
19,383	12,127	53,041	136,528
3,889	2,030	3,498	15,048
<b>23,272</b>	<b>14,157</b>	<b>162,374</b>	<b>257,411</b>
930,197	413,498	1,585,424	4,315,969
6,453	1,285	340,067	2,036,932
1,055,723	153,333	891,765	2,131,466
-	-	-	2,620,854
2,668	-	700	3,368
2,059	7,695	3,147	72,309
1,369	548	8,738	20,166
(154,430)	31,911	1,860,645	1,686,557
<b>\$ 1,844,039</b>	<b>\$ 608,270</b>	<b>\$ 4,690,487</b>	<b>\$ 12,887,623</b>

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Discretely Presented Component Units**  
**For the Year Ended June 30, 2021**  
(In Thousands)

	SAIF Corporation	University of Oregon
<b>Operating Revenues:</b>		
Federal Revenue	\$ -	\$ 132,520
Charges for Services	-	378,559
Rents and Royalties	-	-
Sales	-	138,146
Premiums Earned (net)	484,397	-
Gifts, Grants, and Contracts	-	118,009
Other Revenues	42,463	13,355
Total Operating Revenues	526,861	780,588
<b>Operating Expenses:</b>		
Salaries and Wages	-	720,433
Services and Supplies	-	142,520
Loss and Loss Adjustment Expense	365,757	-
Policyholders' Dividends	99,993	-
Underwriting Expenses	166,111	-
Mortgage Assistance Payments	-	-
Depreciation and Amortization	-	83,432
Special Payments	-	54,744
Interest	-	-
Other Expenses	22,425	-
Total Operating Expenses	654,286	1,001,128
Operating Income (Loss)	(127,425)	(220,540)
<b>Nonoperating Revenues (Expenses):</b>		
Investment Income	444,026	362,634
State Appropriations	-	84,479
Other Grants	-	32,934
Gain/(Loss) on Disposition of Assets	-	(1,931)
Other Interest Expense	-	(42,868)
Other	-	(27,089)
Total Nonoperating Revenues (Expenses)	444,026	408,159
Income (Loss) Before Capital Contributions	316,601	187,619
Capital Contributions	-	32,436
Change in Net Position	316,601	220,055
Net Position - Beginning	2,431,383	2,763,045
Cumulative Effect of Change in Accounting Principles	-	13,743
Net Position - Beginning - As Restated	2,431,383	2,776,788
<b>Net Position - Ending</b>	<b>\$ 2,747,984</b>	<b>\$ 2,996,843</b>

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
\$ 252,356	\$ 40,670	\$ 400,038	\$ 825,584	\$ (825,584)	\$ -
349,347	179,062	2,967,512	3,874,480	1,315,962	5,190,442
-	-	661	661	(661)	-
159,229	58,774	36,438	392,587	(392,587)	-
-	-	-	484,397	(484,397)	-
121,079	47,707	349,468	636,263	3,285,622	3,921,885
15,693	18,780	432,570	522,861	(522,861)	-
897,704	344,993	4,186,686	6,736,832	2,375,494	9,112,326
840,743	362,284	2,632,087	4,555,547	-	4,555,547
303,678	65,653	1,514,074	2,025,925	-	2,025,925
-	-	-	365,757	-	365,757
-	-	-	99,993	-	99,993
-	-	-	166,111	-	166,111
-	-	21,771	21,771	-	21,771
67,237	29,668	211,196	391,533	-	391,533
46,138	51,223	31,147	183,252	-	183,252
-	-	33,708	33,708	-	33,708
-	-	-	22,425	-	22,425
1,257,796	508,829	4,443,984	7,866,023	-	7,866,023
(360,092)	(163,836)	(257,298)	(1,129,191)	2,375,494	1,246,303
244,412	4,714	476,303	1,532,090	(1,532,090)	-
274,670	127,842	157,081	644,073	(644,073)	-
54,105	75,305	121,530	283,875	(283,875)	-
(17)	(181)	(26)	(2,154)	2,154	-
(29,258)	(8,221)	(4,628)	(84,974)	84,974	-
(9,048)	(11,263)	49,984	2,584	(2,584)	-
534,865	188,198	800,246	2,375,494	(2,375,494)	-
174,773	24,361	542,948	1,246,302	-	1,246,302
77,514	8,364	50,344	168,658	-	168,658
252,287	32,725	593,293	1,414,961	-	1,414,961
1,591,753	575,544	4,097,122	11,458,847	-	11,458,847
-	-	71	13,814	-	13,814
1,591,753	575,544	4,097,193	11,472,661	-	11,472,661
\$ 1,844,039	\$ 608,270	\$ 4,690,487	\$ 12,887,623	\$ -	\$ 12,887,623

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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, 2020, 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 \$10.1 million as Due from Primary Government while the State reports a Due to Component Unit of \$8.9 million for SAIF. Additionally, SAIF reports a Due to Primary Government of \$9.9 million, but the State reports a Due from Component Unit for SAIF of \$10.2 million.

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.

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

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

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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, 2020, financial information is included in this report.

The Oregon Affordable Housing Assistance Corporation (OAHAC) is an Oregon not-for-profit public benefit corporation. The director of the Oregon Housing and Community Services Department (OHCS) appoints two of the five OAHAC board members and approves the candidacy of the remaining at-large members. The at-large directors may be removed at any time by a vote of two-thirds or more of the directors then in office, and the government directors may be removed at any time by the director of OHCS.

The primary purpose of OAHAC is to administer 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. During the most recent fiscal year OAHAC administered only the Hardest Hit Fund programs, which are part of TARP. OAHAC reports on a fiscal year ended December 31 and its financial statements are prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-05, *Financial Statements for Not-for-Profit Organizations*. The December 31, 2020, financial information of OAHAC is included in this report. Because OAHAC has a fiscal year different from the State, balances outstanding between OAHAC and the State do not agree. OAHAC reports \$158 thousand as Due to Primary Government but the State does not report a Due from Component Unit for OAHAC.

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, the State Fair Council, and OAHAC 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

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

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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 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



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

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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.

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, leasing revenues, and unclaimed property receipts.

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

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

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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.

*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.

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

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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.

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, 2021, 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, 2021, 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, 2021, 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,

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

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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.

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. However, in the case of inventory held for resale, if the proceeds from the sale of the inventory are restricted, committed, or assigned to a specific purpose, the

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

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related fund balance is classified as restricted, committed, or assigned, as appropriate, rather than as nonspendable. 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 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. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Significant interest expense incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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. 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

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

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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 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, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS' 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.

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

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*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.

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, 2021, the State implemented all or a portion of two new accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 93, *Replacement of Interbank Offered Rates* will address accounting and financial reporting implications that result from the replacement of the Interbank Offered Rate (IBOR). Some governments have entered into agreements in which variable payments made or received depend on an IBOR—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form over the next few years, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This Statement has multiple effective dates, and paragraphs 11b, 13, and 14 will be implemented in fiscal year 2022 as allowed by this Statement and GASB Statement No. 95. Refer to Note 3 for additional information.

GASB Statement No. 98, *The Annual Comprehensive Financial Report* establishes the term "annual comprehensive financial report" and its acronym "ACFR". That new term and acronym replaces instances of "comprehensive annual financial report" and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by GASB stakeholders that the common pronunciation of the acronym for "comprehensive annual financial report" sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on GASB's commitment to promoting inclusiveness. The State fully supports the issuance of this Statement and now uses "annual comprehensive financial report" and its acronym "ACFR" throughout this report.

### ***S. Pending Changes in Accounting Principle***

All or a portion of four new accounting standards are effective for the fiscal year ending June 30, 2022.

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.

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 upon issuance, though paragraphs 4 and 5 were later delayed by GASB Statement No. 95. The remaining paragraphs of this Statement are effective for the State in fiscal year 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, paragraphs 11b, 13, and 14. The other portions of this Statement were implemented in fiscal year 2021 as noted previously in Section R, *Changes in Accounting Principle*.

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, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, 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, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, or from the Treasury's website at:



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

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<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, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, or from the Treasury's website at:

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

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-

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

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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, 2021, \$1.7 billion in other depository balances were exposed to custodial credit risk as the balances were uninsured and uncollateralized. In addition, \$906 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:

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

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Investments held by Treasury:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
  - **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.
  - **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.
- 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 15 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged-buyouts,

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

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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 61 current funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged buyouts, venture capital, growth equity, 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.

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

Interest rate and credit risk for the OSTF investments as of June 30, 2021 (in thousands):

Investment Type	Credit Rating	Investment Maturities			Balance at June 30, 2021
		93 Days or less	94 to 366 Days	One to Three Years	
U.S. Treasuries	Exempt	\$ 2,639,221	\$ 936,044	\$ 729,354	\$ 4,304,619
U.S. Federal agency debt	AA	941,573	177,667	1,022,676	2,141,916
U.S. Federal agency discount notes	AA	-	24,984	-	24,984
Corporate commercial paper	A-1+	139,994	-	-	139,994
	A-1	1,381,665	141,711	-	1,523,376
	A-2	273,902	76,956	-	350,858
<b>Total corporate commercial paper</b>		<b>1,795,561</b>	<b>218,667</b>	<b>-</b>	<b>2,014,228</b>
Corporate bonds	AAA	100,077	176,278	44,927	321,282
	AA	641,951	83,368	218,016	943,335
	A	4,141,543	532,896	2,030,808	6,705,247
	BBB <sup>1</sup>	1,318,086	525,893	579,969	2,423,948
<b>Total corporate bonds</b>		<b>6,201,657</b>	<b>1,318,435</b>	<b>2,873,720</b>	<b>10,393,812</b>
Municipal commercial paper	A-1+	112,833	-	4,585	117,418
	A-1	-	23,391	-	23,391
	A-2	90,499	-	-	90,499
	Not rated	-	-	4,983	4,983
<b>Total municipal commercial paper</b>		<b>203,332</b>	<b>23,391</b>	<b>9,568</b>	<b>236,291</b>
Municipal bonds	AAA	-	10,195	34,371	44,566
	AA	494,975	107,734	171,994	774,703
	A	534,116	3,626	30,310	568,052
	Not rated	3,745	-	-	3,745
<b>Total municipal bonds</b>		<b>1,032,836</b>	<b>121,555</b>	<b>236,675</b>	<b>1,391,066</b>
Non-U.S. government commercial paper	A-1+	389,596	-	-	389,596
Non-U.S. government debt	AAA	193,600	15,214	179,382	388,196
	AA	102,585	252,441	227,032	582,058
	A	15,011	215,985	110,452	341,448
<b>Total non-U.S. government debt</b>		<b>311,196</b>	<b>483,640</b>	<b>516,866</b>	<b>1,311,702</b>
Asset-backed securities	AAA	1,687,747	1,324,132	1,048,747	4,060,626
Negotiable certificates of deposit	A	420,000	-	-	420,000
Commingled investment pool	Not rated <sup>2</sup>	-	-	223,888	223,888
<b>Total</b>		<b>\$ 15,622,719</b>	<b>\$ 4,628,515</b>	<b>\$ 6,661,494</b>	<b>\$ 26,912,728</b>

<sup>1</sup> 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.

<sup>2</sup> 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, 2021.

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.

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

The fair value measurement for investments held in the OSTF at June 30, 2021 (in thousands):

	Level 1	Level 2	Level 3	Balance at June 30, 2021
Investments:				
U.S. Treasuries	\$ -	\$ 4,304,619	\$ -	\$ 4,304,619
U.S. Federal agency debt	-	2,141,916	-	2,141,916
U.S. Federal agency discount notes	-	24,984	-	24,984
Corporate commercial paper	-	945,976	-	945,976
Corporate bonds	-	10,393,812	-	10,393,812
Municipal commercial paper	-	57,959	-	57,959
Municipal bonds	-	1,139,790	-	1,139,790
Non-U.S. government commercial paper	-	242,598	-	242,598
Non-U.S. government debt	-	1,311,702	-	1,311,702
Asset-backed securities	-	4,060,626	-	4,060,626
<b>Total</b>	<b>\$ -</b>	<b>\$ 24,623,982</b>	<b>\$ -</b>	<b>\$ 24,623,982</b>

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, 2021.

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, 2021, was 3.89 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.

**State of Oregon**  
**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, 2021 (in thousands):

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Balance at June 30, 2021</b>	<b>Weighted Average Modified Duration (in years)</b>
U.S. Federal agency STRIPS <sup>1</sup>	AAA	\$ 188	
	Not Rated	10,377	
<b>Total U.S. Federal agency STRIPS<sup>1</sup></b>		<b>10,565</b>	<b>3.09</b>
U.S. Federal agency commercial mortgage-backed securities <sup>1</sup>	Not Rated	206	2.73
U.S. Federal agency residential mortgage-backed securities <sup>1</sup>	BBB	1,817	
	Not Rated	15,559	
<b>Total U.S. federal agency residential mortgage-backed securities<sup>1</sup></b>		<b>17,376</b>	<b>7.19</b>
U.S. Treasury debt	Exempt	52,341	5.52
Asset-backed securities	AAA	42,890	
	AA	7,019	
	A	15,855	
	BBB	5,366	
<b>Total asset-backed securities</b>		<b>71,130</b>	<b>1.42</b>
Corporate bonds	A	3,255	
	BBB	127,126	
	BB	866	
<b>Total corporate bonds</b>		<b>131,247</b>	<b>4.41</b>
Commercial mortgage-backed securities	AAA	11,765	
	A	746	
	BBB	746	
<b>Total commercial mortgage-backed securities</b>		<b>13,257</b>	<b>2.42</b>
External investment pool <sup>2</sup>	Not Rated	2,359	0.60
<b>Total</b>		<b>\$ 298,481</b>	

<sup>1</sup> 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.

<sup>2</sup> 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, 2021.

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, 2021 (in thousands):

<b>Investment Type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Balance at June 30, 2021</b>
U.S. Federal agency STRIPS	\$ -	\$ 10,565	\$ -	\$ 10,565
U.S. Federal agency commercial mortgage-backed securities	-	206	-	206
U.S. Federal agency residential mortgage-backed securities	-	17,376	-	17,376
U.S. Treasury debt	-	52,341	-	52,341
Asset-backed securities	-	71,130	-	71,130
Corporate bonds	-	131,247	-	131,247
Commercial mortgage-backed securities	-	13,257	-	13,257
<b>Total</b>	<b>\$ -</b>	<b>\$ 296,122</b>	<b>\$ -</b>	<b>\$ 296,122</b>

**State of Oregon**  
**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 Barclays Capital 1-5 Year Government/Credit Index (Benchmark). The duration for the Fund and the Benchmark at June 30, 2021, was 2.88 years and 2.79 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, 2021 (in thousands):

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Balance at June 30, 2021</b>	<b>Weighted Average Modified Duration (in years)</b>
U.S. Treasury securities	Exempt	\$ 102,718	3.71
U.S. Federal agency debt	AA	670	2.96
U.S. Federal agency mortgages	Not Rated	1,473	4.63
Short Term Investment Fund <sup>1</sup>	Not Rated	21,063	N/A
Asset-backed securities	AAA	2,212	
	AA	958	
<b>Total asset-backed securities</b>		3,170	0.92
Corporate bonds	AAA	2,750	
	AA	4,586	
	A	45,098	
	BBB	55,275	
	BB	5,234	
	Not Rated	426	
<b>Total corporate bonds</b>		113,369	2.77
Commercial mortgage-backed securities	AAA	3,866	1.07
Municipal bonds	AAA	400	0.08
<b>Total</b>		\$ 246,729	

<sup>1</sup> 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 48 days at June 30, 2021.

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, 2021, the weighted average credit quality of both the Fund and of the Benchmark was AA.



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

Fair value measurement for the OLGIF at June 30, 2021 (in thousands):

<b>Investment Type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Balance at June 30, 2021</b>
U.S. Treasury securities	\$ -	\$ 102,718	\$ -	\$ 102,718
U.S. Federal agency debt	-	670	-	670
U.S. Federal agency mortgages	-	1,473	-	1,473
Short Term Investment Fund	-	21,063	-	21,063
Asset-backed securities	-	3,170	-	3,170
Corporate bonds	-	113,369	-	113,369
Commercial mortgage-backed securities	-	3,866	-	3,866
Municipal bonds	-	400	-	400
<b>Total</b>	<b>\$ -</b>	<b>\$ 246,729</b>	<b>\$ -</b>	<b>\$ 246,729</b>

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, 2021 (in thousands):

<b>Reporting Fund<sup>1</sup></b>	<b>Investment Type</b>	<b>Credit Rating<sup>2</sup></b>	<b>Investment Maturities (in years)</b>				<b>Balance at June 30, 2021</b>	
			<b>Less than 1</b>	<b>1 to 5</b>	<b>6 to 10</b>	<b>More than 10 or none</b>		
Public Transportation	Asset-backed securities	AAA	\$ 4,821	\$ 2,165	\$ -	\$ -	\$ 6,986	
	U.S. Federal agency debt	AA	2,002	1,057	-	-	3,059	
	U.S. Federal agency mortgages	Not rated	-	534	-	-	534	
	Municipal bonds	AA	1,004	-	-	-	1,004	
	Corporate bonds	AAA	-	1,035	-	-	1,035	
		A	20,396	18,739	-	-	39,135	
		BBB	1,211	4,556	-	-	5,767	
	<b>Total corporate bonds</b>		<b>21,607</b>	<b>24,329</b>	<b>-</b>	<b>-</b>	<b>45,936</b>	
	<b>Total Public Transportation</b>		<b>29,434</b>	<b>28,085</b>	<b>-</b>	<b>-</b>	<b>57,520</b>	
Employment Services	U.S. Treasury securities <sup>2</sup>	Exempt	-	5,141	-	-	5,141	
	U.S. Federal agency debt	AA	2,275	-	-	-	2,275	
		Not rated	-	2,154	-	-	2,154	
		<b>Total U.S. Federal agency debt</b>		<b>2,275</b>	<b>2,154</b>	<b>-</b>	<b>-</b>	<b>4,429</b>
	Municipal bonds	AA	-	2,941	-	-	2,941	
	Oregon Intermediate Term Pool <sup>3</sup>	Not rated	-	172,954	-	-	172,954	
	<b>Total Employment Services</b>		<b>2,275</b>	<b>183,189</b>	<b>-</b>	<b>-</b>	<b>185,465</b>	
Environmental Management	Oregon Intermediate Term Pool <sup>3</sup>	Not rated	-	1,475	-	-	1,475	
Permanent	Oregon Intermediate Term Pool <sup>3</sup>	Not rated	-	1,638	-	-	1,638	
Residential Assistance	U.S. Treasury securities <sup>2</sup>	Exempt	-	4,959	-	-	4,959	
	U.S. Federal agency debt	AA	-	-	-	11,029	11,029	
		<b>Total Residential Assistance</b>		<b>-</b>	<b>4,959</b>	<b>-</b>	<b>11,029</b>	<b>15,988</b>
Business Development	Oregon Intermediate Term Pool <sup>3</sup>	Not rated	-	31,619	-	-	31,619	
	<b>Total</b>		<b>\$ 31,710</b>	<b>\$250,965</b>	<b>\$ -</b>	<b>\$ 11,029</b>	<b>\$ 293,704</b>	

<sup>1</sup> Refer to the separate Common School Fund schedule.

<sup>2</sup> Investments of \$10,100 of U.S. Treasury securities are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

<sup>3</sup> 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, 2021 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Total
Public Transportation	Asset-backed securities	\$ -	\$ 6,986	\$ -	\$ 6,986
	U.S. Federal agency debt	-	3,059	-	3,059
	U.S. Federal agency mortgages	-	534	-	534
	Municipal bonds	-	1,004	-	1,004
	Corporate bonds	-	45,936	-	45,936
<b>Total Public Transportation</b>		-	57,520	-	57,520
Employment Services	U.S. Treasury securities	-	5,141	-	5,141
	U.S. Federal agency debt	-	4,429	-	4,429
	Municipal bonds	-	2,941	-	2,941
<b>Total Employment Services</b>		-	12,511	-	12,511
Residential Assistance	U.S. Treasury securities	-	4,959	-	4,959
	U.S. Federal agency debt	-	11,029	-	11,029
<b>Total Residential Assistance</b>		-	15,988	-	15,988
<b>Total Debt Investments</b>		\$ -	\$ 86,018	\$ -	\$ 86,018

**Investments valued at Net Asset Value (NAV):**

Employment Services	Oregon Intermediate Term Pool	172,954
Environmental Management	Oregon Intermediate Term Pool	1,475
Permanent	Oregon Intermediate Term Pool	1,638
Business Development	Oregon Intermediate Term Pool	31,619
<b>Total Investments valued at NAV</b>		<u>207,686</u>
<b>Total</b>		<u>\$ 293,704</u>

**State of Oregon**  
**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, 2021 (in thousands):

Investment Type	Credit Rating <sup>1</sup>	Investment Maturities (in years)				Balance at June 30, 2021
		Less than 1	1 to 5	6 to 10	More than 10 or none	
U.S. Treasury securities	Exempt	\$ -	\$ 23,093	\$ 16,084	\$ 19,583	\$ 58,759
U.S. Treasury TIPS	Exempt	-	-	-	2,048	2,048
U.S. Federal agency STRIPS	Exempt	26	-	-	6	32
U.S. Federal agency mortgages	AAA	325	-	-	-	325
	Not rated	8,586	-	691	36,012	45,289
<b>Total U.S. government debt</b>		<b>8,937</b>	<b>23,093</b>	<b>16,774</b>	<b>57,649</b>	<b>106,452</b>
Non-U.S. government debt	AA	-	1,703	613	-	2,317
	A	-	863	213	-	1,077
	BBB	-	3,780	4,268	11,624	19,671
	BB	-	412	-	1,194	1,606
<b>Total non-U.S. government debt</b>		<b>-</b>	<b>6,759</b>	<b>5,095</b>	<b>12,817</b>	<b>24,671</b>
Corporate bonds	AAA	-	590	1,391	128	2,109
	AA	20	1,663	792	1,936	4,411
	A	6,660	7,336	5,313	7,218	26,527
	BBB	4,081	14,463	13,045	18,642	50,230
	BB	1,120	3,924	1,849	4,385	11,277
	B	-	72	-	46	118
<b>Total corporate bonds</b>		<b>11,880</b>	<b>28,048</b>	<b>22,389</b>	<b>32,354</b>	<b>94,671</b>
Asset-backed securities	AAA	2,151	-	-	518	2,670
	AA	1,253	-	-	229	1,482
	A	2,168	-	-	521	2,689
	BBB	861	-	-	-	861
	B	1,473	-	-	-	1,473
	CCC	40	-	-	-	40
	CC	254	-	-	-	254
	Not Rated	28	-	-	491	518
<b>Total asset-backed securities</b>		<b>8,229</b>	<b>-</b>	<b>-</b>	<b>1,759</b>	<b>9,988</b>
Collateralized mortgage obligations	AAA	637	-	-	-	637
	AA	265	-	-	-	265
	A	506	-	-	-	506
	BBB	1,583	-	-	-	1,583
	B	866	-	-	-	866
	CCC	135	-	-	-	135
	Not Rated	72	-	-	-	72
<b>Total collateralized mortgage obligations</b>		<b>4,064</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,064</b>

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

(Continued from previous page)

Investment Type	Credit Rating <sup>1</sup>	Investment Maturities (in years) (continued)				Balance at June 30, 2021
		Less than 1	1 to 5	6 to 10	More than 10 or none	
Collateralized mortgage-backed securities	AAA	3,167	-	-	1,731	4,897
	AA	1,841	-	-	1,240	3,081
	A	73	-	-	-	73
	BBB	30	-	-	-	30
	BB	10	-	-	-	10
	CCC	12	-	-	-	12
	C	352	-	-	-	352
	Not rated	695	-	-	12	707
<b>Total collateralized mortgage-backed securities</b>		<b>6,180</b>	<b>-</b>	<b>-</b>	<b>2,983</b>	<b>9,163</b>
Domestic fixed income funds	Not rated	-	-	-	265,528	265,528
		<b>\$ 39,290</b>	<b>\$ 57,899</b>	<b>\$ 44,258</b>	<b>\$ 373,091</b>	<b>514,538</b>
Domestic equity securities						375,389
International equity securities						59,208
Domestic equity funds						129,370
International equity funds						602,428
Private equity holdings						231,877
Domestic real estate investment trusts						5,104
Real estate open ended funds						138,623
Alternative diversifying strategies						86,864
Alternative infrastructure funds						14,687
						<u>1,643,550</u>
<b>Total</b>						<b><u>\$ 2,158,089</u></b>

<sup>1</sup> Investments of \$58,759 in U.S. Treasury securities, \$2,048 in U.S. Treasury Inflation Protected Securities (TIPS), \$32 in Federal Agency STRIPS and \$9,271 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.

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

Fair value measurement for the investments at Treasury held by the Common School Fund at June 30, 2021 (in thousands):

<b>Investment type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
U.S. Treasury securities	\$ -	\$ 58,759	\$ -	\$ 58,759
U.S. Treasury TIPS	-	2,048	-	2,048
U.S. Federal agency STRIPS	-	32	-	32
U.S. Federal agency mortgages	-	45,613	-	45,613
Non-U.S. government debt	-	24,671	-	24,671
Corporate bonds	-	94,671	-	94,671
Asset-backed securities	-	9,988	-	9,988
Collateralized mortgage obligations	-	4,064	-	4,064
Collateralized mortgage-backed securities	-	9,163	-	9,163
Domestic fixed income funds	-	265,528	-	265,528
<b>Total Debt Investments</b>	-	514,538	-	514,538
Domestic equity securities	434,597	-	-	434,597
Domestic equity funds	-	129,370	-	129,370
International equity funds	84,736	517,692	-	602,428
Domestic real estate investment trusts	5,104	-	-	5,104
<b>Total Equity securities and derivatives</b>	524,437	647,063	-	1,171,499
<b>Total</b>	\$ 524,437	\$ 1,161,601	\$ -	1,686,038

**Investments measured at Net Asset Value (NAV)**

Private equity holdings	231,877
Real estate open ended funds	138,623
Alternative diversifying strategies	86,864
Alternative infrastructure	14,687
<b>Total investments measured at NAV</b>	472,051
<b>Total Investments at fair value</b>	\$ 2,158,089

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, 2021 (in thousands):

<b>Investments Measured at Net Asset Value (NAV)</b>	<b>Fair Value</b>	<b>Unfunded Commitments<sup>1</sup></b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Private equity	\$ 231,877	\$ 31,976	N/A	N/A
Real estate open ended funds	138,623	-	Quarterly	15 - 45 days
Alternative diversifying strategies	86,864	-	Monthly	3 - 10 days
Alternative infrastructure	14,687	36,094	N/A	N/A
<b>Total</b>	\$ 472,051	\$ 68,071		

<sup>1</sup> Excludes new commitments not yet funded at June 30, 2021.

**State of Oregon**  
**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, 2021 (in thousands):

Reporting Fund	Investment Type	Credit Rating <sup>2</sup>	Investment Maturities (in years)				Balance at June 30, 2021
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Housing and Community Services <sup>1</sup>	U.S. Treasury securities	Exempt	\$ -	\$ -	\$ -	\$ 1,065	\$ 1,065
	U.S. Federal agency debt	AA	-	-	-	592	592
<b>Total Housing and Community Services</b>			-	-	-	1,657	1,657
Veterans' Loan	Oregon Intermediate Term Pool <sup>3</sup>	Not rated	-	12,334	-	-	12,334
Lottery Operations	U.S. Treasury STRIPS	Exempt	10,707	39,357	34,753	35,792	120,609
	U.S. Federal agency STRIPS	Not rated	72	1,700	-	-	1,772
<b>Total Lottery Operations</b>			10,779	41,057	34,753	35,792	122,381
Special Public Works	Oregon Intermediate Term Pool <sup>3</sup>	Not rated	-	12,465	-	-	12,465
Central Services	U.S. Federal agency debt	Not rated	-	1,077	-	-	1,077
	U.S. Federal agency mortgages	Not rated	968	18	-	-	986
	Corporate bonds	BBB	-	1,045	-	-	1,045
	Oregon Intermediate Term Pool <sup>3</sup>	Not rated	-	23,449	-	-	23,449
<b>Total Central Services</b>			968	25,589	-	-	26,557
<b>Total</b>			<b>\$ 11,747</b>	<b>\$ 91,445</b>	<b>\$ 34,753</b>	<b>\$ 37,450</b>	<b>\$ 175,395</b>

<sup>1</sup> \$294,078 in investments are held outside Treasury. Refer to the separate schedule.

<sup>2</sup> Investments of \$1,065 in U.S. Treasury securities and \$120,609 in U.S. Treasury STRIPS are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

<sup>3</sup> Refer to the separate Oregon Intermediate Term Pool schedule.

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

The fair value measurement for the investments at Treasury held by proprietary funds at June 30, 2021 (in thousands):

<b>Reporting Fund</b>	<b>Investment type</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Balance at June 30, 2021</b>
Housing and Community Services	U.S. Treasury securities	\$ -	\$ 1,065	\$ -	\$ 1,065
	U.S. Federal agency debt	-	592	-	592
<b>Total Housing and Community Services</b>		-	1,657	-	1,657
Lottery Operations	U.S. Treasury STRIPS	-	120,609	-	120,609
	U.S. Federal agency STRIPS	-	1,772	-	1,772
<b>Total Lottery Operations</b>		-	122,381	-	122,381
Central Services	U.S. Federal agency debt	-	1,077	-	1,077
	U.S. Federal agency mortgages	-	986	-	986
	Corporate bonds	-	1,045	-	1,045
<b>Total Central Services</b>		-	3,108	-	3,108
<b>Total Debt Investments</b>		<b>\$ -</b>	<b>\$ 127,147</b>	<b>\$ -</b>	<b>127,147</b>
<b>Investments valued at NAV</b>					
Veterans' Loan	Oregon Intermediate Term Pool				12,334
Special Public Works	Oregon Intermediate Term Pool				12,465
Central Services	Oregon Intermediate Term Pool				23,449
<b>Total Investments Valued at NAV</b>					<b>48,248</b>
<b>Total</b>					<b>\$ 175,395</b>

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

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, 2021 (in thousands):

Reporting Fund	Investment Type	Credit Rating <sup>1</sup>	Investment Maturities (in years)				Balance at June 30, 2021
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Common School	U.S. Treasury securities	Exempt	\$ 4	\$ -	\$ -	\$ -	\$ 4
	U.S. Treasury STRIPS	Exempt	1	2	-	-	3
	U.S. Federal agency debt	Exempt	-	1	-	-	1
	Municipal bonds	Not rated	-	-	15	16	32
	Corporate bonds	Not rated	17	22	7	48	93
<b>Total Common School</b>			<b>22</b>	<b>24</b>	<b>22</b>	<b>64</b>	<b>133</b>
Revenue Bond	Guaranteed investment contracts	N/A	-	-	2,523	-	2,523
Housing and Community Services	U.S. Treasury securities	Exempt	102,204	71	-	-	102,275
	U.S. Federal agency debt	AA	489	9,855	15,829	19,473	45,645
		Not rated	104,991	-	-	-	104,991
<b>Total federal agency debt</b>			<b>105,479</b>	<b>9,855</b>	<b>15,829</b>	<b>19,473</b>	<b>150,636</b>
Money market mutual funds <sup>2</sup>			41,167	-	-	-	41,167
<b>Total Housing and Community Services</b>			<b>248,850</b>	<b>9,926</b>	<b>15,829</b>	<b>19,473</b>	<b>294,078</b>
Private Purpose Trust	U.S. Treasury securities <sup>3</sup>	Exempt	93	2,859	7	12	2,971
	Domestic mutual funds - debt <sup>3</sup>	Not rated	7	-	-	1,955	1,962
<b>Total Private Purpose Trust</b>			<b>100</b>	<b>2,859</b>	<b>7</b>	<b>1,968</b>	<b>4,933</b>
<b>Total Debt Investments</b>			<b>\$ 248,973</b>	<b>\$ 12,809</b>	<b>\$ 18,381</b>	<b>\$ 21,504</b>	<b>301,668</b>
Educational Support	Private equities	N/A					168,174
Common School	Alternative equities	N/A					23
	Mutual funds	N/A					30,154
	Domestic equity securities	N/A					50,280
	International equity securities	N/A					1,992
	Real estate	N/A					2,415
	Other collectibles	N/A					350
Private Purpose Trust	Domestic equity securities	N/A					22
	Annuity contracts	N/A					292
<b>Total</b>							<b>\$ 555,369</b>

<sup>1</sup> Investments of \$105,250 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.

<sup>2</sup> Included in Cash and Cash Equivalents - Restricted on the Statement of Net Position.

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



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

The fair value measurement for investments held outside Treasury at June 30, 2021 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Balance at June 30, 2021
Common School	U.S. Treasury securities	\$ 4	\$ -	\$ -	\$ 4
	U.S. Treasury STRIPS	3	-	-	3
	U.S. Federal agency debt	-	1	-	1
	Municipal bonds	-	32	-	32
	Corporate bonds	-	93	-	93
	Alternative equities	-	-	23	23
	Mutual funds	30,154	-	-	30,154
	Domestic equity securities	50,201	79	-	50,280
	International equity securities	1,992	-	-	1,992
	Real estate	-	-	2,415	2,415
	Other collectibles	-	-	350	350
<b>Total Common School</b>		<b>82,354</b>	<b>205</b>	<b>2,788</b>	<b>85,347</b>
Housing and Community Services	U.S. Treasury securities	-	102,275	-	102,275
	U.S. Federal agency debt	-	45,645	-	45,645
	Money market mutual funds	41,167	-	-	41,167
<b>Total Housing and Community Services</b>		<b>41,167</b>	<b>147,920</b>	<b>-</b>	<b>189,087</b>
Private Purpose Trust	U.S. Treasury securities	-	2,971	-	2,971
	Domestic equity securities	22	-	-	22
<b>Total Private Purpose Trust</b>		<b>22</b>	<b>2,971</b>	<b>-</b>	<b>2,992</b>
<b>Total Debt Investments</b>		<b>\$ 123,542</b>	<b>\$ 151,096</b>	<b>\$ 2,788</b>	<b>277,426</b>
<b>Investments reported at NAV:</b>					
Educational Support	Private equities				168,174
Revenue Bond	Guaranteed investment contracts				2,523
Private Purpose Trust	Domestic mutual funds - debt				1,962
	Annuity contracts				292
<b>Total</b>					<b>\$ 450,378</b>

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, 2021 (in thousands):

Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equities	\$ 168,174	\$ 70,664	N/A	N/A

Interest Rate Sensitive Investments

As of June 30, 2021, the primary government held approximately \$106.2 million 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 \$4.2 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, 2021, 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, 2021, 45.6% of the Housing and Community Service Fund's total investments were Federal Home Loan Bank securities and 5.3% were Federal National Mortgage Association (FNMA) securities.

Within the major governmental funds, the Public Transportation Fund's investments included \$5.7 million (9.8%) in Toyota Motor Corporation, \$5.1 million (8.9%) in Paccar Inc, \$3.2 million (5.5%) in Sumitomo Mitsui Financial Group Inc, \$3.1 million (5.4%) in Caterpillar Inc, and \$3.1 million (5.3%) in Toronto-Dominion Bank.

**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, 2021 (in thousands):

<b>Foreign Currency Denomination</b>	<b>Deposits and Investments (U.S. Dollars)</b>			
	<b>International</b>		<b>Non-US</b>	
	<b>Deposits</b>	<b>Equity Securities</b>	<b>Government Debt</b>	<b>Total</b>
Argentine peso	\$ 7	\$ -	\$ -	\$ 7
British pound sterling	3	73,350	-	73,353
Canadian dollar	-	1,199	-	1,199
Chinese yuan	190	-	80	269
Euro	1	13,863	-	13,864
Hong Kong dollar	-	4,333	-	4,333
Japanese yen	132	3,685	-	3,817
Mexican peso	552	-	8,715	9,267
Russian ruble	-	-	4,723	4,723
South African rand	-	5,253	-	5,253
Swedish krona	-	5,778	-	5,778
<b>Total</b>	<b>\$ 886</b>	<b>\$ 107,460</b>	<b>\$ 13,518</b>	<b>\$ 121,864</b>

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

**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.

Investments in the OPERF as of June 30, 2021 (in thousands):

<b>Investment Type</b>	<b>Fair Value</b>
U.S. Treasury obligations	\$ 6,193,339
U.S. Treasury obligations - STRIPS	667,405
U.S. Treasury obligations - TIPS	288,512
U.S. Federal agency mortgage securities	625,356
U.S. Federal agency mortgage TBAs	400,906
U.S. Federal agency debt	165,937
U.S. Federal agency STRIPS	12,280
International debt securities	739,327
Non-government debt securities	2,056,804
Corporate bonds	1,416,440
Bank loans	1,269,049
Municipal bonds	45,470
Collateralized mortgage obligations	409,815
Asset-backed securities	170,688
Guaranteed investment contracts <sup>1</sup>	281,279
Domestic fixed income funds	1,019,229
Global fixed income funds	816,075
<b>Total debt securities</b>	<b>16,577,911</b>
Derivatives in asset positions	221,023
Domestic equity securities	14,777,306
International equity securities	10,651,706
Domestic equity funds	4,347,888
Global equity funds	902,152
International equity funds	1,242,816
Target date funds	878,436
Oregon Savings Growth Plan - self directed	42,774
Real estate and real estate investment trusts	10,151,289
Private equity	25,725,638
Alternative portfolio	9,647,954
Opportunity portfolio	2,125,975
<b>Total investments</b>	<b>\$ 97,292,867</b>

<sup>1</sup> 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, 2021, the weighted average duration of the fixed income portfolio was 4.86 years and no individual fixed income investment manager's portfolio was outside the policy guidelines.

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

At June 30, 2021, the OPERF held approximately \$1 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 \$400.9 million in to-be-announced federal agency-issued mortgage pools. An additional \$170.7 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, 2021 (in thousands):

<b>Investment Type</b>	<b>Balance at June 30, 2021</b>	<b>Effective Weighted Duration Rate (in years)</b>
U.S. Treasury obligations	\$ 6,193,339	7.99
U.S. Treasury obligations - STRIPS	667,405	0.50
U.S. Treasury obligations - TIPS	288,512	7.16
U.S. Federal agency mortgage securities	625,356	3.59
U.S. Federal agency mortgage TBAs	400,906	4.98
U.S. Federal agency debt	165,937	5.62
U.S. Federal agency STRIPS	12,280	6.99
International debt securities	732,146	3.91
Non-U.S. government debt securities	1,995,091	7.51
Corporate bonds	1,416,405	7.70
Bank loans	1,253,230	0.19
Municipal bonds	45,470	9.08
Collateralized mortgage obligations	409,815	1.40
Asset-backed securities	170,688	1.87
Domestic fixed income funds	1,019,229	4.03
Global fixed income funds	816,075	6.57
No effective duration:		
International debt securities	7,180	N/A
Non-U.S. government debt securities	61,713	N/A
Corporate bonds	35	N/A
Bank loans	15,819	N/A
Guaranteed investment contracts	281,279	N/A
<b>Total debt securities</b>	<b>16,577,911</b>	
Cash equivalent - Mutual Funds - STIF	1,351,762	48 Days <sup>1</sup>
Cash equivalent - Oregon Short Term Fund	2,039,709	224 Days <sup>1</sup>
<b>Total subject to interest rate risk</b>	<b>\$ 19,969,382</b>	

<sup>1</sup> 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, 2021, the fair value of below grade investments, excluding unrated securities, is \$1.5 billion, or 15.9%, of total securities subject to credit risk and 8.9% of total debt securities. The weighted quality rating average is AA-. Unrated securities include \$352.6 million in bank loans, \$1.4 billion in domestic and global fixed income funds, \$281.3 million in guaranteed investment contracts, and \$447.9 million in other debt securities.

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

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Credit ratings for debt securities within the OPERF as of June 30, 2021 (in thousands):

<b>Credit Rating</b>	<b>Balance at June 30, 2021</b>
AAA	\$ 1,213,221
AA	845,627
A	837,824
BBB	1,497,072
BB	258,225
B	904,947
CCC	301,700
CC	6,415
Not rated	2,481,190
Not rated - U.S. Federal agency <sup>1</sup>	918,775
<b>Total subject to credit risk</b>	<b>9,264,996</b>
U.S. government guaranteed securities	7,312,915
<b>Total</b>	<b>\$ 16,577,911</b>

<sup>1</sup> 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, 2021, no investments were 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, 2021, approximately 9.9% 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.

