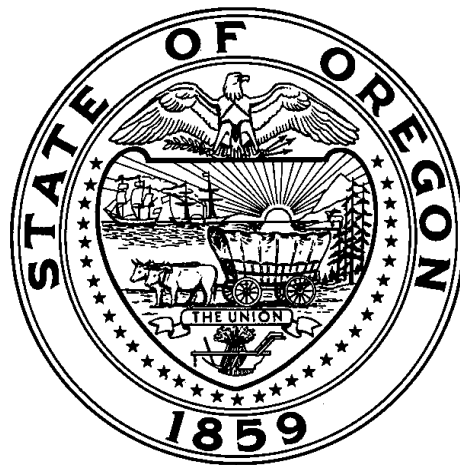


Oregon

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2020

Oregon

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020



Kate Brown
Governor

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

George Naughton
State Chief Financial Officer

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended June 30, 2020

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Introductory Section



Oregon

Kate Brown, Governor

Department of Administrative Services

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

February 12, 2021

To the Honorable Governor Kate Brown, and Citizens of the State of Oregon:

We are pleased to provide you with the Comprehensive Annual Financial Report of the State of Oregon for the fiscal year ended June 30, 2020. 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, 2020. 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 2020 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, 2021.

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.

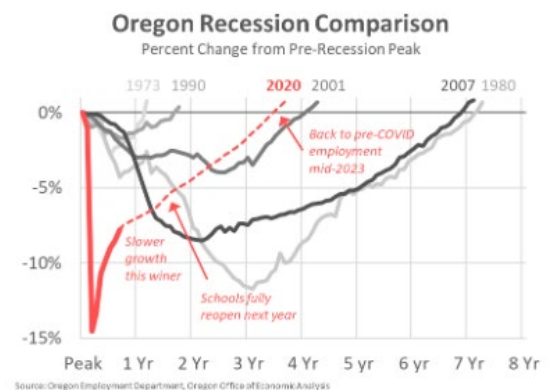
Oregon's Legislature adopts a budget on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. This biennial budget serves as the foundation for the State's financial planning and control. Appropriation bills approved through the legislative process include one 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 COVID-19 pandemic has injected a great deal of uncertainty into the Oregon economy during calendar year 2020. By June 2020, Oregon was in the deepest recession on record going back to 1939, with full recovery expected to take years. However, the expected course into and out of this recession is unlike any in recent memory. The swiftness with which the economy went from being strong to being in recession does not look like any other business cycle. Until the virus is under control it will be difficult to see economic activity return to previous levels. During the summer months, though the State remained in a recession, Oregon saw stronger than expected economic growth. Despite this growth Oregonians with lower income did not recover at the same rate, showing a divergent trend in the recovery of Oregon households based on income level. At this point it is clear the virus remains in control of the recovery. As predicted the colder, wetter months have created new surges in cases and forced business and consumers to pull back out of fear of the virus, and more restrictive public health policies have been implemented to ensure health care systems do not surpass available capacity.

Even with the increased cases, expectations remain that current recovery will be faster overall than in past severe recessions in Oregon. Coming out of the early 1980s and again in the aftermath of the Great Recession, it took Oregon around five years to fully regain all the recessionary job losses once the recovery was underway. Today, the economy is expected to return to health by mid-2023, or about two years faster. There are at least three main assumptions driving this quicker than average return, including: the timeline for a widely available medical treatment, federal fiscal policy, and the underlying strong economy just prior to the pandemic.



The most recent increase in cases is unlike the previous surges seen in the initial stages of the pandemic or over the summer months. Today the rise in cases is driven almost entirely by a sharply increasing positivity rate on the tests being performed. This is an indication of how widespread the virus currently is in our communities. As the cases result in more hospitalizations, not breaching the capacity of the health care system is a key public health consideration. Furthermore, the worsening pandemic means consumers may pull back out of fear in the months ahead to avoid the virus, further weakening sales for leisure and hospitality firms in particular. Businesses may also delay investments, expansions, and hiring plans until the uncertainty surrounding the virus and public health policies, federal and local, clears up. All of this results in slower economic growth in the months ahead.

The key linchpin to the economic and revenue outlook remains a widely available medical treatment. With a vaccine approved for use and Oregon already receiving a first round of shipments the potential for accelerated economic growth exists. Even with this news, it will take months for Oregon to receive enough vaccines to reach a point of community levels of immunity. Once vaccinations have reached a critical point, schools can reopen, workers can return to the office in greater numbers, and travel – both business and leisure – will pick up. Clearly there are segments of the economy that cannot fully recover until the pandemic is completely over. In fact the recovery for some industries cannot even begin until then. Even with the acceleration in growth following a widely available medical treatment, it will still be a couple of years before the overall economy returns to full health.

Another driver of Oregon's economic outlook is federal fiscal policy. Through a combination of small business loans, household recovery rebates, and expanded unemployment insurance benefits total U.S. personal income remains higher today than it was before the pandemic. As the economy continues to recover, these economic gains have been strong enough to essentially offset the lapse of additional federal aid, at least to date. This combination holds income relatively steady, instead of falling, which supports consumer spending and economic activity. The continued recovery will be quicker, stronger and more complete with additional

federal support. Even as topline economic indicators continue to have positive movement in recent months, there remains distributional concerns. In this sense, federal support may not be the linchpin to the overall recovery, but it certainly is in terms of helping those most impacted by the pandemic to date.

Other factors impacting Oregon's ability to recover include business closures and permanent or long-term layoffs. To ensure continued business operations, support for small businesses is important. These businesses tend to lack sizable reserves, access to capital markets like large businesses, and at times even traditional banking relationships. Though limited, the Paycheck Protection Program was able to help support small businesses for a short period of time. Such aid is not available today as the pandemic rages and public health restrictions continue to keep Oregonians safe and healthy. Now that the pandemic and its impacts on our daily lives has lasted this long, the State is starting to see a rise in long-term unemployment – generally defined as longer than six months. In October, 55 thousand Oregonians had been looking for work for at least the past six months, quadruple the 13 thousand or so pre-pandemic. As a full recovery remains years away, the number of long-term unemployed will continue to increase in the months ahead. Long-term unemployment has real economic, human, and social costs. The longer a spell of unemployment lasts, the lower the probability of finding a job and the higher probability of dropping out of the labor force entirely. This reduces the productive capacity of the economy as fewer people are available for work.

The recovery is expected to be faster and more complete than in past severe recessions. However the outlook rests heavily on a widely available medical treatment and the ability to provide support to reduce the amount of permanent damage done. If either of those prove inaccurate, the recession will drag on and the recovery will take longer. Additionally, while further federal fiscal policy may not be needed to keep the economic recovery continuing, we know it will greatly assist those most impacted by the pandemic whose job prospects aren't bright until the pandemic is over and who risk falling further behind before that happens. Generally, disparities and inequities widen during recessions and due to the nature of the recession, income inequality is widening in Oregon today.

Despite the uncertainty caused by the pandemic, General Fund revenue collections have been surprisingly healthy since the recession began. Total spending and income have been propped by the first round of federal fiscal aid. Also, the fact that high-income households have been relatively unaffected so far has supported tax collections. Corporate excise tax collections, lottery sales, and taxes on investment forms of income have shown the strongest recoveries. While those sources stand out, all major forms of revenue have bounced back since the beginning of the pandemic, including labor-related income taxes.

Long-term Financial Planning

Updated Budget for the 2019-21 Biennium

Since the end of the 2019 session, there has been a regular session in February 2020; meetings of the Joint Interim Committee on Ways and Means in September, November, and January; several meetings of the Emergency Board; and two special sessions – all of which made changes to the budget adopted by the Legislature during the 2019 session. The General Fund and Lottery Funds budget, as modified by legislative actions through the 1st special session of 2020, totaled \$23.7 billion. This amount represented a 12.2% increase over General Fund and Lottery Funds expenditures in 2017-19.

The approved increase in General Fund and Lottery Funds spending was significantly modified during the 2nd special session that occurred on August 10, 2020. This action was necessary because the COVID-19 pandemic and the resulting economic conditions resulted in a sharp reduction in the Department of Administrative Services' Office of Economic Analysis revenue forecast for the 2019-21 biennium and the state budget was no longer anticipated to be in balance by the end of the biennium. The official June 1, 2020 forecast projected a \$1.5 billion reduction in General Fund and a \$338.6 million reduction in Lottery Funds from the forecasted amounts used to enact the legislatively adopted budget. To address this issue, the Legislative Assembly convened in the 2nd special session of the biennium and passed legislation to bring the budget back into balance. The budget rebalance, as approved, resulted in a total General Fund and Lottery Funds budget of \$23.4 billion, a reduction of \$276.9 million from the 2019-21 legislatively adopted budget and representing a 10.8% increase over 2017-19 expenditures relying on these two fund sources.

The budget rebalance plan identified the forecasted deficit and additional budget needs, primarily related to COVID-19 and caseload and other costs for the Department of Human Services and the Oregon Health Authority. The total of these items resulted in a projected negative ending balance of \$850.4 million General

Fund and \$202.6 million Lottery Funds. The Legislature brought the budget back into balance through the use of targeted expenditure reductions in agency budgets, resource adjustments that resulted in additional available revenue, and the use of approximately one-half of the current balance of the Education Stability Fund; the net ending balance position is now projected to be \$95.6 million General Fund and \$20 million Lottery Funds.

A major source of increased Federal Funding was the result of federal actions to address COVID-19 costs. On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act became law. As part of the federal act, funding for COVID-19 response was provided directly to units of local government with populations in excess of 500 thousand (City of Portland, Multnomah County, and Washington County received a total of \$247 million directly) and to the State (\$1.4 billion) from the Coronavirus Relief Fund (CRF) which was included in the CARES Act. For most of the funds, the Department of Administrative Services (DAS) is the agency receiving the money from the federal government. As a result, Federal Funds expenditure limitation is granted to DAS; the agencies to which DAS transfers these funds for actual program and service expenditure receive Other Funds expenditure limitation. These funds are to be used for costs incurred between March 1 and December 31, 2021, as the deadline of the CRF was extended from its original deadline of December 30, 2020, by the Consolidated Appropriations Act, 2021, which was signed into law on December 27, 2020. Guidance from the U.S. Treasury identifies restrictions on the use of the funds, and almost all the funds have been spent or have a plan on how they will be spent. Generally, CRF and other Federal Funds received to address COVID-19 issues have very specific limitations on use, including that these funds are not to be used to cover costs already included in a state's approved budget.

Another significant federal revenue source key to the statewide budget rebalance has been a temporary increase in federal Medicaid matching funds; these funds support medical and long-term care programs primarily within the Oregon Health Authority (OHA) and the Department of Human Services (DHS). In March 2020, a 6.2% increase in the Federal Medical Assistance Percentage (FMAP) was authorized as part of the Families First Coronavirus Response Act. The additional funds are available to states from January 1, 2020, through the quarter in which the public health emergency period ends; a recent extension pushes the emergency period into the last quarter of 2020. Based on this four-quarter projection, OHA and DHS estimate collectively receiving an additional \$487.6 million Federal Funds; the approved budget plan uses these moneys to free up (fund shift) the same amount of General Fund. This General Fund is then used to cover OHA and DHS expenditure needs, help balance the overall budget, and support a new special purpose appropriation to help the two agencies address caseload costs and other budget problems arising over the remainder of the biennium.

State Bonding

In June 2020, the State Debt Policy Advisory Commission (SDPAC) updated the January 2020 State Debt Capacity Report and recommended capacity limits for General Fund and Lottery Funds supported debt based upon the Office of Economic Analysis June 2020 revenue forecast. Due to the decline in the General Fund revenue forecast, total General Fund supported debt capacity is projected to decrease \$292 million over the next decade. Considering the \$946 million authorized in the 2019 session, SDPAC recommended that up to an additional \$200 million may be issued in the 2019-21 biennium to remain within the target debt capacity ratio of no more than 5% annual debt service to General Fund revenues.

Article XI-G and Article XI-Q general obligation bond authorizations were increased by \$50.6 million and \$130.8 million, for the Higher Education Coordinating Commission to finance grants for public university capital projects. The Department of Administrative Services' Article XI-Q general obligation bond authority was increased by \$139.6 million for capital projects that will be owned or operated by the State. Finally, Article XI-G and XI-Q general obligation bond authority was also reduced by \$22.9 million and \$104.6 million, respectively, for certain community college and county courthouse projects previously approved in House Bill (HB) 5005 (2019) that will not have required matching funds to be included in the 2019-21 bond sales.

Including the newly approved \$193.5 million in general obligation bonds General Fund supported bonds total to \$1.1 billion for the 2019-21 biennium, leaving only \$6.5 million in remaining debt capacity. General Fund debt service on the additional bonding is estimated to be \$267 thousand in the 2019-21 biennium and \$32.3 million in the 2021-23 biennium. Total General Fund debt service for approved bonding in the legislatively approved budget is estimated to be \$17.5 million in the current biennium and \$196.7 million in the 2021-23 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 (2017-19). A deposit of \$198.3 million was made in early 2020 once financial reporting was finalized. Additionally a \$55.7 million deposit relating to the increased corporate taxes from Measure 67 is expected at the end of the biennium. This exact transfer amount is subject to some revision as corporate filings are processed. At the end of the 2019-21 biennium, the Rainy Day fund will total \$942.3 million.

The forecast for the Education Stability Fund is \$207.5 million in deposits during the 2019-21 biennium based on the current Lottery forecast. To date \$151 million has been transferred, meaning the remaining \$56.5 million will be subject to economic and revenue forecast changes over the remainder of the biennium. As part of the budget rebalancing during the second special session, the Legislature voted to withdraw \$400 million from the fund in 2021. At the end of the current 2019-21 biennium, the balance is expected to be \$427.2 million. Even with the scheduled withdrawal, the fund is still forecasted to reach its cap of 5% of the previous biennium's General Fund revenues at the beginning of fiscal year 2027, a couple years behind pre-COVID forecasts. Once the cap is reached, transfers accrue to the Capital Matching Account.

Major Initiatives

Of the major projects and related efforts included in the 2019-21 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
- Wildfire Recovery
- Student Success Act

COVID-19 Pandemic Response

Over this past year, Oregon has responded to the COVID-19 pandemic and its economic disruptions by allocating resources for a number of initiatives including funding for contact tracing and testing, purchasing personal protective equipment, providing rental assistance, and small business supports. While some of the resources include state General Fund, the State has received federal funds through three federal acts, which provided funding to various programs across multiple state agencies.

- 1) The Coronavirus Preparedness and Response Supplemental Appropriations Act was signed into law on March 6, 2020. This act provided funding for coronavirus preparedness and response activities through the Centers for Disease Control and Prevention (CDC).

- 2) The Families First Coronavirus Response Act was signed into law on March 18, 2020. This act provided funding or existing budget flexibility through federal nutrition programs such as Supplemental Nutrition Assistance Program (SNAP) and Supplemental Nutrition for Woman Infants and Children (WIC). The act also provided increased grants for Emergency Unemployment Insurance programs and a temporary 6.2% increase in the Federal Medical Assistance Percentage (FMAP) for calendar quarters during the public health emergency.
- 3) The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020 which provided significant federal funding through a wide variety of programs to assist businesses, individuals, corporations, healthcare providers, and state and local governments. The CARES Act included increased funding to state agencies through existing federal programs such as the Child Care and Development Block Grant and the Community Development Block Grant, as well as new federal programs such as the Elementary and Secondary School Emergency Relief and the Coronavirus Relief Fund.

Since the beginning of the pandemic and the passage of the above three federal acts, funding has been allocated through three special sessions and 13 Emergency Board meetings. While the State began incurring these expenditures in fiscal year 2020, the State will continue incurring expenditures into fiscal year 2021 and likely beyond. Additionally, the federal Coronavirus Response and Relief Supplemental Appropriations Act was signed into law on December 27, 2020. This act allocated additional federal funding to various programs across state agencies which will impact agency expenditures going forward.

Wildfire Recovery

The 2020 Oregon wildfire season has been one of the most destructive on record in the State. On September 8th, wildfire damage across the State closed multiple highways, destroyed a number of structures, and burned approximately 1.2 million acres. The wildfires caused significant economic damages to the communities within these areas as well as to state highways that sustained damages such as pavement damage, hazard trees, slope destabilization, and other damages.

Oregon Department of Transportation (ODOT) has an important supporting role in emergency response and disaster recovery. Its efforts to clear the roads and highways of rocks and hazard trees, stabilize hillsides, and repair damaged pavement are vital to public health and safety, and help promote economic recovery after a disaster. Initial estimates for the cleanup effort include \$367.3 million for ash and debris removal and \$295.7 million for hazard tree removal, for a total \$663 million.

The Federal Emergency Management Agency (FEMA) is expected to reimburse the State for 75 to 90% of the FEMA eligible costs. Additionally, the Federal Highway Administration Emergency Relief program provides funding for immediate needs related to repairing and reopening roads. ODOT is partnering with both FEMA and Federal Highway Administration to ensure proper accounting of the expenditures in order to receive federal funding to cover appropriate costs.

Removal of trees and debris is on-going. ODOT will continue to experience expenditures as the debris removal and cleanup work continues in 2021.

Student Success Act

The Student Success Act marked a turning point for education in Oregon. The Joint Committee on Student Success held multiple public hearings across the State during 2019, gathering input from a variety of interested parties which resulted in HB 3427. This bill established the Fund for Student Success funded with revenue from a new corporate activity tax which is estimated to raise a net \$1.2 billion for the 2019-21 biennium and \$2.1 billion when fully implemented in the 2021-23 biennium.

In a report during the February 2020 Legislative Session, the Department of Education provided an update to the progress made on the Student Success Act. The department reported the funding would create 12 new programs and expand 16 educational programs, affecting students from early learning to graduation. When fully implemented, the Student Success Act was expected to invest \$2 billion in Oregon education each biennium. Considered a landmark legislation, expecting to change the trajectory of education in this State for generations to come. At the time the department reported the implementation was on track and spurring unprecedented partnership and engagement across the State.

Due to the COVID-19 pandemic the State had to rebalance the budget during the August 2020 Special Session of the Legislature. As part of this rebalance, cuts were made to some of the funding originally available for the Act. During the 2019 Legislative Session, HB 5047 provided the direction and amount on how the funds in each of these three accounts will be specifically used. The Student Investment Account provided \$472.7 million for grants to school districts that must be used for increasing learning time, decreasing class size, offering a well-rounded education, and for student health and safety. During the August 2020 Special Session of the Legislature, this amount was reduced to \$150 million (HB 4304). In other areas the funding available was shifted to allow funds to be used for construction, renovation, and equipping of early learning and child care facilities for this biennium only.

The 2021-23 Governor's Recommended Budget includes full funding for the Student Success Act as a foundational commitment to educational equity with a critical set of investments to help ensure an equitable COVID-19 recovery. The budget includes funding of the Student Investment Account at \$778.8 million.

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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the twenty-eighth 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 comprehensive annual 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 Comprehensive Annual 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 Comprehensive Annual 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,



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

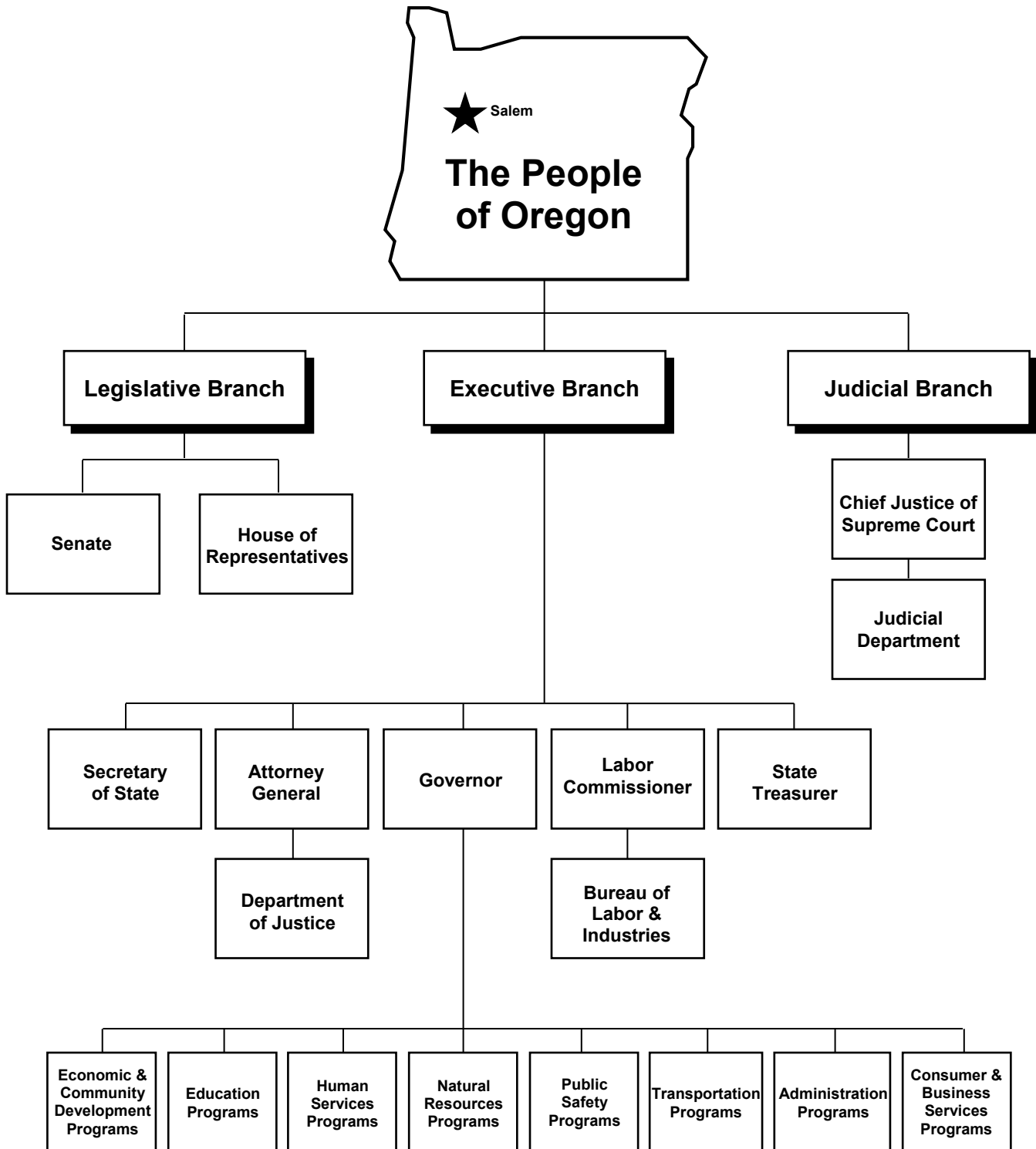
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

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

JUDICIAL

Martha L. Walters, Chief Justice of the Supreme Court

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Financial Section

Shemia Fagan
Secretary of State

Cheryl Myers
Deputy Secretary of State



Kip R. Memmott, MA, CGAP, CRMA
Director

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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, 2020, 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%	0%
Business Type Activities	1%	0%	1%
Discretely Presented Component Units	97%	97%	96%
Common School – Major Governmental Fund	100%	100%	100%
Aggregate Remaining Funds:			
Public Employees Retirement System	83%	57%	36%

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, 2020, 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.

Emphasis of Matter

For the year ended June 30, 2020, the State of Oregon implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*. As a result of this standard, the State reported a restatement of net position as of July 1, 2019, for the change in accounting principle. See Note 1 and Note 19 for further information. Our opinions are not modified with respect to this matter.

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 February 12, 2021, on our consideration of the State of Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in the Oregon Single Audit Report. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oregon's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
February 12, 2021

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, 2020. 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, 2020, the State's net position on a government-wide basis was \$20.6 billion. Of this amount, the unrestricted portion was \$3.3 billion. The amount restricted for specific uses was \$5.9 billion. The State's net investment in capital assets was \$11.5 billion.
- The State's net position decreased \$436.1 million compared to the prior year, which incorporates the impact of the pandemic to the State's overall financial position. Net position for governmental activities increased 0.5%, while net position for business-type activities decreased 7.6%.
- As of June 30, 2020, the State's governmental funds reported combined ending fund balances of \$12.3 billion. Of this total, approximately 1% was considered nonspendable and included amounts related to inventories, prepaid amounts, and permanent fund principal.
- Approximately 69.9% 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 \$8.6 billion.
- The remaining 29.1% 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 \$3.6 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 \$2.5 billion.
- The net pension liability for the State, as the primary government and excluding discretely presented component units, has increased from \$3.2 billion to \$3.9 billion. The State recognized pension expense of \$1 billion during the current year. State contributions to this defined benefit plan during the current fiscal year were \$445.8 million.
- The State implemented all or a portion of four accounting standards in fiscal year 2020, which are described further in Note 1. The most notable implementation was GASB Statement No. 84, *Fiduciary Activities* which established criteria for identifying fiduciary activities for all state and local governments. In addition to Note 1, further information is contained in Notes 9 and 19.
- Outstanding debt decreased by \$462.8 million during fiscal year 2020. As part of an overall plan to reduce borrowing costs, the State was involved in 13 debt refunding issuances and refunded \$1.3 billion of previously existing debt with \$1.3 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 other 11 proprietary 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 proprietary 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 63-178 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 182, 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 200 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, 2020, was \$20.6 billion as shown in Table 1. Most of this balance was invested in capital assets, with infrastructure being the largest component. The net investment in capital assets was \$11.5 billion. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2020, restricted net position totaled \$5.9 billion. The remaining balance of \$3.3 billion was classified as unrestricted net position.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital assets	\$ 14,689.6	\$ 14,378.1	\$ 535.6	\$ 561.2	\$ 15,225.1	\$ 14,939.3
Other assets	18,282.9	16,941.9	10,079.3	8,447.8	28,362.3	25,389.7
Total assets	32,972.5	31,320.0	10,614.9	9,009.1	43,587.4	40,329.0
Total deferred outflows	1,283.7	1,220.2	138.6	121.4	1,422.3	1,341.6
Long-term liabilities	14,991.6	14,823.6	2,106.2	2,029.7	17,097.8	16,853.2
Other liabilities	4,648.4	3,203.6	2,398.0	341.5	7,046.4	3,545.1
Total liabilities	19,640.1	18,027.1	4,504.2	2,371.2	24,144.2	20,398.3
Total deferred inflows	201.5	174.5	23.8	21.5	225.3	196.0
Net investment in capital assets	11,343.8	10,980.3	524.2	547.7	11,489.0	11,133.1
Restricted	5,396.7	4,882.7	233.8	224.8	5,886.9	5,235.7
Unrestricted	(2,325.8)	(1,524.4)	5,467.5	5,965.3	3,264.3	4,707.5
Total net position	\$ 14,414.7	\$ 14,338.6	\$ 6,225.5	\$ 6,737.7	\$ 20,640.1	\$ 21,076.3

Changes in net position. The State's total net position decreased \$436.1 million compared to the prior year. The net position of governmental activities increased 0.5%, while the net position of business-type activities decreased 7.6%.

The ending net position of governmental activities for fiscal year 2020 was \$14.4 billion compared to \$14.3 billion reported in fiscal year 2019. Expenses increased \$2.2 billion, or 8.2%, while revenues increased \$628.7 million, or 2.2%.

Operating grants and contributions increased \$1.1 billion, or 9.8%, from fiscal year 2019 primarily due to an increase in human services federal grant revenue related to Medicaid reimbursements. Personal income tax revenues decreased \$1.2 billion, or 12.3%, in large part due to the State's tax surplus credit, capped at \$1.6 billion, for the 2019 tax year. This credit, commonly referred to as the "kicker", is pursuant to Article IX, Section 14 of the Oregon Constitution and is available on personal income tax returns if certain actual budgetary General Fund revenues exceed their amounts forecasted at the close of the legislative session in which the budget is adopted by 2% or more, which occurred in the 2017-2019 biennium. Meanwhile other taxes increased by \$588 million, or 17%, due to the implementation of the new state corporate activity tax and an increase in inheritance tax revenue.

Governmental activities expenses increased \$2.2 billion, or 8.2%, from fiscal year 2019 primarily impacting human services, education, and administration programs. Human services expenses increased \$1.3 billion, or 9.3%, primarily due to higher Medicaid eligibility payments. Education expenses increased \$495.8 million, or 7.7%, due to an increase in payments to state school districts, while administration expenses increased \$182.2 million, or 49.2%, primarily due to COVID-19 related activities.

As shown in Table 2, the ending net position of business-type activities for fiscal year 2020 was \$6.2 billion, compared to \$6.7 billion reported in fiscal year 2019. Expenses increased by \$4.2 billion largely due to the expansion of unemployment compensation operations necessary to administer the surge of COVID-19 related unemployment insurance claims and federal insurance program payments. Charges for services decreased \$313.7 million, or 9.3%, primarily due to the reduction in Video LotterySM sales. Operating grants and contributions increased \$3.2 billion as a result of additional federal funding made available to mitigate the impact of the COVID-19 pandemic, particularly for those who suffered job losses or wage reductions.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,365.8	\$ 2,255.7	\$ 3,045.3	\$ 3,358.9	\$ 5,411.1	\$ 5,614.6
Operating grants and contributions	12,764.6	11,620.6	3,412.1	203.1	16,176.7	11,823.6
Capital grants and contributions	19.6	8.6	0.4	0.2	20.0	8.8
General revenues:						
Personal income taxes	8,635.7	9,847.1	-	-	8,635.7	9,847.1
Corporate income taxes	892.5	910.9	-	-	892.5	910.9
Other taxes	4,038.6	3,450.6	18.3	19.2	4,056.8	3,469.8
Unrestricted investment earnings	101.5	96.0	-	-	101.5	96.0
Total revenues	28,818.3	28,189.6	6,475.9	3,581.3	35,294.2	31,770.9
Expenses:						
Education	6,914.4	6,418.6	-	-	6,914.4	6,418.6
Human services	15,017.6	13,745.0	-	-	15,017.6	13,745.0
Public safety	1,844.7	1,711.7	-	-	1,844.7	1,711.7
Economic and community development	654.8	604.4	-	-	654.8	604.4
Natural resources	896.9	970.4	-	-	896.9	970.4
Transportation	1,949.5	1,887.7	-	-	1,949.5	1,887.7
Consumer and business services	443.4	394.6	-	-	443.4	394.6
Administration	552.3	370.0	-	-	552.3	370.0
Legislative	61.9	59.7	-	-	61.9	59.7
Judicial	566.0	510.1	-	-	566.0	510.1
Interest on long-term debt	396.5	413.5	-	-	396.5	413.5
Housing and community services	-	-	51.7	50.3	51.7	50.3
Veterans' loan	-	-	20.6	19.6	20.6	19.6
Lottery operations	-	-	587.6	637.2	587.6	637.2
Unemployment compensation	-	-	4,670.9	524.6	4,670.9	524.6
State hospitals	-	-	500.8	440.4	500.8	440.4
Liquor control	-	-	551.3	498.1	551.3	498.1
Other business-type activities	-	-	163.3	210.0	163.3	210.0
Total expenses	29,297.9	27,085.7	6,546.1	2,380.2	35,844.0	29,465.9
Increase (decrease) before contributions, special and extraordinary items, and transfers	(479.6)	1,103.9	(70.2)	1,201.2	(549.8)	2,305.0
Contributions to permanent funds	-	0.1	-	-	-	0.1
Transfers	442.0	598.9	(442.0)	(598.9)	-	-
Increase (decrease) in net position	(37.6)	1,702.9	(512.2)	602.3	(549.8)	2,305.1
Net position – beginning	14,338.6	12,569.2	6,737.7	6,125.5	21,076.3	18,694.6
Prior period adjustments	(8.2)	66.5	(0.1)	10.0	(8.3)	76.5
Cumulative effect of accounting change	122.0	-	-	-	122.0	-
Net position – beginning – as restated	14,452.3	12,635.7	6,737.7	6,135.4	21,190.0	18,771.1
Net position – ending	\$14,414.7	\$14,338.6	\$ 6,225.5	\$ 6,737.7	\$20,640.1	\$21,076.3

Figure 1 below illustrates fiscal year 2020 revenues of the State as a whole, by source. Approximately 45.8% 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% of total revenues, while charges for services accounted for 15.3%.

Figure 1
State of Oregon's Revenue by Source
For the Year Ended June 30, 2020

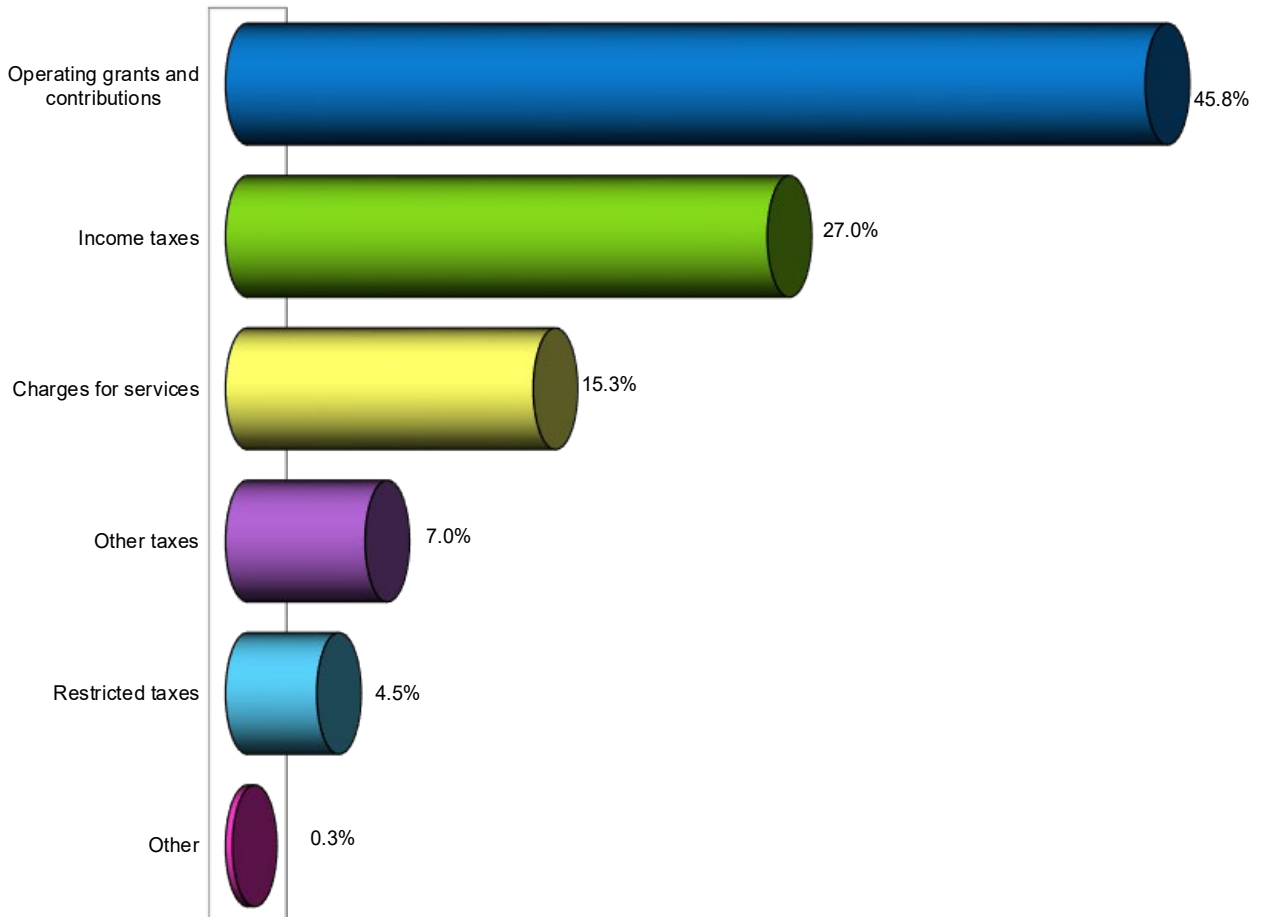
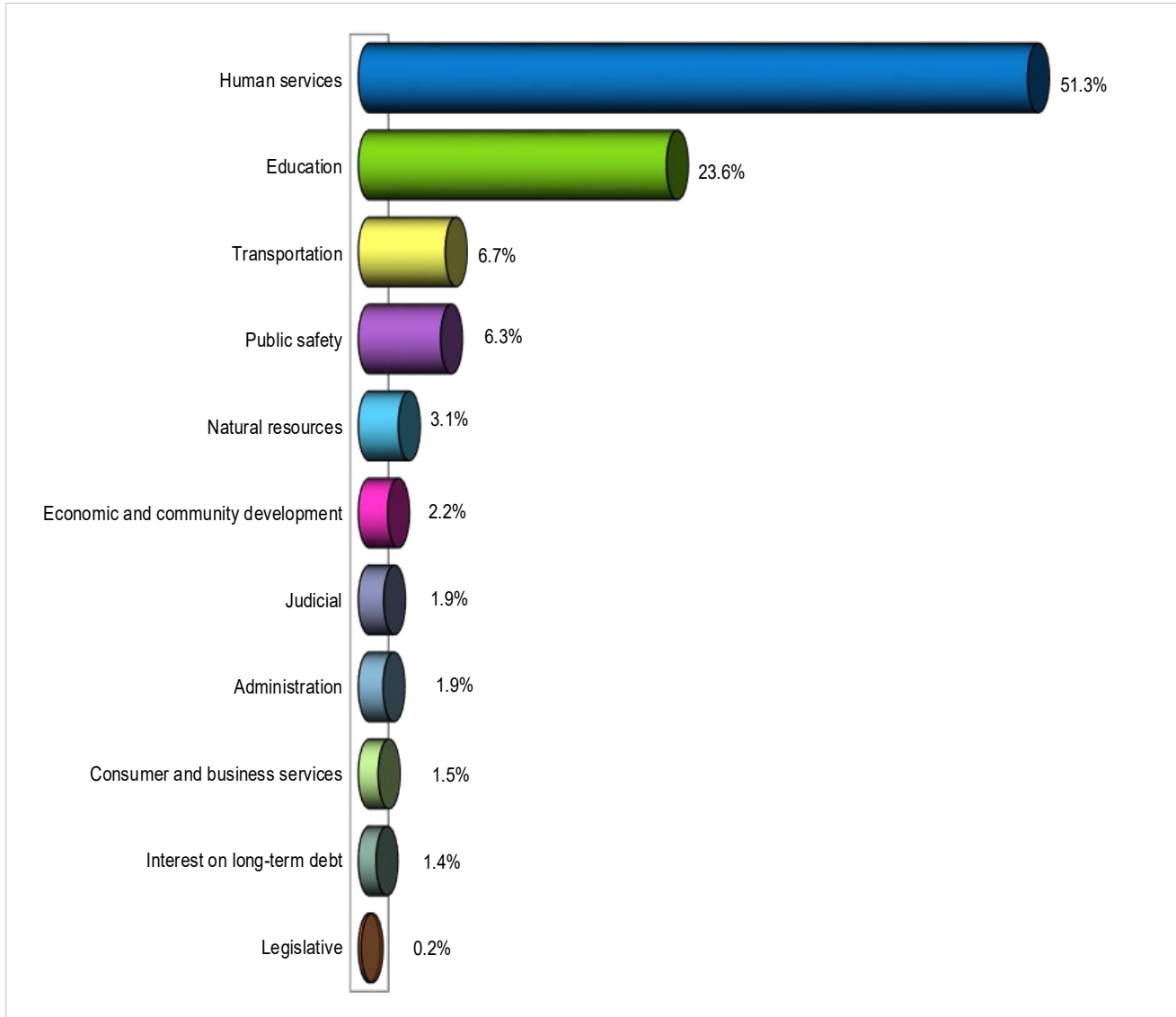


Figure 2 below shows expenses of the governmental activities by function. The cost of providing human services for Oregon citizens in need of assistance comprised 51.3% of total expenses. Elementary and secondary education accounted for 23.6% of the total.

**Figure 2
State of Oregon’s Governmental Expenses by Function
For the Year Ended June 30, 2020**



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 2020, the State’s governmental funds reported combined ending fund balances of \$12.3 billion, down \$252.3 million compared to the prior year.

Nonspendable fund balances of \$124.6 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 \$8.6 billion, or 69.9%, 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 \$1.8 billion comprised 14.5% 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 \$209.4 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 \$1.6 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 2020 with a total fund balance of \$3.9 billion. This represents a \$727.5 million decrease from the prior year's ending fund balance. Total revenues decreased by 4.1% and total expenditures increased by 15.7%. Significant revenue decreases included personal income taxes, which declined \$1.2 billion, or 11.8%, as a result of the tax surplus credit, or "kicker", described previously in the analysis of the change in net position of the governmental activities. Other taxes rose \$108.1 million, or 29.2%, because of an increase in inheritance tax collections caused by more inheritance tax returns filed during the fiscal year. A new corporate activity tax, which took effect in January 2020, contributed \$419.2 million to total revenues. Federal revenue increased by \$98.3 million, due, in part, to the expenditure of moneys from the Coronavirus Relief Fund, a segment of the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was signed into law in late March. Spending for human services increased \$718.6 million, or 36.3%, primarily because the General Fund incurred a higher proportion of the federal Medicaid program expenditures. Administration spending increased \$173.5 million, or 108.6%, primarily due to the acquisition of COVID-19 related personal protective equipment, distribution of a portion of the Coronavirus Relief Fund to eligible entities and distributions from the Oregon Worker Relief Fund. Intergovernmental spending increased \$561.5 million, or 10.1%, largely due to the increase in distributions to state school districts. Transfers from other funds decreased, by \$278.3 million, or 18.2%, due to the reduction in lottery revenue whereas transfers to other funds increased by \$146.4 million, or 10%, primarily due to the allocation of corporate activity tax revenue.

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 \$214.5 million to \$881.1 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 2020 with a \$248.1 million, or 70.7%, increase in fund balance largely due to increases in federal revenue, marijuana taxes, and other revenue. Federal revenue increased by \$1 billion, or 12.3%, primarily because of increases in Medicaid reimbursements received through the Coordinated Care Organization and Quality and Access programs. The corresponding eligibility payments, reported as human resources and intergovernmental expenditures, increased \$384.5 million, or 3.7%, and \$41.3 million, or 11.7%, respectively over fiscal year 2019. Marijuana taxes increased \$39 million, or 33.1%, due to an increase in marijuana product sales during the fiscal year. Other revenue increased by \$56.3 million, or 14.6%, primarily due to increased qualified directed payments from hospitals, which are used as leverage for Medicaid expenditures. Revenue from healthcare provider taxes decreased by \$45.8 million, or 5.7%, due to lower receipts of Medicaid matching funds available in the fiscal year. Revenue from rebates and recoveries dropped \$139.1 million, or 24.5%, largely due to decreased drug rebates received from the Medicaid Drug Rebate program. This decrease also resulted in a \$42.4 million, or 23.6%, reduction in transfers from other funds. Meanwhile, the distribution of increased marijuana, cigarette, and other tobacco product tax revenue resulted in an increase in transfers to other funds totaling \$44 million, or 25.5%.

In the Public Transportation Fund, ending fund balance decreased \$105.5 million, or 11.9%, as total revenues decreased by \$187.2 million, or 8.2%. Motor fuel and other vehicle tax revenues declined by \$67.4 million, or 4.7%. Factors which contributed to the revenue reduction included lower fuel sales that resulted from people driving less as well as field office closures across the State which affected the collection of vehicle registration taxes. Both factors occurred in the last quarter of the fiscal year due to the COVID-19 pandemic. Federal revenue decreased by \$113.6 million, or 16.9%, largely due to receiving less funding for transportation infrastructure projects since major projects were completed in fiscal year 2019 while fewer major projects

were constructed during fiscal year 2020. Transportation expenditures and capital outlay expenditures also decreased by \$60.2 million, or 4.3%, and \$19.5 million, or 56.8%, respectively, due to decreases in infrastructure construction and equipment purchases compared to fiscal year 2019. The decrease in total transportation expenditures was slightly offset by an increase of \$26.1 million, or 5.5%, in salaries due to wage and benefit increases along with increased hiring. Intergovernmental expenditures saw an uptick of \$33.1 million, or 5%, largely because of the distribution of transit tax payments to local governments. There were no long-term debt issuances during the fiscal year which resulted in a decrease of \$38.6 million in debt proceeds; another contributing factor to the decline in fund balance.

The Educational Support Fund experienced an increase of \$35.2 million, or 1.7%, in fund balance for fiscal year 2020. Many of the revenues and expenditures are comparable to the prior year with the exception of intergovernmental expenditures. In the prior fiscal year, there were large disbursements of bond proceeds from the issuance of general obligation bonds to various public universities. There were no large issues of long-term debt in fiscal year 2020 which resulted in a decrease in intergovernmental expenditures of \$25.1 million, or 3.1%. This decrease was offset to some extent by an increase in operational and administrative expenditures for various educational programs and the distribution of corporate activity tax revenues to school districts. The lack of large issues of long-term debt also resulted in the decrease in the net amount of other financing sources and uses by \$180.3 million. The other significant driver of the decrease in intergovernmental expenditures was a decrease in lottery moneys available for distribution to public universities as lottery sales fell due to the COVID-19 pandemic. The decrease in lottery moneys also resulted in a decrease of \$187.4 million, or 48%, in transfers to other funds. Transfers from other funds increased by \$114.8 million, or 18.4%, primarily due to corporate activity tax revenues received as required by the Student Access Act passed by the legislature in 2019 and additional marijuana tax proceeds received from the Health and Social Services fund.

Ending fund balance in the Common School Fund decreased by \$66.4 million, or 4.5%. Due to fluctuations in the stock market, investment income decreased from a positive \$101.7 million in the prior fiscal year to a negative \$1 million; a drop of 101%. Revenue related to unclaimed property increased \$10.9 million, or 72.1%. The unclaimed property revenue included an annual adjustment to reflect more accurately the value of abandoned property not expected to be repaid to claimants. Transfers from other funds decreased \$99.9 million, or 92.1% due to the absence of a one-time transfer received in the prior fiscal year from the Certificates of Participation Fund to compensate for the loss of timber revenue from Elliot State Forest.

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 2020, the Housing and Community Services Fund reported an operating loss of \$4.4 million compared to an operating loss of \$2.9 million in fiscal year 2019. The increased loss was primarily due to interest expense on bonds being \$1.6 million higher than fiscal year 2019 and salaries and wages being \$3 million higher than fiscal year 2019. Most of the interest expense increase was from interest on mortgage revenue bonds issued in fiscal year 2019 and in fiscal year 2020. The 52.2% increase in salaries and wages was primarily due to an increase in pension expense. Investment income was \$11.7 million in fiscal year 2020, a slight decrease of 1.3% from fiscal year 2019. The net effect was a \$9 million increase in net position for fiscal year 2020.

The Veterans' Loan Program reported an increase in net position of \$2 million, due to revenues exceeding expenditures. Though no significant changes occurred between revenue and expense categories, the fund reported an increase of \$475 thousand in transfers from other funds, an increase of \$194 thousand related to capital contributions, and an increase of \$152 thousand associated with a gain on debt extinguishment. Each of these elements contributed to the 1.5% increase in net position.

The net position of the Lottery Operations Fund decreased \$11.5 million, or 4.1%, in fiscal year 2020, after profits were committed for contractual obligations and future capital purchases. Operating income decreased 21.7%, or \$154.1 million, from the previous year due to decreased sales. Product sales decreased \$203.5 million with Video LotterySM having a decrease \$169 million from the prior year. Traditional (Scratch and Draw) game revenue decreased 11.3% from the prior year. A new product called Scoreboard was launched in October 2019 and generated \$8.6 million of new revenue. Operating expenses decreased \$48.3 million, or 7.6%. The decrease is primarily driven by decreased expenses for prizes and retailer commissions which are

directly related to decreased sales. Investment income increased \$3.6 million over the prior year based on the market growth of securities purchased to fund long-term prizes.

In the Unemployment Compensation Fund, the net position decreased by \$474.4 million, or 9.6%, 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 were implemented, resulting in \$3.2 billion additional federal revenue. Special payments increased by \$4.1 billion from fiscal year 2019 to \$4.7 billion in 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 in the latter half of the fiscal year as a result of the COVID-19 pandemic. The increase in investment income of \$14.1 million, or 13.1%, is primarily a result of interest earned on Oregon's Unemployment Trust Fund account at the U.S. Treasury.

In the fiscal year 2020, the other (nonmajor) proprietary funds recognized a \$43.4 million decrease in operating revenues, primarily associated with charges for services in the State Hospitals and Standard Retiree Health Insurance Funds. Operating expenses increased by \$67.2 million, and operating loss increased by \$110.6 million. Due to a shift in the minimum premium funding plan, expenses for special payments decreased \$65 million in the Standard Retiree Health Insurance Fund. The decrease in charges for services coupled with an increase in total operating expenses significantly contributed to the nonmajor proprietary funds reporting a decrease in net position over fiscal year 2019.

At the end of fiscal year 2020, approximately 87.8% 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 92.8% 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, decreased by \$1.5 billion. The fund reported a net appreciation in the fair value of investments in the current year of \$138 million, a reduction of \$3.5 billion from the prior year.

The State implemented GASB Statement No. 84, *Fiduciary Activities* in the current fiscal year, which provided direction about the types of activities that are to be reported within the fiduciary funds overall and within each fiduciary fund type. As a result, various balances and activities have moved to new fiduciary funds, or even out of the fiduciary funds entirely. Contrariwise, some activities are being reported within the fiduciary funds for the first time. Further, the State is reporting a new fiduciary fund type, the custodial fund, and no longer reports investment trust funds or an agency fund.

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.

Because of Oregon's biennial process, budget to actual comparisons are not final until the second year of the biennium. For the first year of the 2019-21 biennium, actual expenditures and other financing uses exceeded actual General Fund revenues and other financing sources by \$3.8 billion. Actual revenues for the first year of the biennium were 37.7% of the final budgeted revenues, or \$7.9 billion, while actual cash expenditures were 52.2% of those budgeted, or \$11.7 billion.

DEBT ADMINISTRATION

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

Debt outstanding for the years ended June 30, 2020 and 2019 is summarized in Table 3. In fiscal year 2020, the State issued general obligation bonds for governmental activities and business-type activities. At the Oregon Department of Corrections and the Oregon Health Authority, general obligation bonds were issued to finance various facilities and capital construction related projects which include the Oregon State Hospital replacement project. At the Oregon Department of Veterans' Affairs, general obligation bonds were issued to provide housing loans for veterans.

During fiscal year 2020, 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 2020, direct borrowings and direct placements were issued for business-type activities to provide loans to municipalities, schools, and other state and private entities for energy conservation as well as generation of renewable energy through the Oregon Department of Energy.

The State was involved in 13 separate debt refunding issuances in fiscal year 2020 and refunded \$1.3 billion of previously existing debt with \$1.3 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, 2020 and 2019
(In Millions)

	2020	2019	2020 Over (Under) 2019	
			Amount	Percent
General obligation bonds	\$ 6,971.6	\$ 6,969.0	\$ 2.6	0.0%
Revenue bonds	4,808.1	4,548.8	259.3	5.7%
Certificates of participation	100.9	315.7	(214.8)	-68.0%
Direct borrowings and placements	70.0	438.4	(368.4)	-84.0%
Contracts, mortgages, and notes payable	305.5	447.1	(141.6)	-31.7%
Total	\$ 12,256.2	\$ 12,719.0	\$ (462.8)	-3.6%

CAPITAL ASSETS

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2020, was \$15.2 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 2020 increased \$285.9 million, or 1.9%.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,008.8	\$ 1,992.6	\$ 9.3	\$ 9.3	\$ 2,018.1	\$ 2,001.9
Buildings, property, and equipment	2,194.2	2,235.6	519.2	545.7	2,713.4	2,781.3
Construction in progress	1,252.8	964.9	3.8	2.9	1,256.6	967.8
Infrastructure	9,231.7	9,182.8	2.5	2.7	9,234.2	9,185.5
Works of art and other nondepreciable assets	2.1	2.2	0.8	0.8	2.9	3.0
Total	\$ 14,689.6	\$ 14,378.1	\$ 535.6	\$ 561.2	\$ 15,225.1	\$ 14,939.3

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

- The State's outstanding construction commitments related to road and bridge construction totaled \$676.5 million at June 30, 2020.
- The Department of Justice added \$8.6 million to construction in progress for the internal development of software. The Origin Project will replace the current Child Support Enforcement Application System. Once complete, the new system will provide automation, secure communication, and improved production, accuracy, and effectiveness in the Child Support Program.
- During fiscal year 2020, the Department of Administrative Services added \$13.7 million to construction in progress related to a large electrical upgrade for the State Data Center necessary to meet the intended maximum capacity of the facility.
- The Oregon Department of Transportation (ODOT) added \$23.4 million in buildings, property, and equipment during fiscal year 2020. The increase is related to the next phase of the new Department of Motor Vehicles (DMV) computer system which allows ODOT to provide new online services and allows the DMV to offer Real ID to Oregonians.
- ODOT added \$309.5 million in infrastructure in fiscal year 2020. This increase was a result of several large highway projects being completed and reclassified from construction in progress in 2020. The largest project completed during the fiscal year was related to the Interstate 205 Johnson Creek Boulevard to Glenn Jackson Bridge improvement project. This improvement project added new lanes, making connections from on-ramps and off-ramps easier. The project also included the installation of ODOT RealTime signs to improve driver awareness of road conditions.
- The Oregon Military Department added \$25.6 million to construction in progress related to two main projects. The first project related to the construction of the Umatilla Regional Training Institute, which will be an infantry training school capable of housing and training 120 soldiers at a given time. The second project included the expansion of the Oregon Youth Challenge Program, which will accommodate more cadets per class cycle at the academy by building additional classrooms, administrative facilities, and barracks.

