PRELIMINARY OFFICIAL STATEMENT DATED MAY 2, 2022

This Official Statement has been prepared on behalf of the State of Oregon, acting by and through the Office of the Oregon State Treasurer, to provide information on the 2022 Bonds. Selected information presented on this cover page is for the convenience of the users. To make an informed decision regarding the 2022 Bonds, a prospective investor should read this Official Statement in its entirety. Unless otherwise indicated, capitalized terms used on the cover page have the meanings given in this Official Statement.

NEW ISSUES – NEGOTIATED
BOOK-ENTRY ONLY **RATINGS: See "Ratings"**

$422,415,000*
STATE OF OREGON
GENERAL OBLIGATION BONDS
VARIOUS SERIES†

DATED: Date of Delivery **DUE:** As shown on the inside cover pages

Tax Status	In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel ("Bond Counsel") to the State of Oregon (the "State") acting by and through the Office of the State Treasurer (the "Treasurer" and collectively, the State and the Treasurer, the "Issuer"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2022 Series A Bonds and the 2022 Series C Bonds (collectively, the "2022 Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2022 Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In the opinion of Bond Counsel, interest on the 2022 Series B Bonds (the "2022 Federally Taxable Bonds") is not excludable from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest on the 2022 Tax-Exempt Bonds and the 2022 Federally Taxable Bonds (together, the "2022 Bonds") is exempt from Oregon personal income tax under existing law. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel.
Purpose and Authority	The 2022 Bonds are being issued by the Issuer, at the request of the Director of the Department of Administrative Services, to finance all or a portion of the costs of various State projects, and to pay costs of issuing the 2022 Bonds. The 2022 Series A Bonds and the 2022 Series B Bonds (together, the "2022 State Project Bonds") are being issued under the authority of Article XI-Q of the Oregon Constitution and applicable provisions of Oregon Revised Statutes ("ORS") chapter 286A, as amended. The 2022 Series C Bonds (the "2022 Seismic Grant Program Bonds") are being issued under the authority of Article XI-M and Article XI-N of the Oregon Constitution and applicable provisions of ORS chapter 286A, as amended. The 2022 State Project Bonds and the 2022 Seismic Grant Program Bonds are being issued pursuant to an Issuance Certificate of the State Treasurer to be dated the date of delivery of the 2022 Bonds, each as described herein.
Sustainability Bonds	The 2022 Series B Bonds are being issued to finance certain affordable housing projects and have been designated as "Oregon Sustainability Bonds" by the State. See "PLAN OF FINANCE—Designation of 2022 Series B Bonds as Sustainability Bonds" and APPENDIX C—"OREGON SUSTAINABILITY BONDS FOR LOCAL INNOVATION AND FAST TRACK HOUSING AND PERMANENT SUPPORTIVE HOUSING PROGRAMS" herein.
Security	The 2022 Bonds are direct general obligations of the State, and the full faith and credit and taxing power of the State are pledged to pay the principal of and interest on the 2022 Bonds when due, except the ad valorem taxing power of the State is not pledged to pay the 2022 Bonds.
Interest Payment Dates	Interest on the 2022 Bonds is payable on the dates described on the inside cover page hereto.
Denominations	The 2022 Bonds will be available in denominations of $5,000 and integral multiples thereof.
Redemption	The 2022 Bonds are subject to redemption prior to maturity at the times, under the conditions and at the prices described herein.
Closing/Settlement	The 2022 Bonds are expected to be available for delivery through the facilities of DTC in New York, New York on or about ______, 2022.
Legal Counsel	Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel; the Oregon Department of Justice, Salem, Oregon, Counsel to the State; Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, Underwriters' Counsel.
Paying Agent	The Bank of New York Mellon Trust Company, N.A., as the State of Oregon's Fiscal Agent.

Morgan Stanley **Siebert Williams Shank & Co., LLC**

BofA Securities **Citigroup** **J.P. Morgan** **Wells Fargo Securities**

Academy Securities, Inc. **Baird** **Cabrera Capital Markets, LLC** **D.A. Davidson & Co.** **FHN Financial Capital Markets**

* Preliminary, subject to change.
† As shown on the inside cover.

SUMMARY OF VARIOUS SERIES TO BE ISSUED

$422,415,000*
STATE OF OREGON
GENERAL OBLIGATION BONDS

	$178,085,000* 2022 SERIES A	**$175,800,000* 2022 SERIES B (Sustainability Bonds)**	**$68,530,000* 2022 SERIES C**
Tax Status:	Tax-Exempt	Federally Taxable	Tax-Exempt
Constitutional Authority and Purpose:	Article XI-Q State Projects	Article XI-Q State Projects	Article XI-M and XI-N Seismic Grant Programs
Interest Payment Dates:	May 1 and November 1 of each year, commencing November 1, 2022	May 1 and November 1 of each year, commencing November 1, 2022	June 1 and December 1 of each year, commencing December 1, 2022
First Optional Redemption at Par: *	May 1, 20__	May 1, 20__	June 1, 20__

* Preliminary, subject to change.

MATURITY SCHEDULES

$178,085,000*
STATE OF OREGON
GENERAL OBLIGATION BONDS

2022 SERIES A
(ARTICLE XI-Q STATE PROJECTS)
(TAX-EXEMPT)

Maturity Date (May 1)	Principal Amount*	Interest Rate	Yield	CUSIP† (68609T)
2023	$7,570,000	%	%	
2024	7,455,000			
2025	7,740,000			
2026	8,060,000			
2027	8,465,000			
2028	8,895,000			
2029	9,340,000			
2030	8,690,000			
2031	9,115,000			
2032	9,580,000			
2033	7,670,000			
2034	8,060,000			
2035	8,460,000			
2036	8,885,000			
2037	9,325,000			
2038	6,755,000			
2039	7,030,000			
2040	7,300,000			
2041	7,595,000			
2042	7,900,000		*	

$14,195,000 ___% 2022 Series A Term Bond Due May 1, 2047*
Priced to Yield _____% (CUSIP No. 68609T__†)

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* Preliminary, subject to change.

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$175,800,000*
STATE OF OREGON
GENERAL OBLIGATION BONDS

2022 SERIES B
(ARTICLE XI-Q STATE PROJECTS)
(FEDERALLY TAXABLE) (SUSTAINABILITY BONDS)

Maturity Date (May 1)	Principal Amount*	Interest Rate	Yield	CUSIP† (68609T)
2023	$6,570,000	%	%	
2024	6,455,000			
2025	6,635,000			
2026	6,830,000			
2027	7,040,000			
2028	7,270,000			
2029	7,510,000			
2030	7,770,000			
2031	8,035,000			
2032	8,320,000			
2033	8,620,000			
2034	8,945,000			
2035	9,295,000			
2036	9,665,000			
2037	10,050,000			

$56,790,000 _____% 2022 Series B Term Bond Due May 1, 2042*
Priced to Yield _____% (CUSIP No. 68609T__†)

* Preliminary, subject to change.
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$68,530,000*
STATE OF OREGON
GENERAL OBLIGATION BONDS

2022 SERIES C
(ARTICLE XI-M AND XI-N SEISMIC GRANT PROGRAMS)
(TAX-EXEMPT)

Maturity Date (June 1)	Principal Amount*	Interest Rate	Yield	CUSIP† (68609T)
2023	$2,055,000	%	%	
2024	2,235,000			
2025	2,320,000			
2026	2,415,000			
2027	2,535,000			
2028	2,660,000			
2029	2,795,000			
2030	2,935,000			
2031	3,080,000			
2032	3,235,000			
2033	3,400,000			
2034	3,570,000			
2035	3,745,000			
2036	3,935,000			
2037	4,130,000			
2038	4,335,000			
2039	4,510,000			
2040	4,685,000			
2041	4,880,000			
2042	5,075,000			

* Preliminary, subject to change.
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No dealer, broker, salesperson or other person is authorized by the State or the Underwriters to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the 2022 Bonds. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

In connection with this offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the 2022 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The public offering prices or yields set forth on the inside cover pages hereof may be changed from time to time by the Underwriters. The Underwriters may offer and sell the 2022 Bonds to certain dealers, unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside cover pages hereof.

Certain statements contained in this Official Statement, including the appendices, do not reflect historical facts but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. The State specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement.

The 2022 Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The 2022 Bonds have not been registered or qualified under the securities laws of any state, the 2022 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

The information set forth herein concerning the designation of the 2022 Series B Bonds as "Sustainability Bonds" has been furnished by the Issuer and by other sources that are believed to be reliable. As of the time of this Official Statement, no clearly articulated definition of (legal, regulatory, or otherwise) of a Sustainability Bond has been developed for, nor is there market consensus as to what constitutes, a "Sustainability Bond" or an equivalently labeled program. Similarly, there is no widely accepted standard for what attributes are required for a program to have "Sustainable" or similar purposes. No assurance can be given by the Issuer that a clear definition or market consensus as to these standards will develop over time, or that, if developed, such standards will be satisfied by the program to be financed with the proceeds of the 2022 Series B Bonds. Accordingly, no assurance is or can be given by the Issuer to investors that any uses by the Issuer of the proceeds of the 2022 Series B Bonds will meet investor expectations regarding "Sustainable" or other equivalently-labeled performance objectives.

The historical financial information and operating data set forth in this Official Statement for the dates as of and for the periods that occurred before the COVID-19 pandemic and the measures instituted to control such pandemic may not be indicative of future results or performance due to these and other factors. For a description of the State's ongoing response to COVID-19 and related financial and operating effects, see "INTRODUCTION –COVID-19 Pandemic."

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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

REFERENCES IN THIS SECTION TO THE "ISSUER" MEANS THE STATE AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE 2022 BONDS OFFERED HEREBY. NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $1,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 150 UNITS (BEING 150 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA")

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THAT MEMBER STATE, OTHER THAN: (A) TO "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL

OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A CLIENT, AS DEFINED IN POINT (7) OF ARTICLE 2(1) OF REGULATION (EU) NO. 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("EUWA") WHO IS NOT A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO. 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (AS AMENDED, THE "FSMA") AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO. 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "UK PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FSMA AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FSMA (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE OTHER PERSONS TO WHOM THIS OFFICIAL STATEMENT MAY OTHERWISE BE LAWFULLY MADE TO OR DIRECTED AT, PROVIDED THAT SUCH PERSONS ARE ALSO QUALIFIED INVESTORS AS DEFINED IN SECTION 86 OF THE FSMA (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS INCLUDING IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA APPLIES TO THE ISSUER. THIS OFFICIAL STATEMENT AND ITS CONTENTS ARE CONFIDENTIAL AND SHOULD NOT BE DISTRIBUTED, PUBLISHED OR REPRODUCED (IN WHOLE OR IN PART) OR DISCLOSED BY RECIPIENTS TO ANY OTHER PERSON IN THE UNITED KINGDOM. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED BY THE REGISTRAR OF COMPANIES IN HONG KONG AS A PROSPECTUS PURSUANT TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32) OF THE LAWS OF HONG KONG ("C(WUMP)O") NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE "SFO").

ACCORDINGLY: (I) THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF ANY DOCUMENT OTHER THAN TO PERSONS WHO ARE "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO, AND ANY RULES MADE UNDER THE SFO, OR IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN SECTION 2(1) OF THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O; AND (II) NO UNDERWRITER HAS ISSUED OR WILL ISSUE OR HAS HAD OR WILL HAVE IN ITS POSSESSION FOR THE PURPOSE OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY TO PERSONS OUTSIDE HONG KONG OR ONLY TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THE OFFERING OF THE BONDS IN SWITZERLAND IS EXEMPT FROM THE REQUIREMENT TO PREPARE AND PUBLISH A PROSPECTUS UNDER THE SWISS FINANCIAL SERVICES ACT ("FINSA") BECAUSE SUCH OFFERING IS MADE TO PROFESSIONAL CLIENTS WITHIN THE MEANING OF THE FINSA ONLY AND THE BONDS WILL NOT BE ADMITTED TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A PROSPECTUS PURSUANT TO THE FINSA, AND NO SUCH PROSPECTUS HAS BEEN OR WILL BE PREPARED FOR OR IN CONNECTION WITH THE OFFERING OF THE BONDS. NO KEY INFORMATION DOCUMENT ACCORDING TO THE FINSA OR ANY EQUIVALENT DOCUMENT UNDER THE FINSA HAS BEEN PREPARED IN RELATION TO THE BONDS, AND THEREFORE, THE BONDS MAY NOT BE OFFERED OR RECOMMENDED TO RETAIL (PRIVATE) CLIENTS WITHIN THE MEANING OF THE FINSA IN SWITZERLAND.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE INVESTMENT ADVICE WITHIN THE MEANING OF THE FINSA. IT MAY ONLY BE USED BY THOSE PERSONS TO WHOM IT HAS BEEN HANDED OUT IN CONNECTION WITH THE BONDS AND MAY NEITHER BE COPIED NOR DIRECTLY OR INDIRECTLY DISTRIBUTED OR MADE AVAILABLE TO OTHER PERSONS.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY "RESIDENT" OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN IN EFFECT AT THE RELEVANT TIME.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS") IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(i), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY TO THE EXTENT PERMITTED UNDER APPLICABLE LAWS AND REGULATIONS. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

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$422,415,000*
STATE OF OREGON
GENERAL OBLIGATION BONDS

$178,085,000*	**$175,800,000***	**$68,530,000***
2022 SERIES A	**2022 SERIES B**	**2022 SERIES C**
(ARTICLE XI-Q STATE PROJECTS)	**(ARTICLE XI-Q STATE PROJECTS)**	**(ARTICLE XI-M AND XI-N SEISMIC GRANT PROGRAMS)**
(TAX-EXEMPT)	**(FEDERALLY TAXABLE)**	**(TAX-EXEMPT)**
	(SUSTAINABILITY BONDS)	

INTRODUCTION

General

This Official Statement, including the cover page, inside cover pages and appendices, provides information in connection with the issuance of the State of Oregon General Obligation Bonds 2022 Series A (Article XI-Q State Projects) (Tax-Exempt) (the "2022 Series A Bonds"), the State of Oregon General Obligation Bonds 2022 Series B (Article XI-Q State Projects) (Federally Taxable) (Sustainability Bonds) (the "2022 Series B Bonds"), and the State of Oregon General Obligation Bonds 2022 Series C (Article XI-M And XI-N Seismic Grant Programs) (Tax-Exempt) (the "2022 Series C Bonds", and collectively with the 2022 Series A Bonds and the 2022 Series B Bonds, the "2022 Bonds").

The 2022 Series A Bonds and the 2022 Series B Bonds are issued under Article XI-Q ("Article XI-Q") of the Oregon Constitution and statutory authority, as further described herein, and the 2022 Series A Bonds and the 2022 Series B Bonds are referred to collectively as the "2022 State Project Bonds."

The 2022 Series C Bonds are issued under Article XI-M ("Article XI-M") and Article XI-N ("Article XI-N") of the Oregon Constitution and statutory authority, as further described herein, and are also referred to herein as the "2022 Seismic Grant Program Bonds."

The 2022 Bonds are direct, general obligations of the State of Oregon (the "State"). The full faith and credit and taxing power of the State are pledged to pay the principal of and interest on 2022 Bonds when due, except the *ad valorem* taxing power of the State is not pledged to pay the 2022 Bonds. See "SECURITY AND SOURCES OF PAYMENT," "STATE FINANCIAL INFORMATION," "THE 2022 Bonds" and APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON."

COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("COVID-19"), was declared a global pandemic by the World Health Organization in March 2020. Since the onset of the pandemic, Oregon Governor Kate Brown and numerous other federal and state agencies, have issued numerous restrictions and warnings, and have taken and continue to take, various actions, including the passage of laws and regulations, on a wide array of topics, to slow the spread of COVID-19 and to address ongoing public health and economic consequences of the pandemic. The State cannot predict the scope or duration of preventative or mitigating actions taken by federal and state agencies in response to COVID-19, which continue to evolve in response to the conditions of the virus. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—INTRODUCTION" and APPENDIX B—"BASIC FINANCIAL STATEMENTS FOR THE STATE FOR THE YEAR ENDED JUNE 30, 2021" for discussion of and information about the impacts of the COVID-19 pandemic on the revenues and operations of the State.

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* Preliminary, subject to change.

AUTHORITY FOR ISSUANCE

Constitutional Authority and Limits

The Oregon Constitution authorizes the issuance of general obligation bonds for a variety of purposes under Articles XI-A through XI-Q. Approximately $6.72 billion of all State general obligation bonds authorized by the Oregon Constitution were outstanding as of April 1, 2022, excluding the 2022 Bonds. Certain tables in Appendix A related to the State's outstanding debt obligations are generally updated on an annual basis following the close of each fiscal year. See "THE 2022 BONDS—Bond Debt Service" and see APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—DEBT AUTHORITY AND BOND ISSUANCE" and Tables 24 through 27 therein for a summary of the State's outstanding debt obligations, including outstanding general obligation bonds.

The 2022 State Project Bonds are being issued under the authority of Article XI-Q. The Oregon Constitution limits State general obligation bonds issued under Article XI-Q (the "Article XI-Q Bonds") outstanding at any one time to one percent (1.00%) of the "real market value" of all property in the State. Article XI-Q authorizes the issuance of general obligation bonds to finance the costs of (i) acquiring, constructing, remodeling, repairing, equipping or furnishing real or personal property that is or will be owned or operated by the State, including, without limitation, facilities and systems; or (ii) infrastructure related to the real or personal property; or (iii) refunding indebtedness incurred under Article XI-Q. Article XI-Q also permits the issuance of general obligation bonds to refinance borrowings issued before December 2, 2010 to finance or refinance costs of the type described in (i) and (ii) above.

The 2022 Seismic Grant Program Bonds are being issued under the authority of Article XI-M and Article XI-N. The Oregon Constitution limits State general obligation bonds issued under Article XI-M (collectively, the "Article XI-M Bonds") outstanding at any one time to one-fifth of one percent (0.20%) of the "real market value" of all property in the State. Article XI-M authorizes the issuance of general obligation bonds to provide funds (i) for the planning and implementation of seismic rehabilitation of public education buildings, and (ii) to refund general obligation indebtedness incurred under Article XI-M. The Oregon Constitution limits State general obligation bonds issued under Article XI-N (collectively, the "Article XI-N Bonds") outstanding at any one time to one-fifth of one percent (0.20%) of the "real market value" of all property in the State. Article XI-N authorizes the issuance of general obligation bonds to provide funds (i) for the planning and implementation of seismic rehabilitation of emergency services buildings, and (ii) to refund general obligation indebtedness incurred under Article XI-N. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—CERTAIN BONDHOLDER CONSIDERATIONS—Natural Disasters and Other Public Emergencies" for a general discussion of seismic activity in the region.

The "real market value" of taxable property within the State is determined by the State Department of Revenue ("DOR") as the market value of all nonexempt real and personal property in the State as of the valuation date (January 1) for the tax and fiscal year beginning July 1 in the following calendar year. As of January 1, 2020, the real market value of nonexempt real and personal property in the State was approximately $757 billion.

The following table shows the total approximate amounts of outstanding Article XI-Q Bonds, Article XI-M Bonds, and Article XI-N Bonds and the approximate percentage of remaining bonding authority under applicable limits of the Oregon Constitution. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—DEBT AUTHORITY AND BOND ISSUANCE" and Table 24 therein.

TABLE 1
ARTICLES XI-Q, XI-M and XI-N BOND DEBT OUTSTANDING AND REMAINING AUTHORITY UNDER CONSTITUTIONAL LIMITS
(As of April 1, 2022)

	XI-Q	XI-M	XI-N
Constitutional Debt Limit[(1)]	$7.57 billion	$1.51 billion	$1.51 billion
Bonds Outstanding [(2)]	$2.41 billion	$297.74 million	$65.33 million
Remaining Debt Authority (Percent)	68.2 %	80.3%	95.7%

[(1)] The limit on Article XI-Q Bonds, Article XI-M Bonds, and Article XI-N Bonds is based on the real market value of statewide property of $757 billion as of January 1, 2020.
[(2)] Excludes the 2022 Bonds.
Source: Debt Management Division, Office of the State Treasurer.

Legislative Authority and Limits

2021-23 Biennium Authority. State law requires the Legislative Assembly to establish the amount of bonds that may be issued during each two-year budget period (a "biennium") for purposes other than refunding. The current biennium began on July 1, 2021 and ends on June 30, 2023 (the "2021-23 Biennium"). There is no limit on the amount of bonds that may be issued for refunding purposes. During the 2022 Regular Legislative Session (described below), the biennial "bond bill" was amended by Senate Bill 5701 (Oregon Laws 2022, Chapter 111), authorizing approximately $2.41 billion in general obligation bonds and approximately $1.93 billion in direct revenue bonds, including $515.5 million of Lottery Revenue Bonds, to be issued during the 2021-23 Biennium. In addition, approximately $100 million in other financing agreements were authorized to be issued during the 2021-23 Biennium.

The table below summarizes the amount of general obligation bonds authorized for the 2021-23 Biennium by the Legislative Assembly to be issued under Article XI-Q, Article XI-M, Article XI-N, and the total amount of bonds issued under each such authority.

TABLE 2
GENERAL OBLIGATION BOND ISSUANCE AUTHORITY FOR 2021-23 BIENNIUM
(As of April 1, 2022)

	Authorized	Issued[(1)]
Total General Obligation Bond Issuance Authority	$ 2,408,360,000	$167,970,000
Article XI-Q Bond Issuance Authority	1,635,415,000	$129,295,000
Article XI-M Bond Issuance Authority	111,300,000	0
Article XI-N Bond Issuance Authority	50,750,000	0

[(1)] Excludes the 2022 Bonds and general obligation bonds issued to refund general obligation bonds issued previously by the State. See Table 24 of APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON" for information regarding total amounts outstanding for the State's long-term financial obligations.
Source: Debt Management Division, Office of the State Treasurer.

Other Authority

The 2022 Bonds are being issued pursuant to Oregon Revised Statutes ("ORS") chapter 286A, as amended. The Treasurer will execute and deliver an issuance certificate to be dated the date of delivery of the 2022 Bonds (the "Issuance Certificate").

SECURITY AND SOURCES OF PAYMENT

Pledge of Full Faith and Credit

The 2022 Bonds are direct general obligations of the State. The full faith and credit and taxing power of the State are irrevocably pledged to pay the principal of and interest on the 2022 Bonds when due, except the State's *ad valorem* taxing power is not pledged to pay the 2022 Bonds.

Resources Available for Payment

The 2022 Bonds are expected to be paid from biennial appropriations from the State's General Fund budgeted by the Legislative Assembly or, as appropriate, from any other amounts lawfully available for expenditure for that purpose.

The Legislative Assembly budgets for State expenditures every biennium. If amounts budgeted to pay general obligation bonds of the State, including the 2022 Bonds, are not available for any reason, the State Treasurer is authorized to borrow, subject to certain conditions, from other funds in the State Treasury to permit debt service payments on general obligation bonds, including the 2022 Bonds, to be timely paid. See "STATE FINANCIAL INFORMATION" and APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—STATE FINANCIAL OPERATIONS—Budgetary Process" and "—DEBT AUTHORITY AND BOND ISSUANCE."

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PLAN OF FINANCE

2022 State Project Bonds

The 2022 State Project Bonds are being issued at the request of the State Department of Administrative Services ("DAS") (i) to acquire, construct, remodel, repair, equip or furnish real or personal property that is or will be owned or operated by the State, including, without limitation, facilities and systems, and infrastructure related to the real or personal property and (ii) to pay costs of issuing the 2022 State Project Bonds. Pursuant to the Issuance Certificate, the State may substitute other authorized projects for any of these projects. The table below lists the projects or programs expected to be financed with the proceeds of the 2022 State Project Bonds.

TABLE 3*
2022 STATE PROJECT BONDS - EXPECTED PROJECTS

Series	Project Agency	Project Name	Amount of Bond Proceeds
2022 Series A	Dept. of Administrative Services	Executive Building Interior & Seismic Renovations	$ 16,000,000
2022 Series A	Dept. of Administrative Services	North Valley Complex Infrastructure Upgrades/Tenant Improvement	30,000,000
2022 Series A	Dept. of Administrative Services	Portland State Office Building Improvements	3,500,000
2022 Series A	Dept. of Revenue	Electronic Valuation Information System (ELVIS)	2,000,000
2022 Series A	Oregon Military Department	Resiliency Grant Fund	5,000,000
2022 Series A	Oregon State Police	Central Point Office Expansion	23,772,889
2022 Series A	Oregon Youth Authority	Camp Riverbend Dorm Renovation	1,500,000
2022 Series A	Oregon Youth Authority	Control Room Renovations	895,000
2022 Series A	Oregon Youth Authority	JJIS IT System Modernization	4,756,531
2022 Series A	Oregon Youth Authority	MacLaren Infirmary and Pharmacy Renovation & Expansion	979,000
2022 Series A	Oregon Youth Authority	MacLaren West Cottages Renovations	4,937,800
2022 Series A	Oregon Youth Authority	Rogue Valley Facility Improvements	2,443,900
2022 Series A	Oregon Youth Authority	Tillamook Dorm Renovation	2,000,000
2022 Series A	Oregon Health Authority	OSH Salem Well Water Treatment Facility	2,395,650
2022 Series A	Dept. of Education	Oregon School for the Deaf ADA Restrooms	1,024,625
2022 Series A	Dept. of Education	Oregon School for the Deaf Fire Alarm System Replacement	3,091,923
2022 Series A	Dept. of Education	Oregon School for the Deaf Windows Upgrade	1,383,452
2022 Series A	Oregon Parks & Recreation Department	State Parks Capital Improvement and Renewal	25,000,000
2022 Series A	Dept. of Fish and Wildlife	Capital Improvement and Renewal	5,000,000
2022 Series A	Oregon Liquor Control Commission	Liquor Warehouse Land & Building	52,537,265
2022 Series A	Oregon Liquor Control Commission	Liquor Warehouse Management IT System	8,500,000
2022 Series B(1)	Oregon Housing and Community Services Department	LIFT/Permanent Supportive Housing Programs	175,000,000
TOTAL			**$371,718,035**

*Preliminary, subject to change.

(1) See "PLAN OF FINANCE—Designation of 2022 Series B Bonds as Sustainability Bonds" and APPENDIX C—"SUSTAINABILITY BONDS FOR LOCAL INNOVATION AND FAST TRACK HOUSING AND PERMANENT SUPPORTIVE HOUSING PROGRAMS" for further description of Oregon Sustainability Bonds and the LIFT and PSH programs.

Source: State of Oregon, Chief Financial Office.

Designation of 2022 Series B Bonds as Sustainability Bonds

The proceeds of the 2022 Series B Bonds are expected to be applied to certain housing related projects including the State's: (i) Permanent Supportive Housing Program ("PSH") and (ii) Local Innovation and Fast Track Housing Program ("LIFT" or the "LIFT Affordable Housing Program"). Pursuant to the Issuance Certificate, the State may substitute other authorized projects for any of these projects.

As further described in Appendix C, the State is designating the 2022 Series B Bonds as "Oregon Sustainability Bonds." The State has previously designated and issued five series of Oregon Sustainability Bonds and it expects to designate future series of bonds as Oregon Sustainability Bonds, subject to the proceeds of such bonds being used consistently with the sustainability principles adopted by the State, which are described in Appendix C. Holders of Oregon Sustainability Bonds, including the 2022 Series B Bonds, do not assume any specific project risk and are not entitled to any security other than that described herein. See "SECURITY AND SOURCES OF PAYMENT" above.

2022 Seismic Grant Program Bonds

The 2022 Seismic Grant Program Bonds will be issued by the State, acting by and through the State Treasurer, with the concurrence of the Director of the Oregon Business Development Department, and at the request of the Director of DAS, to (i) finance all or a portion of the State share of costs to plan and implement seismic rehabilitation of public education buildings, (ii) finance all or a portion of the State share of costs to plan and implement seismic rehabilitation of emergency services buildings, and (iii) pay costs of issuing the 2022 Seismic Grant Program Bonds. Other authorized projects may be substituted for any of these projects. See APPENDIX A—"CERTAIN BONDHOLDER CONSIDERATIONS—Natural Disasters and Other Public Emergencies."

TABLE 4*
2022 SEISMIC GRANT PROGRAM BONDS – EXPECTED PROJECTS

Series	Project Agency	Project	Amount of Bond Proceeds
2022 Series C	Oregon Business Development Department	Seismic Rehabilitation Grants – Schools	$55,000,000
	Oregon Business Development Department	Seismic Rehabilitation Grants – Emergency Services Buildings	20,825,000
TOTAL			**$75,825,000**

* Preliminary, subject to change.
Source: State of Oregon, Chief Financial Office.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the 2022 Bonds are shown below.

	2022 Series A Bonds	2022 Series B Bonds	2022 Series C Bonds	2022 Bonds TOTAL
Sources of Funds:				
Principal Amount of 2022 Bonds	$	$	$	$
Original Issue Premium				
Total Sources	**$**	**$**	**$**	**$**
Uses of Funds:				
XI-Q Deposit to State Project Fund	$	$	$	$
XI-M Deposit to Seismic Project Fund				
XI-N Deposit to Seismic Project Fund				
Underwriters' Discount				
Costs of Issuance[1]				
Total Uses	**$**	**$**	**$**	**$**

[1] Includes legal fees, municipal advisor fees, rating agencies fees and other expenses.

THE 2022 BONDS

Generally

When issued, the 2022 Bonds will be dated their date of delivery and will bear interest at the rates per annum and will mature, subject to redemption prior to maturity, on the dates and in the principal amounts set forth on the inside cover pages of this Official Statement. Interest on the 2022 Bonds will be calculated on the basis of a 360-day year comprising twelve 30-day months. Interest on the 2022 State Project Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2022. Interest on the 2022 Seismic Grant Program Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2022. The 2022 Bonds are issuable in fully registered form, in denominations of $5,000 and integral multiples thereof, without coupons. The State's fiscal agent, The Bank of New York Mellon Trust Company, N.A. (the "Fiscal Agent"), is to serve as paying agent and registrar for the 2022 Bonds.