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

The OPERF's exposure to foreign currency risk as of June 30, 2021 (in thousands):

Foreign Currency Denomination	Deposits and Investments (U.S. Dollars)							Total
	Cash and Equivalents	Debt Securities	Public Equity	Derivatives in Asset Positions	Real Estate	Alternative Portfolio		
Argentine peso	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
Australian dollar	6,275	43,743	375,052	-	4,246	-	-	429,316
Brazilian real	2,538	346	159,280	-	-	-	-	162,164
British pound sterling	8,977	278,476	1,509,343	6	84	-	-	1,796,886
Canadian dollar	9,373	27,432	524,971	1	8,717	-	-	570,494
Chilean peso	907	-	8,269	-	-	-	-	9,175
Chinese yuan	36,233	24,850	247,089	-	-	-	-	308,172
Colombian peso	19	1,143	580	-	-	-	-	1,742
Czech koruna	9	-	1,066	-	-	-	-	1,075
Danish krone	167	2,680	268,131	-	-	-	-	270,978
Egyptian pound	2	-	3,818	-	-	-	-	3,821
Euro	55,375	730,649	2,039,935	19,110	743	2,528,432	-	5,374,243
Hong Kong dollar	9,708	-	700,874	21	4,406	-	-	715,009
Hungarian forint	153	743	10,689	-	-	-	-	11,585
Indian rupee	1,317	-	227,031	-	-	-	-	228,348
Indonesian rupiah	409	12,102	24,754	-	-	-	-	37,265
Israeli new shekel	319	13,230	68,445	-	-	-	-	81,994
Japanese yen	19,618	432,208	1,509,031	234	2,862	-	-	1,963,953
Kenya shilling	-	-	3,931	-	-	-	-	3,931
Kuwaiti dinar	22	-	4,284	-	-	-	-	4,306
Malaysian ringgit	1,042	13,392	37,128	-	-	-	-	51,562
Mexican peso	1,918	29,731	71,922	20,063	14,812	-	-	138,446
New Zealand dollar	348	3,658	12,345	-	-	-	-	16,351
Nigerian naira	658	-	4,856	-	-	-	-	5,514
Norwegian krone	210	655	78,065	398	-	-	-	79,328
Pakistani rupee	149	-	4,733	-	-	-	-	4,881
Peruvian nuevo sol	2	7,471	9	-	-	-	-	7,482
Philippine peso	192	-	12,574	-	-	-	-	12,766
Polish zloty	302	1,926	24,229	-	-	-	-	26,457
Qatar riyal	42	-	22,616	-	-	-	-	22,658
Romanian leu	-	755	2,412	-	-	-	-	3,167
Russian ruble	814	16,672	59,009	-	-	-	-	76,494
Saudi Arabian riyal	440	-	82,766	-	157	-	-	83,363
Singapore dollar	1,758	-	70,837	15	14,264	-	-	86,874
South African rand	10,078	2,740	153,759	-	942	-	-	167,519
South Korean won	23,735	-	544,668	-	22	-	-	568,426
Swedish krona	13,582	2,568	302,129	-	-	-	-	318,280
Swiss franc	1,080	491	582,040	-	-	-	-	583,611
Taiwan dollar	1,178	-	373,947	-	-	-	-	375,125
Thai baht	502	-	31,521	79	449	-	-	32,551
Turkish lira	147	-	13,819	-	-	-	-	13,966
United Arab Emirates dirham	34	-	11,330	-	-	-	-	11,364
Vietnamese dong	218	-	8,573	-	-	-	-	8,791
<b>Total</b>	<b>\$ 209,856</b>	<b>\$ 1,647,661</b>	<b>\$ 10,191,858</b>	<b>\$ 39,927</b>	<b>\$ 51,704</b>	<b>\$ 2,528,432</b>	<b>\$ 14,669,438</b>	

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

**Fair Value Measurement**

Fair value measurement levels for investments in the OPERF as of June 30, 2021 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Investments by Fair Value Level</b>				
Debt Securities:				
U.S. Treasury obligations	\$ -	\$ 6,193,339	\$ -	\$ 6,193,339
U.S. Treasury obligations - STRIPS	-	667,405	-	667,405
U.S. Treasury obligations - TIPS	-	288,512	-	288,512
U.S. Federal Agency mortgage securities	-	625,356	-	625,356
U.S. Federal Agency mortgage TBAs	-	400,664	243	400,906
U.S. Federal Agency debt	-	165,937	-	165,937
U.S. Federal Agency STRIPS	-	12,280	-	12,280
Non-government debt securities	-	2,056,804	-	2,056,804
Corporate bonds	-	1,922,614	6,748	1,929,362
Bank loans	-	1,119,907	216,422	1,336,328
Municipal bonds	-	45,470	-	45,470
Collateralized mortgage obligations	-	422,534	-	422,534
Asset-backed securities	-	317,093	-	317,093
Domestic fixed income funds	-	1,019,229	-	1,019,229
Global fixed income funds	-	816,075	-	816,075
<b>Total debt securities<sup>1</sup></b>	-	16,073,220	223,412	16,296,632
Public Equity:				
Domestic equity securities	14,719,587	-	57,719	14,777,306
International equity securities	10,607,639	-	44,067	10,651,706
Domestic equity funds	-	4,347,888	-	4,347,888
Global equity funds	-	902,152	-	902,152
International equity funds	880,756	153,714	208,345	1,242,816
Target date funds	-	878,436	-	878,436
Oregon Savings Growth Plan - self directed	42,774	-	-	42,774
<b>Total public equity</b>	26,250,756	6,282,191	310,132	32,843,079
Real estate investment trusts	634,802	-	-	634,802
Opportunity open ended funds	123,209	-	-	123,209
<b>Total investments by fair value level</b>	<b>\$ 27,008,767</b>	<b>\$ 22,355,411</b>	<b>\$ 533,544</b>	<b>49,897,722</b>
<b>Investments Measured at Net Asset Value (NAV)</b>				
Real estate:				
Real estate investments				7,524,026
Real estate open ended funds				1,992,461
<b>Total real estate</b>				<u>9,516,487</u>
Private equity				25,725,638
Alternative portfolio:				
Alternative diversifying strategies				3,482,235
Alternative infrastructure				3,626,718
Alternative natural resources				1,809,611
Alternative risk parity				729,390
<b>Total alternative equity</b>				<u>9,647,954</u>
Opportunity portfolio:				
Opportunity private investments				774,661
Opportunity open ended funds				1,228,104
<b>Total opportunity portfolio</b>				<u>2,002,765</u>
<b>Total investments measured at NAV</b>				<u>46,892,844</u>
<b>Total investments measured at fair value</b>				<u>\$ 96,790,566</u>

<sup>1</sup> Guaranteed investment contracts are excluded from the table as these are stated at contract value

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

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, 2021 (in thousands):

	Fair Value	Unfunded Commitments <sup>1</sup>	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate:				
Real estate investments	\$ 7,524,026	\$ 2,741,357	N/A	N/A
Real estate open ended funds	1,992,461	258,400	Quarterly	15 - 90 days
Private equity	25,725,638	8,696,203	N/A	N/A
Alternative portfolio:				
Alternative Diversifying Strategies	3,482,235	-	Monthly	3 - 90 days
Alternative Infrastructure	3,626,718	2,241,224	N/A	N/A
Alternative Natural Resources	1,809,611	1,343,228	N/A	N/A
Alternative Risk Parity	729,390	-	Monthly	5 days
Opportunity portfolio:				
Opportunity private investments	774,661	1,093,906	N/A	N/A
Opportunity open ended funds	1,228,104	294,955	Monthly/Quarterly	5 - 90 days
<b>Total</b>	<b>\$ 46,892,844</b>	<b>\$ 16,669,273</b>		

<sup>1</sup> 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, 2021.

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, alternative, 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 68 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 15 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 12 open ended funds that permit quarterly redemption of shares, subject to certain requirements being met.

Private equity consists of approximately 227 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



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

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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.

Alternatives Portfolio investments seek to provide diversification and inflation hedging characteristics to the OPERF and include investments with a focus on infrastructure and natural resources. Alternatives Portfolio consists of 66 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 57 of the 66 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 nine funds are open ended, permitting periodic redemption of shares, subject to certain requirements being met. They consist of eight 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 23 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 17 of the 23 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, 2021:

- \$15.1 million, or 5% of the Oregon Short Term Investment Fund, the cash collateral pool for all agencies, excluding OPERF.
- \$220 million, or 35.2% 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, 2021.

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

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

of the loans at June 30, 2021, is effectively one day. On June 30, 2021, the State had no credit risk exposure to borrowers because the amounts the State owes to borrowers exceed the amounts borrowers owe the State.

Securities lending balances on loan, collateral received, and investments of cash collateral as of June 30, 2021, of the primary government, including the OPERF (in thousands):

<b>Investment Type</b>	<b>Cash and Securities Collateral Received</b>	<b>Securities on Loan at Fair Value</b>	<b>Investments of Cash Collateral at Fair Value</b>
U.S. Treasury and agency securities	\$ 1,363,830	\$ 1,337,486	\$ 193,062
Domestic equity securities	521,940	508,455	333,863
International equity securities	106,798	102,123	31,984
Domestic fixed income securities	152,075	149,111	192,086
<b>Total</b>	<b>\$ 2,144,643</b>	<b>\$ 2,097,175</b>	<b>\$ 750,996</b>

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, 2021, the primary government had restricted assets of \$3.6 billion in deposits and \$537.8 million 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, 2021, totaled negative \$3.7 million and the notional amount totaled \$171.2 million. Hedging derivative instruments 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. Hedging derivative instruments with negative fair values are shown on the proprietary funds statement of net position and the government-wide statement of net position under deferred outflows of resources and derivative instrument liabilities. During the fiscal year the fair value of the hedging derivative instruments increased by \$7 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

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

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.

The terms, fair values, counterparties, and credit ratings of OHCS D's outstanding swaps as of June 30, 2021 (dollars in thousands):

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Term Date	Counterparty	Counterparty Rating <sup>2</sup>
Mortgage revenue bonds								
2015 C	\$ 33,600	9/6/18	2.75%	70.0% of 1 mo LIBOR <sup>1</sup> + .05%	\$ (2,344)	7/1/45	Royal Bank of Canada	Aa2 AA- AA
2016 B	13,140	1/1/19	1.71%	66.5% of 1 mo LIBOR + .08%	(279)	1/1/33	Royal Bank of Canada	Aa2 AA- AA
2016 C	15,000	1/1/19	2.00%	66.5% of 1 mo LIBOR + .15%	(338)	7/1/37	Royal Bank of Canada	Aa2 AA- AA
2017 C	44,000	7/1/19	2.41%	70.0% of 1 mo LIBOR + .05%	(3,426)	7/1/39	Bank of America, N.A.	Aa2 A+ AA
2018 E	41,000	5/4/19	1.12%	<sup>3</sup>	1,845	7/1/43	Bank of America, N.A.	Aa2 A+ AA
2020 B	24,500	7/13/20	0.90%	<sup>4</sup>	842	7/1/37	Royal Bank of Canada	Aa2 AA- AA
	<u>\$ 171,240</u>				<u>\$ (3,700)</u>			

<sup>1</sup> London Interbank Offered Rate

<sup>2</sup> Moody's / S&P / Fitch

<sup>3</sup> 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.

<sup>4</sup> USD SIFMA (Securities Industry and Financial Markets Association) 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, 2021, the one-month LIBOR was 0.1% and the SIFMA rate was 0.03%. OHCS D's variable interest rates as of June 30, 2021, 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.

**State of Oregon**  
**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, 2021 (in thousands):

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Interest Rate Swaps (Net)</b>	<b>Total</b>
2022	\$ -	\$ 93	\$ 3,008	\$ 3,101
2023	-	78	3,021	3,099
2024	-	78	3,021	3,099
2025	3,530	78	3,004	6,611
2026	4,235	76	2,916	7,227
2027-2031	29,470	345	12,975	42,791
2032-2036	51,315	262	9,816	61,394
2037-2041	54,095	124	5,116	59,335
2042-2046	28,595	28	1,318	29,941
<b>Total</b>	<b>\$ 171,240</b>	<b>\$ 1,162</b>	<b>\$ 44,195</b>	<b>\$ 216,597</b>

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) must 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, 2021, of the swaps that include these provisions is negative \$3.7 million. At June 30, 2021, 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. During fiscal year 2021, the DVA terminated its interest rate swap with Royal Bank of Canada and entered into a new interest rate swap in connection with its Loan Program General Obligation Loans, 2015 Series P (Veterans' Welfare Bonds Series 95). The DVA did not have any maturities of derivative instruments during fiscal year 2021. During the fiscal year, the fair value of the Series 95 swap increased by \$848 thousand. The fair value of the Series 105B and 106C swap increased by \$1.1 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 inflow of resources and derivative instrument asset.

The fair value as of June 30, 2021, 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.

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

The terms and objectives of the DVA outstanding derivative instruments as of June 30, 2021 (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 <sup>1</sup> Municipal Swap Index	\$ 588
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 <sup>1</sup> Municipal Swap Index <sup>2</sup>	\$ 901

<sup>1</sup> Securities Industry and Financial Markets Association (resets weekly)

<sup>2</sup> 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 <sup>1</sup>

<sup>1</sup> 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.

**State of Oregon**  
**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):

<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Threshold</b>	<b>Minimum</b>
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 <sup>1</sup>

<sup>1</sup> 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, 2021, 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, 2021, the interest rate on the DVA's Series 95 VRDO bonds is 0.3% and the interest rate on the Series 105B and Series 106C VRDO bonds is 0.02%, while the SIFMA Municipal Swap Index rate is 0.03%.

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, 2021, 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):

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Interest Rate Swaps (Net)</b>	<b>Total</b>
2022	\$ -	\$ 12	\$ 508	\$ 520
2023	-	12	508	520
2024	-	12	508	520
2025	1,730	12	504	2,246
2026	1,800	11	487	2,298
2027-2031	9,720	49	2,157	11,925
2032-2036	15,290	33	1,624	16,946
2037-2041	12,840	13	755	13,609
2042-2045	6,760	2	143	6,905
<b>Total</b>	<b>\$ 48,140</b>	<b>\$ 157</b>	<b>\$ 7,193</b>	<b>\$ 55,490</b>

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

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):

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

<sup>1</sup> 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)**

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, 2021 (in thousands):

<b>Currency</b>	<b>Currency Forward Contracts</b>		
	<b>Net Receivables</b>	<b>Net Payables</b>	<b>Total Exposure</b>
Mexican peso	\$ 2	\$ (17)	\$ (15)
Russian ruble	-	(70)	(70)
Yuan Renminbi	-	(5)	(5)
<b>Total</b>	<b>\$ 2</b>	<b>\$ (93)</b>	<b>\$ (91)</b>

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.

The fair value of derivative instruments within the CSF portfolio as of June 30, 2021 (in thousands):

<b>Investment Derivatives</b>	<b>Net Appreciation / (Depreciation) in Fair Value <sup>1,4</sup></b>	<b>Classification</b>	<b>Fair Value <sup>2</sup></b>	<b>Notional Value <sup>3</sup></b>
Foreign exchange forwards	\$ 4	Long-term instruments	\$ (91)	\$ 5,283
Rights	1	Common stock	-	-
Warrants	(3)	Common stock	-	-
<b>Total</b>	<b>\$ 2</b>		<b>\$ (91)</b>	<b>\$ 5,283</b>

<sup>1</sup> Negative values (in brackets) refer to losses.

<sup>2</sup> Negative values refer to liabilities.

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

<sup>4</sup> Excludes futures margin payments.

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

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.

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, 2021 (in thousands):

<b>Investment Derivatives</b>	<b>Net Appreciation/ (Depreciation) in Fair Value of Investments<sup>1,3</sup></b>	<b>Classification</b>	<b>Fair Value</b>	<b>Notional Value<sup>2</sup></b>
Commodity Futures Long	\$ 60,961	Public Equity	\$ -	\$ 77,695
Commodity Futures Short	(4,871)	Public Equity	-	(2)
Credit Default Swaps Bought	(14,476)	Public Equity	748	62,860
Credit Default Swaps Written	18,866	Public Equity	36,112	847,869
Equity Options Written	22	Public Equity	-	-
Fixed Income Futures Long	(125,602)	Public Equity	-	6,376,443
Fixed Income Futures Short	19,778	Public Equity	-	(389,393)
Fixed Income Options Bought	(3,127)	Public Equity	6,268	365,649
Fixed Income Options Written	8,461	Public Equity	(5,398)	(723,273)
Foreign Currency Options Bought	(220)	Public Equity	40	16,183
Foreign Currency Options Written	717	Public Equity	(54)	(4,205)
Foreign Exchange Forwards	(120,493)	Receivables/Payables	136,351	24,367,384
Futures Options Bought	(711)	Public Equity	288	1,895
Futures Options Written	3,299	Public Equity	(394)	(1,279)
Index Futures Long	213,283	Public Equity	-	58,950
Index Futures Short	(284,332)	Public Equity	-	(10,878)
Pay Fixed Interest Rate Swaps	11,773	Public Equity	11,516	716,709
Receive Fixed Interest Rate Swaps	(20,168)	Public Equity	(2,648)	842,423
Rights	331	Public Equity	145	246
Total Return Swaps Bond	(7,069)	Public Equity	391	39,504
Total Return Swaps Equity	37,072	Public Equity	(405)	(219,528)
Warrants	620	Public Equity	183	1,233
<b>Total</b>	<b>\$ (205,884)</b>		<b>\$ 183,143</b>	<b>\$ 32,426,486</b>

<sup>1</sup> Negative values (in brackets) refer to losses.

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

<sup>3</sup> Excludes futures margin payments.



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

The following table shows the fair value measurement for investment derivative instruments as of June 30, 2021 (in thousands):

Investment Derivative Instruments <sup>1</sup>	Level 1	Level 2	Level 3	Total
Credit Default Swaps	\$ -	\$ 38,805	\$ -	\$ 38,805
Foreign Exchange Forwards	-	(85,463)	-	(85,463)
Forwards	-	-	152,384	152,384
Interest Rate Swaps	-	22,804	-	22,804
Options	268	6,328	-	6,597
Rights and Warrants	212	-	116	328
Total Return Swaps	-	104	-	104
<b>Total Assets</b>	<b>480</b>	<b>(17,421)</b>	<b>152,500</b>	<b>135,560</b>
Credit Default Swaps	-	(1,945)	-	(1,945)
Foreign Exchange Forwards	-	221,814	-	221,814
Interest Rate Swaps	-	(13,936)	-	(13,936)
Options	-	(5,846)	-	(5,846)
Total Return Swaps	-	(119)	-	(119)
<b>Total Liabilities</b>	<b>-</b>	<b>199,967</b>	<b>-</b>	<b>199,967</b>
<b>Total</b>	<b>\$ 480</b>	<b>\$ 182,546</b>	<b>\$ 152,500</b>	<b>\$ 335,526</b>

<sup>1</sup> 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

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

warrants are often obtained and held due to 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, 2021:

<b>Counterparty Name</b>	<b>Percentage of Net Exposure</b>	<b>S&amp;P Rating</b>	<b>Fitch Rating</b>	<b>Moody's Rating</b>
Morgan Stanley Capital Services Inc.	11.22%	BBB+	A	A1
UBS AG	9.49%	A+	AA-	Aa3
Citibank N.A.	7.53%	A+	A+	Aa3
JP Morgan Chase Bank N.A. London	7.10%	A+	AA	Aa2
NatWest Markets PLC	6.48%	A-	A+	A3
State Street Bank London	6.12%	A	AA-	A1
Standard Chartered Bank	4.76%	A	A+	A1
The Bank of New York Mellon	4.47%	AA-	AA	Aa2
JP Morgan ICE	4.21%	A-	AA-	A2
Goldman Sachs Bank USA	3.23%	BBB+	A	A2
Goldman Sachs ICE	2.88%	BBB+	A	A2
Credit Suisse FOB ICE	2.87%	A+	A	Aa3
Société Générale	2.79%	A	A-	A1
Bank of New York	2.65%	A	AA-	A1
JP Morgan Chase Bank N.A.	2.44%	A+	AA	Aa2
Toronto Dominion Bank	2.16%	AA-	AA-	Aa3
State Street Bank and Trust Company	2.12%	AA-	AA	Aa3
Westpac Banking Corporation	1.94%	AA-	A+	Aa3
Credit Agricole CIB	1.86%	A+	A+	Aa3
HSBC Bank USA	1.58%	A+	AA-	Aa3
Morgan Stanley CME	1.40%	BBB+	A	A1
Morgan Stanley and Co. International PLC	1.34%	BBB+	A	A1
HSBC Bank PLC	1.30%	A-	A+	A3
JP Morgan Chase Bank N.A.	1.30%	A+	AA	Aa2
Goldman Sachs International	1.06%	A+	A+	A1
Royal Bank of Canada	0.94%	AA-	AA	A2
Bank of Montreal	0.84%	A+	AA-	Aa2
Morgan Stanley LCH	0.81%	BBB+	A	A1
JP Morgan CME	0.76%	A-	AA-	A2
Barclays Bank CME	0.66%	A	A+	A1
BNP Paribas SA	0.57%	A+	A+	Aa3
Morgan Stanley ICE	0.38%	BBB+	A	A1
Bank of America, N.A.	0.25%	A+	AA	Aa2
JP Morgan LCH	0.16%	A-	AA-	A2
Morgan Stanley Co Incorporated	0.15%	BBB+	A	A1
Barclays Bank PLC Wholesale	0.11%	A	A+	A1
Australia and New Zealand Banking Group	0.07%	AA-	A+	Aa3
Deutsche Bank AG	0.04%	BBB+	BBB	A3
J P Morgan Securities Inc.	0.03%	A-	AA-	A2
Morgan Stanley and Co Inc.	0.01%	BBB+	A	A1
<b>Total</b>	<b>100.00%</b>			

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

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Interest Rate Risk

As of June 30, 2021, 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, 2021 (in thousands):

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturity (in years)</b>			
		<b>Less Than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More than 10</b>
Credit Default Swaps Bought	\$ 748	\$ (118)	\$ (342)	\$ -	\$ 1,209
Credit Default Swaps Written	36,112	-	37,570	-	(1,458)
Fixed Income Options Bought	6,268	1,147	3,786	1,163	172
Fixed Income Options Written	(5,398)	(3,048)	(1,738)	(612)	-
Pay Fixed Interest Rate Swaps	11,516	-	(436)	5,812	6,140
Receive Fixed Interest Rate Swaps	(2,648)	(137)	(1,852)	(408)	(251)
Total Return Swaps Bond	391	391	-	-	-
Total Return Swaps Equity	(405)	(405)	-	-	-
<b>Total</b>	<b>\$ 46,584</b>	<b>\$ (2,170)</b>	<b>\$ 36,988</b>	<b>\$ 5,955</b>	<b>\$ 5,812</b>

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

The following schedule presents derivative instruments that were highly sensitive to interest rate changes as of June 30, 2021 (in thousands):

Investment Type	Reference Rate	Fair Value	Notional Value
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.00000%	\$ 692	\$ 18,500
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.25000%	919	7,200
Pay Fixed Interest Rate Swaps	Receive Variable 1-month GBP UKRPI, Pay Fixed 3.05050%	314	1,520
Pay Fixed Interest Rate Swaps	Receive Variable 1-month GBP UKRPI, Pay Fixed 3.39670%	97	2,348
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.25000%	78	600
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.75000%	3,056	46,400
Pay Fixed Interest Rate Swaps	Receive Variable 6-month AUD BBSW, Pay Fixed 1.00000%	146	2,628
Pay Fixed Interest Rate Swaps	Receive Variable 6-month CHF LIBOR, Pay Fixed 0.50000%	-	17,959
Pay Fixed Interest Rate Swaps	Receive Variable 1-month US CPI, Pay Fixed 2.32950%	14	500
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.25000%	49	42,000
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.00000%	61	1,186
Pay Fixed Interest Rate Swaps	Receive Variable 1-month US CPI, Pay Fixed 2.27400%	338	9,300
Pay Fixed Interest Rate Swaps	Receive Variable 1-month US CPI, Pay Fixed 2.34500%	31	1,200
Pay Fixed Interest Rate Swaps	Receive Variable 6-month NOK NIBOR, Pay Fixed 1.50000%	(11)	4,137
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.50000%	(10)	1,897
Pay Fixed Interest Rate Swaps	Receive Variable 12-month GBP SONIA, Pay Fixed 0.75000%	44	2,072
Pay Fixed Interest Rate Swaps	Receive Variable 6-month AUD BBSW, Pay Fixed 1.75000%	(97)	6,306
Pay Fixed Interest Rate Swaps	Receive Variable 6-month AUD BBSW, Pay Fixed 0.50000%	14	676
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.20500%	(5)	1,423
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.19000%	(2)	1,067
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.94000%	(35)	900
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.25000%	-	19,212
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.00000%	(69)	1,300
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.93500%	(30)	800
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.96800%	(41)	900
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.25000%	(41)	5,900
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.37800%	(28)	880
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.77050%	(656)	50,845
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.70900%	13	830
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.66650%	12	640
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.64500%	4	140
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.16500%	-	70,538
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.09750%	-	1,120
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.99800%	(4)	1,050
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.13650%	(8)	2,300
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.76350%	(360)	9,910
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.18500%	(10)	640
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.82000%	-	3,600
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.90000%	1,361	6,780
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.62550%	24	5,340
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.76000%	407	5,070
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.76500%	414	5,190
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.77000%	184	2,320
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.60000%	90	2,790
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.64800%	136	2,180
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.81000%	1,656	7,360
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.08950%	156	860
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.13550%	146	860
Pay Fixed Interest Rate Swaps	Receive Variable 0-month FEDL, Pay Fixed 0.26000%	2,219	62,100
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.65200%	262	3,880
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.67200%	250	3,860
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.88100%	214	890
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.50200%	181	4,900
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.97250%	95	740
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.50100%	38	1,020
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.05800%	236	1,367
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.20000%	1,201	9,118

(Continued on next page)

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

(Continued from previous page)

Investment Type	Reference Rate	Fair Value	Notional Value
Pay Fixed Interest Rate Swaps	Receive Variable 3-month SOFR, Pay Fixed 0.90710%	31	217
Pay Fixed Interest Rate Swaps	Receive Variable 3-month SOFR, Pay Fixed 0.84356%	13	123
Pay Fixed Interest Rate Swaps	Receive Variable 3-month SOFR, Pay Fixed 0.53345%	32	577
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.22500%	325	2,896
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.20000%	720	6,125
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.95650%	79	1,950
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.74400%	(120)	3,980
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.92000%	97	2,185
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.05450%	65	1,960
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.60000%	112	3,597
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.84458%	119	6,350
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.59400%	(4)	2,205
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.62100%	(5)	1,103
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.54750%	1	1,890
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.00000%	(1,282)	23,150
Pay Fixed Interest Rate Swaps	Receive Variable 12-month GBP UKRPI, Pay Fixed 3.58250%	132	9,463
Pay Fixed Interest Rate Swaps	Receive Variable 12-month US CPI, Pay Fixed 2.31500%	369	12,460
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.27082%	(38)	6,130
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.00000%	(40)	646
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.05000%	(143)	1,942
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.71000%	(3)	3,180
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.25000%	(285)	46,596
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.78750%	(843)	6,690
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.35000%	(415)	32,928
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.58336%	(117)	7,420
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.28500%	(9)	2,850
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.30750%	-	50
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.67350%	(9)	410
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.44000%	(20)	2,063
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.58964%	(121)	7,400
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.67500%	(88)	4,550
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.10000%	(382)	5,870
Pay Fixed Interest Rate Swaps	Receive Variable 12-month US CPI, Pay Fixed 2.48300%	11	3,135
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.88989%	(39)	1,900
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.365500%	(3)	890
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.72900%	2	7,010
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.74200%	-	3,510
Pay Fixed Interest Rate Swaps	Receive Variable 12-month GBP UKRPI, Pay Fixed 3.63000%	13	4,704
Pay Fixed Interest Rate Swaps	Receive Variable 12-month US CPI, Pay Fixed 2.43000%	43	6,055
Pay Fixed Interest Rate Swaps	Receive Variable 0-month SOFR, Pay Fixed 1.72875%	(428)	9,996
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.76650%	(1)	3,505
Subtotal - Pay Fixed Interest Rate Swaps		11,516	716,709
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 3-month LIBOR	231	40,600
Receive Fixed Interest Rate Swaps	Receive Fixed 0.50000%, Pay Variable 6-month CHF LIBOR	(35)	17,959
Receive Fixed Interest Rate Swaps	Receive Fixed 3.21710%, Pay Variable 1-month GBP UKRPI	(447)	3,868
Receive Fixed Interest Rate Swaps	Receive Fixed 0.50000%, Pay Variable 3-month LIBOR	(14)	630
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 3-month CAD CDOR	(175)	8,237
Receive Fixed Interest Rate Swaps	Receive Fixed 1.25000%, Pay Variable 3-month CAD CDOR	(145)	2,665
Receive Fixed Interest Rate Swaps	Receive Fixed 0.00000%, Pay Variable 6-month LIBOR	(35)	4,415
Receive Fixed Interest Rate Swaps	Receive Fixed 3.70000%, Pay Variable 0-month Brazil BRCDI	(146)	20,945
Receive Fixed Interest Rate Swaps	Receive Fixed 1.90000%, Pay Variable 6-month Euro EURIBOR	46	2,161
Receive Fixed Interest Rate Swaps	Receive Fixed 0.25000%, Pay Variable 6-month Euro EURIBOR	(21)	19,212
Receive Fixed Interest Rate Swaps	Receive Fixed 0.00000%, Pay Variable 6-month Euro EURIBOR	(161)	12,571
Receive Fixed Interest Rate Swaps	Receive Fixed 0.75000%, Pay Variable 12-month GBP SONIA	8	4,144
Receive Fixed Interest Rate Swaps	Receive Fixed 0.50000%, Pay Variable 12-month GBP SONIA	-	11,328
Receive Fixed Interest Rate Swaps	Receive Fixed 0.25000%, Pay Variable 6-month Euro EURIBOR	(152)	7,827
Receive Fixed Interest Rate Swaps	Receive Fixed 0.50000%, Pay Variable 6-month Euro EURIBOR	74	1,186
Receive Fixed Interest Rate Swaps	Receive Fixed 3.74000%, Pay Variable 1-month GBP UKRPI	(1)	1,381

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

(Continued from previous page)

Investment Type	Reference Rate	Fair Value	Notional Value
Receive Fixed Interest Rate Swaps	Receive Fixed 3.70000%, Pay Variable 1-month GBP UKRPI	(25)	2,625
Receive Fixed Interest Rate Swaps	Receive Fixed 0.00000%, Pay Variable 6-month LIBOR	2	5,766
Receive Fixed Interest Rate Swaps	Receive Fixed 0.50000%, Pay Variable 6-month Euro EURIBOR	8	2,965
Receive Fixed Interest Rate Swaps	Receive Fixed 0.35000%, Pay Variable 6-month Euro EURIBOR	46	4,862
Receive Fixed Interest Rate Swaps	Receive Fixed 6.01500%, Pay Variable 1-month MXN TIIE	(40)	1,705
Receive Fixed Interest Rate Swaps	Receive Fixed 2.77400%, Pay Variable 3-month CNY CNDR	-	2,167
Receive Fixed Interest Rate Swaps	Receive Fixed 0.51500%, Pay Variable 6-month Euro EURIBOR	-	1,186
Receive Fixed Interest Rate Swaps	Receive Fixed 2.75000%, Pay Variable 3-month CNY SHIBOR	(193)	77,072
Receive Fixed Interest Rate Swaps	Receive Fixed 3.08000%, Pay Variable 3-month LIBOR	544	1,910
Receive Fixed Interest Rate Swaps	Receive Fixed 7.02400%, Pay Variable 0-month Brazil BRCDI	(17)	3,786
Receive Fixed Interest Rate Swaps	Receive Fixed 7.04400%, Pay Variable 0-month Brazil BRCDI	(12)	3,109
Receive Fixed Interest Rate Swaps	Receive Fixed 7.02400%, Pay Variable 0-month Brazil BRCDI	(21)	4,484
Receive Fixed Interest Rate Swaps	Receive Fixed 7.02400%, Pay Variable 0-month Brazil BRCDI	(22)	4,799
Receive Fixed Interest Rate Swaps	Receive Fixed 7.45000%, Pay Variable 1-month MXN TIIE	498	13,546
Receive Fixed Interest Rate Swaps	Receive Fixed 7.44000%, Pay Variable 1-month MXN TIIE	510	14,102
Receive Fixed Interest Rate Swaps	Receive Fixed 0.00000%, Pay Variable 3-month LIBOR	(800)	70,538
Receive Fixed Interest Rate Swaps	Receive Fixed 1.92850%, Pay Variable 3-month LIBOR	-	155
Receive Fixed Interest Rate Swaps	Receive Fixed 3.09000%, Pay Variable 3-month LIBOR	668	8,100
Receive Fixed Interest Rate Swaps	Receive Fixed 1.80500%, Pay Variable 3-month LIBOR	5	875
Receive Fixed Interest Rate Swaps	Receive Fixed 1.25000%, Pay Variable 3-month LIBOR	(78)	613
Receive Fixed Interest Rate Swaps	Receive Fixed 0.81950%, Pay Variable 3-month LIBOR	(129)	2,790
Receive Fixed Interest Rate Swaps	Receive Fixed 0.35800%, Pay Variable 3-month LIBOR	(75)	4,690
Receive Fixed Interest Rate Swaps	Receive Fixed 0.65200%, Pay Variable 3-month LIBOR	(145)	4,740
Receive Fixed Interest Rate Swaps	Receive Fixed 0.67950%, Pay Variable 3-month LIBOR	(139)	4,740
Receive Fixed Interest Rate Swaps	Receive Fixed 0.65400%, Pay Variable 3-month LIBOR	(218)	4,820
Receive Fixed Interest Rate Swaps	Receive Fixed 0.19000%, Pay Variable 3-month LIBOR	9	49,691
Receive Fixed Interest Rate Swaps	Receive Fixed 0.68250%, Pay Variable 3-month LIBOR	(5)	85
Receive Fixed Interest Rate Swaps	Receive Fixed 0.56205%, Pay Variable 3-month FEDL	(33)	577
Receive Fixed Interest Rate Swaps	Receive Fixed 0.98536%, Pay Variable 3-month FEDL	(30)	217
Receive Fixed Interest Rate Swaps	Receive Fixed 0.90925%, Pay Variable 3-month FEDL	(13)	123
Receive Fixed Interest Rate Swaps	Receive Fixed 0.84000%, Pay Variable 3-month LIBOR	(505)	73,540
Receive Fixed Interest Rate Swaps	Receive Fixed 1.10000%, Pay Variable 3-month LIBOR	(354)	79,929
Receive Fixed Interest Rate Swaps	Receive Fixed 0.47800%, Pay Variable 3-month LIBOR	(103)	5,540
Receive Fixed Interest Rate Swaps	Receive Fixed 2.35000%, Pay Variable 12-month US CPI	(85)	3,190
Receive Fixed Interest Rate Swaps	Receive Fixed 1.87000%, Pay Variable 3-month LIBOR	19	875
Receive Fixed Interest Rate Swaps	Receive Fixed 1.90500%, Pay Variable 3-month LIBOR	13	438
Receive Fixed Interest Rate Swaps	Receive Fixed 1.51300%, Pay Variable 3-month LIBOR	1	280
Receive Fixed Interest Rate Swaps	Receive Fixed 3.63000%, Pay Variable 12-month GBP UKRPI	(174)	9,463
Receive Fixed Interest Rate Swaps	Receive Fixed 2.32500%, Pay Variable 12-month GBP UKRPI	(330)	12,460
Receive Fixed Interest Rate Swaps	Receive Fixed 2.36000%, Pay Variable 12-month US CPI	(78)	3,190
Receive Fixed Interest Rate Swaps	Receive Fixed 0.59150%, Pay Variable 3-month LIBOR	(9)	6,930
Receive Fixed Interest Rate Swaps	Receive Fixed 2.00300%, Pay Variable 3-month LIBOR	16	300
Receive Fixed Interest Rate Swaps	Receive Fixed 2.07700%, Pay Variable 3-month LIBOR	18	680
Receive Fixed Interest Rate Swaps	Receive Fixed 2.15000%, Pay Variable 3-month LIBOR	73	2,210
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	16	5,858
Receive Fixed Interest Rate Swaps	Receive Fixed 0.82000%, Pay Variable 3-month LIBOR	(211)	128,660
Receive Fixed Interest Rate Swaps	Receive Fixed 1.90350%, Pay Variable 3-month LIBOR	18	590
Receive Fixed Interest Rate Swaps	Receive Fixed 0.35900%, Pay Variable 3-month LIBOR	(25)	9,110
Receive Fixed Interest Rate Swaps	Receive Fixed 1.52036%, Pay Variable 3-month LIBOR	30	5,500
Receive Fixed Interest Rate Swaps	Receive Fixed 0.35250%, Pay Variable 3-month LIBOR	(44)	20,440
Receive Fixed Interest Rate Swaps	Receive Fixed 3.67000%, Pay Variable 12-month GBP UKRPI	(11)	4,704
Receive Fixed Interest Rate Swaps	Receive Fixed 2.54500%, Pay Variable 12-month US CPI	(34)	6,055
Receive Fixed Interest Rate Swaps	Receive Fixed 0.71500%, Pay Variable 3-month LIBOR	(209)	2,995
Receive Fixed Interest Rate Swaps	Receive Fixed 1.78430%, Pay Variable 3-month LIBOR	(4)	1,760
Receive Fixed Interest Rate Swaps	Receive Fixed 1.79635%, Pay Variable 3-month LIBOR	1	1,760
Subtotal - Receive Fixed Interest Rate Swaps		(2,648)	842,423
<b>Total Interest Rate Swaps</b>		<b>\$ 8,868</b>	<b>\$ 1,559,132</b>

**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, 2021 (in thousands):

Currency Name	Currency Forward Contracts		Options/Rights/		Total Exposure
	Net Receivables	Net Payables	Warrants	Swaps	
Australian dollar	\$ (18,954)	\$ 24,422	\$ -	\$ 66	\$ 5,534
Bahraini dinar	-	(16)	-	-	(16)
Brazilian real	37,245	(25,031)	-	(218)	11,996
British pound sterling	(7,259)	18,750	(51)	(49)	11,391
Canadian dollar	(17,715)	18,749	1	(335)	700
Chilean peso	(208)	39	-	-	(168)
Chinese yuan	(36)	274	-	(193)	45
Chinese yuan - offshore	906	716	-	-	1,622
Colombian peso	(503)	(3)	-	-	(507)
Czech koruna	(537)	789	-	-	252
Danish krone	(1,416)	4,034	-	-	2,618
Egyptian pound	53	(60)	-	-	(7)
Euro	(13,783)	74,610	79	15,504	76,410
Hong Kong dollar	(58)	138	2	(257)	(176)
Hungarian forint	(899)	618	19	-	(262)
Indian rupee	(1,732)	329	-	-	(1,403)
Indonesian rupiah	153	(99)	-	-	54
Japanese yen	(12,646)	38,885	-	(127)	26,112
Kuwaiti dinar	(1)	-	-	-	(1)
Malaysian ringgit	(5)	67	-	-	61
Mexican peso	1,373	(1,503)	-	968	838
Moroccan dirham	(139)	85	-	-	(54)
New Israeli sheqel	(120)	134	-	-	15
New Taiwan dollar	(1,170)	2,318	-	-	1,148
New Zealand dollar	(11,035)	10,754	-	-	(281)
Norwegian krone	(13,577)	10,186	-	35	(3,355)
Norwegian krone	(4)	2,934	-	-	2,930
Peruvian nuevo sol	(185)	273	-	-	88
Philippine peso	(543)	107	-	-	(436)
Polish zloty	(2,066)	1,817	-	-	(249)
Romanian ieu	(923)	326	-	-	(597)
Russian ruble	2,307	6	-	-	2,313
Saudi riyal	1	(5)	-	-	(5)
Singapore dollar	(933)	1,347	15	-	429
South African rand	(3,575)	2,584	-	-	(991)
South Korean won	(2,488)	3,306	-	-	818
Swedish krona	(7,342)	10,146	-	(800)	2,003
Swiss franc	(7,318)	19,343	-	(72)	11,954
Thailand baht	(347)	467	79	-	199
Turkish lira	15	(21)	-	-	(6)
United Arab Emirates dirham	1	-	-	-	1
<b>Total Subject to Foreign Currency Risk</b>	<b>\$ (85,463)</b>	<b>\$ 221,814</b>	<b>\$ 144</b>	<b>\$ 14,523</b>	<b>\$ 151,018</b>