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

ECONOMIC FACTORS AND NEXT BIENNIUM'S BUDGET

Oregon's unemployment rate for December 2020 was 6.4% compared to 3.4% in December 2019. The U.S. unemployment rate for December 2020 was 6.7% compared to 3.6% in December 2019. Oregon's unemployment rate reached a high point of 14.9% in April 2020, due to the onset of the COVID-19 pandemic.

The number of continuing claims for the various unemployment insurance programs paints a picture of hundreds of thousands of Oregonians still being directly impacted by the pandemic and recession. Some of these claims, those primarily in the regular program, Pandemic Emergency Unemployment Compensation, and Extended Benefits, likely reflect job loss. The other claims, including Pandemic Unemployment

Assistance and Work Share, may reflect job loss, but may also reflect reduced hours or income due to the pandemic. Even so, the total number of impacted Oregonians remains quite large.

Job losses in sectors with low wages account for the vast majority of losses in the entire economy. While these industries have added jobs in recent months, they remain far below their pre-pandemic employment levels. Federal assistance to tide these workers over so they can put food on their tables and not fall behind on rent, credit cards, auto loans, and the like is important so that they are not left behind, drowning in bills, and leave the labor market entirely.

The sudden stop nature of the pandemic and recession affected all industries simultaneously this spring. That said, the recovery path since then, and the overall outlook varies considerably by sector. Some industries like e-commerce, and the associated jobs that move, store, and deliver the packages, and sectors related to residential construction have seen demand rebound strongly this year. That said, most sectors face an uphill climb in the years ahead. Consumer-facing services, like bars, restaurants, nail salons, and the like, have experienced severe losses and only a partial recovery. However expectations are that once it is safe to do so, consumers will return in full force to resume their previous activities.

To date, income and sales taxes have held up better than feared due to strong payments reflecting tax year 2019, and a better economy than initially expected at the start of the recession. Oregon's primary revenue sources are expected to post gains throughout the 2021-23 budget period. A growing economy typically leads to growing revenues. Even so, growth will be modest. The losses of jobs and business income due to the recession have yet to completely flow through to tax collections.

Encouragingly, Oregon has saved a larger amount of reserve funds than ever before. Automatic deposits into Oregon's Rainy Day Fund and Education Stability Fund throughout the long expansion have added up. As a result, Oregon is in a better position than in the past to manage the risks associated with of an uncertain revenue outlook.

The December 2020 forecast for General Fund revenues for the 2019-21 biennium is \$21.3 billion. This figure is \$243 million more than the amount forecasted at the close of the 2019 legislative session. The projected General Fund ending balance for the 2019-21 biennium is \$1.8 billion. The latest revenue forecast projects increases in General Fund revenues for the next two biennia, up 5% to \$22.3 billion in 2021-23 and up an additional 12.2% to \$25.1 billion in 2023-25.



Basic Financial Statements

State of Oregon

Statement of Net Position
June 30, 2020
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 7,915,262	\$ 5,372,242	\$ 13,287,504	\$ 1,194,440
Cash and Cash Equivalents - Restricted	944,256	80,562	1,024,818	76,996
Investments	1,061,767	34,680	1,096,447	5,039,708
Investments - Restricted	251,403	42,508	293,911	-
Securities Lending Collateral	148,173	84,816	232,989	57,152
Accounts and Interest Receivable (net)	1,095,324	1,954,038	3,049,362	1,142,725
Taxes Receivable (net)	1,825,754	-	1,825,754	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	488,274
Internal Balances	86,579	(86,579)	-	-
Due from Component Units	95,316	6,368	101,685	-
Due from Other Governments	-	9,812	9,812	10,489
Due from Primary Government	-	-	-	101,828
Inventories	110,070	50,679	160,749	68,753
Prepaid Items	28,271	5,336	33,607	80,656
Loans Receivable (net)	52,804	74,952	127,756	-
Foreclosed and Deeded Property	5,851	817	6,669	-
Other Assets	1,740	-	1,740	-
Total Current Assets	<u>13,622,570</u>	<u>7,630,232</u>	<u>21,252,802</u>	<u>8,261,021</u>
Noncurrent Assets:				
Cash and Cash Equivalents	-	150,454	150,454	21,006
Cash and Cash Equivalents - Restricted	1,006,696	159,774	1,166,470	312,253
Investments	145,212	122,473	267,684	3,410,941
Investments - Restricted	690,606	180,715	871,321	917,885
Taxes Receivable (net)	289,027	-	289,027	-
Interfund Loans	1,121	(1,121)	-	-
Advances to Component Units	1,004,778	78,828	1,083,606	-
Net Contracts, Notes, and Other Receivables	709,809	47,206	757,015	117,107
Loans Receivable (net)	773,378	1,706,426	2,479,804	-
Pledges, Contributions, and Grants Receivable (net)	-	-	-	376,128
Net OPEB Asset	39,746	4,331	44,077	20,722
Other Assets	-	-	-	5,491
Capital Assets:				
Land	2,008,825	9,291	2,018,115	332,555
Buildings, Property, and Equipment	4,359,870	870,160	5,230,030	10,446,217
Construction in Progress	1,252,758	3,825	1,256,583	587,839
Infrastructure	15,386,497	3,606	15,390,103	184,009
Works of Art and Other Nondepreciable Assets	2,141	759	2,900	88,739
Less Accumulated Depreciation and Amortization	(8,320,521)	(352,067)	(8,672,588)	(4,884,874)
Total Noncurrent Assets	<u>19,349,944</u>	<u>2,984,659</u>	<u>22,334,603</u>	<u>11,936,018</u>
Total Assets	<u>32,972,514</u>	<u>10,614,891</u>	<u>43,587,406</u>	<u>20,197,041</u>
DEFERRED OUTFLOWS OF RESOURCES				
Hedging Derivatives	-	10,986	10,986	7,698
Goodwill	-	-	-	754
Loss on Refunding	71,313	3,282	74,595	30,197
Asset Retirement Obligation	-	-	-	16,264
Related to Pensions	1,201,072	123,084	1,324,156	613,169
Related to OPEB	11,307	1,238	12,544	14,098
Total Deferred Outflows of Resources	<u>1,283,692</u>	<u>138,590</u>	<u>1,422,282</u>	<u>682,180</u>

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

State of Oregon

Statement of Net Position
June 30, 2020
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	1,729,934	2,068,045	3,797,979	664,152
Obligations Under Securities Lending	148,173	84,816	232,989	57,140
Obligations Under Life Income Agreements	-	-	-	74,192
Due to Component Units	100,621	901	101,523	-
Due to Other Governments	250,966	11,628	262,594	20,680
Due to Primary Government	-	-	-	102,444
Unearned Revenue	1,311,281	2,976	1,314,257	554,111
Compensated Absences Payable	177,387	16,625	194,012	133,206
Reserve for Loss and Loss Adjustment Expense	-	-	-	282,897
Claims and Judgments Payable	122,914	630	123,544	33,935
Lottery Prize Awards Payable	-	36,572	36,572	-
Deposit Liabilities	162,921	54,876	217,796	54,974
Contracts, Mortgages, and Notes Payable	41,546	4,600	46,146	165,178
Bonds/COPs Payable	592,946	115,150	708,096	23,851
Obligations Under Capital Lease	1,644	1,172	2,816	1,131
Pollution Remediation Obligation	8,110	-	8,110	-
Asset Retirement Obligation	-	-	-	565
Total Current Liabilities	<u>4,648,442</u>	<u>2,397,991</u>	<u>7,046,433</u>	<u>2,168,456</u>
Noncurrent Liabilities:				
Unearned Revenue	-	-	-	1,637
Obligations Under Life Income Agreements	-	-	-	22,830
Compensated Absences Payable	95,513	8,801	104,315	22,852
Reserve for Loss and Loss Adjustment Expense	-	-	-	2,247,702
Claims and Judgments Payable	1,030,707	-	1,030,707	39,861
Lottery Prize Awards Payable	-	110,382	110,382	-
Arbitrage Rebate Payable	289	8,812	9,101	-
Deposit Liabilities	324,086	2,177	326,263	2,655
Contracts, Mortgages, and Notes Payable	229,930	28,247	258,177	169,680
Bonds/COPs Payable	9,672,055	1,570,554	11,242,609	1,649,769
Obligations Under Capital Lease	1,057	3,335	4,392	1,233
Net Pension Liability	3,501,922	350,093	3,852,015	1,657,842
Advances from Primary Government	-	-	-	1,083,606
Pollution Remediation Obligation	21,068	-	21,068	-
Asset Retirement Obligation	-	-	-	19,380
Net OPEB Liability	17,595	1,892	19,487	5,776
Total OPEB Liability	97,386	10,905	108,291	67,539
Derivative Instrument Liabilities	-	10,986	10,986	26,700
Total Noncurrent Liabilities	<u>14,991,609</u>	<u>2,106,184</u>	<u>17,097,793</u>	<u>7,019,062</u>
Total Liabilities	<u>19,640,050</u>	<u>4,504,176</u>	<u>24,144,226</u>	<u>9,187,519</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding	9,073	-	9,073	1,546
Life income agreements and pending funds	-	-	-	81,404
Loan Origination	-	4,446	4,446	-
Related to Pensions	168,001	16,690	184,691	134,832
Related to OPEB	24,407	2,701	27,108	15,074
Total Deferred Inflows of Resources	<u>201,481</u>	<u>23,837</u>	<u>225,318</u>	<u>232,856</u>
NET POSITION				
Net Investment in Capital Assets	11,343,771	524,170	11,489,028	4,280,527
Restricted-Nonexpendable	10,302	-	10,302	1,769,231
Restricted for:				
Health and Social Services Programs	104,416	-	358,389	-
Transportation Programs	582,944	-	582,944	-
Natural Resource Programs	962,214	-	962,214	-
Education	1,894,951	-	1,894,951	1,762,369
Community Protection	79,295	-	79,295	-
Consumer Protection	148,549	-	150,933	-
Employment Services	287,874	-	287,874	-
Workers' Compensation	-	-	-	2,301,547
Residential Assistance	76,178	1,257	77,435	-
Debt Service	1,004	228,198	229,201	3,650
Capital Projects	29,912	-	29,912	79,716
OPEB	39,746	4,331	44,077	20,722
Other Purposes	1,179,303	-	1,179,323	-
Unrestricted	<u>(2,325,782)</u>	<u>5,467,513</u>	<u>3,264,267</u>	<u>1,241,085</u>
Total Net Position	<u>\$ 14,414,675</u>	<u>\$ 6,225,468</u>	<u>\$ 20,640,143</u>	<u>\$ 11,458,847</u>

State of Oregon

Statement of Activities
For the Year Ended June 30, 2020
(In Thousands)

	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Primary Government:					
Governmental Activities:					
Education	\$ 6,914,415	\$ 22,773	\$ 791,587	\$ -	\$ (6,100,055)
Human Services	15,017,603	1,030,658	10,274,847	-	(3,712,097)
Public Safety	1,844,670	84,448	240,039	17,327	(1,502,857)
Economic and Community Development	654,791	89,932	303,810	-	(261,048)
Natural Resources	896,949	444,480	250,001	1,133	(201,336)
Transportation	1,949,483	150,920	573,709	1,148	(1,223,706)
Consumer and Business Services	443,364	149,379	66,935	-	(227,050)
Administration	552,258	191,361	257,783	-	(103,114)
Legislative	61,859	1,995	168	-	(59,697)
Judicial	566,009	199,856	5,750	-	(360,403)
Interest on Long-term Debt	396,486	-	-	-	(396,486)
Total Governmental Activities	<u>29,297,887</u>	<u>2,365,801</u>	<u>12,764,628</u>	<u>19,608</u>	<u>(14,147,850)</u>
Business-type Activities:					
Housing and Community Services	51,654	49,254	11,696	-	9,297
Veterans' Loan	20,618	17,860	4,181	377	1,800
Lottery Operations	587,551	1,144,786	24,122	-	581,358
Unemployment Compensation	4,670,860	862,764	3,334,971	-	(473,125)
State Hospitals	500,839	108,020	-	-	(392,819)
Liquor Control	551,281	737,837	979	-	187,535
Other Business-type Activities	163,340	124,730	36,103	-	(2,507)
Total Business-type Activities	<u>6,546,142</u>	<u>3,045,251</u>	<u>3,412,052</u>	<u>377</u>	<u>(88,462)</u>
Total Primary Government	<u>\$ 35,844,029</u>	<u>\$ 5,411,052</u>	<u>\$ 16,176,680</u>	<u>\$ 19,985</u>	<u>\$ (14,236,312)</u>
Component Units:					
SAIF Corporation	\$ 758,553	\$ 548,478	\$ 620,904	\$ -	\$ 410,829
University of Oregon	1,022,607	246,884	555,609	295,954	75,840
Oregon State University	1,264,631	537,404	726,155	47,886	46,814
Portland State University	544,272	266,634	298,904	1,019	22,285
Other Component Units	4,096,761	2,974,021	1,075,476	40,024	(7,240)
Total Component Units	<u>\$ 7,686,824</u>	<u>\$ 4,573,421</u>	<u>\$ 3,277,048</u>	<u>\$ 384,883</u>	<u>\$ 548,528</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, 2020
(In Thousands)

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
Changes in Net Position:				
Net (Expense) Revenue	\$ (14,147,850)	\$ (88,462)	\$ (14,236,312)	\$ 548,528
General Revenues:				
Taxes:				
Personal Income Taxes	8,635,668	-	8,635,668	-
Corporate Income Taxes	892,484	-	892,484	-
Corporate Activity Taxes	419,206	-	419,206	-
Tobacco Taxes	245,318	-	245,318	-
Healthcare Provider Taxes	865,521	-	865,521	-
Insurance Premium Taxes	76,462	-	76,462	-
Marijuana Taxes	156,154	-	156,154	-
Other Taxes	672,583	18,260	690,844	-
Restricted for Transportation Purposes:				
Motor Fuel and Other Vehicle Taxes	1,357,001	-	1,357,001	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Workers' Compensation Insurance Taxes	68,107	-	68,107	-
Employer-Employee Taxes	178,234	-	178,234	-
Total Taxes	<u>13,566,738</u>	<u>18,260</u>	<u>13,584,998</u>	<u>-</u>
Unrestricted Investment Earnings	101,487	-	101,487	-
Contributions to Permanent Funds	6	-	6	-
Special Pmts to State Agencies				
Transfers - Internal Activities	442,009	(442,009)	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>14,110,240</u>	<u>(423,749)</u>	<u>13,686,491</u>	<u>-</u>
Change in Net Position	<u>(37,610)</u>	<u>(512,210)</u>	<u>(549,821)</u>	<u>548,528</u>
Net Position - Beginning	14,338,550	6,737,736	21,076,286	10,897,159
Prior Period Adjustments	(8,233)	(57)	(8,291)	-
Cumulative Effect of a Change in Accounting Principles	121,968	-	121,968	13,159
Net Position - Beginning - As Restated	<u>14,452,285</u>	<u>6,737,679</u>	<u>21,189,964</u>	<u>10,910,318</u>
Net Position - Ending	<u>\$ 14,414,675</u>	<u>\$ 6,225,468</u>	<u>\$ 20,640,143</u>	<u>\$ 11,458,847</u>

Balance Sheet
Governmental Funds
June 30, 2020
(In Thousands)

	General	Health and Social Services	Public Transportation
ASSETS			
Cash and Cash Equivalents	\$ 4,104,948	\$ 772,821	\$ 753,569
Investments	-	-	82,672
Securities Lending Collateral	58,965	13,481	11,176
Accounts and Interest Receivable (net)	11,620	501,053	68,493
Taxes Receivable (net)	1,803,410	208,548	66,874
Due from Other Funds	606,456	138,344	10,175
Due from Component Units	-	7,917	-
Inventories	64,736	649	35,637
Prepaid Items	23,149	39	865
Advances to Other Funds	15,201	-	-
Advances to Component Units	-	-	-
Net Contracts, Notes, and Other Receivables	13,858	140,975	26,802
Loans Receivable (net)	-	294	25,138
Other Assets	-	-	-
Total Assets	\$ 6,702,344	\$ 1,784,122	\$ 1,081,402
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	\$ 606,052	\$ 481,075	\$ 141,796
Obligations Under Securities Lending	58,965	13,481	11,176
Due to Other Funds	451,679	438,565	19,437
Due to Component Units	4,424	35,141	1,761
Due to Other Governments	64,459	-	82,747
Unearned Revenue	1,038,937	49,350	13,750
Deposit Liabilities	16,880	21,773	1,058
Advances from Other Funds	342	-	-
Total Liabilities	2,241,739	1,039,385	271,725
Deferred Inflows of Resources:			
Unavailable Revenue	584,488	145,883	30,003
Total Deferred Inflows of Resources	584,488	145,883	30,003
Fund Balances:			
Nonspendable	68,525	739	36,518
Restricted by:			
Federal Laws and Regulations	-	128,576	30,601
Oregon Constitution	962,507	2,830	309,176
Enabling Legislation	280,122	316,109	111,194
Debt Covenants	17,449	35,045	292,185
Donors and Other External Parties	-	11,373	-
Committed	940,038	73,309	-
Assigned	14,292	30,873	-
Unassigned	1,593,184	-	-
Total Fund Balances	3,876,117	598,854	779,675
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,702,344	\$ 1,784,122	\$ 1,081,402

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

State of Oregon

Educational Support	Common School	Other	Total
\$ 907,077	\$ 94,558	\$ 2,644,087	\$ 9,277,060
107,375	1,726,304	179,022	2,095,373
13,553	6,287	30,696	134,159
117,433	16,470	257,870	972,939
288	-	35,661	2,114,781
78,620	74	342,032	1,175,701
75,404	-	11,995	95,316
-	-	7,944	108,966
-	-	1,764	25,818
-	300	-	15,501
1,004,778	-	-	1,004,778
85	26	527,924	709,670
-	-	800,750	826,182
-	-	1,740	1,740
\$ 2,304,612	\$ 1,844,018	\$ 4,841,485	\$ 18,557,983
\$ 119,410	\$ 38,516	\$ 231,873	\$ 1,618,721
13,553	6,287	30,696	134,159
352	335	147,253	1,057,622
46,298	-	12,997	100,621
50,756	-	53,004	250,966
-	-	209,194	1,311,231
42	383,714	61,743	485,211
-	-	14,380	14,722
230,411	428,853	761,141	4,973,254
368	26	480,486	1,241,255
368	26	480,486	1,241,255
-	-	18,821	124,603
8,235	-	983,684	1,151,096
301,779	1,013,412	181,730	2,771,434
1,372,749	401,727	782,723	3,264,624
325,007	-	728,295	1,397,981
8,298	-	25,325	44,996
52,401	-	720,417	1,786,164
5,364	-	158,863	209,392
-	-	-	1,593,184
2,073,833	1,415,140	3,599,858	12,343,475
\$ 2,304,612	\$ 1,844,018	\$ 4,841,485	\$ 18,557,983

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State of Oregon

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020
(In Thousands)

Total fund balances of governmental funds \$ 12,343,475

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	\$ 1,996,332	
Buildings, property, and equipment	3,704,274	
Construction in progress	1,214,468	
Infrastructure	15,385,730	
Works of Art and Other Nondepreciable Assets	1,926	
Accumulated depreciation and amortization	<u>(7,927,236)</u>	
Total capital assets		14,375,494

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. 5,851

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. 1,241,255

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		70,854
Deferred inflows-gain on refunding		(8,538)

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		(3,177,957)
Deferred outflows-related to pensions		1,089,827
Deferred inflows-related to pensions		(152,556)

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		36,051
Net OPEB liability		(15,941)
Total OPEB liability		(89,027)
Deferred outflows-related to OPEB		10,267
Deferred inflows-related to OPEB		(22,242)

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. 366,876

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	(88,820)	
Compensated absences payable	(244,576)	
Claims and judgments payable	(873,747)	
Arbitrage rebate payable	(262)	
Contracts, mortgages and notes payable	(247,945)	
Bonds and COPs payable	(10,174,110)	
Obligations under capital leases	(377)	
Pollution remediation obligation	<u>(29,177)</u>	
Total long-term liabilities		<u>(11,659,015)</u>

Net position of governmental activities \$ 14,414,675

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, 2020
(In Thousands)

	General	Health and Social Services	Public Transportation
REVENUES			
Personal Income Taxes	\$ 8,766,102	\$ -	\$ -
Corporate Income Taxes	917,534	-	-
Corporate Activity Taxes	419,206	-	-
Tobacco Taxes	61,416	184,020	-
Healthcare Provider Taxes	-	754,019	-
Insurance Premium Taxes	76,462	-	-
Motor Fuel and Other Vehicle Taxes	-	-	1,356,159
Employer-Employee Taxes	109,064	-	-
Workers' Compensation Insurance Taxes	-	-	-
Marijuana Taxes	-	156,757	-
Other Taxes	477,795	-	3,047
Licenses and Fees	125,134	21,742	85,160
Federal	102,390	9,281,490	557,686
Rebates and Recoveries	1,059	428,081	5,432
Charges for Services	26,403	16,254	28,720
Fines, Forfeitures, and Penalties	17,393	2,677	7,561
Rents and Royalties	733	4	4,750
Investment Income	101,487	7,571	25,133
Sales	1,035	3,770	12,725
Assessments	-	-	-
Donations and Grants	4,235	281	4
Contributions to Permanent Funds	-	-	-
Tobacco Settlement Proceeds	-	65,933	-
Unclaimed and Escheat Property Revenue	-	-	-
Other	23,391	441,503	3,554
Total Revenues	11,230,839	11,364,101	2,089,931
EXPENDITURES			
Current:			
Education	260,243	-	-
Human Resources	2,698,830	10,666,819	-
Public Safety	1,152,743	-	-
Economic and Community Development	59,761	-	-
Natural Resources	169,155	-	-
Transportation	1,415	-	1,339,272
Consumer and Business Services	6,836	-	-
Administration	333,289	1,366	-
Legislative	53,505	-	-
Judicial	405,466	1,302	-
Intergovernmental	6,144,744	395,225	692,397
Capital Outlay	17,356	198	14,848
Debt Service:			
Principal	187,481	-	-
Interest	150,277	-	-
Other Debt Service	42	90	221
Total Expenditures	11,641,143	11,065,000	2,046,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	(410,303)	299,102	43,192
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	1,254,817	137,453	146,853
Transfers to Other Funds	(1,613,169)	(216,372)	(293,443)
Insurance Recoveries	160	-	478
Long-term Debt Issued	-	24,205	-
Debt Issuance Premium	-	3,885	-
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	(358,191)	(50,830)	(146,112)
Net Change in Fund Balances	(768,495)	248,272	(102,920)
Fund Balances - Beginning	4,603,657	350,724	885,183
Cumulative Effect of Change in Accounting Principle	-	-	-
Prior Period Adjustments	(1,427)	-	(13)
Fund Balances - Beginning - As Restated	4,602,230	350,725	885,170
Change in Inventories	42,381	(143)	(2,576)
Fund Balances - Ending	\$ 3,876,117	\$ 598,854	\$ 779,675

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

State of Oregon

Educational Support	Common School	Other	Total
\$ -	\$ -	\$ -	\$ 8,766,102
-	-	-	917,534
-	-	-	419,206
-	-	-	245,436
-	-	111,502	865,521
-	-	-	76,462
-	-	-	1,356,159
-	-	69,072	178,136
-	-	68,107	68,107
-	-	-	156,757
678	-	187,337	668,857
530	1,538	361,150	595,254
410,620	448	2,088,362	12,440,995
35	2	25,362	459,971
6,657	312	224,033	302,379
196	192	52,643	80,662
165	5,679	5,710	17,042
66,725	(1,022)	68,221	268,116
12,977	11	128,168	158,686
-	-	46,297	46,297
8,817	-	27,187	40,523
-	-	6	6
-	-	-	65,933
-	25,961	-	25,961
856	911	64,768	534,984
<u>508,257</u>	<u>34,033</u>	<u>3,527,925</u>	<u>28,755,086</u>
70,856	-	88,173	419,273
-	-	1,015,554	14,381,203
-	-	264,103	1,416,846
-	-	410,426	470,187
-	26,639	522,466	718,261
-	-	8,230	1,348,917
-	-	371,576	378,412
6,515	-	27,606	368,775
-	-	1,931	55,435
-	-	72,421	479,189
789,048	6,713	616,501	8,644,629
3	2,470	123,377	158,252
72,819	-	279,709	540,009
75,839	-	243,637	469,752
107	-	5,447	5,907
<u>1,015,187</u>	<u>35,823</u>	<u>4,051,156</u>	<u>29,855,048</u>
(506,931)	(1,790)	(523,232)	(1,099,962)
738,402	8,621	948,507	3,234,653
(203,374)	(79,999)	(360,826)	(2,767,183)
-	6,816	254	7,708
6,530	-	158,955	189,690
3,528	-	120,082	127,496
16,885	-	1,123,990	1,140,875
(20,341)	-	(1,222,480)	(1,242,820)
<u>541,631</u>	<u>(64,562)</u>	<u>768,483</u>	<u>690,418</u>
<u>34,700</u>	<u>(66,353)</u>	<u>245,251</u>	<u>(409,544)</u>
2,038,622	1,481,512	3,236,033	12,595,731
-	-	116,473	116,474
511	(20)	7,483	6,535
<u>2,039,133</u>	<u>1,481,492</u>	<u>3,359,989</u>	<u>12,718,739</u>
-	-	(5,383)	34,280
<u>\$ 2,073,833</u>	<u>\$ 1,415,140</u>	<u>\$ 3,599,858</u>	<u>\$ 12,343,475</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, 2020
(In Thousands)**

Net change in fund balances of total governmental funds \$ (409,544)

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	\$ 768,502	
Depreciation expense	(464,806)	
Excess of capital outlays over depreciation		303,697

The net effect of sales, transfers, impairments, and donations of capital assets is a decrease to net position. (14,989)

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. 6,152

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. (1,458,061)

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. 1,782,829

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these become a component of Bonds/COPs payable and are amortized in the Statement of Activities. 63,874

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	5,359	
Accounts and interest payable	20,204	
Compensated absences payable	(30,570)	
Claims and judgments payable	(16,539)	
Contracts, mortgages, and notes payable	23,342	
Net pension liability	(477,151)	
Pollution remediation obligation	17,819	
Net OPEB liability	5,196	
Total OPEB liability	(3,351)	
Total		(455,691)

Investment income related to rebatable arbitrage does not provide current financial resources and is not reported as revenue in the governmental funds. (111)

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. 49,029

Change in inventory is reported as a separate line after the change in fund balances in the governmental statements, but is included in expenses in the governmental activities. 34,280

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. 60,925

Change in net position of governmental activities \$ (37,610)

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

Statement of Net Position
Proprietary Funds
June 30, 2020
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 13,887	\$ 107,938	\$ 172,486
Cash and Cash Equivalents - Restricted	72,114	3,887	-
Investments	-	11,985	10,582
Investments - Restricted	42,508	-	-
Securities Lending Collateral	1,249	2,615	72,629
Accounts and Interest Receivable (net)	4,785	1,436	35,125
Due from Other Funds	480	178	-
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Inventories	-	-	1,608
Prepaid Items	-	3	4,247
Loans Receivable (net)	30,661	10,053	-
Foreclosed and Deeded Property	817	-	-
Total Current Assets	166,501	138,095	296,677
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	150,454
Cash and Cash Equivalents - Restricted	82,582	74,017	-
Investments	-	-	122,473
Investments - Restricted	180,715	-	-
Advances to Other Funds	-	-	-
Advances to Component Units	-	-	-
Net Contracts, Notes, and Other Receivables	-	930	7,252
Loans Receivable (net)	951,883	337,869	-
Net OPEB Asset	72	51	593
Capital Assets:			
Land	-	-	-
Buildings, Property, and Equipment	183	11,187	235,317
Construction in Progress	-	-	-
Infrastructure	-	-	-
Works of Art and Other Nondepreciable Assets	-	627	-
Less Accumulated Depreciation and Amortization	(173)	(5,873)	(186,660)
Total Noncurrent Assets	1,215,263	418,808	329,429
Total Assets	1,381,763	556,903	626,106
DEFERRED OUTFLOWS OF RESOURCES			
Hedging Derivatives	10,726	260	-
Loss on Refunding	1,108	-	-
Related to Pensions	1,952	1,299	16,357
Related to OPEB	18	14	201
Total Deferred Outflows of Resources	13,804	1,573	16,558

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
\$ 4,514,972	\$ 562,959	\$ 5,372,242	\$ 565,818
-	4,561	80,562	7,101
-	12,113	34,680	-
-	-	42,508	53,614
-	8,324	84,816	14,014
1,882,031	29,011	1,952,388	122,371
1,650	24,366	26,674	12,244
-	6,368	6,368	-
9,812	-	9,812	-
-	49,071	50,679	1,104
-	1,086	5,336	2,454
-	34,238	74,952	-
-	-	817	-
6,408,465	732,098	7,741,835	778,720
-	-	150,454	-
-	3,175	159,774	16,236
-	-	122,473	-
-	-	180,715	-
-	-	-	342
-	78,828	78,828	-
38,930	93	47,206	140
-	416,673	1,706,426	-
-	3,616	4,331	3,695
-	9,291	9,291	12,493
-	623,473	870,160	655,596
-	3,825	3,825	38,290
-	3,606	3,606	767
-	132	759	215
-	(159,362)	(352,067)	(393,285)
38,930	983,351	2,985,780	334,489
6,447,395	1,715,448	10,727,616	1,113,209
-	-	10,986	-
-	2,174	3,282	459
-	103,476	123,084	111,245
-	1,004	1,238	1,040
-	106,655	138,590	112,744

(continued on next page)

Statement of Net Position
Proprietary Funds
June 30, 2020
(In Thousands)
(continued from previous page)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	17,888	1,159	17,719
Obligations Under Securities Lending	1,249	2,615	72,629
Due to Other Funds	54	-	71,244
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	754	-	859
Compensated Absences Payable	185	231	3,036
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	36,572
Deposit Liabilities	-	3,887	-
Contracts, Mortgages, and Notes Payable	44	58	2,205
Bonds/COPs Payable	81,630	13,640	-
Obligations Under Capital Lease	-	-	1,000
Total Current Liabilities	101,804	21,590	205,264
Noncurrent Liabilities:			
Compensated Absences Payable	100	125	1,635
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	110,382
Arbitrage Rebate Payable	-	8,812	-
Deposit Liabilities	-	-	-
Contracts, Mortgages, and Notes Payable	378	502	8,060
Bonds/COPs Payable	1,025,939	386,962	-
Obligations Under Capital Lease	-	-	2,720
Net Pension Liability	5,805	3,853	43,458
Advances from Other Funds	-	-	-
Net OPEB Liability	32	23	250
Total OPEB Liability	153	103	1,265
Derivative Instrument Liabilities	10,726	260	-
Total Noncurrent Liabilities	1,043,133	400,639	167,769
Total Liabilities	1,144,937	422,229	373,033
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding	-	-	-
Loan Origination	4,446	-	-
Related to Pensions	277	184	2,072
Related to OPEB	41	28	334
Total Deferred Inflows of Resources	4,763	212	2,406
NET POSITION			
Net Investment in Capital Assets	10	5,941	38,040
Restricted for:			
Residential Assistance	1,257	-	-
Debt Service	228,198	-	-
Capital Projects	-	-	-
OPEB	72	51	593
Unrestricted	16,329	130,043	228,593
Total Net Position	\$ 245,866	\$ 136,035	\$ 267,226

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
1,984,963	45,684	2,067,413	22,393
-	8,324	84,816	14,014
7,139	36,370	114,806	41,159
-	901	901	-
10,354	1,274	11,628	-
-	1,362	2,976	50
-	13,173	16,625	18,421
-	630	630	48,411
-	-	36,572	-
-	50,988	54,876	1,795
-	2,293	4,600	6,045
-	19,880	115,150	6,474
-	172	1,172	1,343
2,002,456	181,051	2,512,166	160,105
-	6,943	8,801	9,903
-	-	-	231,463
-	-	110,382	-
-	-	8,812	27
-	2,177	2,177	-
-	19,308	28,247	17,485
-	157,652	1,570,554	84,418
-	615	3,335	981
-	296,978	350,093	323,965
-	1,121	1,121	-
-	1,587	1,892	1,655
-	9,383	10,905	8,359
-	-	10,986	-
-	495,765	2,107,306	678,256
2,002,456	676,816	4,619,471	838,361
-	-	-	534
-	-	4,446	-
-	14,158	16,690	15,445
-	2,298	2,701	2,165
-	16,456	23,837	18,144
-	480,178	524,170	235,971
-	-	1,257	-
-	-	228,198	246
-	-	-	16,222
-	3,616	4,331	3,695
4,444,939	645,037	5,464,942	113,313
\$ 4,444,939	\$ 1,128,830	\$ 6,222,897	\$ 369,447

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.

	\$	2,571
Net position of business-type activities	\$	<u>6,225,468</u>

State of Oregon

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
OPERATING REVENUES:			
Assessments	\$ -	\$ -	\$ -
Licenses and Fees	-	98	-
Federal	-	-	-
Rebates and Recoveries	5	3	-
Charges for Services	8,242	2,556	-
Fines, Forfeitures, and Penalties	-	-	-
Rents and Royalties	-	575	-
Sales	-	2	1,143,004
Loan Interest Income	40,963	14,588	-
Other	4	62	2,307
Gain (Loss) on Foreclosed Property	79	-	-
Total Operating Revenues	<u>49,293</u>	<u>17,885</u>	<u>1,145,311</u>
OPERATING EXPENSES:			
Salaries and Wages	8,698	5,078	63,045
Services and Supplies	9,531	3,951	282,609
Cost of Goods Sold	-	-	-
Distributions to Other Governments	-	-	-
Special Payments	2,261	-	217,175
Bond and COP Interest	33,161	11,616	-
Depreciation and Amortization	6	155	24,968
Bad Debt Expense	-	-	-
Total Operating Expenses	<u>53,656</u>	<u>20,798</u>	<u>587,797</u>
Operating Income (Loss)	<u>(4,363)</u>	<u>(2,913)</u>	<u>557,515</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income (Loss)	11,696	4,181	24,122
Other Grants	-	-	-
Other Taxes	-	-	-
Gain (Loss) on Disposition of Assets	(27)	-	36
Gain (Loss) on Debt Extinguishment	1939	152	-
Insurance Recovery	-	-	4
Settlement Activities	-	-	-
Loan Interest Income	-	-	-
Loan Interest Expense	-	-	-
Other Interest Expense	(33)	(44)	(599)
Other Nonoperating Items	(39)	(25)	(529)
Total Nonoperating Revenues (Expenses)	<u>13,537</u>	<u>4,264</u>	<u>23,033</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	9,174	1,351	580,548
Capital Contributions	-	377	-
Transfers from Other Funds	89	475	-
Transfers to Other Funds	(252)	(176)	(592,062)
Change in Net Position	<u>9,010</u>	<u>2,027</u>	<u>(11,515)</u>
Net Position - Beginning	236,856	134,009	278,740
Prior Period Adjustments	-	-	-
Cumulative Effect of Change in Accounting Principles	-	-	-
Net Position - Beginning - As Restated	<u>236,856</u>	<u>134,009</u>	<u>278,740</u>
Net Position - Ending	<u>\$ 245,866</u>	<u>\$ 136,035</u>	<u>\$ 267,226</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		
\$ 845,333	\$ -	\$ 845,333	\$ -		
-	11,554	11,652	-		
3,213,402	24,545	3,237,947	-		
-	88	97	45,272		
-	182,121	192,919	1,476,964		
562	251	813	5		
-	150	725	48,668		
-	757,214	1,900,221	2,798		
-	15,738	71,290	-		
17,719	3,524	23,616	23,353		
-	-	79	-		
<u>4,077,016</u>	<u>995,184</u>	<u>6,284,690</u>	<u>1,597,059</u>		
-	446,797	523,617	410,356		
-	230,912	527,003	1,060,190		
-	392,043	392,043	-		
-	85,420	85,420	-		
4,672,140	27,327	4,918,902	30,031		
-	6,319	51,096	2,502		
-	16,180	41,308	30,489		
-	8,336	8,336	-		
<u>4,672,140</u>	<u>1,213,335</u>	<u>6,547,727</u>	<u>1,533,568</u>		
<u>(595,124)</u>	<u>(218,151)</u>	<u>(263,036)</u>	<u>63,491</u>		
121,568	10,266	171,834	15,168		
-	2,271	2,271	9,859		
-	18,260	18,260	-		
-	(439)	(430)	1,101		
-	-	2,091	-		
-	-	4	478		
-	24	24	142		
-	-	-	23		
-	(27)	(27)	(471)		
-	(1,659)	(2,335)	(1,088)		
(850)	(76)	(1,520)	(86)		
<u>120,718</u>	<u>28,620</u>	<u>190,172</u>	<u>25,126</u>		
(474,406)	(189,531)	(72,864)	88,616		
-	-	377	56		
-	379,379	379,943	2,179		
-	(229,461)	(821,951)	(27,640)		
<u>(474,406)</u>	<u>(39,612)</u>	<u>(514,496)</u>	<u>63,210</u>		
4,919,346	1,168,500	6,737,450	302,700		
-	(57)	(57)	(1,958)		
-	-	-	5,494		
<u>4,919,346</u>	<u>1,168,443</u>	<u>6,737,393</u>	<u>306,236</u>		
<u>\$ 4,444,939</u>	<u>\$ 1,128,830</u>	<u>\$ 6,222,897</u>	<u>\$ 369,447</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.

\$ 2,286

Change in net position of business-type activities

\$ (512,210)

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 8,763	\$ 906	\$ 1,135,891
Receipts from Other Funds for Services	-	2,216	-
Loan Principal Repayments	139,616	68,023	-
Loan Interest Received	39,341	13,877	-
Grant Receipts	-	-	-
Taxes and Assessments Received	-	-	-
Payments to Employees for Services	(6,489)	(4,109)	(41,605)
Payments to Suppliers	(6,788)	(2,552)	(298,001)
Payments to Other Funds for Services	-	(441)	-
Payments to Prize Winners	-	-	(215,719)
Claims Paid	-	-	-
Loans Made	(167,581)	(48,223)	-
Distributions to Other Governments	-	-	-
Other Receipts (Payments)	(3,391)	(26)	(1,675)
Net Cash Provided (Used) in Operating Activities	<u>3,472</u>	<u>29,670</u>	<u>578,891</u>
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bond/COP Sales	177,019	99,969	-
Advances Received	-	-	-
Principal Payments on Bonds/COPs	(120,100)	(75,415)	-
Principal Payments on Loans	(43)	(57)	(357)
Interest Payments on Bonds/COPs	(34,221)	(12,087)	-
Interest Payments on Loans	(33)	(44)	(275)
Interest Receipts on Advances Made	-	-	-
Bond/COP Issuance Costs	(1,424)	(945)	-
Taxes and Assessments Received	-	-	-
Grant Receipts	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(250)	(151)	(701,138)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>20,948</u>	<u>11,270</u>	<u>(701,770)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Bond/COP Sales	-	-	-
Principal Payments on Bonds/COPs	-	-	-
Principal Payments on Loans	-	-	(2,177)
Interest Payments on Bonds/COPs	-	-	-
Interest Payments on Loans	-	-	-
Acquisition of Capital Assets	-	(1,080)	(7,956)
Payments on Capital Leases	-	-	(1,240)
Proceeds from Disposition of Capital Assets	-	-	199
Insurance Recoveries for Capital Assets	-	-	4
Capital Contributions	-	377	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>-</u>	<u>(703)</u>	<u>(11,170)</u>
Cash Flows from Investing Activities:			
Purchases of Investments	(413,128)	-	(4,811)
Proceeds from Sales and Maturities of Investments	473,542	-	10,620
Interest on Investments and Cash Balances	5,733	3,495	8,506
Interest Income from Securities Lending	52	33	717
Interest Expense from Securities Lending	(39)	(25)	(529)
Interest Expense	-	-	(14)
Loan Principal Repayments	-	-	-
Loan Interest Received	-	-	-
Loans Made	-	-	-
Net Cash Provided (Used) in Investing Activities	<u>66,161</u>	<u>3,504</u>	<u>14,489</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>90,581</u>	<u>43,742</u>	<u>(119,560)</u>
Cash and Cash Equivalents - Beginning	<u>78,002</u>	<u>142,100</u>	<u>442,499</u>
Cash and Cash Equivalents - Ending	<u>\$ 168,582</u>	<u>\$ 185,842</u>	<u>\$ 322,939</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
\$ -	\$ 896,649	\$ 2,042,210	\$ 53,687
-	84,936	87,152	1,786,939
-	-	207,639	-
-	-	53,218	-
1,510,431	-	1,510,431	-
925,129	-	925,129	-
-	(406,635)	(458,838)	(365,634)
-	(556,140)	(863,481)	(492,084)
-	(54,591)	(55,033)	(81,821)
-	-	(215,719)	-
(2,737,242)	(18,502)	(2,755,744)	(766,655)
-	-	(215,804)	-
-	(85,725)	(85,725)	-
7,939	34,007	36,854	25,450
(293,743)	(106,001)	212,290	159,882
-	24,484	301,471	-
-	11,347	11,347	-
-	(41,650)	(237,165)	-
-	(2,159)	(2,616)	(4,276)
-	(7,715)	(54,023)	-
-	(1,659)	(2,010)	(1,405)
-	-	-	12
-	(173)	(2,542)	-
-	18,255	18,255	-
-	1,091	1,091	-
-	379,668	379,668	4,359
-	(229,789)	(931,328)	(29,540)
-	151,700	(517,852)	(30,850)
-	-	-	63,210
-	-	-	(39,460)
-	-	(2,177)	(2,126)
-	-	-	(3,535)
-	-	-	(154)
-	(6,517)	(15,552)	(63,141)
-	(209)	(1,449)	(1,343)
-	8	207	3,091
-	1	5	489
-	-	377	-
-	(6,716)	(18,589)	(42,970)
-	-	(417,939)	(7,108)
-	-	484,162	19,212
120,431	9,506	147,671	13,600
1,138	102	2,043	115
(850)	(76)	(1,520)	(86)
-	-	(14)	-
-	46,630	46,630	-
-	18,385	18,385	-
-	(49,248)	(49,248)	-
120,718	25,299	230,170	25,733
(173,025)	64,282	(93,981)	111,794
4,687,997	506,413	5,857,012	477,361
\$ 4,514,972	\$ 570,695	\$ 5,763,031	\$ 589,155

(continued on next page)

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020
(In Thousands)
(continued from previous page)

	Business-type Activities - Enterprise Funds		
	Housing and Community Services	Veterans' Loan	Lottery Operations
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (4,363)	\$ (2,913)	\$ 557,515
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	6	155	24,968
Amortization of Bond/COP Premium and Discount	(978)	(480)	-
Noncash Services Received Pursuant to Settlement Activities	-	-	-
Amortization of Other Bond/COP Related Costs	116	-	-
Bad Debt Expense	-	-	-
Interest Receipts Reported as Operating Revenue	-	-	-
Interest Payments Reported as Operating Expense	34,221	12,239	-
Bond/COP Issuance Costs Reported as Operating Expense	1,424	1,019	-
Expenses Related to Insurance Recoveries for Capital Assets	-	-	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	(643)	24	(7,419)
Due from Other Funds	(278)	(53)	-
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Inventories	-	-	(123)
Prepaid Items	5	3	(2,182)
Net Contracts, Notes and Other Receivables	-	(228)	(2,364)
Loans Receivable	(27,937)	19,998	-
Net OPEB Asset	(41)	(21)	(259)
Foreclosed and Deeded Property	199	-	-
Accounts and Interest Payable	(145)	215	5,243
Due to Other Funds	(10)	-	-
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	(124)	-	362
Compensated Absences Payable	(4)	26	(60)
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	(234)
Arbitrage Rebate Payable	-	(827)	-
Deposit Liabilities	-	(26)	-
Contracts, Mortgages, and Notes Payable	-	-	-
Advances from Other Funds	-	-	-
Net Pension Liability	2,624	577	5,241
Net OPEB Liability	(2)	(9)	(109)
Total OPEB Liability	(29)	(12)	(80)
Net Changes in Deferred Outflows of Resources:			
Loss on Refunding	-	-	-
Related to Pensions	(566)	(45)	(1,843)
Related to OPEB	22	15	125
Net Changes in Deferred Inflows of Resources:			
Gain on Refunding	-	-	-
Loan Origination	(151)	-	-
Related to Pensions	98	-	(76)
Related to OPEB	26	15	187
Total Adjustments	7,835	32,583	21,377
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,472</u>	<u>\$ 29,670</u>	<u>\$ 578,891</u>
Noncash Investing and Capital and Related Financing Activities:			
Net Change in Fair Value of Investments	\$ 6,040	\$ 652	\$ 14,899
Capital Leases	-	-	-
Capital Assets Transferred from Governmental Activities	-	-	-
Capital Assets Acquired Through Long-term Contracts	-	-	154
Foreclosed Property	955	-	-
Loan Modification	125	-	-
Capital Contributions	-	-	-
Noncash Assets Exchanged for Other Liabilities	-	-	-

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

State of Oregon

Business-type Activities - Enterprise Funds			Governmental
Unemployment Compensation	Other	Total	Activities Internal Service Funds
\$ (595,124)	\$ (218,151)	\$ (263,036)	\$ 63,491
-	16,180	41,308	30,489
-	(1,386)	(2,844)	(1,003)
-	24	24	142
-	-	116	-
-	8,336	8,336	-
-	(18,385)	(18,385)	-
-	7,715	54,175	3,535
-	173	2,616	-
-	(1)	(1)	(37)
(1,630,916)	16,480	(1,622,474)	(2,688)
(1,146)	(11,290)	(12,767)	9,400
-	45	45	-
(3,893)	-	(3,893)	-
-	(5,635)	(5,757)	155
-	(105)	(2,280)	74
8,889	(72)	6,226	8
-	8,467	528	-
-	(1,580)	(1,901)	(1,497)
-	-	199	-
1,927,455	6,016	1,938,784	(17,566)
(1,300)	29	(1,281)	14,206
-	(204)	(204)	-
5,696	870	6,566	-
-	736	974	(123)
-	3,204	3,166	4,304
-	(235)	(235)	18,780
-	-	(234)	-
-	-	(827)	-
(3,404)	30,139	26,709	(4,359)
-	79	79	628
-	1,093	1,093	-
-	60,596	69,038	46,339
-	(578)	(698)	(730)
-	(904)	(1,025)	(704)
-	463	463	164
-	(11,432)	(13,885)	(5,135)
-	1,077	1,240	1,069
-	-	-	(88)
-	-	(151)	-
-	872	893	(159)
-	1,363	1,591	1,187
301,381	112,150	475,326	96,391
\$ (293,743)	\$ (106,001)	\$ 212,290	\$ 159,882
\$ -	\$ 659	\$ 22,250	\$ 1,380
-	970	970	1,232
-	-	-	56
-	-	154	-
-	-	955	-
-	-	125	-
-	90	90	-
-	-	-	4,958

State of Oregon

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020
(In Thousands)

	<u>Custodial Funds</u>			
	Pension and Other Employee Benefit Trust	Private Purpose Trust	External Investment Pools	Other
ASSETS				
Cash and Cash Equivalents	\$ 3,392,683	\$ 70,340	\$ 8,175,002	\$ 104,150
Investments:				
Fixed Income	15,213,720	676	51,125	-
Public Equity	26,478,003	22	-	-
Real Estate	8,731,171	-	-	-
Annuity Contracts	-	65	-	-
Private Equity	18,480,373	-	-	-
Alternatives Portfolio	8,209,320	-	-	-
Opportunity Portfolio	1,652,119	-	-	-
Total Investments	<u>78,764,707</u>	<u>764</u>	<u>51,125</u>	<u>-</u>
Performance Deposits	-	1,536,517	-	-
Conservatorship and Other Assets	-	4,621	-	2,678
Securities Lending Collateral	794,459	2,849	108,126	-
Receivables:				
Employer Contributions	33,084	-	-	-
Plan Member Contributions	15,183	-	-	-
Interest and Dividends	132,638	-	21,437	-
Member Loans	13,183	-	-	-
Investment Sales	1,107,549	-	-	-
Transitional Liability	405,156	-	-	-
Accounts	-	669	15,913	7,335
From Other Funds	4,037	538	-	15
From Other Governments	-	625	-	-
Loans	-	-	17	-
Total Receivables	<u>1,710,831</u>	<u>1,832</u>	<u>37,367</u>	<u>7,350</u>
Prepaid Items	3,402	-	-	-
Receivership Assets	-	9,432	-	-
Capital Assets (net of \$30,759 accumulated depreciation):				
Land	944	-	-	-
Buildings, Property, and Equipment	21,863	-	-	-
Total Assets	<u>84,688,888</u>	<u>1,626,355</u>	<u>8,371,620</u>	<u>114,178</u>
LIABILITIES				
Accounts and Interest Payable	2,390,915	355	16,936	186
Obligations Under Securities Lending	795,025	2,849	108,126	-
Due to Other Funds	3,958	1,650	-	14
Due to Other Governments	-	-	-	33,574
Unearned Revenue	922	-	-	-
Deposit Liabilities	92,522	-	-	-
Contracts, Mortgages, and Notes Payable	-	1,212	-	-
Total Liabilities	<u>3,283,341</u>	<u>6,066</u>	<u>125,062</u>	<u>33,775</u>
NET POSITION				
Restricted for Pension Benefits	78,561,683	-	-	-
Restricted for Other Postemployment Benefits	665,084	-	-	-
Restricted for Other Employee Benefits	2,178,780	-	-	-
Amount Held for Pool Participants	-	-	8,246,558	-
Amount Held for Individuals, Organizations, and Other Governments	-	1,620,289	-	80,402
Total Net Position	<u>\$ 81,405,547</u>	<u>\$ 1,620,289</u>	<u>\$ 8,246,558</u>	<u>\$ 80,402</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, 2020
(In Thousands)

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial Funds	
			External Investment Pools	Other
ADDITIONS				
Contributions:				
Employer	\$ 2,316,608	\$ -	\$ -	\$ -
Plan Members	871,851	-	-	-
Total Contributions	<u>3,188,459</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income:				
Net Appreciation (Depreciation) in Fair Value of Investments	138,127	658	11,802	-
Interest, Dividends, and Other Investment Income	1,965,897	1,355	234,741	2,563
Total Investment Income	<u>2,104,024</u>	<u>2,013</u>	<u>246,543</u>	<u>2,563</u>
Less Investment Expense	859,952	14	8,045	-
Net Investment Income	<u>1,244,072</u>	<u>2,000</u>	<u>238,498</u>	<u>2,563</u>
Taxes Collected on Behalf of Other Governments	-	-	-	430,839
Fines, Forfeitures, and Penalties	-	-	-	61,521
Gifts, Grants, and Contracts	-	-	-	2
Income of Individuals in State Care	-	3	-	49,644
Veterans' Income	-	10,503	-	-
Unclaimed and Escheat Property Revenue	-	-	-	3,711
Other Income	4,591	269,112	-	19,579
Share Transactions:				
Participant Contributions	-	-	21,304,391	-
Participant Withdrawals	-	-	20,570,027	-
Net Share Transactions	<u>-</u>	<u>-</u>	<u>734,364</u>	<u>-</u>
Total Additions	<u>4,437,121</u>	<u>281,618</u>	<u>972,862</u>	<u>567,859</u>
DEDUCTIONS				
Benefits	5,769,709	-	-	-
Death Benefits	6,174	-	-	-
Contributions Refunded	18,855	-	-	-
Healthcare Premium Subsidies	35,940	-	-	-
Distribution to Other Governments	-	590	-	477,670
Special Payments to State Agencies	-	-	-	15,984
Distribution to Participants	-	-	196,586	-
Administrative Expenses	67,510	10,389	-	1,670
Payments in Accordance with Agreements	-	424,636	-	50,135
Total Deductions	<u>5,898,189</u>	<u>435,615</u>	<u>196,586</u>	<u>545,459</u>
Change in Net Position:				
Restricted for Pension Benefits	(1,554,033)	-	-	-
Restricted for Other Postemployment Benefits	(10,497)	-	-	-
Restricted for Other Employee Benefits	103,463	-	-	-
Amount Held for Pool Participants	-	-	776,276	-
Amount Held for Individuals, Organizations, and Other Governments	-	(153,997)	-	22,400
Net Position - Beginning	82,866,614	53,000	7,470,282	-
Cumulative Effect of Change in Accounting Principles	-	1,721,285	-	58,002
Net Position - Beginning - As Restated	<u>82,866,614</u>	<u>1,774,286</u>	<u>7,470,282</u>	<u>58,002</u>
Net Position - Ending	<u>\$ 81,405,547</u>	<u>\$ 1,620,289</u>	<u>\$ 8,246,558</u>	<u>\$ 80,402</u>

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

Statement of Net Position
Discretely Presented Component Units
June 30, 2020
(In Thousands)