When issued, the 2022 Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC is to act as securities depository for the 2022 Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive certificates representing their interests in the 2022 Bonds purchased. So long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the registered owner of the 2022 Bonds as nominee of DTC, all payments and notices, including redemption notices, are to be made to DTC or to its nominee and not to the Beneficial Owners of the 2022 Bonds. References in this Official Statement to "Owners," "Bondholders" or "Registered Owners" mean Cede & Co. or DTC and not the Beneficial Owners of the 2022 Bonds. In this Official Statement, the term "Beneficial Owner" means the person for whom its DTC participant acquires an interest in the 2022 Bonds. See APPENDIX F—"DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM."

The information in "DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM" in Appendix G regarding DTC and its book-entry system has been furnished by DTC and no representation is made by the State, the Underwriters or the Municipal Advisor as to the accuracy or completeness of such information.

If the 2022 Bonds are no longer issued in book-entry form, the Fiscal Agent will be required to mail each 2022 Bond interest payment when due to the Registered Owner at the address appearing on the Bond Register as of the fifteenth day of the month preceding a 2022 Bond payment date (the "Record Date"). If payment is so mailed, neither the State nor the Fiscal Agent will have any further liability to any party for such payment.

The 2022 Series A Bonds and the 2022 Series C Bonds (collectively, the "2022 Tax-Exempt Bonds") will bear interest that is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax under the Code. The 2022 Series B Bonds (the "2022 Federally Taxable Bonds") will bear interest that is not excludable from gross income for federal income tax purposes. All of the 2022 Bonds will bear interest that is exempt from Oregon personal income taxation. See "TAX MATTERS."

Redemption of the 2022 Bonds

Redemption of the 2022 Series A Bonds*

Optional Redemption. The 2022 Series A Bonds maturing on or after May 1, 20__ are subject to redemption prior to maturity at the option of the State, in whole or in part at any time on or after May 1, 20__ (with the series and maturities to be selected by the State and by lot within a maturity) at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption.

Mandatory Redemption. The 2022 Series A Bonds maturing on May 1, 20__ are term bonds subject to mandatory redemption on May 1 of the years and in the principal amounts shown below, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption:

2022 Series A Term Bonds
Due May 1, 20__

Year (May 1)	Principal Amount
	$
†	

†Final maturity.

The State may reduce any mandatory redemption requirement for any 2022 Series A Bonds by the amount of the 2022 Series A Bonds of the same series and maturity that the State has optionally redeemed or purchased for cancellation.

Redemption of the 2022 Series B Bonds*

Optional Redemption. The 2022 Series B Bonds maturing on or after May 1, 20__ are subject to redemption prior to maturity at the option of the State, in whole or in part at any time on or after May 1, 20__ (with the series and maturities to be selected by the State and within a maturity as specified below under the subheading "Other Redemption Provisions – Selection for Redemption; Notice and Effect of

* Preliminary, subject to change.

Redemption") at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption.

Mandatory Redemption. The 2022 Series B Bonds maturing on May 1, 20__ are term bonds subject to mandatory redemption on May 1 of the years and in the principal amounts shown below, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption:

2022 Series B Term Bonds
Due May 1, 20__

Year (May 1)	Principal Amount
	$
†	

†Final maturity.

The State may reduce any mandatory redemption requirement for any 2022 Series B Bonds by the amount of the 2022 Series B Bonds of the same series and maturity that the State has optionally redeemed or purchased for cancellation.

Make-Whole Optional Redemption Prior to May 1, 20__. The 2022 Series B Bonds are subject to optional redemption by the State prior to their stated maturity dates, as a whole or in part, on any business day, prior to May 1, 20__, at the "Make-Whole Redemption Price," as described below in "—Other Redemption Provisions—Make-Whole Call Provisions for Federally Taxable Bonds," plus accrued and unpaid interest on the 2022 Series B Bonds to be redeemed on the date fixed for redemption.

Redemption of the 2022 Series C Bonds*

Optional Redemption. The 2022 Series C Bonds maturing on or after June 1, 20__ are subject to redemption prior to maturity at the option of the State, in whole or in part at any time on or after June 1, 20__ (with the series and maturities to be selected by the State and by lot within a maturity) at a redemption price equal to 100 percent of the principal amount thereof, plus accrued but unpaid interest to the date fixed for redemption.

Mandatory Redemption. The 2022 Series C Bonds maturing on June 1, 20__ are term bonds subject to mandatory redemption on June 1 of the years and in the principal amounts shown below, at a redemption price equal to 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption:

2022 Series C Term Bonds
Due June 1, 20__

Year (June 1)	Principal Amount
	$
†	

†Final maturity.

* Preliminary, subject to change.

The State may reduce any mandatory redemption requirement for any 2022 Series C Bonds by the amount of the 2022 Series C Bonds of the same series and maturity that the State has optionally redeemed or purchased for cancellation.

Other Redemption Provisions

Make-Whole Call Provisions for Federally Taxable Bonds[*]

The "Make-Whole Redemption Price" is the greater of (i) 100 percent of the principal amount of the 2022 Federally Taxable Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2022 Federally Taxable Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2022 Federally Taxable Bonds are to be redeemed, discounted to the date on which the 2022 Federally Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" defined below, plus the "Applicable Spread" defined below.

"Applicable Spread" means, (i) with respect to the 2022 Series B Bonds maturing _________, __ basis points; (ii) with respect to the 2022 Series B Bonds maturing _________, __ basis points; and (iii) with respect to the 2022 Series B Bonds maturing __________, __ basis points.

"Treasury Rate" means, with respect to any redemption date for a particular 2022 Federally Taxable Bond, the yield to maturity as of such Valuation Date of United State Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available on the Valuation Date selected by the State (excluding inflation indexed securities) (or, if such Statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2022 Federally Taxable Bond (taking into account any sinking fund installments for such 2022 Federally Taxable Bonds) to be redeemed; provided, however, that if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such 2022 Federally Taxable Bonds) is less than one year, the weekly average yield on actual traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of the State or the Fiscal Agent, the Make-Whole Redemption Price of the 2022 Federally Taxable Bonds, with respect to (ii) above, will be calculated by an independent accounting firm, investment banking firm or financial advisor retained by the State at the State's expense. The State and the Fiscal Agent may conclusively rely on the determination of the Treasury Rate by the investment banking firm or financial advisory firm and on any Make-Whole Redemption Price calculated by an independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

"Valuation Date" means a Business Day not later than the third Business Day preceding the redemption date but no more than 45 calendar days prior to the redemption date.

Selection for Redemption; Notice and Effect of Redemption

<u>Selection for Redemption of 2022 Tax-Exempt Bonds</u>. If fewer than all of the 2022 Tax-Exempt Bonds of a maturity are to be redeemed prior to maturity, then (i) if the 2022 Tax-Exempt Bonds of such series and maturity are in book-entry form at the time of such redemption, the Fiscal Agent is required to instruct DTC to instruct the DTC Participants to select the 2022 Tax-Exempt Bonds of such series and maturity for redemption by lot, and neither the State nor the Fiscal Agent will have any responsibility to ensure that DTC or the DTC Participants properly select such 2022 Tax-Exempt Bonds of such series and

[*] Preliminary, subject to change.

maturity for redemption; and (ii) if the 2022 Tax-Exempt Bonds of such series and maturity are not then in book-entry form at the time of such redemption on each redemption date, the Fiscal Agent is required to select the specific maturities of the 2022 Tax-Exempt Bonds of such series for redemption as directed by the State and by lot within a maturity.

Selection for Redemption of 2022 Federally Taxable Bonds. If the 2022 Federally Taxable Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2022 Federally Taxable Bonds, if fewer than all of a maturity of a series of 2022 Federally Taxable Bonds are to be redeemed prior to maturity, the particular 2022 Federally Taxable Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the 2022 Federally Taxable Bonds are held in book-entry form, the selection for redemption of such 2022 Federally Taxable Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Fiscal Agent pursuant to DTC operational arrangements. If the Fiscal Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2022 Federally Taxable Bonds will be selected for redemption in accordance with DTC procedures by lot within a maturity.

It is the State's intent with respect to the 2022 Federally Taxable Bonds that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the State and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the State can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2022 Federally Taxable Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2022 Federally Taxable Bonds will be selected for redemption in accordance with DTC procedures by lot.

If the 2022 Federally Taxable Bonds are not registered in book-entry only form, the 2022 Federally Taxable Bonds will be assigned certificate numbers. Any redemptions of less than all of a maturity of a series of the 2022 Federally Taxable Bonds shall be effected by the Fiscal Agent by designating such 2022 Federally Taxable Bonds for optional redemption within a maturity in the order of the assigned certificate numbers.

Notice and Effect of Redemption; Conditional Notice of Optional Redemption. Unless waived by DTC, the Fiscal Agent shall notify DTC of any redemption of 2022 Bonds not less than 20 days (or such lesser time period that is acceptable to the Fiscal Agent and consistent with the operational arrangements of DTC) nor more than 60 days prior to the date fixed for redemption and shall provide such information in connection therewith as required by DTC.

If the 2022 Bonds cease to be in book-entry-only form, unless waived by the Registered Owner of the 2022 Bonds to be redeemed, official notice of any such redemption shall be given by the Fiscal Agent on behalf of the State, by mailing a copy of an official redemption notice, by registered or certified mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the 2022 Bonds to be redeemed at the address shown on the 2022 Bond Register or at such other address as is furnished in writing by such Registered Owner to the Fiscal Agent.

Any notice of optional redemption to the Fiscal Agent or to the Registered Owner pursuant to the Issuance Certificate may state that the optional redemption is conditional upon receipt by the Fiscal Agent of moneys sufficient to pay the redemption price of such 2022 Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Fiscal Agent to affected Registered Owners as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Defeasance

Pursuant to the Issuance Certificate, if the State (i) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of 2022 Bonds which are to be defeased; and (ii) files with the escrow agent or trustee a report from an independent, certified public accountant or other qualified professional to verify calculations to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased 2022 Bonds when due; and (iii) with respect to the 2022 Tax-Exempt Bonds, files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest component of the 2022 Tax-Exempt Bonds to be defeased to be includable in gross income under the Internal Revenue Code of 1986, as amended; then the defeased 2022 Bonds shall no longer be treated as outstanding, the State shall be obligated to pay the defeased 2022 Bonds solely from the money and Government Obligations deposited with the escrow agent or trustee, and the State shall have no further obligation to pay the defeased 2022 Bonds from any source except the amounts deposited in the escrow. For the purposes of this paragraph, "Government Obligations" means (i) direct, noncallable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury and principal-only and interest-only strips that are issued by the U.S. Treasury); or (ii) noncallable obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; or (iii) any of the noncallable obligations of the agencies identified in the Issuance Certificate.

Global Clearance Procedures

See Appendix G hereto, entitled "GLOBAL CLEARANCE PROCEDURES" for a description of global clearance procedures with respect to the 2022 Bonds.

Bond Debt Service*

The table below shows annual fiscal year debt service on all general obligation bonds of the State outstanding as of January 1, 2022. The debt service on other general obligation bonds authorized to be issued during the 2021-23 Biennium is not reflected. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—DEBT AUTHORITY AND BOND ISSUANCE—Table 24—State of Oregon Outstanding Long-Term Financial Obligations and Constitutional and Statutory Provisions."

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* Preliminary, subject to change.

TABLE 5*
STATE OF OREGON
GENERAL OBLIGATION BOND DEBT SERVICE

Fiscal Year	Outstanding General Obligation Bonds[1] [2]			2022 Bonds			Combined Total[2]
Ending June 30	Principal	Interest	Debt Service	Principal	Interest	Bond Debt Service	Bond Debt Service
2022	$ 320,870,000.00	$ 142,725,404.05	$ 463,595,404.05	-	$	$	$
2023	503,670,000.00	266,943,328.74	770,613,328.74	$			
2024	522,850,000.00	244,195,769.53	767,045,769.53				
2025	528,015,000.00	221,191,097.21	749,206,097.21				
2026	556,575,000.00	197,421,249.45	753,996,249.45				
2027	574,890,000.00	172,030,296.69	746,920,296.69				
2028	305,420,000.00	145,209,942.69	450,629,942.69				
2029	303,130,000.00	134,082,250.22	437,212,250.22				
2030	296,595,000.00	122,697,863.08	419,292,863.08				
2031	286,365,000.00	111,500,884.41	397,865,884.41				
2032	279,455,000.00	100,201,779.18	379,656,779.18				
2033	272,585,000.00	88,922,022.46	361,507,022.46				
2034	275,970,000.00	77,553,730.74	353,523,730.74				
2035	267,060,000.00	66,043,608.43	333,103,608.43				
2036	254,925,000.00	54,905,866.98	309,830,866.98				
2037	232,395,000.00	44,663,907.65	277,058,907.65				
2038	207,110,000.00	35,433,494.15	242,543,494.15				
2039	202,055,000.00	27,106,038.22	229,161,038.22				
2040	151,755,000.00	19,443,339.37	171,198,339.37				
2041	125,805,000.00	13,947,650.30	139,752,650.30				
2042	88,735,000.00	9,076,497.88	97,811,497.88				
2043	61,195,000.00	5,925,373.07	67,120,373.07				
2044	45,145,000.00	3,785,676.71	48,930,676.71				
2045	22,740,000.00	2,162,435.90	24,902,435.90				
2046	15,185,000.00	1,394,508.95	16,579,508.95				
2047	10,985,000.00	838,718.75	11,823,718.75				
2048	6,380,000.00	522,156.25	6,902,156.25				
2049	4,865,000.00	316,293.75	5,181,293.75				
2050	3,445,000.00	166,325.00	3,611,325.00				
2051	2,200,000.00	68,512.50	2,268,512.50				
2052	705,000.00	10,575.00	715,575.00				
TOTAL	**$6,729,075,000**	**$2,310,486,597.31**	**$9,039,561,597.31**	**$**	**$**	**$**	**$**

Note: Totals may not agree with sum of components due to rounding.
[1] Includes all outstanding general obligation bonds of the State as of January 1, 2022.
[2] The interest calculation on variable rate obligations is determined twice each year, on June 30 and December 31, by multiplying the most recent interest rate reset for each obligation times its outstanding principal over the life of the bonds.
Source: Debt Management Division, Office of the State Treasurer.

* Preliminary, subject to change.

INFORMATION RELATING TO THE DEPARTMENT OF ADMINISTRATIVE SERVICES

Generally

The State Treasurer, at the request of the Director of DAS, may issue Article XI-Q Bonds for a variety of purposes for the benefit of the State. The State Treasurer, at the request of the Director of DAS, and with the concurrence of the Director of the Oregon Business Development Department, may issue Article XI-M and Article XI-N Bonds, for purposes of seismic rehabilitation of public education buildings and emergency services buildings, respectively.

Department of Administrative Services

DAS is the administrative arm of the Governor's Office. DAS prepares and coordinates State agency budget requests included in the budget submitted by the Governor to the Legislative Assembly. By law, DAS is responsible for budgetary management, supervision and control over all State government programs for the executive branch of the State. In addition, DAS has the authority to request the State Treasurer to issue general obligation bonds, certificates of participation and other forms of indebtedness, as authorized by the Legislative Assembly, on behalf of State agencies.

DAS also provides administrative and support services to State agencies. DAS works to ensure that State resources are used according to law, gubernatorial policy and legislative policy in the most effective and economical manner and performs several other statewide administrative functions. DAS has general authority to operate and manage programs relating to central purchasing, motor fleet, printing, facilities construction and leasing, building maintenance, central stores, mail, insurance, telephone services and telecommunications and information technology and security. DAS, with the approval of the Governor, has general authority to adopt rules and regulations it considers necessary and proper to carry out the laws it is charged with administering.

Centralizing these statewide functions in DAS provides coordination in obtaining proper budget and debt issuance authority, as well as proper accounting for financed projects. In addition, it provides State agencies the advantage of working with a single agency, DAS, as they plan for real property or personal property acquisitions needed to accomplish their agency missions.

STATE FINANCIAL INFORMATION

General Fund Budget Process

The Oregon Constitution requires the Legislative Assembly to balance the State's General Fund budget. The Legislative Assembly adopts individual budgets for each biennium for all State agencies or programs subject to biennial appropriations or expenditure limitations. Each budget includes appropriations of General Fund moneys or program revenues for the payment of debt service to those State agencies for which debt obligations of the State, including general obligation bonds or certificates of participation, have been issued by the State Treasurer. In addition, certain discrete component units of the State submit funding requests for the portion of their operations that are State-funded each biennium to be included as part of the Governor's biennial budget. Under Oregon law, a joint committee composed of members of both houses of the Legislative Assembly, known as the Emergency Board (the "Emergency Board") is established for the purpose of taking certain actions when the Legislative Assembly is not in session. For more information concerning the budget process, see "—2021-23 Biennium Budgetary Actions" herein and APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—STATE FINANCIAL OPERATIONS—Budgetary Process."

The Legislative Assembly meets on an annual basis and may make some budgetary determinations for a single fiscal year or adjust biennial agency budgets. Once the Legislative Assembly has appropriated moneys for debt service, Oregon law does not permit the amount allocated to debt service to be subsequently reduced administratively to balance the General Fund budget; budget reductions must be made in other program areas. See "—2021-23 Biennium Budgetary Actions" herein and APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—STATE FINANCIAL OPERATIONS—Budgetary Process" for more information about the State budget and payment of State general obligation bonds.

Revenue Sources

The State General Fund is comprised of various revenue sources including, among other things, taxes, fines and fees, liquor sales apportionment, charges for services, interest earnings and miscellaneous revenues. Additionally, revenues from the operation of the Oregon State Lottery, a new Corporate Activity Tax, moneys from the federal government, reserve funds and other funds comprise significant sources of money in the State's budget. With respect to moneys from the federal government, the Legislative Assembly may authorize receipt of federal funds for specific purposes. The Legislative Assembly must appropriate and use any federal funds in accordance with any restrictions placed on such funds by the federal government. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—REVENUES" for a detailed description of sources of General Fund revenues and other sources of revenues available to the State.

Oregon law requires DAS, with the assistance of the DOR, to prepare an estimate for each calendar quarter of the revenue available for State purposes for the current fiscal year, as well as the amount of revenue received quarterly, through the biennium (the "State Economic and Revenue Forecast" or "Forecast"). The DAS Office of Economic Analysis (the "OEA") produces the State Economic and Revenue Forecast based upon information available at the time of preparation and upon a wide variety of assumptions. These Forecasts are available on OEA's website (oregon.gov/das/oea), together with an annual calendar of expected release dates for future reports. Investors are cautioned that information presented in the Forecast is not indicative of future results. **The information on OEA's website is not part of or incorporated into this Official Statement.**

The State's actual results will be affected by subsequent national and state economic activity and other events, including events that are not within the State's control. Any Forecast information for the State that is presented in this Official Statement is based on the State Economic and Revenue Forecast released on or about February 9, 2022 (the "March 2022 Forecast"). The next State Economic and Revenue Forecast is expected to be released on or about May 18, 2022 (the "June 2022 Forecast"). See "—Revenue and Economic Information as of March 2022 Forecast" herein.

If amounts budgeted or expected to pay any debt obligations of the State, including the 2022 Bonds, are not available for any reason, the Treasurer may make an intrafund or interfund loan from funds held in the Oregon State Treasury to pay debt service on those debt obligations. Any General Fund intrafund loan is repaid without interest. Any interfund loan is repaid with interest. The loan may only be made if the borrowing fund is expected to be able to repay the borrowed funds before the borrowed funds are needed by the lending fund, and if the loan meets certain other conditions. The State is not obligated to obtain loans from these funds and may decide to seek other sources of funds to pay its legal obligations.

If the Forecast anticipates a decrease in projected revenues and the General Fund budget is not balanced based on estimated revenues in the Forecast, Oregon law requires the Governor or the Legislative Assembly to take action to rebalance the budget prior to the end of the biennium. DAS may reduce agency budgets, with the approval of the Governor, by administratively reducing expenditure authority for State agencies through the quarterly allotment process through which expenditures are monitored by agencies and the DAS Chief Financial Office throughout the biennium. The Legislative Assembly may rebalance the budget during a regular or special Legislative Session. See "—Revenue and Economic Information as of March 2022 Forecast" herein for discussion of the financial and economic conditions in the State as a result of COVID-19.

The State has two budgetary reserve funds, the Education Stability Fund and the Oregon Rainy Day Fund, which, subject to certain restrictions, may be drawn on in the event of General Fund revenue shortfalls or economic downturns within a biennium. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—REVENUES—Reserve Funds" for additional information on the State's budgetary reserve funds.

2021-23 Biennium Budgetary Actions

2021 Regular Legislative Session. During the 2021 Regular Legislative Session, the Legislative Assembly adopted a balanced budget for the 2021-23 Biennium (the "Legislatively Adopted Budget" or "LAB") as required by the State Constitution. The LAB was based on the projected revenues from the State Economic and Revenue Forecast that was released on May 19, 2021 (the "May 2021 Forecast") and revenue changes enacted during the 2021 Regular Legislative Session. The Legislatively Adopted Budget, as adjusted by subsequent actions of the Legislative Assembly, is referred to as the "Legislatively Approved Budget."

2021 2nd Special Legislative Session. At the call of the Governor, the Legislative Assembly convened for a one-day special session on December 13, 2021, to address concerns around housing, drought, and cannabis enforcement. State financial administration matters were addressed in Senate Bill 5561, which directed $100 million towards rental assistance, $20 million for cannabis enforcement, and $98 million in Emergency Board appropriation to agencies for drought related issues.

2022 Regular Legislative Session. The Legislative Assembly convened for its 2022 Regular Legislative Session on February 1, 2022 and adjourned on March 4, 2022. The Legislative Assembly took actions to adjust the 2021-23 Legislatively Approved Budget based on available resources as projected in the March 2022 Forecast. The net effect of those actions on the 2021-23 Legislatively Approved Budget was a $2.2 billion increase in General Fund expenditures and an $83.1 million increase in Lottery Fund expenditures. As a result of these actions the ending fund balance for General Fund is $760.6 million. See "APPENDIX A – "GENERAL INFORMATION RELATING TO THE STATE OF OREGON – OREGON FINANCIAL INFORMATION."

The Legislatively Approved Budget for the 2021-23 Biennium provides for budgeted expenditures of $27.861 billion from the General Fund and $1.447 billion in Lottery Funds. The combined General Fund and Lottery Funds in the Legislatively Approved Budget for the 2021-23 Biennium is up 22.6% from the 2019-21 legislatively approved budget.

Combined General Fund and Lottery Fund expenditures in the Legislatively Approved Budget are primarily divided among the major program areas described below.

TABLE 6
2021-23 LEGISLATIVELY APPROVED BUDGET(1)

Amount	Program Area
$12.605 billion	Education, including:
	$8.541 billion for the K-12 State School Fund
	$2.798 billion for Higher Education
	$1.266 billion for other education programs
$ 8.653 billion	Human Services
$ 2.339 billion	Public Safety
$ 0.964 billion	Judicial
$ 1.141 billion	Natural Resources
$ 1.037 billion	Administration
$ 2.568 billion	All Other Program Areas
$29.308 billion	Total

Note: Totals may not add due to rounding.
(1) Combined General Fund and Lottery Funds; excludes Other Funds and Federal Funds.
Source: State of Oregon, Chief Financial Office.

Other Actions of the 2021 Regular Legislative Session

2021 Regular Legislative Session. During the 2021 Regular Legislative Session, the Legislative Assembly approved federal funds expenditures of approximately $2.3 billion in the 2021-23 Biennium to use Coronavirus State Fiscal Recovery and Capital Projects Funds provided through the American Rescue Plan Act ("ARPA"). The State plans to use the Coronavirus State Fiscal Recovery Funds that were allocated by the Legislative Assembly primarily for the following purposes: approximately $1.404 billion to help cover revenue replacement, which will mainly be used to support public safety and State hospital expenditures; $316 million to fund 58 individual projects to improve the water and sewer systems of local jurisdictions across the State; $240 million to address the economic impacts of COVID-19 through priority investments in specific geographical regions; $169 million for improving the States' behavioral health system and improving the services and infection control within the long-term care system; $50 million for economic and revenue supports to cultural and community organizations in the State; and $14 million for assistance to emergency food bank organizations, which have seen dramatic increases in demand as a result of the pandemic. The Legislative Assembly authorized $120 million of the Capital Projects Funds allocated to the Oregon Business Development Department for grants to increase broadband internet availability across the State.

Coronavirus State Fiscal Recovery and Capital Projects Funds may be used to cover eligible costs incurred through December 31, 2024, with final disbursement of those eligible costs by December 31, 2026. Of the total Coronavirus State Fiscal Recovery and Capital Projects Funds allocated to the State, approximately $488 million was not approved for expenditure during the 2021 Regular Legislative Session and therefore remained available to the Legislative Assembly to cover eligible costs in the 2021-23 or 2023-25 Biennium.

In addition, $248.35 million of Coronavirus Local Fiscal Recovery Funds will be distributed by the State to cities during the 2021-23 Biennium, which is the total amount of ARPA funds allocated to the State for pass-through to jurisdictions with populations less than 50,000. The U.S. Department of Treasury will distribute ARPA funding directly to Oregon's counties and metropolitan cities.

Revenue and Economic Information as of March 2022 Forecast

Revenue Forecast. In the March 2022 Forecast, the OEA projects General Fund revenues to be $25.0 billion for the 2021-23 Biennium. This represents an increase of $789.5 million from the State Economic and Revenue Forecast released on November 17, 2021 (the "December 2021 Forecast"). The lottery revenues are estimated to be $1.7 billion, $13.5 million more than was projected in the December 2021 Forecast. The combined General Fund and Lottery Fund revenues are projected to be $26.7 billion in the 2021-23 Biennium.

According to the March 2022 Forecast, tax revenues are 4.4% higher than the revenue forecast as of the close of the 2021 Regular Legislative Session, which would trigger a personal income tax kicker and the corporate income tax kicker for the 2021-23 Biennium. The personal income tax kicker is estimated at $964 million, which would be paid out as a refundable credit on Oregonian tax returns for the April 15, 2024 filing date for tax year 2023. The corporate income tax kicker is estimated at $634 million. Under the Oregon Constitution, the corporate income tax kicker is allocated to K-12 public education spending. According to the March 2022 Forecast, the tax kicker estimates remain uncertain and assume that the current outlook does not change. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—REVENUES—General Fund Revenues – *Return of General Fund Revenue to Personal Income Taxpayers (2% Surplus Kicker)*."

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TABLE 7
STATE OF OREGON
GENERAL FUND REVENUE STATEMENT
($ In Thousands)[1]

Taxes	**2015-17[2]**	**2017-19[3]**	**2019-21[4]**	**2021-23[5]**
Personal Income	$ 16,088,682	$ 18,821,756	$ 20,004,976	$ 21,388,036
Corporate Excise and Income	1,210,736	1,681,649	2,041,412	1,977,772
Other Taxes[6]	596,685	672,621	800,642	784,320
Fines and Fees[7]	246,169	259,011	249,370	274,016
Additional Revenues[8]	305,579	402,625	456,822	421,213
One-time Transfers	140,883	5,020	174,205	153,077
Gross General Fund Revenues	18,588,734	21,842,682	23,727,427	24,998,434
Offsets and Transfers	(32,851)	(127,971)	(114,831)	(198,917)
Net General Fund Revenues	18,555,883	21,714,711	23,612,596	24,799,517
Beginning Balance	528,793	1,000,385	2,709,365	4,082,489
Anticipated Administrative Actions[9]	(6,318)	(10,370)	0	(21,472)
Legislatively Adopted Actions[10]	(158,328)	(179,424)	(198,338)	(220,723)
Available Resources	18,920,030	22,525,302	26,123,622	28,639,811
Appropriations	18,012,040	19,945,904	22,461,279	25,620,230
Reversion	(92,395)	(129,966)	(420,146)	0
Expenditures	17,919,645	19,815,937	22,041,133	25,620,230
Ending Balance	$ 1,000,385	$ 2,709,365	$ 4,082,489	$ 3,019,582

2022 Legislative Actions Impacting 2021-23 Biennium Budget

Revenue Adjustments	(18,179)
Adjusted Available Resources	28,621,633
Approved Expenditures	2,240,801
Adjusted Projected Expenditures	27,861,031
2021-23 Ending Balance After 2022 Legislative Session	760,602

(1) Totals may not agree with sum of components due to rounding.
(2) September 2017 Economic and Revenue Forecast, as adjusted by OEA.
(3) September 2019 Economic and Revenue Forecast, as adjusted by OEA.
(4) September 2021 Economic and Revenue Forecast, as adjusted by OEA.
(5) March 2022 Economic and Revenue Forecast.
(6) Other Taxes include insurance, estate, cigarette, other tobacco products, and other miscellaneous taxes.
(7) Fines and Fees include State court fees, Secretary of State corporation fees, criminal fines and assessments, and securities fees.
(8) Additional Revenues include Central Service Charge, Liquor Apportionment, Interest Earnings, and Miscellaneous Revenues.
(9) Interest cost associated with Tax Anticipation Notes.
(10) Transfer of ending General Fund balances up to 1% of budgeted appropriations into the Rainy Day Fund.
Source: State of Oregon, Chief Financial Office and OEA Revenue Forecasts.

Corporate Activity Tax. The State's Corporate Activity Tax ("CAT") (Oregon Laws 2019, Chapter 122), took effect in calendar year 2020. The CAT taxes certain commercial activity and designates the revenues to be used for funding prekindergarten through grade 12 education and early learning programs. Revenues from the CAT will flow to the Student Success Fund, which is not part of the State's General Fund and as such is not subject to the kicker. The March 2022 Forecast estimates CAT revenues, net of administrative costs, to be $2.37 billion for the 2021-23 Biennium and $2.72 billion for the 2023-25 biennium.

Oregon Economic Projections. According to the March 2022 Forecast, Oregon's economy is experiencing an inflationary economic boom. A record number of jobs were added last year as workers returned to the labor market. However, the labor market is expected to remain tight, given the strong demand for workers and continuing retirements. The OEA estimates that Oregon will return to pre-pandemic employment levels by the fall of 2022. The March 2022 Forecast noted several factors that are contributing to a strong economic outlook, including increased household savings, higher household incomes, and demand from Oregon businesses to fill job vacancies. The OEA projects employment growth of 3.6 percent in calendar year 2022, followed by 2.3 percent growth in calendar year 2023.