## 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, 2021 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Other	Total
<b>Governmental activities</b>						
Personal income taxes	\$ 913,526	\$ -	\$ -	\$ -	\$ -	\$ 913,526
Corporate income taxes	281,817	-	-	-	-	281,817
Corporate activity taxes	-	-	-	230,194	-	230,194
Inheritance taxes	26,952	-	-	-	-	26,952
Cigarette taxes	3,290	66,011	-	-	-	69,301
Marijuana taxes	-	14,692	-	-	-	14,692
Healthcare provider taxes	-	275,634	-	-	2,692	278,326
Motor fuel taxes	-	-	50,542	-	-	50,542
Weight mile taxes	-	-	25,112	-	-	25,112
Employer-employee taxes	-	-	-	-	15,616	15,616
Other	71,936	-	10	296	28,261	100,502
Gross receivables	1,297,521	356,336	75,663	230,490	46,569	2,006,580
Allowance for doubtful accounts	(129,893)	(771)	(7,872)	(55)	(2,291)	(140,882)
<b>Total receivables, net</b>	<b>\$1,167,628</b>	<b>\$ 355,565</b>	<b>\$ 67,791</b>	<b>\$ 230,435</b>	<b>\$ 44,278</b>	<b>\$ 1,865,697</b>

### 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, 2021 (in thousands):

	Health and Social Services	Public Transportation	Educational Support	Other	Total
<b>Governmental activities</b>					
Clean water state revolving fund	\$ -	\$ -	\$ -	\$ 491,688	\$ 491,688
Oregon transportation infrastructure bank	-	22,531	-	-	22,531
Private forests program	-	-	-	984	984
Disabled and senior property tax assistance program	-	-	-	101,128	101,128
Business development	-	-	-	15,582	15,582
Multi-family housing units	-	-	-	242,282	242,282
Foreclosure prevention	-	-	-	9,644	9,644
Mental health housing facilities	26,496	-	-	-	26,496
Other	19	-	232	245	496
Gross receivables	26,515	22,531	232	861,551	910,830
Allowance for doubtful accounts	(26,231)	-	-	(17,576)	(43,807)
<b>Total receivables, net</b>	<b>\$ 284</b>	<b>\$ 22,531</b>	<b>\$ 232</b>	<b>\$ 843,975</b>	<b>\$ 867,023</b>



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

Loans receivables reported for business-type activities at June 30, 2021 (in thousands):

	Housing and Community Services	Veterans' Loans	Other	Total
<b>Business-type activities</b>				
Single-family mortgage program	\$ 772,185	\$ -	\$ -	\$ 772,185
Elderly and disabled housing units	46,970	-	-	46,970
Multi-family housing units	36,586	-	-	36,586
Veterans' home loans	-	275,428	-	275,428
Small energy loan program	-	-	24,338	24,338
Business development	-	-	19,566	19,566
Special public works	-	-	175,689	175,689
Wastewater financing	-	-	67,184	67,184
Safe drinking water	-	-	195,539	195,539
Other loan receivable	-	-	13,449	13,449
Gross receivables	855,741	275,428	495,765	1,626,934
Allowance for doubtful accounts	-	(41)	(18,474)	(18,514)
<b>Total receivables, net</b>	<b>\$ 855,741</b>	<b>\$ 275,388</b>	<b>\$ 477,291</b>	<b>\$ 1,608,420</b>

**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, 2021 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total	Internal Service
<b>Governmental activities</b>								
General accounts	\$ 17,473	\$ 30,927	\$ 8,850	\$ 1,243	\$ 146	\$ 63,281	\$ 121,920	\$ 132,698
Due from federal government	792	654,987	54,570	179,103	-	295,338	1,184,789	-
Interest	51	-	448	-	1,892	5,391	7,781	23
Broker receivable	-	-	2,157	-	5,162	4,274	11,594	-
Contracts	261	-	536	1,020	-	7,753	9,571	-
Mortgages	-	6,048	-	-	-	-	6,048	-
Benefit recoveries	1,162	4,561	-	-	-	23,794	29,518	-
Medicaid drug rebate	-	89,971	-	-	-	-	89,971	-
Forest fire claims	-	-	-	-	-	122,347	122,347	-
Fines, forfeitures, and penalties	30,941	254	5,742	-	791	185,225	222,954	6
Restitution Recovery	-	-	-	-	-	616,635	616,635	-
Court fines and fees	-	-	-	-	-	1,094,309	1,094,309	-
Child support recoveries	-	-	-	-	-	301,873	301,873	-
Workers' compensation assessment	-	-	-	-	-	25,889	25,889	-
Other	3,112	22	22,881	86	-	92,294	118,394	135
Gross receivables	53,792	786,770	95,184	181,452	7,991	2,838,404	3,963,593	132,863
Allowance for doubtful accounts	(15,709)	(24,935)	(2,167)	(46)	(688)	(1,945,783)	(1,989,329)	(193)
<b>Total receivables, net</b>	<b>\$ 38,083</b>	<b>\$ 761,835</b>	<b>\$ 93,017</b>	<b>\$ 181,405</b>	<b>\$ 7,303</b>	<b>\$ 892,621</b>	<b>\$ 1,974,263</b>	<b>\$ 132,670</b>

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

Receivables reported for business-type activities at June 30, 2021 (in thousands):

	Housing and Community Services	Veterans' Loan	Lottery Operations	Unemployment Compensation	Other	Total
<b>Business-type activities</b>						
General accounts	\$ 362	\$ -	\$ 21,063	\$ 292,269	\$ 30,872	\$ 344,566
Due from federal government	-	-	-	217,543	6,962	224,505
Interest	3,881	1,063	-	-	8,124	13,068
Mortgages	-	201	-	-	-	201
Benefit recoveries	-	-	-	65,968	-	65,968
Fines, forfeitures, and penalties	-	-	-	3,446	-	3,446
Other	-	2,362	7,115	18,454	428	28,359
Gross receivables	4,243	3,626	28,178	597,679	46,387	680,113
Allowance for doubtful accounts	-	-	(310)	(41,759)	(15,811)	(57,880)
<b>Total receivables, net</b>	<b>\$ 4,243</b>	<b>\$ 3,626</b>	<b>\$ 27,868</b>	<b>\$ 555,921</b>	<b>\$ 30,576</b>	<b>\$ 622,233</b>

Receivables reported for fiduciary funds at June 30, 2021 (in thousands):

	Other
<b>Fiduciary fund activities</b>	
General accounts	\$ 10,238
Restitution Recovery	350
Child support recoveries	33
Gross receivables	10,622
Allowance for doubtful accounts	(335)
<b>Total receivables, net</b>	<b>\$ 10,286</b>

**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, 2021 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total	Internal Service
<b>Governmental activities</b>								
General accounts	\$ 539,709	\$ 695,968	\$ 209,175	\$ 180,054	\$ 1,816	\$ 280,368	\$1,907,091	\$ 42,742
Interest	-	-	-	-	-	-	-	411
Broker payable	-	-	-	-	10,589	-	10,589	-
Pension-related debt	-	-	-	-	-	-	-	12,322
Loans	-	-	-	-	-	5,000	5,000	-
Notes	-	-	-	-	-	-	-	4,954
Contracts - retainage	-	-	-	-	-	-	-	293
<b>Total payables</b>	<b>\$ 539,709</b>	<b>\$ 695,968</b>	<b>\$ 209,175</b>	<b>\$ 180,054</b>	<b>\$ 12,405</b>	<b>\$ 285,368</b>	<b>\$1,922,680</b>	<b>\$ 60,722</b>

Payables reported for business-type activities at June 30, 2021 (in thousands):

	Housing and Community Services	Veterans' Loan	Lottery Operations	Unemployment Compensation	Other	Total
<b>Business-type activities</b>						
General accounts	\$ 1,140	\$ 97	\$ 17,913	\$ 277,243	\$ 45,525	\$ 341,917
Interest	14,576	696	-	-	2,165	17,437
Pension-related debt	371	493	2,948	-	19,175	22,987
Contracts	-	-	5,418	-	57	5,475
<b>Total payables</b>	<b>\$ 16,087</b>	<b>\$ 1,286</b>	<b>\$ 26,278</b>	<b>\$ 277,243</b>	<b>\$ 66,922</b>	<b>\$ 387,816</b>

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

Payables reported for fiduciary funds at June 30, 2021 (in thousands):

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial Funds	
			External Investment Pools	Other
<b>Fiduciary fund activities</b>				
General accounts	\$ 6,370	\$ 1,844	\$ 2,429	\$ 340
Benefits payable	461,915	-	-	-
Broker payable	1,586,381	-	33,900	-
Investment fees	14,349	-	-	-
Compensated absences	3,136	-	-	-
Mortgages	-	1,014	-	-
<b>Total payables</b>	<b>\$ 2,072,152</b>	<b>\$ 2,858</b>	<b>\$ 36,329</b>	<b>\$ 340</b>

## 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 fees for services of MUSL. In the fiscal year ending June 30, 2021, there were sufficient revenues to cover expenses and no additional amounts were paid for fees and services.

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.

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, 2021 and 2020 (in thousands):

	<u>2021</u>	<u>2020</u>
Assets	\$ 848,610	\$ 534,266
Liabilities	\$ 836,396	\$ 519,556
Net assets <sup>1</sup> - unrestricted	12,214	14,710
<b>Total liabilities and net assets<sup>1</sup></b>	<b>\$ 848,610</b>	<b>\$ 534,266</b>
Revenue	\$ 1,324	\$ 7,523
Expenses	4,832	5,982
Other changes in net assets <sup>1</sup>	1,011	(7,800)
<b>Excess revenues over expenses</b>	<b>\$ (2,497)</b>	<b>\$ (6,259)</b>

<sup>1</sup> 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, 4400 NW Urbandale Drive, Urbandale, Iowa, 50322.

## 6. CAPITAL ASSETS

### A. Primary Government

#### Capital Assets Activity

Capital asset activity for the primary government for the year ended June 30, 2021 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,008,825	\$ 14,977	\$ 1,339	\$ 2,022,463
Construction in progress	1,252,758	586,509	817,782	1,021,485
Works of art and other nondepreciable assets	2,141	333	-	2,474
Total capital assets not being depreciated	3,263,724	601,819	819,121	3,046,421
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	4,359,870	738,708	119,348	4,979,230
Infrastructure	15,386,497	464,361	92,145	15,758,713
Total capital assets being depreciated	19,746,367	1,203,069	211,493	20,737,943
Less accumulated depreciation for:				
Buildings, property, and equipment	2,165,698	185,324	60,699	2,290,323
Infrastructure	6,154,823	329,831	88,924	6,395,730
Total accumulated depreciation	8,320,521	515,155	149,623	8,686,053
Total capital assets being depreciated, net	11,425,846	687,914	61,871	12,051,890
<b>Total capital assets, net</b>	<b>\$ 14,689,570</b>	<b>\$ 1,289,733</b>	<b>\$ 880,992</b>	<b>\$ 15,098,312</b>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,291	\$ -	\$ -	\$ 9,291
Construction in progress	3,825	6,415	5,017	5,224
Works of art and other nondepreciable assets	759	-	-	759
Total capital assets not being depreciated	13,875	6,415	5,017	15,274
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	870,160	53,672	4,380	919,452
Infrastructure	3,606	-	-	3,606
Total capital assets being depreciated	873,766	53,672	4,380	923,058
Less accumulated depreciation for:				
Buildings, property, and equipment	351,003	39,094	3,709	386,389
Infrastructure	1,064	95	-	1,159
Total accumulated depreciation	352,067	39,189	3,709	387,548
Total capital assets being depreciated, net	521,699	14,483	671	535,510
<b>Total capital assets, net</b>	<b>\$ 535,574</b>	<b>\$ 20,898</b>	<b>\$ 5,688</b>	<b>\$ 550,784</b>

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Fiduciary activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 944	\$ -	\$ -	\$ 944
Total capital assets not being depreciated	944	-	-	944
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	52,621	1,302	362	53,561
Total capital assets being depreciated	52,621	1,302	362	53,561
Less accumulated depreciation for:				
Buildings, property, and equipment	30,759	2,326	362	32,722
Total accumulated depreciation	30,759	2,326	362	32,722
Total capital assets being depreciated, net	21,863	(1,024)	-	20,839
<b>Total capital assets, net</b>	<b>\$ 22,807</b>	<b>\$ (1,024)</b>	<b>\$ -</b>	<b>\$ 21,783</b>

Depreciation Expense

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

<b>Governmental activities</b>	<b>Amount</b>
Education	\$ 1,338
Human services	27,361
Public safety	43,854
Economic and community development	2,071
Natural resources	18,155
Transportation	369,991
Consumer and business services	1,619
Administration	9,311
Legislative	3,451
Judicial	8,488
Subtotal	485,639
Internal service funds	29,516
<b>Total depreciation expense</b>	<b>\$ 515,155</b>
<b>Business-type activities</b>	<b>Amount</b>
Housing and Community Services	\$ 3
Veterans' Loan	193
Lottery Operations	22,561
Other business-type activities	16,432
<b>Total depreciation expense</b>	<b>\$ 39,189</b>
<b>Fiduciary activities</b>	<b>Amount</b>
Pension and Other Employee Benefit Trust	\$ 2,326
<b>Total depreciation expense</b>	<b>\$ 2,326</b>

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.

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

The State's construction commitments with contractors as of June 30, 2021 (in thousands):

Project	Spent-to-Date	Remaining Commitment	Remaining Commitment Source of Funds			
			General	Federal	Lottery	Other
Road and bridge construction	\$ 477,564	\$ 799,058	\$ -	\$ 607,955	\$ 736	\$ 190,368
Building improvement and maintenance	132,202	175,759	8	10,735	-	165,016
Correctional facility construction and upgrades	20,861	17,726	620	-	-	17,106
Natural resources facilities	3,204	3,562	-	753	445	2,364
Military facilities	45,670	5,368	-	4,391	-	977
Rural airports	879	476	-	396	-	80
Capital building improvements	1,177	1,032	-	-	-	1,032
Land Improvements	1,582	980	-	-	-	980
<b>Total construction commitments</b>	<b>\$ 683,139</b>	<b>\$ 1,003,961</b>	<b>\$ 627</b>	<b>\$ 624,229</b>	<b>\$ 1,181</b>	<b>\$ 377,924</b>

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 Control 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):

<b>Governmental activities</b>	<b>Amount</b>
Public safety	\$ 425
Natural resources	3,525
Transportation	159
Subtotal	4,108
Internal service funds	386
<b>Total insurance recoveries</b>	<b>\$ 4,495</b>
<b>Business-type activities</b>	
Lottery operations	\$ 10
<b>Total insurance recoveries</b>	<b>\$ 10</b>

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

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

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.

**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):

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
<b>University of Oregon</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 85,390	\$ 961	\$ -	\$ 86,351
Construction in progress	211,953	124,920	295,431	41,442
Works of art and other nondepreciable assets	47,427	616	-	48,043
Total capital assets not being depreciated	<u>344,770</u>	<u>126,497</u>	<u>295,431</u>	<u>175,836</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	2,512,404	302,173	4,772	2,809,805
Infrastructure	58,881	373	-	59,254
Total capital assets being depreciated	<u>2,571,285</u>	<u>302,546</u>	<u>4,772</u>	<u>2,869,059</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	891,184	81,065	2,316	969,933
Infrastructure	35,540	2,367	-	37,907
Total accumulated depreciation	<u>926,724</u>	<u>83,432</u>	<u>2,316</u>	<u>1,007,840</u>
Total capital assets being depreciated, net	<u>1,644,561</u>	<u>219,114</u>	<u>2,456</u>	<u>1,861,219</u>
<b>Total capital assets, net</b>	<u><u>\$ 1,989,331</u></u>	<u><u>\$ 345,611</u></u>	<u><u>\$ 297,887</u></u>	<u><u>\$ 2,037,055</u></u>

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Oregon State University</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 67,051	\$ 1,005	\$ -	\$ 68,056
Construction in progress	137,827	132,637	119,068	151,396
Works of art and other nondepreciable assets	30,227	81	-	30,308
Total capital assets not being depreciated	<u>235,105</u>	<u>133,723</u>	<u>119,068</u>	<u>249,760</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	2,024,441	136,396	10,869	2,149,968
Infrastructure	50,609	1,755	249	52,115
Total capital assets being depreciated	<u>2,075,050</u>	<u>138,151</u>	<u>11,118</u>	<u>2,202,083</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	905,777	66,380	10,938	961,219
Infrastructure	26,596	2,282	-	28,878
Total accumulated depreciation	<u>932,373</u>	<u>68,662</u>	<u>10,938</u>	<u>990,097</u>
Total capital assets being depreciated, net	<u>1,142,677</u>	<u>69,489</u>	<u>180</u>	<u>1,211,986</u>
<b>Total capital assets, net</b>	<u>\$ 1,377,782</u>	<u>\$ 203,212</u>	<u>\$ 119,248</u>	<u>\$ 1,461,745</u>

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Portland State University</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 67,256	\$ -	\$ -	\$ 67,256
Construction in progress	40,425	2,688	38,343	4,770
Works of art and other nondepreciable assets	4,386	545	5	4,926
Total capital assets not being depreciated	<u>112,067</u>	<u>3,233</u>	<u>38,348</u>	<u>76,952</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	947,279	58,235	747	1,004,767
Infrastructure	32,571	456	-	33,027
Total capital assets being depreciated	<u>979,850</u>	<u>58,691</u>	<u>747</u>	<u>1,037,794</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	454,231	30,836	571	484,496
Infrastructure	17,224	1,389	-	18,613
Total accumulated depreciation	<u>471,455</u>	<u>32,225</u>	<u>571</u>	<u>503,109</u>
Total capital assets being depreciated, net	<u>508,394</u>	<u>26,466</u>	<u>176</u>	<u>534,685</u>
<b>Total capital assets, net</b>	<u>\$ 620,462</u>	<u>\$ 29,699</u>	<u>\$ 38,524</u>	<u>\$ 611,637</u>

## 7. LEASES

### A. Operating Leases

The State has entered into various non-cancelable rental agreements that are accounted for as operating leases because the agreements do not meet the criteria to be classified as capital leases. Operating lease payments are chargeable as rent expense and reported in services and supplies. Rental costs for operating leases for the year ended June 30, 2021, were \$114.8 million for the primary government.



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

Future minimum rental payments for operating leases in effect as of June 30, 2021 (in thousands):

<b>Year Ending June 30,</b>	<b>Amount</b>
2022	\$ 105,193
2023	98,406
2024	86,924
2025	79,407
2026	66,861
2027-2031	236,894
2032-2036	101,698
2037-2041	5,109
2042-2046	45
<b>Total future minimum rental payments</b>	<b>\$ 780,537</b>

**B. Capital Leases**

A capital lease is accounted for similar to a purchase on a long-term contract. The underlying property is capitalized at an amount equal to the present value of the minimum lease payments and a corresponding liability is recorded. The liability for capital leases is reported as obligations under capital lease on the government-wide statement of net position. The expense resulting from the amortization of assets recorded under capital leases is included in depreciation expense.

Carrying value of assets subject to an outstanding capital lease or lease purchase contract as of June 30, 2021 (in thousands):

<b>Asset Class</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Buildings, property, and equipment	\$ 7,413	\$ 7,857
Less accumulated depreciation	(5,204)	(4,249)
<b>Total carrying value</b>	<b>\$ 2,209</b>	<b>\$ 3,608</b>

Future minimum lease payments for capital leases and the related net present value as of June 30, 2021 (in thousands):

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
2022	\$ 854	\$ 1,449
2023	778	1,449
2024	725	684
2025	202	23
Total future minimum lease payments	2,560	3,604
Less amounts representing interest	(860)	(286)
<b>Present value of minimum lease payments</b>	<b>\$ 1,700</b>	<b>\$ 3,319</b>

**C. Lease Receivables**

The State receives rental income from land, property, and equipment leased to non-state entities. For the year ended June 30, 2021, the State received rental income of \$4.2 million on leased assets with a cost of \$13 million, and a carrying value of \$9.5 million, net of \$3.5 million in accumulated depreciation. Certain leased assets are reported as investments in the governmental funds balance sheet and the governmental activities portion of the government-wide statement of net position.

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

Future minimum lease revenues for non-cancelable operating leases as of June 30, 2021 (in thousands):

<b>Year Ending June 30,</b>	<b>Amount</b>
2022	\$ 4,005
2023	3,637
2024	3,334
2025	2,509
2026	1,699
2027-2031	5,861
2032-2036	3,839
2037-2041	642
2042-2046	189
<b>Total future minimum lease revenues</b>	<b>\$ 25,714</b>

## 8. SHORT AND LONG-TERM DEBT

### A. Short-Term Debt

During the year, the Oregon Military Department (OMD), the Oregon Health Authority (OHA) and the Oregon Department of Forestry (ODF) received loans 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. The OHA needed funds to cover cash flow requirements at the end of the biennium. The ODF needed funds to cover large fire costs that were paid by the department upfront and then reimbursed at a later date by external parties.

Short-term debt activity for the year ended June 30, 2021 (in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
<b>Governmental activities</b>				
Military treasury loan	\$ -	\$ 5,000	\$ -	\$ 5,000
Health Authority treasury loan	-	60,000	60,000	-
Forestry treasury loan	-	55,000	55,000	-
<b>Total short-term debt activity</b>	<b>\$ -</b>	<b>\$ 120,000</b>	<b>\$ 115,000</b>	<b>\$ 5,000</b>

### 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

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

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 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, 2021 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal <sup>1</sup>	Interest	Principal <sup>2</sup>	Interest
2022	\$ 431,590	\$ 271,010	\$ 27,445	\$ 12,218
2023	468,660	250,025	24,895	11,399
2024	487,855	228,180	23,790	10,668
2025	492,800	206,087	22,950	9,977
2026	520,325	183,240	52,255	13,031
2027-2031	1,601,105	629,735	81,785	32,694
2032-2036	1,238,170	350,822	75,910	22,908
2037-2041	818,230	119,042	69,155	14,349
2042-2046	176,995	13,983	44,605	6,902
2047-2051	3,740	75	16,890	1,130
<b>Total</b>	<b>\$ 6,239,470</b>	<b>\$ 2,252,201</b>	<b>\$ 439,680</b>	<b>\$ 135,275</b>

<sup>1</sup> Includes \$1.2 billion in pension bond debt.

<sup>2</sup> Includes a total of \$71.4 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 0.03% for \$25.1 million of these bonds and 0.02% for \$46.3 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

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

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.

Debt service requirements for revenue bonds as of June 30, 2021 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal <sup>1</sup>	Interest
2022	\$ 190,780	\$ 137,977	\$ 57,005	\$ 25,987
2023	196,855	129,882	32,365	24,835
2024	205,325	121,458	32,055	24,064
2025	213,470	113,114	33,735	23,281
2026	221,525	104,361	34,090	22,488
2027-2031	1,041,930	402,622	179,140	99,179
2032-2036	852,455	222,701	179,395	75,198
2037-2041	471,925	74,334	172,120	53,996
2042-2046	85,335	3,969	154,635	32,989
2047-2051	-	-	91,845	8,169
2052-2056	-	-	1,610	50
<b>Total</b>	<b>\$ 3,479,600</b>	<b>\$ 1,310,418</b>	<b>\$ 967,995</b>	<b>\$ 390,235</b>

<sup>1</sup> 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 0.05% for \$77.6 million of these bonds, 0.03% for \$13.1 million, 0.06% for \$15 million, and 0.04% for \$65.5 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, 2021 (in thousands):

Year ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 5,450	\$ 3,530
2023	4,475	3,338
2024	4,155	3,198
2025	4,220	3,077
2026	4,350	2,948
2027-2031	24,025	12,460
2032-2036	28,790	7,680
2037-2041	20,205	1,680
<b>Total</b>	<b>\$ 95,670</b>	<b>\$ 37,911</b>

**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

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

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.

Debt service requirements for direct borrowings and direct placements as of June 30, 2021 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,260	\$ 273	\$ 2,245	\$ 1,218
2023	1,275	254	1,680	1,172
2024	1,300	234	2,895	1,137
2025	1,320	213	3,240	1,077
2026	1,340	192	12,290	1,664
2027-2031	7,030	636	12,585	3,412
2032-2036	1,485	251	7,130	2,171
2037-2041	995	43	7,075	1,004
2042-2046	-	-	1,690	153
<b>Total</b>	<b>\$ 16,005</b>	<b>\$ 2,095</b>	<b>\$ 50,830</b>	<b>\$ 13,009</b>

**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, 2021 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities		Fiduciary Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 36,157	\$ 15,147	\$ 4,696	\$ 1,573	\$ 28	\$ 46
2023	70,890	13,005	4,679	1,365	50	44
2024	31,436	10,737	4,844	1,143	52	42
2025	33,680	8,494	3,884	904	55	40
2026	35,255	6,076	3,756	647	57	37
2027-2031	60,125	4,210	6,416	448	327	145
2032-2036	-	-	-	-	413	65
2037-2041	-	-	-	-	32	1
<b>Total</b>	<b>\$ 267,544</b>	<b>\$ 57,669</b>	<b>\$ 28,276</b>	<b>\$ 6,081</b>	<b>\$ 1,014</b>	<b>\$ 421</b>

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

**G. Changes in Long-Term Debt**

Changes in long-term debt for governmental activities for the year ended June 30, 2021 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds/certificates payable:					
General obligation bonds	\$ 5,917,924	\$ 1,327,505	\$ 1,005,958	\$ 6,239,470	\$ 431,590
Revenue bonds	3,363,465	922,075	805,940	3,479,600	190,780
Certificates of participation	100,940	-	5,270	95,670	5,450
Direct borrowings/placements payable	5,733	11,125	853	16,005	1,260
Adjusted by amounts:					
For issuance discounts	(4)	-	(2)	(1)	-
For issuance premiums	873,753	201,921	205,544	870,130	-
Accreted interest	3,191	-	1,942	1,249	-
<b>Bonds/certificates/direct borrowings payable</b>	<b>10,265,002</b>	<b>2,462,626</b>	<b>2,025,506</b>	<b>10,702,123</b>	<b>629,080</b>
Contracts, mortgages, and notes payable	271,476	160,496	164,427	267,544	36,157
<b>Total</b>	<b>\$ 10,536,477</b>	<b>\$ 2,623,122</b>	<b>\$ 2,189,933</b>	<b>\$ 10,969,667</b>	<b>\$ 665,237</b>

Changes in long-term debt for business-type activities for the year ended June 30, 2021 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Bonds/certificates payable:					
General obligation bonds	\$ 522,345	\$ -	\$ 82,665	\$ 439,680	\$ 27,445
Revenue bonds	1,060,885	90,625	183,515	967,995	57,005
Direct borrowings/placements payable	64,270	-	13,440	50,830	2,245
Adjusted by amounts:					
For issuance discounts	(21)	-	(2)	(20)	-
For issuance premiums	38,225	8,320	6,846	39,699	-
<b>Bonds/certificates/direct borrowings payable</b>	<b>1,685,704</b>	<b>98,945</b>	<b>286,464</b>	<b>1,498,184</b>	<b>86,695</b>
Contracts, mortgages, and notes payable	32,847	708	5,280	28,276	4,696
<b>Total</b>	<b>\$ 1,718,551</b>	<b>\$ 99,653</b>	<b>\$ 291,744</b>	<b>\$ 1,526,460</b>	<b>\$ 91,391</b>

Changes in long-term debt for fiduciary activities for the year ended June 30, 2021 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Fiduciary activities</b>					
Contracts, mortgages, and notes payable	\$ 1,212	\$ 60	\$ 258	\$ 1,014	\$ 28

**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.

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

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

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 OHCSO by the trustee, or written notice provided to OHCSO 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, 2021 (dollars in thousands):

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
95	\$ 25,140	U.S. Bank National Association	4/7/2025	0.3200%	U.S. Bank National Association	0.05%
98B	23,300	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	6/24/2025	0.5000%	U.S. Bank National Association	0.05%
106C	11,435	U.S. Bank National Association	6/24/2025	0.5000%	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 91<sup>st</sup> 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 2021. Therefore, no tender advances or draws were outstanding as of June 30, 2021.

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

**Oregon Housing and Community Services Department**

Included in Oregon Housing and Community Services Department's (OHCS D) long-term debt is \$171.2 million in variable rate demand bonds. OHCS D'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 D 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, 2021.

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 2015 C	\$ 33,600	Sumitomo Mitsui Banking Corporation	9/19/2024	0.3400%	J.P. Morgan Securities, LLC	0.07%
MRB 2016 B	13,140	State Street Bank and Trust Company	9/19/2024	0.3300%	Bank of America Securities, Inc.	0.07%
MRB 2016 C	15,000	State Street Bank and Trust Company	9/19/2024	0.3300%	Bank of America Securities, Inc.	0.07%
MRB 2017 C	44,000	State Street Bank and Trust Company	9/19/2024	0.3300%	J.P. Morgan Securities, LLC	0.07%
MRB 2018 E	41,000	Sumitomo Mitsui Banking Corporation	9/19/2024	0.3400%	Bank of America Securities, Inc.	0.07%
MRB 2020 B	24,500	Sumitomo Mitsui Banking Corporation	6/11/2023	0.6400%	Bank of America Securities, Inc.	0.07%

**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, 2021 (in thousands):

Primary Government	Amount
Oregon Business Development Department	\$ 562,211
Oregon Facilities Authority	1,872,870
Housing and Community Services Department	671,772
<b>Total no-commitment debt</b>	<b>\$ 3,106,852</b>



***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, 2020, and June 30, 2021:

On July 16, 2020, the Oregon Department of Administrative Services on behalf of the Oregon Higher Education Coordinating Commission issued \$383.7 million in 2020 Series N, O, P, and Q General Obligation Bonds with an average interest rate of 2.2%. These bonds refunded \$348.1 million of various series outstanding general obligation bonds with an average interest rate of 4.9%. The current and advanced refundings were undertaken to reduce the total debt service payments over the next 24 years by \$78.1 million and resulted in an economic gain of \$71.2 million.

On September 17, 2020, the Oregon Department of Transportation issued \$611.5 million in 2020 Series B Revenue Bonds with an average interest rate of 1.5%. This bond refunded \$514.8 million of various series outstanding revenue bonds with an average interest rate of 4.7%. The advanced refunding was undertaken to reduce the total debt service payments over the next 21 years by \$59.1 million and resulted in an economic gain of \$53.8 million.

On February 18, 2021, the Oregon Business Development Department issued \$26.3 million in 2021 Series A Revenue Bonds with an average interest rate of 5%. This bond refunded \$11.1 million of outstanding 2010 Series A-1 and A-2 Revenue Bonds with an average interest rate of 4.4%. The current refunding was undertaken to reduce the total debt service payments over the next 13 years by \$1.7 million and resulted in an economic gain of \$1.7 million.

On April 27, 2021, the Oregon Department of Administrative Services on behalf of various agencies issued \$14.2 million in 2021 Series A Revenue Bonds with an average interest rate of 5%. These bonds refunded \$18.5 million of outstanding 2011 Series A Revenue Bonds with an average interest rate of 5.2%. The current refunding was undertaken to reduce the total debt service payments over the next 10 years by \$5.3 million and resulted in an economic gain of \$4.3 million.

On April 27, 2021, the Oregon Department of Administrative Services on behalf of various agencies issued \$109.9 million in 2021 Series B Revenue Bonds with an average interest rate of 1.9%. These bonds refunded \$104.1 million of various series outstanding revenue bonds with an average interest rate of 4.7%. The advanced refunding was undertaken to reduce the total debt service payments over the next 12 years by \$16.3 million and resulted in an economic gain of \$11.6 million.

On May 12, 2021, the Oregon Department of Administrative Services on behalf of the Oregon Higher Education Coordinating Commission issued \$266.9 million in 2021 Series G, H, and I General Obligation Bonds with an average interest rate of 2.1%. These bonds refunded \$234.2 million of various series outstanding general obligation bonds with an average interest rate of 4.6%. The advanced refunding was undertaken to reduce the total debt service payments over the next 25 years by \$27.2 million and resulted in an economic gain of \$24.3 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, 2021, \$1.9 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, 2021 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences payable	\$ 272,900	\$ 270,021	\$ 234,031	\$ 308,890	\$ 200,779
Claims and judgments payable	1,153,621	959,590	859,474	1,253,737	127,386
Arbitrage rebate payable	289	102	148	243	-
Deposit liabilities	487,006	20,426,052	20,343,573	569,485	210,583
Obligations under capital lease	2,701	804	1,804	1,700	573
Pollution remediation obligation	29,177	18,242	3,766	43,654	8,029
<b>Total other long-term liabilities</b>	<b>\$1,945,695</b>	<b>\$21,674,811</b>	<b>\$21,442,796</b>	<b>\$2,177,709</b>	<b>\$ 547,349</b>

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. The capital lease obligations are generally liquidated through the Central 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, 2021 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Compensated absences payable	\$ 25,426	\$ 27,513	\$ 25,055	\$ 27,884	\$ 18,212
Claims and judgments payable	630	25,943	25,743	830	830
Lottery prize awards payable	146,954	266,066	252,395	160,625	51,395
Arbitrage rebate payable	8,812	10,042	8,812	10,042	-
Deposit liabilities	57,053	1,062,723	1,078,828	40,948	38,754
Obligations under capital lease	4,507	-	1,188	3,319	1,270
Derivative instruments liability	10,986	-	4,599	6,387	-
<b>Total other long-term liabilities</b>	<b>\$ 254,368</b>	<b>\$ 1,392,287</b>	<b>\$ 1,396,620</b>	<b>\$ 250,035</b>	<b>\$ 110,461</b>

Changes in other long-term liabilities for fiduciary fund activities for the year ended June 30, 2021 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Fiduciary fund activities</b>					
Deposit liabilities	\$ 92,522	\$ 13,344,568	\$ 13,363,740	\$ 73,350	\$ 73,350
<b>Total other long-term liabilities</b>	<b>\$ 92,522</b>	<b>\$ 13,344,568</b>	<b>\$ 13,363,740</b>	<b>\$ 73,350</b>	<b>\$ 73,350</b>

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

**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
<b>University of Oregon</b>					
Higher Education Coordinating Commission Loans	\$ 446,509	\$ 1,614	\$ 2,659	\$ 445,464	\$ 14,771
Oregon Department of Energy Loans (SELP)	32,517	-	2,183	30,334	2,272
<b>Advances from primary government</b>	<b>\$ 479,026</b>	<b>\$ 1,614</b>	<b>\$ 4,842</b>	475,798	17,043
Other current liabilities owed to primary government				10,139	10,139
<b>Total</b>				<b>\$ 485,937</b>	<b>\$ 27,182</b>
<b>Oregon State University</b>					
Higher Education Coordinating Commission Loans	\$ 271,533	\$ 145,698	\$ 139,594	\$ 277,637	\$ 9,512
Oregon Department of Energy Loans (SELP)	10,544	-	742	9,802	753
<b>Advances from primary government</b>	<b>\$ 282,077</b>	<b>\$ 145,698</b>	<b>\$ 140,336</b>	287,439	10,265
Other current liabilities owed to primary government				5,641	5,641
<b>Total</b>				<b>\$ 293,080</b>	<b>\$ 15,907</b>
<b>Portland State University</b>					
Higher Education Coordinating Commission Loans	\$ 177,722	\$ 53,287	\$ 61,686	\$ 169,323	\$ 8,521
Oregon Department of Energy Loans (SELP)	28,920	-	2,355	26,565	2,335
<b>Advances from primary government</b>	<b>\$ 206,642</b>	<b>\$ 53,287</b>	<b>\$ 64,041</b>	195,888	10,856
Other current liabilities owed to primary government				3,408	3,408
<b>Total</b>				<b>\$ 199,296</b>	<b>\$ 14,263</b>

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.

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

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The State recognizes a pollution remediation obligation when it can reasonably estimate the range of expected cash outlays. At June 30, 2021, the State recognized an estimated liability of \$43.7 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, 2021.

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 three Superfund sites. One site is contaminated with chemicals used in the wood-treatment 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 third site is a stretch of the Columbia River with contaminated sediment from many historical industrial sites. 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.

The U.S. Environmental Protection Agency (EPA) has listed an approximately 10-mile stretch of the lower Willamette River area as a Superfund site under Superfund law (CERCLA). EPA has identified over 100 parties as potentially responsible under CERCLA for costs related to investigation and cleanup of hazardous substances at 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, 2021, 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 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 provide financing for economic development within the State, as well as for the improvement and expansion of state parks and school facilities. The bonds are payable solely from the pledged revenues and are payable through fiscal year 2041. Total principal and interest remaining to be paid on the bonds is \$1.4 billion. In fiscal year 2022, principal and interest payments on the bonds are expected to require approximately 20% of pledged revenue. Principal and

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

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interest paid for the current year and total pledged revenues recognized were \$133.3 million and \$658.4 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 \$2.4 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 \$3.4 billion. Fiscal year 2022 principal and interest payments on the bonds are expected to require approximately 24.9% of pledged revenues. Principal and interest paid for the current year and total pledged revenues recognized were \$178.7 million and \$772.3 million, respectively.

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

## 12. INTERFUND TRANSACTIONS

Interfund balances reported in the fund financial statements as of June 30, 2021 (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	\$ -	\$ 89,864	\$ 7,685	\$ 66,779	\$ -	\$ 79,325
Health and Social Services	304,034	-	-	16,380	-	8,237
Public Transportation	291	-	-	-	-	21,003
Educational Support	2,596	-	-	-	-	-
Common School	-	-	-	-	-	181
Nonmajor Governmental Funds	81,586	55,277	7,568	1,328	109	33,573
Housing and Community Services	-	-	-	-	-	24
Veterans' Loan	100	-	-	-	-	-
Lottery Operations	226,479	-	-	-	-	164
Unemployment Compensation	4,835	-	-	-	-	15,013
Nonmajor Enterprise Funds	37,420	525	-	-	-	82
Internal Service Funds	107,193	-	-	-	-	14,131
Pension and Other Employee Benefit Trust	-	-	-	-	-	-
Private Purpose Trust	-	-	-	-	-	-
Other Custodial	5	34	-	-	-	-
<b>Total</b>	<b>\$ 764,539</b>	<b>\$ 145,700</b>	<b>\$ 15,253</b>	<b>\$ 84,488</b>	<b>\$ 109</b>	<b>\$ 171,733</b>

Advances from Other Funds	Advances to Other Funds			
	General	Common School	Internal Service Funds	Total
General	\$ -	\$ -	\$ 293	\$ 293
Nonmajor Governmental Funds	-	300	-	300
Nonmajor Enterprise Funds	7,609	-	-	7,609
<b>Total</b>	<b>\$ 7,609</b>	<b>\$ 300</b>	<b>\$ 293</b>	<b>\$ 8,202</b>

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.