	SAIF Corporation	University of Oregon
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 82,792	\$ 214,736
Cash and Cash Equivalents - Restricted	-	-
Investments	4,784,807	-
Securities Lending Collateral	42,786	4,473
Accounts and Interest Receivable (net)	382,813	67,552
Pledges, Contributions, and Grants Receivable (net)	-	350,613
Due from Other Governments	-	-
Due from Primary Government	9,300	7,598
Inventories	70	4,563
Prepaid Items	-	23,689
Total Current Assets	5,302,567	673,224
Noncurrent Assets:		
Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - Restricted	-	226,480
Investments	-	1,115,774
Investments - Restricted	-	162,489
Net Contracts, Notes, and Other Receivables	-	39,264
Pledges, Contributions, and Grants Receivable (net)	-	-
Net OPEB Asset	1,456	4,419
Other Assets	-	-
Capital Assets:		
Land	3,880	85,390
Buildings, Property, and Equipment	159,169	2,512,404
Construction in Progress	-	211,953
Infrastructure	-	58,881
Works of Art and Other Nondepreciable Assets	-	47,428
Less Accumulated Depreciation and Amortization	(34,669)	(926,725)
Total Noncurrent Assets	129,836	3,537,757
Total Assets	5,432,403	4,210,982
DEFERRED OUTFLOWS OF RESOURCES		
Hedging Derivatives	-	356
Goodwill	-	-
Loss on Refunding	-	-
Asset Retirement Obligations	-	-
Related to Pensions	131,399	120,613
Related to OPEB	1,041	1,194
Total Deferred Outflows of Resources	132,440	122,163

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

State of Oregon

Oregon State University	Portland State University	Other	Total
\$ 214,163	\$ 152,605	\$ 530,144	\$ 1,194,440
29,506	-	47,490	76,996
-	-	254,901	5,039,708
5,430	3,019	1,444	57,152
115,112	53,368	523,880	1,142,725
35,845	15,960	85,856	488,274
-	-	10,489	10,489
23,752	14,886	46,293	101,828
8,449	657	55,014	68,753
13,637	4,105	39,225	80,656
<u>445,894</u>	<u>244,600</u>	<u>1,594,737</u>	<u>8,261,021</u>
16,696	-	4,310	21,006
44,685	-	41,088	312,253
758,937	186,771	1,349,459	3,410,941
83,114	2,429	669,853	917,885
18,720	60	59,063	117,107
66,006	-	310,122	376,128
4,869	2,170	7,808	20,722
-	250	5,241	5,491
67,051	67,256	108,978	332,555
2,024,441	947,279	4,802,924	10,446,217
137,827	40,425	197,634	587,839
50,609	32,571	41,948	184,009
30,227	4,386	6,698	88,739
<u>(932,373)</u>	<u>(471,455)</u>	<u>(2,519,652)</u>	<u>(4,884,874)</u>
<u>2,370,809</u>	<u>812,142</u>	<u>5,085,474</u>	<u>11,936,018</u>
<u>2,816,703</u>	<u>1,056,742</u>	<u>6,680,211</u>	<u>20,197,041</u>
-	-	7,342	7,698
-	-	754	754
-	-	30,197	30,197
16,264	-	-	16,264
110,331	48,989	201,837	613,169
1,467	678	9,718	14,098
<u>128,062</u>	<u>49,667</u>	<u>249,848</u>	<u>682,180</u>

(continued on next page)

Statement of Net Position
Discretely Presented Component Units
June 30, 2020
(In Thousands)
(continued from previous page)

	SAIF Corporation	University of Oregon
LIABILITIES		
Current Liabilities:		
Accounts and Interest Payable	152,556	110,762
Obligations Under Securities Lending	42,774	4,473
Obligations Under Life Income Agreements	-	48,798
Due to Other Governments	1,288	-
Due to Primary Government	9,465	31,483
Unearned Revenue	240,863	46,445
Compensated Absences Payable	5,689	18,994
Reserve for Loss and Loss Adjustment Expense	282,897	-
Claims and Judgments Payable	-	-
Deposit Liabilities	-	28,952
Contracts, Mortgages, and Notes Payable	798	4,122
Bonds/COPs Payable	-	1,842
Obligations Under Capital Lease	-	41
Asset Retirement Obligation	-	-
Total Current Liabilities	736,331	295,912
Noncurrent Liabilities:		
Unearned Revenue	-	1,637
Obligations Under Life Income Agreements	-	-
Compensated Absences Payable	-	6,489
Reserve for Loss and Loss Adjustment Expense	2,247,702	-
Claims and Judgments Payable	-	-
Deposit Liabilities	-	-
Contracts, Mortgages, and Notes Payable	7,450	75,253
Bonds/COPs Payable	-	339,771
Obligations Under Capital Lease	-	69
Net Pension Liability	124,823	357,066
Advances from Primary Government	-	460,362
Asset Retirement Obligation	-	-
Net OPEB Liability	615	1,550
Total OPEB Liability	8,226	12,101
Derivative Instrument Liabilities	-	-
Total Noncurrent Liabilities	2,388,816	1,254,298
Total Liabilities	3,125,147	1,550,211
DEFERRED INFLOWS OF RESOURCES		
Gain on Refunding	-	-
Life income agreements and pending funds	-	-
Related to Pensions	5,951	17,023
Related to OPEB	2,362	2,866
Total Deferred Inflows of Resources	8,313	19,889
Net Position		
Net Investment in Capital Assets	128,380	1,266,164
Restricted-Nonexpendable	-	1,459,599
Restricted for:		
Education	-	31,667
Workers' Compensation	2,301,547	-
Debt Service	-	-
Capital Projects	-	73,339
OPEB	1,456	4,419
Unrestricted	-	(72,143)
Total Net Position	\$ 2,431,383	\$ 2,763,045

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

State of Oregon

Oregon State University	Portland State University	Other	Total
100,630	33,541	266,664	664,152
5,430	3,019	1,444	57,140
24,248	-	1,146	74,192
-	-	19,392	20,680
21,857	17,589	22,049	102,444
73,385	50,843	142,575	554,111
25,140	8,294	75,089	133,206
-	-	-	282,897
-	-	33,935	33,935
597	24,608	817	54,974
5,917	4,620	149,721	165,178
367	-	21,642	23,851
-	-	1,090	1,131
565	-	-	565
258,136	142,514	735,563	2,168,456
-	-	-	1,637
-	2,089	20,741	22,830
10,329	3,890	2,144	22,852
-	-	-	2,247,702
-	-	39,861	39,861
-	-	2,655	2,655
43,243	13,354	30,380	169,680
360,210	-	949,788	1,649,769
-	-	1,164	1,233
344,658	148,387	682,908	1,657,842
267,717	193,445	162,082	1,083,606
19,380	-	-	19,380
2,028	902	681	5,776
14,516	5,987	26,709	67,539
-	-	26,700	26,700
1,062,081	368,054	1,945,813	7,019,062
1,320,217	510,568	2,681,376	9,187,519
-	-	1,546	1,546
-	-	81,404	81,404
28,836	18,119	64,903	134,832
3,959	2,179	3,708	15,074
32,795	20,298	151,561	232,856
897,124	411,644	1,577,215	4,280,527
5,695	2,892	301,045	1,769,231
815,019	129,425	786,258	1,762,369
-	-	-	2,301,547
2,736	-	914	3,650
1,692	-	4,685	79,716
4,869	2,170	7,808	20,722
(135,382)	29,413	1,419,197	1,241,085
\$ 1,591,753	\$ 575,544	\$ 4,097,122	\$ 11,458,847

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Units
For the Year Ended June 30, 2020
(In Thousands)

	SAIF Corporation	University of Oregon
Operating Revenues:		
Federal Revenue	\$ -	\$ 109,073
Charges for Services	-	396,255
Rents and Royalties	-	-
Sales	-	203,578
Premiums Earned (net)	507,393	-
Gifts, Grants, and Contracts	-	267,399
Other Revenues	41,085	7,703
Total Operating Revenues	548,478	984,008
Operating Expenses:		
Salaries and Wages	-	728,438
Services and Supplies	-	169,276
Loss and Loss Adjustment Expense	423,843	-
Policyholders' Dividends	159,872	-
Underwriting Expenses	173,325	-
Mortgage Assistance Payments	-	-
Depreciation and Amortization	-	70,343
Special Payments	-	54,550
Interest	-	-
Other Expenses	1,513	-
Total Operating Expenses	758,553	1,022,607
Operating Income (Loss)	(210,075)	(38,599)
Nonoperating Revenues (Expenses):		
Investment Income	620,904	64,008
State Appropriations	-	81,291
Other Grants	-	33,838
Gain/(Loss) on Disposition of Assets	-	(484)
Other Interest Expense	-	(31,526)
Other	-	(328,642)
Total Nonoperating Revenues (Expenses)	620,904	(181,515)
Income (Loss) Before Capital Contributions	410,829	(220,114)
Capital Contributions	-	295,954
Change in Net Position	410,829	75,840
Net Position - Beginning	2,008,616	2,687,205
Cumulative Effect of Change in Accounting Principles	11,938	-
Net Position - Beginning - As Restated	2,020,554	2,687,205
Net Position - Ending	\$ 2,431,383	\$ 2,763,045

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
\$ 234,547	\$ 44,848	\$ 41,089	\$ 429,557	\$ (429,557)	\$ -
353,192	187,670	2,753,227	3,690,344	883,077	4,573,421
-	-	1,356	1,356	(1,356)	-
207,469	79,187	54,166	544,400	(544,400)	-
-	-	-	507,393	(507,393)	-
144,532	35,431	712,356	1,159,718	2,117,330	3,277,048
14,639	4,919	167,850	236,196	(236,196)	-
954,379	352,055	3,730,044	6,568,964	1,281,505	7,850,469
832,832	362,218	2,534,755	4,458,243	-	4,458,243
317,990	104,664	1,250,877	1,842,807	-	1,842,807
-	-	-	423,843	-	423,843
-	-	-	159,872	-	159,872
-	-	-	173,325	-	173,325
-	-	38,066	38,066	-	38,066
63,654	29,589	208,006	371,592	-	371,592
50,155	47,801	27,620	180,126	-	180,126
-	-	37,437	37,437	-	37,437
-	-	-	1,513	-	1,513
1,264,631	544,272	4,096,761	7,686,824	-	7,686,824
(310,252)	(192,217)	(366,717)	(1,117,860)	1,281,505	163,645
31,847	12,055	95,924	824,738	(824,738)	-
263,722	139,549	147,549	632,111	(632,111)	-
51,507	67,021	78,558	230,924	(230,924)	-
(897)	177	62	(1,142)	1,142	-
(27,435)	(10,982)	(7,154)	(77,097)	77,097	-
(9,564)	5,663	4,514	(328,029)	328,029	-
309,180	213,483	319,453	1,281,505	(1,281,505)	-
(1,072)	21,266	(47,264)	163,645	-	163,645
47,886	1,019	40,024	384,883	-	384,883
46,814	22,285	(7,240)	548,528	-	548,528
1,543,718	553,259	4,104,361	10,897,159	-	10,897,159
1,221	-	-	13,159	-	13,159
1,544,939	553,259	4,104,361	10,910,318	-	10,910,318
\$ 1,591,753	\$ 575,544	\$ 4,097,122	\$ 11,458,847	\$ -	\$ 11,458,847

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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, 2019, 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 \$9.3 million as Due from Primary Government while the State reports a Due to Component Unit of \$9 million for SAIF. Additionally, SAIF reports a Due to Primary Government of \$9.5 million, but the State reports a Due from Component Unit for SAIF of \$9 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

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, 2019, 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, 2019, 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 \$246 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

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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 Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type*

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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 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

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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* account for assets held by the State as an agent for other governmental units, organizations, or individuals.

D. Deposits and Investments

Deposits

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

Investments – Excluding Oregon Public Employees Retirement Fund

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

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- 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, 2020, 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, 2020, 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, 2020, 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 net asset value as provided by the general partner. Where observable market inputs are not available, valuation models are applied. The general partner or account manager determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information, including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include (1) the market approach, whereby fair value is derived by reference to observable valuation measures for comparable companies or assets, and (2) the income approach (e.g., the discounted cash flow method).

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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 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 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 certificate of participation (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.

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.

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

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, 2020, the State implemented all or a portion of four new accounting standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 84, *Fiduciary Activities* was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Refer to Notes 9 and 19 for additional information.

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. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* was issued to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. It postponed the effective dates of certain provisions in Statements and Implementation Guides scheduled to become effective for periods beginning after June 15, 2018. Paragraphs 4a, 4d, 4l, 4m, and 4n do not apply to the State, as those Statements or Implementation Guides were implemented by the State in prior fiscal years. Meanwhile, the State has not taken advantage of the delayed effective dates provided for in paragraphs 4b and 4o, implementing the applicable Statement and Implementation Guide in the current fiscal year.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* was issued to (1) increase consistency and comparability related to the reporting of fiduciary component units, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans, and (3)

enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. Though this Statement has multiple effective dates, the State is implementing the entire Statement in the current fiscal year.

S. Pending Changes in Accounting Principle

Two new accounting standards are effective for the fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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 at the end of 2021, 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.

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:

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

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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/invsted-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-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%.

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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, 2020, \$1.1 billion in other depository balances were exposed to custodial credit risk as the balances were uninsured and uncollateralized. In addition, \$3 million in depository balances were exposed to custodial credit risk as the balances were uninsured but collateralized with securities by the pledging financial institution.

Custodial Credit Risk for Investments

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

B. Investments – Primary Government (Excluding the OPERF)

Investments Managed by Treasury

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

Interest Rate Risk

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

Credit risk

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

Fair Value Measurement

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

Investments held by Treasury:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- o **Investments managed by Treasury:** funds priced using a fair value per share published daily and validated with a sufficient level of observable activity; investments in real estate, including

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real estate investment trusts, when their value is based on an active market price; and equity securities, including exchange-traded derivative instruments, when their value is based on quoted prices from an active market.

- o **Investments not managed by Treasury:** funds priced using a fair value per share that is published daily and validated with a sufficient level of observable activity; and equity securities, including exchange-traded derivative instruments, when their value is based on quoted prices from an active market.
- 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.
 - o **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.
 - o **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.
 - o **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.
 - o **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 14 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged-buyouts, venture capital, growth equity, fund of funds, co-investments and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. These funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 12 to 14 years.

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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 51 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.

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Interest rate and credit risk for the OSTF investments as of June 30, 2020 (in thousands):

Investment Type	Credit Rating	Investment Maturities			Balance at June 30, 2020
		93 Days or less	94 to 366 Days	One to Three Years	
U.S. Treasuries	Exempt	\$ 2,258,612	\$ 911,182	\$ 859,317	\$ 4,029,111
U.S. Federal agency debt	AA	621,014	346,401	637,341	1,604,756
U.S. Federal agency discount notes	Not rated ²	340,135	-	-	340,135
Corporate commercial paper	A-1+	99,969	-	-	99,969
	A-1	1,071,152	44,766	-	1,115,918
	A-2	42,703	-	-	42,703
Total corporate commercial paper		1,213,824	44,766	-	1,258,590
Corporate bonds	AAA	99,924	-	-	99,924
	AA	755,994	68,945	91,713	916,652
	A	4,335,151	806,802	1,342,237	6,484,190
	BBB ¹	657,186	149,499	283,673	1,090,358
Total corporate bonds		5,848,255	1,025,246	1,717,623	8,591,124
Municipal commercial paper	A-1+	152,309	-	-	152,309
	A-1	10,000	-	-	10,000
Total municipal commercial paper		162,309	-	-	162,309
Municipal bonds	AAA	14,880	15,818	-	30,698
	AA	47,838	-	157,146	204,984
	A	28,997	-	-	28,997
Total municipal bonds		91,715	15,818	157,146	264,679
Non-U.S. government commercial paper	A-1+	231,707	86,163	-	317,870
	A-1	246,993	-	-	246,993
Total non-U.S. government commercial paper		478,700	86,163	-	564,863
Non-U.S. government debt	AAA	70,516	261,775	90,262	422,553
	AA	260,044	183,985	184,435	628,464
	A	-	41,544	225,298	266,842
Total non-U.S. government debt		330,560	487,304	499,995	1,317,859
Asset-backed securities	AAA	2,060,420	1,184,290	1,141,255	4,385,965
Negotiable certificates of deposit	A	275,014	25,193	-	300,207
Commingled investment pool	Not rated ³	-	-	223,046	223,046
Total		\$ 13,680,558	\$ 4,126,363	\$ 5,235,723	\$ 23,042,644

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

² Federal agency discount note securities which are not rated by the credit rating agencies as they carry an implicit guarantee of the U.S. Government.

³ 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, 2020.

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

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Investment Officer's discretion. Rating groups were determined using the lowest actual rating from S&P, Moody's, or Fitch.

The fair value measurement for investments held in the OSTF at June 30, 2020 (in thousands):

	Level 1	Level 2	Level 3	Balance at June 30, 2020
Investments:				
U.S. Treasuries	\$ -	\$ 3,607,146	\$ -	\$ 3,607,146
U.S. Federal agency debt	-	1,563,395	-	1,563,395
U.S. Federal agency discount notes	-	45,257	-	45,257
Corporate commercial paper	-	338,127	-	338,127
Corporate bonds	-	8,591,124	-	8,591,124
Municipal bonds	-	220,480	-	220,480
Non-U.S. government commercial paper	-	152,135	-	152,135
Non-U.S. government debt	-	1,317,859	-	1,317,859
Asset-backed securities	-	4,385,965	-	4,385,965
Negotiable certificates of deposit	-	275,207	-	275,207
Total	\$ -	\$ 20,496,695	\$ -	\$ 20,496,695

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, 2020.

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, 2020, was 3.14 years. The maximum maturity for any single investment should not be greater than 10.25 years from settlement date, with exceptions for asset-backed securities, mortgage-backed securities, and commercial mortgage-backed securities. These securities use weighted average life (WAL) as a proxy for maturity and are limited to a WAL of five years, or less, at the time of purchase.

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The credit rating for the investments held within the OITP and using the weighted average modified duration method at June 30, 2020 (in thousands):

Investment Type	Credit Rating	Balance at June 30, 2020	Weighted Average Modified Duration (in years)
U.S. Federal agency debt ¹	AA	\$ 13	0.63
U.S. Federal agency commercial mortgage-backed securities ¹	Not Rated	948	5.99
U.S. Federal agency residential mortgage-backed securities ¹	Not Rated	27,871	2.04
U.S. Treasury debt	AAA	28,471	4.46
Asset-backed securities	AAA	19,908	1.28
Corporate bonds	A	6,670	
	BBB	40,274	
	BB	812	
Total corporate bonds		47,756	4.27
Commercial mortgage-backed securities	AAA	5,380	3.78
External investment pool ²	Not Rated	11,807	0.56
Total		\$ 142,154	

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

² The Oregon Short Term Fund (OSTF) is not rated by the credit ratings agencies. The composite credit quality rating of the OSTF's holdings was AA at June 30, 2020.

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 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. 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, 2020 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Balance at June 30, 2020
U.S. Federal agency debt	\$ -	\$ 13	\$ -	\$ 13
U.S. Federal agency commercial mortgage-backed securities	-	948	-	948
U.S. Federal agency residential mortgage-backed securities	-	27,871	-	27,871
U.S. Treasury debt	-	28,471	-	28,471
Asset-backed securities	-	19,908	-	19,908
Corporate bonds	-	47,756	-	47,756
Commercial mortgage-backed securities	-	5,380	-	5,380
Total	\$ -	\$ 130,347	\$ -	\$ 130,347

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, 2020, was 2.72 years and 2.75 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

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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, 2020 (in thousands):

Investment Type	Credit Rating	Balance at June 30, 2020	Weighted Average Modified Duration (in years)
U.S. Treasury securities	Exempt	\$ 112,120	3.59
U.S. Treasury TIPS	Exempt	2,415	1.41
U.S. Treasury STRIPS	Exempt	1,740	0.13
U.S. Federal agency debt	AAA	350	
	AA	<u>3,442</u>	
Total US Federal agency debt		3,792	0.34
Short Term Investment Fund ¹	Not Rated	7,850	N/A
Asset-backed securities	AAA	3,386	0.06
Corporate bonds	AAA	2,802	
	AA	10,271	
	A	44,407	
	BBB	46,289	
	BB	5,800	
	Not Rated	<u>429</u>	
Total corporate bonds		109,998	2.34
Commercial mortgage-backed securities	AAA	5,820	1.52
Municipal bonds	AAA	<u>515</u>	0.08
Total		<u>\$ 247,636</u>	

¹ The Short Term Investment Fund (STIF) is not rated by the credit ratings agencies. The average credit quality of the STIF holdings was A1P1 and the weighted average maturity of the STIF was 35 days at June 30, 2020.

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, 2020, the weighted average credit quality of both the Fund and of the Benchmark was AA.

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Fair value measurement for the OLGIF at June 30, 2020 (in thousands):

Investment Type	Level 1	Level 2	Level 3	Balance at June 30, 2020
U.S. Treasury securities	\$ -	\$ 112,120	\$ -	\$ 112,120
U.S. Treasury TIPS	-	2,415	-	2,415
U.S. Treasury STRIPS	-	1,740	-	1,740
U.S. Federal agency debt	-	3,792	-	3,792
Short Term Investment Fund	-	7,850	-	7,850
Asset-backed securities	-	3,386	-	3,386
Corporate bonds	-	109,998	-	109,998
Commercial mortgage-backed securities	-	5,820	-	5,820
Municipal bonds	-	515	-	515
Total	\$ -	\$ 247,636	\$ -	\$ 247,636

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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, 2020 (in thousands):

Reporting Fund ¹	Investment Type	Credit Rating ²	Investment Maturities (in years)				Balance at June 30, 2020
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Public Transportation	Asset-backed securities	AAA	\$ 5,389	\$ 11,558	\$ -	\$ -	\$ 16,947
	U.S. Federal agency debt	AA	2,006	1,084	-	-	3,089
	U.S. Federal agency mortgages	Not rated	-	985	-	-	985
	Municipal bonds	AAA	1,509	-	-	-	1,509
		AA	1,002	1,008	-	-	2,010
	Total municipal bonds		2,511	1,008	-	-	3,519
	Corporate bonds	AAA	-	1,054	-	-	1,054
		AA	506	-	-	-	506
		A	17,694	29,346	-	-	47,040
		BBB	1,598	5,759	-	-	7,357
	Total corporate bonds		19,799	36,158	-	-	55,957
Non-U.S. government debt	A	-	2,175	-	-	2,175	
Total Public Transportation			29,704	52,968	-	-	82,672
Employment Services	U.S. Treasury securities ²	Exempt	5,020	5,225	-	-	10,245
	U.S. Federal agency debt	AA	5,296	3,402	-	-	8,698
		Not rated	-	5,268	3,342	-	8,610
			5,296	8,670	3,342	-	17,309
	U.S. Federal agency mortgages	Not rated	-	1,280	619	-	1,899
	Asset-backed securities	AAA	9,039	1,389	260	-	10,688
	Municipal bonds	AAA	1,509	-	-	-	1,509
		AA	-	4,764	-	-	4,764
	Total municipal bonds		1,509	4,764	-	-	6,272
	Corporate bonds	AAA	-	3,115	1,773	-	4,888
		AA	614	1,089	-	-	1,703
	A	8,034	9,675	-	-	17,709	
	BBB	5,499	11,015	1,862	-	18,375	
Total corporate bonds		14,147	24,894	3,634	-	42,675	
Oregon Intermediate Term Pool ³	Not rated	-	31,095	-	-	31,095	
Non-U.S. government debt	AAA	-	4,643	-	-	4,643	
	A	-	544	-	-	544	
		-	5,187	-	-	5,187	
Total Employment Services			35,010	82,505	7,855	-	125,370
Environmental Management	Oregon Intermediate Term Pool ³	Not rated	-	1,531	-	-	1,531
Permanent	Oregon Intermediate Term Pool ³	Not rated	-	1,592	-	-	1,592
Residential Assistance	U.S. Treasury securities ²	Exempt	-	5,024	-	-	5,024
	U.S. Federal agency debt	AA	-	-	-	11,789	11,789
	Total Residential Assistance		-	5,024	-	11,789	16,812
Business Development	Oregon Intermediate Term Pool ³	Not rated	-	31,193	-	-	31,193
Total			\$ 64,714	\$ 174,813	\$ 7,855	\$ 11,789	\$ 259,171

¹ Refer to the separate Common School Fund schedule.

² Investments of \$15,268 of U.S. Treasury securities are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

³ Refer to the separate Oregon Intermediate Term Pool schedule.

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Fair value measurement for the investments at Treasury held within the governmental funds, excluding the Common School Fund, at June 30, 2020 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Total
Public Transportation	Asset-backed securities	\$ -	\$ 16,947	\$ -	\$ 16,947
	U.S. Federal agency debt	-	3,089	-	3,089
	U.S. Federal agency mortgages	-	985	-	985
	Municipal bonds	-	3,519	-	3,519
	Corporate bonds	-	55,957	-	55,957
	Non-U.S. government debt	-	2,175	-	2,175
Total Public Transportation		-	82,672	-	82,672
Employment Services	U.S. Treasury securities	-	10,245	-	10,245
	U.S. Federal agency debt	-	17,309	-	17,309
	U.S. Federal agency mortgages	-	1,899	-	1,899
	Asset-backed securities	-	10,688	-	10,688
	Municipal bonds	-	6,272	-	6,272
	Corporate bonds	-	42,675	-	42,675
Non-U.S. government debt	-	5,187	-	5,187	
Total Employment Services		-	94,275	-	94,275
Residential Assistance	U.S. Treasury securities	-	5,024	-	5,024
	U.S. Federal agency debt	-	11,789	-	11,789
Total Residential Assistance		-	16,812	-	16,812
Total Debt Investments		\$ -	\$ 193,759	\$ -	193,759

Investments valued at Net Asset Value (NAV):

Employment Services	Oregon Intermediate Term Pool	31,095
Environmental Management	Oregon Intermediate Term Pool	1,531
Permanent	Oregon Intermediate Term Pool	1,592
Business Development	Oregon Intermediate Term Pool	31,193
Total Investments valued at NAV		65,412
Total		\$ 259,171

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Notes to the Financial Statements

The credit rating for the Common School Fund's investments held at Treasury and using the segmented time distribution method at June 30, 2020 (in thousands):

Investment Type	Credit Rating ¹	Investment Maturities (in years)				Balance at June 30, 2020
		Less than 1	1 to 5	6 to 10	More than 10 or none	
U.S. Treasury securities	Exempt	\$ -	\$ 8,551	\$ 773	\$ 5,643	\$ 14,966
U.S. Treasury STRIPS	Exempt	1,800	-	-	-	1,800
U.S. Treasury TIPS	Exempt	-	-	-	9,520	9,520
U.S. Federal agency debt	AAA	690	-	-	-	690
	AA	-	-	391	-	391
	Not rated	1,780	-	-	-	1,780
U.S. Federal agency mortgages	AAA	1,000	-	-	-	1,000
	Not rated	7,408	-	1,157	49,348	57,914
Total U.S. government debt		12,678	8,551	2,321	64,511	88,060
Non-U.S. government debt	AA	-	1,715	613	-	2,328
	A	-	798	73	220	1,092
	BBB	-	3,779	3,792	9,892	17,463
	BB	-	408	-	457	865
	C	-	180	-	-	180
	D	66	-	-	183	250
Total non-U.S. government debt		66	6,880	4,479	10,752	22,177
Corporate bonds	AAA	-	324	1,494	131	1,950
	AA	334	1,077	1,582	1,967	4,961
	A	9,276	8,478	6,514	10,357	34,625
	BBB	4,223	11,356	19,352	20,607	55,537
	BB	1,240	2,918	3,072	2,738	9,968
	B	19	41	-	43	103
Total corporate bonds		15,091	24,194	32,014	35,844	107,144
Asset-backed securities	AAA	2,420	-	-	-	2,420
	AA	1,514	-	-	-	1,514
	A	2,622	-	-	-	2,622
	B	1,693	-	-	-	1,693
	CCC	53	-	-	-	53
	CC	323	-	-	-	323
	Not Rated	34	-	-	-	34
Total asset-backed securities		8,657	-	-	-	8,657
Collateralized mortgage obligations	AA	154	-	-	-	154
	A	1,196	-	-	-	1,196
	BBB	806	-	-	-	806
	BB	75	-	-	-	75
	CCC	164	-	-	-	164
	D	59	-	-	-	59
Total collateralized mortgage obligations		2,455	-	-	-	2,455

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Notes to the Financial Statements

(Continued from previous page)

Investment Type	Credit Rating ¹	Investment Maturities (in years) (continued)				Balance at June 30, 2020
		Less than 1	1 to 5	6 to 10	More than 10 or none	
Collateralized mortgage-backed securities	AAA	1,178	-	-	1,772	2,950
	AA	1,263	-	-	337	1,600
	A	46	-	-	-	46
	B	9	-	-	-	9
	CCC	32	-	-	30	62
	C	343	-	-	-	343
	D	59	-	-	16	76
	Not rated	656	-	-	-	656
Total collateralized mortgage-backed securities		3,587	-	-	2,155	5,741
Domestic fixed income funds	Not rated	-	-	-	262,967	262,967
		\$ 42,535	\$ 39,625	\$ 38,814	\$ 376,228	497,201
Domestic equity securities						281,727
International equity securities						38,406
Domestic equity funds						91,901
International equity funds						326,155
Private equity holdings						187,502
Domestic real estate investment trusts						3,476
Real estate open ended funds						129,746
Alternative equity funds						120,602
International rights and warrants						1
						<u>1,179,517</u>
Total						\$ 1,676,719

¹ Investments of \$14,966 in U.S. Treasury securities, \$1,800 in U.S. Treasury STRIPS, \$9,520 in U.S. Treasury Inflation Protected Securities (TIPS), and \$9,143 in Government National Mortgage Association (GNMA), which are reported within U.S. Federal agency mortgages, are explicitly guaranteed by the U.S. government, and therefore, are exempt from credit risk disclosure requirements.

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Notes to the Financial Statements

Fair value measurement for the investments at Treasury held by the Common School Fund at June 30, 2020 (in thousands):

Investment type	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	\$ -	\$ 14,966	\$ -	\$ 14,966
U.S. Treasury STRIPS	-	1,800	-	1,800
U.S. Treasury TIPS	-	9,520	-	9,520
U.S. Federal agency debt	-	2,861	-	2,861
U.S. Federal agency mortgages	-	58,914	-	58,914
Non-U.S. government debt	-	22,177	-	22,177
Corporate bonds	-	107,144	-	107,144
Asset-backed securities	-	8,657	-	8,657
Collateralized mortgage obligations	-	2,455	-	2,455
Collateralized mortgage-backed securities	-	5,741	-	5,741
Domestic fixed income funds	-	262,967	-	262,967
Total Debt Investments	-	497,201	-	497,201
Domestic equity securities	281,727	-	-	281,727
International equity securities	38,406	-	-	38,406
Domestic equity funds	-	91,901	-	91,901
International equity funds	49,208	276,947	-	326,155
Domestic real estate investment trusts	3,476	-	-	3,476
International rights and warrants	1	-	-	1
Total Equity securities and derivatives	372,818	368,849	-	741,667
Total	\$ 372,818	\$ 866,050	\$ -	1,238,869

Investments measured at Net Asset Value (NAV)

Private equity holdings	187,502
Real estate open ended funds	129,746
Alternative equity funds	120,602
Total investments measured at NAV	437,850
Total Investments at fair value	\$ 1,676,719

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, 2020 (in thousands):

Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments¹	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity	\$ 187,502	\$ 36,938	N/A	N/A
Real estate open ended funds	129,746	-	Quarterly	15 - 45 days
Alternative equity	120,602	15,096	Monthly	3 - 10 days
Total	\$ 437,850	\$ 52,033		

¹ Excludes new commitments not yet funded at June 30, 2020.

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Notes to the Financial Statements

Investments of the Proprietary Funds, Managed by Treasury

The credit rating for the investments at Treasury held by proprietary funds and using the segmented time distribution method at June 30, 2020 (in thousands):

Reporting Fund	Investment Type	Credit Rating ²	Investment Maturities (in years)				Balance at June 30, 2020
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Housing and Community Services ¹	U.S. Treasury securities	Exempt	\$ -	\$ -	\$ 128	\$ 1,196	\$ 1,324
	U.S. Federal agency debt	AA	-	-	-	625	625
	Total Housing and Community Services		-	-	128	1,821	1,950
Veterans' Loan	Oregon Intermediate Term Pool ³	Not rated	-	11,985	-	-	11,985
Lottery Operations	U.S. Treasury STRIPS	Exempt	9,707	39,352	39,583	41,776	130,418
	U.S. Federal agency STRIPS	Not rated	874	1,762	-	-	2,636
	Total Lottery Operations		10,582	41,113	39,583	41,776	133,054
Special Public Works	Oregon Intermediate Term Pool ³	Not rated	-	12,113	-	-	12,113
Central Services	U.S. Treasury securities	Exempt	-	2,090	-	-	2,090
	U.S. Federal agency debt	AA	-	2,737	2,724	-	5,462
		Not rated	-	2,634	2,234	-	4,868
	Total U.S. Federal agency debt		-	5,371	4,958	-	10,329
	U.S. Federal agency mortgages	Not rated	1,198	46	-	-	1,243
	Asset-backed securities	AAA	-	5,093	-	-	5,093
	Corporate bonds	AAA	-	4,108	591	-	4,699
		A	2,276	7,054	-	-	9,330
		BBB	5,017	6,331	1,409	-	12,757
	Total corporate bonds		7,292	17,493	2,000	-	26,785
	Non-U.S. government debt	AAA	-	2,571	-	-	2,571
		A	-	272	-	-	272
	Total non-U.S. government debt		-	2,843	-	-	2,843
	Oregon Intermediate Term Pool ³	Not rated	-	5,230	-	-	5,230
	Total Central Services		8,490	38,166	6,958	-	53,614
	Total		\$ 19,072	\$ 103,378	\$ 46,670	\$ 43,597	\$ 212,717

¹ \$306,008 in investments are held outside Treasury. Refer to the separate schedule.

² Investments of \$3,414 in U.S. Treasury securities and \$130,418 in U.S. Treasury STRIPS are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

³ Refer to the separate Oregon Intermediate Term Pool schedule.

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Notes to the Financial Statements

The fair value measurement for the investments at Treasury held by proprietary funds at June 30, 2020 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Balance at June 30, 2020
Housing and Community Services	U.S. Treasury securities	\$ -	\$ 1,324	\$ -	\$ 1,324
	U.S. Federal agency debt	-	625	-	625
Total Housing and Community Services		-	1,950	-	1,950
Lottery Operations	U.S. Treasury STRIPS	-	130,418	-	130,418
	U.S. Federal agency STRIPS	-	2,636	-	2,636
Total Lottery Operations		-	133,054	-	133,054
Central Services	U.S. Treasury securities	-	2,090	-	2,090
	U.S. Federal agency debt	-	10,329	-	10,329
	U.S. Federal agency mortgages	-	1,243	-	1,243
	Asset-backed securities	-	5,093	-	5,093
	Corporate bonds	-	26,785	-	26,785
	Non-U.S. government debt	-	2,843	-	2,843
Total Central Services		-	48,385	-	48,385
Total Debt Investments		\$ -	\$ 183,389	\$ -	183,389
Investments valued at NAV					
Veterans' Loan	Oregon Intermediate Term Pool				11,985
Special Public Works	Oregon Intermediate Term Pool				12,113
Central Services	Oregon Intermediate Term Pool				5,230
Total Investments Valued at NAV					29,328
Total					\$ 212,717

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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, 2020 (in thousands):

Reporting Fund	Investment Type	Credit Rating ¹	Investment Maturities (in years)				Balance at June 30, 2020
			Less than 1	1 to 5	6 to 10	More than 10 or none	
Common School	U.S. Treasury securities	Exempt	\$ 3	\$ 5	\$ -	\$ -	\$ 8
	U.S. Treasury STRIPS	Exempt	3	3	-	-	6
	U.S. Federal agency debt	AAA	-	4	-	-	5
	Municipal bonds	AAA	-	-	16	15	31
	Corporate bonds	AAA	-	22	80	92	194
Total Common School			6	35	96	107	244
Revenue Bond	Guaranteed investment contracts	N/A	-	-	2,523	-	2,523
Housing and Community Services	U.S. Treasury securities	Exempt	113,257	468	-	-	113,725
	U.S. Federal agency debt	AA	1,108	6,747	16,717	22,958	47,531
		Not rated	60,018	-	-	-	60,018
	Total federal agency debt		61,126	6,747	16,717	22,958	107,549
	Money market mutual funds ²	AAA	84,734	-	-	-	84,734
Total Housing and Community Services			259,117	7,215	16,717	22,958	306,008
Private Purpose Trust	U.S. Treasury securities ³	Exempt	4,024	2,902	1	17	6,944
	Domestic mutual funds - debt ³	Not rated	7	-	-	557	564
Total Private Purpose Trust			4,032	2,902	1	574	7,508
Total Debt Investments			\$ 263,155	\$ 10,151	\$ 19,338	\$ 23,639	316,284
Educational Support	Private equities	N/A					107,375
Common School	Alternative equities	N/A					9
	Mutual funds	N/A					17,882
	Domestic equity securities	N/A					28,126
	International equity securities	N/A					1,185
	Real estate	N/A					1,840
	Other collectibles	N/A					300
Private Purpose Trust	Domestic equity securities	N/A					22
	Annuity contracts	N/A					65
Total							\$ 473,087

¹ Investments of \$120,677 in U.S. Treasury securities and \$6 in U.S. Treasury STRIPS are explicitly guaranteed by the U.S. government and, therefore, exempt from credit risk disclosure requirements.

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

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

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Notes to the Financial Statements

The fair value measurement for investments held outside Treasury at June 30, 2020 (in thousands):

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Balance at June 30, 2020
Common School	U.S. Treasury securities	\$ 8	\$ -	\$ -	\$ 8
	U.S. Treasury STRIPS	6	-	-	6
	U.S. Federal agency debt	-	5	-	5
	Municipal bonds	-	31	-	31
	Corporate bonds	-	194	-	194
	Alternative equities	-	-	9	9
	Mutual funds	17,882	-	-	17,882
	Domestic equity securities	28,100	26	-	28,126
	International equity securities	1,185	-	-	1,185
	Real estate	-	-	1,840	1,840
	Other collectibles	-	-	300	300
Total Common School		47,181	255	2,149	49,585
Housing and Community Services	U.S. Treasury securities	-	113,725	-	113,725
	U.S. Federal agency debt	-	107,549	-	107,549
	Money market mutual funds	84,734	-	-	84,734
Total Housing and Community Services		84,734	221,273	-	306,008
Private Purpose Trust	U.S. Treasury securities	-	6,944	-	6,944
	Domestic equity securities	22	-	-	22
Total Private Purpose Trust		22	6,944	-	6,966
Total Debt Investments		\$ 131,938	\$ 228,473	\$ 2,149	362,559
Investments reported at NAV:					
Educational Support	Private equities				107,375
Revenue Bond	Guaranteed investment contracts				2,523
Private Purpose Trust	Domestic mutual funds - debt				564
	Annuity contracts				65
Total					\$ 473,087

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, 2020 (in thousands):

Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private equities	\$ 107,375	\$ 48,557	N/A	N/A

Interest Rate Sensitive Investments

As of June 30, 2020, the primary government held approximately \$109.8 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 \$4.5 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 on concentration of credit risk. At June 30, 2020, there were no issuers that exceeded 5% of the primary government's holdings (excluding OPERF).

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Notes to the Financial Statements

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2020, 32.5% of the Housing and Community Service Fund's total investments were Federal Home Loan Bank securities and 6.4% were Federal National Mortgage Association (FNMA) securities.

Within the major governmental funds, the Public Transportation Fund's investments included \$5.7 million (6.9%) in Toyota Motor Corporation, \$5.2 million (6.3%) in Paccar Inc, and \$5.1 million (6.1%) in Citigroup.

The aggregated nonmajor governmental funds' total investments included \$14.1 million (7.9%) in Federal Home Loan Mortgage Corporation (FHLMC).

The Central Services Fund held \$5.5 million (10.3%) of its investments in FNMA and \$3 million (5.6%) in American Express.

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, 2020 (in thousands):

Foreign Currency Denomination	Deposits and Investments (U.S. Dollars)				Total
	International		Non-US		
	Deposits	Equity Securities	Government Debt		
Argentine peso	\$ 10	\$ -	\$ 89	\$ 99	
British pound sterling	1	40,605	-	40,606	
Canadian dollar	-	506	-	506	
Chinese yuan	171	-	73	244	
Euro	-	8,406	-	8,406	
Hong Kong dollar	-	1,207	-	1,207	
Japanese yen	291	3,051	-	3,343	
Mexican peso	248	-	5,971	6,219	
Russian ruble	454	-	4,525	4,979	
South African rand	-	4,555	-	4,555	
Swedish krona	-	5,580	-	5,580	
Total	\$ 1,175	\$ 63,909	\$ 10,659	\$ 75,744	

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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, 2020 (in thousands):

Investment Type	Fair Value
U.S. Treasury obligations	\$ 5,337,284
U.S. Treasury obligations - STRIPS	355,511
U.S. Treasury obligations - TIPS	147,776
U.S. Federal agency mortgage securities	990,155
U.S. Federal agency mortgage TBAs	304,182
U.S. Federal agency debt	77,957
U.S. Federal agency STRIPS	36,467
International debt securities	896,943
Non-government debt securities	446,286
Corporate bonds	2,324,874
Bank loans	1,602,262
Municipal bonds	58,326
Collateralized mortgage obligations	456,755
Asset-backed securities	257,285
Guaranteed investment contracts ¹	268,076
Domestic fixed income funds	968,200
Global fixed income funds	685,381
Total debt securities	15,213,720
Derivatives in asset positions	382,933
Domestic equity securities	11,827,351
International equity securities	8,431,409
Domestic equity funds	2,236,302
Global equity funds	1,856,897
International equity funds	1,030,340
Target date funds	688,692
Oregon Savings Growth Plan - self directed	24,080
Real estate and real estate investment trusts	8,731,171
Private equity	18,480,373
Alternative portfolio	8,209,320
Opportunity portfolio	1,652,119
Total investments	\$ 78,764,707

¹ Guaranteed investment contracts are stated at contract value.

Interest Rate Risk

Interest rate risk is managed within the OPERF using the effective duration methodology. There is no policy restriction regarding the interest rate risk. As of June 30, 2020, the weighted average duration of the fixed income portfolio was 4.52 years and no individual fixed income investment manager's portfolio was outside the policy guidelines.

At June 30, 2020, the OPERF held approximately \$1.4 billion in debt instruments backed by pooled mortgages, collateralized mortgage obligations, or fixed-rate mortgages. These securities represent a stream

State of Oregon
Notes to the Financial Statements

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 \$304.2 million in to-be-announced federal agency-issued mortgage pools. An additional \$257.3 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, 2020 (in thousands):

Investment Type	Balance at June 30, 2020	Effective Weighted Duration Rate (in years)
U.S. Treasury obligations	\$ 5,337,284	8.16
U.S. Treasury obligations - STRIPS	355,511	0.68
U.S. Treasury obligations - TIPS	147,776	14.02
U.S. Federal agency mortgage securities	990,155	2.32
U.S. Federal agency mortgage TBAs	304,182	4.04
U.S. Federal agency debt	77,957	6.72
U.S. Federal agency STRIPS	36,467	0.11
International debt securities	796,372	3.07
Non-U.S. government debt securities	206,470	6.29
Corporate bonds	2,295,444	6.64
Bank loans	1,483,526	0.64
Municipal bonds	58,326	9.07
Collateralized mortgage obligations	456,755	1.74
Asset-backed securities	257,285	1.40
Domestic fixed income funds	968,200	3.67
Global fixed income funds	685,381	5.99
No effective duration:		
International debt securities	100,571	N/A
Non-U.S. government debt securities	239,816	N/A
Corporate bonds	29,430	N/A
Bank loans	118,736	N/A
Guaranteed investment contracts	268,076	N/A
Total debt securities	<u>15,213,720</u>	
Cash equivalent - Mutual Funds - STIF	937,564	35 Days ¹
Cash equivalent - Oregon Short Term Fund	1,969,249	202 Days ¹
Total subject to interest rate risk	<u><u>\$ 18,120,534</u></u>	

¹ 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, 2020, the fair value of below grade investments, excluding unrated securities, is \$2.2 billion, or 24.6%, of total securities subject to credit risk and 14.8% of total debt securities. The weighted quality rating average is A. Unrated securities include \$191.4 million in bank loans, \$1.7 billion in domestic and global fixed income funds, \$268.1 million in guaranteed investment contracts, and \$192.7 million in other debt securities.

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Notes to the Financial Statements

Credit ratings for debt securities within the OPERF as of June 30, 2020 (in thousands):

Credit Rating	Balance at June 30, 2020
AAA	\$ 640,503
AA	391,724
A	829,855
BBB	1,613,310
BB	308,572
B	1,394,739
CCC	527,563
CC	10,866
D	4,404
Not rated	2,305,750
Not rated - U.S. Federal agency ¹	1,096,615
Total subject to credit risk	<u>9,123,901</u>
U.S. government guaranteed securities	6,089,819
Total	<u>\$ 15,213,720</u>

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the OPERF will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. There is no formal policy regarding the holding of securities by a custodian or counterparty. As of June 30, 2020, 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, 2020, approximately 2.4% of the debt investment portfolio was invested in non-dollar denominated securities. Policies for the OPERF portfolio do not limit non-dollar denominated investments. OPERF utilizes a currency overlay manager to reduce risk through offsetting investments in the developed foreign currency market for international equity portfolios.

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Notes to the Financial Statements

The OPERF's exposure to foreign currency risk as of June 30, 2020 (in thousands):

Foreign Currency Denomination	Deposits and Investments (U.S. Dollars)							Total
	Cash and Cash Equivalents	Debt Securities	Public Equity	Derivatives in Asset Positions	Real Estate	Alternative Portfolio		
Argentine peso	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	5
Australian dollar	1,307	-	380,410	-	5,189	-	-	386,907
Brazilian real	414	304	113,767	3,471	187	-	-	118,143
British pound sterling	7,208	51,796	1,194,230	2,597	345	-	-	1,256,176
Canadian dollar	4,783	-	397,788	2,714	821	-	-	406,105
Chilean peso	452	-	4,571	-	-	-	-	5,024
Chinese yuan	8,278	806	185,095	-	-	-	-	194,178
Colombian peso	22	-	2,231	-	-	-	-	2,253
Czech koruna	4	-	2,185	-	-	-	-	2,190
Danish krone	260	2	215,185	-	-	-	-	215,446
Egyptian pound	7	-	5,534	-	-	-	-	5,541
Euro	11,612	260,542	1,542,101	22,518	1,376	1,423,803	-	3,261,952
Hong Kong dollar	2,636	-	545,423	2	1,671	-	-	549,732
Hungarian forint	61	-	9,713	-	-	-	-	9,774
Indian rupee	546	-	107,635	-	-	-	-	108,181
Indonesian rupiah	200	-	20,148	-	-	-	-	20,348
Israeli new shekel	148	-	47,436	-	201	-	-	47,785
Japanese yen	7,785	15,735	1,338,766	27,344	4,471	-	-	1,394,102
Kenya shilling	-	-	1,187	-	-	-	-	1,187
Kuwaiti dinar	-	-	659	-	-	-	-	659
Malaysian ringgit	481	4,387	45,173	-	29	-	-	50,070
Mexican peso	776	19,125	38,690	78,106	11,904	-	-	148,601
Moroccan dirham	-	-	45	-	-	-	-	45
New Zealand dollar	42	-	32,007	-	560	-	-	32,609
Nigerian naira	393	-	3,555	-	-	-	-	3,948
Norwegian krone	443	-	58,596	-	-	-	-	59,039
Pakistani rupee	-	-	3,086	-	-	-	-	3,086
Peruvian nuevo sol	2	-	14	-	-	-	-	16
Philippine peso	202	-	12,060	-	-	-	-	12,261
Polish zloty	424	-	16,661	-	-	-	-	17,084
Qatar riyal	3	-	2,563	-	-	-	-	2,566
Romanian leu	-	-	1,909	-	-	-	-	1,909
Russian ruble	197	15,088	58,085	-	-	-	-	73,370
Saudi Arabian riyal	40	-	5,648	-	-	-	-	5,689
Singapore dollar	950	-	63,415	-	10,556	-	-	74,921
South African rand	703	-	104,554	-	328	-	-	105,585
South Korean won	1,215	-	339,581	2	94	-	-	340,892
Swedish krona	1,196	-	214,029	-	-	-	-	215,225
Swiss franc	458	-	546,099	3	-	-	-	546,560
Taiwan dollar	1,440	-	268,814	-	1	-	-	270,255
Thai baht	605	-	31,697	-	565	-	-	32,868
Turkish lira	403	-	35,113	-	1,309	-	-	36,824
United Arab Emirates dirham	7	-	4,996	-	-	-	-	5,003
Vietnamese dong	24	-	7,048	-	-	-	-	7,072
Total	\$ 55,733	\$ 367,786	\$ 8,007,500	\$ 136,757	\$ 39,606	\$ 1,423,803	\$ 10,031,184	

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Fair Value Measurement

Fair value measurement levels for investments in the OPERF as of June 30, 2020 (in thousands):

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
Debt Securities:				
U.S. Treasury obligations	\$ -	\$ 5,337,284	\$ -	\$ 5,337,284
U.S. Treasury obligations - STRIPS	-	355,511	-	355,511
U.S. Treasury obligations - TIPS	-	147,776	-	147,776
U.S. Federal Agency mortgage securities	-	990,155	-	990,155
U.S. Federal Agency mortgage TBAs	-	304,182	-	304,182
U.S. Federal Agency debt	-	77,957	-	77,957
U.S. Federal Agency STRIPS	-	36,467	-	36,467
Non-government debt securities	-	446,286	-	446,286
Corporate bonds	-	2,876,774	42,444	2,919,217
Bank loans	-	1,605,943	137,063	1,743,006
Municipal bonds	-	58,326	-	58,326
Collateralized mortgage obligations	-	472,954	-	472,954
Asset-backed securities	-	369,111	33,831	402,941
Domestic fixed income funds	-	968,200	-	968,200
Global fixed income funds	-	685,381	-	685,381
Total debt securities¹	-	14,732,307	213,338	14,945,644
Public Equity:				
Domestic equity securities	11,749,921	-	77,430	11,827,351
International equity securities	8,409,227	-	22,182	8,431,409
Domestic equity funds	-	2,236,302	-	2,236,302
Global equity funds	-	1,856,897	-	1,856,897
International equity funds	791,172	208,898	30,270	1,030,340
Target date funds	-	688,692	-	688,692
Oregon Savings Growth Plan - self directed	24,080	-	-	24,080
Total public equity	20,974,400	4,990,788	129,882	26,095,070
Real estate investment trusts	576,701	-	29	576,730
Opportunity open ended funds	91,077	-	-	91,077
Total investments by fair value level	\$ 21,642,178	\$ 19,723,095	\$ 343,249	41,708,521
Investments Measured at Net Asset Value (NAV)				
Real estate:				
Real estate investments				6,579,569
Real estate open ended funds				1,574,872
Total real estate				<u>8,154,441</u>
Private equity				18,480,373
Alternative portfolio:				
Alternative diversifying strategies				3,421,268
Alternative infrastructure				2,968,653
Alternative natural resources				1,508,730
Alternative risk parity				310,669
Total alternative equity				<u>8,209,320</u>
Opportunity portfolio:				
Opportunity private investments				461,083
Opportunity open ended funds				1,099,959
Total opportunity portfolio				<u>1,561,042</u>
Total investments measured at NAV				<u>36,405,177</u>
Total investments measured at fair value				<u><u>\$ 78,113,698</u></u>

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

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Investments Measured at Net Asset Value

Disclosures regarding redemption and investments valued at NAV per share (or its equivalent) including unfunded commitments at June 30, 2020 (in thousands):

	Fair Value	Unfunded Commitments¹	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Real estate:				
Real estate investments	\$ 6,579,569	\$ 2,320,060	N/A	N/A
Real estate open ended funds	1,574,872	137,000	Quarterly	15 - 90 days
Private equity	18,480,373	9,573,818	N/A	N/A
Alternative portfolio:				
Alternative Diversifying Strategies	3,421,268	-	Monthly	3 - 90 days
Alternative Infrastructure	2,968,653	2,019,487	N/A	N/A
Alternative Natural Resources	1,508,730	1,307,048	N/A	N/A
Alternative Risk Parity	310,669	-	Monthly	5 days
Opportunity portfolio:				
Opportunity private investments	461,083	268,133	N/A	N/A
Opportunity open ended funds	1,099,959	331,925	Monthly/Quarterly	5 - 90 days
Total	\$ 36,405,177	\$ 15,957,471		

¹ Excludes unfunded commitments associated with investments included in the fair value hierarchy (Levels 1, 2, and 3) and new commitments not yet funded at June 30, 2020.

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 67 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 14 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 nine open ended funds that permit quarterly redemption of shares, subject to certain requirements being met.

Private equity consists of approximately 260 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged buyouts, venture capital, growth equity, fund-of-funds, co-investments, and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing

State of Oregon
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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.