While Oregon's economic outlook remains positive, a risk to the outlook noted in the March 2022 Forecast is the risk of persistently high inflation. Over the past year, inflationary pressures have broadened and become more persistent, which could lead to slower consumer spending if prices become too high. An additional risk to the economic forecast is Oregon's tight labor market, which could lead to production and supply chain issues that could limit economic growth. The OEA expects the number of Oregonians seeking work to continue to increase in the years ahead; however, the combination of strong labor demand and ongoing retirements in the coming decade indicates the economy will be at or near full employment over the forecast horizon.

Pension Benefit Programs

The State is one of many participants in the statewide Oregon Public Employees' Retirement System ("PERS" or the "System"). The State participates in three retirement pension benefit programs provided through PERS that are commonly referred to as Tier 1, Tier 2, and the Oregon Public Service Retirement Plan ("OPSRP"). The State and a majority of local governments in Oregon participate in PERS. For a description of these retirement benefit programs, see APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—PENSION AND POST EMPLOYMENT BENEFITS." Oregon statutes require an actuarial valuation of PERS by a competent actuary at least once every two years. Under current practice, actuarial valuations are performed annually, but only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates. Valuations are released approximately one year after the valuation date. The current PERS actuary is Milliman, Inc. ("Milliman"). The actuarial valuations are based on actuarial methods and assumptions adopted by the Public Employees Retirement Board (the "PERS Board"). See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—PENSION AND POST EMPLOYMENT BENEFITS—Table entitled "Public Employees' Retirement System Actuarial Assumptions and Methods."

Funding Levels. Milliman released its valuation report for the System as of December 31, 2020 (the "2020 System Valuation") and the State's individual valuation report as of December 31, 2020 (the "2020 State Valuation") in December 2021. The following table provides summary information and a comparison of the System and State funding levels.

TABLE 8
SUMMARY OF SYSTEM AND STATE FUNDING LEVELS
($ In Millions)

	SYSTEM[1]				STATE[2]			
Calendar Year	Market Value of Assets[3]	Actuarial Value of Liability	Unfunded Actuarial Liability	Funded Ratio	Market Value of Assets[4]	Actuarial Value of Liability	Unfunded Actuarial Liability	Funded Ratio
2011	$50,168.2	$61,198.4	$11,030.2	82.0%	$13,208.2	$15,660.0	$2,451.8	84.3%
2012[5]	54,784.1	60,405.2	5,621.1	90.7	14,532.1	15,713.6	1,181.5	92.5
2013[5]	60,014.1	62,593.6	2,579.5	95.9	16,212.3	16,699.9	487.6	97.1
2014	61,395.1	73,458.9	12,063.8	83.6	16,889.9	19,978.2	3,088.2	84.5
2015[6]	60,000.1	76,196.6	16,196.5	78.7	16,497.3	20,845.5	4,348.2	79.0
2016	61,059.0	80,970.3	19,911.3	75.4	16,696.4	21,995.0	5,298.6	75.9
2017	67,326.2	84,056.0	16,729.8	80.1	18,550.1	23,232.6	4,682.4	79.8
2018	64,802.3	86,574.7	21,772.4	74.9	17,580.9	23,850.8	6,270.0	73.7
2019	70,312.3	89,445.7	19,133.5	78.6	19,441.5	25,295.4	5,853.9	76.9
2020	72,378.3	95,300.4	22,922.1	75.9	20,170.5	27,335.4	7,164.9	73.8

(1) System funding levels composed of Tier 1 and Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA and RHIPA.
(2) The State's unfunded actuarial liability (the "State UAL") presented in this table may differ from the presentation of the State UAL in the State Actuarial Valuation Reports released by the PERS actuary. The Judge Retirement Program and the RHIA and RHIPA programs are not included in these numbers. The PERS actuary reported that as of December 31, 2019, the Judge Retirement Program has an unfunded actuarial liability of $71.9 million and a funded ratio of 78%. See Tables 21 through 22C in Appendix A for RHIA and RHIPA information.
(3) Includes proceeds of pension bonds issued by Oregon local governments and the State.
(4) Includes State pension bond proceeds.
(5) Reflects the legislative changes enacted by the Legislative Assembly in 2013 (the "2013 PERS Bills") to reduce future benefit payments, resulting in a reduction of the System's unfunded actuarial liability by approximately $5 billion.
(6) In April 2015, the Oregon Supreme Court announced a decision on lawsuits challenging the provisions of the 2013 PERS Bills. The decision upheld the elimination of a benefit increase for out-of-state retirees but declared other benefit reductions unconstitutional as applied to benefits earned prior to the June 1, 2013 effective date of the 2013 PERS Bills.

Source: PERS.

The funded status of the System and of the State as reported by Milliman will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees' Retirement Fund is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERS Board and the Legislative Assembly.

As reflected in its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021, and in accordance with applicable standards issued by the Governmental Accounting Standards Board ("GASB"), the State, excluding component units, reported a net pension liability of $5 billion and recognized pension expenses of $1.2 billion. The net pension liability was measured as of June 30, 2020 based on an actuarial valuation as of December 31, 2019. See APPENDIX B—"BASIC FINANCIAL STATEMENTS FOR THE STATE FOR THE YEAR ENDED JUNE 30, 2021." Such information, however, does not reflect the changes incorporated into subsequent actuarial valuation reports due to GASB's timing rules.

PERS Developments. At its meeting on October 1, 2021, the PERS Board gave its final approval to revisions to assumptions and rate-setting methodologies that were used for the actuarial valuations as of December 31, 2020 (advisory only) and will be used for the actuarial valuations as of December 31, 2021 (rate setting for the 2023-2025 Biennium), including a reduction to the assumed rate of investment return by 0.30 percent to 6.90%. The PERS Board at its October 2021 meeting also approved changes to the assumed rate of payroll growth and the rate collar methodology. The changes approved by the PERS Board will not affect rates until the 2023-2025 Biennium. The State cannot estimate the impact of such changes on its future employer contribution rates at this time.

Employer Contribution Rates. The State's current 2021-23 employer contribution rates are as follows: Tier 1/Tier 2 22.38%, OPSRP General Service 17.29% and OPSRP Police and Fire 21.65%.

For a discussion on the State's employer contribution rates and contribution rate stabilization method, see APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—PENSION AND POST EMPLOYMENT BENEFITS—State of Oregon Active PERS Members—State Employer Contribution Rates" and the Table entitled "Public Employees' Retirement System Actuarial Assumptions and Methods" therein.

Other Post-Employment Benefits (OPEB)

In addition to the pension benefits provided through PERS, the State provides healthcare benefits (medical, vision and dental) through two PERS health insurance programs and through the Oregon Public Employees' Benefit Board ("PEBB"). At the time of retirement, State employees can choose whether to obtain post-employment benefits through PERS or through PEBB. Approximately 43,547 retirees receive healthcare benefits through PERS health insurance programs and approximately 1,046 retirees receive healthcare benefits through PEBB. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—PENSION AND POST EMPLOYMENT BENEFITS" for information regarding the State's obligations to provide benefits through PEBB.

As reflected in its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021, and in accordance with applicable standards issued by GASB, the State, excluding component units, reported a net OPEB asset of $17.7 million for the RHIA plan and a net OPEB liability of $7.7 million for the RHIPA plan. The net OPEB asset and liability were measured as of June 30, 2020, based on an actuarial valuation as of December 31, 2018. For the PEBB plan, the State, excluding component units, reported a total OPEB liability of $113.0 million, which was measured as of June 30, 2021, based on an actuarial valuation as of July 1, 2019. See APPENDIX B—"BASIC FINANCIAL STATEMENTS FOR THE STATE FOR THE YEAR ENDED JUNE 30, 2021."

RECENT DEVELOPMENTS

Other Actions of the 2022 Regular Legislative Session

During the 2022 Regular Legislative Session, the Legislative Assembly was able to make funding investments in several critical areas of concern because of strong revenue trends. The Legislative Assembly authorized approximately $400 million in General Fund to pay for homeless services, building affordable housing and helping low-income Oregonians purchase homes. Other legislation authorized $77 million in General Fund and $123 million in ARPA funds for bolstering programs connecting people to job training, apprenticeships and education programs to assist Oregonians to find new jobs. To assist certain qualified residents that have been adversely affected by the pandemic, the Legislative Assembly approved $147 million in ARPA funding for economic impact payments to more than a quarter million Oregonians in the form of $600 one-time payments. Further, $150 million in General Fund was approved for education funding to create summer learning programs, and $72 million in General Fund and $6 million in ARPA funds were allocated to a list of more than 60 projects located in rural districts to support economic development, manufacturing, education and health care priorities. Finally, the Legislative Assembly increased the allocation of the ARPA Capital Projects Funds to the Oregon Business Development Department for grants to increase broadband internet availability across the State by $37 million.

LITIGATION AND OTHER MATTERS

No Litigation Challenging the 2022 Bonds

No litigation is pending against the State or, to the knowledge of the officers of the State charged with issuing the 2022 Bonds, threatened in any court or other tribunal of competent jurisdiction, state or federal, that has a reasonable probability of success in any way (1) restraining or enjoining the issuance, sale or delivery of the 2022 Bonds, (2) questioning or affecting the validity of the 2022 Bonds or (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the 2022 Bonds.

Pending or Threatened Litigation Against the State

Members of the public and advocacy groups from time to time assert that they intend to file a legal action against the State challenging certain programs, laws or actions that the State or its officers or agencies have taken. Because the State cannot be certain as to whether such actions will actually be filed, the legal assertions that may be made in a potential action or the remedy sought in terms of the amount of damages or performance requested of the State, the State includes as threatened litigation only situations in which the State is engaged in active settlement negotiations with a person or advocacy group in order to pre-empt filing of a lawsuit.

The State discloses only pending or threatened litigation which the State has determined may have a materially adverse effect on the State's financial position in relation to the obligations offered for sale; for the 2022 Bonds, the current level of materiality involves litigation where the damages or performance sought has a reasonable probability of imposing liability of $200 million or more against the State's General Fund.

Claims Against the State of Oregon Exceeding $200 Million

Forest Management Rules Challenge

On March 10, 2016, Linn County filed a complaint for a class action lawsuit against the State regarding the rules under which timber is harvested on State forest lands. The county claims that actions taken under a 1998 rule adopted by the State's Department of Forestry breaches statutory contracts between the State and the counties under which the State received donations of forest lands from the counties. The State has managed the lands pursuant to forest management plans that the counties allege have reduced the revenues paid to counties because of conservation measures. On behalf of the class, the county seeks to recover lost revenues of approximately $528.6 million since 2001 and future damages of $881 million. The class on whose behalf the county has filed suit consists of approximately 14 counties and 130 government taxing districts that share or receive revenues from the State forest lands. The case was tried in October 2019 and resulted in a jury verdict of approximately $1.1 billion against the State. Judgment was entered against the State on March 6, 2020. A supplemental judgment was entered on July 10, 2020, awarding the plaintiff fees and costs in the amount of approximately $598,000. The State filed an appeal to the Oregon Court of Appeals and Linn County filed a cross-appeal. Execution on the judgment is stayed while the appeal is pending. Simple interest will accrue on the judgment at the rate of 9% per annum while the appeal is pending. The Oregon Court of Appeals issued a decision on April 27, 2022, in favor of the State. The appellate court held that no statutory contract was created as claimed by the county and the trial court should have granted the State's motion to dismiss the county's complaint. Accordingly, the Oregon Court of Appeals' decision reverses the trial court's decision and remands the case for the entry of judgment in favor of the State. The decision issued on April 27, 2022, remains subject to a request by the county for reconsideration by the Oregon Court of Appeals, and the county could also seek a review of the Oregon

Court of Appeals' decision in the Oregon Supreme Court once the judgment is entered by the trial court. The State cannot predict whether the county will seek reconsideration or further review, nor what decision might result if the Oregon Court of Appeals granted reconsideration or the Oregon Supreme Court accepted a petition for review.

Potential Superfund Site Liability

In 2000, the U.S. Environmental Protection Agency ("EPA") listed an approximately 10-mile stretch of the lower Willamette River area ("Site") as a Superfund site under the federal 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 the Site, including the State of Oregon, acting by through its Department of Transportation ("ODOT") and Department of State Lands ("DSL"). EPA alleges the release of hazardous substances in storm water draining into Portland Harbor from property owned, leased, or operated by ODOT and from third-party activities on submerged and submersible leased lands owned by the State in trust for the public and managed by DSL within the Site. Under CERCLA, responsible parties can be held jointly and severally liable for all costs, subject to certain defenses.

In 2017, EPA issued its final cleanup plan for the Site 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. EPA's initial estimate for full performance of the remedy was $1.05 billion and 13 years; other parties estimate that it is 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 preliminary actions such as additional investigations, remedial design, and agency oversight. EPA has asked potentially responsible parties ("PRPs") to step forward to perform components of the ROD or risk an 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 PRPs are engaged 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. The State is participating in this non-judicial allocation by and through DSL and ODOT. 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.

Separately, 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, are asserting a CERCLA claim for natural resource damages ("NRD") against all Portland Harbor PRPs, including ODOT and DSL. The trustees have initiated a cooperative injury assessment process funded by thirty parties, the goal of which is to reach settlements of the NRD claim based on readily available information. The State is seeking a settlement of its NRD liabilities through this process.

The State has pursued claims for insurance coverage of its Portland Harbor defense costs and expects to make additional insurance claims in the future for its eventual liabilities for cleanup costs and NRD. These claims are based on commercial general liability insurance policies that the State held between 1968 and 1972 and on insurance policies that listed DSL and ODOT as additional insureds. The State has executed a settlement agreement with several of its insurers regarding their obligation to pay for most of the State's defense costs through 2024, but the insurers have reserved their rights to deny indemnity coverage.

Coordinated Care Organization

In February 2017, FamilyCare, Inc. ("FamilyCare"), a managed care organization that contracted with the Oregon Health Authority ("OHA") to administer Medicaid benefits for approximately 125,000 Oregonians, filed a lawsuit challenging its 2017 contract rates. FamilyCare terminated its contract a year later in 2018, and the lawsuit continued. In 2018, FamilyCare amended its complaint to add a claim against former OHA Director, Lynne Saxton. After a lengthy stay due to several appeals and the COVID-19 pandemic, the federal district court set the case for trial beginning on April 25, 2022. On March 24, 2022, FamilyCare, OHA, and Saxton reached a preliminary settlement and notified the court the next day, which canceled the trial. Under the terms of the settlement, OHA will pay FamilyCare $22.5 million over four years. FamilyCare must use the settlement funds to support a medical school in Lebanon, Oregon, The parties expect to sign final settlement papers before the end of April and officially dismiss the litigation.

Pro Se Cases

There are also several pro se cases pending against the State in which plaintiffs representing themselves are suing the State for many millions of dollars. The possibility of the State having to pay anything in any of these cases is negligible.

Initiatives, Referendum and Referrals

The Oregon Constitution, Article IV, Section 1, reserves to the people of the State (1) the initiative power to amend the Oregon Constitution or to enact State legislation by placing measures on the statewide general election ballot for consideration by the voters and (2) the referendum power to approve or reject at an election any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session. The Legislative Assembly may also refer an act to the voters for approval or rejection. See APPENDIX A—"GENERAL INFORMATION RELATING TO THE STATE OF OREGON—INITIATIVE PETITIONS, LEGISLATIVE REFERRALS AND REFERENDUM PETITIONS" for additional information on the election requirements for these actions.

TAX MATTERS

2022 Tax-Exempt Bonds

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the State, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2022 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2022 Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the State, and others, in connection with the 2022 Tax-Exempt Bonds, and Bond Counsel has assumed compliance by the State, and others, with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2022 Tax-Exempt Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the State, under existing statutes, interest on the 2022 Tax-Exempt Bonds is exempt from State of Oregon personal income tax.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the 2022 Tax-Exempt Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or in interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2022 Tax-Exempt Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2022 Tax-Exempt Bonds in order that interest on the 2022 Tax-Exempt Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2022 Tax-Exempt Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2022 Tax-Exempt Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The State has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2022 Tax-Exempt Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2022 Tax-Exempt Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2022 Tax-Exempt Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2022 Tax-Exempt Bonds.

Prospective owners of the 2022 Tax-Exempt Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the 2022 Tax-Exempt Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2022 Tax-Exempt Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2022 Tax-Exempt Bonds. In general, the issue price for each maturity of 2022 Tax-Exempt Bonds is expected to be the initial public offering price set forth on the inside cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2022 Tax-Exempt Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2022 Tax-Exempt Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 2022 Tax-Exempt Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a 2022 Tax-Exempt Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2022 Tax-Exempt Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2022 Tax-Exempt Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2022 Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2022 Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2022 Tax-Exempt Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2022 Tax-Exempt Bonds under federal or state law or otherwise prevent beneficial owners of the 2022 Tax-Exempt Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2022 Tax-Exempt Bonds.

Prospective purchasers of the 2022 Tax-Exempt Bonds should consult their own tax advisors regarding the foregoing matters.

2022 Federally Taxable Bonds - U.S. Holders

Opinion of Bond Counsel

In the opinion of Bond Counsel to the State, interest on the 2022 Federally Taxable Bonds (i) is included in gross income for federal income tax purposes pursuant to the Code, and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of Oregon.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of 2022 Federally Taxable Bonds by original purchasers of the 2022 Federally Taxable Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, United States Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the 2022 Federally Taxable Bonds will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the 2022 Federally Taxable Bonds as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire 2022 Federally Taxable Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the 2022 Federally Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S Holders of 2022 Federally Taxable Bonds should consult with and rely on their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the 2022 Federally Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a 2022 Federally Taxable Bond having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such 2022 Federally Taxable Bond) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the 2022 Federally Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest," provided by such 2022 Federally Taxable Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the 2022 Federally Taxable Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a 2022 Federally Taxable Bond using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Taxable Bonds

Each U.S. Holder of a 2022 Federally Taxable Bond with a maturity not longer than one year (a "Short-Term Taxable Bond") is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Bond is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and "acquisition discount" with respect to, the Short-Term Taxable Bond accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. "Acquisition discount" means the excess of the stated redemption price of a Short-Term Taxable Bond at maturity over the U.S. Holder's tax basis therefor.

A U.S. Holder of a Short-Term Taxable Bond not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder's regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

Bond Premium

In general, if a 2022 Federally Taxable Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the 2022 Federally Taxable Bond other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a 2022 Federally Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the 2022 Federally Taxable Bond.

Pursuant to the Issuance Certificate, the State may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the 2022 Federally Taxable Bonds to be deemed to be no longer outstanding (a “defeasance”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the 2022 Federally Taxable Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the 2022 Federally Taxable Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a 2022 Federally Taxable Bond and the proceeds of the sale of a 2022 Federally Taxable Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of 2022 Federally Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term “U.S. Holder” means a beneficial owner of a 2022 Federally Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, at the state level, may adversely affect the tax-exempt status of interest on the 2022 Federally Taxable Bonds under Oregon state law and could affect the market price or marketability of the 2022 Federally Taxable Bonds.

Prospective purchasers of the 2022 Federally Taxable Bonds should consult their own tax advisors regarding the foregoing matters.

2022 Federally Taxable Bonds – Non-U.S. Holders

In General

Non-U.S. Holders of 2022 Federally Taxable Bonds will have United States federal income tax consequences in connection with such investments. This summary does not address all aspects of federal income taxation as they apply to all potential Non-U.S. Holders of 2022 Federally Taxable Bonds, including, but not limited to, estates, pass-through entities, "controlled foreign corporations," and "passive foreign investment companies." Accordingly, all Non-U.S. Holders of 2022 Federally Taxable Bonds should consult with and rely upon their own tax advisors concerning any tax liabilities arising from the ownership of the 2022 Federally Taxable Bonds.

"Non-U.S. Holders" are holders who are not U.S. Holders.

Interest Income

Income, including interest and OID on the 2022 Federally Taxable Bonds, received by a Non-U.S. Holder is either:

(1) "effectively connected" to the conduct of a trade or business by the Non-U.S. Holder in the United States, and consequently subject to the same tax treatment as would apply to a U.S. Holder, as described above (in addition to, if applicable, the branch profits tax); or

(2) not "effectively connected" to the conduct of a trade or business by a Non-U.S. Holder in the United States, and consequently taxed at a flat 30 percent rate, unless a tax treaty between the United States and the government of which the Non-U.S. Holder is a resident applies a lower tax rate or eliminates the tax.

The State or the Fiscal Agent, as its paying agent, is required to withhold any such tax in respect of any Non-U.S. Holder unless such Non-U.S. Holder has provided a properly executed IRS Form W-8BEN for individuals, IRS Form W-8BEN-E for "entities," or IRS Form W-8ECI in connection with income of Non-U.S. Holders that has been determined to be "effectively connected" to the conduct of a trade or business in the United States of such Non-U.S. Holder, or any successor forms. Alternative methods may be available for satisfying these certification requirements.

Disposition and Defeasance

A Non-U.S. Holder will generally not be subject to a United States federal income tax or withholding tax on gain (exclusive of amounts attributable to accrued but unpaid interest and OID addressed above), recognized on a sale, exchange, redemption or other disposition, including a disposition resulting from a defeasance described above with respect to certain tax consequences applicable to U.S. Holders of a 2022 Federally Taxable Bond that is a capital asset to the holder. Such gain will, however, be subject to United States federal income tax if:

(1) the gain is "effectively connected" to the conduct of a trade or business conducted by the Non-U.S. Holder in the United States, and consequently subject to the same tax treatment as would apply to a U.S. Holder (in addition to, if applicable, the branch profits tax); or

(2) the Non-U.S. Holder is a nonresident alien individual who was present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met under applicable provisions of the Code, the gain to the holder will be subject to the 30 percent tax unless a tax treaty between the United States and the government of which the Non-U.S. Holder is a resident applies a lower tax rate or eliminates the tax.

The State or the Fiscal Agent, as its paying agent, is required to withhold any such tax unless the Non-U.S. Holder has provided the appropriate documentation upon which the State or its paying agent, if any, may rely, as described in the immediately preceding section.

Foreign Account Tax Compliance Act ("FATCA")

United States sourced payments, including interest, OID and gross proceeds received from the sale or other disposition (including defeasance, as described above), in respect of a 2022 Federally Taxable Bond, paid to a "foreign financial institution" (an "FFI") or a "non-financial foreign entity" (an "NFFE"), each as defined by applicable provisions of the Code, in respect of any U.S. Holder, is subject to a 30 percent withholding tax, unless:

(1) the payment is otherwise considered "effectively connected" to a trade or business conducted by the FFI or NFFE in the United States;

(2) the FFI enters into an agreement with the IRS in respect of any account holders that are U.S. Holders, and complies with the identification and reporting requirements of such agreement; or

(3) the FFI or NFFE is otherwise exempt from the application of the FATCA rules, including, an NFFE, if the entity has no "substantial United States owner(s)."

Proposed United States Treasury Regulations eliminate the application of the FATCA rules entirely in respect of gross proceeds received from the sale or other disposition of a 2022 Federally Taxable Bond. While such proposed United States Treasury Regulations are not final, the preamble thereto provides that taxpayers may generally rely on such proposed regulations pending the issuance of final regulations.

All Bondholders - Summary for General Information Only

The foregoing summaries are included herein for general information purposes only and do not address all aspects of United States federal income taxation that may be relevant to a particular beneficial owner of 2022 Federally Taxable Bonds in light of such owner's particular circumstances and income tax situation. Prospective investors should consult with and rely upon their own tax advisors as to any tax consequences arising from the purchase, ownership and disposition of 2022 Federally Taxable Bonds, including the application and effect of federal, state, local, foreign and other tax laws.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans") regarding prohibited transactions, and also imposes certain obligations on those persons who are fiduciaries with respect to ERISA Plans. Section 4975 of the Code imposes similar prohibited transaction restrictions on certain plans, including (i) tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under section 501(a) of the Code and which are not governmental or church plans as defined herein ("Qualified Retirement Plans"), and (ii) individual retirement accounts

("IRAs") described in Section 408(b) of the Code (the foregoing in clauses (i) and (ii), "Tax-Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements or Section 4975 of the Code, but may be subject to requirements or prohibitions under applicable federal, state, local, non-U.S. or other laws or regulations that are, to a material extent, similar to the requirements of ERISA and Section 4975 of the Code ("Similar Law").

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, ERISA Plans are subject to prohibited transaction restrictions imposed by Section 406 of ERISA. ERISA Plans and Tax-Favored Plans are also subject to prohibited transaction restrictions imposed by Section 4975 of the Code. These rules generally prohibit a broad range of transactions between (i) ERISA Plans, Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and (ii) persons who have certain specified relationships to the Benefit Plans (such persons are referred to as "Parties in Interest" or "Disqualified Persons"), in each case unless a statutory, regulatory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by those definitions, they include most notably: (1) a fiduciary with respect to a Benefit Plan; (2) a person providing services to a Benefit Plan; (3) an employer or employee organization any of whose employees or members are covered by a Benefit Plan; and (4) an owner of an IRA. Certain Parties in Interest (or Disqualified Persons) that participate in a non-exempt prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory, regulatory or administrative exemption is available. Without an exemption, an owner of an IRA may disqualify his or her IRA.

Certain transactions involving the purchase, holding or transfer of the 2022 Federally Taxable Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the State were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor at 29 C.F.R. section 2510.3-101, as modified by Section 3(42) of ERISA (the "Plan Assets Regulation"), the assets of the State would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code if the Benefit Plan acquires an "equity interest" in the State and none of the exceptions contained in the Plan Assets Regulation are applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. Although there can be no assurances in this regard, it appears that the 2022 Federally Taxable Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation and accordingly the assets of the State should not be treated as the assets of Benefit Plans investing in the 2022 Federally Taxable Bonds. The debt treatment of the 2022 Federally Taxable Bonds for ERISA purposes could change subsequent to issuance of the 2022 Federally Taxable Bonds. In the event of a withdrawal or downgrade to below investment grade of the rating of the 2022 Federally Taxable Bonds or a characterization of the 2022 Federally Taxable Bonds as other than indebtedness under applicable local law, the subsequent purchase of the 2022 Federally Taxable Bonds or any interest therein by a Benefit Plan is prohibited.

However, without regard to whether the 2022 Federally Taxable Bonds are treated as an equity interest for such purposes, the acquisition or holding of 2022 Federally Taxable Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the State or the Fiscal Agent, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. The fiduciary of a Benefit Plan that proposes to purchase and hold any 2022 Federally Taxable Bonds should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a Party in Interest or a Disqualified Person, (ii) the sale or exchange of any property between a Benefit Plan and a Party in Interest or a Disqualified Person, or (iii) the transfer to, or use by or for the benefit of, a Party in Interest or a Disqualified Person, of any Benefit Plan assets.

Certain status-based exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. These are commonly referred to as prohibited transaction class exemptions or "PTCEs". Included among these exemptions are:

PTCE 75-1, which exempts certain transactions between a Benefit Plan and certain brokers-dealers, reporting dealers and banks;

PTCE 96-23, which exempts transactions effected at the sole discretion of an "in-house asset manager;"

PTCE 90-1, which exempts certain investments by an insurance company pooled separate account;

PTCE 95-60, which exempts certain investments effected on behalf of an "insurance company general account;"

PTCE 91-38, which exempts certain investments by bank collective investment funds; and

PTCE 84-14, which exempts certain transactions effected at the sole discretion of a "qualified professional asset manager."

In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code, commonly referred to as the "Service Provider Exemption." The Service Provider Exemption covers transactions involving "adequate consideration" between Benefit Plans and persons who are Parties in Interest or Disqualified Persons solely by reason of providing services to such Benefit Plans or who are persons affiliated with such service providers, provided generally that such persons are not fiduciaries with respect to "plan assets" of any Benefit Plan involved in the transaction and that certain other conditions are satisfied.

The availability of each of these PTCEs and/or the Service Provider Exemption is subject to a number of important conditions which the Benefit Plan's fiduciary must consider in determining whether such exemptions apply. There can be no assurance that all the conditions of any such exemptions will be satisfied at the time that the 2022 Federally Taxable Bonds are acquired by a purchaser, or thereafter, if the facts relied upon for utilizing a prohibited transaction exemption change, or that the scope of relief provided by these exemptions will necessarily cover all acts that might be construed as prohibited transactions. Therefore, a Benefit Plan fiduciary considering an investment in the Bond should consult with its counsel prior to making such purchase.

By its acceptance of a Bond (or an interest therein), each purchaser and transferee (and if the purchaser or transferee is a Benefit Plan, its fiduciary) will be deemed to have represented and warranted that either (i) no "plan assets" of any Benefit Plan or a plan subject to Similar Law have been used to purchase such Bond or (ii) the purchase and holding of such 2022 Federally Taxable Bonds is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory, regulatory or administrative exemption and will not violate Similar Law. A purchaser or transferee who acquires 2022 Federally Taxable Bonds with assets of a Benefit Plan represents that such purchaser or transferee has considered the fiduciary requirements of ERISA, the Code or Similar Laws and has consulted with counsel with regard to the purchase or transfer.

None of the State, Fiscal Agent, or Underwriters is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the acquisition or transfer of the 2022 Federally Taxable Bonds by any Benefit Plan.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Benefit Plan fiduciary or other person considering whether to purchase 2022 Federally Taxable Bonds on behalf of a Benefit Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such investment and the availability of any exemption. In addition, persons responsible for considering the purchase of 2022 Federally Taxable Bonds by a governmental plan, non-electing church plan or non-U.S. plan should consult with their counsel regarding the applicability of any Similar Law to such an investment.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned their municipal bond ratings of "AA+," "Aa1" and "AA+," respectively, to the 2022 Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. Any explanation of the significance of ratings should be obtained directly from the agencies. There is no assurance that any rating will not be subsequently revised or withdrawn entirely if, in the judgment of the assigning agency, circumstances so warrant. The State has undertaken to provide timely notice of any change in such ratings. See "CONTINUING DISCLOSURE" below.

MUNICIPAL ADVISOR

The State has retained PFM Financial Advisors LLC (the "Municipal Advisor") as the municipal advisor in connection with the preparation of this Official Statement and with respect to the issuance of the 2022 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

UNDERWRITING

The 2022 Bonds are being purchased by Morgan Stanley & Co. LLC, Siebert Williams Shank & Co., LLC, BofA Securities, Inc., Citigroup Global Markets, Inc., J.P. Morgan Securities LLC, Wells Fargo Bank, N.A., Academy Securities, Inc., Robert W. Baird & Co. Incorporated, Cabrera Capital Markets, LLC, DA Davidson & Co., and FHN Financial Capital Markets (collectively, the "Underwriters" and each an "Underwriter"). The purchase agreement relating to the 2022 Bonds (the "Purchase Agreement") provides that the Underwriters will purchase all of the 2022 Bonds, if any are purchased.