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

**Due from Other Funds (continued)**

Housing and Community Services	Veterans' Loan	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Other Custodial	Total
\$ -	\$ 277	\$ -	\$ 3,996	\$ 12,232	\$ -	\$ -	\$ -	\$ 260,158
-	-	-	9,829	1,053	-	-	-	339,535
-	-	-	-	-	-	-	7,685	28,979
-	-	-	-	-	-	-	-	2,596
-	-	-	-	-	-	-	-	181
131	-	108	27	1,034	-	-	-	180,741
-	-	-	-	-	-	-	-	24
-	-	-	-	-	-	-	-	100
-	-	-	-	-	-	-	-	226,643
-	-	-	-	-	-	15	-	19,862
-	67	-	-	24	99	-	-	38,216
-	-	-	5	-	-	-	-	121,329
-	-	-	-	-	13,760	-	-	13,760
-	-	85	-	-	-	-	-	85
-	-	-	-	-	-	-	-	40
\$ 131	\$ 344	\$ 193	\$ 13,858	\$ 14,342	\$ 13,859	\$ 15	\$ 7,685	\$ 1,232,250



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

Interfund transfers reported in the fund financial statements as of June 30, 2021 (in thousands):

<b>Transfers to Other Funds</b>	<b>Transfers from Other Funds</b>				
	<b>General</b>	<b>Health and Social Services</b>	<b>Public Transportation</b>	<b>Educational Support</b>	<b>Common School</b>
General	\$ -	\$ 16,928	\$ 139,064	\$ 1,083,826	\$ 1
Health and Social Services	92,932	-	-	60,888	-
Public Transportation	7,003	-	-	-	-
Educational Support	1,204,500	395	-	-	-
Common School	63,064	-	-	-	-
Nonmajor Governmental Funds	124,542	200,232	13,611	7,285	4,514
Housing and Community Services	-	-	-	-	-
Veterans' Loan	-	-	-	-	-
Lottery Operations	658,269	-	-	-	-
Nonmajor Enterprise Funds	224,145	8,690	-	-	-
Internal Service Funds	166,033	-	-	3,613	-
<b>Total</b>	<b>\$ 2,540,487</b>	<b>\$ 226,246</b>	<b>\$ 152,675</b>	<b>\$ 1,155,612</b>	<b>\$ 4,515</b>

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 received significant transfers from the Educational Support Fund during the fiscal year related to Student Success Act allocations made for early childhood equity and youth development.

During the 2020 2<sup>nd</sup> Special Session, House Bill 4303 was passed requiring \$400 million be transferred from the General Fund to the Educational Support Fund due to projected revenue shortfalls.

The Oregon Legislative Assembly passed various bills requiring \$209.6 million to be transferred to the General Fund in fiscal year 2021 for general governmental purposes. The sources of the transferred moneys were \$3 million from the Common School Fund, \$51.2 million from the Community Protection Fund, \$4.3 million from the Other Enterprise Fund, \$88.1 million from the Central Services Fund, and \$63 million from the Health Services Fund.

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

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**Transfers from Other Funds (continued)**

<b>Nonmajor Governmental Funds</b>	<b>Veterans' Loan</b>	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
\$ 389,343	\$ -	\$ 357,306	\$ 289	\$ 1,986,756
47,402	-	10,169	-	211,391
277,040	-	-	-	284,042
4,192	-	-	423	1,209,510
3,789	-	-	-	66,853
188,580	-	3,663	1,156	543,584
265	-	-	-	265
178	-	-	-	178
1,982	-	-	-	660,251
15,971	86	8,504	823	258,219
17,728	-	-	-	187,373
<u>\$ 946,469</u>	<u>\$ 86</u>	<u>\$ 379,642</u>	<u>\$ 2,691</u>	<u>\$ 5,408,423</u>

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

### 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, 2021 (in thousands):

<b>Condensed statement of net position</b>	<b>Special Public Works Fund</b>	<b>Water/ Wastewater Financing Fund</b>	<b>Mortgage Revenue Bonds</b>	<b>Housing Revenue Bonds</b>	<b>Multifamily Housing Revenue Bonds</b>	<b>Elderly and Disabled Housing Fund</b>
<b>Assets:</b>						
Interfund receivables	\$ 17	\$ 9	\$ 31	\$ -	\$ -	\$ 18
Other current assets	123,341	42,771	103,903	3,697	5,107	7,696
Capital assets	-	-	-	-	-	1
Noncurrent assets	163,453	63,081	913,844	26,137	56,526	97,896
Total assets	<u>286,812</u>	<u>105,862</u>	<u>1,017,777</u>	<u>29,834</u>	<u>61,633</u>	<u>105,612</u>
Deferred outflows of resources	512	228	6,984	-	78	394
<b>Liabilities:</b>						
Interfund payables	1	1	-	31	-	40
Other current liabilities	4,547	536	65,434	2,276	2,767	2,048
Noncurrent liabilities	61,073	5,691	860,329	23,014	24,084	22,955
Total liabilities	<u>65,621</u>	<u>6,228</u>	<u>925,763</u>	<u>25,320</u>	<u>26,851</u>	<u>25,043</u>
Deferred inflows of resources	41	18	5,787	88	313	375
<b>Net position:</b>						
Invested in capital assets, net of related debt	-	-	-	-	-	1
Restricted-Expendable	5	2	93,211	4,426	34,547	76,701
Unrestricted	221,657	99,843	-	-	-	3,886
<b>Total net position</b>	<u>\$ 221,662</u>	<u>\$ 99,845</u>	<u>\$ 93,211</u>	<u>\$ 4,426</u>	<u>\$ 34,547</u>	<u>\$ 80,588</u>

<b>Condensed statement of revenues, expenses, and changes in net position</b>	<b>Special Public Works Fund</b>	<b>Water/ Wastewater Financing Fund</b>	<b>Mortgage Revenue Bonds</b>	<b>Housing Revenue Bonds</b>	<b>Multifamily Housing Revenue Bonds</b>	<b>Elderly and Disabled Housing Fund</b>
<b>Operating activities:</b>						
Loan interest income	\$ 6,003	\$ 1,867	\$ 29,256	\$ 1,129	\$ 2,350	\$ 2,312
Other operating revenue	3,404	1,541	2,654	68	(9)	108
Operating expenses	9,849	4,458	32,214	925	1,427	2,405
Operating income (loss)	<u>(442)</u>	<u>(1,050)</u>	<u>(305)</u>	<u>272</u>	<u>914</u>	<u>15</u>
Total nonoperating revenues (expenses)	1,020	259	(66)	19	30	338
Transfers from other funds	601	3,976	2,888	91	-	-
Transfers to other funds	(10,550)	(461)	(91)	(1,788)	(1,500)	(38)
Change in net position	<u>(9,370)</u>	<u>2,724</u>	<u>2,427</u>	<u>(1,406)</u>	<u>(556)</u>	<u>316</u>
Beginning net position	231,032	97,120	90,785	5,832	35,102	80,272
<b>Ending net position</b>	<u>\$ 221,662</u>	<u>\$ 99,845</u>	<u>\$ 93,211</u>	<u>\$ 4,426</u>	<u>\$ 34,547</u>	<u>\$ 80,588</u>

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

<b>Condensed statement of cash flows</b>	<b>Special Public Works Fund</b>	<b>Water/Wastewater Financing Fund</b>	<b>Mortgage Revenue Bonds</b>	<b>Housing Revenue Bonds</b>	<b>Multifamily Housing Revenue Bonds</b>	<b>Elderly and Disabled Housing Fund</b>
Net cash provided (used) by:						
Operating activities	\$ (7,493)	\$ (3,781)	\$ 125,046	\$ 8,138	\$ 12,050	\$ 10,020
Noncapital financing activities	13,768	(1,217)	(121,428)	(19,171)	(9,828)	(7,299)
Investing activities	(4,325)	12,320	(36,270)	8,831	(4,255)	624
Net increase (decrease)	1,950	7,322	(32,653)	(2,202)	(2,034)	3,346
Beginning cash and cash equivalents	92,030	30,255	83,752	6,295	10,979	53,134
<b>Ending cash and cash equivalents</b>	<b>\$ 93,980</b>	<b>\$ 37,577</b>	<b>\$ 51,100</b>	<b>\$ 4,093</b>	<b>\$ 8,944</b>	<b>\$ 56,480</b>

## 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, 2021, there were 900 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, 2021, there were 13,991 active plan members, 129,357 inactive plan members or their beneficiaries currently receiving benefits, and 9,103 inactive plan members entitled to but not yet receiving benefits, for a total of 152,451 Tier One members. As of June 30, 2021, there were 29,322 active plan members, 18,832 inactive plan members or their beneficiaries currently receiving benefits, and 13,498 inactive plan members entitled to but not yet receiving benefits, for a total of 61,652 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, 2021, there were 136,785 active plan members, 8,311 inactive plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirement, for a total of 170,879 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 member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. 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.

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

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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 will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years. 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 will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021 and will be indexed with inflation in later years. 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 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-

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

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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.

Starting July 1, 2020, Senate Bill 1049 required member contributions to their IAP accounts to be redirected to the Public Employees Defined Benefit Pension Plan Fund. If the member earns more than \$2,500 per month, (increased to \$2,535 per month on January 1, 2021) 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 began funding the new Employee Pension Stability Accounts (EPSA) to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account.

The PERS employer contribution rates for state agencies for the biennium beginning July 1, 2019, and ending June 30, 2021, expressed as a percentage of covered payroll:

<b>Tier One - Tier Two</b>		<b>OPSRP Employer Rates</b>	
General Service	Police and Fire	General Service	Police and Fire
20.76%	26.86%	14.48%	19.11%

State agencies' employer contributions to PERS for fiscal years ended June 30, 2021, totaled \$482.2 million. Member contributions paid by the State on behalf of employees for the year ended June 30, 2021, were \$2.2 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, 2020, was \$14.9 million.

The respective employer contributions to PERS for the fiscal year ended June 30, 2021, for University of Oregon, Oregon State University, and Portland State University were \$38.6 million, \$49.9 million, and \$16.2 million.

**D. Net Pension Liability**

At June 30, 2021, the State reported a liability of \$5 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. 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, 2020, measurement date (MD), the State's proportionate share, excluding those component units, was 23% which is 0.7% higher than the proportion of 22.3% at the prior measurement date of June 30, 2019. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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

For the year ended June 30, 2021, the State recognized pension expenses of \$1.2 billion. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual economic experience	\$ 220,903	\$ -
Changes in assumptions	269,362	9,438
Net difference between projected and actual earnings on investments	590,187	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	168,080	105,619
Total (prior to post-MD contributions)	<u>1,248,532</u>	<u>115,057</u>
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	1,133,475
Contributions subsequent to the MD	482,177	N/A
<b>Net deferred outflow/(inflow) of resources</b>		<u><u>\$ 1,615,651</u></u>

The \$482.2 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):

<b>Fiscal Year</b>	<b>Amount</b>
2022	\$ 265,181
2023	333,826
2024	312,857
2025	215,448
2026	6,163
	<u><u>\$ 1,133,475</u></u>

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

<b>Deferred Outflows and Deferred Inflows</b>	<b>Business-type Activities</b>						<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>	<b>Other</b>	<b>Total</b>	
<b>Deferred Outflows:</b>							
Difference between expected and actual economic experience	\$ 199,588	\$ 309	\$ 207	\$ 3,173	\$ 17,625	\$ 21,315	\$ 220,903
Changes in assumptions	243,371	377	253	3,869	21,492	25,991	269,362
Net difference between projected and actual earnings on investments	533,239	827	554	8,478	47,089	56,948	590,187
Changes in proportion and differences between employer contributions and proportionate share of contributions	152,497	226	152	2,320	12,886	15,583	168,080
Contributions subsequent to the MD	438,945	691	437	5,182	36,921	43,231	482,177
<b>Total deferred outflows related to pensions</b>	<u>\$ 1,567,640</u>	<u>\$ 2,430</u>	<u>\$ 1,603</u>	<u>\$ 23,022</u>	<u>\$ 136,013</u>	<u>\$ 163,069</u>	<u>\$ 1,730,709</u>
<b>Deferred Inflows:</b>							
Changes in assumptions	\$ 8,527	\$ 13	\$ 9	\$ 136	\$ 753	\$ 911	\$ 9,438
Changes in proportion and differences between employer contributions and proportionate share of contributions	95,527	147	98	1,502	8,345	10,092	105,619
<b>Total deferred inflows related to pensions</b>	<u>\$ 104,054</u>	<u>\$ 160</u>	<u>\$ 107</u>	<u>\$ 1,638</u>	<u>\$ 9,098</u>	<u>\$ 11,003</u>	<u>\$ 115,057</u>

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

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Actuarial Assumptions

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

Valuation date	December 31, 2018
Experience study report	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
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 May 2019, 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.



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

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:

<b>Asset Class</b>	<b>Target</b>	<b>Compound Annual Return (Geometric)</b>
Core fixed income	9.60%	4.07%
Short-term bonds	9.60%	3.68%
Bank/leveraged loans	3.60%	5.19%
High yield bonds	1.20%	5.74%
Large/mid cap US equities	16.17%	6.30%
Small cap US equities	1.35%	6.68%
Micro cap US equities	1.35%	6.79%
Developed foreign equities	13.48%	6.91%
Emerging market equities	4.24%	7.69%
Non-US small cap equities	1.93%	7.25%
Private equity	17.50%	8.33%
Real estate (property)	10.00%	5.55%
Real estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	1.50%	4.06%
Hedge fund - event driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed inflation - mean		2.50%

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 7.2% for the Defined Benefit Pension Plan. 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 7.2%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.2%) or one percent higher (8.2%) than the current rate (in millions):

<b>Net Pension Liability</b>	<b>1% Decrease (6.2%)</b>	<b>Current Discount (7.2%)</b>	<b>1% Increase (8.2%)</b>
Defined Benefit Pension Plan	\$ 7,453.0	\$ 5,019.2	\$ 2,978.2

### 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 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 7.2% in fiscal year 2021. 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, 2021, for the State, as the primary government, is \$236.7 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.

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

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At June 30, 2021, the following employees were covered by the benefit terms:

	<b>RHIA</b>	<b>RHIPA</b>
Inactive employees or beneficiaries currently receiving benefit payments	42,857	690
Inactive employees entitled to but not yet receiving benefit payments	12,734	-
Active employees	43,108	12,000
	98,699	12,690

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 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, 2019, and ending June 30, 2021, expressed as a percentage of covered-employee payroll:

<b>RHIA</b>		<b>RHIPA</b>	
Tier 1 - Tier 2	OPSRP	Tier 1 - Tier 2	OPSRP
0.06%	0.00%	0.39%	0.27%

State agencies' employer contributions to PERS for RHIA and RHIPA for fiscal year ended June 30, 2021, totaled \$562 thousand and \$9.1 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 and Net OPEB Liability**

**RHIA**

At June 30, 2021, the State reported an asset of \$17.7 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. 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, 2020, measurement date (MD), the State's proportion, excluding those component units, was 8.7%, which is 14.1% lower than the proportion of 22.8% at the prior measurement date of June 30, 2019. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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

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For the year ended June 30, 2021, the State recognized OPEB expense of \$12.2 million. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,807
Change in assumptions	-	940
Net difference between projected and actual earnings on investments	1,966	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,107	108
Total (prior to post-MD contributions)	9,073	2,855
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	6,218	-
Contributions subsequent to the MD	562	N/A
<b>Net deferred outflow/(inflow) of resources</b>		<b>\$ 6,781</b>

The \$562 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, 2022. 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):

<b>Fiscal Year</b>	<b>Amount</b>
2022	\$ 1,910
2023	2,962
2024	727
2025	620
	<b>\$ 6,218</b>

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

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

Deferred Outflows and Deferred Inflows	Business-type Activities					Total	Total Primary Government
	Governmental Activities	Housing and Community Services	Veterans' Loan	Lottery Operations	Other		
Deferred Outflows:							
Net difference between projected and actual earnings on investments	\$ 1,794	\$ 2	\$ 3	\$ 76	\$ 91	\$ 172	\$ 1,966
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,464	9	10	283	342	643	7,107
Contributions subsequent to the MD	527	1	1	7	26	35	562
<b>Total deferred outflows related to OPEB</b>	<b>\$ 8,786</b>	<b>\$ 12</b>	<b>\$ 13</b>	<b>\$ 366</b>	<b>\$ 459</b>	<b>\$ 850</b>	<b>\$ 9,635</b>
Deferred Inflows:							
Differences between expected and actual experience	\$ 1,649	\$ 2	\$ 2	\$ 70	\$ 84	\$ 158	\$ 1,807
Change in assumptions	857	1	1	36	44	82	940
Changes in proportion and differences between employer contributions and proportionate share of contributions	102	-	-	3	3	6	108
<b>Total deferred inflows related to OPEB</b>	<b>\$ 2,608</b>	<b>\$ 3</b>	<b>\$ 4</b>	<b>\$ 109</b>	<b>\$ 131</b>	<b>\$ 246</b>	<b>\$ 2,855</b>

**RHIPA**

At June 30, 2021, the State reported a net OPEB liability of \$7.7 million. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. 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 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.

For the year ended June 30, 2021, the State recognized OPEB expenses of \$1.4 million. At June 30, 2021, 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	\$ -	\$ 2,912
Change in assumptions	186	5,172
Net difference between projected and actual earnings on investments	1,754	-
Total (prior to post-MD contributions)	1,941	8,084
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	(6,143)
Contributions subsequent to the MD	9,061	N/A
<b>Net deferred outflow/(inflow) of resources</b>		<b>\$ 2,918</b>

The \$9.1 million reported as deferred outflows of resources related to OPEB resulting from state contributions subsequent to the measurement date will be recognized as a decrease to the net OPEB liability in the year ended June 30, 2022.

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

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):

<b>Fiscal Year</b>	<b>Amount</b>
2022	\$ (1,188)
2023	(1,090)
2024	(1,051)
2025	(1,082)
2026	(1,244)
Thereafter	(489)
	<u>\$ (6,143)</u>

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

	<u>Business-type Activities</u>						<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>	<b>Other</b>	<b>Total</b>	
<b>Deferred Outflows and Deferred Inflows</b>							
Deferred Outflows:							
Change in assumptions	\$ 168	\$ -	\$ -	\$ 3	\$ 15	\$ 18	\$ 186
Net difference between projected and actual earnings on investments	1,580	3	2	28	141	174	1,754
Contributions subsequent to the MD	8,237	14	10	108	693	824	9,061
<b>Total deferred outflows related to OPEB</b>	<u>\$ 9,985</u>	<u>\$ 17</u>	<u>\$ 12</u>	<u>\$ 139</u>	<u>\$ 849</u>	<u>\$ 1,017</u>	<u>\$ 11,002</u>
Deferred Inflows:							
Differences between expected and actual experience	\$ 2,623	\$ 4	\$ 3	\$ 47	\$ 234	\$ 289	\$ 2,912
Change in assumptions	4,660	8	6	83	416	513	5,172
<b>Total deferred inflows related to OPEB</b>	<u>\$ 7,283</u>	<u>\$ 12</u>	<u>\$ 9</u>	<u>\$ 130</u>	<u>\$ 650</u>	<u>\$ 801</u>	<u>\$ 8,084</u>

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

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Changes in Net OPEB Liability

The schedule of changes in net OPEB liability and related ratios measured as of June 30, 2020, is as follows (dollars in millions):

**Total OPEB Liability**

Service cost	\$ 1.4
Interest on total OPEB liability	5.1
Changes in benefit terms	-
Changes in assumptions	(7.9)
Differences between expected and actual experience	(2.2)
Benefit payments	(4.1)
Net change in total OPEB liability	<u>(7.7)</u>
Total OPEB liability - Beginning	<u>72.0</u>
Total OPEB liability - Ending	<u>\$ 64.3</u>

**Plan Fiduciary Net Position**

Employer contributions	\$ 11.2
Net investment and other income	0.8
Benefit payments	(4.1)
Administrative expense	(0.3)
Net change in plan fiduciary net position	<u>7.6</u>
Plan fiduciary net position - Beginning	<u>46.7</u>
Plan fiduciary net position - Ending	<u>\$ 54.3</u>
<b>Net OPEB Liability</b>	<u>\$ 10.0</u>

Plan fiduciary net position as a percentage of the total OPEB liability	84.5%
Covered payroll	\$ 1,166.4
Net OPEB liability as a percentage of covered payroll	0.86%

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

**Actuarial Assumptions**

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

	<b>RHIA</b>	<b>RHIPA</b>
Valuation date	December 31, 2018	December 31, 2018
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	2.50%	2.50%
Long-term expected rate of return	7.20%	7.20%
Discount rate	7.20%	7.20%
Projected salary increases	3.50%	3.50%
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 5% for 2022, increasing to 5.9% for 2031, and decreasing to an ultimate rate of 4.1% for 2094 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 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>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 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>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 May 2019 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.



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

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:

<b>Asset Class</b>	<b>Target</b>	<b>Compound Annual Return (Geometric)</b>
Core fixed income	9.60%	4.07%
Short-term bonds	9.60%	3.68%
Bank/leveraged loans	3.60%	5.19%
High yield bonds	1.20%	5.74%
Large/mid cap US equities	16.17%	6.30%
Small cap US equities	1.35%	6.68%
Micro cap US equities	1.35%	6.79%
Developed foreign equities	13.48%	6.91%
Emerging market equities	4.24%	7.69%
Non-US small cap equities	1.93%	7.25%
Private equity	17.50%	8.33%
Real estate (property)	10.00%	5.55%
Real estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	1.50%	4.06%
Hedge fund - event driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed inflation - mean		2.50%

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 7.2% for both RHIA and RHIPA plans which is unchanged from the discount rate reported in the prior fiscal year. 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 7.2%, as well as what the net OPEB liability/asset would be if it were calculated using a discount rate that is one percent lower (6.2%) or one percent higher (8.2%) than the current rate (in millions):

<b>Net OPEB Liability/(Asset)</b>	<b>1% Decrease (6.2%)</b>	<b>Current Discount (7.2%)</b>	<b>1% Increase (8.2%)</b>
RHIA	\$ (14.3)	\$ (17.7)	\$ (20.6)
RHIPA	10.8	7.7	4.8

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

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):

<b>Net OPEB Liability/(Asset)</b>	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
RHIA	\$ (17.7)	\$ (17.7)	\$ (17.7)
RHIPA	5.4	7.7	10.6

Changes in Plan Provisions

The federal Further Consolidated Appropriations Act, which was signed into law on December 20, 2019, repealed the Cadillac tax on high cost health plans. The RHIPA Total OPEB Liability as of the June 30, 2020, measurement date shown in this report reflects the repeal of the Cadillac tax. 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, 2021, membership in the PEBB Plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	1,046
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>53,006</u>
	<u>54,052</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, 2021, retired plan members contributed \$13.2 million through their required contributions. The average monthly contribution was \$1,049. Active employees do not contribute to the plan.

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

Total OPEB Liability

At June 30, 2021, the State reported a total OPEB liability of \$113 million. The total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 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 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.

For the year ended June 30, 2021, the State recognized OPEB expenses of \$9.8 million. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 452
Change in assumptions	2,712	13,883
<b>Total</b>	<b>2,712</b>	<b>(14,335)</b>
<b>Net deferred outflow/(inflow) of resources</b>		<b>\$ (11,623)</b>

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):

<b>Fiscal Year</b>	<b>Amount</b>
2022	\$ (1,794)
2023	(1,794)
2024	(1,794)
2025	(1,794)
2026	(1,525)
Thereafter	(2,920)
	<b>\$ (11,623)</b>

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

<b>Deferred Outflows and Deferred Inflows</b>	<b>Business-type Activities</b>						<b>Total Primary Government</b>
	<b>Governmental Activities</b>	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>	<b>Other</b>	<b>Total</b>	
Deferred Outflows:							
Change in assumptions	\$ 2,460	\$ 4	\$ 2	\$ 28	\$ 218	\$ 252	\$ 2,712
<b>Total deferred outflows related to OPEB</b>	<b>\$ 2,460</b>	<b>\$ 4</b>	<b>\$ 2</b>	<b>\$ 28</b>	<b>\$ 218</b>	<b>\$ 252</b>	<b>\$ 2,712</b>
Deferred Inflows:							
Differences between expected and actual experience	\$ 410	\$ 1	\$ -	\$ 5	\$ 36	\$ 42	\$ 452
Change in assumptions	12,592	20	12	141	1,117	1,290	13,883
<b>Total deferred inflows related to OPEB</b>	<b>\$ 13,003</b>	<b>\$ 20</b>	<b>\$ 12</b>	<b>\$ 146</b>	<b>\$ 1,154</b>	<b>\$ 1,332</b>	<b>\$ 14,335</b>

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

Changes in Total OPEB Liability

The schedule of changes in the total OPEB liability measured as of June 30, 2021, is as follows (in millions):

Balance as of June 30, 2020	\$ 146.7
Changes for the year	
Service cost	10.1
Interest on total OPEB liability	3.4
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	0.5
Benefit payments	(9.6)
Balance as of June 30, 2021	<u>\$ 151.1</u>

Actuarial Assumptions

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

Valuation date	July 1, 2019
Experience study report	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Salary increases	3.50%
Discount rate	2.16%
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	December 31, 2018 Oregon PERS valuation
Election and lapse rates	30% of eligible employees 60% spouse coverage for males, 35% for females 7% annual lapse rate

Discount Rate

The discount rate used to measure the total OPEB liability for PEBB was 2.16%, which reflects the Bond Buyer 20-year General Obligation Bond Index. The rate used to measure the total OPEB liability for fiscal year 2020 was 2.21%, which is 0.5% higher than the rate for fiscal year 2021.

The following table presents the total OPEB liability for the PEBB plan calculated using the discount rate of 2.16%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower (1.16%) or one percent higher (3.16%) than the current rate (in millions):

<b>Total OPEB Liability</b>	<b>1% Decrease (1.16%)</b>	<b>Current Discount (2.16%)</b>	<b>1% Increase (3.16%)</b>
PEBB	\$ 121.1	\$ 113.0	\$ 105.4

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

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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):

<b>Total OPEB Liability</b>	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
PEBB	\$ 101.7	\$ 113.0	\$ 126.4

**Changes in Plan Provisions**

The discount rate in effect for the June 30, 2020, reporting date was 2.21%, and the discount rate in effect for the June 30, 2021, reporting date is 2.16%. The discount rate reflects a 20-year General Obligation Bond Index.

**C. Collective Amount of OPEB Expense**

For the year ended June 30, 2021, the aggregate amount of OPEB expense recognized by the primary government was \$23.4 million.

**D. Discretely Presented Component Units**

The SAIF Corporation’s employer contributions to RHIA and RHIPA for the fiscal year ended December 31, 2020, were \$19 thousand and \$273 thousand, respectively.

The employer contributions to RHIA for the fiscal year ended June 30, 2021, for University of Oregon, Oregon State University, and Portland State University are \$120 thousand, \$43 thousand, and \$17 thousand, respectively.

The employer contributions to RHIPA for the fiscal year ended June 30, 2021, for University of Oregon, Oregon State University, and Portland State University are \$732 thousand, \$841 thousand, and \$349 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, 2021, 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. Activity of the OSGP is reported under the Deferred Compensation Plan in the fiduciary funds combining financial statements. As of June 30, 2021, the fair value of the investments was \$2.8 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,

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

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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 \$79.6 million as of June 30, 2021. 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, 2021 and 2020 (in thousands):

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Increase in Claims or Estimate</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
2021	\$ 229,368	\$ 103,236	\$ (66,715)	\$ 265,889
2020	198,087	95,174	(63,893)	229,368

The June 30, 2021, balance of claims liabilities 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-

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

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, partially due to the board decision to fund the premium tax out of reserves, 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, 2021 and 2020 (in thousands):

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Increase in Claims or Estimate</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
2021	\$ 50,506	\$ 725,520	\$ (717,630)	\$ 58,396
2020	63,007	690,261	(702,762)	50,506

The June 30, 2021, 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, 2021, using a 4% discount rate.

Changes in the balance of aggregate claims liabilities for supplemental workers' compensation insurance for the years ended June 30, 2021 and 2020 (in thousands):

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Increase in Claims or Estimate</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
2021	\$ 873,747	\$ 130,834	\$ (75,129)	\$ 929,452
2020	857,208	89,590	(73,051)	873,747

The June 30, 2021, 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

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

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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 \$830 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, 2021 and 2020 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2021	\$ 630	\$ 25,943	\$ (25,743)	\$ 830
2020	865	18,267	(18,502)	630

The June 30, 2021, 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 \$61.1 million in calendar year 2020, which was net of favorable loss development of \$180.8 million. Loss reserves decreased \$63.9 million as compared to the prior year. This was driven by a combination of payments made on previously incurred claims and favorable development in prior accident years, offset by newly established reserves for the 2020 accident year. 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 a number of 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 was driven largely by lower than expected medical escalation, a decrease in permanent disability claim counts, and the continuing downward trend in medical severity for disabling claims. The favorable development on medical loss reserves was partially offset by increases in indemnity loss reserves tied to the impact of the coronavirus pandemic. LAE reserves increased \$2.8 million. This was driven by a combination of paid LAE associated with previously incurred claims and newly established reserves for the 2020 accident year partially offset by favorable development in prior accident years. The favorable development in unpaid LAE was largely attributable to the overall reduction in unpaid loss, due to the strong relationship of the level of unpaid LAE to the level of unpaid loss.

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 for calendar year 2020 was \$196.3 million. The related discount was \$94.9 million as of December 31, 2020.

Anticipated salvage and subrogation of \$43.4 million was included as a reduction of the reserve for losses and LAE at December 31, 2020.



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

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SAIF's exposure to asbestos claims arose from the sale of workers' compensation policies. Reserves of \$13 million for losses and LAE are related to asbestos claims as of December 31, 2020. Amounts paid for asbestos-related claims were \$363 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 2020 and 2019 (in thousands):

<b>Calendar Year</b>	<b>Beginning Balance</b>	<b>Incurring Losses and Loss Adjustment Expenses</b>	<b>Loss and Loss Adjustment Expense Payments</b>	<b>Ending Balance</b>
2020	\$ 2,530,599	\$ 365,757	\$ (426,875)	\$ 2,469,481
2019	2,538,613	423,843	(431,857)	2,530,599

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, 2021 (in thousands):

<b>Proprietary Funds</b>	<b>Type of Revenue</b>	<b>Amount</b>
Lottery Operations	Sales	\$ 1,851
Unemployment Compensation	Assessments	18,883
Unemployment Compensation	Fines and forfeitures	181
Nonmajor Enterprise Funds	Charges for services	1
Nonmajor Enterprise Funds	Sales	4,658
Internal Service Funds	Other	92
Internal Service Funds	Fines and forfeitures	47
<b>Total discounts and allowances</b>		<u><u>\$ 25,712</u></u>

## 19. FUND EQUITY

### A. Net Position Restricted by Enabling Legislation

The following schedule summarizes the State's net position at June 30, 2021, that is restricted by enabling legislation (in thousands). All of the legislative restrictions are in governmental activities.

	<u>Restricted Net Position</u>
<b>Expendable net position restricted for:</b>	
Health and social services programs	\$ 4,065
Transportation programs	13,363
Natural resource programs	153,771
Education	871,237
Community protection	48,971
Consumer protection	129,815
Employment services	192,681
Residential assistance	3,958
Other programs	110,948
<b>Nonexpendable net position restricted for:</b>	
Education	3,601
Residential assistance	5,727
Workers' compensation	1,000
<b>Total net position restricted by enabling legislation</b>	<u><u>\$ 1,539,136</u></u>

### B. Changes to Beginning Equity

As of June 30, 2021, the beginning fund balance was restated as follows (in thousands):

	<u>Beginning Balance</u>	<u>Prior Period Adjustments</u>	<u>Beginning Balance- Restated</u>
<b>Governmental funds and activities</b>			
General	\$ 3,876,117	\$ 24,755	\$ 3,900,871
Health and Social Services	598,854	(21,397)	577,457
Public Transportation	779,675	(648)	779,027
Educational Support	2,073,833	-	2,073,833
Common School	1,415,140	13	1,415,153
Other (nonmajor)	3,599,858	(1,202)	3,598,656
Capital assets, net of depreciation	14,375,494	9,280	14,384,774
Other noncurrent assets	41,985	-	41,985
Noncurrent liabilities	(14,944,592)	-	(14,944,592)
Deferred inflows and outflows of resources	2,228,866	-	2,228,866
Internal service funds	369,447	6,906	376,353
<b>Total governmental funds and activities</b>	<u><u>\$ 14,414,675</u></u>	<u><u>\$ 17,707</u></u>	<u><u>\$ 14,432,381</u></u>

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

	<b>Beginning Balance</b>	<b>Prior Period Adjustments</b>	<b>Beginning Balance- Restated</b>
<b>Proprietary funds and business-type activities</b>			
Housing and Community Services	\$ 245,866	\$ -	\$ 245,866
Veterans' Loan	136,035	-	136,035
Lottery Operations	267,226	-	267,226
Unemployment Compensation	4,444,939	-	4,444,939
Other (nonmajor)	1,128,830	17,989	1,146,820
Internal service funds adjustment	2,571	-	2,571
<b>Total proprietary funds and business-type activities</b>	<b>\$ 6,225,468</b>	<b>\$ 17,989</b>	<b>\$ 6,243,458</b>

	<b>Beginning Balance</b>	<b>Prior Period Adjustments</b>	<b>Beginning Balance- Restated</b>
<b>Fiduciary funds</b>			
Pension and Other Employee Benefit Trust	\$ 81,405,547	\$ -	\$ 81,405,547
Private Purpose Trust	1,620,289	-	1,620,289
External Investment Pools	8,246,558	-	8,246,558
Other	80,402	-	80,402
<b>Total fiduciary funds</b>	<b>\$ 91,352,796</b>	<b>\$ -</b>	<b>\$ 91,352,796</b>

In the General Fund, adjustments totaling \$22.5 million were recorded to correct an overstatement of Human Resources expenditures reported in the prior period. Adjustments totaling \$21.4 million were recorded in the Health and Social Services Fund to correct understated Human Resources expenditures and understated Federal Revenues reported in the prior period.

In the nonmajor proprietary funds, an adjustment of \$18.1 million was recorded to correct understated Human Resources revenues and expenditures reported in the prior period.

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

**C. Fund Balances-Governmental Funds**

The following table displays in detail the June 30, 2021, 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	\$ 141,927	\$ 921	\$ 42,519	\$ -	\$ -	\$ 8,484	\$ 193,851
Legally or contractually required to be maintained intact	19	52	40	-	-	10,777	10,888
Restricted for:							
Public health and welfare	389	253,191	-	-	-	-	253,580
Roads and bridges	-	-	710,059	-	-	-	710,059
Conservation and natural resources	143,449	-	-	-	-	1,099,884	1,243,333
K-12 and higher education	-	-	-	2,564,520	1,881,038	-	4,445,559
Education stabilization	451,114	-	-	-	-	-	451,114
Business development	85,855	-	-	-	-	80,715	166,570
Community protection	2,397	-	-	-	-	265,470	267,867
Licensing and regulation	-	-	-	-	-	132,186	132,186
Employment related programs	-	-	-	-	-	284,158	284,158
Low income housing assistance	-	-	-	-	-	229,473	229,473
Debt service	-	-	-	-	-	328,454	328,454
Capital projects	-	-	-	-	-	450,687	450,687
Other purposes	107,970	-	-	-	-	51,436	159,406
Committed to:							
Public health and welfare	-	181,036	-	-	-	-	181,036
Conservation and natural resources	-	-	-	-	-	70,096	70,096
Education	8,540	-	-	216,620	-	-	225,160
Business development	990	-	-	-	-	52,517	53,506
Community protection	8,597	-	-	-	-	139,610	148,206
Licensing and regulation	-	-	-	-	-	42,664	42,664
Employment related programs	-	-	-	-	-	185,727	185,727
Low-income housing assistance	-	-	-	-	-	208,864	208,864
Stabilization	962,676	-	-	-	-	-	962,676
Capital projects	-	-	-	-	-	467	467
Other purposes	8,772	-	-	-	-	490	9,262
Assigned to:							
Public health and welfare	-	230,827	-	-	-	-	230,827
Conservation and natural resources	-	-	-	-	-	22,871	22,871
Education	-	-	-	4,593	-	-	4,593
Business development	-	-	-	-	-	40	40
Community protection	-	-	-	-	-	15,240	15,240
Licensing and regulation	-	-	-	-	-	11	11
Employment related programs	-	-	-	-	-	1,699	1,699
Low-income housing assistance	-	-	-	-	-	161,442	161,442
Other purposes	16,765	-	-	-	-	5,501	22,266
Unassigned:	4,168,423	-	-	-	-	(435)	4,167,988
<b>Total fund balances</b>	<b>\$ 6,107,882</b>	<b>\$ 666,027</b>	<b>\$ 752,618</b>	<b>\$ 2,785,733</b>	<b>\$ 1,881,038</b>	<b>\$ 3,848,528</b>	<b>\$ 16,041,827</b>

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.

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

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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.

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 \$6.1 million as of June 30, 2021.

The Paid Family and Medical Leave Insurance Fund, a nonmajor enterprise fund, reports a deficit net position of \$5.8 million as of June 30, 2021.

The Legal Services Fund, an internal service fund, reports a deficit net position of \$64.7 million as of June 30, 2021.

The Audit Services Fund, an internal service fund, reports a deficit net position of \$5.3 million as of June 30, 2021.

***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, 2021, was \$962.7 million.

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, 2021, was \$451.1 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 certification, districts must provide comprehensive information to the Debt Management Division of the Oregon State Treasury. After application approval, no additional information is required to be provided to the Debt Management Division, except when a district knows it will not make scheduled payments on the State guaranteed general obligation bonds it has issued. The district is then required to notify the trustee of the general obligation bonds and the Debt Management Division 15 days prior to the scheduled payment. The qualifying certification analysis threshold is less than or equal to 20% coverage risk, and throughout the program's history, 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, 2021, 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, 2021, the State provides material tax abatements through four 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 statewide payroll and (b) 50% of the ratio of the average value of the property of the business at the

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

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.

- Energy Conservation Projects (ORS 315.331) provide an income tax credit for a capital investment in an energy conservation project in Oregon, certified by the Oregon Department of Energy for which the first year energy savings yields a simple payback period of greater than three years. If the project is new construction or a total building retrofit, the project must achieve the standards required for: (a) Leadership in Energy and Environmental Design (LEED) Platinum certification; (b) a four globes rating from the Green Globes program; (c) a nationally or regionally recognized and appropriate sustainable building program whose performance standards are equivalent to standards previously identified under (a) or (b) above; or (d) verification that the construction conformed to standards of the Reach Code adopted in ORS 455.500. The credits, which may not exceed the tax liability of the taxpayer, are 10% of the certified cost of the facility in the first two years the credit is claimed, and 5% of the cost of the facility in each of the succeeding three years. In addition, the total amount of the credit allowable may not exceed 35% of the certified cost of the project.
- 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, 2021 (in thousands):

<b>Tax Abatement Program</b>	<b>Amount</b>
Electronic Commerce Zone Investment	\$ 2,100
Energy Conservation Projects	1,200
Business Energy Program	4,400
<b>Total</b>	<b>\$ 7,700</b>

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.

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	\$ 520	\$ -
Services and non-capitalized product received through the ULA	2,762	24
<b>Total settlement revenue</b>	<b>\$ 3,282</b>	<b>\$ 24</b>

Since inception, the State of Oregon has realized total savings of \$47.5 million as a result of this settlement agreement, including \$12.5 million of Oracle product that has been capitalized.

## 23. COMMITMENTS

The State has significant commitments as of June 30, 2021, 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, 2021, and the anticipated sources of funding (in thousands):

Purpose	General Fund	Federal Funds	Lottery Funds	Other Funds	Total
Community services contracts	\$ 98,068	\$ 135,394	\$ 58,639	\$ 112,960	\$ 405,061
Grant and loan commitments	116,469	540,396	34,576	1,331,075	2,022,516
Personal services contracts	156,419	126,587	3,142	271,872	558,020
Public defense contracts	68,057	-	-	-	68,057
Systems development	31,518	88,687	86	89,104	209,395
Equipment purchases	34	6	-	24,553	24,594
<b>Total commitments</b>	<b>\$ 470,565</b>	<b>\$ 891,070</b>	<b>\$ 96,444</b>	<b>\$ 1,829,565</b>	<b>\$ 3,287,643</b>

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, 2021, the OPERF had \$10.4 billion in commitments to purchase private equity investments, \$3.9 billion to purchase real estate investments, \$1.4 billion to purchase Opportunity Fund portfolio investments, and \$4.7 billion to purchase Alternative Equity portfolio investments. As of June 30, 2021, the CSF had \$80 million in commitments to purchase private equity and real estate open-ended fund investments while OGA and OGF had \$70.7 million and \$400 thousand, respectively, in commitments to purchase private equity investments. These amounts are unfunded and are not recorded in the financial statements.

Encumbrance balances are reported only in the first year of a biennium (even numbered years). At the end of each biennium, unfulfilled encumbrances are required to be cancelled in accordance with state policy.