Alternative Equity investments seek to provide diversification and inflation hedging characteristics to the OPERF and include investments with a focus on infrastructure and natural resources. Alternative Equity consists of 60 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 52 of the 60 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 eight funds are open ended, permitting periodic redemption of shares, subject to certain requirements being met. They consist of seven 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 17 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 10 of the 17 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 seven 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, 2020:

- \$72 million, or 21.4% of the Oregon Short Term Investment Fund, the cash collateral pool for all agencies, excluding OPERF.
- \$208.5 million, or 26.4% 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, 2020.

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

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of the loans at June 30, 2020, is effectively one day. On June 30, 2020, 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, 2020, of the primary government, including the OPERF (in thousands):

Investment Type	Cash and Securities Collateral Received	Securities on Loan at Fair Value	Investments of Cash Collateral at Fair Value
U.S. Treasury and agency securities	\$ 1,103,100	\$ 1,080,367	\$ 408,617
Domestic equity securities	698,961	686,902	438,529
International equity securities	306,184	289,183	47,008
Domestic fixed income securities	232,832	228,247	253,798
International fixed income securities	2,800	2,748	2,798
Total	\$ 2,343,878	\$ 2,287,447	\$ 1,150,750

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, 2020, the primary government had restricted assets of \$2.2 billion in deposits and \$1.2 billion in investments.

3. DERIVATIVE INSTRUMENTS

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

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

Housing and Community Services Department

The Oregon Housing and Community Services Department (OHCS D) has entered into pay-fixed, receive-variable interest rate swaps to hedge against changes in variable rate interest and to lower borrowing costs compared to fixed rate bonds. OHCS D had five swaps at the end of the fiscal year. The fair value of the swaps on June 30, 2020, totaled negative \$10.7 million and the notional amount totaled \$146.7 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 decreased by \$5.5 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

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implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. This methodology is believed to be consistent with accepted practice in the market for interest rate swaps. The fair value is categorized as Level 2 within the fair value hierarchy described in Note 2.

The terms, fair values, counterparties, and credit ratings of OHCS D's outstanding swaps as of June 30, 2020 (dollars in thousands):

Bond Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Term Date	Counterparty	Counterparty Rating ²
Mortgage revenue bonds								
2015 C	\$ 33,600	9/6/18	2.75%	70.0% of 1 mo LIBOR ¹ + .05%	\$ (3,705)	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%	(563)	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%	(717)	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%	(5,356)	7/1/39	Bank of America, N.A.	Aa2 A+ AA-
2018 E	41,000	5/4/19	1.12%	³	(386)	7/1/43	Bank of America, N.A.	Aa2 A+ AA-
	<u>\$ 146,740</u>				<u>\$(10,726)</u>			

¹ London Interbank Offered Rate

² Moody's / S&P / Fitch

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

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 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, 2020, the one-month LIBOR was 0.2% and the SIFMA rate was 0.1%. OHCS D's variable rates as of June 30, 2020, can be found in Note 8.

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

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

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Debt service requirements of the variable rate debt and net swap payments of OHCS D, using interest rates as of June 30, 2020 (in thousands):

Year Ending June 30,	Principal	Interest	Interest Rate Swaps (Net)	Total
2021	\$ -	\$ 878	\$ 2,233	\$ 3,111
2022	-	221	2,714	2,935
2023	-	221	2,714	2,935
2024	-	221	2,714	2,935
2025	3,530	220	2,697	6,447
2026-2030	23,150	1,006	12,107	36,263
2031-2035	31,335	821	9,631	41,786
2036-2040	51,905	481	5,837	58,223
2041-2045	34,805	138	1,920	36,862
2046	2,015	1	26	2,042
Total	\$ 146,740	\$ 4,209	\$ 42,592	\$ 193,541

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, 2020, of the swaps that include these provisions is negative \$10.7 million. At June 30, 2020, 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 an interest rate swap in connection with its Loan Program General Obligation Veterans' Welfare Bonds, 2015 Series P (Veterans' Welfare Bonds Series 95). The swap and underlying floating-rate bonds together create "synthetic" fixed-rate debt. During fiscal year 2020, the DVA did not terminate or have any maturities of derivative instruments. The DVA did enter into an interest rate swap in connection with its Loan Program General Obligation Bonds, 2020 Series J (Veterans' Welfare Bonds Series 105B) and 2020 Series M (Veterans' Welfare Bonds Series 106C) that becomes effective on June 1, 2021. During the fiscal year, the fair value of hedging derivative instruments increased by \$37 thousand.

The fair value balance of the interest rate swap is reported 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. The fair value is categorized as Level 2 within the fair value hierarchy described in Note 2.

Because of interest rate decreases after the swap was executed, the fair value as of June 30, 2020, is negative. The fair value of the interest rate swap is estimated using the zero-coupon method. This method calculates the future payments required by the swap, using the forward interest rates implied by the yield curve for the floating leg of the swap and the fixed rate of the swap for the fixed leg of the swap. 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 swap.

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The terms and objectives of the DVA outstanding derivative instruments as of June 30, 2020 (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	8/1/2016	12/1/2036	2.27%	66.3% of 1-month LIBOR + .09%	\$ (260)

The Series 95 swap was structured with an option that gives the DVA the right to cancel or terminate the swap at par on any payment date, in whole or in part, commencing December 1, 2020. This option enhances asset/liability matching and provides flexibility to adjust the outstanding notional amount of the swap over time.

Credit risk is the risk that a counterparty will not fulfill its obligations. The DVA interest rate swap is with Royal Bank of Canada (counterparty), which is rated AA- and Aa2 by S&P and Moody's, respectively. If the counterparty's credit rating falls below certain levels, the 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	\$ 100
A+	A1	\$ 20,000	100
A	A2	10,000	100
A-	A3	5,000	100
BBB+ or below or not rated	Baa1 or below or not rated	-	100 ¹

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

Since the fair value of the swap as of June 30, 2020, is negative, the counterparty is 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 swap. As the one-month LIBOR rate decreases, the net payment on the swap increases.

The DVA is exposed to basis risk because the variable rate bonds, which are hedged by the interest rate swap, are variable rate demand obligation (VRDO) bonds that are remarketed weekly. 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, 2020, the interest rate on the variable rate hedged debt is 0.1%, while the 66.3% of one-month LIBOR plus 0.1% is 0.2%.

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.

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As interest rates fluctuate, variable rate bond interest payments and net swap payments will differ between the fixed payments paid to the counterparty and the variable rate paid to the DVA. Using interest rates as of June 30, 2020, the following table presents the debt service requirements of the variable rate debt (on the notional amount of the swap) and the net swap payments (in thousands):

Year Ending June 30,	Principal	Interest	Interest Rate Swaps (Net)	Total
2021	\$ -	\$ 35	\$ 519	\$ 555
2022	-	35	519	554
2023	-	35	519	554
2024	-	35	519	554
2025	1,730	34	511	2,275
2026-2030	9,480	134	1,987	11,601
2031-2035	10,710	63	952	11,725
2036-2037	3,220	4	64	3,288
Total	\$ 25,140	\$ 376	\$ 5,591	\$ 31,107

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

S&P Rating	Moody's Rating	Threshold	Minimum Transfer Amount
A- or higher	A3 or higher	Infinite	\$ 100
BBB+ or below	Baa1 or below	\$ -	100 ¹

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

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

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 in 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, 2020 (in thousands):

Currency	Currency Forward Contracts		
	Net Receivables	Net Payables	Total Exposure
Mexican peso	\$ (17)	\$ (26)	\$ (43)
Russian ruble	-	(280)	(280)
Total	\$ (17)	\$ (306)	\$ (323)

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

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The fair value of derivative instruments within the CSF portfolio as of June 30, 2020 (in thousands):

Investment Derivatives	Net Appreciation / (Depreciation) in Fair Value^{1,3}	Classification	Fair Value	Notional Value²
Foreign exchange forwards	\$ 1,080	Long-term instruments	\$ (323)	\$ 3,341
Rights	16	Common stock	1	7
Total	\$ 1,095		\$ (322)	\$ 3,348

¹ Negative values (in brackets) refer to losses.

² Notional may be a dollar amount or size of underlying for futures and options.

³ Excludes futures margin payments.

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

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

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

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The following schedule presents the related net appreciation/(depreciation) in fair value amounts and the notional amounts of derivative instruments outstanding as of June 30, 2020 (in thousands):

Investment Derivatives	Net Appreciation/ (Depreciation) in Fair Value of Investments^{1, 3}	Classification	Fair Value	Notional Value²
Commodity Futures Long	\$ 2,073	Public Equity	\$ -	\$ 43,921
Credit Default Swaps Bought	1,254	Public Equity	3,102	38,930
Credit Default Swaps Written	(15,864)	Public Equity	1,132	309,970
Equity Options Written	(22)	Public Equity	(23)	(370)
Fixed Income Futures Long	97,860	Public Equity	-	2,693,470
Fixed Income Futures Short	(35,048)	Public Equity	-	(395,602)
Fixed Income Options Bought	(2,039)	Public Equity	7,860	407,955
Fixed Income Options Written	6,444	Public Equity	(12,740)	(1,889,887)
Foreign Currency Options Bought	(393)	Public Equity	-	-
Foreign Currency Options Written	137	Public Equity	(386)	(6,630)
Futures Options Bought	(2,081)	Public Equity	302	1,506
Futures Options Written	8,201	Public Equity	(348)	(733)
Foreign Exchange Forwards	37,695	Receivables/Payables	(17,437)	11,291,080
Index Futures Long	(51,995)	Public Equity	-	20,669
Index Futures Short	611	Public Equity	-	(19)
Pay Fixed Interest Rate Swaps	(60,693)	Public Equity	(35,538)	1,060,238
Receive Fixed Interest Rate Swaps	37,966	Public Equity	29,235	1,249,718
Rights	(768)	Public Equity	1,402	2,279
Total Return Swaps Bond	6,092	Public Equity	122	21,387
Total Return Swaps Equity	225	Public Equity	(149)	(57,927)
Warrants	(48)	Public Equity	3,064	808
Total	<u>\$ 29,605</u>		<u>\$ (20,402)</u>	<u>\$14,790,765</u>

¹ Negative values (in brackets) refer to losses.

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

³ Excludes futures margin payments.

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The following table shows the fair value measurement for investment derivative instruments as of June 30, 2020 (in thousands):

Investment Derivative Instruments¹	Level 1	Level 2	Level 3	Total
Credit Default Swaps	\$ -	\$ 5,683	\$ 743	\$ 6,427
Foreign Exchange Forwards	-	34,744	-	34,744
Forwards	-	-	228,764	228,764
Interest Rate Swaps	-	134,789	85	134,874
Options	302	7,710	150	8,162
Rights and Warrants	2,721	90	1,655	4,466
Total Return Swaps	236	5	-	240
Total Assets	3,258	183,021	231,398	417,677
Credit Default Swaps	-	(2,193)	-	(2,193)
Foreign Exchange Forwards	-	(52,181)	-	(52,181)
Interest Rate Swaps	-	(141,177)	-	(141,177)
Options	-	(13,496)	-	(13,496)
Total Return Swaps	-	(268)	-	(268)
Total Liabilities	-	(209,315)	-	(209,315)
Total	\$ 3,258	\$ (26,294)	\$ 231,398	\$ 208,362

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

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

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

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

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

Rights are the right, but not the obligation, to purchase newly issued equity shares, often in proportion to the number of shares currently owned, in a specified company, at a pre-established price on or within a predetermined date. A warrant provides the holder the right, but not the obligation, to purchase securities from

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the issuing entity at a specific price and within a certain time period. In the OPERF portfolio, rights and 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, 2020:

Counterparty Name	Percentage of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Toronto Dominion Bank	15.52%	AA-	AA-	Aa3
JP Morgan CME	12.42%	A-	AA-	A2
UBS AG	11.44%	A+	AA-	Aa3
JP Morgan Chase Bank N.A. London	11.19%	A+	AA	Aa2
State Street Bank London	10.61%	A	AA-	A1
Westpac Banking Corporation	8.68%	AA-	A+	Aa3
Barclays Bank CME	4.39%	A	A+	A1
Citibank N.A.	3.81%	A+	A+	Aa3
NatWest Markets PLC	2.74%	A-	A+	Baa2
Citigroup Global Markets INC	2.42%	BBB+	A	A3
JP Morgan Chase Bank, N.A.	2.07%	A+	AA	Aa2
Bank of New York	1.89%	A	AA-	A1
JP Morgan LCH	1.62%	A-	AA-	A2
State Street Bank and Trust Company	1.42%	AA-	AA	Aa3
Citigroup Global Markets CME	1.02%	BBB+	A	A3
Goldman Sachs Bank USA	1.00%	BBB+	A	A3
Credit Agricole CIB	0.97%	A+	A+	Aa3
Goldman Sachs International	0.86%	A+	A+	A1
Australia and New Zealand Banking Group	0.69%	AA-	A+	Aa3
Goldman Sachs ICE	0.63%	BBB+	A	A3
JP Morgan ICE	0.62%	A-	AA-	A2
National Australia Bank Limited	0.59%	AA-	A+	Aa3
Société Générale	0.52%	A	A-	A1
Credit Suisse FOB ICE	0.50%	A+	A	A1
Citigroup Global Markets LCH	0.45%	BBB+	A	A3
Barclays Bank PLC Wholesale	0.42%	A	A+	A1
Morgan Stanley ICE	0.32%	BBB+	A	A3
Barclays Bank ICE	0.31%	A	A+	A1
HSBC Bank PLC	0.29%	A-	A+	A2
BNP Paribas SA	0.15%	A+	A+	Aa3
Goldman Sachs & Co. LLC	0.09%	BBB+	A	A3
Morgan Stanley and Co. International PLC	0.09%	BBB+	A	A3
Morgan Stanley Co. Incorporated	0.09%	BBB+	A	A3
J P Morgan Securities Inc	0.04%	A-	AA-	A2
Morgan Stanley Capital Services Inc	0.04%	BBB+	A	A3
Morgan Stanley and Co. International	0.03%	A+	NR	A1
Credit Suisse International	0.02%	A+	A	A1
Deutsche Bank AG	0.02%	BBB+	BBB	A3
Bank of America, N.A.	0.01%	A+	AA-	Aa2
Standard Chartered Bank	0.01%	A	A+	A1
Total	100.00%			

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Interest Rate Risk

As of June 30, 2020, 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, 2020 (in thousands):

Investment Type	Fair Value	Investment Maturity (in years)			
		Less Than 1	1 - 5	6 - 10	More than 10
Credit Default Swaps Bought	\$ 3,102	\$ -	\$ -	\$ -	\$ 3,102
Credit Default Swaps Written	1,132	-	3,339	-	(2,207)
Fixed Income Options Bought	7,860	2,047	3,844	1,703	266
Fixed Income Options Written	(12,740)	(9,837)	(2,005)	(899)	-
Pay Fixed Interest Rate Swaps	(35,538)	(1,475)	(16,682)	(9,177)	(8,204)
Receive Fixed Interest Rate Swaps	29,235	81	17,764	9,255	2,135
Total Return Swaps Bond	122	122	-	-	-
Total Return Swaps Equity	(149)	(149)	-	-	-
Total	\$ (6,976)	\$ (9,211)	\$ 6,261	\$ 883	\$ (4,909)

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The following schedule presents derivative instruments that were highly sensitive to interest rate changes as of June 30, 2020 (in thousands):

Investment Type	Reference Rate	Fair Value	Notional Value
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.75000%	\$ (5,300)	\$ 11,385
Pay Fixed Interest Rate Swaps	Receive Variable 12-month GBP UKRPI, Pay Fixed 3.41250%	(551)	11,547
Pay Fixed Interest Rate Swaps	Receive Variable 12-month GBP UKRPI, Pay Fixed 3.45000%	(576)	11,547
Pay Fixed Interest Rate Swaps	Receive Variable 12-month US CPI, Pay Fixed 2.24900%	(1,627)	17,815
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.57200%	(1,869)	17,930
Pay Fixed Interest Rate Swaps	Receive Variable 6-month JPY LIBOR, Pay Fixed 0.33600%	(10)	342
Pay Fixed Interest Rate Swaps	Receive Variable 6-month JPY LIBOR, Pay Fixed 0.71500%	(17)	227
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.35900%	(1,224)	15,480
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.35800%	(1,743)	22,050
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.35000%	(834)	8,540
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.87000%	(583)	34,670
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.77000%	(450)	31,370
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.37000%	(898)	2,260
Pay Fixed Interest Rate Swaps	Receive Variable 6-month JPY LIBOR, Pay Fixed 0.29500%	(5)	325
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.73200%	(675)	46,340
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.37800%	(101)	880
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.77050%	(878)	57,540
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.29000%	(35)	14,039
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.30000%	(50)	22,014
Pay Fixed Interest Rate Swaps	Receive Variable 6-month JPY LIBOR, Pay Fixed 0.16650%	2	226
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.70900%	(48)	830
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.66650%	(35)	640
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.64500%	(117)	1,880
Pay Fixed Interest Rate Swaps	Receive Variable 6-month JPY LIBOR, Pay Fixed 0.20050%	3	114
Pay Fixed Interest Rate Swaps	Receive Variable 3-month SEK LIBOR, Pay Fixed 0.16500%	-	64,750
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.55000%	(5,213)	75,276
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.56000%	(297)	31,300
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.56000%	(53)	5,600
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.097500%	(98)	1,120
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.76900%	(433)	4,025
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.99800%	(99)	1,050
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(15)	1,864
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.11050%	(220)	2,090
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.13650%	(209)	2,300
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.45500%	(58)	2,340
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(39)	8,356
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.76350%	(1,069)	9,910
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	14	8,525
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(4)	432
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(30)	4,414
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(31)	4,414
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.76000%	(197)	1,775
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.18500%	(139)	3,684
Pay Fixed Interest Rate Swaps	Receive Variable 3-month CAD CDOR, Pay Fixed 2.21000%	(558)	2,580
Pay Fixed Interest Rate Swaps	Receive Variable 6-month JPY LIBOR, Pay Fixed 0.37140%	(1)	177
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.63050%	(186)	1,940
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.31250%	(256)	3,880
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.31500%	(402)	6,120
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.45500%	(1,259)	34,210
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.11000%	(55)	1,755
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.82000%	(87)	3,600
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.66250%	(4)	990

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Investment Type	Reference Rate	Fair Value	Notional Value
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.90000%	37	6,780
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.79177%	120	3,442
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.81801%	96	3,459
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	1	6,739
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(4)	4,582
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(3)	4,571
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(12)	7,435
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(24)	8,379
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(80)	17,409
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(82)	17,454
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 1.0000%	(84)	17,454
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.62550%	(79)	5,340
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.87750%	(1,152)	24,370
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 2.93750%	(753)	15,550
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.65200%	(4)	710
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.70000%	(22)	3,750
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.76000%	22	5,070
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.76500%	20	5,190
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.77000%	12	3,470
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 3.05750%	(4,026)	76,650
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.92000%	(1)	2,345
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.39600%	(32)	8,560
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.60000%	(17)	6,040
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.64800%	(3)	2,390
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.76100%	(19)	4,323
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.00000%	(582)	39,409
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.67000%	(6)	2,130
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.24763%	(7)	11,640
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.08950%	(28)	860
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 1.13550%	(39)	860
Pay Fixed Interest Rate Swaps	Receive Variable 6-month JPY LIBOR, Pay Variable 6-month LIBOR	-	53,030
Pay Fixed Interest Rate Swaps	Receive Variable 6-month Euro EURIBOR, Pay Fixed 0.05500%	(25)	2,550
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.68000%	(10)	3,850
Pay Fixed Interest Rate Swaps	Receive Variable 0-month FEDL, Pay Fixed 0.26000%	(139)	62,100
Pay Fixed Interest Rate Swaps	Receive Variable 3-month LIBOR, Pay Fixed 0.65200%	5	3,880
Subtotal - Pay Fixed Interest Rate Swaps		(35,538)	1,060,238
Receive Fixed Interest Rate Swaps	Receive Fixed 3.08000%, Pay Variable 3-month LIBOR	1,077	1,910
Receive Fixed Interest Rate Swaps	Receive Fixed 3.48500%, Pay Variable 12-month GBP UKRPI	611	11,547
Receive Fixed Interest Rate Swaps	Receive Fixed 3.50500%, Pay Variable 12-month GBP UKRPI	642	11,547
Receive Fixed Interest Rate Swaps	Receive Fixed 2.16400%, Pay Variable 12-month USCPI	897	17,815
Receive Fixed Interest Rate Swaps	Receive Fixed 2.52600%, Pay Variable 3-month LIBOR	5,052	138,540
Receive Fixed Interest Rate Swaps	Receive Fixed 2.25000%, Pay Variable 3-month LIBOR	1,154	31,810
Receive Fixed Interest Rate Swaps	Receive Fixed 2.44650%, Pay Variable 3-month LIBOR	212	1,240
Receive Fixed Interest Rate Swaps	Receive Fixed 2.10150%, Pay Variable 3-month LIBOR	84	620
Receive Fixed Interest Rate Swaps	Receive Fixed 1.71300%, Pay Variable 3-month LIBOR	861	56,630
Receive Fixed Interest Rate Swaps	Receive Fixed 7.02400%, Pay Variable BRL BRCDI	147	3,460
Receive Fixed Interest Rate Swaps	Receive Fixed 7.04400%, Pay Variable BRL BRCDI	124	2,841
Receive Fixed Interest Rate Swaps	Receive Fixed 7.02400%, Pay Variable BRL BRCDI	174	4,098
Receive Fixed Interest Rate Swaps	Receive Fixed 7.02400%, Pay Variable BRL BRCDI	187	4,386
Receive Fixed Interest Rate Swaps	Receive Fixed 0.29850%, Pay Variable 6-month Euro EURIBOR	1	618
Receive Fixed Interest Rate Swaps	Receive Fixed 7.45000%, Pay Variable 1-month MXN TIIE	1,661	11,672
Receive Fixed Interest Rate Swaps	Receive Fixed 7.44000%, Pay Variable 1-month MXN TIIE	1,720	12,151
Receive Fixed Interest Rate Swaps	Receive Fixed 0.45350%, Pay Variable 6-month Euro EURIBOR	(2)	2,707
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(9)	2,740
Receive Fixed Interest Rate Swaps	Receive Fixed 1.52800%, Pay Variable 3-month LIBOR	81	16,950
Receive Fixed Interest Rate Swaps	Receive Fixed 1.62250%, Pay Variable 3-month CAD CDOR	1,262	100,954

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Investment Type	Reference Rate	Fair Value	Notional Value
Receive Fixed Interest Rate Swaps	Receive Fixed 0.17700%, Pay Variable 3-month SEK LIBOR	(567)	64,750
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(1)	2,213
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(5)	2,651
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(2)	1,954
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(1)	2,235
Receive Fixed Interest Rate Swaps	Receive Fixed 3.20750%, Pay Variable 3-month LIBOR	445	3,530
Receive Fixed Interest Rate Swaps	Receive Fixed 1.92850%, Pay Variable 3-month LIBOR	37	155
Receive Fixed Interest Rate Swaps	Receive Fixed 3.09000%, Pay Variable 3-month LIBOR	3,426	27,740
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month JPY LIBOR	252	53,030
Receive Fixed Interest Rate Swaps	Receive Fixed 1.63000%, Pay Variable 3-month LIBOR	361	3,785
Receive Fixed Interest Rate Swaps	Receive Fixed 1.79700%, Pay Variable 3-month LIBOR	216	1,940
Receive Fixed Interest Rate Swaps	Receive Fixed 1.72550%, Pay Variable 3-month LIBOR	203	1,940
Receive Fixed Interest Rate Swaps	Receive Fixed 1.76000%, Pay Variable 3-month LIBOR	111	1,040
Receive Fixed Interest Rate Swaps	Receive Fixed 1.95000%, Pay Variable 3-month CAD CDOR	665	12,121
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	23	17,881
Receive Fixed Interest Rate Swaps	Receive Fixed 1.75000%, Pay Variable 3-month LIBOR	181	1,695
Receive Fixed Interest Rate Swaps	Receive Fixed 1.69400%, Pay Variable 3-month LIBOR	197	1,940
Receive Fixed Interest Rate Swaps	Receive Fixed 1.58000%, Pay Variable 3-month LIBOR	177	1,950
Receive Fixed Interest Rate Swaps	Receive Fixed 1.57000%, Pay Variable 3-month LIBOR	205	2,250
Receive Fixed Interest Rate Swaps	Receive Fixed 1.60550%, Pay Variable 3-month LIBOR	180	1,930
Receive Fixed Interest Rate Swaps	Receive Fixed 1.80500%, Pay Variable 3-month LIBOR	236	975
Receive Fixed Interest Rate Swaps	Receive Fixed 1.82800%, Pay Variable 3-month LIBOR	187	760
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	3	1,831
Receive Fixed Interest Rate Swaps	Receive Fixed 1.43200%, Pay Variable 3-month LIBOR	150	1,940
Receive Fixed Interest Rate Swaps	Receive Fixed 1.31300%, Pay Variable 3-month LIBOR	113	1,710
Receive Fixed Interest Rate Swaps	Receive Fixed 1.31900%, Pay Variable 3-month LIBOR	128	1,930
Receive Fixed Interest Rate Swaps	Receive Fixed 1.09500%, Pay Variable 3-month LIBOR	333	18,740
Receive Fixed Interest Rate Swaps	Receive Fixed 2.51500%, Pay Variable 3-month LIBOR	1,457	14,160
Receive Fixed Interest Rate Swaps	Receive Fixed 1.05800%, Pay Variable 3-month LIBOR	80	4,690
Receive Fixed Interest Rate Swaps	Receive Fixed 1.23900%, Pay Variable 3-month LIBOR	115	1,940
Receive Fixed Interest Rate Swaps	Receive Fixed 0.98750%, Pay Variable 3-month LIBOR	73	4,690
Receive Fixed Interest Rate Swaps	Receive Fixed 0.97900%, Pay Variable 3-month LIBOR	42	2,740
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(1)	9,277
Receive Fixed Interest Rate Swaps	Receive Fixed 0.88150%, Pay Variable 3-month LIBOR	126	9,330
Receive Fixed Interest Rate Swaps	Receive Fixed 0.87800%, Pay Variable 3-month LIBOR	126	9,380
Receive Fixed Interest Rate Swaps	Receive Fixed 0.87250%, Pay Variable 3-month LIBOR	76	5,720
Receive Fixed Interest Rate Swaps	Receive Fixed 0.73300%, Pay Variable 3-month LIBOR	64	6,230
Receive Fixed Interest Rate Swaps	Receive Fixed 0.72950%, Pay Variable 3-month LIBOR	190	18,600
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(6)	4,650
Receive Fixed Interest Rate Swaps	Receive Fixed 0.66800%, Pay Variable 3-month LIBOR	42	4,685
Receive Fixed Interest Rate Swaps	Receive Fixed 0.66200%, Pay Variable 3-month LIBOR	10	1,185
Receive Fixed Interest Rate Swaps	Receive Fixed 0.69200%, Pay Variable 3-month LIBOR	44	4,685
Receive Fixed Interest Rate Swaps	Receive Fixed 1.02000%, Pay Variable 3-month LIBOR	96	2,630
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(13)	9,266
Receive Fixed Interest Rate Swaps	Receive Fixed 0.67850%, Pay Variable 3-month LIBOR	32	4,300
Receive Fixed Interest Rate Swaps	Receive Fixed 1.25000%, Pay Variable 3-month LIBOR	55	613
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(5)	3,998
Receive Fixed Interest Rate Swaps	Receive Fixed 0.76000%, Pay Variable 3-month LIBOR	39	1,855
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(10)	6,323
Receive Fixed Interest Rate Swaps	Receive Fixed 0.50050%, Pay Variable 3-month LIBOR	(20)	1,700
Receive Fixed Interest Rate Swaps	Receive Fixed 0.50750%, Pay Variable 3-month LIBOR	27	4,710
Receive Fixed Interest Rate Swaps	Receive Fixed 0.69300%, Pay Variable 3-month LIBOR	(22)	350
Receive Fixed Interest Rate Swaps	Receive Fixed 1.10250%, Pay Variable 3-month LIBOR	68	1,375
Receive Fixed Interest Rate Swaps	Receive Fixed 0.70000%, Pay Variable 3-month LIBOR	857	46,070
Receive Fixed Interest Rate Swaps	Receive Fixed 0.60000%, Pay Variable 3-month LIBOR	506	79,088
Receive Fixed Interest Rate Swaps	Receive Fixed 0.77000%, Pay Variable 3-month LIBOR	1,295	59,270
Receive Fixed Interest Rate Swaps	Receive Fixed 0.70550%, Pay Variable 3-month LIBOR	18	2,340
Receive Fixed Interest Rate Swaps	Receive Fixed 0.38250%, Pay Variable 3-month LIBOR	18	5,420
Receive Fixed Interest Rate Swaps	Receive Fixed 0.42800%, Pay Variable 3-month LIBOR	13	3,060
Receive Fixed Interest Rate Swaps	Receive Fixed 0.37000%, Pay Variable 3-month LIBOR	5	1,580
Receive Fixed Interest Rate Swaps	Receive Fixed 0.35550%, Pay Variable 3-month LIBOR	12	4,150
Receive Fixed Interest Rate Swaps	Receive Fixed 0.34450%, Pay Variable 3-month LIBOR	36	13,960

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Investment Type	Reference Rate	Fair Value	Notional Value
Receive Fixed Interest Rate Swaps	Receive Fixed 0.61900%, Pay Variable 3-month LIBOR	(3)	2,060
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	17	9,962
Receive Fixed Interest Rate Swaps	Receive Fixed 0.35250%, Pay Variable 3-month LIBOR	23	8,450
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	8	6,750
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	10	6,559
Receive Fixed Interest Rate Swaps	Receive Fixed 0.63900%, Pay Variable 3-month LIBOR	3	2,770
Receive Fixed Interest Rate Swaps	Receive Fixed 0.81950%, Pay Variable 3-month LIBOR	51	2,790
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	17	8,592
Receive Fixed Interest Rate Swaps	Receive Fixed 0.38000%, Pay Variable 3-month LIBOR	235	52,520
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	15	8,188
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	14	7,458
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	17	8,323
Receive Fixed Interest Rate Swaps	Receive Fixed 0.65350%, Pay Variable 3-month LIBOR	3	1,600
Receive Fixed Interest Rate Swaps	Receive Fixed 0.29700%, Pay Variable 3-month LIBOR	7	5,030
Receive Fixed Interest Rate Swaps	Receive Fixed 0.59300%, Pay Variable 3-month LIBOR	-	10
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	6	4,706
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	6	4,695
Receive Fixed Interest Rate Swaps	Receive Fixed 0.29650%, Pay Variable 3-month LIBOR	11	6,040
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	2	4,448
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	1	1,617
Receive Fixed Interest Rate Swaps	Receive Fixed 0.79000%, Pay Variable 3-month LIBOR	(6)	4,060
Receive Fixed Interest Rate Swaps	Receive Fixed 0.29450%, Pay Variable 3-month LIBOR	10	7,480
Receive Fixed Interest Rate Swaps	Receive Fixed 0.35800%, Pay Variable 3-month LIBOR	9	4,690
Receive Fixed Interest Rate Swaps	Receive Fixed 0.66500%, Pay Variable 3-month LIBOR	7	2,350
Receive Fixed Interest Rate Swaps	Receive Fixed 0.30701%, Pay Variable 3-month LIBOR	11	5,790
Receive Fixed Interest Rate Swaps	Receive Fixed 0.29400%, Pay Variable 3-month LIBOR	9	5,790
Receive Fixed Interest Rate Swaps	Receive Fixed 0.70300%, Pay Variable 3-month LIBOR	7	1,040
Receive Fixed Interest Rate Swaps	Receive Fixed 0.66400%, Pay Variable 3-month LIBOR	1	350
Receive Fixed Interest Rate Swaps	Receive Fixed 0.65200%, Pay Variable 3-month LIBOR	23	4,740
Receive Fixed Interest Rate Swaps	Receive Fixed 0.67950%, Pay Variable 3-month LIBOR	30	4,740
Receive Fixed Interest Rate Swaps	Receive Fixed 0.70225%, Pay Variable 3-month LIBOR	7	1,050
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	27	7,840
Receive Fixed Interest Rate Swaps	Receive Fixed 0.68163%, Pay Variable 3-month LIBOR	24	4,770
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	-	3,740
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(1)	7,694
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	1	3,718
Receive Fixed Interest Rate Swaps	Receive Fixed 0.63650%, Pay Variable 3-month LIBOR	-	750
Receive Fixed Interest Rate Swaps	Receive Fixed 0.63900%, Pay Variable 3-month LIBOR	-	1,600
Receive Fixed Interest Rate Swaps	Receive Fixed 1.00000%, Pay Variable 6-month Euro EURIBOR	(1)	2,089
Subtotal - Receive Fixed Interest Rate Swaps		29,235	1,249,718
Total Interest Rate Swaps		\$ (6,303)	\$ 2,309,956

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, 2020 (in thousands):

Currency Name	Currency Forward Contracts		Options/Rights/ Warrants	Swaps	Total Exposure
	Net Receivables	Net Payables			
Australian dollar	\$ 9,508	\$ (9,211)	\$ -	\$ 6	\$ 303
Brazilian real	(2,920)	1,332	2	632	(954)
British pound sterling	(6,428)	10,467	1,584	186	5,808
Canadian dollar	942	(4,387)	89	1,398	(1,958)
Chilean peso	(19)	822	-	-	802
Chinese yuan	215	18	-	-	232
Chinese yuan offshore	101	(4)	-	-	97
Columbian peso	(64)	-	-	-	(64)
Czech koruna	(4)	(37)	-	-	(41)
Danish krone	(35)	(357)	-	-	(392)
Egyptian pound	111	(81)	-	-	30
Euro	5,222	(12,272)	226	458	(6,367)
Hong Kong dollar	45	(166)	2	(9)	(129)
Hungarian forint	(334)	149	-	-	(184)
Indian rupee	784	(21)	-	-	763
Indonesian rupiah	(67)	12	-	-	(55)
Japanese yen	859	(3,610)	132	(103)	(2,722)
Malaysian ringgit	(47)	166	-	-	119
Mexican peso	389	1,943	-	3,380	5,712
Moroccan dirham	(7)	-	-	-	(7)
New Israeli sheqel	276	(5,230)	-	-	(4,954)
New Taiwan dollar	(20)	(1,570)	-	-	(1,590)
New Zealand dollar	12,203	(12,380)	-	-	(177)
Norwegian krone	(1,058)	(5,652)	-	-	(6,709)
Peruvian nuevo sol	-	2	-	-	2
Philippine peso	319	(9)	-	-	310
Polish zloty	1	113	-	-	114
Romanian leu	143	-	-	-	143
Russian ruble	(511)	2,035	-	-	1,524
Saudi riyal	1	-	-	-	1
Singapore dollar	297	(659)	-	-	(362)
South African rand	(561)	981	-	-	420
South Korean won	155	(339)	2	-	(182)
Swedish krona	10,445	(5,375)	-	(540)	4,531
Swiss franc	4,957	(8,889)	-	(6)	(3,938)
Thailand baht	117	(6)	-	-	110
Turkish lira	(270)	38	-	-	(232)
United Arab Emirates dirham	1	(3)	-	-	(2)
Total Subject to Foreign Currency Risk	\$ 34,744	\$ (52,181)	\$ 2,036	\$ 5,402	\$ (9,998)

State of Oregon
Notes to the Financial Statements

4. RECEIVABLES AND PAYABLES

A. Taxes Receivable

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

Taxes receivables reported for governmental activities at June 30, 2020 (in thousands):

	Health and					Total
	General	Social Services	Public Transportation	Educational Support	Other	
Governmental activities						
Personal income taxes	\$ 1,439,890	\$ -	\$ -	\$ -	\$ -	\$ 1,439,890
Corporate income taxes	269,163	-	-	-	-	269,163
Corporate activity taxes	192,688	-	-	-	-	192,688
Inheritance taxes	61,775	-	-	-	-	61,775
Cigarette taxes	2,657	12,910	-	-	-	15,567
Marijuana taxes	-	15,520	-	-	-	15,520
Healthcare provider taxes	-	181,148	-	-	-	181,148
Motor fuel taxes	-	-	44,554	-	-	44,554
Weight mile taxes	-	-	26,016	-	-	26,016
Employer-employee taxes	-	-	-	-	9,622	9,622
Other	36,638	-	3,597	339	27,481	68,055
Gross receivables	2,002,811	209,578	74,167	339	37,104	2,323,999
Allowance for doubtful accounts	(199,401)	(1,030)	(7,293)	(51)	(1,443)	(209,218)
Total receivables, net	\$ 1,803,410	\$ 208,548	\$ 66,874	\$ 288	\$ 35,661	\$ 2,114,781

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, 2020 (in thousands):

	Health and		Public		Total
	Social Services	Transportation	Other	Total	
Governmental activities					
Clean water state revolving fund	\$ -	\$ -	\$ 503,801	\$ 503,801	\$ 503,801
Oregon transportation infrastructure bank	-	25,138	-	25,138	25,138
Private forests program	-	-	984	984	984
Disabled and senior property tax assistance program	-	-	102,009	102,009	102,009
Business development	-	-	19,443	19,443	19,443
Multi-family housing units	-	-	180,639	180,639	180,639
Foreclosure prevention	-	-	14,742	14,742	14,742
Mental health housing facilities	27,348	-	-	27,348	27,348
Other	21	-	273	294	294
Gross receivables	27,369	25,138	821,890	874,397	874,397
Allowance for doubtful accounts	(27,075)	-	(21,140)	(48,215)	(48,215)
Total receivables, net	\$ 294	\$ 25,138	\$ 800,750	\$ 826,182	\$ 826,182

State of Oregon
Notes to the Financial Statements

Loans receivables reported for business-type activities at June 30, 2020 (in thousands):

	Housing and Community Services	Veterans' Loans	Other	Total
Business-type activities				
Single-family mortgage program	\$ 879,482	\$ -	\$ -	\$ 879,482
Elderly and disabled housing units	56,016	-	-	56,016
Multi-family housing units	47,046	-	-	47,046
Veterans' home loans	-	347,984	-	347,984
Small energy loan program	-	-	30,184	30,184
Business development	-	-	22,028	22,028
Special public works	-	-	165,292	165,292
Wastewater financing	-	-	77,068	77,068
Safe drinking water	-	-	174,450	174,450
Other loan receivable	-	-	10,813	10,813
Gross receivables	982,544	347,984	479,835	1,810,363
Allowance for doubtful accounts	-	(61)	(28,923)	(28,984)
Total receivables, net	\$ 982,544	\$ 347,923	\$ 450,912	\$ 1,781,379

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, 2020 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total	Internal Service
Governmental activities								
General accounts	\$ 13,086	\$ 30,318	\$ 10,139	\$ 855	\$ 13	\$ 60,710	\$ 115,121	\$ 121,966
Due from federal government	438	500,110	57,827	116,581	-	224,855	899,810	-
Interest	97	-	165	-	1,894	44,830	46,986	283
Broker receivable	-	-	391	-	14,563	317	15,271	161
Contracts	1	-	734	-	-	2,009	2,744	-
Mortgages	-	7,134	-	-	-	-	7,134	-
Benefit recoveries	1,990	21,700	-	-	-	1,321	25,011	215
Medicaid drug rebate	-	107,785	-	-	-	-	107,785	-
Forest fire claims	2	-	-	-	-	71,212	71,214	-
Fines, forfeitures, and penalties	47,704	106	4,294	-	128	172,352	224,584	10
Restitution Recovery	-	-	-	-	-	625,058	625,058	-
Court fines and fees	-	-	-	-	-	1,148,066	1,148,066	-
Child support recoveries	-	-	-	-	-	321,254	321,254	-
Workers' compensation assessment	-	-	-	-	-	14,405	14,405	-
Other	2,846	22	23,814	85	-	28,816	55,583	70
Gross receivables	66,164	667,175	97,363	117,521	16,598	2,715,204	3,680,024	122,704
Allowance for doubtful accounts	(40,685)	(25,147)	(2,068)	(3)	(102)	(1,929,410)	(1,997,415)	(194)
Total receivables, net	\$ 25,478	\$ 642,028	\$ 95,295	\$ 117,518	\$ 16,495	\$ 785,794	\$ 1,682,609	\$ 122,510

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Notes to the Financial Statements

Receivables reported for business-type activities at June 30, 2020 (in thousands):

	Housing and Community Services	Veterans' Loan	Lottery Operations	Unemployment Compensation	Other	Total
Business-type activities						
General accounts	\$ 266	\$ -	\$ 35,407	\$ 204,119	\$ 36,263	\$ 276,055
Due from federal government	-	-	-	1,704,747	5,806	1,710,553
Interest	4,519	1,287	-	-	7,684	13,489
Contracts	-	-	7,252	-	-	7,252
Mortgages	-	149	-	-	-	149
Benefit recoveries	-	-	-	58,708	72	58,780
Fines, forfeitures, and penalties	-	-	-	2,871	-	2,871
Other	-	930	-	-	294	1,224
Gross receivables	4,785	2,366	42,659	1,970,445	50,118	2,070,374
Allowance for doubtful accounts	-	-	(282)	(49,484)	(21,014)	(70,780)
Total receivables, net	\$ 4,785	\$ 2,366	\$ 42,378	\$ 1,920,961	\$ 29,105	\$ 1,999,594

Receivables reported for fiduciary funds at June 30, 2020 (in thousands):

	Other
Fiduciary fund activities	
General accounts	\$ 7,652
Gross receivables	7,652
Allowance for doubtful accounts	(317)
Total receivables, net	\$ 7,335

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, 2020 (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total	Internal Service
Governmental activities								
General accounts	\$ 606,052	\$ 481,075	\$ 141,796	\$ 119,410	\$ 858	\$ 231,873	\$ 1,581,063	\$ 22,008
Interest	-	-	-	-	-	-	-	385
Broker payable	-	-	-	-	37,658	-	37,658	-
Pension-related debt	-	-	-	-	-	-	-	13,984
Notes	-	-	-	-	-	-	-	8,644
Contracts - retainage	-	-	-	-	-	-	-	903
Total payables	\$ 606,052	\$ 481,075	\$ 141,796	\$ 119,410	\$ 38,516	\$ 231,873	\$ 1,618,721	\$ 45,924

State of Oregon
Notes to the Financial Statements

Payables reported for business-type activities at June 30, 2020 (in thousands):

	Housing and Community Services	Veterans' Loan	Lottery Operations	Unemployment Compensation	Other	Total
Business-type activities						
General accounts	\$ 1,347	\$ 304	\$ 17,719	\$ 1,984,963	\$ 45,684	\$ 2,050,018
Interest	16,541	854	-	-	-	17,395
Pension-related debt	421	560	3,367	-	21,523	25,871
Contracts	-	-	6,898	-	79	6,976
Total payables	\$ 18,309	\$ 1,718	\$ 27,984	\$ 1,984,963	\$ 67,285	\$ 2,100,260

Payables reported for fiduciary funds at June 30, 2020 (in thousands):

	Custodial Funds			
	Pension and Other Employee Benefit Trust	Private Purpose Trust	External Investment Pools	Other
Fiduciary fund activities				
General accounts	\$ 5,874	\$ 355	\$ 1,033	\$ 186
Benefits payable	441,112	-	-	-
Broker payable	1,926,648	-	15,903	-
Investment fees	14,599	-	-	-
Compensated absences	2,681	-	-	-
Mortgages	-	1,212	-	-
Total payables	\$ 2,390,915	\$ 1,567	\$ 16,936	\$ 186

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, 2020, 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.

State of Oregon
Notes to the Financial Statements

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, 2020 and 2019 (in thousands):

	2020	2019
Assets	\$ 534,266	\$ 507,711
Liabilities	\$ 519,556	\$ 486,742
Net assets ¹ - unrestricted	14,710	20,969
Total liabilities and net assets¹	\$ 534,266	\$ 507,711
Revenue	\$ 7,523	\$ 18,637
Expenses	5,982	6,716
Other changes in net assets ¹	(7,800)	-
Excess revenues over expenses	\$ (6,259)	\$ 11,921

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

Separate financial statements for MUSL may be obtained from the Multi-State Lottery Association, 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, 2020 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,992,634	\$ 19,540	\$ 3,350	\$ 2,008,825
Construction in progress	964,899	631,946	344,087	1,252,758
Works of art and other nondepreciable assets	2,159	-	18	2,141
Total capital assets not being depreciated	2,959,692	651,487	347,455	3,263,724
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	4,296,895	166,325	103,349	4,359,870
Infrastructure	15,084,906	397,480	95,889	15,386,497
Total capital assets being depreciated	19,381,801	563,805	199,238	19,746,367
Less accumulated depreciation for:				
Buildings, property, and equipment	2,061,342	173,940	69,583	2,165,698
Infrastructure	5,902,086	321,355	68,618	6,154,823
Total accumulated depreciation	7,963,427	495,295	138,201	8,320,521
Total capital assets being depreciated, net	11,418,373	68,510	61,037	11,425,846
Total capital assets, net	\$ 14,378,065	\$ 719,997	\$ 408,492	\$ 14,689,570

State of Oregon
Notes to the Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,291	\$ -	\$ -	\$ 9,291
Construction in progress	2,859	6,129	5,163	3,825
Works of art and other nondepreciable assets	789	-	30	759
Total capital assets not being depreciated	<u>12,939</u>	<u>6,129</u>	<u>5,193</u>	<u>13,875</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	860,644	15,944	6,427	870,160
Infrastructure	3,661	-	54	3,606
Total capital assets being depreciated	<u>864,304</u>	<u>15,944</u>	<u>6,482</u>	<u>873,766</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	315,022	41,212	5,231	351,003
Infrastructure	999	96	31	1,064
Total accumulated depreciation	<u>316,021</u>	<u>41,308</u>	<u>5,262</u>	<u>352,067</u>
Total capital assets being depreciated, net	<u>548,283</u>	<u>(25,364)</u>	<u>1,220</u>	<u>521,699</u>
Total capital assets, net	<u>\$ 561,222</u>	<u>\$ (19,235)</u>	<u>\$ 6,413</u>	<u>\$ 535,574</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Fiduciary activities				
<i>Capital assets not being depreciated:</i>				
Land	\$ 944	\$ -	\$ -	\$ 944
Total capital assets not being depreciated	<u>944</u>	<u>-</u>	<u>-</u>	<u>944</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	52,356	499	233	52,621
Total capital assets being depreciated	<u>52,356</u>	<u>499</u>	<u>233</u>	<u>52,621</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	28,445	2,333	19	30,759
Total accumulated depreciation	<u>28,445</u>	<u>2,333</u>	<u>19</u>	<u>30,759</u>
Total capital assets being depreciated, net	<u>23,911</u>	<u>(1,834)</u>	<u>214</u>	<u>21,863</u>
Total capital assets, net	<u>\$ 24,855</u>	<u>\$ (1,834)</u>	<u>\$ 214</u>	<u>\$ 22,807</u>

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Notes to the Financial Statements

Depreciation Expense

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

Governmental activities	Amount
Education	\$ 1,232
Human services	19,363
Public safety	41,113
Economic and community development	2,193
Natural resources	18,691
Transportation	360,166
Consumer and business services	1,648
Administration	11,588
Legislative	1,275
Judicial	7,536
Subtotal	464,806
Internal service funds	30,489
Total depreciation expense	\$ 495,295

Business-type activities	Amount
Housing and Community Services	\$ 6
Veterans' Loan	155
Lottery Operations	24,968
Other business-type activities	16,180
Total depreciation expense	\$ 41,308

Fiduciary activities	Amount
Pension and Other Employee Benefit Trust	\$ 2,333
Total depreciation expense	\$ 2,333

Construction Commitments

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

The State's construction commitments with contractors as of June 30, 2020 (in thousands):

Project	Spent-to-Date	Remaining Commitment	Remaining Commitment Source of Funds			
			General	Federal	Lottery	Other
Road and bridge construction	\$ 388,914	\$ 676,477	\$ -	\$ 424,424	\$ -	\$ 252,053
Building improvement and maintenance	73,587	108,657	-	21,213	-	87,445
Correctional facility construction and upgrades	12,526	13,092	164	-	-	12,928
Natural resources facilities	3,070	2,762	-	552	1,360	851
Military facilities	1,146	1,146	-	1,136	-	10
Rural airports	2,874	1,658	-	934	-	725
Capital building improvements	1,494	1,508	-	-	-	1,508
Total construction commitments	\$ 483,611	\$ 805,301	\$ 164	\$ 448,258	\$ 1,360	\$ 355,519

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

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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):

Governmental activities	<u>Amount</u>
Public safety	\$ 156
Natural resources	7,073
Transportation	<u>478</u>
Subtotal	7,708
Internal service funds	<u>478</u>
Total insurance recoveries	<u><u>\$ 8,185</u></u>

Business-type activities	
Lottery operations	<u>\$ 4</u>
Total insurance recoveries	<u><u>\$ 4</u></u>

Idle Impaired Capital Assets

At fiscal year-end, the Department of Corrections' Deer Ridge Correctional Institution, a minimum security facility with a carrying value of \$31.9 million, and the Oregon State Penitentiary minimum security facility with a carrying value of \$2.5 million were temporarily idle due to budget constraints and a delay in the implementation of Ballot Measure 57, the Mandatory Prison Sentences for Three or More Felonies Act.

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.

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

	Beginning Balance	Increases	Decreases	Ending Balance
University of Oregon				
<i>Capital assets not being depreciated:</i>				
Land	\$ 85,791	\$ 315	\$ 716	\$ 85,390
Construction in progress	268,374	183,694	240,115	211,953
Works of art and other nondepreciable assets	46,680	748	-	47,428
Total capital assets not being depreciated	<u>400,845</u>	<u>184,757</u>	<u>240,831</u>	<u>344,771</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	2,122,186	398,576	8,357	2,512,404
Infrastructure	52,745	6,136	-	58,881
Total capital assets being depreciated	<u>2,174,931</u>	<u>404,712</u>	<u>8,357</u>	<u>2,571,285</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	830,408	68,239	7,462	891,184
Infrastructure	33,437	2,104	-	35,541
Total accumulated depreciation	<u>863,845</u>	<u>70,343</u>	<u>7,462</u>	<u>926,725</u>
Total capital assets being depreciated, net	<u>1,311,086</u>	<u>334,369</u>	<u>895</u>	<u>1,644,561</u>
Total capital assets, net	<u>\$ 1,711,931</u>	<u>\$ 519,126</u>	<u>\$ 241,726</u>	<u>\$ 1,989,331</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Oregon State University				
<i>Capital assets not being depreciated:</i>				
Land	\$ 65,064	\$ 1,987	\$ -	\$ 67,051
Construction in progress	118,629	134,486	115,288	137,827
Works of art and other nondepreciable assets	29,956	271	-	30,227
Total capital assets not being depreciated	<u>213,649</u>	<u>136,744</u>	<u>115,288</u>	<u>235,105</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	1,895,366	141,007	11,933	2,024,441
Infrastructure	50,872	4,275	4,538	50,609
Total capital assets being depreciated	<u>1,946,238</u>	<u>145,282</u>	<u>16,471</u>	<u>2,075,050</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	852,708	61,321	8,252	905,777
Infrastructure	24,384	2,333	121	26,596
Total accumulated depreciation	<u>877,092</u>	<u>63,654</u>	<u>8,373</u>	<u>932,373</u>
Total capital assets being depreciated, net	<u>1,069,146</u>	<u>81,628</u>	<u>8,098</u>	<u>1,142,677</u>
Total capital assets, net	<u>\$ 1,282,795</u>	<u>\$ 218,372</u>	<u>\$ 123,386</u>	<u>\$ 1,377,782</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Portland State University				
<i>Capital assets not being depreciated:</i>				
Land	\$ 67,256	\$ -	\$ -	\$ 67,256
Construction in progress	75,081	26,098	60,754	40,425
Works of art and other nondepreciable assets	3,944	442	-	4,386
Total capital assets not being depreciated	<u>146,281</u>	<u>26,540</u>	<u>60,754</u>	<u>112,067</u>
<i>Capital assets being depreciated:</i>				
Building, property, and equipment	872,623	76,085	1,430	947,279
Infrastructure	32,170	401	-	32,571
Total capital assets being depreciated	<u>904,793</u>	<u>76,486</u>	<u>1,430</u>	<u>979,850</u>
Less accumulated depreciation for:				
Buildings, property, and equipment	427,317	28,229	1,316	454,231
Infrastructure	15,864	1,360	-	17,224
Total accumulated depreciation	<u>443,181</u>	<u>29,589</u>	<u>1,316</u>	<u>471,455</u>
Total capital assets being depreciated, net	<u>461,612</u>	<u>46,897</u>	<u>114</u>	<u>508,394</u>
Total capital assets, net	<u>\$ 607,893</u>	<u>\$ 73,437</u>	<u>\$ 60,868</u>	<u>\$ 620,462</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, 2020, were \$108.3 million for the primary government.

Future minimum rental payments for operating leases in effect as of June 30, 2020 (in thousands):

Year Ending June 30,	Amount
2021	\$ 111,924
2022	102,800
2023	93,611
2024	83,572
2025	76,995
2026-2030	270,150
2031-2035	141,372
2036-2040	32,623
2041-2045	3,351
Total future minimum rental payments	<u>\$ 916,396</u>

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.