The purchase price of the 2022 Bonds is $__________ which represents the aggregate principal amount of the 2022 Bonds of $__________ plus original issue premium of $__________ less underwriters discount of $__________.

The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriters reserve the right to join with dealers and other underwriters in offering the 2022 Bonds to the public. The Underwriters may offer and sell the 2022 Bonds to certain dealers (including dealers depositing the 2022 Bonds into investment trusts) and others at prices lower than the initial public offering prices indicated on the inside cover page hereof. The Underwriters may change the public offering prices from time to time without prior notice.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the State and its affiliates in connection with such activities. In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the State (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the State. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The following paragraphs were provided by the Underwriters.

Morgan Stanley & Co. LLC, an Underwriter of the 2022 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2022 Bonds.

BofA Securities, Inc., an Underwriter of the 2022 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, the Underwriter may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, the Underwriter may compensate MLPF&S as a dealer for their selling efforts with respect to the 2022 Bonds.

Citigroup Global Markets Inc., an Underwriter of the 2022 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts with respect to the 2022 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2022 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc.("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase the 2022 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any of the 2022 Bonds that such firm sells.

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as "CIB," "Wells Fargo Securities" or "WFS") is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the underwriters of the 2022 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the 2022 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2022 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2022 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

CERTAIN LEGAL MATTERS

Hawkins Delafield & Wood LLP, Portland, Oregon, Bond Counsel to the State, will render its opinion with respect to the authorization, validity and enforceability of the 2022 Bonds in substantially the form set forth in Appendix D. Hawkins Delafield & Wood LLP occasionally represents underwriters in connection with certain other State bond matters. In connection with the 2022 Bonds, certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, and for the State by the Oregon Department of Justice, Salem, Oregon. Orrick, Herrington & Sutcliffe LLP, who represents the Underwriters in connection with the 2022 Bonds, represents the State in certain bond, disclosure and other matters.

CONTINUING DISCLOSURE

The State, acting by and through the State Treasurer, will undertake in a Continuing Disclosure Certificate for the benefit of the holders of the 2022 Bonds to provide to the Municipal Securities Rulemaking Board (the "MSRB"), on an annual basis on or before nine months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2022, certain specified financial information and operating data, and to provide to the MSRB in a timely manner notices of certain listed events. This undertaking is to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission. The proposed form of Continuing Disclosure Certificate is contained in Appendix E.

Prior Continuing Disclosure Compliance

The State did not file certain of its annual reports, annual financial and operating information and listed event notices by individual nine digit CUSIP numbers with respect to certain bonds issued by the State. The State has subsequently taken action to correct such filings and on all future filings will file by six digit CUSIP numbers to ensure that individual nine digit CUSIP numbers of non-refunded bonds or other nine digit CUSIP bonds are not inadvertently excluded in future filings.

The filing of required annual financial and operating information as part of the State's outstanding continuing disclosure obligations have been of the same type of information identified in the applicable continuing disclosure undertakings. Additionally, the information contained in the filings made by the State has not always been presented in the same format referenced in the related undertakings, and the format of information of the type to be filed by the State may vary in the future.

MISCELLANEOUS

References are made herein to certain documents and reports of which brief summaries are contained herein, which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the 2022 Bonds.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part, for any other purpose.

By Order of
Tobias Read
Oregon State Treasurer

By: ____
Jacqueline B. Knights, Director
Debt Management Division

APPENDIX A

GENERAL INFOR1MATION RELATING TO
THE STATE OF OREGON

As of May 2, 2022

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TABLES

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INTRODUCTION

Information presented in this “Appendix A – General Information Relating to the State of Oregon” contains information on the basic structure of the State’s governmental organization, economic and demographic information, finances, the budget process, revenues, expenditures and reserves, cash management, pension programs, outstanding indebtedness, and other information.

The State examines the economic, demographic and financial data (collectively, the “Economic Data”) presented in Appendix A and includes citations as to the source and “as of date” of the data presented. The State monitors the sources of the Economic Data presented and updates it in a timely manner when new data is available from the cited sources.

Certain information in Appendix A is derived from the quarterly economic and revenue forecast (the “Forecast”) that is prepared and provided by the Oregon Office of Economic Analysis pursuant to Oregon law (ORS 291.342). See “STATE FINANCIAL OPERATIONS—Revenue Forecasting” herein. Information derived from the Forecast and presented in Appendix A is updated by the State in a timely manner following the release of each Forecast.

As a result of ongoing updates to Appendix A described in the foregoing paragraphs, there may be variations in the information presented in this Appendix A as compared to prior Official Statements of the State.

The State issues bonds from time to time during the course of its fiscal year. Appendix A includes certain financial information related to outstanding indebtedness of the State, which is presented and updated annually as of the State’s fiscal year end (June 30). Material information related to the authority for, offering and sale of bonds is found in the forepart of each Official Statement. Material changes to information related to the State’s finances, including revenue and budgetary matters, not yet updated in Appendix A are provided in the forepart of each Official Statement.

The COVID-19 pandemic, declared a global pandemic in March 2020, is a significant event that has had and is expected to have ongoing, material effects on the finances, operations and economy of the State. With the introduction and mass distribution of vaccines to reduce the health threat of the virus, the State is embarking on a new normal predicated on the strong possibility that the pandemic conditions will continue to improve. While the COVID-19 pandemic initially presented challenges to the State’s revenues and operations, significant fiscal support from the Federal government was provided to states and local governments to mitigate the financial impact of COVID-19 including widespread disruption in financial and operating activities of business, governments, schools, health institutions and the general economy. Due, however, to the dynamic nature of the virus and uncertainties relating to the potential emergence and severity of new variants, the State cannot predict what future actions may be taken by the State and federal governments in response to future outbreaks. The continued spread of COVID-19 and containment and mitigation efforts could have a material adverse effect on the revenues and operations of the State and on the national and global economies.

Certain historic information about the State’s finances and operations, including information presented in this Appendix A, that reflects conditions prior to the declaration of the COVID-19 pandemic in March 2020 should be considered in light of the ongoing and unknown effects of the pandemic on the current and future finances, operations and economy of the State. See Tables 7 – 12 in this Appendix A for current information and expectations about the effects of COVID-19, including projected economic and financial information from the State Economic and Revenue Forecast (defined herein) released on February 9, 2022 (the “March 2022 Forecast”). Information from the March 2022 Forecast is based on current expectations and available information and is not intended as a representation of facts or guarantee of results.

THE STATE OF OREGON
GOVERNMENTAL ORGANIZATION

The Oregon Constitution divides the powers of State government among the Legislative, Executive and Judicial branches.

The Legislative Branch

Oregon has a bicameral Legislative Assembly consisting of the Senate with thirty members elected to serve four-year terms and the House of Representatives with sixty members elected to two-year terms.

The Legislative Assembly convenes its regular sessions in January of each odd-numbered year and abbreviated regular sessions in February of each even-numbered year. Regular sessions of the Legislative Assembly are limited to 160 days in odd-numbered years, and 35 days in even-numbered years. Sessions may be extended for five days at a time, by a two-thirds majority vote of both chambers of the Legislature. The Governor or a majority of each house may call special sessions of the Legislative Assembly to deal with emergencies.

Legislation that has been considered and passed out of both houses of the Legislative Assembly in identical form is sent to the Governor for action. The Governor has five weekdays to consider the enrolled bill if the Legislative Assembly is in session, and 30 weekdays to consider it if the Legislative Assembly has adjourned. If the Governor takes no action during those time periods, the bill becomes law automatically at the end of the period. If the Governor chooses to sign the bill or allows it to become law without signature, it will become effective on January 1 of the year after the passage of the bill or on the effective date specified in the bill. Bills, other than those regulating taxation or exemption, may contain a provision declaring an emergency and providing that the bill becomes effective upon passage or some other expedited date. The Governor may also decide to veto the entire bill, or the Governor may veto line items in appropriation bills and bills with emergency clauses. The Governor's veto may be overridden by a two-thirds vote of both legislative houses, in which case the bill or line item becomes effective as described.

The primary functions of the Legislative Assembly are to adopt a balanced budget for all State funds, as required by the Oregon Constitution and to enact general laws. Historically, the Legislative Assembly budgeted on a biennial basis because it convened biennially. However, the Oregon Constitution was amended in 2010 to provide for annual sessions. Therefore, the Legislative Assembly may adopt annual budgets for State agencies, rather than for the entire biennium, or may adopt biennial agency budgets that are adjusted in an interim legislative session. State law requires a financial report of State operations to be prepared at the end of each fiscal year. The State's fiscal year ends June 30.

The Oregon Constitution authorizes the Emergency Board ("E-Board"), a joint legislative committee, to meet between legislative sessions to address financial matters of the State arising in the interim period. The seventeen-member E-Board consists of the President of the Senate, Speaker of the House of Representatives, Co-Chairpersons of the Joint Ways and Means Committee, six other Senate members and seven other House members. The E-Board, which may schedule its own meetings, usually meets once every other month during the interim between regular sessions. If an emergency exists, the E-Board may allocate additional moneys to any State agency out of funds appropriated to the E-Board by the Legislative Assembly during its regular session. The E-Board may also provide moneys for an activity required by law for which the Legislative Assembly did not appropriate money, increase expenditure authority from dedicated or continuously appropriated funds, and approve funding for a new activity coming into existence at a time that would preclude submission of a budget to the Legislative Assembly.

The Executive Branch

The chief executive power of the State is vested in the Governor. The Governor is elected to a four-year term and is limited to serving two terms in any twelve-year period. Kate Brown was elected Governor at the November 2018 general election to serve a four-year term ending December 31, 2022. The Governor proposes, plans, and recommends a budget for almost all of State government to the Legislative Assembly. The Governor also may call special sessions of the Legislative Assembly and appoint judges to vacant judicial positions. The Governor directly appoints the directors of most State agencies and many other State officials.

The Secretary of State is a statewide constitutionally elected officer designated as the auditor of public accounts in the State and as the State's chief elections officer. Shemia Fagan was elected Secretary of State at the November 2020 general election to serve a four-year term beginning on January 1, 2021 and ending December 31, 2024. As auditor, the Secretary of State audits or reviews the accounts and financial affairs of State boards, commissions, departments and institutions. The Secretary of State also edits, codifies and publishes administrative rules, which supplement laws passed by the Legislative Assembly and prescribe the manner in which State agencies conduct business.

The Oregon State Treasurer (the "Treasurer") is also a statewide constitutionally elected officer. Tobias Read was re-elected Treasurer at the November 2020 general election to serve a four-year term beginning on January 1, 2021 and ending December 31, 2024. The Treasurer is responsible for all moneys paid into the State Treasury and administers the State's banking, cash flow, borrowing, investment operations and several savings programs for Oregonians. The Treasurer also chairs or serves on numerous State boards and commissions responsible for investing State funds and for setting borrowing policies for the State.

The Governor, the Secretary of State and the Treasurer comprise the State Land Board, established by the Oregon Constitution to manage the Common School Fund and certain lands dedicated at statehood for educational purposes. The valuation of the Common School Fund was approximately $2.16 billion as of June 30, 2021. Its value fluctuates based on market conditions and the amount of withdrawals. The fund is managed as a perpetual trust fund with approximately two to five percent of its value distributed annually to the Oregon Department of Education for distribution to the State's K-12 public school districts.

In addition to the Offices of the Secretary of State and the Treasurer, the Executive Branch includes other offices administered by statewide elected officials. The State Attorney General manages the Department of Justice and the State's legal affairs. The Labor Commissioner manages the Bureau of Labor and Industries that oversees and enforces the State's labor and wage laws.

The Judicial Branch

The Oregon Constitution establishes the Judicial Branch, which consists of the Supreme Court, Court of Appeals, Tax Court, and 36 Circuit Courts in 27 judicial districts. The Chief Justice of the Oregon Supreme Court administers the State court system and is the head of the Oregon Judicial Department. The Court of Appeals hears most of the civil and criminal appeals from the Circuit Courts and reviews most State administrative agency actions. The Circuit Courts are Oregon's trial courts of general jurisdiction. The Tax Court is a special one-judge court that has exclusive, statewide jurisdiction to hear only cases involving Oregon's tax laws. All Oregon judges are elected by popular vote. The Governor, however, may appoint judges to fill vacancies that occur.

Services Provided by State Government

The Governor appoints the heads of and coordinates numerous State agencies that provide services through program areas that include: (1) Consumer and Business Services for protecting consumers and workers, promoting a positive business climate and regulation of various professions; (2) Economic and Community Development that aids businesses and people, including job creation, placement and retention services, business recruitment, community development and affordable housing; (3) Education from pre-kindergarten to post-secondary and life-long learning through community colleges and workforce development programs; (4) Human Services that relate to physical, mental and public health, self-sufficiency, child protective services and care for seniors and people with disabilities; (5) Natural Resources overseeing pollution control, land use, water quality and conservation, agriculture and food products, forests, watersheds and fisheries; (6) Public Safety that protects Oregon's people, property and natural resources through trained militia, law enforcement, prosecution and incarceration of juvenile and adult offenders; (7) Transportation; and (8) Administration that manages and provides policy direction and central services to other State agencies, such as data and networking infrastructure and procurement activities.

The State of Oregon maintains an open data website[1] for the purpose of promoting transparency in state government by providing open access to raw and finished data generated by the State. It includes budget and expenditure data, public meetings, performance measures, revenue data, and other categories of information. See Table 12 for a summary of expenditures by program area by fund.

Employee Relations

As reported in the State's Annual Comprehensive Financial Report ("Annual Financial Report" or "ACFR") for FY 2021, there were 42,294 employees providing services through State government. Certain employees of the State of Oregon and political subdivisions have the right to form, join, and participate in the activities of labor organizations for representation and collective bargaining on matters concerning employment relations. An officially recognized or certified labor organization is the exclusive representative of its covered employees for collective bargaining. The scope of representation may include, but is not limited to, matters concerning wages, hours, paid leave and grievance procedures. The public employer must bargain in good faith with respect to employment relations. If a contract remains unsettled after a 150-day period of good faith contract negotiations, either or both of the parties may notify the Employment Relations Board (ERB) of the need for a mediator. The parties may mutually agree to request a mediator before the end of the 150-day period by notifying the Board. If the parties do not reach settlement through mediation, then either party may declare impasse. The parties then must each submit a final offer to the ERB. The parties have a 30-day cooling off period, which starts when the parties have submitted their Final Offers to the ERB and the ERB makes public the Final Offers. After the 30-day cooling off period, the employer may implement its final offer. With 10 days' notice, the union may legally strike. The 10-day strike notice may be provided to the public employer during the 30-day cooling off period or after the cooling off period. For strike-prohibited bargaining units, either the employer or the exclusive representative may initiate binding arbitration to establish a successor collective bargaining agreement if mediation fails to produce a settlement. Most State labor contracts in the executive branch of government expire at the end of each biennium (June 30, every two years) and are re-negotiated for the following biennium.

[1] No website mentioned in this Appendix A is part of this Appendix A, and readers should not rely upon any information presented on any such website in determining whether to purchase the State's bonds. Any references to any website mentioned in this Appendix A are not hyperlinks and do not incorporate such websites by reference.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Historical Perspective

The Oregon economy has transitioned and diversified from a predominant concentration in timber harvesting and wood products manufacturing to services and high-tech manufacturing. As high-tech manufacturing grew in Oregon, the State also developed stronger ties to major export markets in the Pacific Rim. Population growth has historically exceeded the national rate, fueled by the in-migration of young professional and retiree populations attracted by high-quality jobs, relatively low cost of living and doing business on the West Coast.

Sectors of increasing importance in the Oregon economy include professional and business services, construction, health services, and leisure and hospitality. Exports also continue to be a driver for the Oregon economy. China and Canada are top destinations for Oregon exports, with the Chinese economy affecting the Oregon economy more than most other countries. However, these external influences are significantly smaller than the influence of the overall health of the U.S. economy.

Employment

The following two tables compare Oregon and the United States with respect to unemployment rates and the composition of annual average employment.

TABLE 1
ANNUAL UNEMPLOYMENT RATES
OREGON AND UNITED STATES

Year	Oregon (%)	U.S. (%)
2012	8.8	8.1
2013	7.8	7.4
2014	6.7	6.2
2015	5.5	5.3
2016	4.7	4.9
2017	4.1	4.4
2018	4.0	3.9
2019	3.7	3.7
2020	7.6	8.1
2021	5.1	5.3

Source: Oregon Data: Oregon Employment Department (Seasonally Adjusted); Federal Data: U.S. Bureau of Labor Statistics (Seasonally Adjusted).

TABLE 2
COMPOSITION OF ANNUAL AVERAGE NON-FARM EMPLOYMENT OREGON AND THE UNITED STATES

	2016				2021			
	Oregon		United States		Oregon		United States	
	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total
Mining and logging	7,100	0.4	668,000	0.5	6,600	0.4	629,000	0.4
Construction	90,400	4.9	6,728,000	4.7	111,500	6.0	7,447,000	5.1
Durable goods manufacturing	131,200	7.1	7,714,000	5.3	129,100	6.9	7,695,000	5.3
Nondurable goods manufacturing	57,000	3.1	4,640,000	3.2	57,700	3.1	4,690,000	3.2
Wholesale Trade	73,900	4.0	5,786,900	4.0	75,600	4.0	5,700,700	3.9
Retail trade	207,000	11.2	15,831,600	11.0	208,600	11.1	15,330,300	10.5
Transportation, warehousing, and utilities	61,200	3.3	5,559,900	3.9	77,000	4.1	6,362,000	4.4
Information	33,600	1.8	2,794,000	1.9	35,300	1.9	2,737,000	1.9
Financial activities	97,100	5.3	8,287,000	5.7	102,200	5.5	8,837,000	6.0
Professional and business services	239,400	13.0	20,114,000	13.9	251,700	13.4	21,008,000	14.4
Educational services	35,700	1.9	3,569,500	2.5	31,600	1.7	3,537,000	2.4
Health care and social assistance	240,000	13.0	19,068,800	13.2	267,400	14.3	20,015,600	13.7
Leisure and hospitality	199,900	10.8	15,660,000	10.8	173,500	9.3	14,705,000	10.1
Other services	63,900	3.5	5,691,000	3.9	60,600	3.2	5,661,000	3.9
Government	306,800	16.6	22,224,000	15.4	285,500	15.2	21,769,000	14.9
Total Nonfarm jobs [1]	1,844,100		144,336,000		1,874,000		146,122,000	

Sources: Oregon Data: Oregon Employment Department, Oregon Labor Market Information Services; Federal Data: U.S. Bureau of Labor Statistics Current Population Survey (Not Seasonally Adjusted).

(1) Totals may not agree with sum of components due to categorization and rounding.

Oregon Gross Domestic Product

Oregon Gross Domestic Product ("GDP") represents the value of goods and services produced by the State. The following table illustrates the changes in the components of the State's GDP in 2015 and 2020.

TABLE 3
OREGON GROSS DOMESTIC PRODUCT
(IN MILLIONS)

Industry	2015 ($)	% of Total	2020 ($)	% of Total
Agriculture, forestry, fishing and hunting	4,176	2.0	4,455	1.8
Mining, quarrying, and oil and gas extraction	248	0.1	291	0.1
Utilities	2,905	1.4	3,191	1.3
Construction	8,594	4.1	11,745	4.8
Manufacturing	30,365	14.4	33,460	13.7
Wholesale trade	11,851	5.6	13,549	5.6
Retail trade	10,905	5.2	13,185	5.4
Transportation and warehousing	6,109	2.9	6,198	2.5
Information	7,609	3.6	9,818	4.0
Finance, insurance, real estate, rental, and leasing	40,831	19.3	48,134	19.7
Professional and business services	25,326	12.0	31,056	12.7
Educational services, healthcare, and social assistance	20,818	9.9	23,204	9.5
Arts, entertainment, recreation, accommodation, and food services	9,116	4.3	7,918	3.2
Other Services, except government	4,707	2.2	5,133	2.1
Government	27,749	13.1	32,440	13.3
Total Oregon GDP	211,306		243,777	

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Based on the 2012 North American Industry Classification System (NAICS) as of October 1, 2021.

Income

The following two tables compare Oregon and the United States with respect to personal income and per capita income over the most recent ten-year period.

TABLE 4
PERSONAL INCOME
(IN MILLIONS)

Calendar Year	Oregon ($)	Percent Change (%)	U.S. ($)	Percent Change (%)	Oregon as a % of U.S.
2012	153,548	5.5	14,003,346	5.0	1.10
2013	156,130	1.7	14,189,228	1.3	1.10
2014	167,077	7.0	14,969,527	5.5	1.12
2015	179,600	7.5	15,681,233	4.8	1.15
2016	188,283	4.8	16,092,713	2.6	1.17
2017	198,996	5.7	16,845,028	4.7	1.18
2018	211,415	6.2	17,681,159	5.0	1.20
2019	221,186	4.6	18,402,004	4.1	1.20
2020	238,847	8.0	19,607,447	6.6	1.22
2021	257,641	7.9	21,056,621	7.4	1.20

Source: U.S. Bureau of Economic Analysis, March 23, 2022.

TABLE 5
PER CAPITA INCOME

Calendar Year	Oregon ($)	Percent Change (%)	U.S. ($)	Percent Change (%)	Oregon as a % of U.S.
2012	39,370	4.7	44,614	4.3	88.2
2013	39,787	1.1	44,894	0.6	88.6
2014	42,133	5.9	47,017	4.7	89.6
2015	44,693	6.1	48,891	4.0	91.4
2016	45,998	2.9	49,812	1.9	92.3
2017	47,982	4.3	51,811	4.0	92.6
2018	50,535	5.3	54,098	4.4	93.4
2019	52,462	3.8	56,047	3.6	93.6
2020	56,312	7.3	59,510	6.2	94.6
2021	60,676	7.8	63,444	7.3	95.6

Source: U.S. Bureau of Economic Analysis, March 23, 2022

Population

The 2020 U.S. Census ranked Oregon as the 27th most populous state with a population of 4.24 million. Oregon's population growth rate between the 2010 census and 2020 is the 11th fastest in the nation.

TABLE 6
POPULATION CHANGE
OREGON AND UNITED STATES, 1990 – 2020

Year	Oregon	Percent Change (%)	United States	Percent Change (%)
1990	2,842,321	--	248,709,873	--
2000	3,421,399	20.4	281,421,906	13.2
2010	3,831,074	12.0	308,745,538	9.7
2020	4,237,256	10.6	331,449,281	7.4

Sources: Oregon Data: Oregon Office of Economic Analysis, September 2021 Oregon Economic and Revenue Forecast; Federal Data: U.S. Census Bureau.

STATE FINANCIAL OPERATIONS

Budgetary Process

The Oregon constitution requires the State's budget to balance at the end of each biennium. Article IX, Section 2 of the Oregon Constitution states that the Legislative Assembly shall provide for raising revenue sufficiently to defray the expenses of the State for each fiscal year. Article IX, Section 6 of the Oregon Constitution states that "whenever the expenses, of any fiscal year, shall exceed the income, the Legislative Assembly shall provide for levying a tax, for the ensuing fiscal year, sufficient, with other sources of income, to pay the deficiency, as well as the estimated expense of the ensuing fiscal year." Because of these two provisions, Oregon may not budget a deficit and is required to alleviate any revenue shortfalls within each biennium.

Historically, during the regular legislative session at the end of every biennium, the Legislative Assembly adopts a budget covering most of the State's operations for the next biennium. A biennium begins July 1 and ends June 30 of odd-numbered years. The budget is adopted through the enactment of separate budget bills for most State agencies and the Legislative and Judicial Branches (the "Budget Bills"). There are four different categories of funds included in the State's budget: (i) General Fund, (ii) Lottery Funds, (iii) Other Funds (dedicated funds), and (iv) Federal Funds.

The budgeting process begins with the Governor's submission of a recommended budget for State agencies in the December of each even-numbered year preceding the start of a new regular legislative session. Concurrently, the Department of Administrative Services ("DAS" or the "Department") prepares and files Budget Bills during December of each even-numbered year so that when the Legislative Assembly convenes in January of each odd-numbered year for its regular session, the Joint Ways and Means Committee can begin consideration of each bill. By statute, the budget may not permit certain governmental purpose expenditures to exceed eight percent of the State's personal income. This limitation may be exceeded only if the Governor declares an emergency and if three-fifths of each house of the Legislative Assembly votes to exceed the limit.

The Legislative Assembly may provide spending authority to a State agency through a continuous appropriation of a fund dedicated for a certain purpose. In that case, spending is limited only by the amount of revenues received in or held by the fund. The Legislative Assembly may also limit the amount of money spent by placing an expenditure limitation on a continuously appropriated and dedicated fund. In addition, the Legislative Assembly enacts one-time appropriations of moneys to specific agencies or programs from moneys expected to be received or held by the State's General Fund, lottery and other revenues and federal funds. After the Budget Bills are passed, the Governor may veto an entire bill, single items in appropriation bills or the emergency clause in a bill. A two-thirds vote of the Legislative Assembly may override the Governor's veto.

If budget adjustments are required after a legislative session has ended, the Legislative Assembly may meet again in a specially called session, or the E-Board may adjust agency budgets.

Component Units

The Legislative Assembly has authorized the creation of certain public or non-profit corporations that are closely tied to specific statewide functions or agencies (the "Component Units"). These Component Units generally perform statewide functions that are authorized by the Legislative Assembly but are not required to comply with many of the budgeting, purchasing and other requirements imposed on State agencies. See *State of Oregon Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2021,* Note 1. captioned "Summary of Significant Accounting Policies." Included among these Component Units are the State Accident Insurance Fund ("SAIF") Corporation and the Oregon Health and Science University ("OHSU"). In 1995, the Legislative Assembly transferred the duties and powers of OHSU to an independent public corporation with statewide purposes and missions and without territorial boundaries. The State entered into a Debt Service Payment Agreement with OHSU pursuant to which OHSU assumed the repayment obligation for all bonds issued by the State for the original university. OHSU submits its funding request for each biennium to DAS, which includes such request as part of the Governor's biennial recommended budget.

In addition, as of July 1, 2015, the State's seven public universities became independent public bodies, each governed by an independent board comprised according to statute and considered a public body with statewide purposes and without territorial boundaries. Each public university may submit a funding request for each biennium that requests State aid and appropriations for State-funded debt service. This funding request is made through the Higher Education Coordinating Commission to the Governor and made a part of the Governor's biennial recommended budget. Any moneys appropriated to pay debt service for State bonds must be held by the Treasurer pursuant to an agreement entered into by the Treasurer and a public university.

Revenue Forecasting

Oregon law requires DAS, with the assistance of the State Department of Revenue, to prepare an estimate for each calendar quarter of the total amount of revenue, including General Fund and lottery revenues, available for State purposes for the current fiscal year, as well as the amount of revenue received quarterly, through the biennium the ("Oregon Economic and Revenue Forecast" or "Forecast"). The DAS Office of Economic Analysis (the "OEA") produces the Oregon Economic and Revenue Forecast based upon information available at the time of preparation and upon a wide variety of assumptions. DAS must report its estimates to the Legislative Assembly, when it is in session, and to certain interim committees of the Legislative Assembly, when it is not in session. The reports are dated March, June, September and December and are generally released the month prior to the report date. These reports are commonly known as the quarterly "revenue forecast," and focus on the amount of expected General Fund and lottery revenues. In odd-numbered years, when the Legislative Assembly is in session, the June forecast is released approximately May 15 and is commonly referred to as the "Close of Session" or "COS" forecast. In September of odd-numbered years, the revenue forecast closes out the biennium that ended on June 30th.

At this time, the Close of Session forecast is calculated by folding any tax law changes made during the legislative session into the May outlook. This sets the bar for Oregon's balanced budget requirement and its unique kicker law.

Oregon law also requires DAS to set forth the methodology and assumptions used to develop each quarterly revenue forecast. The State uses an econometric model to forecast the Oregon economy and personal and corporate income taxes. The econometric model has two major parts: (1) a State economic model that estimates employment, wages and personal income; and (2) a revenue forecasting system based on the economic model, for use in estimating personal and corporate income taxes. The system receives new data each quarter, with revisions to the model as necessary. The model does not include the fees and other miscellaneous revenues that comprise the balance of General Fund revenues.

The development of a revenue forecast involves three steps. First, a forecast of economic conditions in Oregon is made, then projected income and population is translated into projected tax receipts other than from corporate and excise taxes and finally corporate income and excise tax collections are projected. In developing its projections, the State uses the national baseline forecasts of IHS Economics.

Accounting Practices

Oregon law designates DAS as the agency responsible for the overall administration and coordination of the State's internal accounting and other fiscal controls and procedures. DAS has developed the Oregon Accounting Manual that sets forth internal policies and uniform procedures for agencies to follow in their fiscal management, accounting and reporting.

DAS must prepare a financial report for the State of Oregon within 180 days after the close of each fiscal year. The reporting entity of the State of Oregon includes all agencies, boards, and commissions 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. Oregon's financial statements are prepared in conformity with generally accepted accounting principles applicable to state governments.

All governmental funds use the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Under the modified accrual basis of accounting, taxpayer assessed taxes are recognized when the underlying exchange has occurred and the resources are available. Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred. An exception to this general rule of expenditure recognition is that principal and interest on general long-term debt is recognized when due.

Audits

The Oregon Secretary of State, as State Auditor, may audit or review the accounts and financial affairs of each State agency as deemed appropriate under ORS 297.210. The Governor, Legislative Fiscal Officer and DAS receive a report on each audit. The Secretary of State's Audits Division reviews the selected financial accounts of the State's larger agencies in connection with the audit of the State's annual comprehensive financial report. The Audits Division also provides annual financial audits in accordance with ORS 286A.195 for the State's bond funded programs.

The Audits Division conducts financial audits 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.