## **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.

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 too early to estimate the proportionate share of liability for cleanup costs, if any, that may ultimately be allocated to the state agencies in the course of the mediation process. It is not known when the mediation process will end or whether it will result in a comprehensive settlement with the EPA.

The Portland Harbor Superfund will also involve a separate allocation of liability for injuries to natural resources caused by contamination at the site, which is an additional type of recovery under the Superfund law known as natural resource damages (NRD). The NRD claim will be asserted against all PRPs, including ODOT and DSL, by the Portland Harbor natural resource trustees, a group composed of five tribes, two federal agencies, and the State, acting through its trustee, the Oregon Department of Fish and Wildlife. 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.

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. In June 2019, the State 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.

#### Community Mental Health Programs

The State is engaged in discussions with the United States Department of Justice (USDOJ) concerning the State's community mental health programs. The USDOJ is conducting an ongoing investigation to determine if the State has complied with the federal Americans with Disabilities Act. In November 2012, the State and USDOJ entered into a four-year agreement, under which the State agreed to, among other things, share data and discuss system gaps and outcome measures that could be adopted by the State. In July 2016, the parties completed lengthy negotiations regarding the terms of a performance plan, with performance outcome measures used to measure improvements to mental health services in Oregon. The performance plan provides for completion of the outcomes by July 2019. USDOJ reserves the right to resume its investigation if the State does not comply with this plan. Were USDOJ to determine that, given the State's performance

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

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under the plan, there are violations of federal law, USDOJ could issue written findings that specify the nature of any violations. The State would then be in a better position to estimate the costs to remedy any asserted violations. Since the time of the November 2012 agreement, the State has increased its investments in community mental health services by tens of millions of dollars. At present, the State is meeting many of the plan requirements. In a recent meeting, USDOJ was generally complimentary of the State's progress. The costs of further changes to the State's community mental health programs imposed as a result of this process could reach or exceed \$50 million.

Forest Management Rules Challenge

On March 10, 2016, Linn County filed a complaint for a class action lawsuit against the State regarding the rules under which timber is harvested on State forest lands. The county claims that actions taken under a 1998 rule adopted by the State's Department of Forestry breaches statutory contracts between the State and the counties under which the State received donations of forest lands from the counties. The State has managed the lands pursuant to forest management plans that the counties allege have reduced the revenues paid to counties because of conservation measures. On behalf of the class, the county seeks to recover lost revenues of approximately \$528.6 million since 2001 and future damages of \$881 million. The class on whose behalf the county has filed suit consists of approximately 14 counties and 130 government taxing districts that share or receive revenues from the State forest lands. The case was tried in October 2019 and resulted in a jury verdict of approximately \$1.1 billion against the State. Judgment was entered against the State on March 6, 2020. A supplemental judgment was entered on July 10, 2020, awarding the plaintiff fees and costs in the amount of approximately \$598 thousand.

The State has filed an appeal to the Oregon Court of Appeals and Linn County filed a cross-appeal. Execution on the judgement is stayed while the appeal is pending. Simple interest will accrue on the judgement at the rate of 9% per annum while the appeal is pending. The amount of interest accrued to date is approximately \$151 million (accruing at a rate of approximately \$263 thousand per day). The State filed its opening brief on December 21, 2020. Briefing is now complete in the Court of Appeals, and oral argument is scheduled for February 22, 2022. The State has raised strong arguments in its favor in the appeal, but the State cannot predict what its ultimate liability, if any, might be, nor can it predict the form or the timing of any damages that might be payable if the damage award is upheld on appeal.

Coordinated Care Organization

In February 2017, a coordinated care organization in Oregon, Family Care, Inc. (FamilyCare) filed a lawsuit challenging its 2017 contract rates; FamilyCare has since amended its complaint five times to add new claims. The fifth amended complaint includes the following claims against OHA and a former Director: (a) breach of express and implied terms in the 2016 settlement agreement by using the amounts paid under the settlement agreement to limit FamilyCare's 2017 and 2018 rates; (b) breach of the parties' master coordinated care organization contract for failure to provide reasonable, good faith rates; (c) a federal civil rights claim against the former director (indemnified by the State) alleging retaliation against FamilyCare for exercise of its first amendment rights. FamilyCare seeks money damages estimated at approximately \$300 million plus attorney fees. The case is set for trial on April 25, 2022.

Foster Care

In April 2019, a complaint was filed in federal court by Disability Rights Oregon and others seeking class action certification on behalf of children in Oregon's foster care system. The plaintiffs allege violations of foster children's civil rights based on the State's failure to provide reasonable care, to protect children from harm, its indifference to protected privacy and other rights, and its deprivation of federal substantive due process and child welfare rights stemming from alleged mistreatment and inadequate care. The plaintiffs seek injunctive relief that would prevent the State from continuing some of its current placement practices and would require the State to take additional actions regarding the intake, placement, treatment, and monitoring of children while in the foster care system. The State estimates that if the relief sought by plaintiffs is granted it is likely to cost over \$50 million.

A separate lawsuit has been filed against the Oregon Department of Human Services (ODHS) alleging negligence, civil rights violations, and punitive damages on behalf of four children who were sexually abused in a foster home. There are civil rights claims for alleged acts of deliberate indifference against five different ODHS workers with more expected to be added as the case progresses. Plaintiffs seek a combined award of

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

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\$36 million for their negligence case, and \$75 million in punitive damages on their federal law claims. The federal civil rights claims are uncapped. However, the state law negligence claim may be capped at the aggregate cap for 2013 of \$3.8 million, depending upon whether the court accepts that the abuse in the foster home constitutes a “single accident or occurrence”.

Department of Corrections COVID-19

A potential class action has been brought by Adults in Custody (AIC) against the Department of Corrections (DOC), based on alleged civil rights violations and negligence arising out of the agency’s response to the COVID-19 pandemic. Plaintiffs seek declaratory and injunctive relief, as well as compensatory and punitive damages. Early motions were successful at limiting, but not eliminating, the claims. After some limited discovery and depositions of key DOC employees, plaintiffs filed a motion for class certification on March 5, 2021. The State’s opposition to the motion for class certification was due on December 10, 2021. Oral argument is expected at the end of January or sometime in February 2022. Depending on the court’s ruling on class certification, which is expected in the Spring 2022, there is the possibility that all DOC institutions may be impacted and a large percentage of the AIC population could become members of the proposed class. As a result, possible damages greater than \$50 million cannot be ruled out. The parties have engaged in settlement discussions but have not been successful to date.

***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, 2021, totaled approximately \$11 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, 2021, there is no indication that such audits will result in a material liability.

***D. Unemployment Insurance Payroll Tax Relief***

In July 2021, Governor Brown signed House Bill 3389 into law which provided unemployment insurance (UI) payroll tax relief to Oregon businesses in response to the ongoing COVID-19 pandemic. The relief plan provided by the bill offers eligible employers to defer one-third of their calendar year 2021 UI tax liability until June 30, 2022, and, if employers meet eligibility conditions, it offers up to 100% forgiveness of the deferrable 2021 UI taxes based on how much an employer’s UI tax rate increased from calendar year 2020 to 2021.

The State has determined it is reasonably possible some employers will meet eligibility conditions for UI tax forgiveness of a portion of the UI tax revenue recorded in the State’s financial statements as of June 30, 2021. As of the date hereof, the State has estimated the range of reasonably possible forgiveness to be approximately \$21.4 million to \$22.4 million.

## 25. SUBSEQUENT EVENTS

### A. Long-term Debt Issues

Long-term debt issued, including refundings, since July 1, 2021 (in thousands):

Type of Debt	Amount
General Obligation Bonds	
Department of Administrative Services	\$ 129,295
Department of Veterans' Affairs	46,175
Revenue Bonds	
Housing and Community Services Department	99,000

### B. Bond Calls

Bond calls that have occurred since July 1, 2021 (in thousands):

Type of Call	Amount
General Obligation Bonds	
Department of Administrative Services	\$ 1,360
Department of Veterans' Affairs	20,625
Revenue Bonds	
Housing and Community Services Department	125,525

### C. Debt Guarantees

Under Article XI-K of the Oregon Constitution, \$325 million in bonds for school districts (SD) were issued and guaranteed following the fiscal year ended June 30, 2021, as noted below (dollars in thousands). Ultimately, the debt service payments remain the responsibility of the respective district.

School District	Series	Amount
Baker Cty SD 5J (Baker)	2021	\$ 4,000
Central Oregon Community College	2021	25,420
Columbia Cty SD 6J (Clatskanie)	2021	10,000
Deschutes Cty SD 1 (Bend-Lapine)	2021	80,795
Deschutes Cty SD 6 (Sisters)	2021	33,800
Klamath Cty SD	2021	24,910
Klamath Cty SD 1 (Klamath Falls)	2021	22,205
Lane Cty SD 19 (Springfield)	2021	23,525
Lane Cty SD 28J (Fern Ridge)	2021	22,080
Marion Cty SD 103 (Woodburn)	2021	52,745
Morrow Cty SD 2 (Ione)	2021A	13,395
Morrow Cty SD 2 (Ione)	2021B	5,103
Wallowa Cty SD 12 (Wallowa)	2021	7,000
<b>Total debt guarantees</b>		<b>\$ 324,978</b>

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# **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, 2021  
(In Thousands)**

	<b>General Fund</b>				
	<b>2019-2021</b>	<b>2019-2021</b>	<b>1st</b>	<b>2nd</b>	<b>Variance</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Year Actual</b>	<b>Year Actual</b>	<b>Over/ (Under)</b>
<b>Revenues:</b>					
Personal Income Taxes	\$ 18,717,096	\$ 18,717,096	\$ 7,016,881	\$ 12,794,863	\$ 1,094,647
Corporate Income Taxes	1,245,754	1,245,754	485,053	1,550,509	789,809
Tobacco Taxes	131,531	131,531	58,556	54,980	(17,995)
Motor Fuels Taxes	-	-	-	-	-
Weight Mile Taxes	-	-	-	-	-
Vehicle Registration Taxes	-	-	-	-	-
Other Taxes	508,537	508,537	200,667	489,076	181,205
Licenses and Fees	320,645	320,645	114,056	107,644	(98,946)
Federal	-	-	-	-	-
Charges for Services	11,477	11,477	5,749	5,739	10
Fines and Forfeitures	4,451	4,451	3,346	3,671	2,566
Rents and Royalties	-	-	4	-	4
Investment Income	75,082	75,082	653	28,455	(45,973)
Sales	40,531	40,531	64,380	779	24,627
Donations and Grants	-	-	-	-	-
Pension Bond Debt Service Assessments	-	-	-	-	-
Other	11,169	11,169	251	2,919	(7,999)
<b>Total Revenues</b>	<b>21,066,273</b>	<b>21,066,273</b>	<b>7,949,595</b>	<b>15,038,634</b>	<b>1,921,956</b>
<b>Expenditures:</b>					
Education	10,802,031	10,856,089	5,779,174	4,950,795	(126,121)
Human Services	6,592,015	6,205,349	3,562,899	2,449,574	(192,876)
Public Safety	2,762,483	2,812,275	1,378,092	1,362,600	(71,582)
Economic and Community Development	204,042	529,183	86,048	347,497	(95,639)
Natural Resources	274,512	345,597	158,321	165,226	(22,049)
Transportation	25,306	118,926	14,937	33,738	(70,251)
Consumer and Business Services	16,193	15,888	8,004	6,686	(1,198)
Administration	387,281	539,424	214,151	307,001	(18,271)
Legislative	497,744	163,132	61,509	76,873	(24,749)
Judicial	865,474	875,416	435,279	421,906	(18,230)
<b>Total Expenditures</b>	<b>22,427,082</b>	<b>22,461,279</b>	<b>11,698,414</b>	<b>10,121,897</b>	<b>(640,967)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,360,809)	(1,395,005)	(3,748,820)	4,916,737	2,562,923
<b>Other Financing Sources (Uses):</b>					
Transfers from Other Funds	329,105	435,373	194,362	439,774	198,763
Transfers to Other Funds	-	-	(198,440)	(74,501)	(272,941)
Long-term Debt Issued	-	-	-	-	-
Debt Issuance Premium	-	-	-	-	-
Gain (Loss) on Disposition of Assets	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<b>\$ (1,031,704)</b>	<b>\$ (959,632)</b>	<b>(3,752,898)</b>	<b>5,282,010</b>	<b>\$ 2,488,745</b>
<b>Budgetary Fund Balances - Beginning</b>			<b>3,029,438</b>	<b>(617,066)</b>	
Prior Period Adjustments			(1,276)	22,428	
Budgetary Fund Balances - Beginning - As Restated			<b>3,028,162</b>	<b>(594,638)</b>	
Prior Biennium Transactions			107,669	-	
<b>Budgetary Fund Balances - Ending</b>			<b>\$ (617,066)</b>	<b>\$ 4,687,372</b>	

**State of Oregon**

Federal Funds					Lottery Funds				
2019-2021 Original Budget	2019-2021 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)	2019-2021 Original Budget	2019-2021 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
22,036,049	23,787,690	10,543,222	12,376,498	(867,969)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	42,233	42,233	27,910	20,137	5,815
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
22,036,049	23,787,690	10,543,222	12,376,498	(867,969)	42,233	42,233	27,910	20,137	5,815
1,237,007	1,757,905	386,263	646,104	(725,538)	675,268	873,323	218,345	654,978	-
18,773,775	20,616,339	9,139,418	10,352,354	(1,124,567)	17,093	17,999	7,384	8,665	(1,951)
576,175	1,525,793	197,140	593,658	(734,994)	10,559	10,918	4,298	3,536	(3,084)
325,594	661,851	167,892	230,413	(263,546)	169,714	159,333	60,742	75,439	(23,151)
310,137	324,066	112,506	112,900	(98,659)	243,945	247,708	78,179	69,380	(100,149)
124,983	321,833	21,200	58,970	(241,663)	115,593	115,171	59,827	54,845	(500)
103,031	116,138	62,945	51,387	(1,806)	250	260	1	112	(148)
10,609	1,389,099	122,958	1,202,745	(63,396)	26,546	26,431	13,868	11,732	(832)
-	-	-	-	-	-	-	-	-	-
1,356	1,374	577	429	(368)	-	-	-	-	-
21,462,665	26,714,399	10,210,899	13,248,962	(3,254,538)	1,258,968	1,451,144	442,643	878,686	(129,815)
573,384	(2,926,709)	332,323	(872,463)	2,386,569	(1,216,736)	(1,408,912)	(414,733)	(858,549)	135,630
520	520	17,422	1,042,015	1,058,918	3,214,199	2,703,856	1,101,663	1,254,310	(347,883)
(167,401)	(167,401)	(336,478)	(1,228)	(170,305)	(1,833,240)	(1,441,150)	(349,437)	(650,493)	441,220
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<u>\$ 406,503</u>	<u>\$ (3,093,590)</u>	<u>13,267</u>	<u>168,324</u>	<u>\$ 3,275,181</u>	<u>\$ 164,224</u>	<u>\$ (146,206)</u>	<u>337,493</u>	<u>(254,732)</u>	<u>\$ 228,967</u>
		(115,777)	39,329				581,259	691,046	
		225	(10,750)				-	(1,082)	
		(115,552)	28,579				581,257	689,965	
		141,613	2,182				(227,704)	(16,367)	
		<u>\$ 39,329</u>	<u>\$ 199,085</u>				<u>\$ 691,046</u>	<u>\$ 418,866</u>	

(continued on next page)

**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, 2021  
(In Thousands)  
(continued from previous page)**

	<b>Other Funds</b>				
	<b>2019-2021 Original Budget</b>	<b>2019-2021 Final Budget</b>	<b>1st Year Actual</b>	<b>2nd Year Actual</b>	<b>Variance Over/ (Under)</b>
<b>Revenues:</b>					
Personal Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Income Taxes	-	-	-	-	-
Tobacco Taxes	-	-	169,608	269,324	438,932
Motor Fuels Taxes	2,663,913	2,663,913	547,483	619,333	(1,497,097)
Weight Mile Taxes	1,630,150	1,630,150	359,668	429,966	(840,515)
Vehicle Registration Taxes	1,764,179	1,764,179	341,443	400,702	(1,022,034)
Other Taxes	2,188,590	2,315,760	1,002,291	1,349,360	35,891
Licenses and Fees	1,410,924	1,413,548	462,842	531,405	(419,300)
Federal	2,593,953	2,593,953	502,288	542,259	(1,549,406)
Charges for Services	5,386,688	5,504,182	1,493,154	1,990,876	(2,020,152)
Fines and Forfeitures	320,133	320,123	114,029	80,839	(125,255)
Rents and Royalties	132,585	132,585	64,190	64,773	(3,622)
Investment Income	117,297	117,312	93,557	41,861	18,106
Sales	777,398	777,398	149,624	174,803	(452,971)
Donations and Grants	51,516	51,516	19,783	26,409	(5,324)
Pension Bond Debt Service Assessments	424,666	462,380	601,233	210,484	349,337
Other	3,414,341	3,487,070	2,095,493	1,666,282	274,705
<b>Total Revenues</b>	<b>22,876,332</b>	<b>23,234,067</b>	<b>8,016,685</b>	<b>8,398,679</b>	<b>(6,818,704)</b>
<b>Expenditures:</b>					
Education	2,471,516	2,451,402	273,097	1,307,573	(870,732)
Human Services	8,321,775	9,530,724	3,321,787	5,114,175	(1,094,763)
Public Safety	823,811	998,685	332,809	485,523	(180,353)
Economic and Community Development	1,410,508	1,744,555	312,139	655,746	(776,670)
Natural Resources	1,112,116	1,295,725	461,171	549,258	(285,296)
Transportation	4,246,477	4,809,104	1,564,080	1,930,144	(1,314,881)
Consumer and Business Services	518,812	565,612	225,303	267,050	(73,259)
Administration	1,947,512	2,089,823	857,102	962,985	(269,736)
Legislative	18,297	83,275	3,491	9,892	(69,893)
Judicial	221,853	141,783	41,359	54,286	(46,138)
<b>Total Expenditures</b>	<b>21,092,678</b>	<b>23,710,689</b>	<b>7,392,338</b>	<b>11,336,632</b>	<b>(4,981,719)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,783,654	(476,621)	624,347	(2,937,953)	(1,836,985)
<b>Other Financing Sources (Uses):</b>					
Transfers from Other Funds	6,327,633	6,374,621	4,129,267	7,359,464	5,114,110
Transfers to Other Funds	(5,971,909)	(5,980,404)	(3,172,561)	(5,128,760)	(2,320,917)
Long-term Debt Issued	1,638,336	1,627,681	180,805	919,990	(526,886)
Debt Issuance Premium	-	-	25,183	188,117	213,300
Gain (Loss) on Disposition of Assets	-	-	3,048	9,096	12,144
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<b>\$ 3,777,714</b>	<b>\$ 1,545,276</b>	<b>1,790,089</b>	<b>409,954</b>	<b>\$ 654,767</b>
<b>Budgetary Fund Balances - Beginning</b>			4,918,834	5,653,212	
Prior Period Adjustments			(685)	23,762	
Budgetary Fund Balances - Beginning - As Restated			4,918,148	5,676,974	
Prior Biennium Transactions			(1,055,025)	(214,883)	
<b>Budgetary Fund Balances - Ending</b>			<b>\$ 5,653,212</b>	<b>\$ 5,872,045</b>	

**Total All Budgeted Appropriated Funds**

2019-2021 Original Budget	2019-2021 Final Budget	1st Year Actual	2nd Year Actual	Variance Over/ (Under)
\$18,717,096	\$ 18,717,096	\$ 7,016,881	\$12,794,863	\$ 1,094,647
1,245,754	1,245,754	485,053	1,550,509	789,809
131,531	131,531	228,163	324,304	420,936
2,663,913	2,663,913	547,483	619,333	(1,497,097)
1,630,150	1,630,150	359,668	429,966	(840,515)
1,764,179	1,764,179	341,443	400,702	(1,022,034)
2,697,127	2,824,296	1,202,957	1,838,436	217,097
1,731,569	1,734,193	576,898	639,049	(518,246)
24,630,002	26,381,643	11,045,510	12,918,758	(2,417,375)
5,398,165	5,515,659	1,498,902	1,996,616	(2,020,141)
324,584	324,574	117,375	84,510	(122,689)
132,585	132,585	64,194	64,773	(3,618)
234,612	234,627	122,121	90,453	(22,052)
817,929	817,929	214,004	175,582	(428,343)
51,516	51,516	19,783	26,409	(5,324)
424,666	462,380	601,233	210,484	349,337
3,425,510	3,498,239	2,095,744	1,669,201	266,707
<u>66,020,887</u>	<u>68,130,263</u>	<u>26,537,412</u>	<u>35,833,948</u>	<u>(5,758,902)</u>
15,185,821	15,938,719	6,656,879	7,559,450	(1,722,391)
33,704,658	36,370,412	16,031,488	17,924,768	(2,414,156)
4,173,028	5,347,670	1,912,339	2,445,318	(990,013)
2,109,859	3,094,922	626,821	1,309,095	(1,159,006)
1,940,710	2,213,096	810,178	896,764	(506,154)
4,512,359	5,365,035	1,660,044	2,077,696	(1,627,295)
638,286	697,898	296,253	325,235	(76,411)
2,371,948	4,044,777	1,208,079	2,484,463	(352,235)
516,041	246,407	65,000	86,766	(94,642)
1,088,683	1,018,573	477,215	476,622	(64,736)
<u>66,241,393</u>	<u>74,337,511</u>	<u>29,744,295</u>	<u>35,586,177</u>	<u>(9,007,039)</u>
(220,506)	(6,207,248)	(3,206,883)	247,771	3,248,137
9,871,456	9,514,369	5,442,714	10,095,563	6,023,908
(7,972,549)	(7,588,954)	(4,056,916)	(5,854,981)	(2,322,943)
1,638,336	1,627,681	180,805	919,990	(526,886)
-	-	25,183	188,117	213,300
-	-	3,048	9,096	12,144
<u>\$ 3,316,737</u>	<u>\$ (2,654,152)</u>	(1,612,048)	5,605,556	<u>\$ 6,647,660</u>
		8,413,754	5,766,522	
		(1,735)	34,358	
		8,412,016	5,800,880	
		(1,033,446)	(229,067)	
		<u>\$ 5,766,522</u>	<u>\$11,177,369</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 2019-2021 biennium as of June 30, 2021. 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**

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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, 2021, 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					Timing Differences	Basis Differences	Non- Budgeted Funds	GAAP Balances
	Budgeted General Fund	Budgeted Federal Funds	Budgeted Lottery Funds	Budgeted Other Funds	Total Budgeted Funds				
General	\$ 5,282,010	\$ (101,953)	\$ (260,273)	\$ 12,893	\$ 4,932,677	\$ (167,022)	\$ 1,690,037	\$ (4,323,693)	\$ 2,131,998
Health and Social Services	-	(361)	1,450	(338,512)	(337,422)	132,121	149,227	144,542	88,468
Public Transportation	-	(3,074)	500	106,953	104,379	(648)	(157,444)	20,643	(33,070)
Educational Support	-	(3,258)	2,231	676,285	675,258	(152,483)	(1,169,038)	1,358,164	711,901
Common School	-	-	-	(13,931)	(13,931)	13	(925)	480,728	465,886
Nonmajor Governmental Housing and Community Services	-	276,671	1,360	61,490	339,521	(59,838)	(42,465)	12,194	249,411
Veterans' Loan	-	-	-	4,448	4,448	-	(552)	369	4,265
Lottery Operations	-	-	-	(4,348)	(4,348)	-	(585)	4,191	(741)
Unemployment Compensation	-	-	-	-	-	-	-	(20,278)	(20,278)
Nonmajor Enterprise	-	-	-	-	-	-	-	(120,424)	(120,424)
Internal Service	-	299	-	(83,104)	(82,805)	14,853	(24,555)	49,054	(43,453)
Pension and Other Employee Benefit Trust	-	-	-	(25,037)	(25,037)	(9,141)	(46,614)	(66,477)	(147,269)
Other Custodial	-	-	-	54	54	-	(68,692)	19,438,473	19,369,835
Private Purpose Trust	-	-	-	12,763	12,763	-	-	(11,930)	833
External Investment Pools	-	-	-	-	-	-	-	25,409	25,409
<b>Totals</b>	<b>\$ 5,282,010</b>	<b>\$ 168,324</b>	<b>\$ (254,732)</b>	<b>\$ 409,954</b>	<b>\$ 5,605,556</b>	<b>\$ (242,146)</b>	<b>\$ 328,394</b>	<b>\$ 17,944,943</b>	<b>\$ 23,636,748</b>

**Required Supplementary Information**  
**Schedule of Proportionate Share of the Net Pension Liability/(Asset)**  
**For the Fiscal Year Ended June 30<sup>1</sup>**  
**(Dollars in Thousands)**

	<u>2020<sup>2</sup></u>	<u>2019<sup>2</sup></u>	<u>2018<sup>2</sup></u>	<u>2017<sup>2</sup></u>	<u>2016<sup>2</sup></u>	<u>2015<sup>2</sup></u>	<u>2014<sup>2</sup></u>
Proportion of the net pension liability/(asset)	22.9989%	22.26906%	21.0808%	20.7211%	20.68476%	19.73914%	(19.01053%)
Proportionate share of the net pension liability/(asset)	\$ 5,019,150	\$ 3,852,015	\$ 3,193,464	\$ 2,793,212	\$ 3,105,262	\$ 1,133,315	\$ (430,914)
Covered payroll	2,743,340	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	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	75.8%	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%

<sup>1</sup> 10-year trend information will be presented prospectively.

<sup>2</sup> 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 30<sup>1</sup>**  
**(Dollars in Thousands)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contributions <sup>2</sup>	\$ 482,177	\$ 445,812	\$ 311,692	\$ 292,695	\$ 187,524	\$ 205,419	\$ 152,789
Contributions in relation to the contractually required contributions	482,177	445,812	311,692	292,695	187,524	205,419	152,789
Contribution deficiency	-	-	-	-	-	-	-
Covered payroll	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	16.27%	16.25%	13.54%	13.37%	8.18%	9.54%	7.15%

<sup>1</sup> 10-year trend information will be presented prospectively.

<sup>2</sup> 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 30<sup>1</sup>**  
**(Dollars in Thousands)**

	2020 <sup>2</sup>	2019 <sup>2</sup>	2018 <sup>2</sup>	2017 <sup>2</sup>
<b>Retiree Health Insurance Account (RHIA)</b>				
Proportion of the net OPEB liability/(asset)	8.6755%	22.8100%	22.8805%	23.3603%
Proportionate share of the net OPEB liability/(asset)	\$ (17,677)	\$ (44,077)	\$ (25,541)	\$ (9,749)
Covered payroll	2,743,340	2,302,682	2,188,520	2,293,042
Employer net OPEB liability/(asset) as a percentage of covered payroll	(0.6%)	(1.9%)	(1.2%)	(0.4%)
Plan fiduciary net position as a percentage of the total OPEB liability	150.1%	144.4%	124.0%	108.9%

<sup>1</sup> 10-year trend information will be presented prospectively.

<sup>2</sup> 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 30<sup>1</sup>  
(Dollars in Thousands)**

	2021	2020	2019	2018
<b>Retiree Health Insurance Account (RHIA)</b>				
Contractually required contributions	\$ 562	\$ 587	\$ 10,773	\$ 11,210
Contributions in relation to the contractually required contributions	562	587	10,773	11,210
Contribution deficiency	-	-	-	-
Covered payroll	2,963,703	2,743,340	2,302,682	2,188,520
Contributions as a percentage of covered payroll	0.02%	0.02%	0.47%	0.51%

<sup>1</sup> 10-year trend information will be presented prospectively.

**Required Supplementary Information  
Schedule of OPEB Plan Contributions  
For the Fiscal Year Ended June 30<sup>1</sup>  
(Dollars in Thousands)**

	2021	2020	2019	2018
<b>Retiree Health Insurance Premium Account (RHIPA)</b>				
Actuarially determined contributions	\$ 9,061	\$ 8,770	\$ 10,603	\$ 10,392
Contributions recognized by plan	9,061	8,770	10,603	10,392
Contribution deficiency	-	-	-	-
Covered payroll	2,963,703	2,743,340	2,302,682	2,188,520
Contributions as a percentage of covered payroll	0.31%	0.32%	0.46%	0.47%

<sup>1</sup> 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.

<b>RHIPA</b>	
Actuarial valuation	December 31, 2018
Effective	July 2019 - June 2021
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	2.5%
Healthcare cost trend rate	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 5.0% for 2022, increasing to 5.9% for 2031, and decreasing to an ultimate rate of 4.1% for 2094 and beyond.
Projected salary increases	3.5%
Investment rate of return	7.2%

**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**For the Fiscal Year Ended June 30<sup>1</sup>**  
**(Dollars in millions)**

**Retiree Health Insurance Premium Account (RHIPA)**

**Total OPEB Liability**

	2020	2019	2018	2017
Service cost	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.5
Interest on total OPEB liability	5.1	5.0	5.2	5.0
Changes in benefit terms	-	-	-	-
Changes in assumptions	(7.9)	-	0.4	-
Differences between expected and actual experience	(2.2)	(0.3)	(3.0)	-
Benefit payments	(4.1)	(4.5)	(4.7)	(4.3)
Net change in total OPEB liability	(7.7)	1.7	(0.6)	2.2
Total OPEB liability - beginning	72.0	70.3	70.9	68.7
Total OPEB liability - ending	\$ 64.3	\$ 72.0	\$ 70.3	\$ 70.9

**Plan Fiduciary Net Position**

Employer contributions	\$ 11.2	\$ 14.0	\$ 13.3	\$ 11.9
Net investment and other income	0.8	2.5	2.4	2.0
Benefit payments	(4.1)	(4.5)	(4.7)	(4.3)
Administrative expense	(0.3)	(0.3)	(0.3)	(0.3)
Net change in plan fiduciary net position	7.6	11.7	10.7	9.3
Plan fiduciary net position - beginning	46.7	35.0	24.3	15.0
Plan fiduciary net position - ending	\$ 54.3	\$ 46.7	\$ 35.0	\$ 24.3
<b>Net OPEB Liability</b>	<b>\$ 10.0</b>	<b>\$ 25.3</b>	<b>\$ 35.3</b>	<b>\$ 46.6</b>

Plan fiduciary net position as a percentage of the total OPEB liability	84.5%	64.9%	49.8%	34.3%
Covered payroll	\$ 1,166.4	\$ 1,120.5	\$ 1,165.3	\$ 1,327.1
Net OPEB liability as a percentage of covered payroll	0.9%	2.3%	3.0%	3.5%

<sup>1</sup> 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 30<sup>1</sup>**  
**(Dollars in Thousands)**

	2021 <sup>2</sup>	2020 <sup>2</sup>	2019 <sup>2</sup>	2018 <sup>2</sup>
<b>Public Employees Benefit Board (PEBB)</b>				
Proportion of the total OPEB liability	74.8025%	73.8195%	73.7321%	73.0657%
Proportionate share of the total OPEB liability	\$ 113,020	\$ 108,291	\$ 118,835	\$ 108,548
Covered-employee payroll	3,148,338	2,904,809	2,700,487	2,381,726
Government's total OPEB liability as a percentage of covered-employee payroll	3.6%	3.7%	4.4%	4.6%

<sup>1</sup> 10-year trend information will be presented prospectively.

<sup>2</sup> 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 30<sup>1</sup>**  
**(Dollars in millions)**

**Public Employees Benefit Board (PEBB)**

<b>Total OPEB Liability</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 10.1	\$ 10.1	\$ 9.1	\$ 9.3
Interest on total OPEB liability	3.4	5.9	6.0	5.4
Effect of changes to benefit terms	-	-	-	-
Effect of economic/demographic gains or losses	-	(0.8)	-	-
Effect of assumptions changes or inputs	0.5	(21.7)	5.0	(3.7)
Benefit payments	(9.6)	(7.9)	(7.5)	(7.2)
Net change in total OPEB liability	4.4	(14.4)	12.6	3.8
Total OPEB liability - beginning	146.7	161.2	148.6	144.8
Total OPEB liability - ending	<u>\$ 151.1</u>	<u>\$ 146.7</u>	<u>\$ 161.2</u>	<u>\$ 148.6</u>
Covered-employee payroll	\$ 4,066.4	\$ 3,889.1	\$ 3,743.0	\$ 3,362.1
Total OPEB liability as a percentage of				
Covered-employee payroll	3.7%	3.8%	4.3%	4.4%

<sup>1</sup> 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, 2020, reporting date was 2.21%, and the discount rate in effect for the June 30, 2021, reporting date is 2.16%. The discount rate reflects a 20-year General Obligation Bond Index.



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# **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 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, 2021  
(In Thousands)**

	<b>Special Revenue Funds</b>		
	<b>Agricultural Resources</b>	<b>Business Development</b>	<b>Community Protection</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 29,474	\$ 96,990	\$ 439,224
Investments	-	31,619	-
Securities Lending Collateral	90	290	1,343
Accounts and Interest Receivable (net)	3,421	382	130,371
Taxes Receivable (net)	-	-	-
Due from Other Funds	335	12,895	31,572
Due from Component Units	-	-	-
Inventories	-	14	887
Prepaid Items	40	-	-
Net Contracts, Notes, and Other Receivables	2	-	290,441
Loans Receivable (net)	-	2,519	-
Other Assets	-	1,635	-
<b>Total Assets</b>	<b>\$ 33,362</b>	<b>\$ 146,345</b>	<b>\$ 893,838</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts and Interest Payable	\$ 1,660	\$ 6,849	\$ 55,491
Obligations Under Securities Lending	90	290	1,343
Due to Other Funds	68	117	74,136
Due to Component Units	301	1,414	119
Due to Other Governments	-	787	6,243
Unearned Revenue	13	3,601	5,918
Deposit Liabilities	75	-	33,877
Contracts, Mortgages, and Notes Payable	-	-	5,000
Advances from Other Funds	-	-	-
Total Liabilities	2,207	13,058	182,128
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	2	-	290,441
Total Deferred Inflows of Resources	2	-	290,441
<b>Fund Balances:</b>			
Nonspendable	65	16	949
Restricted by:			
Federal Laws and Regulations	5	18,751	15,429
Oregon Constitution	1,401	25,344	14,330
Enabling Legislation	24,415	34,197	54,165
Debt Covenants	-	2,423	180,016
Donors and Other External Parties	-	-	1,530
Committed	5	52,517	139,610
Assigned	5,262	40	15,240
Unassigned	-	-	-
Total Fund Balances	31,153	133,287	421,269
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 33,362</b>	<b>\$ 146,345</b>	<b>\$ 893,838</b>

**State of Oregon**

<b>Special Revenue Funds</b>						
<b>Consumer Protection</b>	<b>Employment Services</b>	<b>Environmental Management</b>	<b>Nutritional Support</b>	<b>Residential Assistance</b>	<b>Other Special Revenue</b>	
\$ 350,371	\$ 219,979	\$ 711,441	\$ -	\$ 499,753	\$ 21,894	
-	185,465	1,475	-	15,988	-	
1,071	406	2,176	-	1,528	67	
6,694	100,381	62,716	34,665	12,953	804	
25,148	13,274	1,993	-	3,863	-	
2,925	15,060	18,026	1,005	16,393	11	
-	9,778	-	-	-	-	
75	2,174	3,725	36	27	1,164	
51	917	134	-	325	249	
58,142	41,240	100,514	14	39,574	-	
-	-	488,847	-	352,576	33	
-	-	-	-	-	-	
<b>\$ 444,478</b>	<b>\$ 588,673</b>	<b>\$ 1,391,047</b>	<b>\$ 35,719</b>	<b>\$ 942,980</b>	<b>\$ 24,221</b>	
\$ 104,927	\$ 32,465	\$ 32,252	\$ 18,148	\$ 17,259	\$ 777	
1,071	406	2,176	-	1,528	67	
58,034	22,412	16,412	1,098	312	155	
-	13,501	635	3	-	-	
6,133	3,191	25,076	13,321	8,464	-	
5,341	100	13,149	-	275,712	-	
35,836	581	3,194	-	-	9	
-	-	-	-	-	-	
-	-	300	-	-	-	
211,342	72,656	93,194	32,570	303,275	1,008	
58,142	41,240	101,118	14	39,574	-	
58,142	41,240	101,118	14	39,574	-	
133	3,193	3,883	36	352	307	
566	91,664	802,223	1,905	65,669	12,405	
-	144	9,799	-	-	-	
131,343	192,350	199,335	1,195	128,981	4,269	
-	-	84,874	-	24,260	598	
277	-	3,652	-	10,563	4,911	
42,664	185,727	70,096	-	208,864	485	
11	1,699	22,871	-	161,442	239	
-	-	-	-	-	-	
174,994	474,777	1,196,735	3,135	600,131	23,213	
<b>\$ 444,478</b>	<b>\$ 588,673</b>	<b>\$ 1,391,047</b>	<b>\$ 35,719</b>	<b>\$ 942,980</b>	<b>\$ 24,221</b>	

(continued on next page)

**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**  
**(In Thousands)**  
(continued from previous page)

	<b>Debt Service Funds</b>		
	<b>Revenue Bond</b>	<b>Certificates of Participation</b>	<b>General Obligation Bond</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 189,424	\$ 3	\$ 63,654
Investments	2,523	-	-
Securities Lending Collateral	-	-	-
Accounts and Interest Receivable (net)	4	-	269
Taxes Receivable (net)	-	-	-
Due from Other Funds	54,705	-	14,304
Due from Component Units	-	-	3,571
Inventories	-	-	-
Prepaid Items	-	-	-
Net Contracts, Notes, and Other Receivables	-	-	-
Loans Receivable (net)	-	-	-
Other Assets	-	-	-
<b>Total Assets</b>	<b>\$ 246,656</b>	<b>\$ 3</b>	<b>\$ 81,797</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts and Interest Payable	\$ -	\$ -	\$ -
Obligations Under Securities Lending	-	-	-
Due to Other Funds	-	-	-
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposit Liabilities	-	-	1
Contracts, Mortgages, and Notes Payable	-	-	-
Advances from Other Funds	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	-
Restricted by:			
Federal Laws and Regulations	-	-	-
Oregon Constitution	122,842	-	-
Enabling Legislation	-	-	-
Debt Covenants	123,813	3	81,796
Donors and Other External Party	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>246,655</b>	<b>3</b>	<b>81,796</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 246,656</b>	<b>\$ 3</b>	<b>\$ 81,797</b>

Capital Projects	Permanent	Total
\$ 454,718	\$ 9,022	\$ 3,085,947
-	1,638	238,708
-	28	6,999
10,036	-	362,694
-	-	44,278
4,504	-	171,733
-	-	13,348
-	-	8,102
-	-	1,717
-	-	529,927
-	-	843,975
-	-	1,635
<u>\$ 469,258</u>	<u>\$ 10,688</u>	<u>\$ 5,309,064</u>
\$ 10,540	\$ -	\$ 280,368
-	28	6,999
7,998	-	180,741
-	-	15,973
-	-	63,216
-	-	303,834
-	-	73,574
-	-	5,000
-	-	300
<u>18,538</u>	<u>28</u>	<u>930,005</u>
-	-	530,531
-	-	530,531
-	10,327	19,261
262	-	1,008,878
-	-	173,861
11	64	770,324
450,414	-	948,198
-	269	21,202
467	-	700,436
-	-	206,803
(435)	-	(435)
<u>450,720</u>	<u>10,661</u>	<u>3,848,528</u>
<u>\$ 469,258</u>	<u>\$ 10,688</u>	<u>\$ 5,309,064</u>