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Carrying value of assets subject to an outstanding capital lease or lease purchase contract as of June 30, 2020 (in thousands):

Asset Class	Governmental Activities	Business-type Activities
Buildings, property, and equipment	\$ 12,187	\$ 7,857
Less accumulated depreciation	(10,131)	(3,184)
Total carrying value	\$ 2,055	\$ 4,673

Future minimum lease payments for capital leases and the related net present value as of June 30, 2020 (in thousands):

Year Ending June 30,	Governmental Activities	Business-type Activities
2021	\$ 1,957	\$ 1,432
2022	652	1,449
2023	576	1,449
2024	522	684
2025	-	40
Total future minimum lease payments	3,708	5,053
Less amounts representing interest	(1,007)	(547)
Present value of minimum lease payments	\$ 2,701	\$ 4,507

C. Lease Receivables

The State receives rental income from land, property, and equipment leased to non-state entities. For the year ended June 30, 2020, the State received rental income of \$4.3 million on leased assets with a cost of \$15 million, and a carrying value of \$11.1 million, net of \$4 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.

Future minimum lease revenues for non-cancelable operating leases as of June 30, 2020 (in thousands):

Year Ending June 30,	Amount
2021	\$ 4,133
2022	3,778
2023	3,397
2024	3,015
2025	2,141
2026-2030	6,883
2031-2035	4,852
2036-2040	817
2041-2045	262
Total future minimum lease revenues	\$ 29,277

8. SHORT AND LONG-TERM DEBT

A. Short-Term Debt

During the year, the Oregon Military Department (OMD), the Oregon Department of Forestry (ODF) and the Oregon Health Authority (OHA) repaid loans from the Oregon Short Term Fund (OSTF). The OMD and the OHA repaid loans from the OSTF made to cover cash flow requirements at the end of the biennium. In addition, the ODF repaid loans from the OSTF made 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, 2020 (in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental activities				
Military treasury loan	\$ 2,875	\$ -	\$ 2,875	\$ -
Health Authority treasury loan	80,000	-	80,000	-
Forestry treasury loan	25,000	-	25,000	-
Total short-term debt activity	\$ 107,875	\$ -	\$ 107,875	\$ -

B. General Obligation Bonds

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

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

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Debt service requirements for general obligation bonds as of June 30, 2020 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal ¹	Interest	Principal ²	Interest
2021	\$ 418,253	\$ 278,583	\$ 32,025	\$ 15,077
2022	418,860	259,586	28,200	14,195
2023	446,276	238,501	25,350	13,348
2024	447,249	217,131	24,900	12,587
2025	455,370	195,521	24,040	11,851
2026-2030	1,673,630	661,204	118,870	48,160
2031-2035	1,085,205	365,431	94,500	31,927
2036-2040	757,185	138,080	82,755	20,890
2041-2045	215,140	20,434	62,155	10,740
2046-2050	755	19	29,135	2,380
2051-2055	-	-	415	7
Total	\$ 5,917,924	\$ 2,374,491	\$ 522,345	\$ 181,164

¹ Includes \$1.4 billion in pension bond debt.

² 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 0.14% for \$25.1 million of these bonds and 0.13% 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 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.

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Notes to the Financial Statements

Debt service requirements for revenue bonds as of June 30, 2020 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal ¹	Interest
2021	\$ 168,570	\$ 156,337	\$ 79,660	\$ 29,649
2022	178,620	148,794	32,150	27,949
2023	186,315	140,546	35,380	27,148
2024	194,900	131,996	35,080	26,286
2025	203,470	123,231	36,135	25,402
2026-2030	1,011,455	472,319	187,575	112,678
2031-2035	953,085	232,191	189,520	85,927
2036-2040	341,840	65,151	182,005	61,905
2041-2045	125,210	8,812	161,890	39,618
2046-2050	-	-	118,665	12,595
2051-2055	-	-	2,825	122
Total	\$ 3,363,465	\$ 1,479,376	\$ 1,060,885	\$ 449,280

¹ Includes bonds with variable interest rates adjusted weekly based on the rates determined by the remarketing agent, not to exceed 12%. The interest rates at the end of the fiscal year were 0.13% for \$13.1 million of these bonds, 0.14% for \$33.6 million, 0.15% for \$44 million, 0.16% for \$65.5 million, and 0.17% for \$15 million.

D. Certificates of Participation

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

Debt service requirements for certificates of participation as of June 30, 2020 (in thousands):

Year ending June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 5,270	\$ 3,710
2022	5,450	3,530
2023	4,475	3,338
2024	4,155	3,198
2025	4,220	3,077
2026-2030	23,230	13,255
2031-2035	27,725	8,749
2036-2040	26,415	2,764
Total	\$ 100,940	\$ 41,621

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, and to finance state and local highways, multi-modal, and light rail projects. Direct borrowings and direct placements have been issued for business-type activities to finance projects that serve elderly and disabled persons, to provide loans for first-time home buyers, or affordable multifamily housing projects, and to provide loans to municipalities, schools, and other entities for energy conservation and generation of renewable energy.

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Debt service requirements for direct borrowings and direct placements as of June 30, 2020 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 853	\$ 150	\$ 3,465	\$ 1,708
2022	210	137	1,240	1,645
2023	215	130	1,910	1,611
2024	225	124	3,195	1,566
2025	230	118	3,620	1,492
2026-2030	1,250	485	19,420	6,229
2031-2035	1,440	293	16,190	3,827
2036-2040	1,310	76	10,260	1,979
2041-2045	-	-	4,835	441
2046-2050	-	-	135	3
Total	\$ 5,733	\$ 1,512	\$ 64,270	\$ 20,501

F. Contracts, Mortgages, and Notes Payable

The liability for contracts, mortgages, and notes is generally liquidated through the General 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, 2020 (in thousands):

Year ending June 30,	Governmental Activities		Business-type Activities		Fiduciary Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 41,546	\$ 17,234	\$ 4,600	\$ 1,797	\$ 90	\$ 55
2022	32,758	15,390	4,459	1,600	62	50
2023	33,184	13,246	4,646	1,389	65	48
2024	33,594	10,942	4,855	1,162	68	45
2025	33,413	8,629	3,944	919	71	42
2026-2030	96,981	10,462	10,343	1,115	407	157
2031-2035	-	-	-	-	448	57
Total	\$ 271,476	\$ 75,904	\$ 32,847	\$ 7,982	\$ 1,212	\$ 454

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G. Changes in Long-Term Debt

The beginning balance of general obligation bonds in the governmental activities has been restated for an error discovered during the current year. Refer to Note 19 for additional information.

Changes in long-term debt for governmental activities for the year ended June 30, 2020 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds/certificates payable:					
General obligation bonds	\$ 5,874,260	\$ 766,520	\$ 722,857	\$ 5,917,924	\$ 418,253
Revenue bonds	3,188,610	620,890	446,035	3,363,465	168,570
Certificates of participation	311,450	-	210,510	100,940	5,270
Direct borrowings/placements payable	372,327	-	366,594	5,733	853
Adjusted by amounts:					
For issuance discounts	(24)	-	(20)	(4)	-
For issuance premiums	890,214	133,861	150,321	873,753	-
Accreted interest	8,359	-	5,168	3,191	-
Bonds/certificates/direct borrowings payable	10,645,195	1,521,271	1,901,464	10,265,002	592,946
Contracts, mortgages, and notes payable	408,577	3,300	140,402	271,476	41,546
Total	\$ 11,053,772	\$ 1,524,571	\$ 2,041,866	\$ 10,536,477	\$ 634,492

Changes in long-term debt for business-type activities for the year ended June 30, 2020 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Bonds/certificates payable:					
General obligation bonds	\$ 539,530	\$ 98,215	\$ 115,400	\$ 522,345	\$ 32,025
Revenue bonds	984,355	171,405	94,875	1,060,885	79,660
Direct borrowings/placements payable	66,035	24,315	26,080	64,270	3,465
Adjusted by amounts:					
For issuance discounts	(136)	-	(115)	(21)	-
For issuance premiums	36,868	7,367	6,010	38,225	-
Bonds/certificates/direct borrowings payable	1,626,652	301,302	242,251	1,685,704	115,150
Contracts, mortgages, and notes payable	37,408	233	4,794	32,847	4,600
Total	\$ 1,664,060	\$ 301,535	\$ 247,044	\$ 1,718,551	\$ 119,750

Changes in long-term debt for fiduciary activities for the year ended June 30, 2020 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary activities					
Contracts, mortgages, and notes payable	\$ 1,152	\$ 279	\$ 219	\$ 1,212	\$ 90

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.

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OHCSO 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 OHCSO 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, 2020 (dollars in thousands):

Series	Outstanding		Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
	Amount						
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 91st day after the purchase date of the tender advance must be paid in full over a four year period in eight equal (or nearly equal) semi-annual installments, unless and until the bonds are remarketed or redeemed. If repayment of any tender advance does not occur within the specified timeframe contained in the Series 95, 98B, 105B, and 106C SBPAs, a default would have occurred.

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No tender advances or draws were necessary to purchase unremarketed bonds under the Series 95, 98B, 105B, and 106C SBPAs for fiscal year 2020. Therefore, no tender advances or draws were outstanding as of June 30, 2020.

Oregon Housing and Community Services Department

Included in Oregon Housing and Community Services Department's (OHCS) long-term debt is \$171.2 million in variable rate demand bonds. OHCS's variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the official statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCS has entered into a standby bond purchase agreement (SBPA) with State Street Bank and Trust Company and a standby letter of credit and reimbursement agreement with Sumitomo Mitsui Banking Corporation (the "liquidity facilities") to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The liquidity facilities require the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date, the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the relevant liquidity facility. The maximum rate for both liquidity facilities is 12%. The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption installments are to be paid commencing on the first business day of the eighteenth full month following the date the bonds became liquidity provider bonds in an amount equal to three-tenths of the initial amount of the liquidity provider bonds outstanding, with seven semi-annual installments due thereafter in an amount equal to one-tenth of the initial amount of liquidity provider bonds outstanding. There were no bank bonds as of June 30, 2020.

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%	BofA Securities, Inc.	0.07%
MRB 2016 C	15,000	State Street Bank and Trust Company	9/19/2024	0.3300%	BofA 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%	BofA Securities, Inc.	0.07%
MRB 2020 B	24,500	Sumitomo Mitsui Banking Corporation	6/11/2023	0.6400%	BofA 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, 2020 (in thousands):

Primary Government	Amount
Oregon Business Development Department	\$ 572,807
Oregon Facilities Authority	1,844,774
Housing and Community Services Department	528,509
Total no-commitment debt	\$ 2,946,089

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, 2019, and June 30, 2020:

On November 5, 2019, the Oregon Department of Administrative Services on behalf of various agencies issued \$45 million in 2019 Series M General Obligation Bonds with an average interest rate of 5%. These bonds refunded \$52.9 million of various series outstanding certificates of participation with an average interest rate of 4.9%. The current refunding was undertaken to reduce the total debt service payments over the next 15 years by \$10.1 million and resulted in an economic gain of \$9 million.

On November 5, 2019, the Oregon Department of Administrative Services on behalf of various agencies issued \$106.8 million in 2019 Series N General Obligation Bonds with an average interest rate of 5%. These bonds refunded \$133.4 million of outstanding 2010 Series B Certificates of Participation with an average interest rate of 6.1%. The advanced refunding was undertaken to reduce the total debt service payments over the next 15 years by \$23.1 million and resulted in an economic gain of \$19.7 million.

On November 5, 2019, the Oregon Department of Environmental Quality issued \$2 million in 2019 Series O General Obligation Bonds with an average interest rate of 3.8%. This bond refunded \$2.2 million of outstanding 2008 Series A General Obligation Bonds with an average interest rate of 4.4%. The current refunding was undertaken to reduce the total debt service payments over the next five years by \$321 thousand and resulted in an economic gain of \$301 thousand.

On November 5, 2019, the Oregon Department of Administrative Services on behalf of various agencies issued \$78.4 million in 2019 Series P General Obligation Bonds with an average interest rate of 2%. These bonds refunded \$73.9 million of various series outstanding general obligation bonds with an average interest rate of 4.9%. The advanced refunding was undertaken to reduce the total debt service payments over the next 16 years by \$6.2 million and resulted in an economic gain of \$5.6 million.

On November 5, 2019, the Oregon Department of Administrative Services on behalf of various agencies issued \$90.7 million in 2019 Series Q General Obligation Bonds with an average interest rate of 2.5%. These bonds refunded \$82.1 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 19 years by \$8.5 million and resulted in an economic gain of \$6.8 million.

On November 20, 2019, the Oregon Department of Transportation issued \$620.9 million in 2019 Series A and B Revenue Bonds with an average interest rate of 3.8%. These bonds refunded \$653.6 million of various series outstanding revenue bonds with an average interest rate of 4.4%. The current and advanced refundings were undertaken to reduce the total debt service payments over the next 23 years by \$90.2 million and resulted in an economic gain of \$61.2 million.

On April 2, 2020, the Oregon Department of Energy issued \$24.3 million in 2020 Series A and B General Obligation Bonds with an average interest rate of 1.3%. These bonds refunded \$23.5 million of various series outstanding general obligation bonds with an average interest rate of 4.6%. The current and advanced refundings were undertaken to reduce the total debt service payments over the next 11 years by \$4.7 million and resulted in an economic gain of \$4.5 million.

On June 11, 2020, the Oregon Housing and Community Services Department issued \$72.4 million in 2020 Series A and B Mortgage Revenue Bonds with an average interest rate of 2.1%. Of the bond proceeds, \$22.4 million were used to refund various outstanding housing revenue bonds with an

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average interest rate of 3.9%. The current refunding was undertaken to reduce the total debt service payments over the next 21 years by \$8.1 million and resulted in an economic gain of \$4.9 million.

On June 17, 2020, the Oregon Department of Administrative Services on behalf of the Oregon Business Development Department issued \$8.3 million in 2020 Series E General Obligation Bonds with an average interest rate of 5%. These bonds refunded \$10.6 million of outstanding 2010 Series A General Obligation Bonds with an average interest rate of 4%. The current refunding was undertaken to reduce the total debt service payments over the next 15 years by \$2.3 million and resulted in an economic gain of \$2.1 million.

On June 17, 2020, the Oregon Department of Administrative Services on behalf of the Oregon Business Development Department issued \$5.4 million in 2020 Series F General Obligation Bonds with an average interest rate of 1.8%. These bonds refunded \$5.2 million of outstanding 2011 Series I General Obligation Bonds with an average interest rate of 4.3%. The advanced refunding was undertaken to reduce the total debt service payments over the next 16 years by \$1.1 million and resulted in an economic gain of \$975 thousand.

On June 17, 2020, the Oregon Department of Administrative Services on behalf of various agencies issued \$110.3 million in 2020 Series G General Obligation Bonds with an average interest rate of 1.4%. These bonds refunded \$99.1 million of various series outstanding general obligation bonds with an average interest rate of 4.8%. The current and advanced refundings were undertaken to reduce the total debt service payments over the next 17 years by \$12.5 million and resulted in an economic gain of \$11.8 million.

On June 17, 2020, the Oregon Department of Administrative Services on behalf of various agencies issued \$109.3 million in 2020 Series H General Obligation Bonds with an average interest rate of 1.6%. These bonds refunded \$93.3 million of various series outstanding general obligation bonds with an average interest rate of 5%. The advanced refunding was undertaken to reduce the total debt service payments over the next 19 years by \$12.3 million and resulted in an economic gain of \$11.4 million.

On June 24, 2020, the Oregon Department of Veterans' Affairs issued \$69.2 million in general obligation bonds, of which \$46.1 million was used to refund previously issued general obligation bonds. The current refunding of these bonds decreased the total debt service over the next 10 years by \$14.7 million and resulted in an economic gain of \$12.4 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, 2020, \$1 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, 2020 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences payable	\$ 238,150	\$ 255,336	\$ 220,586	\$ 272,900	\$ 177,387
Claims and judgments payable	1,118,302	875,024	839,706	1,153,621	122,914
Arbitrage rebate payable	153	168	31	289	-
Deposit liabilities ¹	421,432	7,194,467	7,128,893	487,006	162,921
Obligations under capital lease	3,141	1,232	1,672	2,701	1,644
Pollution remediation obligation	46,997	3,686	21,506	29,177	8,110
Total other long-term liabilities	\$ 1,828,174	\$ 8,329,914	\$ 8,212,393	\$ 1,945,695	\$ 472,975

¹ Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, the Custodial Liabilities category has been renamed Deposit Liabilities and the beginning balance has been restated.

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 Public Transportation Fund and the Environmental Management 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 Public Transportation Fund, the Common School Fund, and the Environmental Management Fund.

Changes in other long-term liabilities for business-type activities for the year ended June 30, 2020 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences payable	\$ 22,260	\$ 27,373	\$ 24,207	\$ 25,426	\$ 16,625
Claims and judgments payable	865	18,267	18,502	630	630
Lottery prize awards payable	147,188	223,501	223,735	146,954	36,572
Arbitrage rebate payable	9,638	-	827	8,812	-
Deposit liabilities ¹	26,940	993,894	963,781	57,053	54,876
Obligations under capital lease	4,649	970	1,112	4,507	1,172
Derivative instruments liability	5,519	5,705	237	10,986	-
Total other long-term liabilities	\$ 217,059	\$ 1,269,709	\$ 1,232,400	\$ 254,368	\$ 109,875

¹ Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, the Custodial Liabilities category has been renamed Deposit Liabilities and the beginning balance has been restated.

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Changes in other long-term liabilities for fiduciary fund activities for the year ended June 30, 2020 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Fiduciary fund activities					
Deposit liabilities ¹	\$ 89,792	\$ 19,037	\$ 16,306	\$ 92,522	\$ 92,522
Total other long-term liabilities	<u>\$ 89,792</u>	<u>\$ 19,037</u>	<u>\$ 16,306</u>	<u>\$ 92,522</u>	<u>\$ 92,522</u>

¹ Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, the Custodial Liabilities category has been renamed Deposit Liabilities and the beginning balance has been restated.

B. Discretely Presented Component Units

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

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
University of Oregon					
Higher Education Coordinating Commission Loans	\$ 465,077	\$ -	\$ 18,568	\$ 446,509	\$ 16,486
Oregon Department of Energy Loans (SELP)	34,581	-	2,064	32,517	2,177
Advances from primary government	<u>\$ 499,658</u>	<u>\$ -</u>	<u>\$ 20,632</u>	479,026	18,663
Other current liabilities owed to primary government				12,820	12,820
Total				<u>\$ 491,845</u>	<u>\$ 31,483</u>
Oregon State University					
Higher Education Coordinating Commission Loans	\$ 284,933	\$ 2,803	\$ 16,203	\$ 271,533	\$ 13,638
Oregon Department of Energy Loans (SELP)	11,232	-	688	10,544	722
Advances from primary government	<u>\$ 296,165</u>	<u>\$ 2,803</u>	<u>\$ 16,891</u>	282,077	14,360
Other current liabilities owed to primary government				7,498	7,498
Total				<u>\$ 289,574</u>	<u>\$ 21,857</u>
Portland State University					
Higher Education Coordinating Commission Loans	\$ 191,140	\$ 14,152	\$ 27,570	\$ 177,722	\$ 10,875
Oregon Department of Energy Loans (SELP)	31,347	-	2,427	28,920	2,324
Advances from primary government	<u>\$ 222,487</u>	<u>\$ 14,152</u>	<u>\$ 29,997</u>	206,642	13,199
Other current liabilities owed to primary government				4,391	4,391
Total				<u>\$ 211,034</u>	<u>\$ 17,589</u>

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

10. POLLUTION REMEDIATION OBLIGATION

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

The State recognizes a pollution remediation obligation when it can reasonably estimate the range of expected cash outlays. At June 30, 2020, the State recognized an estimated liability of \$29.2 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, 2020.

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

Currently, the Oregon Department of Environmental Quality (DEQ), as a government responsible for sharing cost under federal law, is obligated to clean up two Superfund sites. One site is contaminated with chemicals used in the wood-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 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, 2020, 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 \$1.1 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 2039. Total principal and interest remaining to be paid on the bonds is \$1.5 billion. In fiscal year 2021, principal and interest payments on the bonds are expected to require approximately 22.6% of pledged revenue. Principal and interest paid for the current year and total pledged revenues recognized were \$133.1 million and \$590 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 \$2.2 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 \$3.3 billion. Fiscal year 2021 principal and interest payments on the bonds are expected to require approximately 25.2% of pledged revenues. Principal and interest paid for the current year and total pledged revenues recognized were \$186.9 million and \$709.7 million, respectively.

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12. INTERFUND TRANSACTIONS

Interfund balances reported in the fund financial statements as of June 30, 2020 (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	\$ -	\$ 102,064	\$ 5,748	\$ 60,696	\$ -	\$ 264,880
Health and Social Services	395,283	-	-	17,493	-	8,464
Public Transportation	4,778	-	-	-	-	14,659
Educational Support	255	-	-	-	-	97
Common School	1	-	-	-	-	335
Nonmajor Governmental Funds	66,082	35,488	4,427	430	74	39,396
Housing and Community Services	-	-	-	-	-	54
Lottery Operations	71,117	-	-	-	-	127
Unemployment Compensation	5,327	-	-	-	-	1,259
Nonmajor Enterprise Funds	35,279	724	-	-	-	46
Internal Service Funds	28,320	69	-	-	-	12,715
Pension and Other Employee Benefit Trust	-	-	-	-	-	-
Private Purpose Trust	-	-	-	-	-	-
Other Custodial	14	-	-	-	-	-
Total	\$ 606,456	\$ 138,344	\$ 10,175	\$ 78,620	\$ 74	\$ 342,032

Advances to Other Funds

Advances from Other Funds	General	Common School	Internal Service Funds	Total
General	\$ -	\$ -	\$ 342	\$ 342
Nonmajor Governmental Funds	14,080	300	-	14,380
Nonmajor Enterprise Funds	1,121	-	-	1,121
Total	\$ 15,201	\$ 300	\$ 342	\$ 15,843

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

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Due from Other Funds (continued)

Housing and Community Services	Veterans' Loan	Unemployment Compensation	Nonmajor Enterprise Funds	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Other Custodial	Total
\$ 216	\$ 53	\$ -	\$ 7,610	\$ 10,412	\$ -	\$ -	\$ -	\$ 451,679
-	-	-	16,701	624	-	-	-	438,565
-	-	-	-	-	-	-	-	19,437
-	-	-	-	-	-	-	-	352
-	-	-	-	-	-	-	-	335
264	34	-	-	1,058	-	-	-	147,253
-	-	-	-	-	-	-	-	54
-	-	-	-	-	-	-	-	71,244
-	-	-	-	-	-	538	15	7,139
-	91	-	-	151	80	-	-	36,370
-	-	-	55	-	-	-	-	41,159
-	-	-	-	-	3,958	-	-	3,958
-	-	1,650	-	-	-	-	-	1,650
-	-	-	-	-	-	-	-	14
\$ 480	\$ 178	\$ 1,650	\$ 24,366	\$ 12,244	\$ 4,037	\$ 538	\$ 15	\$ 1,219,210

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Interfund transfers reported in the fund financial statements as of June 30, 2020 (in thousands):

Transfers to Other Funds	Transfers from Other Funds				
	General	Health and Social Services	Public Transportation	Educational Support	Common School
General	\$ -	\$ 45,903	\$ 140,188	\$ 653,034	\$ 14
Health and Social Services	75,788	-	-	78,007	-
Public Transportation	27,229	-	-	-	6,000
Educational Support	201,682	-	-	-	-
Common School	76,335	-	-	-	-
Nonmajor Governmental Funds	78,834	82,584	6,665	3,793	2,608
Housing and Community Services	-	-	-	-	-
Veterans' Loan	-	-	-	-	-
Lottery Operations	589,769	-	-	-	-
Nonmajor Enterprise Funds	199,231	8,965	-	-	-
Internal Service Funds	5,951	-	-	3,567	-
Total	\$ 1,254,817	\$ 137,453	\$ 146,853	\$ 738,402	\$ 8,621

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.

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Transfers from Other Funds (continued)

Nonmajor Governmental Funds	Housing & Community Services	Veterans' Loan	Nonmajor Enterprise Funds	Internal Service Funds	Total
\$ 414,862	\$ 89	\$ 475	\$ 358,585	\$ 20	\$ 1,613,169
50,031	-	-	12,546	-	216,372
260,214	-	-	-	-	293,443
1,408	-	-	-	284	203,374
3,664	-	-	-	-	79,999
182,194	-	-	3,284	864	360,826
252	-	-	-	-	252
176	-	-	-	-	176
2,293	-	-	-	-	592,062
15,668	-	-	4,585	1,011	229,461
17,745	-	-	378	-	27,640
\$ 948,507	\$ 89	\$ 475	\$ 379,379	\$ 2,179	\$ 3,616,775

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13. SEGMENT INFORMATION

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

ORS 456.645 authorizes the Oregon Housing and Community Services Department (OHCS D) 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 D 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 D's various bond funds for the year ended June 30, 2020 (in thousands):

Condensed statement of net position	Water/			
	Special Public Works Fund	Wastewater Financing Fund	Mortgage Revenue Bonds	Housing Revenue Bonds
Assets:				
Interfund receivables	\$ 48	\$ 26	\$ 59	\$ -
Other current assets	120,920	36,158	124,472	14,027
Noncurrent assets	150,404	71,361	987,560	34,861
Total assets	<u>271,373</u>	<u>107,545</u>	<u>1,112,090</u>	<u>48,888</u>
Deferred outflows of resources	377	168	11,732	-
Liabilities:				
Interfund payables	1	-	7	59
Other current liabilities	4,489	1,360	82,954	12,307
Noncurrent liabilities	36,170	9,207	946,579	30,568
Total liabilities	<u>40,660</u>	<u>10,567</u>	<u>1,029,540</u>	<u>42,934</u>
Deferred inflows of resources	58	26	3,498	122
Net position:				
Restricted-Expendable	13	6	90,785	5,832
Unrestricted	231,019	97,115	-	-
Total net position	<u>\$ 231,032</u>	<u>\$ 97,120</u>	<u>\$ 90,785</u>	<u>\$ 5,832</u>

Condensed statement of revenues, expenses, and changes in net position	Water/			
	Special Public Works Fund	Wastewater Financing Fund	Mortgage Revenue Bonds	Housing Revenue Bonds
Operating activities:				
Loan interest income	\$ 4,168	\$ 2,202	\$ 31,892	\$ 2,561
Other operating revenue	43	-	1,956	73
Operating expenses	11,012	5,548	(34,775)	(2,296)
Operating income (loss)	<u>(6,801)</u>	<u>(3,347)</u>	<u>(927)</u>	<u>339</u>
Total nonoperating revenues (expenses)	2,838	657	7,575	365
Transfers from other funds	2,787	550	23,172	22,420
Transfers to other funds	(4,722)	(1,164)	(28,220)	(22,495)
Change in net position	<u>(5,898)</u>	<u>(3,304)</u>	<u>1,599</u>	<u>629</u>
Beginning net position	236,930	100,424	89,186	5,204
Ending net position	<u>\$ 231,032</u>	<u>\$ 97,120</u>	<u>\$ 90,785</u>	<u>\$ 5,832</u>

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Condensed statement of cash flows	Special Public Works Fund	Water/ Wastewater Financing Fund	Mortgage Revenue Bonds	Housing Revenue Bonds
Net cash provided (used) by:				
Operating activities	\$ (6,154)	\$ (3,986)	\$ (35,908)	\$ 12,295
Noncapital financing activities	(5,425)	(1,629)	46,939	(10,418)
Investing activities	3,220	4,057	52,817	2,411
Net increase (decrease)	(8,360)	(1,559)	63,848	4,288
Beginning cash and cash equivalents	100,389	31,813	19,904	2,007
Ending cash and cash equivalents	\$ 92,030	\$ 30,255	\$ 83,752	\$ 6,295

Condensed statement of net position	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Fund
Assets:		
Current assets	\$ 4,838	\$ 8,595
Capital assets	-	1
Other noncurrent assets	64,491	103,639
Total assets	69,329	112,236
Deferred outflows of resources	100	414
Liabilities:		
Interfund payables	1	47
Other current liabilities	1,836	2,912
Noncurrent liabilities	32,079	28,928
Total liabilities	33,916	31,888
Deferred inflows of resources	410	490
Net position:		
Net investment in capital assets	-	1
Restricted-Expendable	35,102	75,598
Unrestricted	-	4,673
Total net position	\$ 35,102	\$ 80,272

Condensed statement of revenues, expenses, and changes in net position	Multifamily Housing Revenue Bonds	Elderly and Disabled Housing Fund
Operating activities:		
Loan interest income	\$ 3,152	\$ 3,342
Other operating revenue	(5)	117
Operating expenses	(2,017)	(3,402)
Operating income (loss)	1,130	57
Total nonoperating revenues (expenses)	870	1,311
Transfers from other funds	-	15
Transfers to other funds	(4)	(43)
Change in net position	1,997	1,340
Beginning net position	33,106	78,932
Ending net position	\$ 35,102	\$ 80,272

**State of Oregon
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Condensed statement of cash flows	Multifamily	
	Housing Revenue Bonds	Elderly and Disabled Housing Fund
Net cash provided (used) by:		
Operating activities	\$ 18,887	\$ 12,587
Noncapital financing activities	(17,186)	(3,045)
Investing activities	8,467	1,059
Net increase (decrease)	10,168	10,600
Beginning cash and cash equivalents	810	42,534
Ending cash and cash equivalents	\$ 10,979	\$ 53,134

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, 2020, there were 901 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, 2020, there were 16,323 active plan members, 129,520 inactive plan members or their beneficiaries currently receiving benefits, and 9,930 inactive plan members entitled to but not yet receiving benefits, for a total of 155,773 Tier One members. As of June 30, 2020, there were 31,548 active plan members, 17,162 inactive plan members or their beneficiaries currently receiving benefits, and 13,880 inactive plan members entitled to but not yet receiving benefits, for a total of 62,590 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, 2020, there were 130,806 active plan members, 6,940 inactive plan members or their beneficiaries currently receiving benefits, 6,281 inactive plan members entitled to but not yet receiving benefits, and 16,439 inactive plan members not eligible for refund or retirement, for a total of 160,466 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.

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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. 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 in fiscal year 2015 was 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. 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-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.

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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, effective July 1 of each odd-numbered year. A 6% member contribution is set by statute and is paid by state employees directly from their salary. These two contributions are paid to the State's pension system and are invested at an acceptable level of investment risk as determined by the Oregon Investment Council.

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

Tier One - Tier Two		OPSRP Employer Rates	
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, 2020, totaled \$445.8 million. Member contributions paid by the State on behalf of employees for the year ended June 30, 2020, were \$2.1 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, 2019, was \$12.7 million.

The respective employer contributions to PERS for the fiscal year ended June 30, 2020, for University of Oregon, Oregon State University, and Portland State University were \$39.4 million, \$40.6 million, and \$17.1 million.

D. Net Pension Liability

At June 30, 2020, the State reported a liability of \$3.9 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. 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, 2019, measurement date (MD), the State's proportionate share, excluding those component units, was 22.3% which is 1.2% higher than the proportion of 21.1% at the prior measurement date of June 30, 2018. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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Notes to the Financial Statements

For the year ended June 30, 2020, the State recognized pension expenses of \$1 billion. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 212,427	\$ -
Changes in assumptions	522,570	-
Net difference between projected and actual earnings on investments	-	109,201
Changes in proportion and differences between employer contributions and proportionate share of contributions	143,347	75,490
Total (prior to post-MD contributions)	<u>878,344</u>	<u>184,691</u>
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	693,653
Contributions subsequent to the MD	445,812	N/A
Net deferred outflow/(inflow) of resources		<u>\$ 1,139,465</u>

The \$445.8 million reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2021.

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

Fiscal Year	Amount
2021	\$ 398,907
2022	57,792
2023	124,009
2024	103,746
2025	9,200
	<u>\$ 693,653</u>

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

	Business-type Activities						Total Primary Government
	Governmental Activities	Housing and Community Services	Veterans' Loan	Lottery Operations	Other	Total	
Deferred Outflows and Deferred Inflows							
Deferred Outflows:							
Difference between expected and actual economic experience	\$ 193,121	\$ 320	\$ 212	\$ 2,397	\$ 16,377	\$ 19,307	\$ 212,427
Changes in assumptions	475,076	787	523	5,896	40,288	47,494	522,570
Changes in proportion and differences between employer contributions and proportionate share of contributions	130,501	213	141	1,595	10,898	12,847	143,347
Contributions subsequent to the MD	402,375	631	423	6,470	35,913	43,437	445,812
Total deferred outflows related to pensions	<u>\$ 1,201,072</u>	<u>\$ 1,952</u>	<u>\$ 1,299</u>	<u>\$ 16,357</u>	<u>\$ 103,476</u>	<u>\$ 123,084</u>	<u>\$ 1,324,156</u>
Deferred Inflows:							
Net difference between projected and actual earnings on investments	\$ 99,276	\$ 165	\$ 109	\$ 1,232	\$ 8,419	\$ 9,925	\$ 109,201
Changes in proportion and differences between employer contributions and proportionate share of contributions	68,725	112	74	840	5,739	6,766	75,490
Total deferred inflows related to pensions	<u>\$ 168,001</u>	<u>\$ 277</u>	<u>\$ 184</u>	<u>\$ 2,072</u>	<u>\$ 14,158</u>	<u>\$ 16,690</u>	<u>\$ 184,691</u>

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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, 2017
Experience study report	2016, published July 26, 2017
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: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

To develop an analytical basis for the selection of the long-term expected rate of return assumptions, in July 2017, the PERS Board reviewed long-term assumptions developed by both a consulting actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

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

Asset Class	Target	Compound Annual Return (Geometric)
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Bank/leveraged loans	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/mid cap US equities	15.75%	6.30%
Small cap US equities	1.31%	6.69%
Micro cap US equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.13%	7.45%
Non-US small cap equities	1.88%	7.01%
Private equity	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITS)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
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):

Net Pension Liability	1% Decrease (6.2%)	Current Discount (7.2%)	1% Increase (8.2%)
Defined Benefit Pension Plan	\$ 6,168.7	\$ 3,852.0	\$ 1,913.3

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 2020. 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, 2020, for the State, as the primary government, is \$268.6 million, and is reported in the accompanying financial statements as part of the contracts, mortgages, and notes payable balance.

15. OTHER POSTEMPLOYMENT BENEFIT PLANS

A. Public Employees Retirement System

Plan Descriptions

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of the members of PERS. Eligible retirees pay their own age-adjusted premiums. To help retirees defray the cost of these premiums, PERS also administers two separate defined benefit other postemployment benefit (OPEB) plans: the Retirement Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA).

The RHIA is a cost-sharing multiple-employer OPEB plan. Established under Oregon Revised Statute (ORS) 238.420, the plan provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive the RHIA subsidy, the member must (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations for the RHIA plan.

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

At June 30, 2020, the following employees were covered by the benefit terms:

	RHIA	RHIPA
Inactive employees or beneficiaries currently receiving benefit payments	43,797	803
Inactive employees entitled to but not yet receiving benefit payments	13,044	-
Active employees	47,611	12,868
	104,452	13,671

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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:

RHIA		RHIPA	
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, 2020, totaled \$587 thousand and \$8.8 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, 2020, the State reported an asset of \$44.1 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. 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, 2019, measurement date (MD), the State's proportion, excluding those component units, was 22.8%, which is 0.1% lower than the proportion of 22.9% at the prior measurement date of June 30, 2018. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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For the year ended June 30, 2020, the State recognized negative OPEB expense of \$5.9 million. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,812
Change in assumptions	-	46
Net difference between projected and actual earnings on investments	-	2,721
Changes in proportion and differences between employer contributions and proportionate share of contributions	181	196
Total (prior to post-MD contributions)	181	8,775
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	(8,595)
Contributions subsequent to the MD	587	N/A
Net deferred outflow/(inflow) of resources		\$ (8,007)

The \$587 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Amount
2021	\$ (4,367)
2022	(3,997)
2023	(510)
2024	280
	<u>\$ (8,595)</u>

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

	Business-type Activities						Total Primary Government
	Governmental Activities	Housing and Community Services	Veterans' Loan	Lottery Operations	Other	Total	
Deferred Outflows and Deferred Inflows							
Deferred Outflows:							
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 167	\$ -	\$ -	\$ 2	\$ 11	\$ 13	\$ 181
Contributions subsequent to the MD	534	1	1	23	28	53	587
Total deferred outflows related to OPEB	\$ 701	\$ 1	\$ 1	\$ 25	\$ 39	\$ 67	\$ 768
Deferred Inflows:							
Differences between expected and actual experience	\$ 5,241	\$ 9	\$ 7	\$ 78	\$ 477	\$ 571	\$ 5,812
Change in Assumptions	41	-	-	1	4	4	46
Net difference between projected and actual earnings on investments	2,453	4	3	37	223	267	2,721
Changes in proportion and differences between employer contributions and proportionate share of contributions	177	-	-	3	16	19	196
Total deferred inflows related to OPEB	\$ 7,913	\$ 14	\$ 10	\$ 118	\$ 720	\$ 862	\$ 8,775

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RHIPA

At June 30, 2020, the State reported a net OPEB liability of \$19.5 million. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. 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, 2020, the State recognized OPEB expenses of \$2.4 million. At June 30, 2020, 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	\$ -	\$ 1,852
Change in assumptions	233	-
Net difference between projected and actual earnings on investments	-	70
Total (prior to post-MD contributions)	233	1,923
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	(1,689)
Contributions subsequent to the MD	8,770	N/A
Net deferred outflow/(inflow) of resources	\$ -	\$ 7,081

The \$8.8 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, 2021.

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

Fiscal Year	Amount
2021	\$ (401)
2022	(401)
2023	(304)
2024	(265)
2025	(296)
Thereafter	(22)
	\$ (1,689)

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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:							
Change in Assumptions	\$ 211	\$ -	\$ -	\$ 3	\$ 19	\$ 23	\$ 233
Contributions subsequent to the MD	7,901	13	10	141	706	869	8,770
Total deferred outflows related to OPEB	\$ 8,112	\$ 14	\$ 10	\$ 144	\$ 725	\$ 892	\$ 9,004
Deferred Inflows:							
Differences between expected and actual experience	\$ 1,672	\$ 3	\$ 2	\$ 24	\$ 151	\$ 180	\$ 1,852
Net difference between projected and actual earnings on investments	64	-	-	1	6	7	70
Total deferred inflows related to OPEB	\$ 1,736	\$ 3	\$ 2	\$ 25	\$ 157	\$ 187	\$ 1,923

Changes in Net OPEB Liability

The schedule of changes in net OPEB liability and related ratios measured as of June 30, 2019, is as follows (dollars in millions):

Total OPEB Liability

Service cost	\$ 1.5
Interest on total OPEB liability	5.0
Changes in benefit terms	-
Changes in assumptions	-
Differences between expected and actual experience	(0.3)
Benefit payments	(4.5)
Net change in total OPEB liability	1.7
Total OPEB liability - Beginning	70.3
Total OPEB liability - Ending	<u>\$ 72.0</u>

Plan Fiduciary Net Position

Employer contributions	\$ 14.0
Net investment and other income	2.5
Benefit payments	(4.5)
Administrative expense	(0.3)
Net change in plan fiduciary net position	11.7
Plan fiduciary net position - Beginning	35.0
Plan fiduciary net position - Ending	<u>\$ 46.7</u>
Net OPEB Liability	<u>\$ 25.3</u>

Plan fiduciary net position as a percentage of the total OPEB liability	64.9%
Covered payroll	\$ 1,120.5
Net OPEB liability as a percentage of covered payroll	2.3%

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Actuarial Assumptions

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

	RHIA	RHIPA
Valuation date	December 31, 2017	December 31, 2017
Experience study report	2016, published July 26, 2017	2016, published July 26, 2017
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: 35%; Disabled retirees: 20%	8-14 Years of Service: 10%
		15-19 Years of Service: 18%
		20-24 Years of Service: 23%
		25-29 Years of Service: 29%
		30+ Years of Service: 38%
Healthcare cost trend rate	Not Applicable	Applied at beginning of plan year, starting with 7.5% for 2017, decreasing to 5.2% for 2024, increasing to 6.2% for 2029, and decreasing to an ultimate rate of 4.2% for 2093 and beyond.
Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both a consulting actuary's capital market assumptions and the Oregon Investment Council's (OIC) investment advisors.

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

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Bank/leveraged loans	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/mid cap US equities	15.75%	6.30%
Small cap US equities	1.31%	6.69%
Micro cap US equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.13%	7.45%
Non-US small cap equities	1.88%	7.01%
Private equity	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITS)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
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):

<u>Net OPEB Liability/(Asset)</u>	<u>1% Decrease (6.2%)</u>	<u>Current Discount (7.2%)</u>	<u>1% Increase (8.2%)</u>
RHIA	\$ (34.2)	\$ (44.1)	\$ (52.5)
RHIPA	23.2	19.5	16.1

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

Net OPEB Liability/(Asset)	1% Decrease	Current Trend Rate	1% Increase
RHIA	\$ (44.1)	\$ (44.1)	\$ (44.1)
RHIPA	14.6	19.5	24.9

Changes in Plan Provisions

The PERS Board adopted assumption changes that were used to measure the June 30, 2019, total OPEB liability. The long-term expected rate of return remained unchanged at 7.2%. In addition, the healthy healthcare participation and cost trend rates, and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

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, 2020, membership in the PEBB Plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	1,066
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>52,526</u>
	<u>53,592</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, 2020, retired plan members contributed \$13.8 million through their required contributions. The average monthly contribution was \$1,076. Active employees do not contribute to the plan.

Total OPEB Liability

At June 30, 2020, the State reported a total OPEB liability of \$108.3 million. The total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. Certain

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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, 2020, the State recognized OPEB expenses of \$10.1 million. At June 30, 2020, 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	\$ -	\$ 514
Changes in assumptions	2,772	15,897
Total	2,772	(16,411)
Net deferred outflow/(inflow) of resources		\$ (13,638)

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

Fiscal Year	Amount
2021	\$ (1,817)
2022	(1,817)
2023	(1,817)
2024	(1,817)
2025	(1,817)
Thereafter	(4,553)
	\$ (13,638)

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

	Business-type Activities						Total Primary Government
	Governmental Activities	Housing and Community Services	Veterans' Loan	Lottery Operations	Other	Total	
Deferred Outflows and Deferred Inflows							
Deferred Outflows:							
Change in Assumptions	\$ 2,493	\$ 4	\$ 3	\$ 32	\$ 240	\$ 279	\$ 2,772
Total deferred outflows related to OPEB	\$ 2,493	\$ 4	\$ 3	\$ 32	\$ 240	\$ 279	\$ 2,772
Deferred Inflows:							
Differences between expected and actual experience	\$ 462	\$ 1	\$ -	\$ 6	\$ 45	\$ 52	\$ 514
Change in Assumptions	14,296	23	15	186	1,377	1,601	15,897
Total deferred inflows related to OPEB	\$ 14,758	\$ 23	\$ 16	\$ 192	\$ 1,422	\$ 1,653	\$ 16,411

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Changes in Total OPEB Liability

The schedule of changes in the total OPEB liability measured as of June 30, 2020, is as follows (in millions):

Balance as of June 30, 2019	\$ 161.2
Changes for the year	
Service cost	10.1
Interest on total OPEB liability	5.9
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	(0.8)
Effect of assumptions changes or inputs	(21.7)
Benefit payments	(7.9)
Balance as of June 30, 2020	<u>\$ 146.7</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	July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Salary increases	3.50%
Discount rate	2.21%
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 2.21%, which reflect the Bond Buyer 20-year General Obligation Bond Index. The rate used to measure the total OPEB liability for fiscal year 2019 was 3.5%, which is 1.29% higher than the rate for fiscal year 2020.

The following table presents the total OPEB liability for the PEBB plan calculated using the discount rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower (1.21%) or one percent higher (3.21%) than the current rate (in millions):

Total OPEB Liability	1% Decrease (1.21%)	Current Discount (2.21%)	1% Increase (3.21%)
PEBB	\$ 116.1	\$ 108.3	\$ 101.0

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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):

Total OPEB Liability	1% Decrease	Current Trend Rate	1% Increase
PEBB	\$ 97.4	\$ 108.3	\$ 121.1

Changes in Plan Provisions

PEBB adopted health care cost trend changes that were used to measure the June 30, 2020, total OPEB liability. The changes include using payment methodologies in self-insured health benefit plans designed to limit the growth in per-member expenditures for health services to no more than 3.4% per year. In addition, PEBB adopted policies and practices to limit the annual increase in premium amounts paid for contracted health benefit plans to 3.4%.

C. Collective Amount of OPEB Expense

For the year ended June 30, 2020, the aggregate amount of OPEB expense recognized by the primary government was \$6.5 million.

D. Discretely Presented Component Units

The SAIF Corporation's employer contributions to RHIA and RHIPA for the fiscal year ended December 31, 2019, were \$208 thousand and \$309 thousand, respectively.

The employer contributions to RHIA for the fiscal year ended June 30, 2020, for University of Oregon, Oregon State University, and Portland State University are \$120 thousand, \$47 thousand, and \$19 thousand, respectively.

The employer contributions to RHIPA for the fiscal year ended June 30, 2020, for University of Oregon, Oregon State University, and Portland State University are \$732 thousand, \$846 thousand, and \$363 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, 2020, 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, 2020, the fair value of the investments was \$2.2 billion.

17. RISK FINANCING

A. Property, Liability, and Workers' Compensation Coverage for State Government

The Department of Administrative Services, Enterprise Goods and Services Division, Risk Management section (Risk Management) administers the State's property, liability, and workers' compensation insurance program. Risk Management has found it is more economical to manage the risk of loss internally and, therefore, minimizes the purchases of commercial insurance policies to the extent possible. The moneys set aside by Risk Management under Chapter 278 of the Oregon Revised Statutes are used to service the following risks:

- Direct physical loss or damage to State property
- Tort liability claims brought against the State, its officers, employees, or agents
- Inmate injury
- Worker's compensation
- Employee dishonesty
- Faithful performance bonds for key position as required by law and additional positions as determined by agency policy

Risk Management purchases commercial insurance for specific insurance needs not covered by self-funding. For example, the self-insured property and liability program is backed by an excess property policy with a limit of \$425 million and a blanket commercial crime policy with a limit of \$5 million. The amount of claim settlements did not exceed commercial insurance coverage for each of the past three fiscal years.

All State agencies, commissions, and boards participate in the self-insured property and liability program. Risk Management allocates the cost of claims and claims administration by charging an assessment to each State entity, based on its share of losses. Statewide risk charges are based on independent biennial 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 \$86.5 million as of June 30, 2020. Independent actuaries determine annual loss forecasts.

Periodically, Risk Management reevaluates 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 an amount of 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, 2020 and 2019 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2020	\$ 198,087	\$ 95,174	\$ (63,893)	\$ 229,368
2019	189,308	58,749	(49,970)	198,087

The June 30, 2020, 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.

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B. State Healthcare Plans

Chapter 243 of the Oregon Revised Statutes authorized the Public Employees' Benefit Board (PEBB) to establish and maintain medical, dental, and vision insurance plans for the benefit of PEBB members. Currently the State provides these benefits through five self-insurance plans.

PEBB is responsible for controlling expenditures, stabilizing benefit premium rates, and minimizing the risk of loss. Funds set aside in a stabilization fund may be used to offset any actual premium deficiencies in the self-funded plans. The reserve is considered adequate to cover catastrophic losses due to large claims in the self-insured plans, as well as unexpected increases in trend, utilization, or other potential fluctuations. PEBB has not purchased stop-loss coverage on any of the self-insured plans.

Contracted actuaries and consultants estimate the claims liability. IBNR expenses are estimated by using claims lag triangles from the plans to develop completion factors. For the most recent months, incurred claims are estimated based upon reviewing the most recent claims experience per employee and adjusting for trend and seasonality to the projection month. Since most of the claims will be paid out within the year, the estimated amounts are not discounted. Prior claims adjustments, including subrogation, are included in the lag triangles. Overall, these adjustments are not expected to be significant.

Settlements exceeded coverage for one of the statewide plans in 2018 and 2019 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, 2020 and 2019 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2020	\$ 63,007	\$ 690,261	\$ (702,762)	\$ 50,506
2019	54,563	703,998	(695,554)	63,007

The June 30, 2020, 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, 2020, using a 4% discount rate.

Changes in the balance of aggregate claims liabilities for supplemental workers' compensation insurance for the years ended June 30, 2020 and 2019 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2020	\$ 857,208	\$ 89,590	\$ (73,051)	\$ 873,747
2019	872,510	60,797	(76,099)	857,208

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The June 30, 2020, balance of claims liabilities is included in claims and judgments payable on the government-wide statement of net position under governmental activities.

D. Standard Retiree Health Insurance Account

Chapter 238 of the Oregon Revised Statutes authorizes the Public Employees Retirement System (PERS) to contract with health insurance carriers to provide health care insurance for eligible retired members of PERS. The Standard Retiree Health Insurance Account (SRHIA) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been IBNR. The estimated claims liability is 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 \$630 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, 2020 and 2019 (in thousands):

Fiscal Year	Beginning Balance	Increase in Claims or Estimate	Claims Payments	Ending Balance
2020	\$ 865	\$ 18,267	\$ (18,502)	\$ 630
2019	9,200	83,240	(91,575)	865

The June 30, 2020, 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 reserve for losses and LAE decreased \$8 million in calendar year 2019, which was net of favorable loss development of \$148.8 million. Loss reserves decreased \$11.4 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, combined with newly established reserves for the 2019 accident year. A significant portion of the favorable development is due to a decrease in 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 medical escalation and fewer permanent disability claims in more recent years than previously forecasted. LAE reserves increased \$3.4 million. This was due to a combination of paid LAE associated with previously incurred claims and favorable development in prior accident years, offset by newly established reserves for the 2019 accident year. The favorable development was largely attributed to the overall reduction in loss reserves due to the strong relationship of the level of unpaid LAE to the level of unpaid loss.

SAIF discounts the indemnity reserve for workers' compensation claims on a tabular basis, using 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 2019 was \$202.8 million. The related discount was \$95.3 million as of December 31, 2019.

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Anticipated salvage and subrogation of \$39.6 million was included as a reduction of the reserve for loss and LAE at December 31, 2019.

SAIF's exposure to asbestos claims arose from the sale of workers' compensation policies. As of December 31, 2019, SAIF had provided reserves of \$13.3 million for loss and LAE related to asbestos claims. Amounts paid for asbestos-related claims as of the end of the year was \$569 thousand.

Changes in the balance of the liability for loss and LAE related to workers compensation insurance underwritten by SAIF for 2019 and 2018 (in thousands):

Calendar Year	Beginning Balance	Incurred Losses and Loss Adjustment Expenses	Loss and Loss Adjustment Expense Payments	Ending Balance
2019	\$ 2,538,613	\$ 423,843	\$ (431,857)	\$ 2,530,599
2018	2,720,045	224,197	(405,629)	2,538,613

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, 2020 (in thousands):

Proprietary Funds	Type of Revenue	Amount
Lottery Operations	Sales	\$ 1,269
Unemployment Compensation	Assessments	23,462
Unemployment Compensation	Fines and forfeitures	87
Nonmajor Enterprise Funds	Sales	6,135
Internal Service Funds	Charges for services	9
Total discounts and allowances		\$ 30,963

19. FUND EQUITY

A. Net Position Restricted by Enabling Legislation

The following schedule summarizes the State's net position at June 30, 2020, that is restricted by enabling legislation (in thousands). All of the legislative restrictions are in governmental activities.

	<u>Restricted Net Position</u>
Expendable net position restricted for:	
Health and social service programs	\$ 31,667
Public transportation programs	13,194
Natural resource programs	161,360
Education	569,942
Community protection	47,618
Consumer protection	148,549
Employment services	198,019
Residential assistance	1,907
Other programs	306,782
Nonexpendable net position restricted for:	
Education	3,575
Residential assistance	5,727
Workers' compensation	1,000
Total net position restricted by enabling legislation	<u><u>\$ 1,489,341</u></u>

B. Changes to Beginning Equity

As of June 30, 2020, the beginning fund balance was restated as follows (in thousands):

	<u>Beginning Balance</u>	<u>Prior Period Adjustments</u>	<u>Accounting Changes</u>	<u>Beginning Balance- Restated</u>
Governmental funds and activities				
General	\$ 4,603,657	\$ (1,427)	\$ -	\$ 4,602,230
Health and Social Services	350,724	-	-	350,725
Public Transportation	885,183	(13)	-	885,170
Educational Support	2,038,622	511	-	2,039,133
Common School	1,481,512	(20)	-	1,481,492
Other (nonmajor)	3,236,033	7,483	116,473	3,359,989
Capital assets, net of depreciation	14,093,669	(12,789)	-	14,080,880
Other noncurrent assets	27,907	-	-	27,907
Noncurrent liabilities	(14,826,956)	(22)	-	(14,826,978)
Deferred inflows and outflows of resources	2,145,501	-	-	2,145,501
Internal service funds	302,700	(1,958)	5,494	306,236
Total governmental funds and activities	<u><u>\$ 14,338,550</u></u>	<u><u>\$ (8,233)</u></u>	<u><u>\$ 121,968</u></u>	<u><u>\$ 14,452,285</u></u>

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	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance- Restated
Proprietary funds and business-type activities				
Housing and Community Services	\$ 236,856	\$ -	\$ -	\$ 236,856
Veterans' Loan	134,009	-	-	134,009
Lottery Operations	278,740	-	-	278,740
Unemployment Compensation	4,919,346	-	-	4,919,346
Other (nonmajor)	1,168,500	(57)	-	1,168,443
Internal service funds adjustment	285	-	-	285
Total proprietary funds and business-type activities	\$ 6,737,736	\$ (57)	\$ -	\$ 6,737,679

	Beginning Balance	Prior Period Adjustments	Accounting Changes	Beginning Balance- Restated
Fiduciary funds				
Pension and Other Employee Benefit Trust	\$ 82,866,614	\$ -	\$ -	\$ 82,866,614
Private Purpose Trust	53,000	-	1,721,285	1,774,286
External Investment Pools	7,470,282	-	-	7,470,282
Other	-	-	58,002	58,002
Total fiduciary funds	\$ 90,389,897	\$ -	\$ 1,779,288	\$ 92,169,184

Significant prior period adjustments were made in governmental funds and activities. In the Environmental Management Fund, a nonmajor governmental fund, there were errors in the prior year calculation of the allowance for doubtful accounts, necessitating a prior period adjustment of \$8.2 million. The other significant prior period adjustments reported impacted capital assets. The negative \$12.8 million prior period adjustment to capital assets was primarily due to corrections to capital asset accounts.