The Joint Legislative Committee on Audits is staffed by the Legislative Fiscal Office and operates continually during the session and interim to review audit plans and completed audits conducted by the Secretary of State. The Committee also: reviews legislation and legislative requests for audits or reviews to be conducted; provides direction on audits/reviews that should be conducted by the Secretary of State or legislative staff; reviews agency actions to comply with audit recommendations; suggests changes or remediation; and fulfills other requirements of Oregon laws relating to audits.

DAS is responsible for adopting rules setting standards and policies for internal audit functions within State government under authority provided in ORS 184.

Disbursements and Allotments

Oregon law requires that State agency spending be monitored and that moneys be disbursed throughout the biennium through an allotment process that is administered by DAS. Under this process, DAS allots to each agency the amount of appropriated moneys that may be spent during each of the eight quarters in a biennium. The amount of an allotment is based on estimates submitted by agencies of their statutory duties and projected expenditures to fulfill the purposes for which moneys were appropriated to them. DAS may amend allotments previously made by it at the request of an agency or after notice by DAS to an agency. In addition, if DAS declares at any time during the biennium that there is a projected budget deficit due to insufficient revenues, then DAS, with the Governor's approval, may reduce previously made allotments to a level necessary to prevent the deficit. Allotments made for the purpose of debt service payments, however, may not be reduced.

Fiscal Checks and Balances

Oregon law provides for a system of checks and balances with respect to the deposit, accounting and expenditure of State moneys. DAS supervises State agency accounting and prescribes rules and regulations for preparation of agency budgets. The Secretary of State, the constitutionally designated auditor of public accounts, may disapprove claims for payment from any moneys in the State Treasury. State agencies are required to turn the moneys collected by them over to the Treasurer for deposit into various funds that comprise the State Treasury. The Treasurer is responsible for control of State banking relationships, cash management and the investment of State funds. Some State moneys are deposited with outside trustees who administer the cash and investments.

On a day-to-day basis, DAS, along with the Treasurer and the Secretary of State, maintains the system of checks and balances. For example, DAS reconciles its accounts monthly with the related account balances maintained by the Treasurer, which facilitates the adjustment of any imbalances or other errors. DAS also follows up on major deficiencies listed in the audit reports prepared by the Audits Division of the Secretary of State. Agencies must respond to DAS stating in detail how they will correct the deficiencies.

The Secretary of State Audits Division maintains a hotline where allegations of local and state government fraud, waste, and abuse are received and evaluated. Most state and local government procurements must follow the Public Contracting Code as outlined in statute. This structure is in place to ensure industry standards are followed, instill public confidence, promote efficient use of resources, clearly identify rules, and allow impartial and open competition. The State Attorney General maintains the model rules that, along with rules adopted by certain State agencies, specify procedures for public contracting under the code.

Loss Management

DAS Enterprise Goods and Services, Risk Management section is responsible for managing the State's risk of loss due to various types of loss or liability. The primary kinds of loss that the section works to prevent or pay include physical loss or damage to State property, tort liability claims brought against the State, its officers, employees, or agents, inmate injury, workers' compensation, employee dishonesty, and faithful performance bonds for key positions as required by law and additional positions as determined by agency policy. The State Insurance Fund (the "Fund"), established by ORS 278.425, is used to provide both self-insurance and commercial insurance for State of Oregon agencies. The Fund generally pays up to a set amount for various types of losses through its self-insurance program, with excess amounts covered by purchased commercial insurance policies. Both self-insurance losses and commercial insurance premiums are paid from the Fund. For each separate category of potential loss, DAS determines the appropriate level of the Fund or commercial insurance. Agencies pay assessments to the Fund for each category of loss. For additional information, see Note 17. "Risk Financing" of the Annual Financial Report for the fiscal year ended June 30, 2021.

DAS has a dedicated Risk Management unit that insures and protects the people, property, and activities of state government. The Risk Management program provides comprehensive insurance coverage for the State of Oregon and provides tools and information around risk and insurance to State agencies.

Emergency Powers

In response to the Governor's declaration of a catastrophic disaster, such as an earthquake or other natural disaster or public health crisis that results in extraordinary levels of death or injury, property damage or disruption of daily life, the Governor may exercise the powers conferred by Article X-A of the Oregon Constitution. Those powers include the ability to use General Fund and lottery revenues appropriated for other purposes. In addition, the Legislative Assembly may convene using reduced quorum and procedural requirements, to enact legislation in response to the disaster, including legislation related to taxation, the use of Highway Fund revenues for non-highway purposes, keeping "kicker" money and borrowing. These powers are operative for only 30 days unless extended by the Legislative Assembly.

In addition, under ORS 401.165, the Governor may declare a state of emergency upon the occurrence of an event or circumstance that causes or threatens widespread injury to person or property or loss of life or financial loss. Upon such a declaration the Governor has broad powers over the Executive Branch of State government. The Governor may suspend statutes or rules if strict compliance would hinder a response to the emergency and may deploy State personnel and resources to prevent or alleviate damage due to the emergency. The Governor may also declare a state of public health emergency under ORS 433.441. Upon such a declaration, the Governor may regulate the use, sale and distribution of food, fuel, medical supplies and medicine.

REVENUES

Revenues available to the State are discussed below based on the following categories: General Fund, Lottery Funds, Reserve Funds, Other Funds and Federal Funds. Certain of these revenues are available only to finance permitted purposes as authorized by State or federal law. Article IV, Section 25 of the Oregon Constitution requires a three-fifths majority of all members elected to each House to pass bills for raising revenue and that the Governor and presiding officer of each respective house sign the bill or resolution.

General Fund Revenues

The following describes the largest sources of the State's General Fund revenues. For additional information on the General Fund revenue amounts collected each biennium see Table 8 under "Oregon Financial Information."

Taxes

Personal Income Taxes. Oregon taxes the personal income of individuals, estates, and trusts. Taxable income is calculated using the version of the Internal Revenue Code of 1986, as amended, that is applicable to the tax year of the taxpayer. Oregon uses the federal definition of taxable income currently in effect for a tax year with some specific modifications for Oregon. Oregon employers withhold income tax from their employees' wages. Self-employed persons and others not subject to withholding must pay quarterly estimated tax payments. Generally, taxpayers file Oregon tax returns for refunds or pay tax due by April 15 of each year (a taxpayer can file for a 6-month extension to file the return, however, tax must be paid by April 15).

Corporate Excise and Income Taxes. Corporations are subject to either a corporate excise tax or the corporate income tax under Oregon law. The corporate excise tax is imposed for the privilege of doing business in Oregon. A corporation is doing business in Oregon when it engages in any profit-seeking activity in Oregon.

The corporate income tax is imposed on any corporation that has income from an Oregon source. Corporations that operate in more than one state must determine the share of their income attributable to Oregon activities using Oregon sales relative to sales in all states for both income taxes and excise taxes. The corporate income tax rate mirrors that of the excise tax rate on taxable income derived from sources within Oregon.

Insurance Taxes. Insurers operating in Oregon are subject to the corporate excise tax. Some insurers that are domiciled in other states or countries are also subject to a retaliatory tax. The Oregon Department of Revenue collects the excise tax. The Insurance Division of the Department of Consumer and Business Services collects the retaliatory tax.

Estate Taxes. Oregon's estate tax is imposed as a percentage of the Oregon taxable estate. Because Oregon calculates its tax differently than the federal estate tax, the Oregon estate tax amount may be different from the federal tax amount. The Oregon estate tax is tied to the definition of a "taxable estate" in the Internal Revenue Code, but that definition is modified by Oregon law.

Cigarette and Other Tobacco Taxes. The State imposes an excise tax on the distribution of all tobacco products in Oregon, including nicotine delivery systems, such as e-cigarettes and other nicotine inhalants. The cigarette and other tobacco products taxes are distributed among various State funded health-related programs, including to the Oregon Health Plan, to the Oregon Health Authority for medical and healthcare assistance programs, including mental health services, tribal health providers, including the Urban Indian Health program, and other programs related to tobacco use reduction and nicotine-related health issues; another portion goes to the State General Fund, and the balance is distributed equally among cities, counties and the Department of Transportation.

Other Taxes. A portion of the moneys collected from several forest harvest taxes and the Amusement Device Tax are allocated to the General Fund.

Fines and Fees

The fines and fees section of General Fund revenues includes State Court Fees, Secretary of State Corporation Fees, Criminal Fines and Assessments, and Securities Fees. These are fees imposed by agencies or the State courts for the filing of certain court-related or corporate documents and certain fines for violations of the law.

Liquor Sales Apportionment

The State imposes taxes on beer, wine and distilled liquor manufactured or distributed in Oregon. The Oregon Liquor Control Commission ("OLCC") exclusively imports and distributes beverages with 21% or more alcohol. The OLCC sets the retail prices for the alcohol it distributes. The net revenue from these operations goes into an OLCC account, which distributes approximately 56% of the revenues to the General Fund.

Other Sources

Other major sources of General Fund revenue include charges for central services performed by DAS, interest earnings, and miscellaneous revenues.

Return of General Fund Revenue to Personal Income Taxpayers (2% Surplus Kicker)

Under the Oregon Constitution, if biennium revenues received exceed estimated amounts to be received from personal income taxes by more than two percent, the amount received above the estimate is credited to individual taxpayers. This amount of excess revenue is popularly known as the "kicker." For individuals, this refundable credit is based on the previous calendar year's tax liability (for example, 2020 liability for the 2019-2021 kicker). Kicker amounts attributable to corporate income and excise taxes (actual biennium revenue from corporations that exceeds the revenue forecast by more than two percent) are retained for use in K through 12 public education and are not refunded or credited. The State may retain the individual kicker moneys only if two-thirds of each house of the Legislative Assembly votes to keep the kicker. See "Reserve Funds – *Rainy Day Fund*" below.

Lottery Funds

Revenues from the operation of the Oregon State Lottery comprise a significant source of money in the State's budget. After the payment of prizes and operation of the State Lottery, revenues are constitutionally dedicated to education, economic development, and natural resources program areas. According to the Oregon Constitution, approximately 84% of the total annual revenues from the sale of lottery tickets or shares must be returned to the public in the form of prizes and net revenues benefiting the public purpose. After paying player prizes and operating expenses, the Lottery transfers the remaining revenues to the Administrative Services Economic Development Fund. The Oregon Constitution and the Legislative Assembly direct how moneys from this fund are distributed. Presently, the Education Stability Fund and the Parks and Natural Resources Fund receive about 33% of total transfers, and 1.5% of net lottery proceed transfers are constitutionally dedicated to veterans' services. Net proceeds from Lottery's on-line sports book are transferred to the Administrative Services Economic Development Fund, making them subject to the constitutional distributions, after which the remainder is transferred to the PERS Employer Incentive Fund. After debt service payments are prioritized, State school funding and economic development efforts are the primary uses for the remainder.

Reserve Funds

The State has two budgetary reserve funds, the Education Stability Fund and the Oregon Rainy Day Fund that may be drawn on in the event of General Fund revenue shortfalls or economic downturns within a biennium subject to certain restrictions described below.

Education Stability Fund ("ESF"). Under the Oregon Constitution, Article XV, Section 4, 18% of the net proceeds from the State Lottery must be deposited in the ESF. The ESF retains earnings or spends them on public education. The Legislative Assembly also may appropriate other moneys or revenues to the ESF. The amount in the ESF may not exceed five percent of the amount that was accrued as revenues in the State's General Fund during the prior biennium. If three-fifths of the Legislative Assembly approves, the Legislative Assembly can appropriate all or a portion of the money in the ESF for public education expenditures subject to the Governor declaring an emergency or the Legislative Assembly finding that at least one of the following conditions exists: (i) General Fund moneys in the next biennium will be at least three percent below current biennium appropriations; (ii) nonfarm employment has declined for two consecutive quarters in the last twelve months or (iii) General Fund revenues have dropped at least two percent below the current Close of Session forecast.

During the 2020 2nd Special Session, on August 10, 2020, the Legislative Assembly passed House Bill 4303, transferring $400 million from the Education Stability Fund to the State School Fund in the 2019-21 biennium, due to the June 2020 Revenue and Economic Forecast projecting General Fund revenues to be more than two percent below the revenue projections in the Close of Session forecast. The balance in the ESF at the end of the 2021-23 biennium is projected to have been approximately 2.8% of net General Fund revenues.

Rainy Day Fund ("RDF"). The 2007 Legislative Assembly authorized the establishment of the Oregon Rainy Day Fund, codified in ORS 293.144 to 293.148. ORS 293.146 provides for deposits to the RDF in an amount equal to a maximum of one percent of the State's General Fund appropriations for a biennium. The deposit is payable from the State's General Fund ending balance at the end of a particular biennium. The actual amount of the deposit up to the one percent requirement will depend on the size of the State's General Fund ending balance. Additional transfers to the RDF cannot be made if the balance in the RDF exceeds 7.5% of the amount of General Fund revenues collected in the prior biennium. The balance in the RDF at the end of the 2021-23 biennium is projected to be approximately 5.2% of net General Fund revenues.

If three-fifths of the Legislative Assembly approves, the Legislative Assembly may appropriate two-thirds of the beginning balance of the biennium in the RDF if it finds that at least one of the following conditions exists: (i) General Fund moneys in the next biennium will be at least three percent below current biennium appropriations; (ii) nonfarm employment has declined for two consecutive quarters in the last twelve months; or (iii) General Fund revenues have dropped at least two percent below the current Close of Session forecast.

The following table presents historical amounts in the State's reserve funds, including 2021-23 biennium balances updated as of the March 2022 Forecast. Information from the March 2022 Forecast is based on current expectations and available information and is not intended as a representation of facts or guarantee of results.

TABLE 7
EDUCATION STABILITY
AND RAINY DAY FUNDS
(IN MILLIONS)

Biennium	Education Stability Fund ($)(1), (2)	Rainy Day Fund ($)	Total ($)
2005-07	178.9	0.0	178.9
2007-09	0.0	112.5	112.5
2009-11	5.1	10.4	15.5
2011-13	7.6	61.9	69.4
2013-15	179.4	211.8	391.2
2015-17	384.2	376.4	760.6
2017-19	621.1	666.6	1,287.7
2019-21	414.6(3)	962.2	1,376.8
2021-23(4)	695.6	1,287.6(5)	1,983.2

Source: Oregon Department of Administrative Services, Office of Economic Analysis.

(1) Reflects net available amount in the Education Stability Fund, exclusive of funds held in the Oregon Growth Account that may be illiquid, the Oregon Resource & Technology Development subaccount and any subsequent transfers by the Legislative Assembly.
(2) Under State law, as of July 2013, the Oregon Growth Account generally receives a small percentage of the amount deposited to the Education Stability Fund.
(3) ESF 2019-21 biennium ending balance includes a $400 million transfer from the ESF to the State School Fund as part of the Legislative Assembly's budget rebalancing actions (HB 4303, 2020 2nd Special Session).
(4) Projected biennium ending balance from the March 2022 Economic and Revenue Forecast.
(5) Assumes future appropriations equal to 98.75% of available resources. Includes forecast for corporate income taxes above 6.6% for the biennium are deposited on or before June 30 of each odd-numbered year.

Other Funds Revenues

A description of the largest sources of the State's Other Funds revenue follows below. For additional information on the Other Funds revenue amounts collected each biennium see Table 11 under "Oregon Financial Information."

Gross Receipts Business Taxes

Corporate Activity Tax. In 2019, the Legislative Assembly enacted a new business privilege tax on commercial activity beginning in calendar year 2020 (the "Corporate Activity Tax"). The tax applies to commercial activity in Oregon exceeding $1 million by businesses, including corporations and other entities as well as sole proprietors, during the calendar year. Commercial activity is generally defined as the total amount realized by the business from transactions and activity in the regular course of the business, subject to certain enumerated exclusions and subtractions, with certain specified income streams made subject to the tax for financials and insurers. Estimated tax payments for the Corporate Activity Tax are due quarterly. The rate of the tax is $250 plus the product of the business's taxable commercial activity in excess of $1 million for the calendar year multiplied by 0.57%. All net revenue from the Corporate Activity Tax is transferred to the Fund for Student Success, separate from the General Fund, and must be used for education and school purposes. It is expected over time that the Corporate Activity Tax will be a significant source of State revenue and the largest source of the State's Other Funds.

Public Utilities. Regulated utilities operating within the State must pay taxes based on their gross operating revenues. These taxes are collected to cover the cost of utility regulation performed by the Oregon Public Utility Commission.

Cigarette and Other Tobacco Taxes. As described above, a portion of the cigarette tax goes to the General Fund and a portion goes towards the Oregon Health Plan. The Oregon Health Plan is the primary recipient of the cigarette tax distributed as Other Funds, with small amounts distributed to tobacco cessation programs and among cities, counties, and elderly and disabled transportation programs.

Recreational Marijuana Taxes. Oregon voters legalized recreational use of marijuana and designated the OLCC as the State agency to regulate the commercial growing, processing, and selling of recreational marijuana. The marijuana tax is imposed at the retail level and collected by the Department of Revenue. The Legislative Assembly set the State tax rate at 17% of the retail price. Separately, a tax of up to three percent of the retail price may be imposed by counties or cities. The State tax began to be imposed on sales on or after January 4, 2016. All marijuana tax revenues in excess of $11,250,000 are currently distributed to the Drug Treatment and Recovery Fund, the remainder are distributed 10% to cities that allow marijuana businesses, 10% to counties that allow marijuana businesses, 40% to the State School Fund; 20% to the State Mental Health Alcoholism and Drug Services account; 15% to State Police; and five percent to the Oregon Health Authority for alcohol and drug abuse prevention.

Motor Fuels Tax and Weight-Mile Tax. Oregon imposes a tax per gallon on the sale of gasoline and other fuels used to propel motor vehicles on the State's highways. The Oregon Department of Transportation ("ODOT") also assesses a weight-mile tax and road use fees on commercial vehicles that operate on public roads within Oregon. The weight-mile tax is based on the declared combination of vehicle weight and vehicle classification group. Revenues derived from the fuels tax, weight-mile tax and road use assessment fees are paid into the State Highway Fund.

Employer-Employee Taxes

Employment Taxes. Employers and employees in Oregon must pay unemployment taxes. The rate of unemployment tax depends upon the balance in the Unemployment Compensation Trust Fund as of August 31 of each year, the taxable payroll, and the amount of unemployment benefits paid.

Workers' Compensation Insurance. Oregon employers and employees also pay a workers' compensation assessment. The Director of the Department of Consumer and Business Services determines the amount of workers' compensation assessments.

Severance Taxes

The Small Tract Forestland Severance taxes are paid to funds outside of the General Fund for various education and county programs, either in Eastern or Western Oregon.

Licenses and Fees

Owners and operators of motor vehicles pay fees to ODOT for the licensing, registration, and titling of their vehicles. These moneys are dedicated to the State Highway Fund and other funds or accounts dedicated for transportation purposes. Other revenues are generated from the sale of hunting and fishing licenses and tags, occupational license fees, and other licensing fees.

New Vehicle Taxes

Oregon imposes a vehicle dealer privilege tax (the "Privilege Tax") for the privilege of selling new vehicles in Oregon. The State also applies a vehicle use tax (the "Use Tax" and together with the Privilege Tax, the "Vehicle Taxes") to new vehicles purchased from dealers outside the State of Oregon by Oregon residents or businesses that will use or store the vehicle in Oregon. The Use Tax moneys are deposited into the State Highway Fund and dedicated for transportation purposes, while the Privilege Tax moneys are deposited in the Zero-Emission Incentive Fund and the Connect Oregon Fund.

Transient Lodging Taxes

Oregon imposes a tax on transient lodging that funds Travel Oregon, the statewide tourism promotion agency.

Other Revenues

Charges for Services. Major portions of these Other Funds revenues are premium payments collected by the Public Employees Benefit Board and the Oregon Educators Benefit Board; fees charged to State agencies for centralized services provided by the Department of Administrative Services; and administrative charges to various tax, fee, assessment, collections and other programs.

Fines, Rents and Royalties, Bond Sales. The State collects income from State-owned properties that are leased or rented. It also collects fines and royalties. Proceeds from the sale of bonds issued by the State are deposited into various program funds and accounts for disbursement to construction or other capital projects, or loan and grant programs operated by various State agencies.

Sales, Donations and Loan Repayments. The State from time to time sells State-owned properties, receives donations from various parties and receives repayments on loans made to governmental and private entities under various programs.

Federal Funds

Federal Funds are moneys received from the federal government. The Legislative Assembly may authorize receipt of Federal Funds for specific purposes. These funds must be appropriated by the Legislative Assembly and used in accordance with any restrictions placed on the funds by the federal government.

OREGON FINANCIAL INFORMATION

Tables 8 through 12 in this section includes information from the March 2022 Forecast and is updated to reflect adjustments based on legislative actions taken during the 2022 Legislative Session. Information from the March 2022 Forecast is based on current expectations and information and is not intended as a representation of facts or guarantee of results.

The following table presents historical State General Fund Revenues for four biennia as well a forecast for the 2021-23 biennia. Amounts presented for the 2021-23 biennium is reported as forecasted in the March 2022 Forecast with adjustments based on the 2022 Legislative Session detailed below.

TABLE 8
STATE OF OREGON
GENERAL FUND REVENUE STATEMENT
(IN THOUSANDS)[1]

	2013-15 Actuals ($)[2]	2015-17 Actuals ($)[3]	2017-19 Actuals ($)[4]	2019-21 Actuals ($)[5]	2021-23 Forecasted ($)[6]
Taxes					
Personal Income	13,958,289	16,088,682	18,821,756	20,004,976	21,388,036
Shared Service Fund (Gainshare)	(62,253)	(32,851)	(40,688)	(40,331)	(41,083)
Corporate Income	1,116,529	1,210,736	1,681,649	2,041,412	1,977,772
Rainy Day Fund Transfer (Minimum Tax)	(11,962)	0	(87,283)	(74,500)	(82,918)
Insurance	121,022	139,215	160,264	159,164	144,196
Estate	196,485	322,826	381,187	524,066	528,367
Transfer to PERS UAL	0	0	0	0	(74,916)
Cigarette	73,261	70,480	65,598	55,120	45,462
Other Tobacco Products	60,108	62,362	65,597	61,294	64,509
Other	2,021	1,802	1,975	998	1,786
Fines and Fees					
State Court Fees	119,448	114,542	124,518	118,345	136,147
Secretary of State Fees	58,217	66,448	73,482	81,870	82,185
Criminal Fines and Assessments	55,163	41,158	37,760	23,340	27,852
Securities Fees	23,526	24,021	23,251	25,815	27,832
Central Service Charges	8,723	10,277	10,876	11,478	12,746
Liquor Apportionment	246,716	261,947	294,379	340,926	346,467
Interest Earnings	9,010	24,873	87,182	92,920	50,000
Miscellaneous Revenues	6,871	8,482	10,188	11,498	12,000
One–time Transfers	49,581	140,883	5,020	174,205	153,077
Gross General Fund Revenues	16,104,970	18,588,734	21,842,682	23,727,427	24,998,434
Total Kicker Refunds/Offsets and Transfers	(74,215)	(32,851)	(127,971)	(114,831)	(198,917)
Net General Fund Revenues	16,030,755	18,555,883	21,714,711	23,612,596	24,799,517
Beginning Balance	475,651	528,793	1,000,385	2,709,365	4,082,489
Anticipated Administrative Actions [7]	(3,327)	(6,318)	(10,370)	0	(21,472)
Legislatively Adopted Actions [8]	(136,721)	(158,328)	(179,424)	(198,338)	(220,723)
Available Resources	16,366,358	18,920,030	22,525,302	26,123,622	28,639,811
Appropriations (Legislatively Approved Budget)	15,889,471	18,012,040	19,945,904	22,461,279	25,620,230
Reversions	(51,905)	(92,395)	(129,966)	(420,146)	0
Administrative Actions	0	0	0	0	0
Projected Expenditures	15,837,565	17,919,645	19,815,937	22,041,133	25,620,230
Ending Balance	528,793	1,000,385	2,709,365	4,082,489	3,019,582

2022 Legislative Actions Impacting 2021-23 Biennium Budget

Revenue Adjustments	(18,179)
Adjusted Available Resources	28,621,633
Approved Expenditures	2,240,801
Adjusted Projected Expenditures	27,861,031
2021-23 Ending Balance After 2022 Legislative Session	760,602

Sources: Oregon Department of Administrative Services, Chief Financial Office.

(1) Totals may not agree with sum of components due to rounding.
(2) September 2015 Oregon Economic and Revenue Forecast, as adjusted by OEA.
(3) September 2017 Oregon Economic and Revenue Forecast, as adjusted by OEA.
(4) September 2019 Oregon Economic and Revenue Forecast, as adjusted by OEA.
(5) September 2021 Oregon Economic and Revenue Forecast, as adjusted by OEA.
(6) March 2022 Oregon Economic and Revenue Forecast.
(7) Interest expense associated with the Tax Anticipation Notes program and is exclusive of any internal borrowing.
(8) Transfer of ending General Fund balances up to 1% of budgeted appropriations into the Rainy Day Fund.

The following table compares budgeted and actual General Fund Revenues for the 2013-15 through the 2021-23 biennia.

TABLE 9
STATE OF OREGON
ACTUAL GENERAL FUND REVENUES COMPARED WITH LEGISLATIVELY ADOPTED BUDGET ESTIMATES
(IN BILLIONS)

Biennium		Budget at Close of Session ($)(1)	Actual ($)(2)	Difference ($)	Percent Difference (%)
2013-15	Personal Income Tax	13.501	13.958	0.457	3.4
	Corporate Income Tax	0.993	1.117	0.124	12.5
	Other Revenues	1.028	0.956	(0.072)	(7.0)
	Total	15.522	16.031	0.509	3.3
2015-17	Personal Income Tax	15.681	16.039	0.358	2.3
	Corporate Income Tax	1.090	1.195	0.105	9.6
	Other Revenues	1.184	1.289	0.105	8.9
	Total	17.955	18.523	0.568	3.2
2017-19	Personal Income Tax	17.114	18.663	1.548	9.0
	Corporate Income Tax	1.034	1.665	0.631	61.0
	Other Revenues	1.328	1.339	0.012	0.9
	Total	19.476	21.668	2.191	11.3
2019-21	Personal Income Tax	18.238	20.007	1.768	9.7
	Corporate Income Tax	1.033	1.967	0.934	90.5
	Other Revenues	1.546	1.682	0.135	8.8
	Total	20.817	23.655	2.838	13.6
2021-23(3)	Personal Income Tax	20.587	21.347	0.759	3.7
	Corporate Income Tax	1.288	1.895	0.607	47.1
	Other Revenues	1.353	1.558	0.204	15.1
	Total	23.229	24.800	1.571	6.8

Source: Oregon Economic and Revenue Forecasts.

(1) "Budget at Close of Session" reported in the September Oregon Economic and Revenue Forecasts.
(2) "Actuals" are reported the following biennium in the September Oregon Economic and Revenue Forecasts.
(3) 2021-23 information is estimated as of the March 2022 Oregon Economic and Revenue Forecast.

The following table presents historical Lottery resources and distributions for the 2013-15 through the 2019-21 biennia. Information presented for the 2021-23 biennium is reported as forecasted in the March 2022 Forecast with adjustments based on the 2022 Legislative Session.

TABLE 10
LOTTERY RESOURCES AND ALLOCATION OF RESOURCES
(IN MILLIONS)

LOTTERY EARNINGS [1]	2013-15 Actual ($)[2]	2015-17 Actual ($)[3]	2017-19 Actual ($)[4]	2019-21 Actual ($)[5]	2021-23 Legislatively Approved ($)[6]
Traditional Lottery	139.1	140.4	177.1	152.3	167.2
Video Lottery	993.3	1,153.3	1,231.4	1,043.1	1,545.3
Video Lottery Terminal Replacement	(71.2)	(59.2)	-	-	-
Sports Betting [15]	-	-	-	6.3	23.4
Other Earnings / Administrative Actions	(0.1)	0.9	47.8	-	-
Total Available to Transfer	1,061.1	1,235.4	1,456.2	1,201.7	1,735.9
ECONOMIC DEVELOPMENT FUND					
Beginning Balance	3.5	20.5	49.0	70.9	72.4
Transfers from Lottery	1,061.1	1,235.4	1,456.2	1,201.7	1,735.9
Other Resources [7]	1.4	9.4	6.2	7.5	7.3
Total Available Resources	1,066.0	1,265.3	1,511.4	1,280.1	1,815.5
Allocation of Resources					
Education Stability Fund [8]	191.0	222.4	262.1	216.3	312.5
Parks and Natural Resources Fund [9]	159.2	185.3	218.4	180.3	260.4
Veterans' Services Fund [10]	0.0	0.0	21.8	18.0	26.0
Outdoor School Education Fund [11]	0.0	0.0	24.0	43.0	49.4
County Economic Development	33.8	39.1	41.3	50.2	54.2
HECC Collegiate Athletic & Scholarships [12]	8.0	8.2	8.2	14.1	16.5
Gambling Addiction [12]	10.6	11.3	12.5	14.7	16.5
County Fairs	3.7	3.9	3.8	3.8	3.8
Debt Service on Lottery Bonds [13]	232.2	230.9	252.6	266.3	256.9
Other Legislatively Adopted Allocations [14]	408.2	515.2	601.2	396.8	773.9
Employer Incentive Funds (PERS) [15]	0.0	0.0	0.0	4.1	15.3
Total Distributions	1,046.7	1,216.3	1,446.1	1,207.7	1,785.5
Ending Balance/Discretionary Resources	19.3	49.0	65.3	72.4	30.0

Source: Oregon Department of Administrative Services, Office of Economic Analysis and SB 5703, 2022 Legislative Session

Note: Some totals may not foot due to rounding.

(1) Lottery Earnings are net lottery revenues transferred or expected to be transferred to the Economic Development Fund after payment of prizes and other expenses of the Oregon State Lottery, including any amount retained or expected to be retained in the contingency reserve. Actuals are reported in the odd year May Oregon Economic and Revenue Forecast unless otherwise noted.

(2) Reported in the May 2015 Oregon Economic and Revenue Forecast.

(3) Reported in the May 2017 Oregon Economic and Revenue Forecast.

(4) Reported in the May 2019 Oregon Economic and Revenue Forecast.

(5) Reported in the May 2021 Oregon Economic and Revenue Forecast.

(6) Amounts adjusted as reported in SB 5703, 2022 Legislative Session.

(7) Includes interest earnings of Economic Development Fund and reversions.