**State of Oregon**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2021  
(In Thousands)**

	<b>Special Revenue Funds</b>		
	<b>Agricultural Resources</b>	<b>Business Development</b>	<b>Community Protection</b>
<b>REVENUES</b>			
Healthcare Provider Taxes	\$ -	\$ -	\$ -
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	10,001	4,400	27,016
Federal	7,456	164,702	265,448
Rebates and Recoveries	57	4	7,675
Charges for Services	10,513	490	29,382
Fines, Forfeitures, and Penalties	2	28	79,758
Rents and Royalties	-	-	1,091
Investment Income	224	2,361	1,729
Sales	7	2,510	1,841
Assessments	-	-	-
Donations and Grants	-	17,815	4,792
Contributions to Permanent Funds	-	-	-
Other	-	1,647	2,218
<b>Total Revenues</b>	<b>28,260</b>	<b>193,956</b>	<b>420,949</b>
<b>EXPENDITURES</b>			
Current:			
Education	-	-	-
Human Resources	-	-	2,440
Public Safety	-	3,208	301,375
Economic and Community Development	-	194,047	2,102
Natural Resources	32,972	-	-
Transportation	-	-	8,073
Consumer and Business Services	-	-	-
Administration	-	3,694	12,605
Legislative	-	-	-
Judicial	-	-	51,859
Intergovernmental	1,655	33,357	185,547
Capital Outlay	14	1	6,458
Debt Service:			
Principal	-	-	70
Interest	-	-	2
Other Debt Service	-	-	464
<b>Total Expenditures</b>	<b>34,641</b>	<b>234,307</b>	<b>570,996</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,381)	(40,350)	(150,046)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	7,637	37,433	146,684
Transfers to Other Funds	(953)	(1,149)	(111,411)
Insurance Recoveries	-	-	2
Long-term Debt Issued	-	-	64,431
Debt Issuance Premium	-	-	17,085
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>6,684</b>	<b>36,285</b>	<b>116,791</b>
Net Change in Fund Balances	303	(4,066)	(33,256)
Fund Balances - Beginning	30,850	137,352	454,615
Prior Period Adjustments	-	-	(9)
Fund Balances - Beginning - As Restated	30,850	137,352	454,606
Change in Inventories	-	1	(81)
<b>Fund Balances - Ending</b>	<b>\$ 31,153</b>	<b>\$ 133,287</b>	<b>\$ 421,269</b>

State of Oregon

Special Revenue Funds						
Consumer Protection	Employment Services	Environmental Management	Nutritional Support	Residential Assistance	Other Special Revenue	
\$ 141,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	67,077	-	-	-	-	-
-	74,489	-	-	-	-	-
126,224	-	27,623	-	43,398	-	-
142,719	2,914	202,443	-	91	-	-
76,944	809,528	182,803	1,909,932	262,425	5,349	-
16	58	242	13,852	127	-	-
2,664	26,747	55,835	1,070	7,063	6,950	-
2,248	14,095	1,415	-	131	-	-
-	374	4,124	-	-	282	-
3,152	5,142	12,537	8	8,057	157	-
17	375	135,544	-	-	336	-
-	71,209	-	-	714	-	-
-	-	6,252	-	-	733	-
-	-	-	-	-	-	-
238	579	2,009	12	491	543	-
495,377	1,072,588	630,827	1,924,874	322,498	14,350	-
4,838	142,056	-	22,633	-	2,980	-
4,610	-	-	1,721,489	-	-	-
-	-	-	-	-	-	-
-	662,376	-	-	301,486	311	-
3,593	-	546,838	-	-	-	-
29	-	-	-	-	-	-
284,086	115,665	-	-	5,060	-	-
6,367	1,208	-	-	272	8,471	-
-	-	-	-	-	3,048	-
-	-	-	-	-	-	-
20,955	40,418	100,202	181,252	66,738	7,148	-
32	4,867	14,359	-	-	585	-
-	-	172	-	-	16	-
-	-	483	-	-	2	-
-	-	55	-	600	-	-
324,509	966,590	662,108	1,925,374	374,157	22,561	-
170,868	105,997	(31,281)	(501)	(51,659)	(8,211)	-
17,723	939	95,347	-	124,680	381	-
(204,727)	(109,797)	(51,048)	(936)	(3,414)	(2,471)	-
-	-	371	-	-	-	-
-	-	10,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(187,004)	(108,859)	54,670	(936)	121,266	(2,090)	-
(16,136)	(2,861)	23,389	(1,436)	69,607	(10,301)	-
191,353	478,317	1,173,058	4,537	530,604	33,502	-
(233)	(878)	-	-	(79)	-	-
191,119	477,440	1,173,058	4,537	530,525	33,502	-
11	198	287	34	(1)	13	-
\$ 174,994	\$ 474,777	\$ 1,196,735	\$ 3,135	\$ 600,131	\$ 23,213	-

(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, 2021  
(In Thousands)**  
(continued from previous page)

	Debt Service Funds		
	Revenue Bond	Certificates of Participation	General Obligation Bond
<b>REVENUES</b>			
Healthcare Provider Taxes	\$ -	\$ -	\$ -
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	-	-	-
Federal	10,004	-	-
Rebates and Recoveries	-	-	-
Charges for Services	-	-	-
Fines, Forfeitures, and Penalties	-	-	-
Rents and Royalties	-	-	-
Investment Income	1,560	1	1,262
Sales	-	-	-
Assessments	-	-	-
Donations and Grants	-	-	-
Contributions to Permanent Funds	-	-	-
Other	68	-	44,564
<b>Total Revenues</b>	<b>11,632</b>	<b>1</b>	<b>45,826</b>
<b>EXPENDITURES</b>			
Current:			
Education	-	-	-
Human Resources	-	-	-
Public Safety	-	-	-
Economic and Community Development	-	-	-
Natural Resources	-	-	-
Transportation	3	-	-
Consumer and Business Services	-	-	-
Administration	-	-	3
Legislative	-	-	-
Judicial	-	-	-
Intergovernmental	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	156,752	44	156,007
Interest	133,661	21	88,353
Other Debt Service	2,242	-	-
<b>Total Expenditures</b>	<b>292,657</b>	<b>65</b>	<b>244,362</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(281,025)	(64)	(198,536)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	297,558	56	195,150
Transfers to Other Funds	(6,130)	-	(318)
Insurance Recoveries	-	-	-
Long-term Debt Issued	-	-	8
Debt Issuance Premium	3,149	-	-
Refunding Debt Issued	652,625	-	-
Refunded Debt Payment to Escrow Agent	(661,693)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>285,509</b>	<b>56</b>	<b>194,840</b>
Net Change in Fund Balances	4,484	(7)	(3,696)
Fund Balances - Beginning	242,171	10	85,492
Prior Period Adjustments	-	-	-
Fund Balances - Beginning - As Restated	242,171	10	85,492
Change in Inventories	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ 246,655</b>	<b>\$ 3</b>	<b>\$ 81,796</b>

**State of Oregon**

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<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
\$ -	\$ -	\$ 141,155
-	-	67,077
-	-	74,489
-	-	197,245
-	-	389,585
26,747	-	3,721,338
3	-	22,033
-	-	140,714
-	-	97,678
-	-	5,871
2,119	73	38,382
35	-	140,664
-	-	71,924
335	-	29,926
-	26	26
46	-	52,416
<u>29,285</u>	<u>99</u>	<u>5,190,521</u>
-	-	172,507
-	-	1,728,539
-	-	304,583
-	-	1,160,321
-	-	583,403
-	-	8,104
-	-	404,811
-	-	32,621
-	-	3,048
-	-	51,859
-	-	637,272
97,833	-	124,147
-	-	313,060
-	-	222,522
-	-	3,361
<u>97,833</u>	<u>-</u>	<u>5,750,160</u>
(68,548)	99	(559,638)
22,881	-	946,469
(51,213)	(18)	(543,584)
-	-	373
287,384	-	361,823
32,803	-	53,037
-	-	652,625
-	-	(661,693)
<u>291,855</u>	<u>(18)</u>	<u>809,050</u>
<u>223,307</u>	<u>81</u>	<u>249,411</u>
227,413	10,582	3,599,858
-	(3)	(1,202)
<u>227,413</u>	<u>10,579</u>	<u>3,598,656</u>
-	-	461
<u>\$ 450,720</u>	<u>\$ 10,661</u>	<u>\$ 3,848,528</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 Control 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.

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 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, 2021  
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 690	\$ 26,728	\$ 92,821	\$ 11,400
Cash and Cash Equivalents - Restricted	3,613	-	-	-
Investments	-	-	12,465	-
Securities Lending Collateral	20	82	284	35
Accounts and Interest Receivable (net)	369	67	4,627	7,481
Due from Other Funds	-	-	17	13,763
Due from Component Units	6,350	-	-	-
Inventories	-	-	-	1,523
Prepaid Items	-	-	-	-
Loans Receivable (net)	3,844	1,975	13,145	-
Total Current Assets	14,886	28,852	123,359	34,200
<b>Noncurrent Assets:</b>				
Cash and Cash Equivalents - Restricted	2,195	-	1,159	-
Advances to Component Units	72,423	-	-	-
Net Contracts, Notes, and Other Receivables	-	-	-	-
Loans Receivable (net)	19,350	14,902	162,290	-
Net OPEB Asset	1	1	5	625
<b>Capital Assets:</b>				
Land	-	-	-	15
Buildings, Property, and Equipment	264	-	-	473,511
Construction in Progress	-	-	-	103
Infrastructure	-	-	-	3,606
Works of Art and Other Nondepreciable Assets	-	-	-	-
Less Accumulated Depreciation and Amortization	(264)	-	-	(99,298)
Total Noncurrent Assets	93,968	14,904	163,453	378,562
<b>Total Assets</b>	108,854	43,756	286,812	412,763
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on Refunding	1,740	-	-	-
Related to Pensions	38	315	505	117,082
Related to OPEB	1	3	7	1,256
<b>Total Deferred Outflows of Resources</b>	1,779	318	512	118,338

**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
\$	45,062	\$ 102,024	\$ 24,369	\$ 37,577	\$ 128,931	\$ -	\$ 121,674	\$ 591,275
	-	-	358	-	-	-	-	3,971
	-	-	-	-	-	-	-	12,465
	138	302	76	115	394	-	345	1,790
	390	-	8,278	976	2,931	-	5,431	30,548
	-	-	-	9	63	-	5	13,858
	-	-	-	-	-	-	-	6,350
	45,729	-	-	-	-	-	8,823	56,075
	-	-	-	-	-	-	430	430
	-	-	-	4,105	14,744	-	1,258	39,070
	91,319	102,326	33,081	42,781	147,063	-	137,967	755,833
	-	-	-	-	-	-	-	3,353
	-	-	-	-	-	-	-	72,423
	-	-	27	-	-	-	-	27
	-	-	-	63,080	166,928	-	11,671	438,221
	76	2	2	2	2	4	103	822
	1,503	-	4,648	-	-	-	3,124	9,291
	35,880	-	64,559	-	-	257	53,336	627,807
	-	-	1,503	-	-	2,420	1,198	5,224
	-	-	-	-	-	-	-	3,606
	25	-	107	-	-	-	-	132
	(20,062)	-	(15,910)	-	-	(17)	(37,410)	(172,961)
	17,422	2	54,936	63,081	166,930	2,664	32,023	987,945
	108,741	102,328	88,017	105,862	313,992	2,664	169,989	1,743,778
	-	-	-	-	-	-	-	1,740
	9,582	184	151	225	106	561	7,263	136,013
	120	2	2	3	2	10	120	1,526
	9,702	186	153	228	108	570	7,383	139,279

(continued on next page)

**State of Oregon**

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2021  
(In Thousands)**  
(continued from previous page)

	<b>Energy Loan</b>	<b>Business Development</b>	<b>Special Public Works</b>	<b>State Hospitals</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts and Interest Payable	1,038	106	1,257	4,823
Obligations Under Securities Lending	20	82	284	35
Due to Other Funds	11	1	1	15,200
Due to Component Units	-	-	-	193
Due to Other Governments	-	-	85	-
Unearned Revenue	191	-	-	14
Compensated Absences Payable	21	58	108	11,677
Claims and Judgments Payable	-	-	-	-
Deposit Liabilities	-	-	-	-
Contracts, Mortgages, and Notes Payable	8	4	14	1,939
Bonds/COPs Payable	13,055	-	2,800	-
Obligations Under Capital Lease	-	-	-	-
<b>Total Current Liabilities</b>	<b>14,343</b>	<b>252</b>	<b>4,548</b>	<b>33,882</b>
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	11	20	70	6,288
Deposit Liabilities	2,195	-	-	-
Contracts, Mortgages, and Notes Payable	55	30	95	13,654
Bonds/COPs Payable	99,967	-	59,397	-
Obligations Under Capital Lease	-	-	-	-
Net Pension Liability	135	911	1,481	346,532
Advances from Other Funds	-	-	-	-
Net OPEB Liability	-	1	3	530
Total OPEB Liability	3	17	28	7,859
<b>Total Noncurrent Liabilities</b>	<b>102,366</b>	<b>980</b>	<b>61,073</b>	<b>374,863</b>
<b>Total Liabilities</b>	<b>116,709</b>	<b>1,232</b>	<b>65,621</b>	<b>408,745</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to Pensions	3	21	34	7,873
Related to OPEB	1	4	7	1,653
<b>Total Deferred Inflows of Resources</b>	<b>4</b>	<b>25</b>	<b>41</b>	<b>9,526</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	-	-	-	377,937
Restricted for:				
OPEB	1	1	5	625
Unrestricted	(6,081)	42,816	221,657	(265,733)
<b>Total Net Position</b>	<b>\$ (6,080)</b>	<b>\$ 42,818</b>	<b>\$ 221,662</b>	<b>\$ 112,829</b>

**State of Oregon**

<b>Liquor Control</b>	<b>Standard Retiree Health Insurance</b>	<b>Veterans' Home</b>	<b>Water/Wastewater Financing</b>	<b>Safe Drinking Water</b>	<b>Paid Family and Medical Leave Insurance</b>	<b>Other</b>	<b>Total</b>
30,688	841	4,058	150	63	83	4,769	47,876
138	302	76	115	394	-	345	1,790
18,400	99	141	1	-	-	4,362	38,216
-	-	-	-	-	-	-	193
556	-	-	211	23	-	26	901
417	-	724	-	-	-	-	1,348
1,359	26	5	55	11	176	981	14,477
-	830	-	-	-	-	-	830
-	-	-	-	-	-	35,558	35,558
172	2	60	6	4	-	185	2,394
-	-	-	-	-	-	-	15,855
-	-	-	-	-	-	194	194
<b>51,731</b>	<b>2,100</b>	<b>5,064</b>	<b>536</b>	<b>495</b>	<b>259</b>	<b>46,419</b>	<b>159,631</b>
732	14	3	21	17	95	392	7,661
-	-	-	-	-	-	-	2,195
1,210	15	18	39	29	-	1,506	16,652
-	-	-	4,960	-	-	-	164,324
-	-	-	-	-	-	405	405
27,662	549	447	658	307	963	20,818	400,463
-	-	-	-	-	7,609	-	7,609
43	1	1	1	1	1	37	619
666	10	12	12	7	52	430	9,097
<b>30,313</b>	<b>589</b>	<b>480</b>	<b>5,691</b>	<b>361</b>	<b>8,721</b>	<b>23,589</b>	<b>609,026</b>
<b>82,044</b>	<b>2,689</b>	<b>5,544</b>	<b>6,228</b>	<b>856</b>	<b>8,980</b>	<b>70,008</b>	<b>768,656</b>
628	12	10	15	7	22	473	9,098
141	2	3	3	2	9	110	1,935
<b>770</b>	<b>15</b>	<b>13</b>	<b>18</b>	<b>9</b>	<b>31</b>	<b>583</b>	<b>11,033</b>
17,346	-	54,907	-	-	2,660	19,649	472,499
76	2	2	2	2	4	103	822
<b>18,208</b>	<b>99,809</b>	<b>27,704</b>	<b>99,843</b>	<b>313,234</b>	<b>(8,440)</b>	<b>87,029</b>	<b>630,046</b>
<b>\$ 35,629</b>	<b>\$ 99,810</b>	<b>\$ 82,613</b>	<b>\$ 99,845</b>	<b>\$ 313,235</b>	<b>\$ (5,776)</b>	<b>\$ 106,782</b>	<b>\$ 1,103,367</b>



**State of Oregon**

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2021  
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
<b>OPERATING REVENUES:</b>				
Licenses and Fees	\$ -	\$ -	\$ -	\$ 22
Federal	-	-	-	-
Rebates and Recoveries	-	-	-	72
Charges for Services	-	12	-	90,125
Fines, Forfeitures, and Penalties	1	-	-	-
Rents and Royalties	-	27	-	56
Sales	-	-	-	666
Loan Interest Income	4,752	816	6,003	-
Other	1,176	344	3,404	459
Total Operating Revenues	5,929	1,200	9,406	91,400
<b>OPERATING EXPENSES:</b>				
Salaries and Wages	108	915	1,565	418,708
Services and Supplies	67	178	922	78,600
Cost of Goods Sold	-	-	-	-
Distributions to Other Governments	-	-	5,754	-
Special Payments	-	-	-	87
Bond and COP Interest	3,483	-	1,609	-
Depreciation and Amortization	-	-	-	11,211
Total Operating Expenses	3,658	1,092	9,849	508,606
Operating Income (Loss)	2,271	107	(442)	(417,206)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income (Loss)	78	192	1,029	-
Other Grants	-	916	-	-
Other Taxes	-	-	-	-
Gain (Loss) on Disposition of Assets	-	-	-	(88)
Settlement Activities	-	-	-	-
Loan Interest Expense	-	-	-	-
Other Interest Expense	(5)	(3)	(9)	(1,225)
Other Nonoperating Items	-	-	-	-
Total Nonoperating Revenues (Expenses)	73	1,105	1,020	(1,313)
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	2,345	1,213	578	(418,519)
Capital Contributions	-	-	-	-
Transfers from Other Funds	-	-	601	357,286
Transfers to Other Funds	(114)	(159)	(10,550)	(11,675)
Change in Net Position	2,231	1,053	(9,370)	(72,909)
Net Position - Beginning	(8,311)	41,764	231,032	185,738
Prior Period Adjustments	-	-	-	-
Net Position - Beginning - As Restated	(8,311)	41,764	231,032	185,738
<b>Net Position - Ending</b>	\$ (6,080)	\$ 42,818	\$ 221,662	\$ 112,829

**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
\$ 7,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,918	\$ 9,304
-	-	23,014	-	-	-	-	23,014
4	-	-	-	-	-	-	75
-	30,380	16,372	-	-	-	49,747	186,636
83	-	-	-	-	-	5	89
-	-	-	-	-	-	-	83
795,039	-	-	-	-	-	27,911	823,617
-	-	-	1,867	2,847	-	319	16,603
1,015	6	7	1,541	3,489	-	2,282	13,723
803,504	30,386	39,394	3,408	6,336	-	82,182	1,073,144
32,216	455	601	685	331	3,862	10,452	469,898
89,536	3,960	39,533	177	7	606	14,101	227,685
386,986	-	-	-	-	-	30,623	417,610
85,898	-	-	3,361	192	-	499	95,704
330	25,943	-	-	4,525	-	1,013	31,898
-	-	20	235	-	-	-	5,346
1,039	-	2,024	-	-	17	2,141	16,432
596,006	30,358	42,178	4,458	5,055	4,485	58,830	1,264,574
207,498	28	(2,784)	(1,050)	1,281	(4,485)	23,352	(191,430)
-	888	204	263	1,083	-	856	4,594
170	-	1,423	-	-	-	142	2,651
17,690	-	-	-	-	-	-	17,690
15	-	(2)	-	-	-	-	(74)
-	-	-	-	-	-	24	24
-	-	-	-	-	-	(21)	(21)
(109)	(1)	(2)	(3)	(3)	-	(117)	(1,476)
-	(1)	-	-	(1)	-	(1)	(3)
17,766	887	1,624	259	1,079	-	883	23,385
225,264	915	(1,160)	(791)	2,360	(4,485)	24,235	(168,046)
-	-	3,169	-	-	-	-	3,169
3,236	-	282	3,976	13,093	-	1,168	379,642
(229,449)	(18)	(165)	(461)	(12)	(111)	(5,505)	(258,219)
(949)	897	2,127	2,724	15,441	(4,596)	19,898	(43,453)
36,579	98,913	80,486	97,120	297,794	(1,180)	68,894	1,128,830
-	-	-	-	-	-	17,989	17,989
36,579	98,913	80,486	97,120	297,794	(1,180)	86,883	1,146,820
\$ 35,629	\$ 99,810	\$ 82,613	\$ 99,845	\$ 313,235	\$ (5,776)	\$ 106,782	\$ 1,103,367

**State of Oregon**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2021  
(In Thousands)**

	<b>Energy Loan</b>	<b>Business Development</b>	<b>Special Public Works</b>	<b>State Hospitals</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	\$ 1	\$ 39	\$ -	\$ 6,952
Receipts from Other Funds for Services	-	-	-	95,458
Payments to Employees for Services	(161)	(796)	(1,257)	(358,311)
Payments to Suppliers	(15)	(45)	(181)	(40,845)
Payments to Other Funds for Services	(45)	(76)	(246)	(36,709)
Claims Paid	-	-	-	-
Distributions to Other Governments	-	-	(5,996)	-
Other Receipts (Payments)	32	-	187	153
Net Cash Provided (Used) in Operating Activities	<u>(187)</u>	<u>(878)</u>	<u>(7,493)</u>	<u>(333,302)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Proceeds from Bond/COP Sales	-	-	37,017	-
Principal Payments on Bonds/COPs	(17,435)	-	(11,225)	-
Principal Payments on Loans	(8)	(5)	(15)	(2,104)
Repayments on Advances Received	-	-	-	(3,300)
Interest Payments on Bonds/COPs	(4,303)	-	(1,626)	-
Interest Payments on Loans	(5)	(3)	(9)	(1,225)
Bond/COP Issuance Costs	(11)	-	(427)	-
Taxes and Assessments Received	-	-	-	-
Grant Receipts	-	916	-	-
Insurance Recoveries for Other than Capital Assets	-	-	-	-
Transfers from Other Funds	-	-	601	357,286
Transfers to Other Funds	(110)	(159)	(10,550)	(11,675)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>(21,871)</u>	<u>750</u>	<u>13,768</u>	<u>338,982</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of Capital Assets	-	-	-	(1,027)
Payments on Capital Leases	-	-	-	-
Proceeds from Disposition of Capital Assets	-	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,027)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on Investments and Cash Balances	78	191	676	-
Interest Income from Securities Lending	-	-	1	-
Interest Expense from Securities Lending	-	-	-	-
Loan Principal Repayments	12,079	4,630	10,377	-
Loan Interest Received	4,723	788	5,549	-
Loans Made	-	(2,167)	(20,927)	-
Net Cash Provided (Used) in Investing Activities	<u>16,880</u>	<u>3,442</u>	<u>(4,325)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(5,178)</u>	<u>3,314</u>	<u>1,950</u>	<u>4,652</u>
Cash and Cash Equivalents - Beginning	<u>11,675</u>	<u>23,413</u>	<u>92,030</u>	<u>6,747</u>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 6,497</b>	<b>\$ 26,728</b>	<b>\$ 93,980</b>	<b>\$ 11,400</b>

**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
\$ 802,472	\$ 31,064	\$ 41,265	\$ -	\$ -	\$ -	\$ 52,635	\$ 934,429
-	-	-	-	-	-	3,672	99,130
(27,109)	(479)	(374)	(560)	(281)	-	(19,538)	(408,866)
(475,898)	(4,104)	(38,179)	(22)	(1)	-	(32,419)	(591,708)
(7,824)	(30)	(1,430)	(82)	(6)	-	(2,000)	(48,447)
-	(25,743)	-	-	-	-	-	(25,743)
(85,496)	-	-	(3,117)	(161)	-	(916)	(95,686)
702	(188)	7	-	-	-	26,901	27,795
206,847	520	1,289	(3,781)	(448)	-	28,337	(109,095)
-	-	-	-	-	-	-	37,017
-	-	-	(4,280)	-	-	-	(32,940)
(186)	(2)	(3)	(6)	(5)	-	(201)	(2,534)
-	-	-	-	-	-	-	(3,300)
-	-	-	(443)	-	-	-	(6,372)
(109)	(1)	(2)	(3)	(3)	-	(117)	(1,476)
-	-	-	-	-	-	-	(438)
17,716	-	-	-	-	-	-	17,716
1,149	-	1,272	-	-	-	142	3,479
78	-	-	-	-	-	-	78
3,268	-	282	3,976	13,216	-	1,306	379,936
(228,584)	(18)	(14)	(461)	(12)	-	(1,272)	(252,854)
(206,668)	(21)	1,536	(1,217)	13,196	-	(141)	138,313
(908)	-	(3,101)	-	-	-	(676)	(5,712)
-	-	-	-	-	-	(209)	(209)
15	-	-	-	-	-	-	15
(893)	-	(3,101)	-	-	-	(885)	(5,907)
-	887	204	263	1,081	-	855	4,234
-	2	-	1	2	-	2	9
-	(1)	-	-	(1)	-	(1)	(3)
-	-	-	10,359	8,842	-	1,580	47,866
-	-	-	2,173	2,588	-	253	16,075
-	-	-	(475)	(35,282)	-	(4,736)	(63,587)
-	888	204	12,320	(22,771)	-	(2,046)	4,593
(713)	1,387	(72)	7,322	(10,022)	-	25,264	27,904
45,775	100,637	24,799	30,255	138,953	-	96,410	570,695
\$ 45,062	\$ 102,024	\$ 24,727	\$ 37,577	\$ 128,931	\$ -	\$ 121,674	\$ 598,599

(continued on next page)

**State of Oregon**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2021  
(In Thousands)**

(continued from previous page)

	Energy Loan	Business Development	Special Public Works	State Hospitals
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 2,271	\$ 107	\$ (442)	\$ (417,206)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	-	-	11,211
Amortization of Bond/COP Premium and Discount	(1,076)	-	(354)	-
Noncash Services Received Pursuant to Settlement Activities	-	-	-	-
Interest Receipts Reported as Operating Revenue	(4,723)	(788)	(5,549)	-
Interest Payments Reported as Operating Expense	4,303	-	1,626	-
Bond/COP Issuance Costs Reported as Operating Expense	11	-	427	-
Net Changes in Assets and Liabilities:				
Accounts and Interest Receivable (net)	26	(28)	(234)	1,946
Due from Other Funds	-	34	31	9,136
Due from Component Units	-	-	-	-
Inventories	-	-	-	250
Prepaid Items	-	-	-	415
Net Contracts, Notes and Other Receivables	-	-	-	72
Loans Receivable	(1,159)	(344)	(3,437)	-
Net OPEB Asset	3	9	8	2,503
Accounts and Interest Payable	(185)	95	364	1,244
Due to Other Funds	-	-	-	-
Due to Component Units	-	-	-	(708)
Due to Other Governments	-	-	(208)	-
Unearned Revenue	(54)	-	-	-
Compensated Absences Payable	4	4	8	1,688
Claims and Judgments Payable	-	-	-	-
Deposit Liabilities	17	-	-	-
Contracts, Mortgages, and Notes Payable	-	-	-	-
Net Pension Liability	(70)	105	423	90,053
Advances from Other Funds	-	-	-	-
Net OPEB Liability	(1)	(3)	(3)	(838)
Total OPEB Liability	-	1	(1)	(339)
Net Changes in Deferred Outflows of Resources:				
Loss on Refunding	434	-	-	-
Related to Pensions	20	(50)	(131)	(27,634)
Related to OPEB	-	(1)	(3)	(394)
Net Changes in Deferred Inflows of Resources:				
Related to Pensions	(7)	(18)	(17)	(4,354)
Related to OPEB	(1)	(1)	(1)	(346)
Total Adjustments	(2,459)	(985)	(7,051)	83,905
Net Cash Provided (Used) by Operating Activities	\$ (187)	\$ (878)	\$ (7,493)	\$ (333,302)

**Noncash Investing and Capital and Related Financing Activities:**

Net Change in Fair Value of Investments	\$ -	\$ -	\$ 352	\$ -
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**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
\$ 207,498	\$ 28	\$ (2,784)	\$ (1,050)	\$ 1,281	\$ (4,485)	\$ 23,352	\$ (191,430)
1,039	-	2,024	-	-	17	2,141	16,432
-	-	-	-	-	-	-	(1,430)
-	-	-	-	-	-	24	24
-	-	-	(2,173)	(2,588)	-	(253)	(16,075)
-	-	-	443	-	-	-	6,372
-	-	-	-	-	-	-	438
188	679	1,930	307	(259)	-	(1,996)	2,558
-	-	-	17	-	-	50	9,267
-	-	-	-	-	-	191	191
(6,699)	-	-	-	-	-	(554)	(7,004)
-	-	-	-	-	-	240	656
-	-	-	-	-	-	-	72
-	-	-	(1,541)	1,026	-	70	(5,384)
164	4	2	4	2	(4)	99	2,794
(125)	(394)	40	(75)	58	82	627	1,730
-	20	50	-	-	-	(59)	12
-	-	-	-	-	-	-	(708)
(321)	-	-	168	23	-	(34)	(373)
133	-	(52)	-	-	-	(47)	(21)
191	11	(1)	4	1	137	(24)	2,023
-	200	-	-	-	-	-	200
-	-	-	-	-	-	2,684	2,701
-	-	(21)	-	-	-	-	(21)
7,787	2	146	187	34	963	3,854	103,485
-	-	-	-	-	3,699	-	3,699
(64)	(2)	(1)	(2)	(1)	1	(54)	(968)
21	(2)	2	(1)	-	41	(9)	(285)
-	-	-	-	-	-	-	434
(2,578)	(10)	(42)	(59)	(17)	(474)	(1,561)	(32,536)
(51)	(1)	(1)	(1)	(1)	(7)	(61)	(522)
(319)	(14)	(4)	(8)	(6)	22	(336)	(5,060)
(15)	(1)	-	-	-	7	(6)	(363)
(650)	492	4,073	(2,731)	(1,729)	4,485	4,985	82,335
\$ 206,847	\$ 520	\$ 1,289	\$ (3,781)	\$ (448)	\$ -	\$ 28,337	\$ (109,095)

\$ -    \$ -    \$ -    \$ -    \$ -    \$ -    \$ -    \$ 352

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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, 2021  
(In Thousands)**

	<b>Central Services</b>	<b>Legal Services</b>	<b>Banking Services</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 179,290	\$ 1,039	\$ 25,382
Cash and Cash Equivalents - Restricted	3,838	-	-
Investments - Restricted	26,557	-	-
Securities Lending Collateral	1,803	3	78
Accounts and Interest Receivable (net)	106,868	14,779	652
Due from Other Funds	11,262	955	-
Inventories	812	73	-
Prepaid Items	9,860	-	-
Total Current Assets	340,291	16,849	26,112
<b>Noncurrent Assets:</b>			
Cash and Cash Equivalents - Restricted	16,351	-	-
Advances to Other Funds	293	-	-
Net Contracts, Notes, and Other Receivables	14	6	-
Net OPEB Asset	507	342	57
<b>Capital Assets:</b>			
Land	13,602	-	-
Buildings, Property, and Equipment	632,377	10,946	4,620
Construction in Progress	19,354	-	13,500
Infrastructure	767	-	-
Works of Art and Other Nondepreciable Assets	215	-	-
Less Accumulated Depreciation and Amortization	(372,735)	(7,244)	(2,771)
Total Noncurrent Assets	310,744	4,050	15,406
<b>Total Assets</b>	651,035	20,898	41,518
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Refunding	219	-	-
Related to Pensions	40,379	34,633	9,007
Related to OPEB	615	467	99
<b>Total Deferred Outflows of Resources</b>	41,213	35,101	9,106

State of Oregon

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Audit Services	Forestry Services	Health Services	Other	Total
\$ 1,692	\$ 8,142	\$ 401,523	\$ 2,778	\$ 619,846
-	-	-	-	3,838
-	-	-	-	26,557
5	25	1,210	8	3,133
1,389	818	8,061	83	132,650
-	200	1,925	-	14,342
-	215	9	3	1,113
32	-	-	-	9,892
<u>3,119</u>	<u>9,401</u>	<u>412,729</u>	<u>2,872</u>	<u>811,371</u>
-	-	-	-	16,351
-	-	-	-	293
-	-	-	-	19
36	14	463	7	1,426
-	-	-	-	13,602
547	25,553	551	8,879	683,474
-	142	-	-	32,997
-	-	-	-	767
-	-	-	-	215
(372)	(19,564)	-	(6,501)	(409,188)
<u>211</u>	<u>6,146</u>	<u>1,014</u>	<u>2,385</u>	<u>339,956</u>
<u>3,330</u>	<u>15,547</u>	<u>413,742</u>	<u>5,257</u>	<u>1,151,327</u>
-	-	-	-	219
3,540	1,071	54,025	720	143,376
47	17	677	9	1,930
<u>3,587</u>	<u>1,088</u>	<u>54,701</u>	<u>729</u>	<u>145,524</u>

(continued on next page)

**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2021  
(In Thousands)**  
(continued from previous page)

	<b>Central Services</b>	<b>Legal Services</b>	<b>Banking Services</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts and Interest Payable	27,309	1,233	1,793
Obligations Under Securities Lending	1,803	3	78
Due to Other Funds	106,801	-	-
Compensated Absences Payable	6,182	5,866	1,638
Claims and Judgments Payable	52,295	-	-
Deposit Liabilities	669	16	-
Contracts, Mortgages, and Notes Payable	4,252	621	107
Bonds/COPs Payable	6,779	-	-
Obligations Under Capital Lease	498	-	-
Total Current Liabilities	206,588	7,739	3,615
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	3,329	3,159	882
Claims and Judgments Payable	213,594	-	-
Arbitrage Rebate Payable	31	-	-
Contracts, Mortgages, and Notes Payable	6,661	4,373	752
Bonds/COPs Payable	76,744	-	-
Obligations Under Capital Lease	1,126	-	-
Net Pension Liability	117,076	100,773	26,354
Net OPEB Liability	190	165	42
Total OPEB Liability	2,298	1,711	403
Total Noncurrent Liabilities	421,049	110,181	28,433
<b>Total Liabilities</b>	627,637	117,921	32,048
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on Refunding	337	-	-
Related to Pensions	2,660	2,289	599
Related to OPEB	572	444	104
<b>Total Deferred Inflows of Resources</b>	3,569	2,734	703
<b>NET POSITION</b>			
Net Investment in Capital Assets	224,757	3,702	15,349
Restricted for:			
Debt Service	103	-	-
Capital Projects	17	-	-
OPEB	507	342	57
Unrestricted	(164,343)	(68,700)	2,467
<b>Total Net Position</b>	\$ 61,042	\$ (64,656)	\$ 17,873

State of Oregon

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Audit Services	Forestry Services	Health Services	Other	Total
23	723	11,965	107	43,153
5	25	1,210	8	3,133
-	-	14,500	28	121,329
490	139	6,846	126	21,286
-	-	-	-	52,295
-	-	422	-	1,106
63	19	17	-	5,080
-	-	-	-	6,779
-	-	-	-	498
<u>582</u>	<u>907</u>	<u>34,960</u>	<u>270</u>	<u>254,660</u>
264	75	3,686	68	11,462
-	-	58,396	-	271,990
-	-	-	-	31
446	135	121	-	12,489
-	-	-	-	76,744
-	-	-	-	1,126
10,486	3,114	158,512	2,011	418,326
17	5	234	2	654
161	68	3,789	27	8,457
<u>11,374</u>	<u>3,396</u>	<u>224,739</u>	<u>2,107</u>	<u>801,280</u>
<u>11,956</u>	<u>4,303</u>	<u>259,698</u>	<u>2,377</u>	<u>1,055,940</u>
-	-	-	-	337
238	71	3,601	46	9,504
44	16	800	7	1,987
<u>282</u>	<u>87</u>	<u>4,401</u>	<u>53</u>	<u>11,828</u>
175	6,131	551	2,378	253,044
-	-	-	-	103
-	-	-	-	17
36	14	463	7	1,426
(5,532)	6,099	203,331	1,171	(25,507)
<u>\$ (5,321)</u>	<u>\$ 12,245</u>	<u>\$ 204,345</u>	<u>\$ 3,556</u>	<u>\$ 229,084</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**  
**(In Thousands)**

	<b>Central Services</b>	<b>Legal Services</b>	<b>Banking Services</b>
<b>OPERATING REVENUES:</b>			
Rebates and Recoveries	\$ 1,206	\$ 5	\$ 4
Charges for Services	293,493	116,983	42,775
Fines, Forfeitures, and Penalties	-	7	-
Rents and Royalties	44,156	-	-
Sales	1,886	8	-
Other	681	70	90
Total Operating Revenues	<u>341,422</u>	<u>117,073</u>	<u>42,870</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	125,339	112,148	31,457
Services and Supplies	222,996	15,577	9,957
Distributions to Other Governments	-	1	-
Special Payments	-	-	-
Bond and COP Interest	2,075	-	-
Depreciation and Amortization	26,352	674	277
Total Operating Expenses	<u>376,762</u>	<u>128,399</u>	<u>41,691</u>
Operating Income (Loss)	<u>(35,340)</u>	<u>(11,325)</u>	<u>1,178</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income (Loss)	2,565	-	-
Other Grants	14,435	-	-
Gain (Loss) on Disposition of Assets	3,762	-	-
Insurance Recovery	318	-	-
Settlement Activities	38	-	-
Loan Interest Income	21	-	-
Loan Interest Expense	(464)	-	-
Other Interest Expense	(445)	(392)	(67)
Other Nonoperating Items	(1)	-	-
Total Nonoperating Revenues (Expenses)	<u>20,228</u>	<u>(392)</u>	<u>(67)</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	(15,111)	(11,718)	1,111
Transfers from Other Funds	1,457	-	807
Transfers to Other Funds	(109,079)	(3,649)	(937)
Change in Net Position	<u>(122,733)</u>	<u>(15,367)</u>	<u>981</u>
Net Position - Beginning	178,133	(49,410)	16,892
Prior Period Adjustments	5,642	121	-
Net Position - Beginning - As Restated	<u>183,775</u>	<u>(49,289)</u>	<u>16,892</u>
<b>Net Position - Ending</b>	<u>\$ 61,042</u>	<u>\$ (64,656)</u>	<u>\$ 17,873</u>

State of Oregon

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Audit Services	Forestry Services	Health Services	Other	Total
\$ -	\$ -	\$ 39,767	\$ 231	\$ 41,212
13,551	3,003	1,040,881	3,268	1,513,954
-	-	1	-	8
-	5,063	-	-	49,219
-	1,190	-	-	3,085
-	-	17,205	9	18,056
13,551	9,256	1,097,854	3,508	1,625,534
11,180	2,974	161,102	1,117	445,316
1,345	4,221	853,856	1,240	1,109,192
-	-	-	-	1
-	-	25,615	-	25,615
-	-	-	-	2,075
45	1,531	-	637	29,516
12,570	8,725	1,040,573	2,994	1,611,714
981	531	57,281	514	13,820
-	-	3,515	-	6,081
103	-	-	-	14,538
-	89	-	11	3,862
-	68	-	-	386
-	-	-	104	142
-	-	-	-	21
-	-	-	-	(464)
(40)	(12)	(11)	-	(968)
-	-	(2)	-	(4)
63	146	3,502	115	23,593
1,043	676	60,783	628	37,413
-	426	-	-	2,691
(4,341)	(855)	(67,998)	(515)	(187,373)
(3,297)	248	(7,215)	114	(147,269)
(2,024)	11,997	210,417	3,443	369,447
-	-	1,143	-	6,906
(2,024)	11,997	211,560	3,443	376,353
\$ (5,321)	\$ 12,245	\$ 204,345	\$ 3,556	\$ 229,084

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2021  
(In Thousands)**

	<b>Central Services</b>	<b>Legal Services</b>	<b>Banking Services</b>
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers	\$ 42,978	\$ 5,546	\$ -
Receipts from Other Funds for Services	289,477	110,000	44,937
Payments to Employees for Services	(108,631)	(95,293)	(26,724)
Payments to Suppliers	(110,969)	(11,221)	(7,726)
Payments to Other Funds for Services	(23,933)	(3,755)	(1,843)
Claims Paid	(66,715)	-	-
Distributions to Other Governments	-	(1)	-
Other Receipts (Payments)	(1,159)	264	91
Net Cash Provided (Used) in Operating Activities	<u>21,048</u>	<u>5,540</u>	<u>8,735</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Repayments on Advances Made	96	-	-
Principal Payments on Loans	(2,640)	(674)	(116)
Interest Payments on Loans	(719)	(392)	(67)
Grant Receipts	14,435	-	-
Interest Receipts on Advances Made	32	-	-
Transfers from Other Funds	16,235	-	807
Transfers to Other Funds	(26,012)	(3,649)	(937)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>1,426</u>	<u>(4,716)</u>	<u>(313)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Payments on Bonds/COPs	(6,474)	-	-
Principal Payments on Loans	(1,815)	-	-
Interest Payments on Bonds/COPs	(2,902)	-	-
Interest Payments on Loans	(190)	-	-
Acquisition of Capital Assets	(27,077)	(1,342)	(4,061)
Payments on Capital Leases	(917)	-	-
Proceeds from Disposition of Capital Assets	11,447	-	-
Insurance Recoveries for Capital Assets	341	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(27,586)</u>	<u>(1,342)</u>	<u>(4,061)</u>
<b>Cash Flows from Investing Activities:</b>			
Purchases of Investments	(18,000)	-	-
Proceeds from Sales and Maturities of Investments	43,251	-	-
Interest on Investments and Cash Balances	4,776	-	-
Interest Income from Securities Lending	4	-	-
Interest Expense from Securities Lending	(1)	-	-
Net Cash Provided (Used) in Investing Activities	<u>30,031</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	24,920	(518)	4,360
Cash and Cash Equivalents - Beginning	174,559	1,557	21,022
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 199,479</u>	<u>\$ 1,039</u>	<u>\$ 25,382</u>