All accounting changes reported in the governmental funds and activities and fiduciary funds are related to the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement is described further in Note 1.

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C. Fund Balances-Governmental Funds

The following table displays in detail the June 30, 2020, 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	\$ 68,506	\$ 688	\$ 36,478	\$ -	\$ -	\$ 8,069	\$ 113,741
Legally or contractually required to be maintained intact	19	52	40	-	-	10,752	10,862
Restricted for:							
Public health and welfare	364	493,932	-	-	-	-	494,296
Roads and bridges	-	-	743,157	-	-	-	743,157
Conservation and natural resources	129,079	-	-	-	-	1,092,020	1,221,099
K-12 and higher education	530	-	-	2,016,068	1,415,140	-	3,431,737
Education stabilization	744,402	-	-	-	-	-	744,402
Business development	46,634	-	-	-	-	86,264	132,897
Community protection	3,163	-	-	-	-	257,711	260,874
Licensing and regulation	-	-	-	-	-	151,021	151,021
Employment related programs	-	-	-	-	-	293,466	293,466
Low income housing assistance	-	-	-	-	-	206,621	206,621
Debt service	-	-	-	-	-	327,674	327,674
Capital projects	-	-	-	-	-	223,986	223,986
Other purposes	335,906	-	-	-	-	62,996	398,902
Committed to:							
Public health and welfare	-	73,309	-	-	-	-	73,309
Conservation and natural resources	-	-	-	-	-	65,819	65,819
Education	3,641	-	-	52,401	-	-	56,042
Business development	615	-	-	-	-	51,036	51,651
Community protection	10,338	-	-	-	-	181,581	191,919
Licensing and regulation	-	-	-	-	-	40,189	40,189
Employment related programs	-	-	-	-	-	179,408	179,408
Low-income housing assistance	-	-	-	-	-	200,767	200,767
Stabilization	881,129	-	-	-	-	-	881,129
Capital projects	-	-	-	-	-	718	718
Other purposes	44,315	-	-	-	-	899	45,214
Assigned to:							
Public health and welfare	-	30,873	-	-	-	-	30,873
Conservation and natural resources	-	-	-	-	-	11,602	11,602
Education	-	-	-	5,364	-	-	5,364
Business development	-	-	-	-	-	37	37
Community protection	-	-	-	-	-	14,291	14,291
Employment related programs	-	-	-	-	-	1,971	1,971
Low-income housing assistance	-	-	-	-	-	123,181	123,181
Capital projects	-	-	-	-	-	2,709	2,709
Other purposes	14,292	-	-	-	-	5,071	19,363
Unassigned:	1,593,184	-	-	-	-	-	1,593,184
Total fund balances	\$ 3,876,117	\$ 598,854	\$ 779,675	\$ 2,073,833	\$ 1,415,140	\$ 3,599,858	\$ 12,343,475

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

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otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation.

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

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 \$8.3 million as of June 30, 2020.

The Paid Family and Medical Leave Insurance Fund, a nonmajor enterprise fund, reports a deficit net position of \$1.2 million as of June 30, 2020.

The Legal Services Fund, an internal service fund, reports a deficit net position of \$49.4 million as of June 30, 2020.

The Audit Services Fund, an internal service fund, reports a deficit net position of \$2 million as of June 30, 2020.

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, 2020, was \$881.1 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, 2020, was \$744.4 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, 2020, the State had extended nonexchange financial guarantees of \$8.6 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, 2049.

21. TAX ABATEMENTS

As of June 30, 2020, 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

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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 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, 2020 (in thousands):

<u>Tax Abatement Program</u>	<u>Amount</u>
Electronic Commerce Zone Investment	\$ 3,300
Energy Conservation Projects	1,600
Business Energy Program	<u>12,000</u>
Total	<u>\$ 16,900</u>

The revenue impact for the Oregon Investment Advantage tax abatement program is prohibited from disclosure due to taxpayer privacy laws (ORS 314.835).

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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	\$ 3,637	\$ -
Services and non-capitalized product received through the ULA	2,657	24
Total settlement revenue	\$ 6,294	\$ 24

Since inception, the State of Oregon has realized total savings of \$44.1 million as a result of this settlement agreement, including \$12 million of Oracle product that has been capitalized.

23. COMMITMENTS

The State has significant commitments as of June 30, 2020, 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, 2020, and the anticipated sources of funding (in thousands):

Purpose	General Fund	Federal Funds	Lottery Funds	Other Funds	Total
Community services contracts	\$ 385,990	\$ 522,402	\$ 3,334	\$ 364,097	\$ 1,275,824
Grant and loan commitments	137,216	299,934	114,640	892,052	1,443,842
Personal services contracts	145,556	60,577	3,237	78,154	287,523
Public defense contracts	81,297	-	-	-	81,297
Systems development	18,419	50,941	24	35,545	104,930
Equipment purchases	38	97	-	149	284
Total commitments	\$ 768,516	\$ 933,951	\$ 121,235	\$ 1,369,996	\$ 3,193,699

Encumbrance balances in the governmental funds as of June 30, 2020 (in thousands):

Governmental Funds	Amount
General	\$ 16,468
Health and Social Services	2,288
Educational Support	7,879
Other Nonmajor	15,170
Total encumbrances	\$ 41,805

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) makes similar commitments for investment purchases. As of June 30, 2020, the OPERF had \$10.8 billion in commitments to purchase private equity investments, \$3.1 billion to purchase real estate investments, \$600.1 million to purchase Opportunity Fund portfolio investments, and \$4 billion to purchase Alternative Equity portfolio investments. As of June 30, 2020, the CSF had \$92 million in commitments to purchase private equity and real estate open-ended fund investments while OGA had \$48.6 million in commitments to purchase private equity investments. These amounts are unfunded and are not recorded in the financial statements.

24. CONTINGENCIES

A. Litigation

Portland Harbor Superfund

In 2000, the U.S. 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 20,000 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.

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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 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 November 20, 2019, a jury in Linn County, Oregon, awarded damages against the State of Oregon in favor of a group of counties and local taxing districts, which had alleged that the State failed to comply with a statutory contract to maximize timber revenue on certain forestlands and share those revenues with the counties. The jury decided that the State had breached a statutory contract with the counties by failing to maximize timber payments since 2001 and awarded damages for past breaches, along with damages for anticipated future breaches of the alleged agreement, assuming the management of the state forests does not change. The total amount of the verdict against the State is approximately \$1.1 billion. A judgment in the case is expected to be entered by the Linn County Circuit Court in the next few months. Once the judgment is entered, it will accrue interest at 9% annually from the date of entry, including during the course of any appeals. The Oregon Attorney General's office has filed an appeal from the judgment and will be filing the State's opening appellate brief in December. The State will not be required to pay the balance of the judgment during the pendency of its appeal. The Oregon Attorney General's office believes there are strong arguments to be made on appeal. At this time, the State does not know what its ultimate liability, if any, might be. The State also cannot predict the timing or method of payment to satisfy the judgment if the damages are 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 four times to add new claims. The fourth amended complaint includes the following claims against OHA: (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 express and implied terms of the dispute resolution agreement; (c) intentional interference with FamilyCare's business relations; (d) a claim under Oregon's Administrative Procedures Act alleging, among other things, that FamilyCare's 2017 and 2018 rates are not actuarially sound as required by federal law; (e) a federal civil rights claim alleging taking of FamilyCare's property rights to business goodwill and "reasonable expectation to actuarially sound rates" and retaliation against FamilyCare for exercise of its first amendment rights; and (f) breach of contract for failure to provide actuarially sound rates. FamilyCare seeks specific performance and money damages estimated at approximately \$300 million plus attorney fees. Through the course of litigation some of the claims have been dismissed, but the general theories, themes and damages remain. The action is currently stayed until at least February 2021 due to the coronavirus pandemic.

Prison Sexual Assault

Ten lawsuits have been filed by female current and former adults-in-custody of the state women's correctional facility alleging sexual assault by a male prison nurse and violations by the Department of Corrections of the federal Prison Rape Elimination Act (PREA). Each of the plaintiffs seek damages and relief under 42 USC § 1983 of \$5 million plus punitive damages, attorney fees, and costs as well as injunctive relief appointing a

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Special Master to audit, review, and investigate other similar incidents and adherence to PREA. The State anticipates these cases will be consolidated for trial. The State denies the allegations and the parties are in the process of discovery. Trial is expected to be scheduled sometime in 2020, or later.

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 Department of Human Services (DHS) 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 DHS workers with more expected to be added as the case progresses. Plaintiffs seek a combined award of \$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 damages. The scope of this lawsuit is yet to be determined, and highly dependent upon evolving circumstances related to the global pandemic. Early efforts at settlement negotiations failed to reach a resolution. In November 2020, the court held oral argument on the State's Motion for Partial Summary Judgment, which sought dismissal of the damages claims based on qualified immunity and discretionary immunity. A decision is expected soon. The parties are proceeding with discovery. The Oregon Attorney General's office expects plaintiffs to file a motion for class certification by March 2021. Depending on the court's ruling on class certification, 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.

Corporate Excise Tax Case

Comcast appealed its 2007-2015 corporate excise tax assessments in three separate Oregon Tax Court cases. Initially, Comcast argued that it was not an interstate broadcaster under a special statute that governs how broadcasters' income is taxed in Oregon, and that even if it was, the formula used by the Department of Revenue (DOR) to apportion its income for tax purposes was incorrect. The Tax Court rejected these arguments, holding in a limited judgment that (1) Comcast was an interstate broadcaster for the years at issue and (2) DOR properly included Comcast's gross receipts under the formula described in ORS 314.684. Comcast appealed to the Supreme Court on the second issue, which upheld the Tax Court's decision in favor of DOR.

On remand from the Supreme Court, Comcast focused its argument on several remaining issues in the case. The parties filed cross-Motions for Summary Judgment on the remaining issues. The Tax Court decided those issues in an order on November 25, 2020, denying in part and granting in part the respective motions of Comcast and DOR. The parties are currently in settlement negotiations to resolve the case. There is a total of approximately \$55 million in tax at issue in this case, plus statutory interest. As required by law, Comcast was required to pay the assessed tax up front before appeal to the Regular Division of the Tax Court. So, absent settlement or a further appeal to the Oregon Supreme Court, the State could potentially be required to pay a refund of \$55 million in tax plus simple interest on the refund of approximately \$18 million.

B. Unemployment Benefits

State employees, who qualify, are entitled to benefit payments during periods of unemployment. Each state agency is required to reimburse the Employment Department for benefit payments made to former employees. The amount of future benefit payments to claimants, and the resulting liability to the State, cannot be reasonably estimated. Consequently, this potential obligation is not reported in the accompanying financial statements. Expenditures relating to these benefits for the year ended June 30, 2020, totaled approximately \$10 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, 2020, there is no indication that such audits will result in a material liability.

25. SUBSEQUENT EVENTS

A. Long-term Debt Issues

Long-term debt issued, including refundings, since July 1, 2020 (in thousands):

<u>Type of Debt</u>	<u>Amount</u>
General Obligation Bonds	
Department of Administrative Services	\$ 394,795
Revenue Bonds	
Housing and Community Services Department	60,000
Department of Transportation	797,970

B. Bond Calls

Bond calls that have occurred since July 1, 2020 (in thousands):

<u>Type of Call</u>	<u>Amount</u>
General Obligation Bonds	
Department of Environmental Quality	\$ 2,825
Department of Veterans' Affairs	21,285
Housing and Community Services Department	2,080
Revenue Bonds	
Housing and Community Services Department	265,225

C. Interest Rate Swaps

On July 9, 2020, Oregon Housing and Community Services Department (OHCS D) entered into a swap transaction for Mortgage Revenue Bond 2020 Series B. The notional amount of the swap is \$24.5 million, the effective date is July 13, 2020, and the termination date is July 1, 2037. OHCS D will pay the counterparty (Royal Bank of Canada) a fixed rate of 0.9% and receive a variable payment of 100% of the United States Dollar-Securities Industry and Financial Markets Association Municipal Swap Index for the calculation periods from (and including) the effective date to (but excluding) July 1, 2026. For the calculation periods from (and including) July 1, 2026, to (but excluding) the termination date the variable payment received will be 70% of United States Dollar-London Interbank Offered Rate British Bankers Association.

State of Oregon
Notes to the Financial Statements

On November 24, 2020, ODVA entered into a swap transaction for GO bond 2015 Series P. The notional amount of the swap is \$25.1 million, the effective date is December 1, 2020, and the termination date is December 1, 2036. ODVA will pay the counterparty (Bank of America NA) a fixed rate of 1%.

On December 1, 2020, the Oregon Department of Veterans' Affairs (ODVA) terminated the notional amounts of a swap related to the General Obligation (GO) bond series listed below (dollars in thousands).

Bond Series	Notional Amount
2015 Series P	\$ 25,140

D. Debt Guarantees

Under Article XI-K of the Oregon Constitution, \$1.6 billion in bonds for school districts (SD) were issued and guaranteed following the fiscal year ended June 30, 2020, as noted below (dollars in thousands). Ultimately, the debt service payments remain the responsibility of the respective district.

School District	Series	Amount
Marion Cty SD 24J (Salem Keizer)	2020C	\$ 77,445
Marion Cty SD 24J (Salem Keizer)	2020B	111,646
Marion Cty SD 24J (Salem Keizer)	2020A	47,376
Clatsop Cty SD 10 (Seaside)	2020	2,207
Clackamas Cty SD 86 (Canby)	2020A	75,780
Clackamas Cty SD 86 (Canby)	2020B	11,745
Lane Community College	2020A	65,240
Lane Community College	2020B	56,260
Douglas Cty SD 77 (Glendale)	2020	1,880
Deschutes Cty SD 2J (Redmond)	2020	65,110
Columbia Cty SD 502 (St Helens)	2020A	32,190
Columbia Cty SD 502 (St Helens)	2020B	25,531
Lane Cty SD 4J (Eugene)	2020	115,025
Multnomah Cty SD 28J (Centennial)	2020	65,000
Marion Cty SD 4J (Silver Falls)	2020	19,405
Clackamas Cty SD 12 (North Clackamas)	2020	139,415
Union Cty SD 1 (La Grande)	2020	27,830
Washington Cty SD 1J (Hillsboro)	2020	40,360
Portland Community College	2020	119,365
Benton Cty SD 509J (Corvallis)	2020	39,915
Multnomah Cty SD 1J (Portland)	2020C	53,965
Multnomah Cty SD 1J (Portland)	2020B	365,465
Total debt guarantees		\$ 1,558,157



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
As of June 30, 2020
(In Thousands)**

	General Fund			
	2019-2021	2019-2021	1st	Variance
	Original Budget	Final Budget	Year Actual	Over/ (Under)
Revenues:				
Personal Income Taxes	\$18,717,096	\$18,717,096	\$ 7,016,881	\$(11,700,215)
Corporate Income Taxes	1,245,754	1,245,754	485,053	(760,701)
Tobacco Taxes	131,531	131,531	58,556	(72,975)
Motor Fuels Taxes	-	-	-	-
Weight Mile Taxes	-	-	-	-
Vehicle Registration Taxes	-	-	-	-
Other Taxes	508,537	508,537	200,667	(307,870)
Licenses and Fees	320,645	320,645	114,056	(206,589)
Federal	-	-	-	-
Charges for Services	11,477	11,477	5,749	(5,729)
Fines and Forfeitures	4,451	4,451	3,346	(1,105)
Rents and Royalties	-	-	4	4
Investment Income	75,082	75,082	653	(74,429)
Sales	40,531	40,531	64,380	23,849
Donations and Grants	-	-	-	-
Pension Bond Debt Service Assessments	-	-	-	-
Other	11,169	11,169	251	(10,918)
Total Revenues	21,066,273	21,066,273	7,949,595	(13,116,679)
Expenditures:				
Education	10,802,031	10,802,031	5,779,174	(5,022,857)
Human Services	6,592,015	6,620,365	3,562,899	(3,057,466)
Public Safety	2,762,483	2,767,183	1,378,092	(1,389,091)
Economic and Community Development	204,042	231,842	86,048	(145,795)
Natural Resources	274,512	288,377	158,321	(130,056)
Transportation	25,306	25,306	14,937	(10,369)
Consumer and Business Services	16,193	16,313	8,004	(8,309)
Administration	387,281	398,131	214,151	(183,979)
Legislative	497,744	408,184	61,509	(346,675)
Judicial	865,474	869,635	435,279	(434,356)
Total Expenditures	22,427,082	22,427,368	11,698,414	(10,728,953)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,360,809)	(1,361,094)	(3,748,820)	(2,387,725)
Other Financing Sources (Uses):				
Transfers from Other Funds	329,105	435,373	194,362	(241,011)
Transfers to Other Funds	-	-	(198,440)	(198,440)
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	\$ (1,031,704)	\$ (925,721)	(3,752,898)	\$ (2,827,176)
Budgetary Fund Balances - Beginning			3,029,438	
Prior Period Adjustments			(1,276)	
Budgetary Fund Balances - Beginning - As Restated			3,028,162	
Prior Biennium Transactions			107,669	
Budgetary Fund Balances - Ending			\$ (617,066)	

State of Oregon

Federal Funds				Lottery Funds			
2019-2021 Original Budget	2019-2021 Final Budget	1st Year Actual	Variance Over/ (Under)	2019-2021 Original Budget	2019-2021 Final Budget	1st Year Actual	Variance Over/ (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,036,049	23,787,690	10,543,222	(13,244,468)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	42,233	42,233	27,910	(14,322)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,036,049	23,787,690	10,543,222	(13,244,468)	42,233	42,233	27,910	(14,322)
1,237,007	1,237,007	386,263	(850,744)	675,268	675,268	218,345	(456,923)
18,773,775	18,832,871	9,139,418	(9,693,453)	17,093	17,093	7,384	(9,709)
576,175	576,175	197,140	(379,035)	10,559	10,559	4,298	(6,261)
325,594	325,594	167,892	(157,702)	169,714	169,714	60,742	(108,972)
310,137	313,030	112,506	(200,523)	243,945	243,945	78,179	(165,766)
124,983	124,983	21,200	(103,783)	115,593	115,593	59,827	(55,766)
103,031	103,031	62,945	(40,085)	250	250	1	(249)
10,609	802,739	122,958	(679,781)	26,546	26,546	13,868	(12,678)
-	-	-	-	-	-	-	-
1,356	1,356	577	(778)	-	-	-	-
21,462,665	22,316,784	10,210,899	(12,105,885)	1,258,968	1,258,968	442,643	(816,325)
573,384	1,470,905	332,323	(1,138,582)	(1,216,736)	(1,216,736)	(414,733)	802,003
520	520	17,422	16,903	3,214,199	2,703,856	1,101,663	(1,602,193)
(167,401)	(167,401)	(336,478)	(169,077)	(1,833,240)	(1,441,150)	(349,437)	1,091,713
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 406,503</u>	<u>\$ 1,304,024</u>	13,267	<u>\$ (1,290,757)</u>	<u>\$ 164,223</u>	<u>\$ 45,970</u>	337,493	<u>\$ 291,523</u>
		(115,777)				581,259	
		225				-	
		(115,552)				581,257	
		141,613				(227,704)	
		<u>\$ 39,329</u>				<u>\$ 691,046</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
As of June 30, 2020
(In Thousands)
(continued from previous page)**

	Other Funds			
	2019-2021 Original Budget	2019-2021 Final Budget	1st Year Actual	Variance Over/ (Under)
Revenues:				
Personal Income Taxes	\$ -	\$ -	\$ -	\$ -
Corporate Income Taxes	-	-	-	-
Tobacco Taxes	-	-	169,608	169,608
Motor Fuels Taxes	2,663,913	2,663,913	547,483	(2,116,430)
Weight Mile Taxes	1,630,150	1,630,150	359,668	(1,270,481)
Vehicle Registration Taxes	1,764,179	1,764,179	341,443	(1,422,736)
Other Taxes	2,188,590	2,315,760	1,002,291	(1,313,469)
Licenses and Fees	1,410,924	1,413,548	462,842	(950,706)
Federal	2,593,953	2,593,953	502,288	(2,091,665)
Charges for Services	5,386,688	5,504,182	1,493,154	(4,011,028)
Fines and Forfeitures	320,133	320,123	114,029	(206,094)
Rents and Royalties	132,585	132,585	64,190	(68,395)
Investment Income	117,297	117,312	93,557	(23,755)
Sales	777,398	777,398	149,624	(627,774)
Donations and Grants	51,516	51,516	19,783	(31,733)
Pension Bond Debt Service Assessments	424,666	462,380	601,233	138,853
Other	3,414,341	3,487,070	2,095,493	(1,391,577)
Total Revenues	22,876,332	23,234,067	8,016,685	(15,217,382)
Expenditures:				
Education	2,471,516	2,501,516	273,097	(2,228,419)
Human Services	8,321,775	8,351,405	3,321,787	(5,029,618)
Public Safety	823,811	827,811	332,809	(495,002)
Economic and Community Development	1,410,508	1,583,508	312,139	(1,271,369)
Natural Resources	1,112,116	1,155,270	461,171	(694,099)
Transportation	4,246,477	4,246,477	1,564,080	(2,682,397)
Consumer and Business Services	518,812	522,312	225,303	(297,009)
Administration	1,947,512	1,949,886	857,102	(1,092,784)
Legislative	18,297	18,297	3,491	(14,806)
Judicial	221,853	221,853	41,359	(180,494)
Total Expenditures	21,092,678	21,378,336	7,392,338	(13,985,998)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,783,654	1,855,731	624,347	(1,231,384)
Other Financing Sources (Uses):				
Transfers from Other Funds	6,327,633	6,374,621	4,129,267	(2,245,354)
Transfers to Other Funds	(5,971,909)	(5,980,404)	(3,172,561)	2,807,843
Long-term Debt Issued	1,638,336	1,627,681	180,805	(1,446,876)
Debt Issuance Premium	-	-	25,183	25,183
Gain (Loss) on Disposition of Assets	-	-	3,048	3,048
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 3,777,714	\$ 3,877,629	1,790,089	\$ (2,087,540)
Budgetary Fund Balances - Beginning			4,918,834	
Prior Period Adjustments			(685)	
Budgetary Fund Balances - Beginning - As Restated			4,918,148	
Prior Biennium Transactions			(1,055,025)	
Budgetary Fund Balances - Ending			\$ 5,653,212	

Total All Budgeted Appropriated Funds			
2019-2021 Original Budget	2019-2021 Final Budget	1st Year Actual	Variance Over/ (Under)
\$18,717,096	\$ 18,717,096	\$ 7,016,881	\$ (11,700,215)
1,245,754	1,245,754	485,053	(760,701)
131,531	131,531	228,163	96,632
2,663,913	2,663,913	547,483	(2,116,430)
1,630,150	1,630,150	359,668	(1,270,481)
1,764,179	1,764,179	341,443	(1,422,736)
2,697,127	2,824,296	1,202,957	(1,621,339)
1,731,569	1,734,193	576,898	(1,157,295)
24,630,002	26,381,643	11,045,510	(15,336,133)
5,398,165	5,515,659	1,498,902	(4,016,757)
324,584	324,574	117,375	(207,199)
132,585	132,585	64,194	(68,391)
234,612	234,627	122,121	(112,505)
817,929	817,929	214,004	(603,925)
51,516	51,516	19,783	(31,733)
424,666	462,380	601,233	138,853
3,425,510	3,498,239	2,095,744	(1,402,494)
66,020,887	68,130,263	26,537,412	(41,592,851)
15,185,821	15,215,821	6,656,879	(8,558,943)
33,704,658	33,821,735	16,031,488	(17,790,247)
4,173,028	4,181,728	1,912,339	(2,269,389)
2,109,859	2,310,659	626,821	(1,683,838)
1,940,710	2,000,622	810,178	(1,190,444)
4,512,359	4,512,359	1,660,044	(2,852,315)
638,286	641,906	296,253	(345,653)
2,371,948	3,177,302	1,208,079	(1,969,223)
516,041	426,481	65,000	(361,481)
1,088,683	1,092,844	477,215	(615,629)
66,241,393	67,381,456	29,744,295	(37,637,161)
(220,506)	748,807	(3,206,883)	(3,955,689)
9,871,456	9,514,369	5,442,714	(4,071,655)
(7,972,549)	(7,588,954)	(4,056,916)	3,532,038
1,638,336	1,627,681	180,805	(1,446,876)
-	-	25,183	25,183
-	-	3,048	3,048
\$ 3,316,737	\$ 4,301,902	(1,612,048)	\$ (5,913,950)
		8,413,754	
		(1,735)	
		8,412,016	
		(1,033,446)	
		\$ 5,766,522	

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, 2020. A copy of this report is available at the Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

Unexpended appropriations at the end of each biennium are available for subsequent expenditure to the extent liabilities have been incurred at June 30, provided payment of those liabilities occurs during the succeeding six-month period of July 1 through December 31. Any remaining unexpended appropriations lapse December 31 following the end of the biennium, except for appropriations related to capital construction.

State of Oregon
Notes to Required Supplementary Information – Budgetary Schedule

Agencies are required to provide estimates of expected revenues for program revenue and segregated revenue categories. General Fund revenues consist primarily of general taxes and other receipts that are paid into the General Fund and are then available for appropriation by the Legislature. Revenues not recorded in the General Fund consist of function specific revenues, which are credited by law to an appropriation to finance a specified program, and segregated revenues that are paid into separate identifiable funds.

The original budget amounts reported for revenues in the accompanying “Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary (Non-GAAP) Basis - All Budgeted Appropriated Funds” represent original estimates, while budgeted expenditures represent the first complete appropriated budget adopted by the Legislature. The final budget amounts reported for revenues represent revised estimates, while the final budget amounts reported for expenditures represent the original budget modified by legally authorized legislative and executive changes, as well as Emergency Board actions taken during the year.

The major differences between budgetary (non-GAAP) basis and GAAP basis are:

- Encumbrances are recorded as expenditures for budgetary purposes when purchase orders are issued.
- Revenues are recognized when received in cash (budgetary basis) versus when they are susceptible to accrual (GAAP basis).
- Expenditures are recognized when paid in cash or encumbered (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
- Nonappropriated and nonbudgeted funds are not included in the budgetary schedule.
- Timing differences occur because of a six-month lapse period between June 30 and December 31 of each odd-numbered year.

These different accounting principles may result in basis, perspective, entity, and timing differences in the excess (deficiency) of revenues and other financial resources over (under) expenditures and other uses of financial resources. A reconciliation of these differences is presented in Note 2 of the required supplementary information.

2. BUDGETARY BASIS TO GAAP BASIS RECONCILIATION

The accompanying "Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Budgetary (Non-GAAP Basis) - All Budgeted Appropriated Funds" presents comparisons of the legally approved budget (more fully described in RSI Note 1) with actual data on a budgetary basis.

Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A reconciliation of the resulting differences in excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses for the year ended June 30, 2020, is presented below. Governmental funds are reconciled to the net change in fund balances. Proprietary funds and fiduciary fund types are reconciled to the change in net position.

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses (In Thousands)

GAAP Fund	Budgetary Balances Classified into GAAP Fund Structure				Total Budgeted Funds	Timing Differences	Basis Differences	Non- Budgeted Funds	GAAP Balances
	Budgeted General Fund	Budgeted Federal Funds	Budgeted Lottery Funds	Budgeted Other Funds					
General	\$ (3,752,898)	\$ 182,134	\$ 169,179	\$ 63,896	\$ (3,337,688)	\$ 23,244	\$ 6,704,384	\$ (4,158,435)	\$ (768,495)
Health and Social Services	-	(143,023)	2,891	616,011	475,879	(121,837)	(97,247)	(8,522)	248,272
Public Transportation	-	1,987	-	(52,748)	(50,761)	(59,479)	10,241	(2,921)	(102,920)
Educational Support	-	22,897	82,551	302,275	407,724	(321,820)	(13,731)	(37,473)	34,700
Common School	-	-	-	3,259	3,259	(1,120)	506	(68,998)	(66,353)
Nonmajor Governmental Housing and	-	(50,729)	82,872	508,123	540,267	(174,407)	(79,583)	(41,026)	245,251
Community Services	-	-	-	3,732	3,732	(227)	(1,735)	7,241	9,010
Veterans' Loan	-	-	-	(5,077)	(5,077)	(234)	591	6,748	2,027
Lottery Operations	-	-	-	-	-	-	-	(11,515)	(11,515)
Unemployment Compensation	-	-	-	-	-	-	-	(474,406)	(474,406)
Nonmajor Enterprise	-	-	-	(29,112)	(29,112)	(47,159)	(28,935)	65,594	(39,612)
Internal Service	-	-	-	373,373	373,373	(281,888)	20,459	(48,733)	63,210
Pension and Other									
Employee Benefit Trust	-	-	-	2,275	2,275	(2,813)	(59,122)	(1,401,407)	(1,461,067)
Other Custodial	-	-	-	4,082	4,082	6,013	(12,025)	24,331	22,400
Private Purpose Trust	-	-	-	-	-	-	-	(153,997)	(153,997)
External Investment Pools	-	-	-	-	-	-	-	776,276	776,276
Totals	\$ (3,752,898)	\$ 13,267	\$ 337,493	\$ 1,790,089	\$ (1,612,048)	\$ (981,727)	\$ 6,443,801	\$ (5,527,243)	\$ (1,677,218)

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability/(Asset)
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	<u>2019²</u>	<u>2018²</u>	<u>2017²</u>	<u>2016²</u>	<u>2015²</u>	<u>2014²</u>
Proportion of the net pension liability/(asset)	22.26906%	21.0808%	20.7211%	20.68476%	19.73914%	(19.01053%)
Proportionate share of the net pension liability/(asset)	\$ 3,852,015	\$ 3,193,464	\$ 2,793,212	\$ 3,105,262	\$ 1,133,315	\$ (430,914)
Covered payroll	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	167.3%	145.9%	121.8%	144.1%	53.0%	(17.3%)
Plan fiduciary net position as a percentage of the total pension liability	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%

¹ 10-year trend information will be presented prospectively.

² The amounts presented were determined as of the net pension liability/(asset) measurement date.

Required Supplementary Information
Schedule of Defined Benefit Pension Plan Contributions
Defined Benefit Plan
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

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

¹ 10-year trend information will be presented prospectively.

² The contractually required contributions on this Schedule of Defined Benefit Pension Plan Contributions have been adjusted to remove amounts contributed to finance employer-specific liabilities and employer optional contributions.

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability/(Asset)
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	<u>2019²</u>	<u>2018²</u>	<u>2017²</u>
Retiree Health Insurance Account (RHIA)			
Proportion of the net OPEB liability/(asset)	22.8100%	22.8805%	23.3603%
Proportionate share of the net OPEB liability/(asset)	\$ (44,077)	\$ (25,541)	\$ (9,749)
Covered payroll	2,302,682	2,188,520	2,293,042
Employer net OPEB liability/(asset) as a percentage of covered payroll	(1.9%)	(1.2%)	(0.4%)
Plan fiduciary net position as a percentage of the total OPEB liability	144.4%	124.0%	108.9%

¹ 10-year trend information will be presented prospectively.

² The amounts presented were determined as of the net OPEB liability/(asset) measurement date.

**Required Supplementary Information
Schedule of OPEB Plan Contributions
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)**

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

¹ 10-year trend information will be presented prospectively.

**Required Supplementary Information
Schedule of OPEB Plan Contributions
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)**

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

¹ 10-year trend information will be presented prospectively.

Notes to schedule of OPEB plan contributions:

Actuarial assumptions and methods used to set the actuarially determined contributions.

RHIPA	
Actuarial valuation	December 31, 2017
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 7.5% for 2017, decreasing to 5.2% for 2024, increasing to 6.2% for 2029, and decreasing to an ultimate rate of 4.2% for 2093 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 30¹
(Dollars in millions)

Retiree Health Insurance Premium Account (RHIPA)

Total OPEB Liability

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

Plan Fiduciary Net Position

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

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

¹ 10-year trend information will be presented prospectively.

Required Supplementary Information
Schedule of Proportionate Share of the Total OPEB Liability
For the Fiscal Year Ended June 30¹
(Dollars in Thousands)

	<u>2020²</u>	<u>2019²</u>	<u>2018²</u>
Public Employees Benefit Board (PEBB)			
Proportion of the total OPEB liability	73.8195%	73.7321%	73.0657%
Proportionate share of the total OPEB liability	\$ 108,291	\$ 118,835	\$ 108,548
Covered-employee payroll	2,904,809	2,700,487	2,381,726
Government's total OPEB liability as a percentage of covered-employee payroll	3.7%	4.4%	4.6%

¹ 10-year trend information will be presented prospectively.

² The amounts presented were determined as of the total OPEB liability measurement date.

Notes to schedule of proportionate share of the total OPEB liability:

The plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30¹
(Dollars in millions)

Public Employees Benefit Board (PEBB)

Total OPEB Liability

	2020	2019	2018
Service cost	\$ 10.1	\$ 9.1	\$ 9.3
Interest on total OPEB liability	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	(21.7)	5.0	(3.7)
Benefit payments	(7.9)	(7.5)	(7.2)
Net change in total OPEB liability	(14.4)	12.6	3.8
Total OPEB liability - beginning	161.2	148.6	144.8
Total OPEB liability - ending	\$ 146.7	\$ 161.2	\$ 148.6
Covered-employee payroll	\$ 3,889.1	\$ 3,743.0	\$ 3,362.1
Total OPEB liability as a percentage of Covered-employee payroll	3.8%	4.3%	4.4%

¹ 10-year trend information will be presented prospectively.

Notes to schedule of changes in total OPEB liability and related ratios:

Change of assumptions

The discount rate in effect for the June 30, 2019, reporting date was 3.5%, and the discount rate in effect for the June 30, 2020, reporting date is 2.21%. The discount rate reflects a 20-year General Obligation Bond Index.



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, 2020
(In Thousands)**

	Special Revenue Funds		
	Agricultural Resources	Business Development	Community Protection
ASSETS			
Cash and Cash Equivalents	\$ 28,153	\$ 93,529	\$ 472,133
Investments	-	31,193	-
Securities Lending Collateral	421	1,363	7,058
Accounts and Interest Receivable (net)	3,260	2,862	66,909
Taxes Receivable (net)	-	-	-
Due from Other Funds	855	93,195	31,464
Due from Component Units	-	-	-
Inventories	-	14	968
Prepaid Items	41	-	-
Net Contracts, Notes, and Other Receivables	2	-	336,330
Loans Receivable (net)	-	2,746	-
Other Assets	-	1,740	-
Total Assets	\$ 32,732	\$ 226,642	\$ 914,863
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	\$ 1,021	\$ 1,052	\$ 50,916
Obligations Under Securities Lending	421	1,363	7,058
Due to Other Funds	-	1	59,754
Due to Component Units	279	814	22
Due to Other Governments	-	3,060	7,008
Unearned Revenue	93	83,000	8,069
Deposit Liabilities	68	-	24,811
Advances from Other Funds	-	-	14,080
Total Liabilities	1,881	89,290	171,718
Deferred Inflows of Resources:			
Unavailable Revenue	2	-	288,530
Total Deferred Inflows of Resources	2	-	288,530
Fund Balances:			
Nonspendable	66	15	1,031
Restricted by:			
Federal Laws and Regulations	11	17,725	15,481
Oregon Constitution	1,292	25,869	13,391
Enabling Legislation	24,445	40,215	53,444
Debt Covenants	-	2,455	173,904
Donors and Other External Parties	-	-	1,491
Committed	6	51,036	181,581
Assigned	5,030	37	14,291
Total Fund Balances	30,850	137,352	454,615
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 32,732	\$ 226,642	\$ 914,863

State of Oregon

Special Revenue Funds

Consumer Protection	Employment Services	Environmental Management	Nutritional Support	Residential Assistance	Other Special Revenue
\$ 341,918	\$ 312,378	\$ 660,995	\$ 839	\$ 200,185	\$ 32,076
-	125,370	1,531	-	16,812	-
5,111	3,256	9,880	-	2,993	480
3,777	64,036	77,410	24,565	6,278	555
22,601	8,179	1,489	-	3,391	-
6,315	4,183	33,046	-	109,534	137
-	8,560	-	-	-	-
64	1,976	3,544	2	28	1,349
73	1,395	156	-	7	91
45,025	35,000	73,091	14	38,462	-
-	-	500,758	-	297,197	49
-	-	-	-	-	-
\$ 424,884	\$ 564,335	\$ 1,361,901	\$ 25,420	\$ 674,888	\$ 34,736
\$ 97,545	\$ 17,986	\$ 31,930	\$ 12,338	\$ 7,016	\$ 655
5,111	3,256	9,880	-	2,993	480
45,941	16,947	18,135	1,794	742	88
-	11,523	359	-	-	-
6,490	672	27,200	6,680	1,893	-
-	-	24,800	57	93,176	-
33,419	633	2,786	-	-	12
-	-	300	-	-	-
188,506	51,018	115,389	20,869	105,821	1,234
45,025	35,000	73,453	14	38,462	-
45,025	35,000	73,453	14	38,462	-
143	3,473	3,618	2	35	136
13,064	95,997	758,353	3,312	58,718	20,141
-	156	10,048	-	-	-
137,640	197,313	221,100	1,224	100,989	6,269
-	-	99,075	-	31,362	1,726
316	-	3,443	-	15,552	4,296
40,189	179,408	65,819	-	200,767	893
-	1,971	11,602	-	123,181	41
191,353	478,317	1,173,058	4,537	530,604	33,502
\$ 424,884	\$ 564,335	\$ 1,361,901	\$ 25,420	\$ 674,888	\$ 34,736

(continued on next page)

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020
(In Thousands)**
(continued from previous page)

	Debt Service Funds		
	Revenue Bond	Certificates of Participation	General Obligation Bond
ASSETS			
Cash and Cash Equivalents	\$ 190,763	\$ 10	\$ 68,987
Investments	2,523	-	-
Securities Lending Collateral	-	-	-
Accounts and Interest Receivable (net)	-	-	227
Taxes Receivable (net)	-	-	-
Due from Other Funds	48,884	-	12,858
Due from Component Units	-	-	3,435
Inventories	-	-	-
Prepaid Items	-	-	-
Net Contracts, Notes, and Other Receivables	-	-	-
Loans Receivable (net)	-	-	-
Other Assets	-	-	-
Total Assets	\$ 242,171	\$ 10	\$ 85,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts and Interest Payable	\$ -	\$ -	\$ -
Obligations Under Securities Lending	-	-	-
Due to Other Funds	-	-	-
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposit Liabilities	-	-	15
Advances from Other Funds	-	-	-
Total Liabilities	-	-	15
Deferred Inflows of Resources:			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted by:			
Federal Laws and Regulations	-	-	-
Oregon Constitution	114,829	-	-
Enabling Legislation	-	-	-
Debt Covenants	127,343	10	85,492
Donors and Other External Party	-	-	-
Committed	-	-	-
Assigned	-	-	-
Total Fund Balances	242,171	10	85,492
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 242,171	\$ 10	\$ 85,508

<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
\$ 233,125	\$ 8,995	\$ 2,644,087
-	1,592	179,022
-	134	30,696
7,990	-	257,870
-	-	35,661
1,559	-	342,032
-	-	11,995
-	-	7,944
-	-	1,764
-	-	527,924
-	-	800,750
-	-	1,740
<u>\$ 242,674</u>	<u>\$ 10,721</u>	<u>\$ 4,841,485</u>
\$ 11,415	\$ -	\$ 231,873
-	134	30,696
3,846	4	147,253
-	-	12,997
-	-	53,004
-	-	209,194
-	-	61,743
-	-	14,380
<u>15,261</u>	<u>139</u>	<u>761,141</u>
-	-	480,486
-	-	480,486
-	10,302	18,821
882	-	983,684
16,145	-	181,730
25	58	782,723
206,929	-	728,295
5	223	25,325
718	-	720,417
2,709	-	158,863
<u>227,413</u>	<u>10,582</u>	<u>3,599,858</u>
<u>\$ 242,674</u>	<u>\$ 10,721</u>	<u>\$ 4,841,485</u>

State of Oregon

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020
(In Thousands)**

	Special Revenue Funds		
	Agricultural Resources	Business Development	Community Protection
REVENUES			
Healthcare Provider Taxes	\$ -	\$ -	\$ -
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	10,471	4,047	27,657
Federal	7,904	22,565	214,322
Rebates and Recoveries	108	-	7,262
Charges for Services	10,566	427	30,681
Fines, Forfeitures, and Penalties	49	19	28,773
Rents and Royalties	-	-	1,333
Investment Income	576	3,916	5,086
Sales	3	2,111	2,290
Assessments	-	-	-
Donations and Grants	2	17,357	2,526
Contributions to Permanent Funds	-	-	-
Other	1	498	2,602
Total Revenues	29,681	50,941	322,531
EXPENDITURES			
Current:			
Education	-	-	-
Human Resources	-	-	2,443
Public Safety	-	3,034	261,069
Economic and Community Development	-	48,800	702
Natural Resources	32,797	12	-
Transportation	-	-	8,194
Consumer and Business Services	-	-	-
Administration	-	2,157	11,842
Legislative	-	-	-
Judicial	-	-	72,421
Intergovernmental	690	38,067	218,820
Capital Outlay	39	-	13,712
Debt Service:			
Principal	-	-	71
Interest	-	-	5
Other Debt Service	-	-	201
Total Expenditures	33,525	92,069	589,480
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,844)	(41,129)	(266,949)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	7,889	55,819	141,848
Transfers to Other Funds	(927)	(7,568)	(59,142)
Insurance Recoveries	-	-	6
Long-term Debt Issued	-	-	38,251
Debt Issuance Premium	-	-	11,466
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	6,962	48,251	132,429
Net Change in Fund Balances	3,117	7,122	(134,520)
Fund Balances - Beginning	27,753	130,234	472,787
Cumulative Effect of Change in Accounting Principle	-	-	116,468
Prior Period Adjustments	(21)	-	(6)
Fund Balances - Beginning - As Restated	27,732	130,234	589,249
Change in Inventories	-	(4)	(114)
Fund Balances - Ending	\$ 30,850	\$ 137,352	\$ 454,615

State of Oregon

Special Revenue Funds						
Consumer Protection	Employment Services	Environmental Management	Nutritional Support	Residential Assistance	Other Special Revenue	
\$ 111,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	69,072	-	-	-	-	-
-	68,107	-	-	-	-	-
119,372	-	26,668	-	41,297	-	-
142,541	2,909	173,431	-	94	-	-
63,748	243,582	181,947	1,175,317	132,951	15,528	-
35	53	380	16,448	1,064	-	-
2,521	26,008	138,273	1,352	7,626	6,577	-
2,390	20,126	1,255	-	30	-	-
-	365	3,620	-	-	356	-
5,092	10,274	20,492	22	10,624	498	-
13	344	121,993	-	-	1,329	-
-	45,671	-	-	625	-	-
-	-	6,441	-	-	-	860
-	-	-	-	-	-	-
546	623	13,131	30	320	571	-
447,762	487,133	687,632	1,193,169	194,631	25,719	-
3,367	55,597	-	26,485	-	2,724	-
5,125	-	-	1,001,396	-	-	-
-	-	-	-	-	-	-
-	170,825	-	-	189,733	367	-
3,874	-	485,784	-	-	-	-
36	-	-	-	-	-	-
255,272	111,953	-	-	4,303	-	-
5,957	1,075	-	-	148	6,427	-
-	-	-	-	-	1,931	-
-	-	-	-	-	-	-
22,028	37,453	107,648	163,844	27,144	807	-
441	1,166	10,648	-	-	8,759	-
-	-	182	-	-	16	-
-	-	677	-	1	40	-
-	-	72	-	390	87	-
296,100	378,069	605,011	1,191,724	221,720	21,158	-
151,662	109,064	82,621	1,445	(27,088)	4,561	-
17,383	675	120,650	-	120,353	475	-
(104,043)	(80,744)	(38,602)	(1,197)	(3,318)	(2,497)	-
-	-	248	-	-	-	-
-	-	6,280	-	-	-	-
-	-	1,006	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(86,659)	(80,069)	89,582	(1,197)	117,034	(2,022)	-
65,003	28,995	172,203	248	89,946	2,539	-
125,522	449,063	999,686	4,293	440,665	30,958	-
-	-	5	-	-	-	-
861	231	6,417	-	-	-	-
126,383	449,294	1,006,108	4,293	440,665	30,958	-
(33)	28	(5,253)	(4)	(7)	5	-
\$ 191,353	\$ 478,317	\$ 1,173,058	\$ 4,537	\$ 530,604	\$ 33,502	-

(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, 2020
(In Thousands)
(continued from previous page)**

	Debt Service Funds		
	Revenue Bond	Certificates of Participation	General Obligation Bond
REVENUES			
Healthcare Provider Taxes	\$ -	\$ -	\$ -
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	-	-	-
Licenses and Fees	-	-	-
Federal	10,025	1,131	-
Rebates and Recoveries	-	-	-
Charges for Services	-	-	-
Fines, Forfeitures, and Penalties	-	-	-
Rents and Royalties	-	-	-
Investment Income	4,230	21	3,349
Sales	-	-	-
Assessments	-	-	-
Donations and Grants	-	-	-
Contributions to Permanent Funds	-	-	-
Other	-	-	46,445
Total Revenues	14,255	1,151	49,793
EXPENDITURES			
Current:			
Education	-	-	-
Human Resources	-	-	-
Public Safety	-	-	-
Economic and Community Development	-	-	-
Natural Resources	-	-	-
Transportation	1	-	-
Consumer and Business Services	-	-	-
Administration	-	-	-
Legislative	-	-	-
Judicial	-	-	-
Intergovernmental	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	146,135	817	132,486
Interest	151,032	1,215	90,667
Other Debt Service	2,690	-	2,007
Total Expenditures	299,858	2,032	225,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	(285,602)	(881)	(175,367)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	293,698	850	176,504
Transfers to Other Funds	(5,455)	(583)	(324)
Insurance Recoveries	-	-	-
Long-term Debt Issued	-	-	-
Debt Issuance Premium	69,366	-	33,930
Refunding Debt Issued	620,890	-	503,100
Refunded Debt Payment to Escrow Agent	(687,457)	-	(535,022)
Total Other Financing Sources (Uses)	291,042	267	178,187
Net Change in Fund Balances	5,439	(613)	2,820
Fund Balances - Beginning	236,732	624	82,672
Cumulative Effect of Change in Accounting Principle	-	-	-
Prior Period Adjustments	-	-	-
Fund Balances - Beginning - As Restated	236,732	624	82,672
Change in Inventories	-	-	-
Fund Balances - Ending	\$ 242,171	\$ 10	\$ 85,492

State of Oregon

<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
\$ -	\$ -	\$ 111,502
-	-	69,072
-	-	68,107
-	-	187,337
-	-	361,150
19,344	-	2,088,362
12	-	25,362
-	-	224,033
-	-	52,643
37	-	5,710
3,792	249	68,221
86	-	128,168
-	-	46,297
-	-	27,187
-	6	6
1	-	64,768
<u>23,271</u>	<u>255</u>	<u>3,527,925</u>
-	-	88,173
-	6,591	1,015,554
-	-	264,103
-	-	410,426
-	-	522,466
-	-	8,230
-	47	371,576
-	-	27,606
-	-	1,931
-	-	72,421
-	-	616,501
88,612	-	123,377
-	-	279,709
-	-	243,637
-	-	5,447
<u>88,612</u>	<u>6,638</u>	<u>4,051,156</u>
(65,341)	(6,384)	(523,232)
12,362	-	948,507
(56,408)	(16)	(360,826)
-	-	254
114,424	-	158,955
4,314	-	120,082
-	-	1,123,990
-	-	(1,222,480)
<u>74,693</u>	<u>(16)</u>	<u>768,483</u>
<u>9,351</u>	<u>(6,400)</u>	<u>245,251</u>
218,062	16,982	3,236,033
-	-	116,473
-	-	7,483
<u>218,062</u>	<u>16,982</u>	<u>3,359,989</u>
-	-	(5,383)
<u>\$ 227,413</u>	<u>\$ 10,582</u>	<u>\$ 3,599,858</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. Current year activity is related to starting up the program.