(8) Eighteen percent of proceeds accrue to the Education Stability Fund, until the balance equals 5% of general fund revenues. Thereafter, 15% of proceeds accrue to the School Capital Matching Fund.

(9) The Parks and Natural Resources Fund constitutional amendment requires the transfer of 15% of net proceeds to this fund.

(10) Per Ballot Measure 96 (2016), 1.5% of net lottery proceeds are dedicated to the Veterans' Services Fund.

(11) Per Ballot Measure 99 (2016), the lesser of 4% of Lottery transfers or $22 million per year is transferred to the Outdoor Education account. Adjusted annually for inflation.

(12) Approximately 1% of net lottery proceeds are dedicated to Collegiate Athletics and Gambling Addiction programs, respectively. Certain limits were imposed by HB 5035 (2011) for the 2011-13 Biennium.

(13) Figures reflect gross debt service of outstanding Lottery bonds paid from Lottery Resources for the respective end of the biennium and do not include future issuance.

(14) Includes allocations to State School Fund and Other Agency Allocations.

(15) Net proceeds from sports betting games shall be deposited into the Employer Incentive Fund, per Senate Bill 1049 (2019).

The following table summarizes Other Funds and Lottery Distributions by revenue source for the 2015-17 through the 2021-23 biennia.

TABLE 11
STATE OF OREGON
OTHER FUNDS AND LOTTERY DISTRIBUTIONS BY REVENUE SOURCE

TAXES	**2015-17 Actuals ($)[1]**	**2017-19 Actual ($)[2]**	**2019-21 Legislatively Approved Budget ($)[2]**	**2021-23 Governor's Budget ($)[2]**
SELECTIVE SALES AND USE TAXES				
Tobacco Taxes	415,994,246	387,011,482	388,773,869	754,810,734
Marijuana Taxes	21,134,240	256,243,251	238,019,334	334,069,574
Motor Fuels Taxes	1,078,829,542	1,218,399,902	1,331,956,357	1,415,484,523
Weight-Mile Taxes	591,070,376	718,343,830	815,074,920	858,141,782
Privilege Taxes	26,540,406	49,678,994	81,358,456	80,837,665
Other Selective Sales and Use Taxes	1,016,797,668	1,630,773,082	1,704,284,510	1,436,795,921
GROSS RECEIPTS BUSINESS TAXES				
Corporate Activity Tax[3]	0	0	0	2,236,345,803
Other Gross Receipts Business Taxes	5,066,548	5,645,624	5,800,000	5,800,000
Amusement Taxes	0	0	3,890,000	3,890,000
Insurance Taxes	0	(1)	245,335,562	324,781,999
EMPLOYER-EMPLOYEE TAXES				
Employment Taxes	55,182,300	140,377,754	1,286,003,244	2,517,759,573
Workers' Compensation Insurance Taxes	114,735,337	125,724,721	145,235,390	148,748,991
Other Employer-Employee Taxes	188,934,802	378,160,011	1,351,142,363	1,323,441,100
SEVERANCE TAXES				
Eastern Oregon Severance Taxes	0	0	18,000	20,260
Western Oregon Severance Taxes	0	0	970,000	970,000
Other Severance Taxes	0	0	150,000	150,000
OTHER TAXES				
Forest Protection Taxes	42,092,183	51,895,592	53,942,485	56,426,888
Other Taxes	0	609,139	1,201,245,830	453,695,715
LICENSES AND FEES				
BUSINESS LICENSES AND FEES	382,172,442	557,759,499	461,792,369	472,591,298
NONBUSINESS LICENSES AND FEES				
Park User Fees	53,918,468	59,679,967	57,360,066	58,742,927
Vehicle Licenses	643,977,149	766,564,048	882,089,357	919,982,540
Drivers Licenses	79,008,362	73,152,869	87,038,547	99,865,085
Transportation Licenses and Fees	94,580,220	99,728,931	95,179,447	107,526,881
Hunter and Angler Licenses	106,673,471	107,596,500	125,107,599	126,580,794
Commercial Fish Licenses and Fees	10,339,724	11,170,783	10,285,680	10,804,906
Public Utilities Fees	163,984,363	151,750,757	160,533,276	152,551,034
Power and Water Fees	9,659,959	9,554,847	8,949,892	10,866,598
Fire Marshal Fees	25,923,191	28,323,650	29,181,073	31,837,455
Other Non-business Licenses and Fees	95,342,026	90,546,297	83,613,121	92,862,785
State Court Fees	21,132,314	27,564,001	13,808,502	16,141,663
Municipal Court Fines	0	0	0	1,000,000
FEDERAL FUNDS AS OTHER FUNDS	1,022,766,871	1,135,205,017	1,367,472,603	1,717,892,282
OTHER REVENUES				
CHARGES FOR SERVICES				
Other Charges for Services	3,764,970,887	3,734,491,139	5,375,903,620	5,893,022,209
FINES, RENTS, AND ROYALTIES				
Fines and Forfeitures	257,064,039	221,767,815	205,343,700	185,932,801
Rents and Royalties	119,610,420	121,497,760	133,352,509	159,960,980

TABLE 11 (Continued)

OTHER REVENUES (continued)	**2015-17 Actual ($)(1)**	**2017-19 Actual ($)(2)**	**2019-21 Legislatively Approved Budget ($)(2)**	**2021-23 Governor's Budget ($)(2)**
BOND SALES				
General Fund Obligation Bonds	906,723,050	1,121,660,688	889,640,645	1,932,857,324
Dedicated Fund Obligation Bonds	163,369,323	224,801,476	295,000,000	429,735,000
Lottery Bonds	136,244,758	133,177,134	298,627,422	367,985,495
Certificates of Participation	0	100,000,000	0	101,240,000
Revenue Bonds	847,055,449	526,950,000	1,058,849,252	1,410,000,000
Refunding Bonds	960,526,341	173,574,004	1,044,653,207	0
INTEREST EARNINGS				
Interest Income	9,734,913,999	11,276,134,145	10,672,562,844	10,130,013,141
SALES INCOME				
Liquor Sales	356,433,100	389,815,068	491,516,409	506,285,638
Pari-mutuel Receipts	4,014,091	4,485,965	3,598,481	4,972,212
State Forest Lands	217,923,554	289,210,148	234,362,797	262,589,125
Common School Land	10,768,830	4,246,380	7,756,872	9,276,508
Other Sales Income	72,082,130	56,735,825	28,886,366	24,969,986
DONATIONS AND CONTRIBUTIONS				
Donations and Grants (Non-Fed)	46,805,752	68,331,819	49,208,683	70,643,809
Retirement System Contribution	3,375,078,985	4,663,216,438	4,577,453,266	6,136,283,319
LOAN REPAYMENTS				
Housing Division Loan Repayment	281,770,561	248,035,287	322,013,491	315,637,341
Senior Citizen Property Tax Repayments	0	0	40,924,836	42,583,895
Veterans' Loan Repayments	80,309,971	84,020,878	95,000,000	90,000,000
Other Loan Repayments	329,915,722	263,485,005	208,253,060	205,482,089
Loan Proceeds	17,659,040	24,999,500	0	0
INSURANCE PREMIUMS	327,906,147	222,251,236	532,320,468	83,002,020
LOTTERY DISTRIBUTIONS (4)	1,235,350,608	1,456,230,580	1,459,844,118	1,512,295,564
OTHER REVENUES	3,000,749,878	3,756,588,576	3,978,344,960	3,972,592,178
TRANSFERS IN/OUT	568,260,084	523,485,355	(140,125,476)	(440,517,719)
TOTAL OTHER FUNDS & LOTTERY DISTRIBUTIONS	33,081,362,927	37,770,652,768	44,098,903,382	49,178,259,691

Source: Oregon Department of Administrative Services, Chief Financial Officer.

(1) Reported in 2019-21 Governor's Budget, Schedule II.
(2) Reported in 2021-23 Governor's Budget, Schedule II.
(3) March 2022 Oregon Economic and Revenue Forecast: HB 3427 (2019) created the new Corporate Activity Tax (CAT) that went into effect January 2020. The 2019-21 Legislatively Approved Budget did not include any CAT revenues, however, projected gross CAT revenues are expected to equal approximately $1.37 billion in the 2019-21 biennium and $2.37 billion in the 2021-23 biennium.
(4) Lottery distributions represent net lottery revenues transferred to the Economic Development Fund available for distribution, not the actual amounts distributed or expected to be distributed.

The following table summarizes expenditures by statewide program area for all fund types for the 2015-17 through the 2021-23 biennia.

TABLE 12
SUMMARY OF EXPENDITURES BY PROGRAM AREA BY FUND
(IN MILLIONS)

	2015-17 Actual Expenditures[(1)]					**2017-19 Actual Expenditures[(2)]**					**2019-21 Legislatively Approved Budget[(3)]**					**2021-23 Legislatively Approved Budget[(4)]**				
Program Area	*General Fund*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Total Funds*	*General Fund*	*Lottery Funds*	*Other Fund*	*Federal Funds*	*Total Funds*	*General Funds*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Total Funds*	*General Funds*	*Lottery Funds*	*Other Funds*	*Federal Funds*	*Total Funds*
Education	$9,271	$505	$1,413	$1,340	$12,529	$10,317	$629	$1,388	$1,408	$13,743	$10,856	$873	$3,535	$2,189	$17,454	$11,815	$790	$4,469	$3,548	$20,622
Human Services	4,878	11	6,382	18,020	29,291	5,305	12	7,528	18,776	31,621	6,205	18	9,806	23,612	39,641	8,633	20	11,635	29,236	49,524
Public Safety	2,361	8	698	376	3,442	2,574	8	756	415	3,754	2,812	11	1,249	1,527	5,599	2,327	12	2,296	1,434	6,069
Judicial Branch	717	---	135	1	853	761	---	247	1	1,009	875	---	142	1	1,019	964	---	300	2	1,266
Economic & Community Develop.	61	112	2,563	462	3,198	121	144	2,945	492	3,702	529	159	9,532	11,385	21,606	1,230	196	9,378	2,366	13,170
Natural Resources	248	169	1,068	215	1,700	299	214	1,117	222	1,852	346	248	1,555	324	2,473	885	256	1,862	351	3,354
Transportation	22	107	3,587	114	3,830	23	114	3,349	104	3,590	119	115	6,191	343	6,769	77	122	4,933	157	5,288
Consumer and Business Services	14	---	576	16	606	13	---	581	16	611	16	---	833	116	965	56	---	790	125	971
Administration	234	20	11,491	6	11,751	256	23	12,577	12	12,869	539	26	14,777	1,389	16,732	986	51	15,718	3,220	19,975
Legislative Branch	89	---	18	---	107	113	---	32	---	145	163	---	104	---	267	417	---	40	---	457
Miscellaneous (Incl. E-Board)	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	470	---	---	---	470
Statewide Total Expenditures[(5)]	$17,896	$933	$27,929	$20,549	$67,307	$19,784	$1,145	$30,521	$21,446	$72,895	$22,461	$1,451	$47,723	$40,887	$112,523	$27,861	$1,447	$51,419	$40,438	$121,165

Source: Oregon Department of Administrative Services, Chief Financial Office.

(1) Reported in 2019-21 Governor's Budget, Schedule V.
(2) Reported in 2021-23 Governor's Budget, Schedule V.
(3) Reported in 2019-21 Legislatively Approved Budget, Department of Administrative Service, Chief Financial Office.
(4) Reported in 2021-23 Legislatively Approved Budget, Department of Administrative Service, Chief Financial Office.
(5) Totals may not agree with sum of components due to rounding.

STATE OF OREGON INVESTMENT POLICIES

The Office of the State Treasurer (the "OST") invests moneys held on behalf of State agencies and participating public bodies and local governments through two pooled investment vehicles or through separate accounts with guidelines specific to the participant's investment needs. Some of the participant moneys invested by the OST are bond proceeds or moneys used to pay bond debt service. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (the "OIC"). The OIC, created by a 1965 legislative act, establishes investment policies for all State funds. The OST is responsible for implementing those policies. The Governor appoints four of the OIC's five voting members, who are subject to confirmation by the Oregon Senate. The Treasurer serves by statute. OST pooled investment vehicles for State moneys are the statutory Oregon Short-Term Fund (the "OSTF") and the internally established Oregon Intermediate-Term Pool (the "OITP").

Oregon Short-Term Fund. The OSTF is a short-term cash investment vehicle created by statute to invest State agency and Oregon local government moneys. The OSTF is not registered with the U.S. Securities and Exchange Commission as an investment company. The OST manages the OSTF within policies and guidelines approved by the OIC, with advice from and in consultation with, the OSTF Board and OST staff. Primary investment objectives established for the fund are, in order of priority: preservation of principal, liquidity and yield. As of January 1, 2022, the OSTF, reported net assets of approximately $34.2 billion.

The current OSTF guidelines require at least 50% of the portfolio to mature or re-price within 93 days; no more than 25% of the portfolio may have a maturity longer than one year; and no investments may have a maturity longer than three years as measured from the settlement date of the initial transaction. Maturity dates are calculated using proxies permitted by OIC-approved policy for securities that have been called, securities with a put option, variable-rate securities and Asset-Backed securities. The target weighted average credit quality of the portfolio must be a minimum of AA by national statistical rating organizations or greater than 26.50 as computed using the ratings as determined by OSTF policies for each class of security and the applicable NSRO rating. The current OSTF guidelines allow the following (subject to change at any time):

Issue Type	**Maximum Holdings % or $**	**Minimum Ratings S&P/Moody's/Fitch**
U.S. Treasury Obligations (1)	100%	None
U.S. Agency Securities (1) Per Issuer	100% 33%	None None
Foreign Government & Instrumentalities (1) Per Issuer	25% 10%	AA-/Aa3/AA-
Corporate Securities (Total) Corporate Bonds Commercial Paper (2) Per Issuer	50% 50% 50% 5%	A-/A3/A- A-1/P-1/F-1
Asset-Backed Securities Per Issuing Trust	25% 5%	AAA/Aaa/AAA A-1+/P-1/F-1+
Negotiable Certificates of Deposit Per Issuer	20% 5%	A-1/P-1/F-1
Bankers' Acceptances Per Issuer	20% 5%	A-1/P-1/F-1

Issue Type	Maximum Holdings % or $	Minimum Ratings S&P/Moody's/Fitch
Time Certificates of Deposit (3) Per Issuer	20% 5%	None
Municipal Debt (Total) Municipal Commercial Paper Short Term Municipal Obligations Per Issuer	25% 25% 25% 10%	AA-/Aa3/AA- A-1/P-1/F-1 SP-1/(V)MIG1/F-1
Repurchase Agreements (4) Per Counterparty	100% 5%	None
Reverse Repurchase Agreements (5) Per Counterparty	100% 5%	None
Oregon Local Government Intermediate Fund	$250 Million	A-/A3/A-

(1) Securities guaranteed by the U.S. Treasury, a U.S. Agency or a Foreign Government or its Instrumentality will be considered a U.S. Treasury, a U.S. Agency or a Foreign Government or its Instrumentality for the purposes of this policy.
(2) Commercial Paper must have top-tier short-term ratings by at least two of the nationally recognized statistical rating organizations at the time of purchase.
(3) Permitted Time Certificates of Deposit (TCDs) will be limited to qualified depositories as defined in ORS Chapter 295.005. Maximum TCD exposure per depository must be no more than 5% of the issuing bank's total deposits, or $250,000, whichever is greater. Maximum credit union exposure per depository shall be $250,000.
(4) Repurchase agreements must have a maximum maturity of 90 days, be with counterparties with net capital greater than $100 million, repos must equal no more than 2% of a counterparty's liabilities, counterparties must be a Primary Dealer as recognized by the Federal Reserve Bank or OST's custodial agent and have a signed agreement, collateral for repurchase agreements may be U.S. Treasury or U.S. Agency Discount and Coupon securities with a final maturity of three years or less and the market value of the delivered collateral must be maintained at not less than 102% of the cash invested.
(5) Reverse Repurchase Agreements must have a maximum maturity of 93 days, counterparties must be a Primary Dealer as recognized by the Federal Reserve Bank and have a signed repurchase agreement. Acceptable reinvestment vehicles include securities that may otherwise be purchased outright. Securities will be reversed on a fully collateralized basis; and reverse repurchase investments for interest rate arbitrage can only be done on a matched book basis.

The State's custodian, State Street Bank and Trust Company, periodically lends securities in the Oregon Short Term Fund to primary dealers, as recognized by the Federal Reserve Bank, on a fully collateralized basis.

Oregon Intermediate-Term Pool. The OITP is an alternative investment vehicle to the OSTF. The OITP is a voluntary investment vehicle for State agencies, public universities and other eligible entities. The moneys in the OITP are pooled and managed by OST to invest dollars not needed to cover investors' short-term needs and for those investors who are able to withstand price volatility with the objective of achieving returns often associated with longer-term investments. The OITP Financial Statements for the year ended June 30, 2021, reported net assets of approximately $301.3 million, of which $2.3 million is classified as Cash and Cash Equivalents.

The OITP's management objective is to maximize total return, which includes investment value and coupon income within the desired risk parameters and fixed income investments prescribed in the portfolio guidelines. The OITP's benchmark index is the Bloomberg Barclay's Intermediate U.S. Government / Credit Bond Index. The OITP is not structured to provide 100% net asset value on each participant's initial investment at all times. For consistency with the portfolio's total return objective, the value of each participant's investment is determined on a proportional basis to the net market value of the entire portfolio. The OITP is not registered with the U.S. Securities and Exchange Commission as an investment company.

Eligible investments are detailed in the OITP guidelines, but in general, the OITP may invest, subject to diversification requirements, in several types of investment grade rated debt market instruments denominated in U.S. dollars. These may include:

- Obligations of U.S. and non-U.S. corporate issuers;
- Obligations of the U.S. government and its agencies and instrumentalities;
- Obligations issued or guaranteed by non-U.S. governments and instrumentalities;
- Taxable debt securities issued by U.S. states or local governments and their agencies, authorities and other U.S. state government-sponsored enterprises;
- Repurchase agreements and reverse repurchase agreements.

The OITP invests in securities that, at the time of purchase, are investment grade rated by nationally recognized rating agencies, such as Moody's, Standard & Poor's or Fitch. The overall portfolio must maintain an average modified duration of +/- 20% of its benchmark index. Limitations on individual investment terms to maturity vary by security type, but in general, securities have a maximum term of or weighted average life of 10.25 years and may not have a modified duration, a measure of interest rate risk, greater than three years. At June 30, 2021, the weighted average duration of the OITP pool was 3.89 years.

Concentration of credit risk is the risk of loss attributed to the magnitude of a fund's investment in a single issuer. The OITP guidelines provide that the maximum that may be invested in any one issuer, as a percentage of the OITP's total investments is five percent, excluding the OSTF, U.S. Treasuries or U.S. Federal Agencies or instrumentalities. The OITP may invest up to 100% in those securities. On June 30, 2021, the Pool did not hold investments with any one issuer that exceeded these limits.

INITIATIVE PETITIONS, LEGISLATIVE REFERRALS AND REFERENDUM PETITIONS

Initiative Petitions

General. The State Constitution, Article IV, Section 1, reserves to the people of the State (1) the initiative power to amend the State Constitution or to enact State legislation by placing measures on the statewide general election ballot for consideration by the voters and (2) the referendum power to approve or reject at an election any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session. The Legislative Assembly may also refer an act to the voters for approval or rejection.

State law permits any person to file a proposed initiative with the Secretary of State's office without payment of fees or other burdensome requirements. Because many proposed initiative measures are submitted that do not qualify for the ballot, the State does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. Consequently, the State does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Requirements for Proposed Initiative Measures to Be Placed on the Ballot. To place a proposed initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

The initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition.

Although a large number of initiative measures are submitted to the Secretary of State's office, a much smaller number of petitions contain sufficient signatures to be placed on the ballot. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors.

Year of General Election	Number of Initiatives that Qualified [1]	Number of Initiatives that Passed
2008	8	0
2010	4	2
2012	7	2
2014	4	2
2016	4	3
2018	4	1
2020	2	2

Source: Oregon Secretary of State, Elections Division.

[1] The number of initiatives shown identify only the citizen-initiated petitions that are on the ballot and do not include legislative referrals.

Legislative Referrals and Referendum Petitions

The Legislative Assembly may refer constitutional amendments or statutory changes to the Oregon voters for their approval. In addition, within 90 days after the end of a legislative session, any person may file a petition seeking to have any act passed by the Legislative Assembly that does not become effective earlier than 90 days after the end of the legislative session referred to the voters for their approval or rejection at the next general election, or at a special election provided for by the Legislative Assembly. To place a proposed referendum on the ballot, the proponents must submit to the Secretary of State within 90 days after the end of the legislative session referendum petitions signed by the number of qualified voters equal to four percent of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign a referendum petition for any measure on which the elector is entitled to vote. An act approved by the voters through the referendum process becomes effective 30 days after the date of the election at which it was approved. A referendum on part of an act does not prevent the remainder of the act from becoming effective as provided in the act.

PENSION AND POST EMPLOYMENT BENEFITS

The State is one of many participants in the statewide Oregon Public Employees' Retirement System ("PERS" or "System"). The State participates in three retirement pension benefit programs provided through PERS and three retirement healthcare benefit programs (two provided through PERS and one provided by the State's Public Employees' Benefit Board ("PEBB")).[1] Most public employers in Oregon, including State government employers, participate in PERS. Benefits provided through PERS are paid from the Oregon Public Employees' Retirement Fund ("OPERF"). The Public Employees' Retirement Board (the "PERS Board") administers PERS and is responsible for setting policies and for providing administrative direction to PERS.

System Pension Programs

The three PERS pension programs are composed of two defined benefit programs and one program that has features similar to a defined contribution plan. In a defined benefit plan, the investment risk for the plan assets is borne by the employer. In a defined contribution plan, the investment risk for the plan assets is borne by the employee. A combination of participating employer contributions (determined by the PERS Board based upon the results of actuarial valuations), investment earnings and employee contributions (determined by statute, currently 6 percent of salaries and 7 percent for judges) fund these pension programs.

Employees hired before January 1, 1996 are known as "Tier 1" participants. The retirement benefits applicable to Tier 1 participants are based primarily on a defined benefit model. Employees hired on or after January 1, 1996 and before August 29, 2003 are known as "Tier 2" participants. The Tier 2 program also provides a defined benefit but with lower expected costs to employers than under the Tier 1 benefit. Employees hired on or after August 29, 2003 are participants in a successor retirement program to the Tier 1 and Tier 2 retirement programs (the "T1/T2 Pension Programs") known as the Oregon Public Service Retirement Plan ("OPSRP").

PERS also offers a program that has features similar to a defined contribution benefit known as the Individual Account Program ("IAP"). Effective January 1, 2004, active Tier 1, Tier 2 (T1/T2) and OPSRP employees became members of the IAP. Tier 1 and Tier 2 employees retain their existing T1/T2 Pension Program account, but the IAP account receives any future member contributions. In 2019 the Legislative Assembly passed SB 1049, which made several changes to PERS benefits going forward. Effective July 1, 2020, a portion of most members' 6%-of-salary contribution to their IAP is being redirected to an Employee Pension Stability Account (EPSA). Each member's EPSA will help fund their defined benefits provided under T1/T2 and OPSRP. For T1/T2 members, the redirected amount is 2.5 percent of salary; for OPSRP members, the amount is 0.75 percent of salary.

System Pension Plan Asset and Liabilities Valuations

Oregon statutes require an actuarial valuation of the System by a competent actuary at least once every two years. The current PERS actuary is Milliman, Inc. ("Milliman"). Under current practice, actuarial valuations are performed annually, but only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates. Valuations are released approximately one year after the valuation date. The most recent valuation report for the System is as of December 31, 2020 (the "2020 System Valuation Report").

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[1] Members of the Oregon State judiciary participate in the Judge Retirement Program, a separate pension benefit program under PERS. Employer contributions for the Judge Retirement Program are paid from the State General Fund. Information relating to the Judge Retirement Program will be footnoted herein.

The System Valuations include actuarial valuations for the T1/T2 Pension Programs and OPSRP. In connection with the T1/T2 Pension Programs, the State is pooled with certain local governments and community college districts (the "State and Local Government Rate Pool" or "SLGRP"). Because OPSRP's assets and liabilities are pooled on a program-wide basis, the State is pooled with all Oregon local governments in connection with OPSRP.

The PERS actuary releases the State's individual valuation reports near the end of each calendar year. These annual valuation reports provide the State's portion of the unfunded actuarial liabilities of the SLGRP and OPSRP based on the State's proportionate share of SLGRP and System covered payroll, respectively, as of the valuation date. An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

Each year at the December PERS Board meeting, the actuary presents results of long-term, financial modeling using a Monte Carlo simulation with then-current asset allocations. The possible outcomes of such financial modeling are factored into the PERS Board decisions on the adoption of certain actuarial methods and assumptions. In October 2021, the PERS Board adopted a downward revision to the assumed rate of return from 7.20% to 6.90% as well as significant changes to its Contribution Rate Stabilization Method (Rate Collar). These changes will be used to determine the contribution rates for the 2023-25 Biennium. The following table shows the significant actuarial assumptions and methods adopted by the PERS Board and used by Milliman in performing its actuarial valuations for the 2019 Valuation and the recently implemented changes for the 2020 Valuation.

TABLE 13
PUBLIC EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL ASSUMPTIONS AND METHODS

Assumption/Method	2019 Valuation	2020 Valuation
Actuarial Cost Method	Entry-Age Normal	
T1/T2 Programs UAL Amortization Method	Level Percentage of Payroll over 20 years (closed) **SB 1049, signed into law in June 2019, required a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which set the actuarially determined contribution rates for the 2021-2023 biennium.	
OPSRP UAL Amortization Method	Level Percentage of Payroll over 16 years (Closed)	
Asset Valuation Method	Market Value (1)	
Investment Rate of Return	7.20%	6.90%
Payroll Growth Rate	3.50%	3.40%
Inflation Level	2.50%	2.40%
Contribution Rate Stabilization Method (Rate Collar)	Contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate, whichever is greater when an employer's funded status is between 70% and 130%. At a funded status, excluding side accounts, of 60% or less, or 140% or more, the contribution rate doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status, excluding side accounts between 60% and 70% or 130% and 140% the size of the contribution rate increases on a graded scale between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater, depending on the funded status.	The UAL rate for a rate pool or employer is confined to a collar range based on the prior biennium's collared UAL rate component. For the SLGRP and School District Pool, the UAL rate will not change by more than 3% of payroll. For an independent employer, the collar width for the Tier1/Tier 2 UAL Rate is the greater of 4% of payroll or one-third of the difference between the collared and uncollared UAL Rate at the prior rate-setting valuation. Also, for independent Employers the UAL Rate will not be allowed to be less than 0.00% of payroll if the employer's funded status (excluding side accounts) is less than 100%. The UAL Rate for any rate pool will not be allowed to decrease if the pool's funded status (excluding side accounts) is 87% or lower. The rate may decrease by the collar width if funded status is 90% or greater, and the allowable decrease amount is phased in from 87% to 90% funded.

(1) Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

In addition to the actuarial methods and assumptions listed above, the actuary uses other methods, procedures and economic and demographic assumptions when performing its actuarial valuations.

The following table shows the systemwide market value of assets, actuarial value of liabilities, net pension liability and funded ratios for PERS pension plans for the past ten years for which actuarial valuations were performed. The actuarial valuation report for the System as of December 31, 2020 was released in December 2021. For similar information regarding the PERS-sponsored retirement healthcare benefit programs see Tables 21 and 22A-C.

TABLE 14
PUBLIC EMPLOYEES' RETIREMENT SYSTEM – SYSTEMWIDE PENSION HISTORICAL ACTUARIAL FUNDED RATIOS (IN MILLIONS)[1]

Calendar Year Ending	Market Value of Assets ($)[2]	Actuarial Value of Liability ($)	Unfunded Actuarial Liability ($)	Funded Ratio (%)
2011	50,168.2	61,198.4	11,030.2	82.0
2012[3]	54,784.1	60,405.2	5,621.1	90.7
2013[3]	60,014.1	62,593.6	2,579.5	95.9
2014[4]	61,395.1	73,458.9	12,063.8	83.6
2015	60,000.1	76,196.6	16,196.5	78.7
2016	61,059.0	80,970.3	19,911.3	75.4
2017	67,326.2	84,056.0	16,729.8	80.1
2018	64,802.3	86,574.7	21,772.4	74.9
2019	70,312.2	89,445.7	19,133.5	78.6
2020[5]	72,378.3	95,300.4	22,922.1	75.9

Sources: *Actuarial valuations of the System.*

(1) System funding levels composed of Tier 1/Tier 2 and OPSRP pensions but excludes retiree healthcare subsidies of RHIA and RHIPA.
(2) Includes proceeds of pension bonds issued by Oregon local governments and the State and other side accounts established by employers.
(3) Reflects the legislative changes enacted by the Legislative Assembly in 2013 (the "2013 PERS Bills") to reduce future benefit payments, resulting in a reduction of the System's unfunded actuarial liability by approximately $5 billion.
(4) In April 2015, the Oregon Supreme Court announced a decision on lawsuits challenging the provisions of the 2013 PERS Bills. The decision upheld the elimination of a benefit increase for out-of-state retirees but declared other benefit reductions unconstitutional as applied to benefits earned prior to the June 1, 2013 effective date of the 2013 PERS Bills.
(5)-The actuarial value of liabilities reported for 2020 includes the effect of the reduction of the assumed rate of return from 7.20% to 6.90% on actuarial liabilities.

The Oregon State Treasurer is the investment officer for the State of Oregon. Investment standards are established in ORS 293.726 and require funds to be managed as a prudent investor would do. The Oregon Investment Council establishes policies for the investment and reinvestment of moneys in PERS investment funds. Policies are established based on the primary investment asset class of each investment manager. The OIC has approved the following asset classes for the OPERF: Oregon Short-Term Fund (for cash balance), Fixed Income, Real Estate, Public and Private Equities, and Alternative Investments. In addition, OPERF invests in the Opportunity Portfolio, which may be populated with investment approaches across a wide range of investment opportunities with no limitation as to asset classes or strategies. The target investment portfolio mix at market value was revised at the OIC meeting of June 2, 2021, to 30 percent public equity, 20 percent private equity, 20 percent fixed income, 2.5 percent risk parity, 12.5 percent real estate, 7.5 percent real assets and 7.5 percent diversifying strategies. These percentages provide guidance on asset allocation and may vary with changes in valuation or at the discretion of the OIC in consideration of the OPERF investment policy.