State of Oregon

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Audit Services	Forestry Services	Health Services	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ 48,524
13,919	9,220	1,365,867	3,526	1,836,946
(9,165)	(3,029)	(145,315)	(1,575)	(389,732)
(752)	(2,054)	(390,135)	(701)	(523,558)
(656)	(1,929)	(38,363)	(411)	(70,891)
-	-	(717,630)	-	(784,345)
-	-	-	-	(1)
-	-	12,220	7	11,422
3,345	2,208	86,644	845	128,366
-	-	-	-	96
(69)	(21)	(19)	-	(3,538)
(40)	(12)	(11)	-	(1,242)
103	-	-	-	14,538
-	-	-	-	32
-	229	-	-	17,271
(4,341)	(854)	(67,998)	(516)	(104,307)
(4,347)	(658)	(68,028)	(516)	(77,151)
-	-	-	-	(6,474)
-	-	-	-	(1,815)
-	-	-	-	(2,902)
-	-	-	-	(190)
-	(1,053)	-	(81)	(33,616)
-	-	-	-	(917)
-	111	-	55	11,614
-	68	-	11	421
-	(874)	-	(15)	(33,878)
-	-	-	-	(18,000)
-	-	-	-	43,251
-	-	3,508	-	8,285
-	-	7	-	11
-	-	(2)	-	(4)
-	-	3,513	-	33,544
(1,002)	676	22,129	315	50,880
2,694	7,466	379,394	2,463	589,155
\$ 1,692	\$ 8,142	\$ 401,523	\$ 2,778	\$ 640,035

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**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2021  
(In Thousands)**

(continued from previous page)

	Central Services	Legal Services	Banking Services
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (35,340)	\$ (11,325)	\$ 1,178
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	26,352	674	277
Amortization of Bond/COP Premium and Discount	(895)	-	-
Noncash Services Received Pursuant to Settlement Activities	38	-	-
Interest Payments Reported as Operating Expense	2,902	-	-
Expenses Related to Insurance Recoveries for Capital Assets	-	-	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	(14,056)	(1,568)	2,211
Due from Other Funds	(11,159)	109	-
Inventories	(25)	27	-
Prepaid Items	(7,445)	-	-
Net Contracts, Notes and Other Receivables	(7)	(2)	-
Net OPEB Asset	572	577	189
Accounts and Interest Payable	9,164	626	394
Due to Other Funds	(1,528)	-	(6)
Unearned Revenue	(50)	-	-
Compensated Absences Payable	1,218	1,298	447
Claims and Judgments Payable	36,521	-	-
Deposit Liabilities	804	4	-
Contracts, Mortgages, and Notes Payable	(609)	-	-
Net Pension Liability	26,056	25,279	6,651
Net OPEB Liability	(300)	(247)	(61)
Total OPEB Liability	(9)	59	7
Net Changes in Deferred Outflows of Resources:			
Loss on Refunding	241	-	-
Related to pensions	(9,165)	(8,414)	(2,160)
Related to OPEB	(313)	(218)	(37)
Net Changes in Deferred Inflows of Resources:			
Gain on Refunding	(197)	-	-
Related to Pensions	(1,679)	(1,310)	(341)
Related to OPEB	(41)	(29)	(15)
Total Adjustments	56,388	16,865	7,557
Net Cash Provided (Used) by Operating Activities	\$ 21,048	\$ 5,540	\$ 8,735

**Noncash Investing and Capital and Related Financing Activities:**

Net Change in Fair Value of Investments	\$ (1,806)	\$ -	\$ -
Capital Leases	804	-	-
Noncash Assets Received Pursuant to Settlement Activities	3,690	-	-

**State of Oregon**

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Audit Services	Forestry Services	Health Services	Other	Total
\$ 981	\$ 531	\$ 57,281	\$ 514	\$ 13,820
45	1,531	-	637	29,516
-	-	-	-	(895)
-	-	-	104	142
-	-	-	-	2,902
-	-	-	(11)	(11)
236	(36)	2,528	25	(10,660)
132	-	(760)	-	(11,677)
-	(20)	8	2	(9)
6	-	-	-	(7,439)
-	-	129	-	120
56	(14)	879	11	2,269
(65)	(54)	5,907	8	15,980
-	-	(6,375)	16	(7,893)
-	-	-	-	(50)
148	(24)	1,321	15	4,424
-	-	7,890	-	44,411
-	-	(1,144)	-	(336)
-	-	-	-	(609)
2,864	520	33,395	(405)	94,361
(24)	5	(367)	(6)	(1,001)
(17)	24	32	1	98
-	-	-	-	241
(865)	(202)	(11,335)	10	(32,131)
(21)	(9)	(287)	(5)	(890)
-	-	-	-	(197)
(125)	(53)	(2,364)	(69)	(5,941)
(5)	9	(96)	(1)	(179)
2,365	1,677	29,363	332	114,546
\$ 3,345	\$ 2,208	\$ 86,644	\$ 845	\$ 128,366

\$ -	\$ -	\$ -	\$ -	\$ (1,806)
-	-	-	-	804
-	-	-	-	3,690

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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, 2021  
(In Thousands)**

	<b>Pension Trust Funds</b>	
	<b>Public Employees Defined Benefit Pension Plan</b>	<b>Individual Account Program Defined Contribution Pension Plan</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,228,977	\$ 766,539
Investments:		
Fixed Income	13,256,624	2,725,001
Public Equity	25,926,920	4,541,964
Real Estate	9,033,295	1,028,239
Private Equity	22,892,392	2,605,788
Alternatives Portfolio	8,585,394	977,255
Opportunity Portfolio	1,891,834	215,343
Total Investments	<u>81,586,458</u>	<u>12,093,590</u>
Securities Lending Collateral	568,547	64,868
Receivables:		
Employer Contributions	33,989	-
Plan Member Contributions	-	21,426
Interest and Dividends	117,563	13,382
Member Loans	-	-
Investment Sales	888,554	99,330
Transitional Liability	358,151	-
From Other Funds	13,854	5
Total Receivables	<u>1,412,111</u>	<u>134,143</u>
Prepaid Items	10,087	835
Capital Assets (net of \$32,722 accumulated depreciation):		
Land	944	-
Buildings, Property, and Equipment	20,661	178
<b>Total Assets</b>	<u>86,827,786</u>	<u>13,060,154</u>
<b>LIABILITIES</b>		
Accounts and Interest Payable	1,888,775	163,331
Obligations Under Securities Lending	568,592	64,873
Due to Other Funds	78	13,429
Unearned Revenue	421	-
Deposit Liabilities	38,603	27,512
<b>Total Liabilities</b>	<u>2,496,469</u>	<u>269,145</u>
<b>NET POSITION</b>		
Restricted for Pension Benefits	84,331,316	12,791,009
Restricted for Other Postemployment Benefits	-	-
Restricted for Other Employee Benefits	-	-
<b>Total Net Position</b>	<u>\$ 84,331,316</u>	<u>\$ 12,791,009</u>

State of Oregon

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**Other Employee Benefit Trust Funds**

<b>Other Postemployment Benefits</b>				
Retirement Health Insurance Account OPEB Plan	Retiree Health Insurance Premium Account OPEB Plan	Deferred Compensation Plan	Total	
\$ 32,329	\$ 3,846	\$ 5,086	\$	4,036,777
119,675	12,043	464,569		16,577,911
230,054	23,151	2,342,013		33,064,101
81,548	8,206	-		10,151,289
206,662	20,797	-		25,725,638
77,505	7,799	-		9,647,954
17,079	1,719	-		2,125,975
<u>732,522</u>	<u>73,714</u>	<u>2,806,582</u>		<u>97,292,867</u>
5,134	517	-		639,066
1,671	1,300	-		36,959
-	-	-		21,426
1,061	107	527		132,641
-	-	13,052		13,052
7,906	882	26		996,698
-	-	-		358,151
-	-	-		13,859
<u>10,638</u>	<u>2,289</u>	<u>13,605</u>		<u>1,572,786</u>
66	7	-		10,995
-	-	-		944
-	-	-		20,839
<u>780,690</u>	<u>80,373</u>	<u>2,825,273</u>		<u>103,574,275</u>
15,504	1,297	3,245		2,072,152
5,134	517	-		639,117
38	35	180		13,760
-	-	94		514
7,106	128	-		73,350
<u>27,782</u>	<u>1,977</u>	<u>3,520</u>		<u>2,798,893</u>
-	-	-		97,122,325
752,908	78,396	-		831,304
-	-	2,821,753		2,821,753
<u>\$ 752,908</u>	<u>\$ 78,396</u>	<u>\$ 2,821,753</u>	<u>\$</u>	<u>\$ 100,775,382</u>

**Combining Statement of Changes in Fiduciary Net Position  
Pension and Other Employee Benefit Trust Funds  
For the Year Ended June 30, 2021  
(In Thousands)**

	<b>Pension Trust Funds</b>	
	<b>Public Employees Defined Benefit Pension Plan</b>	<b>Individual Account Program Defined Contribution Pension Plan</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 2,161,451	\$ -
Plan Members	160,309	578,414
Total Contributions	<u>2,321,760</u>	<u>578,414</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	18,329,219	2,486,751
Interest, Dividends, and Other Investment Income	1,551,892	178,103
Total Investment Income	<u>19,881,110</u>	<u>2,664,854</u>
Less Investment Expense	882,704	104,366
Net Investment Income	<u>18,998,407</u>	<u>2,560,488</u>
Other Income	9	449
<b>Total Additions</b>	<u>21,320,176</u>	<u>3,139,350</u>
<b>DEDUCTIONS</b>		
Benefits	5,232,215	577,900
Death Benefits	4,923	-
Contributions Refunded	11,934	-
Healthcare Premium Subsidies	-	-
Administrative Expenses	59,084	12,828
<b>Total Deductions</b>	<u>5,308,156</u>	<u>590,728</u>
Change in Net Position:		
Restricted for Pension Benefits	16,012,019	2,548,623
Restricted for Other Postemployment Benefits	-	-
Restricted for Other Employee Benefits	-	-
Net Position - Beginning	<u>68,319,297</u>	<u>10,242,386</u>
<b>Net Position - Ending</b>	<u>\$ 84,331,316</u>	<u>\$ 12,791,009</u>

**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
\$ 2,963	\$ 11,724	\$ -	\$ 2,176,139
-	-	151,996	890,719
2,963	11,724	151,996	3,066,858
165,691	15,735	614,709	21,612,104
14,180	1,316	18,990	1,764,480
179,871	17,051	633,699	23,376,584
8,049	754	5,640	1,001,512
171,822	16,297	628,059	22,375,072
-	-	1,953	2,410
174,786	28,021	782,007	25,444,340
-	-	136,615	5,946,730
-	-	-	4,923
-	-	-	11,934
31,335	3,673	-	35,008
1,287	292	2,419	75,911
32,622	3,965	139,034	6,074,505
-	-	-	18,560,642
142,164	24,056	-	166,220
-	-	642,973	642,973
610,744	54,340	2,178,780	81,405,547
\$ 752,908	\$ 78,396	\$ 2,821,753	\$ 100,775,382



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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. 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 the 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 the pool.

**State of Oregon**

**Combining Statement of Fiduciary Net Position  
Custodial Funds - External Investment Pools  
June 30, 2021  
(In Thousands)**

	<b>Short Term Investment</b>	<b>Intermediate Term Investment</b>	<b>Local Government Intermediate Investment</b>	<b>Elimination for Consolidation</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 9,137,456	\$ 296	\$ 21,063	\$ (2,359)	\$ 9,156,456
Investments:					
Fixed Income	-	37,116	225,666	(223,888)	38,894
Total Investments	-	37,116	225,666	(223,888)	38,894
Securities Lending Collateral	22,947	-	21,103	-	44,050
Receivables:					
Interest and Dividends	16,320	191	897	-	17,408
Investment Sales	-	-	2,805	-	2,805
Accounts	18,096	1,500	-	-	19,596
Loans	1,706	-	-	-	1,706
Total Receivables	36,122	1,691	3,702	-	41,515
<b>Total Assets</b>	<b>9,196,525</b>	<b>39,103</b>	<b>271,534</b>	<b>(226,247)</b>	<b>9,280,915</b>
<b>LIABILITIES</b>					
Accounts and Interest Payable	33,900	1,339	1,090	-	36,329
Obligations Under Securities Lending	22,947	-	21,103	-	44,050
<b>Total Liabilities</b>	<b>56,847</b>	<b>1,339</b>	<b>22,193</b>	<b>-</b>	<b>80,379</b>
<b>NET POSITION</b>					
Amount Held for Pool Participants	9,139,678	37,764	249,341	(226,247)	9,200,536
<b>Total Net Position</b>	<b>\$ 9,139,678</b>	<b>\$ 37,764</b>	<b>\$ 249,341</b>	<b>\$ (226,247)</b>	<b>\$ 9,200,536</b>

**State of Oregon**

**Combining Statement of Changes in Fiduciary Net Position  
Custodial Funds - External Investment Pools  
For the Year Ended June 30, 2021  
(In Thousands)**

	<b>Short Term Investment</b>	<b>Intermediate Term Investment</b>	<b>Local Government Intermediate Investment</b>	<b>Elimination for Consolidation</b>	<b>Total</b>
<b>ADDITIONS</b>					
Investment Income:					
Net Appreciation (Depreciation) in Fair Value of Investments	\$ (432)	\$ 153	\$ (6,766)	\$ -	\$ (7,045)
Interest, Dividends, and Other Investment Income	48,009	941	8,033	-	56,983
Total Investment Income	47,577	1,094	1,267	-	49,938
Less Investment Expense	6,516	27	339	-	6,882
Net Investment Income	41,061	1,067	928	-	43,056
Share Transactions:					
Participant Contributions	23,480,780	-	500	-	23,481,280
Participant Withdrawals	22,499,547	-	1,048	-	22,500,595
Net Share Transactions	981,233	-	(548)	-	980,685
<b>Total Additions</b>	<b>1,022,294</b>	<b>1,067</b>	<b>380</b>	<b>-</b>	<b>1,023,741</b>
<b>DEDUCTIONS</b>					
Distribution to Participants	78,369	-	-	(8,606)	69,763
<b>Total Deductions</b>	<b>78,369</b>	<b>-</b>	<b>-</b>	<b>(8,606)</b>	<b>69,763</b>
Change in Net Position:					
Amount Held for Pool Participants	943,925	1,067	380	8,606	953,978
Net Position - Beginning	8,195,753	36,697	248,961	(234,853)	8,246,558
<b>Net Position - Ending</b>	<b>\$ 9,139,678</b>	<b>\$ 37,764</b>	<b>\$ 249,341</b>	<b>\$ (226,247)</b>	<b>\$ 9,200,536</b>

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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.

### Oregon Affordable Housing Assistance Corporation

The Oregon Affordable Housing Assistance Corporation (OAHAC) is an Oregon not-for-profit public benefit corporation. The director of the Oregon Housing and Community Services Department (OHCS) appoints two of the five OAHAC board members and approves the candidacy of the remaining at-large members. The at-large directors may be removed at any time by a vote of two-thirds or more of the directors then in office, and the government directors may be removed at any time by the director of OHCS.

The primary purpose of OAHAC is to administer 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. During the most recent fiscal year OAHAC administered only the Hardest Hit Fund programs, which are part of TARP. OAHAC reports on a fiscal year ended December 31 and its financial statements are prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-05, *Financial Statements for Not-for-Profit Organizations*. The December 31, 2020, financial information of OAHAC is included in this report.

**Combining Statement of Net Position  
Nonmajor Discretely Presented Component Units  
June 30, 2021  
(In Thousands)**

	<b>Oregon Health and Science University</b>	<b>Western Oregon University</b>	<b>Southern Oregon University</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 474,393	\$ 13,706	\$ 5,360
Cash and Cash Equivalents - Restricted	37,769	2,349	1,031
Investments	108,155	-	-
Securities Lending Collateral	-	264	163
Accounts and Interest Receivable (net)	597,723	15,186	13,124
Pledges, Contributions, and Grants Receivable (net)	121,502	-	330
Due from Other Governments	23,425	-	-
Due from Primary Government	31,172	3,920	256
Inventories	63,192	1,358	416
Prepaid Items	43,211	784	525
Total Current Assets	1,500,542	37,568	21,205
<b>Noncurrent Assets:</b>			
Cash and Cash Equivalents	-	-	2,131
Cash and Cash Equivalents - Restricted	-	-	151
Investments	2,593,452	40,392	41,957
Investments - Restricted	60,068	-	10,165
Net Contracts, Notes, and Other Receivables	34,807	1,600	3,129
Pledges, Contributions, and Grants Receivable (net)	248,218	-	296
Net OPEB Asset	4,328	4,125	161
Other Assets	8,556	-	-
<b>Capital Assets:</b>			
Land	82,303	5,719	4,238
Buildings, Property, and Equipment	4,350,711	211,880	246,795
Construction in Progress	-	19,391	-
Infrastructure	-	7,225	3,038
Works of Art and Other Nondepreciable Assets	-	685	2,028
Less Accumulated Depreciation and Amortization	(2,314,275)	(111,850)	(116,932)
Total Noncurrent Assets	5,068,168	179,167	197,157
<b>Total Assets</b>	6,568,710	216,735	218,362
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Hedging Derivatives	6,091	-	-
Goodwill	667	-	-
Loss on Refunding	27,794	-	-
Related to Pensions	192,559	16,214	13,085
Related to OPEB	10,035	2,338	378
<b>Total Deferred Outflows of Resources</b>	237,146	18,552	13,463

**State of Oregon**

Eastern Oregon University	Oregon Institute of Technology	State Fair Council	Housing Assistance Corporation	Total
\$ 16,298	\$ 3,746	\$ 4,154	\$ 25,354	\$ 543,011
57	6,100	-	-	47,306
-	-	-	-	108,155
247	183	-	-	857
6,081	4,053	100	-	636,267
366	-	-	-	122,198
-	-	-	-	23,425
2,492	22,358	-	-	60,198
7	150	-	-	65,123
62	1,091	4	350	46,027
<u>25,609</u>	<u>37,682</u>	<u>4,258</u>	<u>25,704</u>	<u>1,652,568</u>
-	869	-	-	3,000
257	2,193	-	-	2,601
14,798	54,146	-	-	2,744,745
17,461	-	-	-	87,694
1,095	1,230	-	11,413	53,274
848	1,632	-	-	250,994
74	50	-	-	8,738
-	11	-	-	8,567
3,127	5,781	-	-	101,168
144,124	179,438	2,180	-	5,135,128
9,451	30,509	-	-	59,351
4,609	27,666	-	-	42,538
337	2,085	23	-	5,158
<u>(81,392)</u>	<u>(97,900)</u>	<u>(451)</u>	<u>-</u>	<u>(2,722,800)</u>
<u>114,789</u>	<u>207,709</u>	<u>1,752</u>	<u>11,413</u>	<u>5,780,155</u>
<u>140,399</u>	<u>245,391</u>	<u>6,010</u>	<u>37,117</u>	<u>7,432,724</u>
-	-	-	-	6,091
-	-	-	-	667
-	-	-	-	27,794
9,102	10,301	-	-	241,261
240	273	-	-	13,264
<u>9,342</u>	<u>10,574</u>	<u>-</u>	<u>-</u>	<u>289,077</u>

(continued on next page)



**Combining Statement of Net Position**  
**Nonmajor Discretely Presented Component Units**  
**June 30, 2021**  
(In Thousands)  
(continued from previous page)

	Oregon Health and Science University	Western Oregon University	Southern Oregon University
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts and Interest Payable	333,935	7,795	3,226
Obligations Under Securities Lending	-	264	163
Obligations Under Life Income Agreements	-	939	-
Due to Other Governments	-	-	-
Due to Primary Government	11,260	3,192	1,591
Unearned Revenue	213,358	2,536	3,801
Compensated Absences Payable	76,432	1,788	2,476
Claims and Judgments Payable	40,868	-	-
Deposit Liabilities	-	227	157
Contracts, Mortgages, and Notes Payable	-	680	524
Bonds/COPs Payable	23,985	1,969	-
Obligations Under Capital Lease	1,234	123	-
<b>Total Current Liabilities</b>	<b>701,071</b>	<b>19,513</b>	<b>11,939</b>
<b>Noncurrent Liabilities:</b>			
Obligations Under Life Income Agreements	23,492	-	235
Compensated Absences Payable	-	800	243
Claims and Judgments Payable	46,639	-	-
Contracts, Mortgages, and Notes Payable	55,148	2,299	3,257
Bonds/COPs Payable	930,701	-	-
Obligations Under Capital Lease	968	90	-
Net Pension Liability	637,535	49,387	41,733
Advances from Primary Government	25,241	45,561	39,548
Net OPEB Liability	-	114	72
<b>Total OPEB Liability</b>	<b>23,224</b>	<b>1,871</b>	<b>1,524</b>
Derivative Instrument Liabilities	16,263	-	-
<b>Total Noncurrent Liabilities</b>	<b>1,759,212</b>	<b>100,122</b>	<b>86,611</b>
<b>Total Liabilities</b>	<b>2,460,283</b>	<b>119,635</b>	<b>98,550</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on Refunding	1,291	-	-
Life income agreements and Pending Funds	104,542	-	-
Related to Pensions	46,214	1,122	3,608
Related to OPEB	1,519	1,015	434
<b>Total Deferred Inflows of Resources</b>	<b>153,567</b>	<b>2,137</b>	<b>4,043</b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,232,802	85,254	97,448
Restricted-Nonexpendable	314,451	-	25,062
Restricted for:			
Education	797,593	28,451	18,558
Debt Service	-	120	311
Capital Projects	-	168	308
OPEB	4,328	4,125	161
Unrestricted	1,842,832	(4,603)	(12,616)
<b>Total Net Position</b>	<b>\$ 4,192,006</b>	<b>\$ 113,515</b>	<b>\$ 129,232</b>

**State of Oregon**

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Eastern Oregon University	Oregon Institute of Technology	State Fair Council	Housing Assistance Corporation	Total
7,718	13,770	67	18	366,529
247	183	-	-	857
-	24	-	-	963
-	-	-	11,413	11,413
1,579	1,381	-	158	19,161
2,300	3,458	571	25,529	251,553
1,248	909	-	-	82,853
-	-	-	-	40,868
259	142	-	-	785
266	356	-	-	1,826
-	-	-	-	25,954
-	-	-	-	1,357
<b>13,617</b>	<b>20,224</b>	<b>638</b>	<b>37,117</b>	<b>804,119</b>
-	-	-	-	23,727
428	1,552	-	-	3,023
-	-	-	-	46,639
2,675	1,819	-	-	65,198
-	-	-	-	930,701
-	-	-	-	1,058
26,950	27,426	-	-	783,031
17,226	38,405	-	-	165,981
73	44	-	-	303
992	1,284	-	-	28,895
-	-	-	-	16,263
<b>48,345</b>	<b>70,531</b>	<b>-</b>	<b>-</b>	<b>2,064,821</b>
<b>61,963</b>	<b>90,754</b>	<b>638</b>	<b>37,117</b>	<b>2,868,940</b>
-	-	-	-	1,291
-	-	-	-	104,542
958	1,139	-	-	53,041
251	279	-	-	3,498
<b>1,209</b>	<b>1,418</b>	<b>-</b>	<b>-</b>	<b>162,374</b>
60,313	107,855	1,752	-	1,585,424
554	-	-	-	340,067
20,345	26,818	-	-	891,765
249	20	-	-	700
28	2,635	8	-	3,147
74	50	-	-	8,738
5,005	26,415	3,612	-	1,860,645
<b>\$ 86,569</b>	<b>\$ 163,793</b>	<b>\$ 5,372</b>	<b>\$ -</b>	<b>\$ 4,690,487</b>

**State of Oregon**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
Nonmajor Discretely Presented Component Units  
For the Year Ended June 30, 2021  
(In Thousands)**

	<b>Oregon Health and Science University</b>	<b>Western Oregon University</b>	<b>Southern Oregon University</b>
<b>Operating Revenues:</b>			
Federal Revenue	\$ 381,453	\$ 6,015	\$ 6,641
Charges for Services	2,858,943	29,037	30,231
Rents and Royalties	-	-	-
Sales	-	7,566	9,650
Gifts, Grants, and Contracts	322,359	3,560	7,848
Other Revenues	428,322	2,677	627
Total Operating Revenues	<u>3,991,076</u>	<u>48,854</u>	<u>54,997</u>
<b>Operating Expenses:</b>			
Salaries and Wages	2,394,684	71,757	61,952
Services and Supplies	1,443,664	13,606	20,352
Mortgage Assistance Payments	-	-	-
Depreciation and Amortization	187,264	6,642	4,773
Special Payments	-	10,867	7,587
Interest	33,708	-	-
Total Operating Expenses	<u>4,059,320</u>	<u>102,872</u>	<u>94,664</u>
Operating Income (Loss)	<u>(68,244)</u>	<u>(54,018)</u>	<u>(39,667)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Income	450,250	5,396	9,812
State Appropriations	44,243	30,363	25,310
Other Grants	74,826	21,318	10,304
Gain/(Loss) on Disposition of Assets	18	1	(45)
Other Interest Expense	-	(1,688)	(1,046)
Other	34,612	(97)	(4,106)
Total Nonoperating Revenues (Expenses)	<u>603,948</u>	<u>55,294</u>	<u>40,230</u>
Income (Loss) Before Capital Contributions	535,704	1,276	563
Capital Contributions	1,289	8,246	8,476
Change in Net Position	<u>536,993</u>	<u>9,522</u>	<u>9,039</u>
Net Position - Beginning	3,655,012	103,993	120,193
Cumulative Effect of Change in Accounting Principles	-	-	-
Net Position - Beginning - As Restated	<u>3,655,012</u>	<u>103,993</u>	<u>120,193</u>
<b>Net Position - Ending</b>	<u>\$ 4,192,006</u>	<u>\$ 113,515</u>	<u>\$ 129,232</u>

**State of Oregon**

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		<b>Oregon Affordable Housing Assistance Corporation</b>			
<b>Eastern Oregon University</b>	<b>Oregon Institute of Technology</b>	<b>State Fair Council</b>			<b>Total</b>
\$ 2,790	\$ 3,139	\$ -	\$ -	\$ -	\$ 400,038
19,753	29,548	-	-	-	2,967,512
-	-	661	-	-	661
5,487	13,688	47	-	-	36,438
6,473	9,228	-	-	-	349,468
481	421	42	-	-	432,570
<u>34,985</u>	<u>56,023</u>	<u>751</u>	<u>-</u>	<u>-</u>	<u>4,186,686</u>
43,994	59,103	597	-	-	2,632,087
13,042	21,895	1,515	-	-	1,514,074
-	-	-	21,771	-	21,771
4,663	7,706	148	-	-	211,196
5,208	7,485	-	-	-	31,147
-	-	-	-	-	33,708
<u>66,907</u>	<u>96,190</u>	<u>2,260</u>	<u>21,771</u>	<u>-</u>	<u>4,443,984</u>
<u>(31,922)</u>	<u>(40,167)</u>	<u>(1,509)</u>	<u>(21,771)</u>	<u>-</u>	<u>(257,298)</u>
1,908	8,875	62	-	-	476,303
23,675	33,490	-	-	-	157,081
7,751	7,331	-	-	-	121,530
-	-	-	-	-	(26)
(717)	(1,177)	-	-	-	(4,628)
(199)	(1,997)	-	21,771	-	49,984
<u>32,419</u>	<u>46,522</u>	<u>62</u>	<u>21,771</u>	<u>-</u>	<u>800,246</u>
497	6,355	(1,447)	-	-	542,948
10,027	22,303	3	-	-	50,344
<u>10,525</u>	<u>28,658</u>	<u>(1,444)</u>	<u>-</u>	<u>-</u>	<u>593,293</u>
75,973	135,135	6,816	-	-	4,097,122
71	-	-	-	-	71
<u>76,044</u>	<u>135,135</u>	<u>6,816</u>	<u>-</u>	<u>-</u>	<u>4,097,193</u>
\$ 86,569	\$ 163,793	\$ 5,372	\$ -	\$ -	\$ 4,690,487

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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)

	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 8,888,097	\$ 10,636,687	\$ 9,982,055	\$ 11,116,322
Restricted	3,143,955	2,794,989	3,494,851	3,812,040
Unrestricted	(840,528)	(1,488,172)	(1,077,265)	(3,243,523)
<b>Total Governmental Activities Net Position</b>	<b>\$ 11,191,524</b>	<b>\$ 11,943,504</b>	<b>\$ 12,399,641</b>	<b>\$ 11,684,839</b>
<b>Business-type Activities</b>				
Net Investment in Capital Assets	\$ 1,383,060	\$ 1,383,562	\$ 1,443,136	\$ 633,944
Restricted	505,991	549,486	578,740	311,509
Unrestricted	2,778,815	3,084,564	3,613,692	3,205,302
<b>Total Business-type Activities Net Position</b>	<b>\$ 4,667,866</b>	<b>\$ 5,017,612</b>	<b>\$ 5,635,568</b>	<b>\$ 4,150,755</b>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 10,271,157	\$ 12,020,249	\$ 11,425,191	\$ 11,750,266
Restricted	3,649,946	3,344,475	4,073,591	4,123,549
Unrestricted	1,938,287	1,596,392	2,536,427	(38,221)
<b>Total Primary Government Net Position</b>	<b>\$ 15,859,390</b>	<b>\$ 16,961,116</b>	<b>\$ 18,035,209</b>	<b>\$ 15,835,594</b>

**State of Oregon**

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<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 9,563,039	\$ 9,694,241	\$ 9,981,128	\$ 10,980,266	\$ 11,343,771	\$ 11,902,923
4,052,223	4,316,623	5,054,204	4,882,727	5,396,688	5,541,452
(2,937,300)	(2,482,259)	(2,466,140)	(1,524,443)	(2,325,782)	(32,275)
<b>\$ 10,677,962</b>	<b>\$ 11,528,605</b>	<b>\$ 12,569,192</b>	<b>\$ 14,338,550</b>	<b>\$ 14,414,675</b>	<b>\$ 17,412,100</b>
\$ 612,107	\$ 610,616	\$ 583,878	\$ 547,653	\$ 524,170	\$ 542,048
222,398	215,772	216,041	224,778	233,786	232,492
4,233,276	4,763,302	5,325,538	5,965,305	5,467,513	5,286,486
<b>\$ 5,067,782</b>	<b>\$ 5,589,690</b>	<b>\$ 6,125,457</b>	<b>\$ 6,737,736</b>	<b>\$ 6,225,468</b>	<b>\$ 6,061,025</b>
\$ 10,175,146	\$ 10,304,857	\$ 10,565,006	\$ 11,133,063	\$ 11,489,028	\$ 12,084,721
4,274,621	4,532,395	5,270,245	5,235,707	5,886,848	5,876,493
1,295,976	2,281,043	2,859,398	4,707,517	3,264,267	5,511,912
<b>\$ 15,745,743</b>	<b>\$ 17,118,295</b>	<b>\$ 18,694,649</b>	<b>\$ 21,076,287</b>	<b>\$ 20,640,143</b>	<b>\$ 23,473,125</b>

**Schedule 2**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years (In Thousands)**  
**(Accrual Basis of Accounting)**

	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
Education	\$ 4,061,791	\$ 3,883,592	\$ 4,420,704	\$ 4,693,469
Human Services	8,186,498	8,459,678	9,880,251	11,556,800
Public Safety	1,235,617	1,256,086	1,300,085	1,179,299
Economic and Community Development	416,683	423,191	385,464	375,497
Natural Resources	619,535	637,929	724,185	661,438
Transportation	1,394,815	1,407,506	1,555,822	1,437,587
Consumer and Business Services	263,541	403,725	283,039	204,614
Administration	349,555	305,791	404,182	684,677
Legislative	34,839	40,828	37,234	39,621
Judicial	326,803	311,401	340,313	331,253
Interest on Long-term Debt	367,826	331,531	347,010	321,032
<b>Total governmental activities expenses</b>	<b>17,257,503</b>	<b>17,461,258</b>	<b>19,678,289</b>	<b>21,485,287</b>
Business-type activities:				
Housing and Community Services	75,879	67,918	56,473	49,422
Veterans' Loan	18,628	-	-	-
Lottery Operations	534,018	494,337	493,652	522,185
Unemployment Compensation	1,729,355	1,236,639	831,914	573,992
University System	2,300,493	2,412,100	2,505,392	351,959
State Hospitals	270,793	253,960	278,804	269,549
Liquor Control	344,540	367,141	384,491	400,683
Other Business-type Activities	268,659	324,463	306,212	362,326
<b>Total business-type activities expenses</b>	<b>5,542,365</b>	<b>5,156,558</b>	<b>4,856,938</b>	<b>2,530,116</b>
<b>Total primary government expenses</b>	<b>\$ 22,799,868</b>	<b>\$ 22,617,816</b>	<b>\$ 24,535,227</b>	<b>\$ 24,015,403</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
Human Services	\$ 531,658	\$ 639,524	\$ 615,829	\$ 581,530
Public Safety	141,432	59,551	85,549	67,756
Natural Resources	306,336	301,196	335,198	337,857
Transportation	140,219	147,234	171,154	161,937
Consumer and Business Services	69,000	124,698	126,482	114,971
Administration	96,006	91,626	92,358	130,508
Judicial	99,052	197,966	33,722	131,951
Other governmental activities	42,502	63,009	44,347	87,253
Operating Grants and Contributions	7,400,703	7,816,666	9,055,464	10,371,663
Capital Grants and Contributions	37,134	30,663	17,766	17,615
<b>Total governmental activities program revenues</b>	<b>8,864,042</b>	<b>9,472,133</b>	<b>10,577,869</b>	<b>12,003,041</b>

**State of Oregon**

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	2016	2017	2018	2019	2020	2021
\$	5,588,674	\$ 5,722,672	\$ 6,272,580	\$ 6,418,578	\$ 6,914,415	\$ 7,614,399
	12,516,784	12,446,233	12,912,779	13,745,007	15,017,603	17,401,755
	1,683,095	1,604,349	1,659,150	1,711,657	1,844,670	2,000,090
	444,564	477,674	527,649	604,380	654,791	1,706,086
	845,601	800,960	842,882	970,404	896,949	1,045,119
	1,614,231	1,667,739	1,660,362	1,887,748	1,949,483	2,266,246
	364,373	260,420	298,499	394,611	443,364	520,979
	450,111	410,692	387,319	370,025	552,258	992,498
	48,293	49,497	49,415	59,681	61,859	81,095
	455,749	433,325	456,707	510,105	566,009	532,840
	403,769	427,671	430,169	413,532	396,486	346,208
	24,415,243	24,301,233	25,497,511	27,085,729	29,297,887	34,507,315
	48,060	42,246	42,904	50,329	51,654	44,139
	18,531	18,058	19,231	19,604	20,618	16,609
	595,692	578,629	608,499	637,164	587,551	659,109
	547,309	528,851	521,071	524,641	4,670,860	5,409,212
	-	-	-	-	-	-
	399,766	408,488	422,663	440,355	500,839	509,919
	424,939	447,266	471,783	498,114	551,281	596,099
	315,720	266,455	281,383	209,950	163,340	160,127
	2,350,017	2,289,995	2,367,534	2,380,156	6,546,142	7,395,215
\$	26,765,260	\$ 26,591,224	\$ 27,865,045	\$ 29,465,886	\$ 35,844,029	\$ 41,902,530
\$	711,764	\$ 688,009	\$ 738,454	\$ 1,002,665	\$ 1,030,658	\$ 1,043,398
	80,479	131,406	85,772	77,101	84,448	75,454
	394,169	369,685	454,784	419,569	444,480	459,367
	163,195	159,842	183,907	153,641	150,920	175,544
	143,591	113,061	220,486	162,871	149,379	153,803
	179,412	151,025	171,603	171,960	191,361	173,782
	154,534	145,933	167,027	140,372	199,856	124,318
	78,511	96,994	105,995	127,474	114,700	146,731
	10,797,377	10,801,215	11,096,213	11,620,564	12,764,628	16,770,671
	18,426	11,153	18,684	8,639	19,608	27,604
	12,721,458	12,668,324	13,242,925	13,884,856	15,150,038	19,150,671

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**Schedule 2**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years (In Thousands)**  
**(Accrual Basis of Accounting)**  
(continued from previous page)

	2012	2013	2014	2015
Business-type activities:				
Charges for Services:				
Lottery Operations	1,050,315	1,069,064	1,052,945	1,117,175
Unemployment Compensation	1,083,438	1,092,890	1,064,234	1,009,913
University System	1,356,609	1,438,948	1,527,836	156,824
Liquor Control	470,421	502,919	524,218	550,405
Other Business-type Activities	436,945	452,345	428,344	475,414
Operating Grants and Contributions	1,621,254	1,139,888	851,199	181,961
Capital Grants and Contributions	36,770	60,048	158,927	7,584
Total business-type activities program revenues	6,055,752	5,756,102	5,607,703	3,499,276
<b>Total primary government program revenues</b>	<b>\$ 14,919,794</b>	<b>\$ 15,228,235</b>	<b>\$ 16,185,572</b>	<b>\$ 15,502,317</b>
Net (Expense)/Revenue				
Governmental activities	\$ (8,393,461)	\$ (7,989,125)	\$ (9,100,420)	\$ (9,482,246)
Business-type activities	513,387	599,544	750,765	969,160
<b>Total primary government net expense</b>	<b>\$ (7,880,074)</b>	<b>\$ (7,389,581)</b>	<b>\$ (8,349,655)</b>	<b>\$ (8,513,086)</b>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Personal Income Taxes	\$ 5,901,448	\$ 6,320,497	\$ 6,596,708	\$ 7,292,582
Corporate Income Taxes	440,444	463,012	506,889	595,327
Corporate Activity Taxes	N/A	N/A	N/A	N/A
Tobacco Taxes	249,388	254,483	260,882	266,831
Healthcare Provider Taxes	423,951	414,267	485,584	569,831
Inheritance Taxes	102,351	99,318	N/A	N/A
Public Utilities Taxes	72,310	85,781	N/A	N/A
Insurance Premium Taxes	94,583	103,251	85,196	58,193
Marijuana Taxes	N/A	N/A	N/A	N/A
Other Taxes	156,256	186,038	380,783	384,585
Motor Fuels and Other Vehicle Taxes	N/A	N/A	1,053,611	1,096,505
Motor Fuels Taxes	492,188	487,308	N/A	N/A
Weight Mile Taxes	260,091	251,518	N/A	N/A
Vehicle Registration Taxes	281,799	282,857	N/A	N/A
Workers' Compensation Insurance Taxes	53,669	50,242	54,126	54,957
Employer-Employee Taxes	71,977	72,861	91,343	91,232
Unrestricted Investment Earnings	11,157	4,917	5,516	7,374
Contributions to Permanent Fund	76	228	297	518
Special Items	-	-	-	(3,276)
Transfers	125,915	107,437	133,008	285,417
<b>Total governmental activities</b>	<b>8,737,603</b>	<b>9,184,015</b>	<b>9,653,943</b>	<b>10,700,076</b>
Business-type activities:				
Other Taxes	16,893	16,388	17,584	17,689
Additions to Permanent Endowments	159	241	776	-
Special Items	-	-	-	(1,956,089)
Transfers	(125,915)	(107,437)	(133,008)	(285,417)
<b>Total business-type activities</b>	<b>(108,863)</b>	<b>(90,808)</b>	<b>(114,648)</b>	<b>(2,223,817)</b>
<b>Total primary government</b>	<b>\$ 8,628,740</b>	<b>\$ 9,093,207</b>	<b>\$ 9,539,295</b>	<b>\$ 8,476,259</b>
Change in Net Position				
Governmental activities	\$ 344,142	\$ 1,194,890	\$ 553,523	\$ 1,217,830
Business-type activities	404,524	508,736	636,117	(1,254,657)
<b>Total primary government</b>	<b>\$ 748,666</b>	<b>\$ 1,703,626</b>	<b>\$ 1,189,640</b>	<b>\$ (36,827)</b>