Other Enterprise Funds

This fund is used to account for the sale of goods and services to other than governmental entities through activities not specifically accounted for in another enterprise fund. The fund includes programs within the following state agencies: the 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, 2020
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 5,553	\$ 23,413	\$ 91,240	\$ 6,747
Cash and Cash Equivalents - Restricted	3,946	-	-	-
Investments	-	-	12,113	-
Securities Lending Collateral	175	350	1,329	95
Accounts and Interest Receivable (net)	395	39	4,393	9,426
Due from Other Funds	-	34	48	22,899
Due from Component Units	6,178	-	-	-
Inventories	-	-	-	1,773
Prepaid Items	-	-	-	415
Loans Receivable (net)	4,302	1,891	11,845	-
Total Current Assets	20,548	25,727	120,968	41,356
Noncurrent Assets:				
Cash and Cash Equivalents - Restricted	2,177	-	790	-
Advances to Component Units	78,828	-	-	-
Net Contracts, Notes, and Other Receivables	-	-	-	72
Loans Receivable (net)	23,579	17,105	149,602	-
Net OPEB Asset	4	10	13	3,128
Capital Assets:				
Land	-	-	-	15
Buildings, Property, and Equipment	264	-	-	473,532
Construction in Progress	-	-	-	1,107
Infrastructure	-	-	-	3,606
Works of Art and Other Nondepreciable Assets	-	-	-	-
Less Accumulated Depreciation and Amortization	(264)	-	-	(90,392)
Total Noncurrent Assets	104,588	17,115	150,404	391,068
Total Assets	125,136	42,842	271,373	432,424
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refunding	2,174	-	-	-
Related to Pensions	59	265	374	89,449
Related to OPEB	1	2	4	862
Total Deferred Outflows of Resources	2,234	267	377	90,310

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
\$	45,775	\$ 100,637	\$ 24,184	\$ 30,046	\$ 138,953	\$ -	\$ 96,410	\$ 562,959
	-	-	615	-	-	-	-	4,561
	-	-	-	-	-	-	-	12,113
	759	1,414	371	449	2,077	-	1,306	8,324
	598	679	7,051	1,282	1,713	-	3,435	29,011
	979	-	-	26	186	-	194	24,366
	-	-	-	-	-	-	191	6,368
	39,030	-	-	-	-	-	8,268	49,071
	-	-	-	-	-	-	671	1,086
	-	-	-	4,380	10,702	-	1,118	34,238
	<u>87,140</u>	<u>102,730</u>	<u>32,221</u>	<u>36,184</u>	<u>153,631</u>	<u>-</u>	<u>111,593</u>	<u>732,098</u>
	-	-	-	208	-	-	-	3,175
	-	-	-	-	-	-	-	78,828
	-	-	21	-	-	-	-	93
	-	-	-	71,147	146,515	-	8,726	416,673
	239	6	4	6	4	-	203	3,616
	1,503	-	4,648	-	-	-	3,124	9,291
	35,152	-	61,250	-	-	-	53,275	623,473
	-	-	1,908	-	-	-	810	3,825
	-	-	-	-	-	-	-	3,606
	25	-	107	-	-	-	-	132
	(19,063)	-	(14,083)	-	-	-	(35,560)	(159,362)
	<u>17,857</u>	<u>6</u>	<u>53,855</u>	<u>71,361</u>	<u>146,518</u>	<u>-</u>	<u>30,578</u>	<u>983,351</u>
	<u>104,997</u>	<u>102,736</u>	<u>86,076</u>	<u>107,545</u>	<u>300,149</u>	<u>-</u>	<u>142,171</u>	<u>1,715,448</u>
	-	-	-	-	-	-	-	2,174
	7,004	174	109	166	90	86	5,702	103,476
	70	1	1	2	1	2	59	1,004
	<u>7,074</u>	<u>175</u>	<u>110</u>	<u>168</u>	<u>91</u>	<u>88</u>	<u>5,760</u>	<u>106,655</u>

(continued on next page)

State of Oregon

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2020
(In Thousands)
(continued from previous page)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	1,223	11	893	3,239
Obligations Under Securities Lending	175	350	1,329	95
Due to Other Funds	7	1	1	18,500
Due to Component Units	-	-	-	901
Due to Other Governments	-	-	293	-
Unearned Revenue	245	-	-	14
Compensated Absences Payable	18	55	102	10,580
Claims and Judgments Payable	-	-	-	-
Deposit Liabilities	-	-	-	-
Contracts, Mortgages, and Notes Payable	7	4	13	1,838
Bonds/COPs Payable	17,435	-	1,860	-
Obligations Under Capital Lease	-	-	-	-
Total Current Liabilities	19,110	421	4,490	35,168
Noncurrent Liabilities:				
Compensated Absences Payable	10	19	68	5,697
Deposit Liabilities	2,177	-	-	-
Contracts, Mortgages, and Notes Payable	64	35	111	15,859
Bonds/COPs Payable	114,099	-	34,899	-
Obligations Under Capital Lease	-	-	-	-
Net Pension Liability	205	806	1,058	256,479
Advances from Other Funds	-	-	-	-
Net OPEB Liability	2	4	6	1,369
Total OPEB Liability	3	17	29	8,197
Total Noncurrent Liabilities	116,559	881	36,170	287,601
Total Liabilities	135,669	1,302	40,660	322,769
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions	10	38	50	12,227
Related to OPEB	1	5	8	2,000
Total Deferred Inflows of Resources	11	43	58	14,227
NET POSITION				
Net Investment in Capital Assets	-	-	-	387,868
Restricted for:				
OPEB	4	10	13	3,128
Unrestricted	(8,315)	41,754	231,019	(205,258)
Total Net Position	\$ (8,311)	\$ 41,764	\$ 231,032	\$ 185,738

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
30,876	1,235	4,022	224	6	2	3,954	45,684
759	1,414	371	449	2,077	-	1,306	8,324
17,502	80	91	-	-	-	188	36,370
-	-	-	-	-	-	-	901
878	-	-	43	-	-	60	1,274
279	-	777	-	-	-	47	1,362
1,235	19	6	52	10	86	1,009	13,173
-	630	-	-	-	-	-	630
-	-	-	-	-	-	50,988	50,988
163	2	81	5	4	-	175	2,293
-	-	-	585	-	-	-	19,880
-	-	-	-	-	-	172	172
51,691	3,379	5,348	1,360	2,098	88	57,900	181,051
665	11	3	20	17	47	388	6,943
-	-	-	-	-	-	-	2,177
1,406	18	21	45	34	-	1,717	19,308
-	-	-	8,655	-	-	-	157,652
-	-	-	-	-	-	615	615
19,875	547	301	471	273	-	16,963	296,978
-	-	-	-	-	1,121	-	1,121
107	3	2	3	2	-	91	1,587
645	11	9	13	7	11	439	9,383
22,698	589	335	9,207	332	1,179	20,213	495,765
74,389	3,968	5,683	10,567	2,430	1,267	78,113	676,816
948	26	14	22	13	-	809	14,158
156	3	2	3	2	2	116	2,298
1,104	29	17	26	15	2	925	16,456
17,617	-	53,830	-	-	-	20,862	480,178
239	6	4	6	4	-	203	3,616
18,722	98,907	26,653	97,115	297,791	(1,180)	47,829	645,037
\$ 36,579	\$ 98,913	\$ 80,486	\$ 97,120	\$ 297,794	\$ (1,180)	\$ 68,894	\$ 1,128,830

State of Oregon

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
OPERATING REVENUES:				
Licenses and Fees	\$ -	\$ -	\$ -	\$ 17
Federal	-	-	-	-
Rebates and Recoveries	-	-	-	88
Charges for Services	-	20	-	106,368
Fines, Forfeitures, and Penalties	9	-	-	-
Rents and Royalties	-	70	-	80
Sales	-	-	-	874
Loan Interest Income	5,649	740	4,168	-
Other	1,298	40	43	592
Total Operating Revenues	<u>6,957</u>	<u>870</u>	<u>4,211</u>	<u>108,020</u>
OPERATING EXPENSES:				
Salaries and Wages	227	1,057	1,241	402,652
Services and Supplies	247	202	443	85,556
Cost of Goods Sold	-	-	-	-
Distributions to Other Governments	-	-	4,549	-
Special Payments	-	372	-	80
Bond and COP Interest	4,420	-	1,473	-
Depreciation and Amortization	-	-	-	10,985
Bad Debt Expense	-	-	3,306	-
Total Operating Expenses	<u>4,893</u>	<u>1,632</u>	<u>11,012</u>	<u>499,274</u>
Operating Income (Loss)	<u>2,063</u>	<u>(761)</u>	<u>(6,801)</u>	<u>(391,254)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income (Loss)	251	493	2,815	-
Other Grants	-	34	48	-
Other Taxes	-	-	-	-
Gain (Loss) on Disposition of Assets	-	-	-	(188)
Settlement Activities	-	-	-	-
Loan Interest Expense	-	-	-	-
Other Interest Expense	(6)	(3)	(10)	(1,377)
Other Nonoperating Items	(2)	(3)	(15)	-
Total Nonoperating Revenues (Expenses)	<u>244</u>	<u>520</u>	<u>2,838</u>	<u>(1,565)</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	2,307	(241)	(3,963)	(392,819)
Transfers from Other Funds	-	-	2,787	356,938
Transfers to Other Funds	(140)	(174)	(4,722)	(12,061)
Change in Net Position	<u>2,167</u>	<u>(415)</u>	<u>(5,898)</u>	<u>(47,942)</u>
Net Position - Beginning	(10,478)	42,179	236,930	233,681
Prior Period Adjustments	-	-	-	-
Net Position - Beginning - As Restated	(10,478)	42,179	236,930	233,681
Net Position - Ending	<u>\$ (8,311)</u>	<u>\$ 41,764</u>	<u>\$ 231,032</u>	<u>\$ 185,738</u>

State of Oregon

	Liquor Control	Standard Retiree Health Insurance	Veterans' Home	Water/Wastewater Financing	Safe Drinking Water	Paid Family and Medical Leave Insurance	Other	Total
\$	8,404	\$ -	\$ -	\$ -	\$ -	\$ -	3,132	\$ 11,554
	-	-	24,545	-	-	-	-	24,545
	-	-	-	-	-	-	-	88
	-	30,379	18,859	-	-	-	26,495	182,121
	232	-	-	-	-	-	10	251
	-	-	-	-	-	-	-	150
	728,705	-	-	-	-	-	27,635	757,214
	-	-	-	2,202	2,690	-	290	15,738
	496	22	43	-	-	-	988	3,524
	<u>737,837</u>	<u>30,402</u>	<u>43,447</u>	<u>2,202</u>	<u>2,690</u>	<u>-</u>	<u>58,550</u>	<u>995,184</u>
	29,535	596	422	542	332	953	9,239	446,797
	82,801	4,367	39,659	180	17	199	17,242	230,912
	360,112	-	-	-	-	-	31,931	392,043
	77,259	-	-	2,859	266	-	487	85,420
	319	18,267	-	-	7,090	-	1,198	27,327
	-	-	-	427	-	-	-	6,319
	1,140	-	2,035	-	-	-	2,020	16,180
	-	-	-	1,541	3,489	-	-	8,336
	<u>551,167</u>	<u>23,229</u>	<u>42,116</u>	<u>5,548</u>	<u>11,194</u>	<u>1,152</u>	<u>62,117</u>	<u>1,213,335</u>
	<u>186,670</u>	<u>7,173</u>	<u>1,331</u>	<u>(3,347)</u>	<u>(8,504)</u>	<u>(1,152)</u>	<u>(3,567)</u>	<u>(218,151)</u>
	-	2,098	526	639	2,969	-	474	10,266
	979	-	1,091	26	-	-	92	2,271
	18,260	-	-	-	-	-	-	18,260
	8	-	-	-	-	-	(259)	(439)
	-	-	-	-	-	-	24	24
	-	-	-	-	-	-	(27)	(27)
	(122)	(2)	(2)	(4)	(3)	-	(131)	(1,659)
	-	(15)	(4)	(4)	(21)	-	(12)	(76)
	<u>19,126</u>	<u>2,082</u>	<u>1,612</u>	<u>657</u>	<u>2,946</u>	<u>-</u>	<u>161</u>	<u>28,620</u>
	205,796	9,255	2,943	(2,690)	(5,559)	(1,152)	(3,406)	(189,531)
	3,236	-	48	550	15,442	-	378	379,379
	(209,124)	(19)	(15)	(1,164)	(12)	(28)	(2,002)	(229,461)
	<u>(93)</u>	<u>9,236</u>	<u>2,975</u>	<u>(3,304)</u>	<u>9,871</u>	<u>(1,180)</u>	<u>(5,030)</u>	<u>(39,612)</u>
	36,671	89,677	77,511	100,424	287,923	-	73,981	1,168,500
	-	-	-	-	-	-	(57)	(57)
	<u>36,671</u>	<u>89,677</u>	<u>77,511</u>	<u>100,424</u>	<u>287,923</u>	<u>-</u>	<u>73,924</u>	<u>1,168,443</u>
\$	<u>36,579</u>	\$ <u>98,913</u>	\$ <u>80,486</u>	\$ <u>97,120</u>	\$ <u>297,794</u>	\$ <u>(1,180)</u>	\$ <u>68,894</u>	\$ <u>1,128,830</u>

State of Oregon

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020
(In Thousands)**

	Energy Loan	Business Development	Special Public Works	State Hospitals
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 9	\$ 90	\$ -	\$ 17,340
Receipts from Other Funds for Services	-	-	-	78,823
Payments to Employees for Services	(200)	(820)	(1,372)	(358,513)
Payments to Suppliers	(24)	(79)	(329)	(44,411)
Payments to Other Funds for Services	(63)	(142)	(303)	(42,015)
Claims Paid	-	-	-	-
Distributions to Other Governments	-	-	(4,230)	-
Other Receipts (Payments)	54	-	80	1,027
Net Cash Provided (Used) in Operating Activities	<u>(224)</u>	<u>(951)</u>	<u>(6,154)</u>	<u>(347,749)</u>
Cash Flows from Noncapital Financing Activities:				
Proceeds from Bond/COP Sales	24,484	-	-	-
Advances Received	-	-	-	11,347
Principal Payments on Bonds/COPs	(39,260)	-	(1,820)	-
Principal Payments on Loans	(7)	(4)	(13)	(1,793)
Interest Payments on Bonds/COPs	(5,630)	-	(1,648)	-
Interest Payments on Loans	(6)	(3)	(10)	(1,377)
Bond/COP Issuance Costs	(173)	-	-	-
Taxes and Assessments Received	-	-	-	-
Grant Receipts	-	-	-	-
Transfers from Other Funds	-	-	2,787	356,938
Transfers to Other Funds	(149)	(174)	(4,722)	(12,061)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>(20,741)</u>	<u>(181)</u>	<u>(5,425)</u>	<u>353,054</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	-	-	-	(1,076)
Payments on Capital Leases	-	-	-	-
Proceeds from Disposition of Capital Assets	-	-	-	-
Insurance Recoveries for Capital Assets	-	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,076)</u>
Cash Flows from Investing Activities:				
Interest on Investments and Cash Balances	249	489	2,136	-
Interest Income from Securities Lending	2	5	20	-
Interest Expense from Securities Lending	(2)	(3)	(15)	-
Loan Principal Repayments	13,287	2,526	15,392	-
Loan Interest Received	5,686	756	6,522	-
Loans Made	-	(1,318)	(20,835)	-
Net Cash Provided (Used) in Investing Activities	<u>19,222</u>	<u>2,453</u>	<u>3,220</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(1,743)</u>	<u>1,321</u>	<u>(8,360)</u>	<u>4,230</u>
Cash and Cash Equivalents - Beginning	13,418	22,093	100,389	2,518
Cash and Cash Equivalents - Ending	<u>\$ 11,675</u>	<u>\$ 23,413</u>	<u>\$ 92,030</u>	<u>\$ 6,747</u>

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
\$ 737,712	\$ 47,525	\$ 40,188	\$ -	\$ -	\$ -	\$ 53,786	\$ 896,649
-	-	-	-	-	-	6,113	84,936
(25,352)	(516)	(321)	(611)	(309)	-	(18,620)	(406,635)
(435,188)	(4,614)	(37,544)	(29)	(5)	-	(33,917)	(556,140)
(8,476)	(12)	(1,299)	(155)	(13)	-	(2,114)	(54,591)
-	(18,502)	-	-	-	-	-	(18,502)
(77,466)	-	-	(3,177)	(278)	-	(574)	(85,725)
83	1,186	43	(13)	-	-	31,547	34,007
191,314	25,067	1,066	(3,986)	(604)	-	36,220	(106,001)
-	-	-	-	-	-	-	24,484
-	-	-	-	-	-	-	11,347
-	-	-	(570)	-	-	-	(41,650)
(159)	(2)	(2)	(5)	(4)	-	(171)	(2,159)
-	-	-	(436)	-	-	-	(7,715)
(122)	(2)	(2)	(4)	(3)	-	(131)	(1,659)
-	-	-	-	-	-	-	(173)
18,255	-	-	-	-	-	-	18,255
-	-	1,091	-	-	-	-	1,091
3,236	-	48	550	16,109	-	-	379,668
(209,625)	(19)	(15)	(1,164)	(12)	-	(1,849)	(229,789)
(188,414)	(22)	1,120	(1,629)	16,091	-	(2,151)	151,700
(372)	-	(2,000)	-	-	-	(3,068)	(6,517)
-	-	-	-	-	-	(209)	(209)
8	-	-	-	-	-	-	8
1	-	-	-	-	-	-	1
(363)	-	(2,000)	-	-	-	(3,277)	(6,716)
-	2,078	521	633	2,941	-	458	9,506
-	20	5	6	28	-	16	102
-	(15)	(4)	(4)	(21)	-	(12)	(76)
-	-	-	5,701	7,292	-	2,432	46,630
-	-	-	2,218	2,927	-	276	18,385
-	-	-	(4,497)	(20,287)	-	(2,311)	(49,248)
-	2,083	523	4,057	(7,119)	-	860	25,299
2,537	27,129	709	(1,559)	8,367	-	31,651	64,282
43,238	73,508	24,091	31,813	130,586	-	64,759	506,413
\$ 45,775	\$ 100,637	\$ 24,799	\$ 30,255	\$ 138,953	\$ -	\$ 96,410	\$ 570,695

(continued on next page)

State of Oregon

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2020
(In Thousands)
(continued from previous page)

	Energy Loan	Business Development	Special Public Works	State Hospitals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 2,063	\$ (761)	\$ (6,801)	\$ (391,254)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	-	-	10,985
Amortization of Bond/COP Premium and Discount	(1,246)	-	(141)	-
Noncash Services Received Pursuant to Settlement Activities	-	-	-	-
Bad Debt Expense	-	-	3,306	-
Interest Receipts Reported as Operating Revenue	(5,686)	(756)	(6,522)	-
Interest Payments Reported as Operating Expense	5,630	-	1,648	-
Bond/COP Issuance Costs Reported as Operating Expense	173	-	-	-
Expenses Related to Insurance Recoveries for Capital Assets	-	-	-	-
Net Changes in Assets and Liabilities:				
Accounts and Interest Receivable (net)	96	16	809	531
Due from Other Funds	-	-	16	(11,305)
Due from Component Units	-	-	-	-
Inventories	-	-	-	(551)
Prepaid Items	-	-	-	(72)
Net Contracts, Notes and Other Receivables	-	-	-	(72)
Loans Receivable	(1,298)	332	1,325	-
Net OPEB Asset	(1)	(5)	(2)	(1,377)
Accounts and Interest Payable	(426)	(18)	61	(448)
Due to Other Funds	-	1	1	(26)
Due to Component Units	-	-	-	(204)
Due to Other Governments	-	-	284	-
Unearned Revenue	(59)	-	-	14
Compensated Absences Payable	2	8	13	2,461
Claims and Judgments Payable	-	-	-	-
Deposit Liabilities	39	-	-	-
Contracts, Mortgages, and Notes Payable	-	-	-	-
Advances from Other Funds	-	-	-	-
Net Pension Liability	17	271	(182)	51,743
Net OPEB Liability	(1)	(1)	(6)	(487)
Total OPEB Liability	(2)	(6)	(20)	(772)
Net Changes in Deferred Outflows of Resources:				
Loss on Refunding	463	-	-	-
Related to Pensions	12	(46)	69	(9,767)
Related to OPEB	1	3	4	938
Net Changes in Deferred Inflows of Resources:				
Related to Pensions	(1)	8	(19)	720
Related to OPEB	-	3	3	1,194
Total Adjustments	(2,287)	(190)	647	43,505
Net Cash Provided (Used) by Operating Activities	<u>\$ (224)</u>	<u>\$ (951)</u>	<u>\$ (6,154)</u>	<u>\$ (347,749)</u>
Noncash Investing and Capital and Related Financing Activities:				
Net Change in Fair Value of Investments	\$ -	\$ -	\$ 659	\$ -
Capital Leases	-	-	-	-
Capital Contributions	-	-	-	-

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
\$ 186,670	\$ 7,173	\$ 1,331	\$ (3,347)	\$ (8,504)	\$ (1,152)	\$ (3,567)	\$ (218,151)
1,140	-	2,035	-	-	-	2,020	16,180
-	-	-	-	-	-	-	(1,386)
-	-	-	-	-	-	24	24
-	-	-	1,541	3,489	-	-	8,336
-	-	-	(2,218)	(2,927)	-	(276)	(18,385)
-	-	-	436	-	-	-	7,715
-	-	-	-	-	-	-	173
(1)	-	-	-	-	-	-	(1)
238	17,123	(3,880)	17	237	-	1,294	16,480
-	-	-	-	-	-	-	(11,290)
-	-	-	-	-	-	45	45
(4,678)	-	-	-	-	-	(406)	(5,635)
-	-	-	-	-	-	(33)	(105)
-	-	-	-	-	-	-	(72)
-	-	-	-	7,080	-	1,029	8,467
(113)	(2)	(1)	-	(1)	-	(75)	(1,580)
3,693	903	778	(64)	(10)	2	1,547	6,016
-	6	51	(15)	-	-	11	29
-	-	-	-	-	-	-	(204)
878	-	-	(263)	(4)	-	(26)	870
118	-	664	-	-	-	-	736
453	3	4	7	1	133	118	3,204
-	(235)	-	-	-	-	-	(235)
(941)	-	-	-	-	-	31,041	30,139
-	-	79	-	-	-	-	79
-	-	-	-	-	1,093	-	1,093
4,715	93	10	(96)	35	-	3,989	60,596
(30)	(1)	(1)	(3)	(1)	-	(48)	(578)
(58)	(1)	(2)	(10)	(2)	11	(43)	(904)
-	-	-	-	-	-	-	463
(1,032)	1	(1)	35	1	(86)	(618)	(11,432)
69	2	1	2	1	(2)	57	1,077
95	1	(2)	(9)	-	-	79	872
97	2	1	1	1	2	60	1,363
4,644	17,895	(264)	(640)	7,900	1,152	39,787	112,150
\$ 191,314	\$ 25,067	\$ 1,066	\$ (3,986)	\$ (604)	\$ -	\$ 36,220	\$ (106,001)

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 659
-	-	-	-	-	-	970	970
-	-	-	-	-	-	90	90

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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, 2020
(In Thousands)

	Central Services	Legal Services	Banking Services
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 151,223	\$ 1,557	\$ 21,022
Cash and Cash Equivalents - Restricted	7,101	-	-
Investments - Restricted	53,614	-	-
Securities Lending Collateral	7,859	76	314
Accounts and Interest Receivable (net)	93,190	13,211	2,863
Due from Other Funds	9,882	1,064	-
Inventories	787	100	-
Prepaid Items	2,415	-	-
Total Current Assets	326,071	16,007	24,199
Noncurrent Assets:			
Cash and Cash Equivalents - Restricted	16,236	-	-
Advances to Other Funds	342	-	-
Net Contracts, Notes, and Other Receivables	7	4	-
Net OPEB Asset	1,079	919	245
Capital Assets:			
Land	12,493	-	-
Buildings, Property, and Equipment	607,993	9,755	3,347
Construction in Progress	28,147	21	10,000
Infrastructure	767	-	-
Works of Art and Other Nondepreciable Assets	215	-	-
Less Accumulated Depreciation and Amortization	(359,242)	(6,571)	(2,494)
Total Noncurrent Assets	308,037	4,128	11,099
Total Assets	634,108	20,134	35,298
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	459	-	-
Related to Pensions	31,214	26,219	6,848
Related to OPEB	302	249	62
Total Deferred Outflows of Resources	31,975	26,468	6,909

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ 2,694	\$ 7,466	\$ 379,394	\$ 2,463	\$ 565,818
-	-	-	-	7,101
-	-	-	-	53,614
40	112	5,576	37	14,014
1,625	782	10,593	108	122,371
132	4	1,162	-	12,244
-	196	17	5	1,104
38	-	-	-	2,454
<u>4,530</u>	<u>8,559</u>	<u>396,742</u>	<u>2,612</u>	<u>778,720</u>
-	-	-	-	16,236
-	-	-	-	342
-	-	129	-	140
92	-	1,342	18	3,695
-	-	-	-	12,493
497	24,890	-	9,114	655,596
50	72	-	-	38,290
-	-	-	-	767
-	-	-	-	215
<u>(327)</u>	<u>(18,529)</u>	<u>-</u>	<u>(6,123)</u>	<u>(393,285)</u>
<u>312</u>	<u>6,434</u>	<u>1,471</u>	<u>3,009</u>	<u>334,489</u>
<u>4,842</u>	<u>14,994</u>	<u>398,213</u>	<u>5,621</u>	<u>1,113,209</u>
-	-	-	-	459
2,675	870	42,690	730	111,245
26	7	390	4	1,040
<u>2,701</u>	<u>877</u>	<u>43,080</u>	<u>734</u>	<u>112,744</u>

(continued on next page)

Combining Statement of Net Position
Internal Service Funds
June 30, 2020
(In Thousands)
(continued from previous page)

	Central Services	Legal Services	Banking Services
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	13,376	899	687
Obligations Under Securities Lending	7,859	76	314
Due to Other Funds	20,265	-	6
Unearned Revenue	50	-	-
Compensated Absences Payable	5,390	5,022	1,347
Claims and Judgments Payable	48,411	-	-
Deposit Liabilities	217	12	-
Contracts, Mortgages, and Notes Payable	5,261	589	101
Bonds/COPs Payable	6,474	-	-
Obligations Under Capital Lease	1,343	-	-
Total Current Liabilities	108,645	6,598	2,456
Noncurrent Liabilities:			
Compensated Absences Payable	2,902	2,704	726
Claims and Judgments Payable	180,957	-	-
Arbitrage Rebate Payable	27	-	-
Contracts, Mortgages, and Notes Payable	10,716	5,080	874
Bonds/COPs Payable	84,418	-	-
Obligations Under Capital Lease	981	-	-
Net Pension Liability	91,019	75,494	19,703
Net OPEB Liability	490	412	102
Total OPEB Liability	2,307	1,652	396
Total Noncurrent Liabilities	373,819	85,342	21,800
Total Liabilities	482,464	91,940	24,257
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding	534	-	-
Related to Pensions	4,339	3,599	939
Related to OPEB	613	474	119
Total Deferred Inflows of Resources	5,486	4,073	1,058
NET POSITION			
Net Investment in Capital Assets	212,268	3,205	10,853
Restricted for:			
Debt Service	246	-	-
Capital Projects	16,222	-	-
OPEB	1,079	919	245
Unrestricted	(51,681)	(53,534)	5,793
Total Net Position	\$ 178,133	\$ (49,410)	\$ 16,892

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
88	581	6,650	112	22,393
40	112	5,576	37	14,014
-	-	20,875	13	41,159
-	-	-	-	50
394	166	5,987	116	18,421
-	-	-	-	48,411
-	-	1,566	-	1,795
60	18	16	-	6,045
-	-	-	-	6,474
-	-	-	-	1,343
582	876	40,670	277	160,105
212	73	3,224	62	9,903
-	-	50,506	-	231,463
-	-	-	-	27
518	156	141	-	17,485
-	-	-	-	84,418
-	-	-	-	981
7,622	2,594	125,117	2,415	323,965
41	-	601	8	1,655
178	44	3,757	25	8,359
8,572	2,867	183,345	2,511	678,256
9,154	3,743	224,015	2,788	838,361
-	-	-	-	534
363	124	5,965	115	15,445
49	7	896	8	2,165
413	130	6,860	123	18,144
220	6,434	-	2,991	235,971
-	-	-	-	246
-	-	-	-	16,222
92	-	1,342	18	3,695
(2,336)	5,562	209,075	434	113,313
\$ (2,024)	\$ 11,997	\$ 210,417	\$ 3,443	\$ 369,447

State of Oregon

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2020
(In Thousands)

	Central Services	Legal Services	Banking Services
OPERATING REVENUES:			
Rebates and Recoveries	\$ 1,894	\$ 11	\$ 11
Charges for Services	298,474	112,521	39,247
Fines, Forfeitures, and Penalties	-	4	-
Rents and Royalties	43,837	-	-
Sales	2,263	59	-
Other	849	47	14
Total Operating Revenues	<u>347,317</u>	<u>112,642</u>	<u>39,273</u>
OPERATING EXPENSES:			
Salaries and Wages	116,722	102,089	29,406
Services and Supplies	216,072	14,498	9,058
Special Payments	-	-	-
Bond and COP Interest	2,502	-	-
Depreciation and Amortization	26,995	721	385
Total Operating Expenses	<u>362,291</u>	<u>117,308</u>	<u>38,849</u>
Operating Income (Loss)	<u>(14,974)</u>	<u>(4,666)</u>	<u>424</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Income (Loss)	7,836	-	5
Other Grants	9,731	-	-
Gain (Loss) on Disposition of Assets	1,020	-	(17)
Insurance Recovery	455	-	-
Settlement Activities	38	-	-
Loan Interest Income	23	-	-
Loan Interest Expense	(471)	-	-
Other Interest Expense	(500)	(441)	(76)
Other Nonoperating Items	(34)	-	-
Total Nonoperating Revenues (Expenses)	<u>18,097</u>	<u>(441)</u>	<u>(88)</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	3,123	(5,107)	336
Capital Contributions	-	-	-
Transfers from Other Funds	1,164	-	806
Transfers to Other Funds	(13,471)	(3,513)	(932)
Change in Net Position	<u>(9,183)</u>	<u>(8,620)</u>	<u>210</u>
Net Position - Beginning	189,274	(40,790)	16,682
Prior Period Adjustments	(1,958)	-	-
Cumulative Effect of Change in Accounting Principles	-	-	-
Net Position - Beginning - As Restated	<u>187,316</u>	<u>(40,790)</u>	<u>16,682</u>
Net Position - Ending	<u>\$ 178,133</u>	<u>\$ (49,410)</u>	<u>\$ 16,892</u>

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ -	\$ -	\$ 43,105	\$ 251	\$ 45,272
14,387	3,836	1,004,826	3,673	1,476,964
-	-	1	-	5
-	4,831	-	-	48,668
-	476	-	-	2,798
-	-	22,433	9	23,353
14,387	9,143	1,070,364	3,932	1,597,059
10,378	3,021	146,957	1,783	410,356
1,609	3,391	814,201	1,361	1,060,190
-	-	30,031	-	30,031
-	-	-	-	2,502
10	1,585	-	793	30,489
11,996	7,997	991,189	3,938	1,533,568
2,391	1,146	79,175	(5)	63,491
-	-	7,327	-	15,168
128	-	-	-	9,859
-	87	-	11	1,101
-	2	-	22	478
-	-	-	104	142
-	-	-	-	23
-	-	-	-	(471)
(45)	(14)	(12)	-	(1,088)
-	-	(51)	-	(86)
83	75	7,263	137	25,126
2,474	1,221	86,438	131	88,616
-	-	-	56	56
4	100	-	104	2,179
(3,423)	(807)	(4,991)	(504)	(27,640)
(945)	514	81,448	(213)	63,210
(1,079)	11,482	123,475	3,656	302,700
-	-	-	-	(1,958)
-	-	5,494	-	5,494
(1,079)	11,482	128,969	3,656	306,236
\$ (2,024)	\$ 11,997	\$ 210,417	\$ 3,443	\$ 369,447

State of Oregon

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020
(In Thousands)**

	Central Services	Legal Services	Banking Services
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 47,261	\$ 6,425	\$ -
Receipts from Other Funds for Services	305,410	102,716	41,274
Payments to Employees for Services	(101,683)	(89,187)	(24,771)
Payments to Suppliers	(87,669)	(11,563)	(7,122)
Payments to Other Funds for Services	(32,776)	(3,396)	(1,693)
Claims Paid	(63,893)	-	-
Other Receipts (Payments)	(15,109)	61	86
Net Cash Provided (Used) in Operating Activities	<u>51,541</u>	<u>5,057</u>	<u>7,774</u>
Cash Flows from Noncapital Financing Activities:			
Principal Payments on Loans	(3,511)	(574)	(99)
Interest Payments on Loans	(817)	(441)	(76)
Interest Receipts on Advances Made	12	-	-
Transfers from Other Funds	3,280	-	833
Transfers to Other Funds	(15,361)	(3,513)	(932)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>(16,398)</u>	<u>(4,529)</u>	<u>(274)</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Bond/COP Sales	63,210	-	-
Principal Payments on Bonds/COPs	(39,460)	-	-
Principal Payments on Loans	(2,126)	-	-
Interest Payments on Bonds/COPs	(3,535)	-	-
Interest Payments on Loans	(154)	-	-
Acquisition of Capital Assets	(59,293)	(1,071)	(1,191)
Payments on Capital Leases	(1,343)	-	-
Proceeds from Disposition of Capital Assets	2,960	-	-
Insurance Recoveries for Capital Assets	428	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(39,312)</u>	<u>(1,071)</u>	<u>(1,191)</u>
Cash Flows from Investing Activities:			
Purchases of Investments	(7,108)	-	-
Proceeds from Sales and Maturities of Investments	19,212	-	-
Interest on Investments and Cash Balances	6,337	-	5
Interest Income from Securities Lending	46	-	-
Interest Expense from Securities Lending	(34)	-	-
Net Cash Provided (Used) in Investing Activities	<u>18,452</u>	<u>-</u>	<u>5</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,283	(543)	6,315
Cash and Cash Equivalents - Beginning	160,276	2,099	14,707
Cash and Cash Equivalents - Ending	<u>\$ 174,559</u>	<u>\$ 1,557</u>	<u>\$ 21,022</u>

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ 53,687
13,105	8,790	1,311,715	3,928	1,786,939
(8,948)	(2,323)	(137,453)	(1,268)	(365,634)
(861)	(2,285)	(381,490)	(1,095)	(492,084)
(698)	(1,120)	(41,955)	(183)	(81,821)
-	-	(702,762)	-	(766,655)
-	-	40,411	-	25,450
2,598	3,063	88,467	1,383	159,882
(59)	(18)	(16)	-	(4,276)
(45)	(14)	(12)	-	(1,405)
-	-	-	-	12
-	142	-	104	4,359
(3,423)	(807)	(4,991)	(513)	(29,540)
(3,526)	(696)	(5,019)	(409)	(30,850)
-	-	-	-	63,210
-	-	-	-	(39,460)
-	-	-	-	(2,126)
-	-	-	-	(3,535)
-	-	-	-	(154)
(182)	(1,148)	-	(257)	(63,141)
-	-	-	-	(1,343)
-	95	-	35	3,091
-	21	-	39	489
(182)	(1,031)	-	(183)	(42,970)
-	-	-	-	(7,108)
-	-	-	-	19,212
-	-	7,258	-	13,600
-	-	69	-	115
-	-	(51)	-	(86)
-	-	7,276	-	25,733
(1,110)	1,335	90,724	791	111,794
3,804	6,131	288,671	1,672	477,361
\$ 2,694	\$ 7,466	\$ 379,394	\$ 2,463	\$ 589,155

(continued on next page)

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020
(In Thousands)

(continued from previous page)

	Central Services	Legal Services	Banking Services
Reconciliation of Operating Income (Loss) to Net Cash Provided			
(Used) by Operating Activities:			
Operating Income (Loss)	\$ (14,974)	\$ (4,666)	\$ 424
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided			
(Used) by Operating Activities:			
Depreciation and Amortization	26,995	721	385
Amortization of Bond/COP Premium and Discount	(1,003)	-	-
Noncash Services Received Pursuant to Settlement Activities	38	-	-
Interest Payments Reported as Operating Expense	3,535	-	-
Expenses Related to Insurance Recoveries for Capital Assets	-	-	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	(332)	(3,334)	2,102
Due from Other Funds	(80)	(10)	54
Inventories	31	74	23
Prepaid Items	56	-	-
Net Contracts, Notes and Other Receivables	1	3	-
Net OPEB Asset	(465)	(400)	(132)
Accounts and Interest Payable	(8,260)	(600)	124
Due to Other Funds	7,224	(14)	6
Unearned Revenue	(50)	(73)	-
Compensated Absences Payable	1,307	1,175	386
Claims and Judgments Payable	31,281	-	-
Deposit Liabilities	(8,811)	12	-
Contracts, Mortgages, and Notes Payable	628	-	-
Net Pension Liability	16,162	14,243	5,259
Net OPEB Liability	(182)	(151)	(16)
Total OPEB Liability	(115)	(110)	(13)
Net Changes in Deferred Outflows of Resources:			
Loss on Refunding	164	-	-
Related to pensions	(2,305)	(2,481)	(1,095)
Related to OPEB	311	261	68
Net Changes in Deferred Inflows of Resources:			
Gain on Refunding	(88)	-	-
Related to Pensions	132	156	128
Related to OPEB	341	250	70
Total Adjustments	66,515	9,722	7,350
Net Cash Provided (Used) by Operating Activities	\$ 51,541	\$ 5,057	\$ 7,774

Noncash Investing and Capital and Related Financing Activities:

Net Change in Fair Value of Investments	\$ 1,380	\$ -	\$ -
Capital Leases	1,232	-	-
Capital Assets Transferred from Governmental Activities	-	-	-
Noncash Assets Exchanged for Other Liabilities	4,958	-	-

State of Oregon

Audit Services	Forestry Services	Health Services	Other	Total
\$ 2,391	\$ 1,146	\$ 79,175	\$ (5)	\$ 63,491
10	1,585	-	793	30,489
-	-	-	-	(1,003)
-	-	-	104	142
-	-	-	-	3,535
-	(20)	-	(17)	(37)
(1,282)	(353)	515	(4)	(2,688)
-	-	9,436	-	9,400
-	26	(2)	2	155
16	-	-	3	74
-	-	3	-	8
(42)	15	(464)	(8)	(1,497)
32	211	(9,067)	(6)	(17,566)
-	-	6,989	1	14,206
-	-	-	-	(123)
26	4	1,419	(14)	4,304
-	-	(12,501)	-	18,780
-	-	4,440	-	(4,359)
-	-	-	-	628
1,753	563	7,841	516	46,339
(12)	(17)	(350)	(3)	(730)
(10)	(30)	(417)	(10)	(704)
-	-	-	-	164
(369)	(75)	1,178	12	(5,135)
26	(5)	401	6	1,069
-	-	-	-	(88)
34	10	(627)	8	(159)
28	-	496	4	1,187
207	1,916	9,292	1,388	96,391
\$ 2,598	\$ 3,063	\$ 88,467	\$ 1,383	\$ 159,882

\$ -	\$ -	\$ -	\$ -	\$ 1,380
-	-	-	-	1,232
-	-	-	56	56
-	-	-	-	4,958

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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, 2020
(In Thousands)**

	Pension Trust Funds	
	Public Employees Defined Benefit Pension Plan	Individual Account Program Defined Contribution Pension Plan
ASSETS		
Cash and Cash Equivalents	\$ 2,671,774	\$ 679,232
Investments:		
Fixed Income	12,289,031	2,355,511
Public Equity	20,894,757	3,675,544
Real Estate	7,802,168	851,558
Private Equity	16,514,046	1,802,405
Alternatives Portfolio	7,335,842	800,661
Opportunity Portfolio	1,476,332	161,132
Total Investments	<u>66,312,176</u>	<u>9,646,811</u>
Securities Lending Collateral	709,926	77,485
Receivables:		
Employer Contributions	28,680	-
Plan Member Contributions	-	15,183
Interest and Dividends	117,924	12,871
Member Loans	-	-
Investment Sales	989,585	108,011
Transitional Liability	405,156	-
From Other Funds	1,961	1,985
Total Receivables	<u>1,543,305</u>	<u>138,050</u>
Prepaid Items	3,040	332
Capital Assets (net of \$30,759 accumulated depreciation):		
Land	944	-
Buildings, Property, and Equipment	21,662	200
Total Assets	<u>71,262,828</u>	<u>10,542,110</u>
LIABILITIES		
Accounts and Interest Payable	2,179,277	190,527
Obligations Under Securities Lending	710,431	77,540
Due to Other Funds	2,077	1,392
Unearned Revenue	349	-
Deposit Liabilities	51,397	30,265
Total Liabilities	<u>2,943,531</u>	<u>299,724</u>
NET POSITION		
Restricted for Pension Benefits	68,319,297	10,242,386
Restricted for Other Postemployment Benefits	-	-
Restricted for Other Employee Benefits	-	-
Total Net Position	<u>\$ 68,319,297</u>	<u>\$ 10,242,386</u>

State of Oregon

Other Employee Benefit Trust Funds

Other Postemployment Benefits

Retirement Health Insurance Account OPEB Plan	Retiree Health Insurance Premium Account OPEB Plan	Deferred Compensation Plan	Total
\$ 22,245	\$ 3,862	\$ 15,570	\$ 3,392,683
113,032	8,951	447,195	15,213,720
188,697	14,943	1,704,062	26,478,003
71,763	5,683	-	8,731,171
151,893	12,029	-	18,480,373
67,474	5,343	-	8,209,320
13,579	1,075	-	1,652,119
<u>606,438</u>	<u>48,025</u>	<u>2,151,257</u>	<u>78,764,707</u>
6,525	521	3	794,459
1,513	2,891	-	33,084
-	-	-	15,183
1,085	86	673	132,638
-	-	13,183	13,183
9,191	747	16	1,107,549
-	-	-	405,156
7	84	-	4,037
<u>11,796</u>	<u>3,809</u>	<u>13,872</u>	<u>1,710,831</u>
28	2	-	3,402
-	-	-	944
-	-	-	21,863
<u>647,031</u>	<u>56,218</u>	<u>2,180,701</u>	<u>84,688,888</u>
18,663	1,267	1,180	2,390,915
6,530	521	3	795,025
293	31	166	3,958
-	-	573	922
10,801	59	-	92,522
<u>36,287</u>	<u>1,878</u>	<u>1,921</u>	<u>3,283,341</u>
-	-	-	78,561,683
610,744	54,340	-	665,084
-	-	2,178,780	2,178,780
<u>\$ 610,744</u>	<u>\$ 54,340</u>	<u>\$ 2,178,780</u>	<u>\$ 81,405,547</u>

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2020
(In Thousands)**

	Pension Trust Funds	
	Public Employees Defined Benefit Pension Plan	Individual Account Program Defined Contribution Pension Plan
ADDITIONS		
Contributions:		
Employer	\$ 2,299,006	\$ -
Plan Members	10,179	711,193
Total Contributions	<u>2,309,185</u>	<u>711,193</u>
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	(60,218)	135,441
Interest, Dividends, and Other Investment Income	1,741,873	193,841
Total Investment Income	<u>1,681,655</u>	<u>329,282</u>
Less Investment Expense	760,802	87,215
Net Investment Income	<u>920,853</u>	<u>242,067</u>
Other Income	2,408	561
Total Additions	<u>3,232,446</u>	<u>953,822</u>
DEDUCTIONS		
Benefits	5,039,757	611,602
Death Benefits	6,174	-
Contributions Refunded	18,855	-
Healthcare Premium Subsidies	-	-
Administrative Expenses	52,083	11,829
Total Deductions	<u>5,116,870</u>	<u>623,431</u>
Change in Net Position:		
Restricted for Pension Benefits	(1,884,424)	330,391
Restricted for Other Postemployment Benefits	-	-
Restricted for Other Employee Benefits	-	-
Net Position - Beginning	<u>70,203,721</u>	<u>9,911,995</u>
Net Position - Ending	<u>\$ 68,319,297</u>	<u>\$ 10,242,386</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		
\$ 6,360	\$ 11,242	\$ -	\$ 2,316,608		
-	-	150,478	871,851		
6,360	11,242	150,478	3,188,459		
(429)	84	63,249	138,127		
16,021	1,218	12,944	1,965,897		
15,592	1,302	76,193	2,104,024		
6,997	530	4,409	859,952		
8,595	772	71,784	1,244,072		
-	-	1,622	4,591		
14,955	12,014	223,885	4,437,121		
-	-	118,350	5,769,709		
-	-	-	6,174		
-	-	-	18,855		
31,828	4,113	-	35,940		
1,273	253	2,072	67,510		
33,101	4,366	120,422	5,898,189		
-	-	-	(1,554,033)		
(18,146)	7,649	-	(10,497)		
-	-	103,463	103,463		
628,890	46,691	2,075,318	82,866,614		
\$ 610,744	\$ 54,340	\$ 2,178,780	\$ 81,405,547		

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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 this pool within the funds of the State.

Local Government Intermediate Investment Fund

This fund accounts for the portion of the Oregon Local Government Intermediate Fund (OLGIF) belonging to entities other than the State. The OLGIF is an intermediate term fixed income investment vehicle managed by the Oregon State Treasury, participants include OSTF and several local governments. The State does not participate directly in this pool.

State of Oregon

**Combining Statement of Fiduciary Net Position
Custodial Funds - External Investment Pools
June 30, 2020
(In Thousands)**

	Short Term Investment	Intermediate Term Investment	Local Government Intermediate Investment	Elimination for Consolidation	Total
ASSETS					
Cash and Cash Equivalents	\$ 8,175,844	\$ 3,115	\$ 7,850	\$ (11,807)	\$ 8,175,002
Investments:					
Fixed Income	-	34,385	239,786	(223,046)	51,125
Total Investments	-	34,385	239,786	(223,046)	51,125
Securities Lending Collateral	100,923	-	7,203	-	108,126
Receivables:					
Interest and Dividends	19,882	141	1,414	-	21,437
Accounts	15,913	-	-	-	15,913
Loans	17	-	-	-	17
Total Receivables	35,812	141	1,414	-	37,367
Total Assets	8,312,579	37,641	256,253	(234,853)	8,371,620
LIABILITIES					
Accounts and Interest Payable	15,903	944	89	-	16,936
Obligations Under Securities Lending	100,923	-	7,203	-	108,126
Total Liabilities	116,826	944	7,292	-	125,062
NET POSITION					
Amount Held for Pool Participants	8,195,753	36,697	248,961	(234,853)	8,246,558
Total Net Position	\$ 8,195,753	\$ 36,697	\$ 248,961	\$ (234,853)	\$ 8,246,558

State of Oregon

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds - External Investment Pools
For the Year Ended June 30, 2020
(In Thousands)**

	Short Term Investment	Intermediate Term Investment	Local Government Intermediate Investment	Elimination for Consolidation	Total
ADDITIONS					
Investment Income:					
Net Appreciation (Depreciation) in Fair Value of Investments	\$ 3,694	\$ 1,116	\$ 6,992	\$ -	\$ 11,802
Interest, Dividends, and Other Investment Income	226,939	905	6,897	-	234,741
Total Investment Income	230,633	2,021	13,889	-	246,543
Less Investment Expense	7,546	25	474	-	8,045
Net Investment Income	223,087	1,996	13,415	-	238,498
Share Transactions:					
Participant Contributions	21,320,585	-	2,000	(18,194)	21,304,391
Participant Withdrawals	20,570,027	-	-	-	20,570,027
Net Share Transactions	750,558	-	2,000	(18,194)	734,364
Total Additions	973,645	1,996	15,415	(18,194)	972,862
DEDUCTIONS					
Distribution to Participants	196,586	-	-	-	196,586
Total Deductions	196,586	-	-	-	196,586
Change in Net Position:					
Amount Held for Pool Participants	777,059	1,996	15,415	(18,194)	776,276
Net Position - Beginning	7,418,694	34,701	233,546	(216,659)	7,470,282
Net Position - Ending	\$ 8,195,753	\$ 36,697	\$ 248,961	\$ (234,853)	\$ 8,246,558

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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, 2019, financial information of OAHAC is included in this report.

State of Oregon

**Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2020
(In Thousands)**

	Oregon Health and Science University	Western Oregon University	Southern Oregon University
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 428,890	\$ 21,325	\$ 4,235
Cash and Cash Equivalents - Restricted	39,054	2,407	2,148
Investments	254,901	-	-
Securities Lending Collateral	-	491	263
Accounts and Interest Receivable (net)	493,227	13,508	7,049
Pledges, Contributions, and Grants Receivable (net)	85,605	-	251
Due from Other Governments	10,489	-	-
Due from Primary Government	34,284	2,764	731
Inventories	53,065	1,385	382
Prepaid Items	36,625	531	711
Total Current Assets	1,436,140	42,411	15,770
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	3,250
Cash and Cash Equivalents - Restricted	40,577	-	61
Investments	1,216,257	31,334	36,745
Investments - Restricted	665,886	-	2,512
Net Contracts, Notes, and Other Receivables	34,879	2,113	3,662
Pledges, Contributions, and Grants Receivable (net)	306,862	-	561
Net OPEB Asset	6,200	526	488
Other Assets	4,981	-	17
Capital Assets:			
Land	90,393	5,719	5,579
Buildings, Property, and Equipment	4,044,437	210,846	234,314
Construction in Progress	163,290	8,779	4,189
Infrastructure	-	7,225	3,039
Works of Art and Other Nondepreciable Assets	-	685	4,094
Less Accumulated Depreciation and Amortization	(2,132,197)	(105,677)	(112,356)
Total Noncurrent Assets	4,441,565	161,550	186,155
Total Assets	5,877,705	203,961	201,925
DEFERRED OUTFLOWS OF RESOURCES			
Hedging Derivatives	7,342	-	-
Goodwill	754	-	-
Loss on Refunding	30,197	-	-
Related to Pensions	162,408	12,895	11,832
Related to OPEB	8,961	329	189
Total Deferred Outflows of Resources	209,662	13,224	12,021

State of Oregon

Eastern Oregon University	Oregon Institute of Technology	State Fair Council	Oregon Affordable Housing Assistance Corporation	Total
\$ 18,748	\$ 13,816	\$ 5,258	\$ 37,872	\$ 530,144
470	3,411	-	-	47,490
-	-	-	-	254,901
339	351	-	-	1,444
5,202	4,683	211	-	523,880
-	-	-	-	85,856
-	-	-	-	10,489
955	7,559	-	-	46,293
9	154	19	-	55,014
54	805	3	496	39,225
<u>25,777</u>	<u>30,779</u>	<u>5,491</u>	<u>38,369</u>	<u>1,594,737</u>
-	1,060	-	-	4,310
450	-	-	-	41,088
21,974	43,149	-	-	1,349,459
1,455	-	-	-	669,853
14	1,773	-	16,622	59,063
722	1,977	-	-	310,122
298	296	-	-	7,808
-	243	-	-	5,241
1,037	6,250	-	-	108,978
143,077	168,149	2,101	-	4,802,924
3,709	17,667	-	-	197,634
3,348	28,336	-	-	41,948
337	1,582	-	-	6,698
<u>(77,158)</u>	<u>(91,961)</u>	<u>(303)</u>	<u>-</u>	<u>(2,519,652)</u>
<u>99,263</u>	<u>178,521</u>	<u>1,798</u>	<u>16,622</u>	<u>5,085,474</u>
<u>125,040</u>	<u>209,300</u>	<u>7,289</u>	<u>54,991</u>	<u>6,680,211</u>
-	-	-	-	7,342
-	-	-	-	754
-	-	-	-	30,197
7,007	7,695	-	-	201,837
104	135	-	-	9,718
<u>7,111</u>	<u>7,830</u>	<u>-</u>	<u>-</u>	<u>249,848</u>

(continued on next page)

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
June 30, 2020
(In Thousands)
(continued from previous page)

	Oregon Health and Science University	Western Oregon University	Southern Oregon University
LIABILITIES			
Current Liabilities:			
Accounts and Interest Payable	236,391	10,614	3,579
Obligations Under Securities Lending	-	491	263
Obligations Under Life Income Agreements	-	847	216
Due to Other Governments	2,770	-	-
Due to Primary Government	10,955	3,780	2,631
Unearned Revenue	91,133	3,285	3,321
Compensated Absences Payable	68,996	1,746	1,598
Claims and Judgments Payable	33,935	-	-
Deposit Liabilities	-	241	165
Contracts, Mortgages, and Notes Payable	147,830	389	604
Bonds/COPs Payable	21,642	-	-
Obligations Under Capital Lease	943	115	-
Total Current Liabilities	614,595	21,508	12,377
Noncurrent Liabilities:			
Obligations Under Life Income Agreements	20,741	-	-
Compensated Absences Payable	-	577	541
Claims and Judgments Payable	39,861	-	-
Deposit Liabilities	2,655	-	-
Contracts, Mortgages, and Notes Payable	20,769	2,695	3,632
Net Pension Liability	570,164	37,199	34,506
Bonds/COPs Payable	949,788	-	-
Obligations Under Capital Lease	1,044	114	-
Advances from Primary Government	23,821	46,743	36,524
Net OPEB Liability	-	230	205
Total OPEB Liability	20,955	1,933	1,539
Derivative Instrument Liabilities	26,700	-	-
Total Noncurrent Liabilities	1,676,498	89,491	76,947
Total Liabilities	2,291,093	110,999	89,324
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding	1,546	-	-
Life income agreements and Pending Funds	81,404	-	-
Related to Pensions	56,018	1,774	4,002
Related to OPEB	2,294	419	427
Total Deferred Inflows of Resources	141,262	2,193	4,429
Net Position			
Net Investment in Capital Assets	1,254,205	78,243	99,610
Restricted-Nonexpendable	298,679	-	1,812
Restricted for:			
Education	687,627	26,365	32,191
Debt Service	-	184	383
Capital Projects	-	627	606
OPEB	6,200	526	488
Unrestricted	1,408,301	(1,952)	(14,897)
Total Net Position	\$ 3,655,012	\$ 103,993	\$ 120,193

State of Oregon

Eastern Oregon University	Oregon Institute of Technology	State Fair Council	Oregon Affordable Housing Assistance Corporation	Total
5,939	9,859	172	111	266,664
339	351	-	-	1,444
-	83	-	-	1,146
-	-	-	16,622	19,392
1,825	2,611	-	246	22,049
2,881	3,641	302	38,012	142,575
1,133	1,616	-	-	75,089
-	-	-	-	33,935
267	144	-	-	817
191	707	-	-	149,721
-	-	-	-	21,642
9	23	-	-	1,090
12,584	19,035	473	54,991	735,563
-	-	-	-	20,741
331	695	-	-	2,144
-	-	-	-	39,861
-	-	-	-	2,655
1,478	1,806	-	-	30,380
20,815	20,224	-	-	682,908
-	-	-	-	949,788
6	-	-	-	1,164
18,125	36,869	-	-	162,082
124	122	-	-	681
992	1,290	-	-	26,709
-	-	-	-	26,700
41,871	61,006	-	-	1,945,813
54,455	80,041	473	54,991	2,681,376
-	-	-	-	1,546
-	-	-	-	81,404
1,437	1,672	-	-	64,903
286	282	-	-	3,708
1,723	1,954	-	-	151,561
53,610	89,749	1,798	-	1,577,215
554	-	-	-	301,045
18,183	21,892	-	-	786,258
318	29	-	-	914
79	3,365	8	-	4,685
298	296	-	-	7,808
2,931	19,804	5,010	-	1,419,197
\$ 75,973	\$ 135,135	\$ 6,816	\$ -	\$ 4,097,122

State of Oregon

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Discretely Presented Component Units
For the Year Ended June 30, 2020
(In Thousands)**

	Oregon Health and Science University	Western Oregon University	Southern Oregon University
Operating Revenues:			
Federal Revenue	\$ -	\$ 6,186	\$ 1,338
Charges for Services	2,646,724	25,578	33,263
Rents and Royalties	-	-	-
Sales	-	16,046	13,219
Gifts, Grants, and Contracts	687,889	7,247	6,884
Other Revenues	163,146	2,369	1,382
Total Operating Revenues	<u>3,497,759</u>	<u>57,426</u>	<u>56,086</u>
Operating Expenses:			
Salaries and Wages	2,285,574	80,463	67,788
Services and Supplies	1,175,675	17,417	19,712
Mortgage Assistance Payments	-	-	-
Depreciation and Amortization	185,198	6,464	4,970
Special Payments	-	9,638	7,425
Interest	37,437	-	-
Total Operating Expenses	<u>3,683,884</u>	<u>113,982</u>	<u>99,895</u>
Operating Income (Loss)	<u>(186,125)</u>	<u>(56,556)</u>	<u>(43,809)</u>
Nonoperating Revenues (Expenses):			
Investment Income	86,989	2,457	1,317
State Appropriations	39,581	28,584	24,141
Other Grants	37,859	17,116	9,686
Gain/(Loss) on Disposition of Assets	-	80	2
Other Interest Expense	-	(2,268)	(1,976)
Other	(917)	(939)	(349)
Total Nonoperating Revenues (Expenses)	<u>163,512</u>	<u>45,030</u>	<u>32,821</u>
Income (Loss) Before Capital Contributions	<u>(22,613)</u>	<u>(11,526)</u>	<u>(10,988)</u>
Capital Contributions	4,270	10,155	4,620
Change in Net Position	<u>(18,343)</u>	<u>(1,371)</u>	<u>(6,368)</u>
Net Position - Beginning	<u>3,673,354</u>	<u>105,364</u>	<u>126,561</u>
Net Position - Ending	<u>\$ 3,655,012</u>	<u>\$ 103,993</u>	<u>\$ 120,193</u>

State of Oregon

		Oregon Affordable Housing Assistance Corporation				
Eastern Oregon University	Oregon Institute of Technology	State Fair Council	State Fair Council	Oregon Affordable Housing Assistance Corporation	Total	
\$ 2,808	\$ 801	\$ -	\$ -	\$ 29,956	\$ 41,089	
17,751	29,911	-	-	-	2,753,227	
-	-	1,356	-	-	1,356	
6,162	12,253	6,486	-	-	54,166	
3,460	6,876	-	-	-	712,356	
472	397	84	-	-	167,850	
30,653	50,238	7,926		29,956	3,730,044	
41,560	58,148	1,222	-	-	2,534,755	
10,628	21,044	6,401	-	-	1,250,877	
-	-	-	-	38,066	38,066	
4,478	6,758	138	-	-	208,006	
4,987	5,570	-	-	-	27,620	
-	-	-	-	-	37,437	
61,653	91,520	7,761		38,066	4,096,761	
(31,000)	(41,282)	165		(8,110)	(366,717)	
2,853	2,206	102	-	-	95,924	
22,864	32,379	-	-	-	147,549	
6,836	7,061	-	-	-	78,558	
(9)	(11)	-	-	-	62	
(1,028)	(1,882)	-	-	-	(7,154)	
(376)	(1,015)	-	-	8,110	4,514	
31,140	38,738	102		8,110	319,453	
140	(2,544)	267	-	-	(47,264)	
3,388	16,549	1,042	-	-	40,024	
3,528	14,005	1,309		-	(7,240)	
72,445	121,130	5,507		-	4,104,361	
\$ 75,973	\$ 135,135	\$ 6,816	\$ -	\$ -	\$ 4,097,122	

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Statistical Section

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Statistical Section Index

This part of the State of Oregon's comprehensive annual 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 comprehensive annual financial report for the relevant year.