The following table shows the prior ten years of investment returns for the OPERF.

TABLE 15
OREGON PUBLIC EMPLOYEES
RETIREMENT FUND INVESTMENT RETURNS

Calendar Year Ending	Net[1] Returns (%)
2012	14.3
2013	15.6
2014	7.3
2015	2.1
2016	6.9
2017	15.4
2018	0.5
2019	13.6
2020	7.7
2021	20.0

Source: Office of the State Treasurer.

[1] Regular account, after investment management fees, but not consulting fees.

The funded status of the pension programs will change depending on the market performance of the securities that OPERF is invested in, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS. Additionally, the market value of the investments held in OPERF is determined using various sources. For descriptions of the methodologies applied by the Oregon State Treasurer to determine the market value of OPERF investments see the *State of Oregon Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2021* Note 1.D., captioned "Summary of Significant Accounting Policies - Deposits and Investments" and the *Oregon Public Employees' Retirement System Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021, Note 1.D. Investments.*

State of Oregon Active PERS Members

The following table shows the number of active State members in the T1/T2 Pension Programs and OPSRP over the past ten years.

TABLE 16
ACTIVE STATE PERS MEMBERS

Calendar Year Ending	Active T1/T2 Members	Active OPSRP Members	Total	Percent Change (%)
2011	25,623	19,751	45,374	-5.2
2012	23,935	20,983	44,918	-1.0
2013	22,034	22,437	44,471	-1.0
2014	20,626	25,776	46,402	4.3
2015	19,010	28,321	47,331	2.0
2016	17,524	29,815	47,339	0.0
2017	15,601	30,970	46,571	-1.6
2018	14,505	33,467	47,972	3.0
2019	13,264	36,005	49,269	2.7
2020(1)	12,159	37,935	50,094	1.7

Source: Oregon PERS.

(1) As of December 31, 2020, there were 186 active members of the Judge Retirement Program.

State Pension Plan Asset and Liabilities

The following table shows the State's portion of the market value of assets and the actuarial value of liabilities, unfunded actuarial liability, surplus and funded ratios for PERS pension programs for which actuarial valuations were performed for the past ten years. For the T1/T2 Pension Programs, the State's portion of PERS' assets and liabilities are based upon the State's proportionate share of the SLGRP's covered payroll (as of December 31, 2020, approximately 51.64 percent) and reflects proceeds from the State pension bonds issued in October 2003 in the aggregate principal amount of $2.1 billion (the "State Pension Bonds"). For OPSRP, the State's proportionate share is based upon the State's share of total OPSRP covered payroll (as of December 31, 2020, approximately 30.59 percent). The State's proportionate liability may increase if other participants fail to pay their full employer contributions.

TABLE 17
STATE OF OREGON - PENSION
HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS)

Calendar Year Ending	Market Value of Assets ($)(1)	Actuarial Accrued Liability ($)(1)	Unfunded Actuarial Liability ($)(1)	Funded Ratio (%)(1)
2011	13,208.2	15,660.0	2,451.8	84.3
2012(2)	14,532.1	15,713.6	1,181.5	92.5
2013(2)	16,212.3	16,699.9	487.6	97.1
2014(3)	16,889.9	19,978.2	3,088.2	84.5
2015	16,497.3	20,845.5	4,348.2	79.0
2016	16,696.4	21,995.0	5,298.6	75.9
2017	18,550.1	23,232.6	4,682.4	79.8
2018	17,580.9	23,850.8	6,270.0	73.7
2019	19,441.5	25,295.4	5,853.9	76.9
2020	20,170.5	27,335.4	7,164.9	73.8

Sources: State Actuarial Valuation Reports; Oregon PERS.

(1) The State's UAL (the "State UAL") presented in this table may differ from the presentation of the State UAL in the State Actuarial Valuation Reports released by the PERS actuary. The Judge Retirement Program and the RHIA and RHIPA Programs are not included in these numbers. The PERS actuary reported that as of December 31, 2020, the Judge Retirement Program has an unfunded actuarial liability of $89.9 million and a funded ratio of 74%. See Tables 21 through 22C for RHIA and RHIPA information.

(2) Reflects the legislative changes enacted by the Legislative Assembly in 2013 (the "2013 PERS Bills") to reduce future benefit payments, resulting in a reduction of the System's unfunded actuarial liability by approximately $5 billion.

(3) In April 2015, the Oregon Supreme Court announced a decision on lawsuits challenging the provisions of the 2013 PERS Bills. The decision upheld the elimination of a benefit increase for out-of-state retirees but declared other benefit reductions unconstitutional as applied to benefits earned prior to the June 1, 2013 effective date of the 2013 PERS Bills.

State Employer Contribution Rates

At the end of each odd-numbered year, actuarial valuations determine the employer contribution rates that are officially set by the PERS Board. Pursuant to Oregon Revised Statutes 238.225, all employers participating in PERS are required to make their contribution to PERS based on the employer contribution rates set by the PERS Board. The contribution rate stabilization method ("Rate Collar") described under "PUBLIC EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL ASSUMPTIONS AND METHODS" above, was revised by PERS in July 2021 to apply to the UAL component of the PERS Board-approved employer contribution rates. The actuarially determined contribution ("ADC") for a PERS employer is the rate adopted for that employer by the PERS Board. This rate is calculated in accordance with the adopted actuarial-based funding policy. In years where the rate collar (which is part of the funding policy) is affecting the final rate adopted for some rate pools or employers, the collared rate is the ADC. Employers who pay the collared rate are paying 100% of the ADC.

The following table shows the State's employer contribution rates expressed as percentages of the actuarially determined covered payroll for PERS pension and PERS-sponsored healthcare costs for the 2021-23 Biennium based on the 2019 State Valuation and for the 2023-25 Biennium based on the 2020 State Valuation.

TABLE 18
STATE CONTRIBUTION RATES

Payrolls Paid [1]	2021-23 Biennium(%)[3][4]	2023-25 Biennium (%)[5]
T1/T2	22.38	25.49
OPSRP General Service	17.29	20.54
OPSRP Police and Fire	21.65	25.29
Blended Rate [2]	18.43	n/a

Sources: Oregon PERS; 2019 State Valuation and 2020 State Valuation.

(1) The employer contribution rate for the Judge Retirement Program is calculated separately and for the 2021-2023 biennium the rate is 31.89%. According to the 2019 System Valuation and the State Judiciary Valuation as of December 31, 2019, the value of the covered payroll of the judiciary as of December 31, 2019 is approximately $25.86 million.

(2) The Blended Rate is calculated by the PERS actuary. It is a weighted average of the three separate payroll rates based on the proportion of estimated State payroll in each rate category. The Blended Rate is an estimate provided for budgeting purposes only, and is not adopted by the PERS Board. The Blended Rate estimate is sensitive to the proportional weightings of each category in the payroll estimate, especially the proportions of payroll that are Tier 1/Tier 2 police and fire and OPSRP waiting period.

(3) SB 1049, enacted in June 2019, re-amortized the UAL over a period of 22 years (closed). The 2021-23 rates are determined using the amortization schedule under SB 1049.

(4) Based on 2019 State Valuation

(5) Based on 2020 State Valuation

State Contributions

The following table shows the historical amount of State contributions paid to PERS for the three pension programs and the two PERS-sponsored health care programs and the amount paid for the debt service on the State Pension Bonds.

TABLE 19
STATE CONTRIBUTIONS TO PERS AND PERS-RELATED DEBT SERVICE
(IN MILLIONS)

Fiscal Year Ended 6/30	State Employer Contribution to PERS[1] ($)	Percent Change (%)	Employee Contribution Paid by State[2] ($)	POB Debt Service[3] ($)	Total ($)	Percent Change (%)
2012	230.7	166.1	139.2	148.8	518.7	39.4
2013	232.7	0.9	141.4	155.1	529.2	2.0
2014	249.4	7.2	150.5	161.7	561.6	6.1
2015[4]	169.6	-32.0	129.4	168.6	467.6	-16.7
2016	224.5	32.4	129.6	175.7	529.8	13.3
2017	207.7	-7.5	95.2	183.2	486.1	-8.2
2018	314.3	51.3	76.8	191.0	582.1	19.7
2019	333.1	6.0	49.5	199.1	581.7	-0.1
2020	455.2	36.7	2.1	207.5	664.8	14.3
2021	491.9	8.1	2.2	216.4	710.4	6.9

Sources: State of Oregon Annual Comprehensive Financial Report (ACFR), Note Disclosure 14 & 15 for FY 2016 through FY 2021; Note Disclosure 15 and 16 for FY 2011 through 2015; and Oregon State Treasurer.

(1) Amount includes employer contributions for the primary government and excludes component units. Amount includes employer contributions for RHIA and RHIPA, but excludes all other retirement plans other than PERS and does not include employer paid employee contributions.

(2) The State pays employee contributions into the Individual Account Program (IAP). Amount for FY 2011 is an estimate derived from PERS covered payroll for the calendar year ended within the fiscal year, based on six percent employee contribution rate. Amounts for FY 2012 through FY 2021 are sourced from Employee Retirement Plans note disclosures in the State's ACFR for each fiscal year.

(3) Fiscal Year State Pension Bonds debt service. The State issued Pension Bonds October 31, 2003. As of June 30, 2021, $1.23 billion principal amount of State Pension Bonds remain outstanding.

(4) Beginning with FY 2015, three public universities (OSU, UO & PSU) were reported as component units, which contributed to a significant decrease in the State's employer contributions. In addition, employer rates declined from the 2013-15 to 2015-17 biennium, which also contributed to the reduction.

Changes in Financial Reporting for Pension Plans

The Governmental Accounting Standards Board ("GASB") adopted new pension accounting standards effective for the June 30, 2014 fiscal year, which differed from historical methodologies used by the State for funding purposes and those used to represent funded status. Among the changes to the GASB standards are the inclusion of pension liabilities on a government's balance sheet; mark to market valuation of assets; lower actuarial discount rates; and the recognition of differences between expected and actual demographic and investment experience incrementally over a closed period when reporting annual employer pension expense. The new accounting standards affect financial reporting but do not require changes to funding policies. GASB required disclosures appear annually in the Annual Comprehensive Financial Report.

Total and Net Pension (Asset)/Liability

Beginning with the fiscal year ended June 30, 2014, the PERS began reporting financial information in conformity with new accounting and financial reporting requirements applicable to pension plans. Beginning with the fiscal year ended June 30, 2015, the State began reporting financial information in conformity with the new accounting and financial reporting requirements applicable to employers who participate in pension plans, which significantly changed the way pension liabilities are reported in their Annual Comprehensive Financial Reports by states and local governments. As a result of these changes, the State reports its Net Pension (Asset)/Liability based upon the State's proportionate share of the PERS system-wide Net Pension (Asset)/Liability. The following table shows the historical changes in Net Pension (Asset)/Liability of the PERS defined benefit pension plan for fiscal year 2017 through fiscal year 2021. In addition, the table shows the State's proportionate share of the Net Pension (Asset)/Liability as reported in the Statement of Net Position in the Annual Comprehensive Financial Reports for fiscal year 2017 through fiscal year 2021. Due to the timing of when information is available to participating employers, there is a one-year lag in the measurement date and the valuation date for the State's share.

TABLE 20
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
HISTORICAL CHANGES IN NET PENSION (ASSET)/LIABILITY
(IN MILLIONS)

Defined Benefit Pension Plan (PERS)	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Total Pension Liability[(1)]					
Service Cost [(2)]	$ 1,105.5	$ 1,108.2	$ 1,146.4	$ 1,187.2	$ 1,263.5
Interest on Total Pension Liability	5,662.2	5,858.2	5,952.1	6,162.9	6,349.3
Effect of Plan Changes[(3)]	-	-	(50.6)		148.5
Changes in Benefit Terms	-	-	-		-
Changes in Assumptions	-	2,240.3	-	(50.5)	3,041.9
Differences Between Expected and Actual Experience	351.8	74.3	804.2	406.7	600.9
Benefit Payments	(4,362.2)	(4,656.6)	(4,827.0)	(5,064.8)	(5,249.0)
Net Change in Total Pension Liability	2,757.3	4,624.4	3,025.1	2,641.5	6,155.1
Total Pension Liability – Beginning	77,094.4	79,851.7	84,476.1	87,501.2	90,142.7
Total Pension Liability – Ending	79,851.7	84,476.1	87,501.2	90,142.7	96,297.8
Plan Fiduciary Net Position – Ending	66,371.7	69,327.5	70,203.7	68,319.3	84,331.3
Net Pension Liability/(Asset)[(4)]	$13,480.0	$15,148.6	$17,297.5	$21,823.4	$11,966.5
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Valuation Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Discount Rate[(5)]	7.50%	7.20%	7.20%	7.20%	7.20%

State of Oregon Employer[(6)]	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
Proportionate Share of Net Pension Liability/(Asset)[(7)]	20.7%	21.1%	22.3%	23.0%
State's Net Pension Liability/(Asset)[(4)]	$2,793.2	$3,193.5	$3,852.0	$5,019.2
Covered Payroll	$2,293.0	$2,188.5	$2,302.7	$2,743.3
States' Net Pension Liability/(Asset) as a Percentage of Covered Payroll	121.8%	145.9%	167.3%	183.0%
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Valuation Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018

Sources: 2021 Annual Comprehensive Financial Reports (ACFRs) of the Oregon Public Employees Retirement System for PERS Plan and of the State of Oregon for State employer reporting for each fiscal year.

(1) Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with requirements of GASB Statement No. 67. The actuarial present value of projected benefit payments are projected benefit payments discounted to reflect the expected effects of the time value (present value) of money.

(2) Service cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.

(3) Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of $195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future benefits for certain active members are now projected to be lower than prior to the legislation.

(4) Includes side accounts.

(5) The Discount Rate is as of the Valuation Date.

(6) Employer reporting in ACFR is based upon a measurement date one year prior to the fiscal year end reporting date and a valuation date that lags by one year the valuation date used for pension plan reporting. In addition, the implementation of Governmental Accounting Standards Board statements on pension accounting and financial reporting for employers was one year later than standards applicable to pension plans; therefore, fiscal year 2015 is the first year applicable to employer reporting.

(7) Excludes entities reported as component units in the State's Annual Comprehensive Financial Report.

Other Post-Employment Benefits ("OPEB")

In addition to pension benefits provided through PERS, the State provides healthcare benefits (medical, vision and dental) through two PERS health insurance programs and through PEBB. At the time of retirement, State employees can choose whether to obtain post-employment benefits through PERS or through PEBB. Approximately 43,547 retirees receive healthcare benefits through PERS health insurance programs and approximately 1,046 retirees receive healthcare benefits through PEBB.

PERS-Sponsored Retirement Health Insurance Account Plan ("RHIA")

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may receive a subsidy towards the payment of health insurance premiums. ORS 238.420 established the Retirement Health Insurance Account program under which qualified retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premiums. The State's employer contribution rate for the RHIA program for the 2019-21 biennium was 0.06 percent of payroll. As of December 31, 2020, the RHIA program actuarial assets exceeded actuarial liabilities, resulting in a surplus of $276.6 million or an unfunded actuarial liability of approximately $(276.6) million representing a funded ratio of approximately 172.1 percent, of which $(85.3) million is allocable to the State.

TABLE 21
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS)

Calendar Year Ending	Program UAL ($)	Program Funded Ratio (%)	State Share of UAL ($)
2011	221.5	52.0	61.6
2012	180.2	61.8	50.6
2013	120.1	74.7	34.7
2014	72.5	84.5	21.4
2015	46.3	90.0	13.6
2016	(1.3)	100.3	(0.4)
2017	(115.7)	126.4	(33.6)
2018	(159.1)	138.6	(47.1)
2019	(240.3)	159.5	(71.9)
2020	(276.6)	172.1	(85.3)

Source: Actuarial valuations of System and State actuarial valuation reports; Oregon PERS.

PERS-Sponsored Retiree Health Insurance Premium Account Plan ("RHIPA")

Another subsidy is available to pre-Medicare-age State retirees through the Retiree Health Insurance Premium Account plan. On or before January 1 of each year, the PERS Board calculates 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. RHIPA authorizes payment of this average difference to qualified retired State employees. The State's employer contribution rate for the RHIPA program for the 2019-21 biennium was 0.39 percent of payroll. As of December 31, 2020, the RHIPA program actuarial assets exceeded actuarial liabilities, resulting in a surplus of $15.6 million or an unfunded actuarial liability of approximately ($15.6) million, representing a funded ratio of approximately 132.6 percent, all of which is allocable to the State.

TABLE 22A
RETIREE HEALTH INSURANCE PREMIUM ACCOUNT (RHIPA)
HISTORICAL ACTUARIAL FUNDED RATIOS
(IN MILLIONS)

Calendar Year Ending	Program UAL ($)	Program Funded Ratio (%)
2011	29.9	13.2
2012	55.9	7.3
2013	55.9	8.6
2014	63.3	10.2
2015	56.6	16.5
2016	48.8	28.1
2017	39.6	43.0
2018	24.3	61.3
2019	7.4	87.5
2020	(15.6)	132.6

Source: Actuarial valuations of System.

Net OPEB (Asset)/Liability

Beginning with the fiscal year ended June 30, 2017, PERS began reporting financial information in conformity with new accounting and financial reporting requirements applicable to OPEB plans. Beginning with the fiscal year ended June 30, 2018, the State began reporting financial information in conformity with new accounting and financial reporting requirements applicable to employers who participate in OPEB plans, which significantly changed the way OPEB liabilities are reported by states and local governments in their annual financial reports. The new accounting standards affect financial reporting, but do not require changes to funding policies.

The following table shows the historical changes in Net OPEB (Asset)/Liability of the PERS RHIA plan for fiscal years 2017 through 2021. In addition, the table shows the State's proportionate share of the Net OPEB (Asset)/Liability as reported in the Statement of Net Position in the Annual Comprehensive Financial Report for fiscal year 2021. Due to the timing of when information is available to participating employers, there is a one-year lag in the measurement date and the valuation date for the State's share.

TABLE 22B
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
HISTORICAL CHANGES IN NET OPEB (ASSET)/LIABILITY
(IN MILLIONS)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total OPEB Liability[1]					
Service Cost[2]	$ 3.4	$ 3.1	$ 2.5	$ 2.3	$ 2.0
Interest on Total OPEB Liability	33.8	34.2	32.4	30.3	28.3
Changes in Benefit Terms	-	-	-	-	-
Changes in Assumptions	-	(0.5)	-	(16.5)	10.7
Differences Between Expected and Actual Experience	-	(9.1)	(32.3)	(13.0)	(7.1)
Benefit Payments	(31.2)	(32.5)	(32.2)	(31.8)	(31.3)
Net Change in Total OPEB Liability	6.0	(4.8)	(29.6)	(28.7)	2.6
Total OPEB Liability – Beginning	464.0	470.0	465.2	435.6	406.9
Total OPEB Liability – Ending	470.0	465.2	435.6	406.9	409.5
Plan Fiduciary Net Position – Ending	511.8	576.8	628.9	610.7	752.9
Net OPEB (Asset)/Liability	$(41.8)	$(111.6)	$(193.3)	$(203.8)	$(343.4)
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Valuation Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Discount Rate	7.5%	7.2%	7.2%	7.2%	7.2%
State of Oregon Employer[3]					
Proportionate Share of Net OPEB (Asset)/Liability[4]	23.3%	22.9%	22.8%	8.7%	
State's Net OPEB (Asset)/Liability	$(9.7)	$(25.5)	$(44.1)	$(17.7)	
Covered Payroll	$2,293.0	$2,188.5	$2,302.7	$2,743.3	
State's Net OPEB as a Percentage of Covered Payroll	(0.4%)	(1.2%)	(1.9%)	(0.6%)	
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	
Valuation Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	

Sources: Annual Comprehensive Financial Reports of the Oregon Public Employees Retirement System for OPEB plan, and of the State of Oregon for State employer reporting for each fiscal year.

(1) Total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with requirements of GASB Statement No. 74. The actuarial present value of projected benefit payments are discounted to reflect the expected effects of the time value of money.

(2) Service cost is the portion of the actuarial present value of projected benefit payments attributed to a valuation year.

(3) Employer reporting in ACFR is based upon a measurement date one year prior to the fiscal year end reporting date and a valuation date that lags by one year the valuation date used for OPEB plan reporting. In addition, the implementation of GASB statements on OPEB accounting and financial reporting for employers was one year later than standards applicable to OPEB plans; therefore, the fiscal year 2018 ACFR is the first year applicable to employer reporting. Fiscal year for employer reported amounts are as of the measurement date.

(4) Excludes entities reported as component units in the State's ACFR.

The following table shows the historical changes in Net OPEB (Asset)/Liability of the PERS RHIPA plan for fiscal years 2017 through 2021. In addition, the table shows the State's proportionate share of the Net OPEB (Asset)/Liability as reported in the Statement of Net Position in the Annual Comprehensive Financial Report for fiscal year 2021. Although the RHIPA plan is considered a single-employer plan for financial reporting purposes, some of the State's Component Units participate in the plan. Therefore, the proportionate share reported by the State excludes amounts attributed to Component Units. Due to the timing of when information is available to participating employers, there is a one-year lag in the measurement date and the valuation date for the State's share.

TABLE 22C
RETIREE HEALTH INSURANCE PREMIUM ACCOUNT (RHIPA)
HISTORICAL CHANGES IN NET OPEB (ASSETS)/LIABILITY
(IN MILLIONS)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total OPEB Liability(1)					
Service cost(2)	$ 1.5	$ 1.5	$ 1.5	$ 1.4	$ 1.3
Interest on Total OPEB Liability	5.0	5.2	5.0	5.1	4.5
Changes in Benefit Terms	-	-	-	-	-
Changes in Assumptions	-	0.4	-	(7.9)	1.1
Differences Between Expected and Actual Experience	-	(3.0)	(0.3)	(2.2)	(4.6)
Benefit Payments	(4.3)	(4.7)	(4.5)	(4.1)	(3.7)
Net Change in Total OPEB Liability	2.2	(0.6)	1.7	(7.7)	(1.4)
Total OPEB Liability – Beginning	68.7	70.9	70.3	72.0	64.3
Total OPEB Liability – Ending	70.9	70.3	72.0	64.3	62.9
Plan Fiduciary Net Position – Ending	24.3	35.0	46.7	54.3	78.4
Net OPEB (Asset)/Liability	$46.6	$35.3	$25.3	$10.0	$(15.5)
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Valuation Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Discount Rate	7.5%	7.2%	7.2%	7.2%	7.2%
State of Oregon Employer(3)					
Proportionate Share of Net OPEB (Asset)/Liability(4)	74.9%	77.1%	77.1%	77.0%	
State's Net OPEB (Asset)/Liability	$34.9	$27.2	$19.5	$7.7	
Covered Payroll	$1,327.1	$1,165.3	$1,120.5	$1,166.4	
State' Net OPEB as a Percentage of Covered Payroll	2.6%	2.3%	1.7%	0.7%	
Measurement Date	6/30/2017	6/30/2018	6/30/2019	6/30/2020	
Valuation Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	

Sources: Annual Comprehensive Financial Report of the Oregon Public Employees Retirement System for OPEB plan, and of the State of Oregon for State employer reporting for each fiscal year.

(1) Total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with requirements of GASB Statement No. 74. The actuarial present value of projected benefit payments are discounted to reflect the expected effects of the time value of money.

(2) Service cost is the portion of the actuarial present value of projected benefit payments attributed to a valuation year.

(3) Employer reporting in ACFR is based upon a measurement date one year prior to the fiscal year end reporting date and a valuation date that lags by one year the valuation date used for OPEB plan reporting. In addition, the implementation of GASB statements on OPEB accounting and financial reporting for employers was one year later than standards applicable to OPEB plans; therefore, the fiscal year 2018 ACFR is the first year applicable to employer reporting. Fiscal year for employer reported amounts are as of the measurement date.

(4) Excludes entities reported as component units in the State's ACFR.

PEBB Retiree Health Insurance Benefit Plan

In addition to the explicit pension and healthcare benefits provided to retired State employees through PERS, the State provides an implicit rate subsidy for healthcare benefits (medical, vision and dental) through PEBB to approximately 1,046 retirees (as of June 30, 2021) who do not receive healthcare benefits through PERS and are not yet eligible for Medicare. This PEBB rate subsidy is considered a State obligation for accounting purposes to comply with OPEB standards ("GASB 75"). The PEBB OPEB obligation exists because the State is providing an implicit rate subsidy to retirees to purchase healthcare through the PEBB at the same premium amount as active employees.

The Oregon Health Authority prepared an actuarial valuation for PEBB as of July 1, 2019 for purposes of complying with the OPEB standards. The valuation was prepared using the Entry Age Normal actuarial cost method. Significant assumptions used in the actuarial valuation include projected payroll growth of 3.5 percent and inflation of 2.5 percent. Under GASB 75, pay-as-you-go plans must use a discount rate that reflects a yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate assumed for the June 30, 2021 reporting date of 2.16 percent reflects the Bond Buyer 20-Year General Obligation Bond Index. The valuation uses a healthcare cost inflation adjustment of 3.4 percent, pursuant to ORS 243.135(8). There is no contractual obligation for this pooled healthcare program, but it is being calculated in the valuation and reported in the State's financial statements to comply with GASB standards applicable to OPEB.

The following table shows historical changes in the Total OPEB Liability of the PEBB OPEB plan and the State's proportionate share of the Total OPEB Liability as reported in the Statement of Net Position in the Annual Comprehensive Financial Report for fiscal years 2018 through 2021. The proportionate share reported by the State excludes amounts attributed to component units that participate in the PEBB plan. Since the PEBB plan is on a pay-as-you-go-basis, there are no assets being accumulated to pay benefits and therefore the liability is reported as a total, rather than net, liability. The PEBB does not issue a separate, publicly available financial report. The Total OPEB Liability and the State's proportionate share in the table below are as of the same measurement date and valuation date.

TABLE 22D
PUBLIC EMPLOYEES BENEFIT BOARD (PEBB)
HISTORICAL CHANGES IN TOTAL OPEB LIABILITY
(IN MILLIONS)

	FY 2018	FY 2019	FY 2020	FY 2021
Total OPEB Liability[1]				
Service Cost[2]	$ 9.3	$ 9.1	$ 10.1	$ 10.1
Interest on Total OPEB Liability	5.4	6.0	5.9	3.4
Effect of Changes in Benefit Terms	-	-	-	-
Effect of Economic/Demographic Gains or Losses	-	-	(0.8)	-
Effect of Assumptions Changes or Inputs	(3.7)	5.0	(21.7)	0.5
Benefit Payments	(7.2)	(7.5)	(7.9)	(9.6)
Net Change in Total OPEB Liability	3.8	12.6	(14.5)	4.4
Total OPEB Liability – Beginning	144.8	148.6	161.2	146.7
Total OPEB Liability – Ending[3]	$148.6	$161.2	$146.7	$151.1
Measurement Date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Valuation Date	7/1/2017	7/1/2017	7/1/2019	7/1/2019
Discount Rate	3.87%	3.50%	2.21%	2.16%
State of Oregon Employer				
Proportionate Share of Net OPEB (Asset)/Liability[4]	73.1%	73.7%	73.8%	74.80%
State's Total OPEB (Asset)/Liability	$108.5	$118.8	$108.3	$113.0
Covered Payroll	$2,381.7	$2,700.5	$2,904.8	$3,148.3
State's Total OPEB as a Percentage of Covered Payroll	4.6%	4.4%	3.7%	3.6%
Measurement Date	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Valuation Date	7/1/2017	7/1/2017	7/1/2019	7/1/2019

Sources: Annual Comprehensive Financial Report of the State of Oregon.

(1) Total OPEB liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service. The actuarial present value of projected benefit payments are discounted to reflect the expected effects of the time value of money.
(2) Service cost is the portion of the actuarial present value of projected benefit payments attributed to a valuation year.
(3) The PEBB plan does not accumulate assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. Therefore, a total rather than net OPEB liability is reported.
(4) Excludes entities reported as component units in the State's ACFR

DEBT AUTHORITY AND BOND ISSUANCE

Administration

Oregon law authorizes the Treasurer to coordinate the issuance of all State of Oregon bonds. The Treasurer reviews and approves the terms and conditions of bond sales and issues all bonds for State agencies. By centralizing this authority, the agencies for which bonds are issued are encouraged to plan their offerings well in advance and to work together to obtain the most favorable market reception. In addition, the uniform approach permits greater control of the State's overall debt position, allowing the Treasurer to address the interests and concerns of the financial community and rating agencies as well as those of the State agencies.

The Treasurer advises the Governor on the total biennial bonding level for State agency programs in the development of the Governor's recommended budget. The Legislative Assembly authorizes bonds to be issued for each agency's program in the "biennial bond bill." The Governor's recommended budget includes requests by agencies for bonds to fund their capital project needs, as well as agencies' grant and loan programs. The Legislative Assembly reviews each program request and approves what it determines to be an appropriate level of issuance in the biennial bond bill.

The State generally issues four types of "long-term" financing obligations: general obligation bonds, appropriation obligations, direct revenue bonds and conduit revenue bonds. The State also may issue full faith and credit short-term borrowings, known as "Tax Anticipation Notes." The Treasurer approves financing agreements, including lease purchase agreements, installment sales agreements and loan agreements to finance real or personal property and approves certificates of participation with respect to the financing agreements. The principal amount of such financing agreements is treated as bonds subject to the biennial bond bill.

Prior to the issuance of bonds, agencies typically submit reports to the Treasurer that project future cash flows, the agency's ability to meet future debt service, and the agency's historical performance on payments and delinquencies. Agencies must also provide cash flow projections and other requested information to the Treasurer on a periodic basis. Agency bond programs may be audited annually with the audit results published as soon after the audit as possible.