**State of Oregon**

2016	2017	2018	2019	2020	2021
1,229,979	1,246,531	1,302,541	1,347,465	1,144,786	1,298,805
952,114	971,299	964,343	928,641	862,764	1,094,573
-	-	-	-	-	-
577,662	604,621	633,927	674,421	737,837	803,504
426,497	411,850	419,184	408,376	299,864	308,417
131,900	128,325	153,982	203,080	3,412,052	4,225,808
540	975	2,769	183	377	3,170
3,318,692	3,363,600	3,476,746	3,562,166	6,457,680	7,734,278
\$ 16,040,150	\$ 16,031,924	\$ 16,719,671	\$ 17,447,022	\$ 21,607,718	\$ 26,884,949
\$ (11,693,785)	\$ (11,632,910)	\$ (12,254,588)	\$ (13,200,874)	\$ (14,147,850)	(15,356,644)
968,675	1,073,606	1,109,213	1,182,010	(88,462)	339,063
\$ (10,725,110)	\$ (10,559,304)	\$ (11,145,375)	\$ (12,018,865)	\$ (14,236,312)	\$ (15,017,581)
\$ 7,611,745	\$ 8,379,255	\$ 8,879,552	\$ 9,847,141	\$ 8,635,668	\$ 11,256,904
633,871	633,046	804,453	910,929	892,484	1,223,523
N/A	N/A	N/A	N/A	419,206	1,179,137
270,199	247,406	263,860	250,156	245,318	377,921
607,485	568,742	651,696	799,796	865,521	1,067,886
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
65,903	68,481	70,903	80,618	76,462	49,633
28,586	77,573	104,545	118,546	156,154	205,739
378,602	469,181	503,298	549,703	672,583	650,519
1,143,173	1,167,291	1,286,863	1,424,423	1,357,001	1,480,420
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
58,192	55,798	66,782	72,016	68,107	74,489
95,866	93,887	82,084	155,364	178,234	178,873
12,164	27,786	52,597	96,035	101,487	52,106
39	519	50	132	6	26
-	-	-	-	-	-
(230,618)	581,535	608,500	598,875	442,009	539,185
10,675,206	12,370,501	13,375,183	14,903,733	14,110,240	18,336,363
18,286	18,819	18,455	19,156	18,260	17,690
-	-	-	-	-	-
(335,632)	-	-	-	-	-
230,618	(581,535)	(608,500)	(598,875)	(442,009)	(539,185)
(86,727)	(562,716)	(590,045)	(579,719)	(423,749)	(521,495)
\$ 10,588,479	\$ 11,807,784	\$ 12,785,138	\$ 14,324,013	\$ 13,686,491	\$ 17,814,867
\$ (1,018,580)	\$ 737,591	\$ 1,120,594	\$ 1,702,858	\$ (37,610)	\$ 2,979,719
881,948	510,890	519,168	602,290	(512,210)	(182,432)
\$ (136,632)	\$ 1,248,481	\$ 1,639,762	\$ 2,305,148	\$ (549,821)	\$ 2,797,286

**Schedule 3**  
**FUND BALANCE – GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years (In Thousands)  
 (Modified Accrual Basis of Accounting)

	2012	2013	2014	2015
<b>General Fund</b>				
Nonspendable	\$ 33,361	\$ 20,361	\$ 24,430	\$ 20,139
Restricted	109,458	106,241	255,539	358,784
Committed	61,534	83,083	92,978	226,081
Assigned	-	-	1,327	5,164
Unassigned	(162,867)	574,197	394,999	675,921
<b>Total General Fund</b>	<b>\$ 41,486</b>	<b>\$ 783,882</b>	<b>\$ 769,273</b>	<b>\$ 1,286,089</b>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 82,991	\$ 76,641	\$ 60,728	\$ 68,229
Restricted	3,988,266	3,582,344	4,132,949	4,452,289
Committed	545,040	515,440	586,296	614,287
Assigned	37,476	20,164	23,298	24,444
Unassigned	-	(46,516)	(18,237)	(3,788)
<b>Total all other governmental funds</b>	<b>\$4,653,773</b>	<b>\$4,148,073</b>	<b>\$4,785,034</b>	<b>\$5,155,461</b>

**State of Oregon**

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<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 25,020	\$ 27,869	\$ 24,931	\$ 24,703	\$ 68,525	\$ 141,946
505,844	666,091	869,084	950,784	1,260,078	791,174
395,319	406,978	815,278	703,834	940,038	989,574
12,793	12,478	12,038	13,009	14,292	16,765
663,658	1,037,374	1,157,707	2,911,326	1,593,184	4,168,423
<b>\$1,602,633</b>	<b>\$2,150,789</b>	<b>\$2,879,038</b>	<b>\$4,603,657</b>	<b>\$ 3,876,117</b>	<b>\$ 6,107,882</b>
\$ 67,251	\$ 79,437	\$ 67,996	\$ 68,774	\$ 56,078	\$ 62,793
5,655,799	6,603,630	6,672,783	7,054,520	7,370,053	8,331,272
658,467	737,890	646,285	721,942	846,126	1,098,093
45,171	48,419	211,667	146,837	195,100	442,223
(32)	(12,208)	(17)	-	-	(435)
<b>\$6,426,656</b>	<b>\$7,457,168</b>	<b>\$7,598,714</b>	<b>\$7,992,073</b>	<b>\$ 8,467,358</b>	<b>\$ 9,933,945</b>



**Schedule 4**  
**CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years (In Thousands)**  
**(Modified Accrual Basis of Accounting)**

	2012	2013	2014	2015
<b>Revenues</b>				
Taxes	\$ 8,570,880	\$ 8,969,867	\$ 9,542,069	\$ 10,460,831
Licenses and Fees	470,480	462,233	495,774	504,355
Federal	7,251,929	7,480,379	8,623,136	10,166,298
Rebates and Recoveries	N/A	N/A	292,805	342,598
Charges for Services	372,361	356,418	250,738	229,578
Fines, Forfeitures, and Penalties	137,354	119,942	107,326	120,574
Rents and Royalties	15,645	16,258	17,293	17,312
Investment Income	51,831	191,017	274,861	103,132
Sales	91,906	105,796	124,071	126,601
Assessments	N/A	N/A	N/A	37,185
Donations and Grants	24,135	32,694	44,372	50,342
Contributions to Permanent Funds	76	227	297	518
Tobacco Settlement Proceeds	78,940	78,909	86,924	76,600
Foreclosure Settlement Proceeds	25,253	N/A	N/A	N/A
Pension Bond Debt Service Assessments	5,681	6,196	N/A	N/A
Settlement Activities	N/A	N/A	N/A	N/A
Unclaimed and Escheat Property Revenue	15,308	22,057	24,360	18,214
Other	440,679	429,523	281,831	222,011
<b>Total Revenues</b>	<b>17,552,458</b>	<b>18,271,516</b>	<b>20,165,857</b>	<b>22,476,149</b>
<b>Expenditures</b>				
Education	4,062,244	3,884,393	4,421,231	4,702,795
Human Resources	8,268,743	8,544,692	9,959,458	11,626,788
Public Safety	1,219,852	1,241,057	1,289,232	1,281,050
Economic and Community Development	416,395	420,351	384,392	392,966
Natural Resources	623,461	647,606	685,357	750,784
Transportation	1,569,039	1,694,679	1,698,418	1,763,595
Consumer and Business Services	281,556	269,701	299,925	288,066
Administration	343,256	348,600	341,549	715,932
Legislative	33,289	39,405	36,319	42,923
Judicial	336,099	318,209	346,710	367,669
Intergovernmental	N/A	N/A	N/A	N/A
Capital Outlay	129,337	88,583	73,976	66,071
Debt Service:				
Principal	331,581	357,106	330,745	324,485
Interest	350,874	338,645	339,476	322,091
Other Debt Service	6,817	3,440	4,759	10,032
<b>Total Expenditures</b>	<b>17,972,543</b>	<b>18,196,467</b>	<b>20,211,547</b>	<b>22,655,247</b>
Excess of Revenues Over (Under) Expenditures	(420,085)	75,049	(45,690)	(179,098)
<b>Other Financing Sources (Uses)</b>				
Transfers from Other Funds	2,361,835	2,809,301	2,223,916	2,434,341
Transfers to Other Funds	(2,232,819)	(2,679,360)	(2,054,506)	(2,024,246)
Insurance Recoveries	676	2,224	1,839	2,502
Leases Incurred	-	-	-	-
Long-term Debt Issued	170,159	108,186	538,877	435,459
Debt Issuance Premium	95,038	47,125	57,611	304,732
Refunding Debt Issued	502,389	212,319	266,635	1,146,120
Refunded Debt Payment to Escrow Agent	(574,833)	(246,543)	(266,425)	(1,377,597)
<b>Total Other Financing Sources (Uses)</b>	<b>322,445</b>	<b>253,252</b>	<b>767,947</b>	<b>921,311</b>
Special Items	-	-	-	(3,054)
<b>Net Change in Fund Balances</b>	<b>\$ (97,640)</b>	<b>\$ 328,301</b>	<b>\$ 722,257</b>	<b>\$ 739,159</b>
Debt service as a percentage of noncapital expenditures	3.95%	3.99%	3.42%	2.95%

**State of Oregon**

2016	2017	2018	2019	2020	2021
\$ 10,899,473	\$ 11,581,800	\$ 12,786,737	\$ 14,287,003	\$ 13,718,277	\$ 17,530,770
538,591	563,129	629,021	675,514	595,254	639,354
10,553,352	10,310,284	10,728,658	11,122,076	12,440,995	16,036,549
507,710	555,032	557,629	599,701	459,971	666,758
239,976	188,513	241,644	205,408	302,379	210,731
127,788	148,872	124,535	118,765	80,662	122,491
17,435	17,845	17,255	17,117	17,042	16,887
108,875	332,171	341,356	387,524	268,116	701,162
136,989	143,789	173,360	192,072	158,686	173,827
35,154	45,775	45,125	49,404	46,297	71,924
38,610	40,253	41,639	42,958	40,523	45,444
39	519	50	132	6	26
80,239	142,200	69,536	69,915	65,933	74,705
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	25,218	-	-	-	-
13,629	10,731	13,275	15,082	25,961	27,930
280,196	190,499	267,654	447,572	534,984	536,614
23,578,059	24,296,631	26,037,474	28,230,243	28,755,086	36,855,170
5,572,518	5,714,090	6,269,848	410,924	419,273	635,417
12,322,549	12,427,872	12,934,967	13,158,705	14,381,203	16,544,932
1,425,482	1,462,808	1,573,565	1,351,758	1,416,846	1,518,228
417,634	465,401	518,518	429,691	470,187	1,441,807
758,592	768,431	822,361	753,813	718,261	806,059
1,716,411	1,826,813	1,763,839	1,412,939	1,348,917	1,663,047
298,410	305,144	290,183	366,424	378,412	411,441
441,111	404,691	403,270	195,779	368,775	578,649
38,984	45,456	43,987	56,720	55,435	69,865
407,265	415,091	437,320	394,240	479,189	477,045
N/A	N/A	N/A	8,069,800	8,644,629	9,656,448
61,522	77,717	73,152	157,529	158,252	209,890
407,072	435,702	451,874	508,152	540,009	596,926
431,197	433,520	463,976	457,907	469,752	410,777
3,210	8,108	3,075	4,867	5,907	9,024
24,301,956	24,790,844	26,049,935	27,729,247	29,855,048	35,029,554
(723,897)	(494,214)	(12,461)	500,996	(1,099,962)	1,825,616
3,811,108	2,889,176	3,006,402	3,500,028	3,234,653	5,026,004
(1,813,474)	(2,285,337)	(2,315,214)	(2,938,809)	(2,767,183)	(4,302,137)
6,027	3,632	9,689	2,322	7,708	4,108
503	999	-	-	-	-
245,921	1,235,289	170,437	950,477	189,690	874,500
96,002	252,799	36,921	127,269	127,496	201,921
224,581	645,082	132,800	-	1,140,875	1,386,205
(278,200)	(710,834)	(154,563)	-	(1,242,820)	(1,401,625)
2,292,468	2,030,804	886,472	1,641,287	690,418	1,788,977
-	-	-	-	-	-
\$ 1,568,571	\$ 1,536,591	\$ 874,014	\$ 2,142,283	\$ (409,544)	\$ 3,614,594
3.55%	3.61%	3.61%	3.59%	3.47%	2.95%

**Schedule 5**  
**PERSONAL INCOME BY INDUSTRY**  
**Last Ten Calendar Years**  
**(Dollars in Thousands)**

	2011	2012	2013	2014
Farm earnings	\$ 1,276,830	\$ 1,404,692	\$ 1,645,661	\$ 1,593,061
Forestry, fishing, and related activities	1,059,648	1,222,841	1,224,015	1,277,340
Mining	113,167	112,281	111,541	111,038
Utilities	810,559	667,746	708,708	686,661
Construction	5,369,975	6,199,355	6,609,217	7,322,792
Manufacturing	12,973,184	13,979,258	14,116,085	14,509,494
Wholesale trade	6,299,149	6,709,418	5,757,195	5,924,749
Retail trade	6,939,388	7,316,105	7,538,200	7,861,333
Transportation and warehousing	3,352,507	3,551,288	3,616,611	3,897,609
Information	2,868,925	3,008,608	2,994,952	3,128,702
Finance and insurance	4,795,502	5,030,466	5,178,201	5,166,253
Real estate, rental, and leasing	1,001,074	1,435,204	1,686,273	1,922,688
Professional, scientific, and technical	7,623,825	8,171,032	8,416,855	9,101,383
Management of companies	2,972,610	3,134,763	4,836,500	5,218,920
Administrative & waste mgmt. services	3,735,425	4,063,051	4,228,272	4,524,148
Educational services	1,449,845	1,607,257	1,631,771	1,675,462
Health care and social assistance	12,925,240	13,544,411	14,086,674	14,701,689
Arts, entertainment, and recreation	993,545	1,133,231	1,167,190	1,302,189
Accommodation and food services	3,347,556	3,713,319	3,840,619	4,298,033
Other services	3,888,160	4,216,958	4,267,809	4,581,142
Federal government, civilian	2,743,644	2,732,268	2,690,794	2,730,997
Military	509,674	477,881	463,169	437,531
State government	4,378,419	4,376,685	4,610,488	4,870,474
Local government	12,180,213	12,088,691	12,347,880	12,859,979
Other <sup>1</sup>	41,988,042	43,651,149	42,355,332	47,373,658
<b>Total personal income</b>	<b>\$ 145,596,106</b>	<b>\$ 153,547,958</b>	<b>\$ 156,130,012</b>	<b>\$ 167,077,325</b>

Overall effective tax rate <sup>2</sup>	5.6%	5.7%	5.8%	6.0%
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<sup>1</sup> Includes income from all sources other than wages, salaries, tips, etc.

<sup>2</sup> Overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). Overall effective tax rate for 2020 will not be available until May 2022.

Source: US Department of Commerce, Bureau of Economic Analysis and the Oregon Department of Revenue.

**State of Oregon**

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	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	1,806,041	\$ 1,746,211	\$ 1,314,319	\$ 1,351,468	\$ 1,318,426	\$ 2,447,582
	1,392,974	1,428,207	1,483,368	1,708,905	1,623,558	1,796,665
	118,138	126,075	148,197	163,766	167,272	165,957
	606,651	685,452	744,498	747,881	851,510	936,451
	7,755,085	8,636,306	9,745,610	10,781,020	11,560,795	12,115,850
	15,414,567	15,961,464	16,514,290	17,560,984	17,873,681	17,706,737
	6,285,883	6,438,970	6,822,952	7,085,313	7,320,613	7,617,399
	8,338,329	8,621,144	9,212,307	9,682,554	10,044,418	10,465,863
	4,210,460	4,285,357	4,591,062	4,930,756	5,221,997	5,534,513
	3,296,096	3,228,386	3,670,480	4,026,677	4,087,852	4,320,828
	5,510,764	5,841,148	6,197,817	6,348,722	6,624,839	7,258,179
	2,544,610	3,477,194	3,984,301	4,700,424	5,294,944	5,381,419
	9,800,056	10,415,997	11,305,714	12,017,915	12,704,645	13,284,035
	5,986,789	6,092,358	6,491,621	6,796,162	7,319,550	7,866,521
	4,793,747	4,965,120	5,318,755	5,618,041	5,900,977	6,019,619
	1,695,120	1,770,060	1,711,289	1,769,827	1,835,330	1,800,660
	15,918,489	16,891,372	17,682,331	18,432,909	19,311,771	20,269,354
	1,319,398	1,437,534	1,537,080	1,671,062	1,657,896	1,156,330
	4,856,152	5,300,209	5,804,292	6,352,739	6,638,803	5,184,298
	4,836,335	5,084,998	5,273,155	5,609,716	5,782,995	5,695,564
	2,812,334	2,945,497	3,060,057	3,184,109	3,213,120	3,402,467
	433,827	442,922	454,311	476,768	512,463	520,631
	5,065,486	3,500,834	3,721,860	3,861,978	4,171,579	4,349,435
	13,406,220	15,750,887	16,464,420	17,478,288	18,136,247	18,314,577
	51,396,667	53,209,616	55,741,604	59,056,617	62,011,069	75,236,131
	<b>\$ 179,600,218</b>	<b>\$ 188,283,318</b>	<b>\$ 198,995,690</b>	<b>\$ 211,414,601</b>	<b>\$ 221,186,350</b>	<b>\$ 238,847,065</b>

6.0%

6.0%

6.1%

6.3%

6.3%

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 <sup>2</sup>
		Single & Married Filing Separately	Married/RDP <sup>1</sup> Filing Jointly & Head of Household	
2011	11.0%	\$ 250,000	\$ 500,000	5.6%
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	N/A

<sup>1</sup> Registered Domestic Partners

<sup>2</sup> The overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). The overall effective tax rate for 2020 will not be available until May 2022.

<sup>3</sup> The increase in the top tax rate and applicable taxable income level in 2011 are the result of passage of Oregon Measure 66 in January 2010. For tax year beginning 2012, the tax rate on households with income above \$250,000 (above \$125,000 for single filers) drops to 9.9%.

Source: Oregon Department of Revenue

**Schedule 7**  
**PERSONAL INCOME TAX FILERS AND TAX LIABILITY BY INCOME LEVEL**  
 Calendar Years 2010 and 2019  
 (Dollars in Thousands)

**2010**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
\$500,001 and higher	6,506	0.36%	\$ 717,992	14.36%
\$100,001–\$500,000	191,924	10.71%	1,959,288	39.19%
\$80,001–\$100,000	112,812	6.30%	529,502	10.59%
\$60,001–\$80,000	172,125	9.61%	587,536	11.75%
\$40,001–\$60,000	252,099	14.07%	578,935	11.58%
\$20,001–\$40,000	409,650	22.86%	481,931	9.64%
\$10,001–\$20,000	291,852	16.29%	118,970	2.38%
\$10,000 and lower	354,712	19.80%	25,219	0.50%
<b>Total</b>	<b>1,791,680</b>	<b>100.00%</b>	<b>\$ 4,999,373</b>	<b>100.00%</b>

**2019**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
\$500,001 and higher	17,598	0.80%	\$ 1,817,031	19.17%
\$100,001–\$500,000	390,718	17.66%	4,510,839	47.59%
\$80,001–\$100,000	155,818	7.04%	777,972	8.21%
\$60,001–\$80,000	214,130	9.68%	797,788	8.42%
\$40,001–\$60,000	308,938	13.96%	794,890	8.39%
\$20,001–\$40,000	474,157	21.43%	632,423	6.67%
\$10,001–\$20,000	269,502	12.18%	121,184	1.28%
\$10,000 and lower	381,829	17.26%	26,719	0.28%
<b>Total</b>	<b>2,212,690</b>	<b>100.00%</b>	<b>\$ 9,478,846</b>	<b>100.00%</b>

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 2019 is the most current year available.

**Schedule 8**  
**OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**

	2012	2013	2014	2015
<b>Governmental Activities</b>				
General Obligation Bonds	\$ 2,977,322	\$ 3,144,443	\$ 3,193,894	\$ 3,512,256
Revenue Bonds	3,234,362	3,170,655	3,509,036	3,616,493
Certificates of Participation	982,314	692,043	620,270	485,271
Direct Borrowings/Placements	N/A	N/A	N/A	N/A
General Appropriation Bonds	102,779	29,131	-	-
Contracts, Mortgages, and Notes Payable	54,707	485,003	412,560	377,200
Capital Leases	8,489	2,789	3,027	3,845
<b>Business-type Activities</b>				
General Obligation Bonds	2,290,038	2,256,660	2,419,832	2,411,599
Revenue Bonds	1,450,979	1,479,103	1,362,942	1,208,434
Certificates of Participation	99,766	85,121	78,057	49,261
Direct Borrowings/Placements	N/A	N/A	N/A	N/A
Contracts, Mortgages, and Notes Payable	36,957	154,135	160,108	50,919
Capital Leases	556	560	69	578
<b>Total Primary Government</b>	<b>\$ 11,238,269</b>	<b>\$ 11,499,643</b>	<b>\$ 11,759,795</b>	<b>\$ 11,715,856</b>
Percentage of Personal Income <sup>1</sup>	7.32%	7.37%	7.04%	6.52%
Per Capita <sup>1</sup>	\$ 2.88	\$ 2.93	\$ 2.97	\$ 2.92

<sup>1</sup> Ratios are calculated using personal income and population data found in Schedule 13.

Note: Details regarding the State's debt can be found in Note 8 of the financial statements. Amounts of outstanding debt for bonds and certificates of participation represent the outstanding principal, net of discounts, premiums, and other adjustments.

**State of Oregon**

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<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 5,525,430	\$ 6,119,313	\$ 5,993,375	\$ 6,415,345	\$ 6,436,086	\$ 6,802,573
3,672,088	4,062,386	3,912,568	3,541,759	3,722,243	3,787,875
340,753	289,137	246,559	315,743	100,940	95,670
N/A	N/A	N/A	372,327	5,733	16,005
-	-	-	-	-	-
353,620	337,675	319,221	408,577	271,476	229,816
5,779	4,148	4,274	3,141	2,701	1,700
554,270	536,509	558,571	553,611	535,556	450,472
984,935	897,572	957,733	1,007,006	1,085,878	996,882
-	-	-	-	-	-
N/A	N/A	N/A	66,035	64,270	50,830
34,900	44,001	41,793	37,408	32,847	28,276
268	6,315	5,512	4,649	4,507	3,319
<b>\$ 11,472,043</b>	<b>\$ 12,297,056</b>	<b>\$ 12,039,606</b>	<b>\$ 12,725,601</b>	<b>\$ 12,262,237</b>	<b>\$ 12,463,418</b>
6.09%	6.18%	5.69%	5.75%	5.13%	4.89%
\$ 2.80	\$ 2.97	\$ 2.88	\$ 3.02	\$ 2.89	\$ 2.92



**Schedule 9**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
**(In Thousands)**

<b>Year</b>	<b>General Bonded Debt Outstanding</b>	<b>Resources Restricted for Repaying the Principal of Bonded Debt Outstanding</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Personal Income<sup>1</sup></b>	<b>Per Capita</b>
2012	\$ 5,267,360	\$ 66,948	\$ 5,200,412	3.39%	\$ 1.33
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%	1.47
2017	6,655,822	66,987	6,588,835	3.31%	1.59
2018	6,551,946	55,693	6,496,253	3.07%	1.55
2019	6,968,956	45,985	6,922,971	3.13%	1.64
2020	6,971,642	43,720	6,927,922	2.90%	1.63
2021	7,253,045	34,988	7,218,057	2.83%	1.69

<sup>1</sup> 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 2021**

	<b>Constitutional/Statutory Provision</b>	<b>Constitutional Debt Limit<sup>1</sup></b>	<b>Statutory Debt Limit</b>
<b>General Obligation Bonds</b>			
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 <sup>3</sup>	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) <sup>4</sup>	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%	-
<b>Revenue Bonds</b>			
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

<sup>1</sup> Percentages listed are of Real Market Value (RMV) of all taxable real property in the State, based on the January 1, 2020, RMV of \$756,746,704,516.

<sup>2</sup> Amount outstanding includes Direct Borrowings and Direct Placements.

<sup>3</sup> Issuance of Pollution Control bonds is limited by statute to \$260 million at any one time.

<sup>4</sup> 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 <sup>2</sup>	Legal Debt Margin
\$ 50,000	\$ -	\$ 50,000
7,567,467,045	27,390,000	7,540,077,045
60,539,736,361	332,580,000	60,207,156,361
11,351,200,568	-	11,351,200,568
1,418,900,071	-	1,418,900,071
11,351,200,568	1,998,635,187	9,352,565,381
260,000,000	23,660,000	236,340,000
3,783,733,523	49,965,000	3,733,768,523
3,783,733,523	107,965,000	3,675,768,523
3,783,733,523	-	3,783,733,523
261,495,000	36,620,000	224,875,000
1,513,493,409	297,740,000	1,215,753,409
1,513,493,409	65,330,000	1,448,163,409
7,567,467,045	1,230,160,000	6,337,307,045
3,783,733,523	262,320,000	3,521,413,523
7,567,467,045	2,313,620,000	5,253,847,045
<u>\$ 126,046,904,611</u>	<u>\$ 6,745,985,186</u>	<u>\$ 119,300,919,425</u>
\$ 3,720,000,000	\$ 2,947,152,505	\$ 772,847,495
2,500,000,000	969,905,150	1,530,094,850
<u>\$ 6,220,000,000</u>	<u>\$ 3,917,057,655</u>	<u>\$ 2,302,942,345</u>

**Schedule 11**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years  
 (Dollars in Thousands)

	2012	2013	2014	2015
<b>General Obligation Bonds</b>				
Debt limit	\$ 76,868,469	\$ 74,668,862	\$ 76,758,613	\$ 76,048,937
Total debt applicable to limit	5,267,360	5,401,103	5,613,726	5,923,856
Legal debt margin	<u>\$ 71,601,109</u>	<u>\$ 69,267,759</u>	<u>\$ 71,144,887</u>	<u>\$ 70,125,081</u>
Total debt applicable to the limit as a percentage of debt limit	6.85%	7.23%	7.31%	7.79%
<b>Revenue Bonds</b>				
Debt limit	\$ 5,950,000	\$ 5,750,000	\$ 5,750,000	\$ 5,740,000
Total debt applicable to limit	4,048,627	3,958,765	4,242,316	4,168,546
Legal debt margin	<u>\$ 1,901,373</u>	<u>\$ 1,791,235</u>	<u>\$ 1,507,684</u>	<u>\$ 1,571,454</u>
Total debt applicable to the limit as a percentage of debt limit	68.04%	68.85%	73.78%	72.62%

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**

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<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
\$ 81,952,523	\$ 98,858,028	\$ 103,514,944	\$ 112,798,205	\$ 119,254,357	\$ 126,046,905
6,079,700	6,135,461	6,055,473	6,413,769	6,510,272	6,745,985
<u>\$ 75,872,823</u>	<u>\$ 92,722,567</u>	<u>\$ 97,459,471</u>	<u>\$ 106,384,437</u>	<u>\$ 112,744,086</u>	<u>\$ 119,300,919</u>
7.42%	6.21%	5.85%	5.69%	5.46%	5.35%
\$ 5,740,000	\$ 5,740,000	\$ 5,740,000	\$ 5,740,000	\$ 6,220,000	\$ 6,220,000
4,063,270	3,989,587	3,950,940	3,577,354	3,871,097	3,917,058
<u>\$ 1,676,730</u>	<u>\$ 1,750,413</u>	<u>\$ 1,789,060</u>	<u>\$ 2,162,646</u>	<u>\$ 2,348,903</u>	<u>\$ 2,302,942</u>
70.79%	69.51%	68.83%	62.32%	62.24%	62.98%

**Schedule 12  
PLEDGED REVENUES  
Last Ten Fiscal Years  
(In Thousands)**

**Lottery Revenue Bonds**

Year	Revenues	Expenses	Interest Earnings on GICs <sup>1</sup>	Net Revenues Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2012	\$ 1,067,912	\$ 538,349	\$ 3,123	\$ 532,685	\$ 77,635	\$ 57,150	\$ 134,785	3.95
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

<sup>1</sup> 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			Coverage
		Principal	Interest	Total	
2012	\$ 566,923	\$ 52,070	\$ 98,173	\$ 150,243	3.77
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

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**

<b>Year</b>	<b>Population</b>	<b>Personal Income<sup>1</sup></b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2012	3,900,102	\$ 153,547,958	\$ 39,370	8.8%
2013	3,924,110	156,130,012	39,787	7.8%
2014	3,965,447	167,077,325	42,133	6.7%
2015	4,018,542	179,600,218	44,693	5.5%
2016	4,093,271	188,283,318	45,998	4.7%
2017	4,147,294	198,995,690	47,982	4.1%
2018	4,183,538	211,414,601	50,535	4.0%
2019	4,216,116	221,186,350	52,462	3.7%
2020	4,241,507	238,847,065	56,312	7.6%
2021	4,266,560	254,900,000	59,744	5.4%

<sup>1</sup> Personal income presented in thousands.

Source: Population and personal income figures for 2012 through 2020 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 2021 were provided by the Oregon Office of Economic Analysis.



**Schedule 14**  
**EMPLOYMENT BY INDUSTRY**  
**Calendar Year 2020 and Nine Years Prior**

	2011		2020	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Farm employment	67,967	3.09%	60,052	2.45%
Forestry, fishing, and related activities	29,337	1.33%	32,270	1.32%
Mining	4,462	0.20%	4,067	0.17%
Utilities	4,734	0.22%	5,139	0.21%
Construction	101,510	4.61%	144,006	5.87%
Manufacturing	182,471	8.29%	200,504	8.18%
Wholesale trade	82,247	3.74%	81,380	3.32%
Retail trade	230,628	10.48%	246,265	10.04%
Transportation and warehousing	62,781	2.85%	105,429	4.30%
Information	40,716	1.85%	40,992	1.67%
Finance and insurance	95,273	4.33%	95,942	3.91%
Real estate, rental, and leasing	103,356	4.70%	113,554	4.63%
Professional and technical services	134,833	6.12%	171,523	7.00%
Management of companies	31,484	1.43%	51,195	2.09%
Administrative and waste services	112,118	5.09%	125,607	5.12%
Educational services	53,579	2.43%	50,956	2.08%
Health care and social assistance	253,972	11.54%	305,564	12.46%
Arts, entertainment, and recreation	53,708	2.44%	50,695	2.07%
Accommodation and food services	157,345	7.15%	159,028	6.49%
Other services	115,326	5.24%	121,955	4.97%
Federal government, civilian	28,827	1.31%	29,271	1.19%
Military	12,385	0.56%	11,304	0.46%
State government	62,220	2.83%	41,551	1.70%
Local government	180,274	8.19%	203,721	8.31%
<b>Total employment</b>	<b>2,201,553</b>	<b>100.00%</b>	<b>2,451,970</b>	<b>100.00%</b>

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**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Education	13,485	13,485	624	642	688	688	704	709	815	811
Human Services	11,478	11,379	11,694	11,671	12,373	12,360	12,970	12,998	13,673	13,792
Public Safety	8,562	8,532	8,615	8,618	8,667	8,677	8,891	8,891	9,182	9,187
Economic and Community Development	2,358	1,910	1,651	1,670	1,610	1,615	1,664	1,646	1,784	2,411
Natural Resources	4,304	4,288	4,338	4,348	4,324	4,313	4,267	4,282	4,282	4,313
Transportation	4,532	4,533	4,480	4,475	4,411	4,408	4,511	4,517	4,726	4,726
Consumer and Business Services	1,454	1,446	1,421	1,410	1,427	1,423	1,442	1,450	1,467	1,466
Administration	2,809	2,785	2,827	2,827	2,961	2,977	3,052	3,060	3,253	3,225
Legislative Branch	427	427	429	429	432	432	452	448	459	459
Judicial Branch	1,818	1,829	1,840	1,839	1,860	1,859	1,850	1,853	1,904	1,904
<b>Total FTE Positions</b>	<b>51,227</b>	<b>50,614</b>	<b>37,919</b>	<b>37,929</b>	<b>38,753</b>	<b>38,752</b>	<b>39,803</b>	<b>39,855</b>	<b>41,545</b>	<b>42,294</b>

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**

	2012	2013	2014
<b>Governmental Activities</b>			
<b>Education</b>			
Number of PreK-12 students	560,951	563,714	567,100
Number of FTE community college students	117,653	117,233	104,339
Special education school campuses	1	1	1
<b>Human Services</b>			
Number of individuals eligible for Oregon Health Plan	619,994	672,210	971,104
Average number of basic TANF individuals	70,881	74,313	70,046
<b>Public Safety</b>			
Number of sworn state police officers	610	606	606
Prison inmate population	14,186	14,578	14,632
Number of correctional facilities	14	14	14
<b>Economic and Community Development</b>			
Community development grants provided (in dollars)	\$ 12,496,300	\$ 17,299,550	\$ 18,590,649
Number of technical assistance grants provided	5	6	5
<b>Natural Resources</b>			
Forest acres burned	17,396	103,836	53,018
State park day use visitors (in millions)	40.4	42.1	43.2
Acreage of state parks	108,613	108,654	108,499
Miles of forest roads	3,400	3,432	3,456
<b>Transportation</b>			
Licensed drivers (in millions)	3.0	3.1	3.1
Vehicle miles traveled on state highway system (in billions)	19.4	19.5	19.8
State highway system miles	7,401	7,401	7,399
Number of state owned bridges	2,709	2,717	2,725
<b>Consumer and Business Services</b>			
Number of employers covered by workers' compensation	101,400	100,300	107,900
Historic premiums written for all insurance lines (in billions)	\$ 18.0	\$ 19.7	\$ 19.5
Average bank and credit union assets (in billions)	\$ 44.0	\$ 45.0	\$ 56.6
Construction employment (in thousands)	69.9	74.2	80.1
<b>Administration</b>			
Number of tax returns filed	1,846,257	1,886,438	1,942,678
Percent of returns filed electronically	81.0%	83.0%	84.0%
Uniform rent square footage (in millions)	2.0	2.0	2.0
Leased office space square footage (in millions)	4.5	4.0	4.6
Number of motor pool vehicles	3,993	3,994	3,993
<b>Legislative</b>			
Number of bills introduced	275	2,511	252
Number of bills becoming law	112	788	126
Length of legislative session (in days)	34	156	36
Capitol building	1	1	1
<b>Judicial</b>			
Cases filed in circuit courts	549,803	544,687	536,922
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**

2015	2016	2017	2018	2019	2020	2021
570,857	576,407	578,947	580,684	581,730	582,661	560,917
97,362	90,478	88,167	85,642	80,582	73,836	64,814
1	1	1	1	1	1	1
1,050,178	1,109,321	1,067,322	1,077,267	991,189	1,110,339	1,226,697
60,188	50,490	48,502	44,646	43,257	43,039	31,611
719	732	700	680	714	694	692
14,706	14,721	14,742	14,916	14,632	13,149	12,044
14	14	14	14	14	14	14
\$ 20,287,281	\$ 12,055,779	\$ 11,978,330	\$ 13,162,331	\$ 12,357,434	\$ 19,759,812	\$ 14,331,610
1	4	2	2	3	4	-
87,793	5,649	45,463	75,608	17,164	307,632	226,302
47.6	51.5	49.0	51.4	52.1	42.0	53.0
109,587	107,960	108,499	113,143	113,276	113,085	113,177
3,488	3,528	3,569	3,598	3,642	3,663	3,681
3.1	3.1	3.1	3.2	3.2	N/A	N/A
20.7	21.4	21.4	21.8	21.9	N/A	N/A
7,401	7,402	7,401	7,350	7,341	7,346	N/A
2,726	2,738	2,737	2,744	2,760	2,763	2,767
112,100	116,900	120,200	123,900	126,100	128,000	N/A
\$ 20.6	\$ 22.9	\$ 22.5	\$ 24.1	\$ 25.5	\$ 25.6	N/A
\$ 61.0	\$ 66.0	\$ 99.8	\$ 102.8	\$ 111.5	\$ 120.5	N/A
83.3	90.4	97.9	105.4	109.6	108.1	N/A
1,993,570	2,040,738	2,085,153	2,128,750	2,212,690	N/A	N/A
86.0%	86.0%	87.0%	88.0%	90.0%	N/A	N/A
2.0	2.0	1.9	1.9	1.9	1.8	1.8
4.6	5.0	5.4	4.9	5.0	5.3	5.3
4,022	4,130	4,117	4,192	4,142	4,201	4,053
2,641	253	2,647	232	2,768	283	2,390
847	124	747	122	760	6	680
155	32	157	28	168	38	161
1	1	1	1	1	1	1
522,377	491,681	489,135	522,013	493,361	433,881	366,645
173	173	173	173	175	177	177

(continued on next page)

**Schedule 16**  
**OPERATING INDICATORS AND CAPITAL ASSET INFORMATION BY FUNCTION**  
**Last Ten Fiscal Years**  
 (continued from previous page)

	2012	2013	2014
<b>Business-Type Activities</b>			
<b>Housing and Community Services</b>			
Number of low or moderate income single family home loans closed	520	360	394
Number of affordable rental units financed	239	-	94
<b>Veterans' Loan</b>			
Number of outstanding loans	2,408	2,050	1,934
Percent of delinquent loans	1.45%	1.61%	1.45%
<b>Lottery Operations</b>			
Number of retailers	3,907	3,848	3,843
Number of video terminals	12,175	12,037	11,951
<b>Unemployment Compensation</b>			
Number of claims paid	5,035,594	3,552,320	1,762,202
Amount of claims paid (in millions)	\$ 1,489.8	\$ 1,067.4	\$ 561.7
<b>University System</b>			
Total headcount enrollment	92,925	93,657	94,129
Degrees awarded	20,209	20,830	21,359
Number of university campuses	7	7	7
<b>State Hospital System</b>			
Number of mental health patient days served	226,104	231,355	222,776
Number of state owned hospital beds	771	685	727
<b>Liquor Control</b>			
Number of state retail outlets	249	248	248
Number of cases sold	2,791,591	2,911,100	2,955,352
<b>Other Business-type Activities</b>			
Number of residents in Oregon Veterans' Homes	140	144	140
Number of state owned parking spaces	4,484	4,742	4,605

\* Starting with FY 2016, the university system is no longer part of the primary government and will no longer be reported.

**State of Oregon**

2015	2016	2017	2018	2019	2020	2021
334	410	490	714	1,029	678	368
564	479	440	1,217	1,943	1,602	2,860
1,881	1,864	1,870	1,877	1,927	1,777	1,417
0.80%	0.80%	0.91%	0.91%	0.42%	0.51%	0.64%
3,939	3,920	3,934	3,923	3,975	3,919	3,896
11,925	11,909	11,817	11,742	11,586	11,567	10,851
1,604,461	1,407,146	1,054,564	1,302,855	1,299,188	10,352,882	N/A
\$ 544.9	\$ 504.2	\$ 390.0	\$ 504.5	\$ 521.3	\$ 6,296.2	N/A
94,011	*	*	*	*	*	*
21,429	*	*	*	*	*	*
7	*	*	*	*	*	*
218,127	220,202	218,966	212,309	221,496	225,699	218,570
786	786	766	742	742	758	758
248	248	256	267	282	282	281
3,021,190	3,127,664	3,244,159	3,365,467	3,525,882	3,766,538	3,922,074
155	235	284	268	279	280	239
4,616	4,595	4,661	4,710	4,752	4,657	4,641

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