Schedule 1
NET POSITION BY COMPONENT
 Last Ten Fiscal Years (In Thousands)
 (Accrual Basis of Accounting)

	2011	2012	2013	2014
Governmental Activities				
Net Investment in Capital Assets	\$ 8,107,685	\$ 8,888,097	\$ 10,636,687	\$ 9,982,055
Restricted	2,582,708	3,143,955	2,794,989	3,494,851
Unrestricted	138,387	(840,528)	(1,488,172)	(1,077,265)
Total Governmental Activities Net Position	\$ 10,828,780	\$ 11,191,524	\$ 11,943,504	\$ 12,399,641
Business-type Activities				
Net Investment in Capital Assets	\$ 1,195,629	\$ 1,383,060	\$ 1,383,562	\$ 1,443,136
Restricted	670,672	505,991	549,486	578,740
Unrestricted	2,378,452	2,778,815	3,084,564	3,613,692
Total Business-type Activities Net Position	\$ 4,244,753	\$ 4,667,866	\$ 5,017,612	\$ 5,635,568
Primary Government				
Net Investment in Capital Assets	\$ 9,303,314	\$ 10,271,157	\$ 12,020,249	\$ 11,425,191
Restricted	3,253,380	3,649,946	3,344,475	4,073,591
Unrestricted	2,516,839	1,938,287	1,596,392	2,536,427
Total Primary Government Net Position	\$ 15,073,533	\$ 15,859,390	\$ 16,961,116	\$ 18,035,209

State of Oregon

2015	2016	2017	2018	2019	2020
\$ 11,116,322	\$ 9,563,039	\$ 9,694,241	\$ 9,981,128	\$ 10,980,266	\$ 11,343,771
3,812,040	4,052,223	4,316,623	5,054,204	4,882,727	5,396,688
(3,243,523)	(2,937,300)	(2,482,259)	(2,466,140)	(1,524,443)	(2,325,782)
\$ 11,684,839	\$ 10,677,962	\$ 11,528,605	\$ 12,569,192	\$ 14,338,550	\$ 14,414,675
\$ 633,944	\$ 612,107	\$ 610,616	\$ 583,878	\$ 547,653	\$ 524,170
311,509	222,398	215,772	216,041	224,778	233,786
3,205,302	4,233,276	4,763,302	5,325,538	5,965,305	5,467,513
\$ 4,150,755	\$ 5,067,782	\$ 5,589,690	\$ 6,125,457	\$ 6,737,736	\$ 6,225,468
\$ 11,750,266	\$ 10,175,146	\$ 10,304,857	\$ 10,565,006	\$ 11,133,063	\$ 11,489,028
4,123,549	4,274,621	4,532,395	5,270,245	5,235,707	5,886,848
(38,221)	1,295,976	2,281,043	2,859,398	4,707,517	3,264,267
\$ 15,835,594	\$ 15,745,743	\$ 17,118,295	\$ 18,694,649	\$ 21,076,287	\$ 20,640,143

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

	2011	2012	2013	2014
Expenses				
Governmental activities:				
Education	\$ 3,979,440	\$ 4,061,791	\$ 3,883,592	\$ 4,420,704
Human Services	7,535,059	8,186,498	8,459,678	9,880,251
Public Safety	1,180,405	1,235,617	1,256,086	1,300,085
Economic and Community Development	480,196	416,683	423,191	385,464
Natural Resources	629,222	619,535	637,929	724,185
Transportation	1,566,210	1,394,815	1,407,506	1,555,822
Consumer and Business Services	424,534	263,541	403,725	283,039
Administration	376,821	349,555	305,791	404,182
Legislative	37,801	34,839	40,828	37,234
Judicial	313,886	326,803	311,401	340,313
Interest on Long-term Debt	351,713	367,826	331,531	347,010
Total governmental activities expenses	16,875,287	17,257,503	17,461,258	19,678,289
Business-type activities:				
Housing and Community Services	78,194	75,879	67,918	56,473
Veterans' Loan	19,365	18,628	-	-
Lottery Operations	510,401	534,018	494,337	493,652
Unemployment Compensation	2,306,502	1,729,355	1,236,639	831,914
University System	2,146,867	2,300,493	2,412,100	2,505,392
State Hospitals	248,072	270,793	253,960	278,804
Liquor Control	325,410	344,540	367,141	384,491
Other Business-type Activities	269,217	268,659	324,463	306,212
Total business-type activities expenses	5,904,028	5,542,365	5,156,558	4,856,938
Total primary government expenses	\$ 22,779,315	\$ 22,799,868	\$ 22,617,816	\$ 24,535,227
Program Revenues				
Governmental activities:				
Charges for Services:				
Human Services	\$ 289,686	\$ 531,658	\$ 639,524	\$ 615,829
Public Safety	80,842	141,432	59,551	85,549
Natural Resources	285,394	306,336	301,196	335,198
Transportation	138,383	140,219	147,234	171,154
Consumer and Business Services	270,467	69,000	124,698	126,482
Administration	115,365	96,006	91,626	92,358
Judicial	185,523	99,052	197,966	33,722
Other governmental activities	38,068	42,502	63,009	44,347
Operating Grants and Contributions	8,324,841	7,400,703	7,816,666	9,055,464
Capital Grants and Contributions	97,682	37,134	30,663	17,766
Total governmental activities program revenues	9,826,251	8,864,042	9,472,133	10,577,869

State of Oregon

2015	2016	2017	2018	2019	2020
\$ 4,693,469	\$ 5,588,674	\$ 5,722,672	\$ 6,272,580	\$ 6,418,578	\$ 6,914,415
11,556,800	12,516,784	12,446,233	12,912,779	13,745,007	15,017,603
1,179,299	1,683,095	1,604,349	1,659,150	1,711,657	1,844,670
375,497	444,564	477,674	527,649	604,380	654,791
661,438	845,601	800,960	842,882	970,404	896,949
1,437,587	1,614,231	1,667,739	1,660,362	1,887,748	1,949,483
204,614	364,373	260,420	298,499	394,611	443,364
684,677	450,111	410,692	387,319	370,025	552,258
39,621	48,293	49,497	49,415	59,681	61,859
331,253	455,749	433,325	456,707	510,105	566,009
321,032	403,769	427,671	430,169	413,532	396,486
<u>21,485,287</u>	<u>24,415,243</u>	<u>24,301,233</u>	<u>25,497,511</u>	<u>27,085,729</u>	<u>29,297,887</u>
49,422	48,060	42,246	42,904	50,329	51,654
-	18,531	18,058	19,231	19,604	20,618
522,185	595,692	578,629	608,499	637,164	587,551
573,992	547,309	528,851	521,071	524,641	4,670,860
351,959	-	-	-	-	-
269,549	399,766	408,488	422,663	440,355	500,839
400,683	424,939	447,266	471,783	498,114	551,281
362,326	315,720	266,455	281,383	209,950	163,340
<u>2,530,116</u>	<u>2,350,017</u>	<u>2,289,995</u>	<u>2,367,534</u>	<u>2,380,156</u>	<u>6,546,142</u>
<u>\$ 24,015,403</u>	<u>\$ 26,765,260</u>	<u>\$ 26,591,224</u>	<u>\$ 27,865,045</u>	<u>\$ 29,465,886</u>	<u>\$ 35,844,029</u>
\$ 581,530	\$ 711,764	\$ 688,009	\$ 738,454	\$ 1,002,665	\$ 1,030,658
67,756	80,479	131,406	85,772	77,101	84,448
337,857	394,169	369,685	454,784	419,569	444,480
161,937	163,195	159,842	183,907	153,641	150,920
114,971	143,591	113,061	220,486	162,871	149,379
130,508	179,412	151,025	171,603	171,960	191,361
131,951	154,534	145,933	167,027	140,372	199,856
87,253	78,511	96,994	105,995	127,474	114,700
10,371,663	10,797,377	10,801,215	11,096,213	11,620,564	12,764,628
17,615	18,426	11,153	18,684	8,639	19,608
<u>12,003,041</u>	<u>12,721,458</u>	<u>12,668,324</u>	<u>13,242,925</u>	<u>13,884,856</u>	<u>15,150,038</u>

(continued on next page)

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

	2011	2012	2013	2014
Business-type activities:				
Charges for Services:				
Lottery Operations	1,038,805	1,050,315	1,069,064	1,052,945
Unemployment Compensation	1,022,592	1,083,438	1,092,890	1,064,234
University System	1,288,143	1,356,609	1,438,948	1,527,836
Liquor Control	443,120	470,421	502,919	524,218
Other Business-type Activities	431,470	436,945	452,345	428,344
Operating Grants and Contributions	1,986,426	1,621,254	1,139,888	851,199
Capital Grants and Contributions	60,081	36,770	60,048	158,927
Total business-type activities program revenues	<u>6,270,637</u>	<u>6,055,752</u>	<u>5,756,102</u>	<u>5,607,703</u>
Total primary government program revenues	\$ 16,096,888	\$ 14,919,794	\$ 15,228,235	\$ 16,185,572
Net (Expense)/Revenue				
Governmental activities	\$ (7,049,036)	\$ (8,393,461)	\$ (7,989,125)	\$ (9,100,420)
Business-type activities	366,609	513,387	599,544	750,765
Total primary government net expense	\$ (6,682,427)	\$ (7,880,074)	\$ (7,389,581)	\$ (8,349,655)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Personal Income Taxes	\$ 5,597,821	\$ 5,901,448	\$ 6,320,497	\$ 6,596,708
Corporate Income Taxes	502,862	440,444	463,012	506,889
Corporate Activity Taxes	N/A	N/A	N/A	N/A
Tobacco Taxes	258,453	249,388	254,483	260,882
Healthcare Provider Taxes	233,826	423,951	414,267	485,584
Inheritance Taxes	80,482	102,351	99,318	N/A
Public Utilities Taxes	71,939	72,310	85,781	N/A
Insurance Premium Taxes	90,085	94,583	103,251	85,196
Marijuana Taxes	N/A	N/A	N/A	N/A
Other Taxes	119,882	156,256	186,038	380,783
Motor Fuels and Other Vehicle Taxes	N/A	N/A	N/A	1,053,611
Motor Fuels Taxes	449,462	492,188	487,308	N/A
Weight Mile Taxes	240,056	260,091	251,518	N/A
Vehicle Registration Taxes	275,344	281,799	282,857	N/A
Workers' Compensation Insurance Taxes	34,942	53,669	50,242	54,126
Employer-Employee Taxes	69,429	71,977	72,861	91,343
Unrestricted Investment Earnings	3,306	11,157	4,917	5,516
Contributions to Permanent Fund	14	76	228	297
Special Items	-	-	-	-
Transfers	(62,910)	125,915	107,437	133,008
Total governmental activities	7,964,993	8,737,603	9,184,015	9,653,943
Business-type activities:				
Other Taxes	16,204	16,893	16,388	17,584
Additions to Permanent Endowments	-	159	241	776
Special Items	-	-	-	-
Transfers	62,910	(125,915)	(107,437)	(133,008)
Total business-type activities	79,114	(108,863)	(90,808)	(114,648)
Total primary government	\$ 8,044,107	\$ 8,628,740	\$ 9,093,207	\$ 9,539,295
Change in Net Position				
Governmental activities	\$ 915,957	\$ 344,142	\$ 1,194,890	\$ 553,523
Business-type activities	445,723	404,524	508,736	636,117
Total primary government	\$ 1,361,680	\$ 748,666	\$ 1,703,626	\$ 1,189,640

State of Oregon

2015	2016	2017	2018	2019	2020
1,117,175	1,229,979	1,246,531	1,302,541	1,347,465	1,144,786
1,009,913	952,114	971,299	964,343	928,641	862,764
156,824	-	-	-	-	-
550,405	577,662	604,621	633,927	674,421	737,837
475,414	426,497	411,850	419,184	408,376	299,864
181,961	131,900	128,325	153,982	203,080	3,412,052
7,584	540	975	2,769	183	377
<u>3,499,276</u>	<u>3,318,692</u>	<u>3,363,600</u>	<u>3,476,746</u>	<u>3,562,166</u>	<u>6,457,680</u>
<u>\$ 15,502,317</u>	<u>\$ 16,040,150</u>	<u>\$ 16,031,924</u>	<u>\$ 16,719,671</u>	<u>\$ 17,447,022</u>	<u>\$ 21,607,718</u>
\$ (9,482,246)	\$ (11,693,785)	\$ (11,632,910)	\$ (12,254,588)	\$ (13,200,874)	(14,147,850)
969,160	968,675	1,073,606	1,109,213	1,182,010	(88,462)
<u>\$ (8,513,086)</u>	<u>\$ (10,725,110)</u>	<u>\$ (10,559,304)</u>	<u>\$ (11,145,375)</u>	<u>\$ (12,018,865)</u>	<u>\$ (14,236,312)</u>
\$ 7,292,582	\$ 7,611,745	\$ 8,379,255	\$ 8,879,552	\$ 9,847,141	\$ 8,635,668
595,327	633,871	633,046	804,453	910,929	892,484
N/A	N/A	N/A	N/A	N/A	419,206
266,831	270,199	247,406	263,860	250,156	245,318
569,831	607,485	568,742	651,696	799,796	865,521
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
58,193	65,903	68,481	70,903	80,618	76,462
N/A	28,586	77,573	104,545	118,546	156,154
384,585	378,602	469,181	503,298	549,703	672,583
1,096,505	1,143,173	1,167,291	1,286,863	1,424,423	1,357,001
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
54,957	58,192	55,798	66,782	72,016	68,107
91,232	95,866	93,887	82,084	155,364	178,234
7,374	12,164	27,786	52,597	96,035	101,487
518	39	519	50	132	6
(3,276)	-	-	-	-	-
285,417	(230,618)	581,535	608,500	598,875	442,009
<u>10,700,076</u>	<u>10,675,206</u>	<u>12,370,501</u>	<u>13,375,183</u>	<u>14,903,733</u>	<u>14,110,240</u>
17,689	18,286	18,819	18,455	19,156	18,260
-	-	-	-	-	-
(1,956,089)	(335,632)	-	-	-	-
<u>(285,417)</u>	<u>230,618</u>	<u>(581,535)</u>	<u>(608,500)</u>	<u>(598,875)</u>	<u>(442,009)</u>
<u>(2,223,817)</u>	<u>(86,727)</u>	<u>(562,716)</u>	<u>(590,045)</u>	<u>(579,719)</u>	<u>(423,749)</u>
<u>\$ 8,476,259</u>	<u>\$ 10,588,479</u>	<u>\$ 11,807,784</u>	<u>\$ 12,785,138</u>	<u>\$ 14,324,013</u>	<u>\$ 13,686,491</u>
\$ 1,217,830	\$ (1,018,580)	\$ 737,591	\$ 1,120,594	\$ 1,702,858	\$ (37,610)
(1,254,657)	881,948	510,890	519,168	602,290	(512,210)
<u>\$ (36,827)</u>	<u>\$ (136,632)</u>	<u>\$ 1,248,481</u>	<u>\$ 1,639,762</u>	<u>\$ 2,305,148</u>	<u>\$ (549,821)</u>

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

	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 79,891	\$ 33,361	\$ 20,361	\$ 24,430
Restricted	36,882	109,458	106,241	255,539
Committed	10,400	61,534	83,083	92,978
Assigned	7,864	-	-	1,327
Unassigned	109,117	(162,867)	574,197	394,999
Total General Fund	\$ 244,154	\$ 41,486	\$ 783,882	\$ 769,273
All Other Governmental Funds				
Nonspendable	\$ 195,575	\$ 82,991	\$ 76,641	\$ 60,728
Restricted	3,974,045	3,988,266	3,582,344	4,132,949
Committed	503,597	545,040	515,440	586,296
Assigned	29,146	37,476	20,164	23,298
Unassigned	-	-	(46,516)	(18,237)
Total all other governmental funds	\$4,702,363	\$4,653,773	\$4,148,073	\$4,785,034

State of Oregon

2015	2016	2017	2018	2019	2020
\$ 20,139	\$ 25,020	\$ 27,869	\$ 24,931	\$ 24,703	\$ 68,525
358,784	505,844	666,091	869,084	950,784	1,260,078
226,081	395,319	406,978	815,278	703,834	940,038
5,164	12,793	12,478	12,038	13,009	14,292
675,921	663,658	1,037,374	1,157,707	2,911,326	1,593,184
\$ 1,286,089	\$ 1,602,633	\$ 2,150,789	\$ 2,879,038	\$ 4,603,657	\$ 3,876,117
\$ 68,229	\$ 67,251	\$ 79,437	\$ 67,996	\$ 68,774	\$ 56,078
4,452,289	5,655,799	6,603,630	6,672,783	7,054,520	7,370,053
614,287	658,467	737,890	646,285	721,942	846,126
24,444	45,171	48,419	211,667	146,837	195,100
(3,788)	(32)	(12,208)	(17)	-	-
\$5,155,461	\$6,426,656	\$7,457,168	\$7,598,714	\$ 7,992,073	\$ 8,467,358

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

	2011	2012	2013	2014
Revenues				
Taxes	\$ 7,952,882	\$ 8,570,880	\$ 8,969,867	\$ 9,542,069
Licenses and Fees	515,591	470,480	462,233	495,774
Federal	7,971,721	7,251,929	7,480,379	8,623,136
Rebates and Recoveries	N/A	N/A	N/A	292,805
Charges for Services	289,562	372,361	356,418	250,738
Fines, Forfeitures, and Penalties	81,049	137,354	119,942	107,326
Rents and Royalties	14,930	15,645	16,258	17,293
Investment Income	270,265	51,831	191,017	274,861
Sales	97,178	91,906	105,796	124,071
Assessments	N/A	N/A	N/A	N/A
Donations and Grants	57,757	24,135	32,694	44,372
Contributions to Permanent Funds	14	76	227	297
Tobacco Settlement Proceeds	77,426	78,940	78,909	86,924
Foreclosure Settlement Proceeds	N/A	25,253	N/A	N/A
Pension Bond Debt Service Assessments	5,608	5,681	6,196	N/A
Settlement Activities	N/A	N/A	N/A	N/A
Unclaimed and Escheat Property Revenue	50,827	15,308	22,057	24,360
Other	342,268	440,679	429,523	281,831
Total Revenues	17,727,078	17,552,458	18,271,516	20,165,857
Expenditures				
Education	3,978,423	4,062,244	3,884,393	4,421,231
Human Resources	7,716,623	8,268,743	8,544,692	9,959,458
Public Safety	1,158,601	1,219,852	1,241,057	1,289,232
Economic and Community Development	483,292	416,395	420,351	384,392
Natural Resources	656,626	623,461	647,606	685,357
Transportation	1,956,722	1,569,039	1,694,679	1,698,418
Consumer and Business Services	463,899	281,556	269,701	299,925
Administration	399,918	343,256	348,600	341,549
Legislative	36,058	33,289	39,405	36,319
Judicial	317,297	336,099	318,209	346,710
Intergovernmental	N/A	N/A	N/A	N/A
Capital Outlay	127,409	129,337	88,583	73,976
Debt Service:				
Principal	300,823	331,581	357,106	330,745
Interest	354,718	350,874	338,645	339,476
Other Debt Service	4,961	6,817	3,440	4,759
Total Expenditures	17,955,370	17,972,543	18,196,467	20,211,547
Excess of Revenues Over (Under) Expenditures	(228,292)	(420,085)	75,049	(45,690)
Other Financing Sources (Uses)				
Transfers from Other Funds	2,813,236	2,361,835	2,809,301	2,223,916
Transfers to Other Funds	(2,607,036)	(2,232,819)	(2,679,360)	(2,054,506)
Insurance Recoveries	3,140	676	2,224	1,839
Leases Incurred	18	-	-	-
Long-term Debt Issued	379,369	170,159	108,186	538,877
Debt Issuance Premium	46,586	95,038	47,125	57,611
Debt Issuance Discount	-	-	-	-
Refunding Debt Issued	112,876	502,389	212,319	266,635
Refunded Debt Payment to Escrow Agent	(129,074)	(574,833)	(246,543)	(266,425)
Total Other Financing Sources (Uses)	619,115	322,445	253,252	767,947
Special Items	-	-	-	-
Net Change in Fund Balances	\$ 390,823	\$ (97,640)	\$ 328,301	\$ 722,257
Debt service as a percentage of noncapital expenditures	3.85%	3.95%	3.99%	3.42%

State of Oregon

2015	2016	2017	2018	2019	2020
\$ 10,460,831	\$ 10,899,473	\$ 11,581,800	\$ 12,786,737	\$ 14,287,003	\$ 13,718,277
504,355	538,591	563,129	629,021	675,514	595,254
10,166,298	10,553,352	10,310,284	10,728,658	11,122,076	12,440,995
342,598	507,710	555,032	557,629	599,701	459,971
229,578	239,976	188,513	241,644	205,408	302,379
120,574	127,788	148,872	124,535	118,765	80,662
17,312	17,435	17,845	17,255	17,117	17,042
103,132	108,875	332,171	341,356	387,524	268,116
126,601	136,989	143,789	173,360	192,072	158,686
37,185	35,154	45,775	45,125	49,404	46,297
50,342	38,610	40,253	41,639	42,958	40,523
518	39	519	50	132	6
76,600	80,239	142,200	69,536	69,915	65,933
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	25,218	-	-	-
18,214	13,629	10,731	13,275	15,082	25,961
222,011	280,196	190,499	267,654	447,572	534,984
22,476,149	23,578,059	24,296,631	26,037,474	28,230,243	28,755,086
4,702,795	5,572,518	5,714,090	6,269,848	410,924	419,273
11,626,788	12,322,549	12,427,872	12,934,967	13,158,705	14,381,203
1,281,050	1,425,482	1,462,808	1,573,565	1,351,758	1,416,846
392,966	417,634	465,401	518,518	429,691	470,187
750,784	758,592	768,431	822,361	753,813	718,261
1,763,595	1,716,411	1,826,813	1,763,839	1,412,939	1,348,917
288,066	298,410	305,144	290,183	366,424	378,412
715,932	441,111	404,691	403,270	195,779	368,775
42,923	38,984	45,456	43,987	56,720	55,435
367,669	407,265	415,091	437,320	394,240	479,189
N/A	N/A	N/A	N/A	8,069,800	8,644,629
66,071	61,522	77,717	73,152	157,529	158,252
324,485	407,072	435,702	451,874	508,152	540,009
322,091	431,197	433,520	463,976	457,907	469,752
10,032	3,210	8,108	3,075	4,867	5,907
22,655,247	24,301,956	24,790,844	26,049,935	27,729,247	29,855,048
(179,098)	(723,897)	(494,214)	(12,461)	500,996	(1,099,962)
2,434,341	3,811,108	2,889,176	3,006,402	3,500,028	3,234,653
(2,024,246)	(1,813,474)	(2,285,337)	(2,315,214)	(2,938,809)	(2,767,183)
2,502	6,027	3,632	9,689	2,322	7,708
-	503	999	-	-	-
435,459	245,921	1,235,289	170,437	950,477	189,690
304,732	96,002	252,799	36,921	127,269	127,496
-	-	-	-	-	-
1,146,120	224,581	645,082	132,800	-	1,140,875
(1,377,597)	(278,200)	(710,834)	(154,563)	-	(1,242,820)
921,311	2,292,468	2,030,804	886,472	1,641,287	690,418
(3,054)	-	-	-	-	-
\$ 739,159	\$ 1,568,571	\$ 1,536,591	\$ 874,014	\$ 2,142,283	\$ (409,544)
2.95%	3.55%	3.61%	3.61%	3.59%	3.47%

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

	2010	2011	2012	2013
Farm earnings	\$ 1,042,393	\$ 1,266,899	\$ 1,401,663	\$ 1,640,383
Forestry, fishing, and related activities	1,102,350	1,059,648	1,222,841	1,224,015
Mining	97,981	113,167	112,281	111,541
Utilities	544,149	810,559	667,746	708,708
Construction	5,320,304	5,369,975	6,199,355	6,609,217
Manufacturing	12,288,594	12,973,184	13,979,258	14,116,085
Wholesale trade	6,047,445	6,299,149	6,709,418	5,757,195
Retail trade	6,816,108	6,939,388	7,316,105	7,538,200
Transportation and warehousing	3,183,428	3,352,507	3,551,288	3,616,611
Information	2,778,437	2,868,925	3,008,608	2,994,952
Finance and insurance	4,838,100	4,795,502	5,030,466	5,178,201
Real estate, rental, and leasing	1,105,873	1,001,074	1,435,204	1,686,273
Professional, scientific, and technical	7,066,154	7,623,825	8,171,032	8,416,855
Management of companies	2,849,281	2,972,610	3,134,763	4,836,500
Administrative & waste mgmt. services	3,571,849	3,735,425	4,063,051	4,228,272
Educational services	1,381,455	1,449,845	1,607,257	1,631,771
Health care and social assistance	12,558,623	12,925,240	13,544,411	14,086,674
Arts, entertainment, and recreation	692,719	993,545	1,133,231	1,167,190
Accommodation and food services	3,086,962	3,347,556	3,713,319	3,840,619
Other services	3,774,502	3,888,160	4,216,958	4,267,809
Federal government, civilian	2,716,489	2,743,644	2,732,268	2,690,794
Military	539,235	509,674	477,881	463,169
State government	4,203,327	4,378,419	4,376,685	4,610,488
Local government	11,942,125	12,180,213	12,088,691	12,347,880
Other ¹	39,070,160	42,834,024	44,514,738	43,207,677
Total personal income	\$ 138,618,043	\$ 146,432,157	\$ 154,408,518	\$ 156,977,079

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

² Overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). Overall effective tax rate for 2019 will not be available until May 2021.

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

State of Oregon

	2014	2015	2016	2017	2018	2019
\$	1,582,964	\$ 1,798,479	\$ 1,743,409	\$ 1,303,452	\$ 1,442,062	\$ 1,330,155
	1,277,340	1,392,974	1,427,165	1,484,476	1,703,424	1,708,093
	111,038	118,138	126,097	148,293	163,190	158,631
	686,661	606,651	685,499	745,445	745,280	801,986
	7,322,792	7,755,085	8,637,318	9,741,610	10,759,554	11,476,308
	14,509,494	15,414,567	15,961,096	16,505,541	17,563,715	18,051,214
	5,924,749	6,285,883	6,438,949	6,826,282	7,087,876	7,383,612
	7,861,333	8,338,329	8,613,283	9,217,932	9,691,332	10,050,998
	3,897,609	4,210,460	4,285,009	4,591,870	4,927,207	5,367,534
	3,128,702	3,296,096	3,229,391	3,668,268	4,021,179	4,221,168
	5,166,253	5,510,764	5,842,689	6,199,952	6,352,329	6,585,914
	1,922,688	2,544,610	3,477,676	3,991,272	4,708,903	4,947,945
	9,101,383	9,800,056	10,416,891	11,307,232	12,017,253	12,780,466
	5,218,920	5,986,789	6,092,516	6,495,378	6,807,461	7,352,767
	4,524,148	4,793,747	4,964,920	5,317,863	5,616,532	5,907,375
	1,675,462	1,695,120	1,770,051	1,708,330	1,744,782	1,838,020
	14,701,689	15,918,489	16,894,479	17,686,507	18,455,499	19,388,596
	1,302,189	1,319,398	1,436,823	1,537,763	1,669,446	1,727,594
	4,298,033	4,856,152	5,276,869	5,776,374	6,320,695	6,626,273
	4,581,142	4,836,335	5,080,939	5,257,101	5,583,937	5,859,781
	2,730,997	2,812,334	2,941,932	3,059,240	3,182,527	3,210,334
	437,531	433,827	450,482	443,600	474,939	498,336
	4,870,474	5,065,486	3,506,194	3,725,924	3,863,953	4,181,271
	12,859,979	13,406,220	15,742,400	16,433,487	17,437,554	18,160,346
	48,715,240	53,171,049	55,492,126	58,878,308	63,024,776	64,731,712
\$	168,408,810	\$ 181,367,038	\$ 190,534,203	\$ 202,051,500	\$ 215,365,405	\$ 224,346,429
	6.0%	6.0%	6.0%	6.1%	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 ²
		Single & Married Filing Separately	Married/RDP ¹ Filing Jointly & Head of Household	
2010	11.0% ³	\$ 250,000	\$ 500,000	5.6%
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	N/A

¹ Registered Domestic Partners

² The overall effective tax rate equals tax as a percentage of adjusted gross income (AGI). The overall effective tax rate for 2019 will not be available until May 2021.

³ The increase in the top tax rate and applicable taxable income level in 2010 and 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 2009 and 2018
(Dollars in Thousands)

2009

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	5,704	0.32%	\$ 606,747	13.03%
\$100,001–\$500,000	179,713	10.16%	1,791,738	38.48%
\$80,001–\$100,000	109,040	6.17%	508,330	10.92%
\$60,001–\$80,000	169,472	9.58%	573,448	12.32%
\$40,001–\$60,000	250,429	14.16%	568,840	12.22%
\$20,001–\$40,000	406,962	23.01%	472,139	10.14%
\$10,001–\$20,000	284,295	16.08%	111,340	2.39%
\$10,000 and lower	362,782	20.51%	23,653	0.51%
Total	1,768,397	100.00%	\$ 4,656,235	100.00%

2018

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	16,944	0.80%	\$ 1,763,223	19.51%
\$100,001–\$500,000	369,000	17.33%	4,224,440	46.75%
\$80,001–\$100,000	151,408	7.11%	757,346	8.38%
\$60,001–\$80,000	206,876	9.72%	771,604	8.54%
\$40,001–\$60,000	295,655	13.89%	759,577	8.41%
\$20,001–\$40,000	459,632	21.59%	608,566	6.73%
\$10,001–\$20,000	268,293	12.60%	123,058	1.36%
\$10,000 and lower	360,937	16.96%	28,348	0.31%
Total	2,128,745	100.00%	\$ 9,036,162	100.00%

Source: Oregon Department of Revenue

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. Tax year 2018 is the most current year available.

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

	2011	2012	2013	2014
Governmental Activities				
General Obligation Bonds	\$ 2,656,983	\$ 2,977,322	\$ 3,144,443	\$ 3,193,894
Revenue Bonds	3,344,929	3,234,362	3,170,655	3,509,036
Certificates of Participation	1,295,323	982,314	692,043	620,270
Direct Borrowings/Placements	N/A	N/A	N/A	N/A
General Appropriation Bonds	171,624	102,779	29,131	-
Contracts, Mortgages, and Notes Payable	102,182	54,707	485,003	412,560
Capital Leases	9,638	8,489	2,789	3,027
Business-type Activities				
General Obligation Bonds	2,422,682	2,290,038	2,256,660	2,419,832
Revenue Bonds	1,584,235	1,450,979	1,479,103	1,362,942
Certificates of Participation	111,319	99,766	85,121	78,057
Direct Borrowings/Placements	N/A	N/A	N/A	N/A
Contracts, Mortgages, and Notes Payable	18,133	36,957	154,135	160,108
Capital Leases	615	556	560	69
Total Primary Government	\$ 11,717,663	\$ 11,238,269	\$ 11,499,643	\$ 11,759,795
Percentage of Personal Income ¹	8.00%	7.28%	7.33%	6.98%
Per Capita ¹	\$ 3.03	\$ 2.88	\$ 2.93	\$ 2.97

¹ 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

	2015	2016	2017	2018	2019	2020
\$	3,512,256	\$ 5,525,430	\$ 6,119,313	\$ 5,993,375	\$ 6,415,345	\$ 6,436,086
	3,616,493	3,672,088	4,062,386	3,912,568	3,541,759	3,722,243
	485,271	340,753	289,137	246,559	315,743	100,940
	N/A	N/A	N/A	N/A	372,327	5,733
	-	-	-	-	-	-
	377,200	353,620	337,675	319,221	408,577	271,476
	3,845	5,779	4,148	4,274	3,141	2,701
	2,411,599	554,270	536,509	558,571	553,611	535,556
	1,208,434	984,935	897,572	957,733	1,007,006	1,085,878
	49,261	-	-	-	-	-
	N/A	N/A	N/A	N/A	66,035	64,270
	50,919	34,900	44,001	41,793	37,408	32,847
	578	268	6,315	5,512	4,649	4,507
	\$ 11,715,856	\$ 11,472,043	\$ 12,297,056	\$ 12,039,606	\$ 12,725,601	\$ 12,262,237
	6.46%	6.02%	6.09%	5.59%	5.67%	5.15%
\$	2.92	\$ 2.80	\$ 2.97	\$ 2.88	\$ 3.02	\$ 2.87

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

Year	General Bonded Debt Outstanding	Resources Restricted for Repaying the Principal of Bonded Debt Outstanding	Net General Bonded Debt Outstanding	Percentage of Personal Income¹	Per Capita
2011	\$ 5,079,665	\$ 62,730	\$ 5,016,935	3.43%	\$ 1.30
2012	5,267,360	66,948	5,200,412	3.37%	1.33
2013	5,401,103	69,098	5,332,005	3.40%	1.36
2014	5,613,726	66,985	5,546,741	3.29%	1.40
2015	5,923,855	68,147	5,855,708	3.23%	1.46
2016	6,079,700	71,723	6,007,977	3.15%	1.47
2017	6,655,822	66,987	6,588,835	3.26%	1.59
2018	6,551,946	55,693	6,496,253	3.02%	1.55
2019	6,968,956	45,985	6,922,971	3.09%	1.64
2020	6,971,642	43,720	6,927,922	2.91%	1.62

¹ Ratios are calculated using personal income and population data found in Statistical Schedule 13.

Note: Details regarding the State's debt can be found in Notes 8 and 9 of the financial statements. Amounts of outstanding general bonded debt represent the outstanding principal, net of discounts, premiums, and other adjustments.

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**Schedule 10
LEGAL DEBT MARGIN CALCULATION
For Fiscal Year 2020**

	Constitutional/Statutory Provision	Constitutional Debt Limit¹	Statutory Debt Limit
General Obligation Bonds			
General Purpose	Article XI Section 7	0.00%	\$ -
State Highway	Article XI Section 7	1.00%	-
Veterans' Welfare	Article XI-A	8.00%	-
State Power Development	Article XI-D	1.50%	-
Forest Rehabilitation	Article XI-E	0.19%	-
Higher Education	Article XI-F & XI-G	1.50%	-
Pollution Control ³	Article XI-H/ORS 468.195	1.00%	260,000,000
Elderly and Disabled Housing	Article XI-I/ORS 456.519	0.50%	-
Alternate Energy Projects	Article XI-J	0.50%	-
Oregon School Bond Guarantee	Article XI-K	0.50%	-
Oregon Opportunity Bonds (OHSU) ⁴	Article XI-L/ORS 353.556	0.50%	261,495,000
Seismic Rehab-Public Education Buildings	Article XI-M	0.20%	-
Seismic Rehab-Emergency Service Building	Article XI-N	0.20%	-
Pension Obligation	Article XI-O	1.00%	-
School District Capital Cost	Article XI-P	0.50%	-
General Purpose GO's	Article XI-Q	1.00%	-
Revenue Bonds			
Highway User Tax	ORS 367.620	0.00%	3,720,000,000
Single and Multi-Family Housing Programs	ORS 456.661	0.00%	2,500,000,000

¹ Percentages listed are of Real Market Value (RMV) of all taxable real property in the State, based on the January 1, 2019, RMV of \$715,796,909,641.

² Amount outstanding includes Direct Borrowings and Direct Placements.

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

⁴ Bonds issued to finance capital costs of Oregon Health and Science University shall be in an aggregate principal amount that produces net proceeds in an amount that does not exceed \$200 million plus the amount of any costs and expenses of issuing the bonds.

Source: Oregon State Treasury, Debt Management Division, and Oregon Constitution.

Note: The legal debt limit for lottery revenue bonds is based on the requirement that unobligated net lottery proceeds be at least 400% of the maximum annual debt service on outstanding bonds, including the estimated debt service on proposed new bonds. The debt limit for lottery bonds is not a specific dollar amount; the limit varies based on changes in estimated net lottery proceeds and changes in estimated debt service on proposed new bonds. Therefore, lottery revenue bonds are not included in this schedule.

Legal Debt Limit	Amount Outstanding ²	Legal Debt Margin
\$ 50,000	\$ -	\$ 50,000
7,157,969,096	28,085,000	7,129,884,096
57,263,752,771	393,520,000	56,870,232,771
10,736,953,645	-	10,736,953,645
1,342,119,206	-	1,342,119,206
10,736,953,645	1,950,543,539	8,786,410,106
260,000,000	29,298,000	230,702,000
3,578,984,548	67,695,000	3,511,289,548
3,578,984,548	125,400,000	3,453,584,548
3,578,984,548	-	3,578,984,548
261,495,000	50,030,000	211,465,000
1,431,593,819	272,165,000	1,159,428,819
1,431,593,819	55,095,000	1,376,498,819
7,157,969,096	1,366,610,000	5,791,359,096
3,578,984,548	178,625,000	3,400,359,548
7,157,969,096	1,993,205,000	5,164,764,096
<u>\$ 119,254,357,387</u>	<u>\$ 6,510,271,539</u>	<u>\$ 112,744,085,848</u>
\$ 3,720,000,000	\$ 2,782,454,179	\$ 937,545,821
2,500,000,000	1,088,643,163	1,411,356,837
<u>\$ 6,220,000,000</u>	<u>\$ 3,871,097,342</u>	<u>\$ 2,348,902,658</u>

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

	2011	2012	2013	2014
General Obligation Bonds				
Debt limit	\$ 81,105,231	\$ 76,868,469	\$ 74,668,862	\$ 76,758,613
Total debt applicable to limit	5,079,665	5,267,360	5,401,103	5,613,726
Legal debt margin	<u>\$ 76,025,566</u>	<u>\$ 71,601,109</u>	<u>\$ 69,267,759</u>	<u>\$ 71,144,887</u>
Total debt applicable to the limit as a percentage of debt limit	6.26%	6.85%	7.23%	7.31%
Revenue Bonds				
Debt limit	\$ 5,950,000	\$ 5,950,000	\$ 5,750,000	\$ 5,750,000
Total debt applicable to limit	4,196,478	4,048,627	3,958,765	4,242,316
Legal debt margin	<u>\$ 1,753,522</u>	<u>\$ 1,901,373</u>	<u>\$ 1,791,235</u>	<u>\$ 1,507,684</u>
Total debt applicable to the limit as a percentage of debt limit	70.53%	68.04%	68.85%	73.78%

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

2015	2016	2017	2018	2019	2020
\$ 76,048,937	\$ 81,952,523	\$ 98,858,028	\$ 103,514,944	\$ 112,798,205	\$ 119,254,357
5,923,856	6,079,700	6,135,461	6,055,473	6,413,769	6,510,272
<u>\$ 70,125,081</u>	<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>
7.79%	7.42%	6.21%	5.85%	5.69%	5.46%
\$ 5,740,000	\$ 5,740,000	\$ 5,740,000	\$ 5,740,000	\$ 5,740,000	\$ 6,220,000
4,168,546	4,063,270	3,989,587	3,950,940	3,577,354	3,871,097
<u>\$ 1,571,454</u>	<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>
72.62%	70.79%	69.51%	68.83%	62.32%	62.24%

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

Lottery Revenue Bonds

Year	Revenues	Expenses	Interest Earnings on GICs ¹	Net Revenues Available for Debt Service	Debt Service Requirements			
					Principal	Interest	Total	Coverage
2011	\$ 1,039,472	\$ 485,749	\$ 3,156	\$ 556,879	\$75,850	\$51,601	\$ 127,451	4.37
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

¹ In accordance with the bond indenture, interest earnings on Guaranteed Investment Contracts (GICs) have been included.

Source: Oregon State Lottery financial statements and the Oregon Department of Administrative Services, Chief Financial Office.

Lottery Bonds are secured by future unobligated net lottery proceeds. For additional information, refer to Note 11.

Highway User Tax Revenue Bonds

Year	Pledged Revenue	Debt Service Requirements			
		Principal	Interest	Total	Coverage
2011	\$ 593,995	\$ 47,720	\$ 103,837	\$ 151,557	3.92
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

Source: Highway User Tax Bond official statements and the Oregon Department of Transportation.

Highway User Tax Revenue Bonds are secured by a pledge of motor fuels, weight-mile, and vehicle registration fees.

Note: The State also issues revenue bonds that are primarily paid using loan repayments. Schedules for these bonds are not presented because an association of net revenues with debt service requirements is not meaningful.

Schedule 13
DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Calendar Years

Year	Population	Personal Income¹	Per Capita Personal Income	Unemployment Rate
2011	3,872,036	\$ 146,432,157	\$ 37,818	9.5%
2012	3,899,001	154,408,518	39,602	8.8%
2013	3,922,468	156,977,079	40,020	7.9%
2014	3,963,244	168,408,810	42,493	6.8%
2015	4,015,792	181,367,038	45,163	5.6%
2016	4,089,976	190,534,203	46,586	4.8%
2017	4,143,625	202,051,500	48,762	4.1%
2018	4,181,886	215,365,405	51,500	4.1%
2019	4,217,737	224,346,429	53,191	3.7%
2020	4,268,055	238,300,000	55,833	8.5%

¹ Personal income presented in thousands.

Source: Population and personal income figures for 2011 through 2019 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 2020 were provided by the Oregon Office of Economic Analysis.

Schedule 14
EMPLOYMENT BY INDUSTRY
Calendar Year 2019 and Nine Years Prior

	2010		2019	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Farm employment	67,704	3.11%	68,602	2.62%
Forestry, fishing, and related activities	29,117	1.34%	33,668	1.29%
Mining	4,836	0.22%	4,341	0.17%
Utilities	4,863	0.22%	5,069	0.19%
Construction	102,550	4.72%	146,955	5.61%
Manufacturing	176,802	8.13%	214,380	8.18%
Wholesale trade	80,544	3.70%	84,334	3.22%
Retail trade	227,763	10.48%	259,275	9.90%
Transportation and warehousing	61,071	2.81%	102,047	3.90%
Information	40,248	1.85%	44,083	1.68%
Finance and insurance	90,623	4.17%	99,576	3.80%
Real estate, rental, and leasing	102,732	4.73%	124,714	4.76%
Professional and technical services	131,571	6.05%	177,223	6.77%
Management of companies	31,608	1.45%	52,968	2.02%
Administrative and waste services	111,105	5.11%	135,314	5.17%
Educational services	53,197	2.45%	57,097	2.18%
Health care and social assistance	252,065	11.59%	304,559	11.63%
Arts, entertainment, and recreation	52,546	2.42%	69,436	2.65%
Accommodation and food services	153,331	7.05%	204,388	7.80%
Other services	112,108	5.16%	135,281	5.16%
Federal government, civilian	30,581	1.41%	28,548	1.09%
Military	12,323	0.57%	11,388	0.44%
State government	60,540	2.78%	41,178	1.57%
Local government	184,496	8.49%	215,200	8.22%
Total employment	2,174,324	100.00%	2,619,624	100.00%

Source: US Department of Commerce, Bureau of Economic Analysis.

Note: Due to confidentiality issues, the names of the ten principal employers are not available. The categories presented are intended to provide alternative information regarding the concentration of employment in various business sectors.

**Schedule 15
GOVERNMENT EMPLOYEES
Last Ten Fiscal Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Education	13,394	13,485	13,485	624	642	688	688	704	709	815
Human Services	11,145	11,478	11,379	11,694	11,671	12,373	12,360	12,970	12,998	13,673
Public Safety	9,069	8,562	8,532	8,615	8,618	8,667	8,677	8,891	8,891	9,182
Economic and Community Services	1,991	2,358	1,910	1,651	1,670	1,610	1,615	1,664	1,646	1,784
Natural Resources	4,332	4,304	4,288	4,338	4,348	4,324	4,313	4,267	4,282	4,282
Transportation	4,554	4,532	4,533	4,480	4,475	4,411	4,408	4,511	4,517	4,726
Consumer and Business Services	1,592	1,454	1,446	1,421	1,410	1,427	1,423	1,442	1,450	1,467
Administration	2,882	2,809	2,785	2,827	2,827	2,961	2,977	3,052	3,060	3,253
Legislative Branch	381	427	427	429	429	432	432	452	448	459
Judicial Branch	1,766	1,818	1,829	1,840	1,839	1,860	1,859	1,850	1,853	1,904
Total FTE Positions	51,106	51,227	50,614	37,919	37,929	38,753	38,752	39,803	39,855	41,545

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

	2011	2012	2013
Governmental Activities			
Education			
Number of PreK-12 students	561,331	560,951	563,714
Number of FTE community college students	124,988	117,653	117,233
Special education school campuses	1	1	1
Human Services			
Number of individuals eligible for Oregon Health Plan	590,406	619,994	672,210
Average number of basic TANF individuals	61,768	70,881	74,313
Public Safety			
Number of sworn state police officers	773	610	606
Prison inmate population	14,026	14,186	14,578
Number of correctional facilities	14	14	14
Economic and Community Development			
Community development grants provided (in dollars)	\$ 8,093,200	\$ 12,496,300	\$ 17,299,550
Number of technical assistance grants provided	4	5	6
Natural Resources			
Forest acres burned	2,272	17,396	103,836
State park day use visitors (in millions)	40.0	40.4	42.1
Acreage of state parks	105,684	108,613	108,654
Miles of forest roads	3,377	3,400	3,432
Transportation			
Licensed drivers (in millions)	3.0	3.0	3.1
Vehicle miles traveled on state highway system (in billions)	19.4	19.4	19.5
State highway system miles	7,403	7,401	7,401
Number of state owned bridges	2,703	2,709	2,717
Consumer and Business Services			
Number of employers covered by workers' compensation	99,900	101,400	100,300
Historic premiums written for all insurance lines (in billions)	\$ 17.5	\$ 18.0	\$ 19.7
Average bank and credit union assets (in billions)	\$ 39.1	\$ 44.0	\$ 45.0
Construction employment (in thousands)	68.6	69.9	74.2
Administration			
Number of tax returns filed	1,824,788	1,846,257	1,886,438
Percent of returns filed electronically	79.0%	81.0%	83.0%
Uniform rent square footage (in millions)	2.0	2.0	2.0
Leased office space square footage (in millions)	5.1	4.5	4.0
Number of motor pool vehicles	4,183	3,993	3,994
Legislative			
Number of bills introduced	3,021	275	2,511
Number of bills becoming law	732	112	788
Length of legislative session (in days)	150	34	156
Capitol building	1	1	1
Judicial			
Cases filed in circuit courts	552,601	549,803	544,687
Number of circuit court judges	173	173	173

Sources: Various state agencies

Note: Figures for 2019 and 2020 that are not available until a later date are indicated with N/A.

State of Oregon

2014	2015	2016	2017	2018	2019	2020
567,100	570,857	576,407	578,947	580,684	581,730	582,661
104,339	97,362	90,478	88,167	85,642	80,582	73,836
1	1	1	1	1	1	1
971,104	1,050,178	1,109,321	1,067,322	1,077,267	991,189	1,110,339
70,046	60,188	50,490	48,502	44,646	43,257	43,039
606	719	732	700	680	714	694
14,632	14,706	14,721	14,742	14,916	14,632	13,149
14	14	14	14	14	14	14
\$ 18,590,649	\$ 20,287,281	\$ 12,055,779	\$ 11,978,330	\$ 13,162,331	\$ 12,357,434	\$ 19,759,812
5	1	4	2	2	3	4
53,018	87,793	5,649	45,463	75,608	17,164	307,632
43.2	47.6	51.5	49.0	51.4	52.1	42.0
108,499	109,587	107,960	108,499	113,143	113,276	113,085
3,456	3,488	3,528	3,569	3,598	3,642	3,663
3.1	3.1	3.1	3.1	3.2	3.2	N/A
19.8	20.7	21.4	21.4	21.8	21.9	N/A
7,399	7,401	7,402	7,401	7,350	7,341	N/A
2,725	2,726	2,738	2,737	2,744	2,760	2,763
107,900	112,100	116,900	120,200	123,700	126,100	N/A
\$ 19.5	\$ 20.6	\$ 22.9	\$ 22.5	\$ 24.1	\$ 25.5	N/A
\$ 56.6	\$ 61.0	\$ 66.0	\$ 99.8	\$ 102.8	\$ 113.7	N/A
80.1	83.3	90.4	97.8	105.3	109.5	N/A
1,942,678	1,993,570	2,040,738	2,085,153	2,128,750	N/A	N/A
84.0%	86.0%	86.0%	87.0%	88.0%	N/A	N/A
2.0	2.0	2.0	1.9	1.9	1.9	1.8
4.6	4.6	5.0	5.4	4.9	5.0	5.3
3,993	4,022	4,130	4,117	4,192	4,142	4,201
252	2,641	253	2,647	232	2,768	283
126	847	124	747	122	760	6
36	155	32	157	28	168	38
1	1	1	1	1	1	1
536,922	522,377	491,681	489,135	522,013	493,361	433,881
173	173	173	173	173	175	177

(continued on next page)

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

	2011	2012	2013
Business-Type Activities			
Housing and Community Services			
Number of low or moderate income single family home loans closed	383	520	360
Number of affordable rental units financed	144	239	-
Veterans' Loan			
Number of outstanding loans	2,850	2,408	2,050
Percent of delinquent loans	1.54%	1.45%	1.61%
Lottery Operations			
Number of retailers	3,901	3,907	3,848
Number of video terminals	12,202	12,175	12,037
Unemployment Compensation			
Number of claims paid	6,764,818	5,035,594	3,552,320
Amount of claims paid (in millions)	\$ 1,953.0	\$ 1,489.8	\$ 1,067.4
University System			
Total headcount enrollment	91,345	92,925	93,657
Degrees awarded	18,694	20,209	20,830
Number of university campuses	7	7	7
State Hospital System			
Number of mental health patient days served	232,892	226,104	231,355
Number of state owned hospital beds	719	771	685
Liquor Control			
Number of state retail outlets	247	249	248
Number of cases sold	2,676,106	2,791,591	2,911,100
Other Business-type Activities			
Number of residents in Oregon Veterans' Homes	140	140	144
Number of state owned parking spaces	4,544	4,484	4,742

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

State of Oregon

2014	2015	2016	2017	2018	2019	2020
394	334	410	490	714	1,029	678
94	564	479	440	1,217	1,943	1,602
1,934	1,881	1,864	1,870	1,877	1,927	1,777
1.45%	0.80%	0.80%	0.91%	0.91%	0.42%	0.51%
3,843	3,939	3,920	3,934	3,923	3,975	3,919
11,951	11,925	11,909	11,817	11,742	11,586	11,567
1,762,202	1,604,461	1,407,146	1,054,564	1,302,855	1,299,188	N/A
\$ 561.7	\$ 544.9	\$ 504.2	\$ 390.0	\$ 504.5	\$ 521.3	N/A
94,129	94,011	*	*	*	*	*
21,359	21,429	*	*	*	*	*
7	7	*	*	*	*	*
222,776	218,127	220,202	218,966	212,309	221,496	225,699
727	786	786	766	742	742	758
248	248	248	256	267	282	282
2,955,352	3,021,190	3,127,664	3,244,159	3,365,467	3,525,882	3,766,538
140	155	235	284	268	279	280
4,605	4,616	4,595	4,661	4,710	4,752	4,657

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