Capital Needs and Budget Process

Oregon law requires the Governor's recommended budget to include capital construction needs for a minimum of six years. Prior to the biennial preparation of the Governor's recommended budget, agencies submit their projected capital needs for the upcoming biennium and for the two subsequent biennia. These requests are evaluated and placed in the Governor's recommended budget under one of two categories: capital improvements (less than $1,000,000) or major construction and acquisition projects ($1,000,000 or more). The capital improvement projects are included in agency operating budget appropriation bills. The major construction and acquisition projects are approved by the Legislative Assembly in the capital construction bill.

Authorization

The Oregon Constitution generally prohibits the State government from incurring any indebtedness that exceeds $50,000. Consequently, all general obligation bonds are authorized by an amendment to the Oregon Constitution that has been approved by Oregon voters and that permits bonds to be issued as an exception to the constitutional debt limit. The State's various bond programs are summarized in the text and tables that follow. Table 23 lists the amount of debt that the Legislative Assembly has authorized for

State agencies in the current biennium. Table 24 summarizes the various bond programs and provides information on constitutional and statutory debt limits and remaining authority for each active bond program.

As part of its mandate under ORS 286A.255 to inform State officials about the amount of debt the State can prudently incur, the State Debt Policy Advisory Commission ("SDPAC") issues an annual report for consideration by the Legislative Assembly in connection with the development of the biennial "bond bill" required under ORS 286A.035. The report must include the total amount of outstanding bonds for the most recently concluded fiscal year, a forecast for at least the next six years of the State's borrowing capacity targets by repayment source consistent with the most recently published Forecast and a calculation of the State's net remaining borrowing capacity by repayment source.

General Obligation Bonds

The amount of general obligation bonds that may be issued is usually expressed in the Constitution as a percentage of the statewide property value. The general obligation bond programs are also subject to legislative direction. The Legislative Assembly may place limits on general obligation bond programs that are more restrictive than those approved by the voters.

The State's general obligation debt is secured by a pledge of the full faith and credit and statutory taxing power of the State of Oregon. In addition to any revenues from the program for which the bonds are issued, general obligation bonds may be paid from any undedicated and unrestricted moneys of the State. A property tax, where authorized by the Oregon Constitution, may also be levied to pay some general obligation bonds, although the State has not levied such a tax to pay any bonds in many years.

There are 17 constitutionally authorized general obligation bond programs. Although each of these programs may draw on the State's General Fund or other taxing authority, many of the programs are fully self-supporting from program or other revenue streams. See Tables 23 and 24 for more information about applicable constitutional and statutory debt limits and remaining authority for each active general obligation bond program. See Tables 25 and 26 for a summary of general obligation debt outstanding and aggregate general obligation debt service for the State.

The following active general obligation bond programs, identified in Table 23, are primarily supported by the State's General Fund: Higher Education Facilities and Community College Bonds, Pollution Control Bonds, Oregon Opportunity Bonds, Seismic Rehabilitation Bonds for Public Education and Emergency Services Buildings, and a portion of the Pension Obligation Bonds and State Property Bonds. Additionally, the Oregon Constitution authorizes the State to incur indebtedness to provide grants to school districts through the Department of Education to assist in financing capital costs of school districts.

The following general obligation bond programs are either partially or fully self-supporting: Veterans' Welfare Bonds, Higher Education Facilities Bonds, Pollution Control Bonds, Water Resources Bonds, Elderly and Disabled Housing Bonds, Alternate Energy Bonds and a portion of the Pension Obligation Bonds and State Property Bonds.

In addition to the general obligation bond programs described above, the Oregon Constitution authorizes the Treasurer to pledge the full faith and credit of the State to guarantee the general obligation bonds of Oregon's common or union high school districts, education service districts or community college districts. As of June 30, 2021, the State guarantees outstanding school district bonds of approximately $9.3 billion under this program and has not issued any bonds under this authorization.

Tax Anticipation Notes

ORS 286A.045 authorizes a short-term, full faith and credit, borrowing program for the State through the issuance of Tax Anticipation Notes ("TANs"). The State may borrow and issue notes in anticipation of the collection of State taxes and revenues to be received during a biennium. The notes typically mature within 13 months. They are not considered debt within the meaning of any Constitutional prohibition because they mature and are repaid within a biennium. If the State General Fund or other available revenues are insufficient to pay the TANs, the Treasurer may use internal borrowing to make any required payment.

Appropriation Credits

The State also issues appropriation credits that are special limited obligations of the State payable solely from funds appropriated or otherwise made available by the Legislative Assembly. The obligation of the State to provide appropriated moneys and to pay those borrowings is subject to future appropriation by the Legislative Assembly for the fiscal period in which payments are due. See Tables 23 and 24 for more information on the statutory debt limits and outstanding amount of special limited obligations of the State. The following appropriation credit is authorized under Oregon Law.

Certificates of Participation. Under Oregon law (ORS 283.085 to 283.092), the State is authorized to enter into financing agreements to finance real and personal property projects for State agencies using certificates of participation. Each certificate represents an interest in and right to receive a portion of loan payments made by the State to a trustee for the certificate holders. The State's obligation to make the loan payments is subject to appropriation by the Legislative Assembly of the payment amounts each biennium. In some cases, the State's repayment obligation is also secured by a pledge of certain projects financed by the certificates as collateral. Following voter approval of an amendment to the Oregon Constitution in 2010 that authorizes the State to issue general obligation bonds to finance real and personal property projects under Article XI-Q of the Oregon Constitution, the State has used Certificate of Participation authority on a more limited basis.

Direct Revenue Bonds

State revenue bond programs operate under statutory authority from the Legislative Assembly. Each program is fully self-supporting and has no general obligation backing from the State. The Legislative Assembly, however, could provide a funding stream if program revenues were insufficient to support debt service payments. The Legislative Assembly normally limits revenue bonds to a specific dollar amount.

The following are active revenue bond programs authorized by the Legislative Assembly: State Highway User Tax Bonds, Lottery Revenue Bonds, Oregon Bond Bank Revenue Bonds, and Single-Family and Multifamily Housing Revenue Bonds. See Table 24 for more information about applicable constitutional and/or statutory debt limits for each active State revenue bond program.

Conduit Revenue Bonds

The State has three authorized and active conduit or "pass-through" revenue bond programs consisting of the Oregon Facilities Authority program, Industrial and Economic Development Revenue Bonds, and Housing Development Revenue Bonds. The Legislative Assembly has authorized these conduit revenue bond programs, and pursuant to that authority the State is the issuer of the bonds. The bonds are repaid only from revenues generated by the projects financed or from other sources available to a borrower. The State has no financial obligation for these bonds and bondholders have no recourse against the properties, funds or assets of the State. See Table 24 for more information about applicable statutory debt limits for each active State conduit revenue bond program.

TABLE 23
STATE OF OREGON
2021-23 BIENNIUM
OBLIGATION ISSUANCE LIMITS
(AS OF MARCH 29, 2022)

State Agency or Authority	Constitutional Provision / Statutory Authorization	Bond Issuance Limit ($)
General Obligation Bonds		
General Fund Obligations		
Higher Education Coordinating Comm. (HECC) - Universities	Article XI-G	42,840,000
HECC - Community Colleges	Article XI-G	77,160,000
Department of Environment Quality	Article XI-H	10,300,000
Oregon Business Development Department	Article XI-M	111,300,000
Oregon Business Development Department	Article XI-N	50,750,000
Department of Education	Article XI-P	126,090,000
Department of Administrative Services	Article XI-Q	1,308,770,436
Total General Fund Obligations		1,727,210,436
Dedicated Fund Obligations		
Department of Veterans' Affairs	Article XI-A	180,000,000
HECC - Universities	Article XIF(1)	114,505,000
Department of Environment Quality	Article XI-H	10,000,000
Housing and Community Services Department	Article XI-I(2)	50,000,000
Department of Administrative Services	Article XI-Q	326,644,564
Total Dedicated Fund General Obligation Bonds		681,149,564
Total General Obligation Bonds		2,408,360,000
Direct Revenue Bonds		
Housing & Community Services Department	ORS 456.661	500,000,000
Department of Transportation	ORS 367.620	880,000,000
Oregon Business Development Department	ORS 285B.473	30,000,000
Department of Administrative Services Lottery	Various	515,510,000
Total Direct Revenue Bonds		1,925,510,000
Pass Through Revenue Bonds		
Oregon Business Development Department		
Industrial Development Revenue Bonds	ORS 285B.344	600,000,000
Beginning & Expanding Farmer Loan Program		2,500,000
Oregon Facilities Authority	ORS 289.200	1,000,000,000
Housing and Community Services Department	ORS 456.692	1,300,000,000
Total Pass Through Revenue Bonds		2,902,500,000
Total Revenue Bonds		4,828,010,000
Certificates of Participation & Other Financing Agreements		
Department of Administrative Services[1]	ORS 286A.035	100,000,000

Sources: SB 5505, 2021 Regular Legislative Session, the Oregon Constitution and Oregon Revised Statutes and SB 5701 2022 Regular Session

[1] SB 5505 approved $100,000,000 for other financing agreements, including capital leases, leases that operate as a vehicle to borrow money, and real estate lease-purchase or similar agreements for the purchase, construction, or improvement of real property, for the Department of Administrative Services. The payments related to other financing agreements will be paid using agency resources (Other Funds). No Certificates of Participation are authorized in the 2021-23 Biennium.

TABLE 24
STATE OF OREGON OUTSTANDING LONG-TERM FINANCIAL OBLIGATIONS AND CONSTITUTIONAL AND STATUTORY PROVISIONS
(AS OF JUNE 30, 2021)(1)

Program	Legal Provision	Constitutional Debt Limit (% of RMV)(2)	Constitutional Debt Limit ($)(3)	Outstanding Debt ($)(4)	Authorization Remaining ($)
General Obligation Bonds					
General Purpose	Article XI Sec 7		50,000	0	50,000
State Highway	Article XI Sec 7	1.00	7,567,467,045	27,390,000	7,540,077,045
Veteran's Welfare	Article XI-A	8.00	60,539,736,361	332,580,000	60,207,156,361
State Power Development	Article XI-D	1.50	11,351,200,568	0	11,351,200,568
Forest Rehabilitation	Article XI-E	0.1875	1,418,900,071	0	1,418,900,071
Higher Ed. Building XI-F	Article XI-F(1)	0.75	5,675,600,284	1,034,182,833	4,641,417,451
Community College	Article XI-G			229,300,000	
Higher Ed. Facilities XI-G	Article XI-G	0.75	5,675,600,284	735,152,354	4,711,147,930
Pollution Control	Article XI-H	1.00	7,567,467,045	23,660,000	7,543,807,045
Water Resources	Article XI-I(1)	1.50	11,351,200,568	0	11,351,200,568
Elderly & Disabled Housing	Article XI-I(2)	0.50	3,783,733,523	27,260,000	3,756,473,523
Alternate Energy Projects	Article XI-J	0.50	3,783,733,523	107,965,000	3,675,768,523
Oregon School Bond Guarantee	Article XI-K	0.50	3,783,733,523	0	3,783,733,523
Oregon Opportunity Bonds (OHSU)(5)	Article XI-L	0.50	3,783,733,523	36,620,000	3,747,113,523
Seismic Rehab – Public Education Bldgs.	Article XI-M	0.20	1,513,493,409	297,740,000	1,215,753,409
Seismic Rehab – Emergency Service Bldgs.	Article XI-N	0.20	1,513,493,409	65,330,000	1,448,163,409
Pension Obligations	Article XI-O	1.00	7,567,467,045	1,230,160,000	6,337,307,045
School District Capital Costs	Article XI-P	0.50	3,783,733,523	262,320,000	3,521,413,523
State Real or Personal Property	Article XI-Q	1.00	7,567,467,045	2,313,620,000	5,253,847,045
Total General Obligation Bonds				$ 6,723,280,187	
Revenue Bonds					
Direct Revenue					
Lottery	ORS 286A.560 - 585			$ 1,037,530,000	
Transportation Infrastructure Bank	ORS 367.030			0	
Highway User Tax	ORS 367.620			2,442,070,000	
Single-Family & Multi-Family Housing	ORS 456.661			937,455,000	
Economic Development – Bond Bank	ORS Chapter 285B			57,320,000	
Total Direct Revenue				$ 4,474,375,000	
Appropriate Credits					
Certificates of Participation	ORS Chapter 283 & 286A			95,670,000	
Total Appropriation Credits				$ 95,670,000	

Source: Office of the Oregon State Treasurer, Debt Management Division.

(1) Excludes the impact, if any, of the issuance of obligations offered after June 30, 2021. Does not include: Bond or Tax Anticipation Notes issued for less than 13 months, refunded and defeased bonds.
(2) Percentages listed are of Real Market Value (RMV) of all taxable real property in the State.
(3) Based on the January 1, 2020 Real Market Value of $756,746,704,516.
(4) Outstanding Department of Veterans' Affairs and Higher Education general obligation debt reflect the proceeds amount of any original issue discount and deferred interest bonds.
(5) Authorized by statute to finance capital construction at Oregon Health and Science University in an aggregate principal amount that produces net proceeds in an amount that does not exceed $200 million.

TABLE 25
STATE OF OREGON
GENERAL OBLIGATION DEBT OUTSTANDING SUMMARY
(AS OF JUNE 30, 2021)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Gross General Obligation Debt[(1), (2)]	$6,135,460,818	$6,061,050,579	$6,431,005,504	$6,471,451,539	$6,723,280,187
Revenue Supported GO Debt[(1), (2)]	$3,041,421,289	$2,885,026,397	$2,682,610,185	$2,603,138,408	$2,395,805,033
Net GO Debt[(1), (2)]	$3,094,039,529	$3,176,024,182	$3,748,395,319	$3,868,313,131	$4,327,475,154
Population[(3)]	4,122,197	4,173,516	4,211,746	4,240,535	4,256,700
Gross Debt per Capita	$1,488	$1,452	$1,527	$1,526	$1,579
Net Debt per Capita	$751	$761	$890	$912	$1,017
Real Market Value (RMV)[(4)]	$559,127,126,580	$620,909,716,704	$676,875,118,712	$715,796,909,641	$756,746,704,516
Gross Debt as Percent of RMV	1.10%	0.98%	0.95%	0.90 %	0.89 %
Net Debt as Percent of RMV	0.55%	0.51%	0.55%	0.54 %	0.57 %
Total Personal Income[(5)]	$200,600,000,000	$215,400,000,000	$224,300,000,000	$241,500,000,000	$257,000,000,000
Revenue Supported GO Debt as Percent of Total Personal Income	1.52%	1.34%	1.20%	1.08%	0.93%
Net GO Debt as Percent of Total Personal Income	1.54%	1.47%	1.67%	1.60%	1.68%

Source: Office of the Oregon State Treasurer, Debt Management Division.

(1) Annual Report of the State Debt Policy Advisory Commission, 2018 through 2021, SDPAC - Exhibit I.2. FY 2021 amounts updated to reflect GO debt issued and outstanding as of June 30, 2021.

(2) Excludes the impact of the issuance, if any, of the obligations offered after June 30, 2021. Does not include notes issued for less than 13 months or refunded and defeased bonds.

(3) Oregon Department of Administrative Services, Office of Economic Analysis, Oregon Economic & Revenue Forecast, September 2021, Table C.3 – Population of Oregon. Population figures are as of July 1 each year.

(4) Oregon Department of Revenue, State of Oregon Summary of Assessment Rolls, 2016 through 2020. Based on real market value of statewide property as of January 1, of the prior calendar year.

(5) Oregon Department of Administrative Services, Office of Economic Analysis, Oregon Economic & Revenue Forecast, December 2019, March 2021, and September 2021 Table A.4 Annual Economic Forecast - Personal Income. Personal income includes all classes of income minus Social Security.

TABLE 26
STATE OF OREGON
AGGREGATE GENERAL OBLIGATION DEBT SERVICE
(AS OF JUNE 30, 2021)[(1), (2)]

Fiscal Year	Principal	Interest	Total
2021-2022	$461,485,187	$285,008,387	$746,493,574
2022-2023	496,405,000	262,252,308	758,657,308
2023-2024	515,595,000	239,669,148	755,264,148
2024-2025	519,870,000	216,856,304	736,726,304
2025-2026	548,170,000	193,319,603	741,489,603
2026-2027	566,220,000	168,180,373	734,400,373
2027-2028	296,470,000	141,634,955	438,104,955
2028-2029	293,880,000	130,800,637	424,680,637
2029-2030	289,825,000	119,686,237	409,511,237
2030-2031	280,950,000	108,667,832	389,617,832
2031-2032	274,295,000	97,533,421	371,828,421
2032-2033	268,010,000	86,393,318	354,403,318
2033-2034	270,585,000	75,182,894	345,767,894
2034-2035	261,595,000	63,876,364	325,471,364
2035-2036	249,315,000	52,958,494	302,273,494
2036-2037	226,425,000	42,946,570	269,371,570
2037-2038	201,240,000	33,955,336	235,195,336
2038-2039	195,995,000	25,867,859	221,862,859
2039-2040	145,475,000	18,450,687	163,925,687
2040-2041	119,245,000	13,212,941	132,457,941
2041-2042	81,275,000	8,605,596	89,880,596
2042-2043	60,210,000	5,595,503	65,805,503
2043-2044	44,100,000	3,481,639	47,581,639
2044-2045	21,755,000	1,887,731	23,642,731
2045-2046	14,260,000	1,144,590	15,404,590
2046-2047	9,955,000	613,275	10,568,275
2047-2048	5,150,000	325,606	5,475,606
2048-2049	3,415,000	157,356	3,572,356
2049-2050	1,715,000	52,675	1,767,675
2050-2051	395,000	6,825	401,825
Total	$6,723,280,187	$2,398,324,465	$9,121,604,651

Source: *Office of the State Treasurer, Debt Management Division.*

(1) Does not reflect the impact, if any, of the issuance of obligations after June 30, 2021.

(2) The interest calculation on variable rate obligations is determined by multiplying the most recent interest rate reset for each obligation times its outstanding principal over the life of the bonds.

TABLE 27
STATE OF OREGON
AGGREGATE APPROPRIATION CREDIT PAYMENT SCHEDULE
(AS OF JUNE 30, 2021)[1]

Fiscal Year	Principal	Interest	Total
2021-2022	$5,450,000	$3,529,798	$8,979,798
2022-2023	4,475,000	3,338,004	7,813,004
2023-2024	4,155,000	3,198,358	7,353,358
2024-2025	4,220,000	3,077,181	7,297,181
2025-2026	4,350,000	2,947,669	7,297,669
2026-2027	4,485,000	2,809,818	7,294,818
2027-2028	4,635,000	2,661,095	7,296,095
2028-2029	4,795,000	2,502,764	7,297,764
2029-2030	4,965,000	2,333,212	7,298,212
2030-2031	5,145,000	2,152,685	7,297,685
2031-2032	5,335,000	1,960,468	7,295,468
2032-2033	5,535,000	1,758,485	7,293,485
2033-2034	5,745,000	1,548,930	7,293,930
2034-2035	5,965,000	1,328,551	7,293,551
2035-2036	6,210,000	1,083,807	7,293,807
2036-2037	6,465,000	829,011	7,294,011
2037-2038	6,730,000	563,752	7,293,752
2038-2039	7,010,000	287,620	7,297,620
Total	$95,670,000	$37,911,209	$133,581,209

Source: Office of the State Treasurer, Debt Management Division.

[1] Does not reflect the impact, if any, of the issuance of obligations offered after June 30, 2021.

CERTAIN BONDHOLDER CONSIDERATIONS

Investment in bonds and other debt obligations of the State involves risks, some of which are described below or elsewhere in the State's Official Statement. Prospective investors are advised to consider the following factors, among others, and other information in the State's Official Statement, including all of the Appendices, in evaluating whether to purchase bonds issued by the State. The factors discussed below are not meant to be a comprehensive or exhaustive list of all of the risks that should be considered, and the order in which these investment risks are presented does not necessarily reflect their relative importance. Any one or more of the risks and other considerations discussed below, among others, could lead to a decrease in the market value and/or in the marketability or liquidity of bonds issued by the State, and no assurance can be given that other risk factors and investment considerations will not become material in the future.

Public Health Emergencies or Crises

The occurrence of a public health emergency or crisis, including an unexpected widespread outbreak of a contagious virus such as COVID-19, Ebola, Zika, or H1N1, may put stress on the finances and operations of the State, could require that resources be diverted from one part of the operations of the State to another part, or could constrain or impair the finances and operations of certain State agencies and operations.

Natural Disasters and Other Public Emergencies

Natural disasters (such as earthquakes, wildfires, volcanic eruptions, mudslides, tsunamis, heat waves, floods, droughts, avalanches, windstorms and other events) and future public health emergencies are possible. The loss of life and property damage that could result from these events could have a material and adverse effect on the State and its operations and financial condition.

Earthquake/Seismic Activity. The State is located in an area of seismic activity along the Pacific coast. The scientific consensus is that the State and the Pacific Northwest region are subject to periodic great earthquakes along the Cascadia Subduction Zone, a large fault that runs offshore from Northern California to British Columbia. Geologists are predicting the Pacific Northwest is due for a major earthquake magnitude (8.7 to 9.1). Such an earthquake would cause widespread damage to structures and infrastructure in western Oregon, and total damage in coastal areas inundated by a possible accompanying tsunami. It is likely the infrastructure damage would be sufficient to disrupt transportation, communication, water and sewer systems, power and gas delivery and fuel supplies for weeks to months for much of western Oregon. This kind of regional disaster is unprecedented and could result in a significant permanent loss of population and business.

Wildfire and Forest Fire Activity. The State has experienced significant wildfire events during the past several years. The increase of warmer and drier weather conditions in the State indicates that wildfire events are likely to continue in the future. Wildfire events threaten the health, economy and environment of the State by causing unhealthy levels of air quality that can cause respiratory problems for some people; threatening, damaging or destroying infrastructure, homes, property and agriculture; destroying forestland resources; and damaging or destroying habitat for wildlife.

Climate Change

The increase in the earth's average atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the frequency and severity of extreme weather events. Additionally, increasing temperatures are affecting the form of precipitation, and therefore, Oregon's mountain snowpack. This is altering the timing, duration, volume, and quality of water runoff throughout the State, making it potentially challenging to meet water needs during the summer and fall months.

Generally, the State has been susceptible to wildfires and hydrologic variability and climate change may be a factor in the increasing incidence of wildfires and drought declarations. However, as greenhouse gas emissions continue to accumulate, climate change is expected to intensify and increase the frequency of extreme weather events, such as coastal storm surges, drought, wildfires, floods and heat waves, and rising sea levels along the coast. Over the past several years, the State has already experienced the impacts of climate change, including record-breaking wildfires and repeated years of low snow-packs and/or drought declarations. The future fiscal impact of climate change on the State and investors is difficult to predict, but it could be significant.

Cyber and Data Security

The State operates a large and complex technology infrastructure to conduct its operations. The quickly changing cybersecurity threat landscape presents increasing risk to the integrity and confidentiality of information that the State receives and holds.

The State has adopted the National Institute of Standards and Technology Cybersecurity Framework as a defining roadmap for reducing or mitigating risks or damage resulting from cybersecurity incidents. Enterprise Information Services ("EIS"), which is responsible for all State Information Technology ("IT") and computer systems, has established Statewide Information Security Standards for information systems security. The Statewide Information Security Standards and recommended best practices have been developed using a combination of international and national standards, including the NIST Cybersecurity Framework. These standards promote the development, implementation, and operation of secure information systems by establishing minimum levels of due diligence for information security. All State Executive Branch and Treasury employees are required to take annual information security training. Executive Branch and Treasury information security training completion rates for the calendar year 2020 was 82% and 100% respectively.

EIS directs Information Security strategies and policies statewide. In August 2018, the State adopted a Statewide Information Security Plan to apply relevant safeguards to State agencies and State information, IT Systems, networks, and applications. Compliance with this information security plan and statewide policies and standards is mandatory.

Enterprise security governance was modified as a result of Oregon Governor Brown's Executive Order 16-13 and ORS 276A.206, which unify information technology security functions under the authority of the State CIO. Major cybersecurity initiatives that address findings of federal and state audits and cybersecurity risk assessments are coordinated through the Enterprise Leadership Team, which provides strategic direction for the executive agencies of the State. Agencies with elected leadership (Secretary of State, Treasury and Attorney General), the Legislature and Judiciary are coordinated within the implementation of cybersecurity initiatives to maximize the protection of critical State systems and data from a common threat.

Despite the implementation of these cybersecurity plans and procedures, no assurances can be given by the State that such measures will ensure against all potential cybersecurity threats and attacks and accompanying disruptions and costs.

APPENDIX B

BASIC FINANCIAL STATEMENTS FOR THE STATE OF OREGON FOR THE YEAR ENDED JUNE 30, 2021

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Oregon

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

Oregon

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Kate Brown
Governor

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

George Naughton
State Chief Financial Officer

Report Prepared by:

Statewide Accounting and Reporting Services
Chief Financial Office, Department of Administrative Services

Robert Hamilton, CPA, Manager
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Karen Williams

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For The Year Ended June 30, 2021

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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

January 25, 2022

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

We are pleased to provide you with the Annual Comprehensive Financial Report of the State of Oregon for the fiscal year ended June 30, 2021. This report is published to fulfill the requirement for annual financial statements in Oregon Revised Statute 291.040.

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

The Secretary of State Audits Division, the constitutional auditor of public accounts in Oregon, audited the State's financial statements for the fiscal year ended June 30, 2021. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. Based on the audit, the auditors concluded the financial statements for fiscal year 2021 are fairly presented in accordance with GAAP. The audit report is the first component in the financial section of this report.

The audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the needs of federal agencies that provide aid to the State. The standards governing single audit engagements require the auditor to report on the State's internal controls and compliance with legal requirements, particularly as they relate to federal awards. This information, also prepared by the Audits Division, will be available in a separately issued report on or about March 31, 2022.

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

Profile of the Government

The State provides services to Oregon's citizens through a wide range of programs, including education, human services, public safety, economic and community development, natural resources, transportation, consumer and business services, administrative support, legislative support, and judicial services. Oregon's primary government as reported in the accompanying financial statements consists of approximately 83 state agencies. In addition to the primary government, 11 entities are reported as discretely presented component units to emphasize that they are legally separate from the State. Refer to Note 1 to the basic financial statements for a more detailed discussion of the reporting entity.

Oregon's Legislature adopts a budget on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. This biennial budget serves as the foundation for the State's financial planning and control. Appropriation bills approved through the legislative process include one or more appropriations that may be at the agency, program, or activity level. Accordingly, the legal level of budgetary control is at one of these various levels depending on the Legislature's view of the activity. Legislative approval is required to transfer expenditure authority between appropriations. Management can reallocate within an appropriation without legislative approval. The following budgeted appropriated fund types have been established to account for the State's budgetary activities: General Fund, Federal Funds, Lottery Funds, and Other Funds. Refer to the notes to the required supplementary information for additional information about the budget process and budgetary monitoring.

Oregon Economy

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

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

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

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

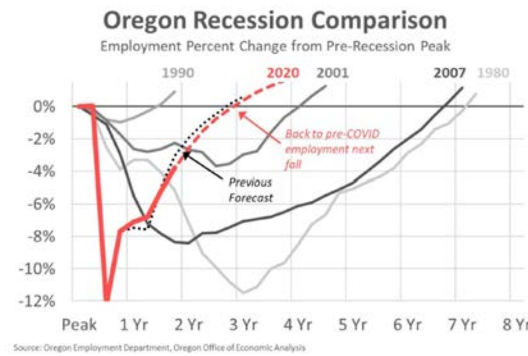
Labor is the biggest supply constraint today. The reason is labor runs through everything. If firms cannot find enough workers, then they cannot produce as many products, provide as much care, clean as many hotel rooms, or cook as many meals as consumers would like. Unlike past cycles where job opportunities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

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

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

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

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



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

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

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

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

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

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

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

Long-term Financial Planning

Budget for the 2021-23 Biennium

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

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

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

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

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

State Bonding

The State Debt Policy Advisory Commission (SDPAC) updated their recommended debt capacity limits for General Fund and Lottery Funds supported debt based upon the March 2021 revenue forecast published by the Office of Economic Analysis. The SDPAC recommended the Legislature and Governor issue no more than $1.6 billion in General Fund supported debt for the 2021-23 biennium. This recommendation is based on a target debt capacity ratio of no more than 5% annual debt service to General Fund revenues. After taking into consideration the $108.6 million of General Fund supported debt authorized in the 2019-21 biennium but not expected to be issued, this increased the available capacity to $1.7 billion.

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

General Fund debt service for approved projects is estimated to be $55.5 million in the 2021-23 biennium, rolling up to $270.4 million in the 2023-25 biennium.

Budgetary Reserves

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

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

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

The forecast for the Rainy Day Fund includes two deposits for this biennium relating to the General Fund ending balance from the previous biennium (2019-21). A deposit of $224.6 million is expected to be made in early 2022 once financial reporting is finalized. Additionally a $64.9 million deposit relating to the increased corporate taxes from Measure 67 is expected at the end of the biennium in June 2023. This exact transfer amount is subject to some revision as corporate filings are processed. At the end of the 2021-23 biennium, the Rainy Day fund will total $1.3 billion.

The forecast for the Education Stability Fund is $279 million in deposits during the 2021-23 biennium, based on the current Lottery forecast. At the end of the current 2021-23 biennium, the balance is expected to be $693.4 million. The fund is not forecasted to reach its cap of 5% of the previous biennium's General Fund revenues until fiscal year 2027. Once the cap is reached, transfers accrue to the Capital Matching Account.

Major Initiatives

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

- COVID-19 Pandemic Response
- Housing
- Infrastructure Investments

COVID-19 Pandemic Response

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

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

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

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

Housing Instability

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

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

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

Infrastructure Investments

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oregon for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the twenty-nineth consecutive year that the State has achieved this prestigious award. To receive the Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Chief Financial Office takes great pride in the preparation of the Oregon Annual Comprehensive Financial Report. We greatly appreciate the professionalism, commitment, and effort of Statewide Accounting and Reporting Services and the other individuals involved. We also want to thank all state agencies for their continuing support in planning and conducting the financial operations of the State in a professionally responsible manner. Without the participation and cooperation of the agencies' fiscal units, the preparation of this report would not have been possible. In addition, we appreciate the contributions of the Office of Economic Analysis, the budget and policy section of the Chief Financial Office, the Oregon State Treasury, and the staff of the Secretary of State Audits Division.

Respectfully submitted,

George Naughton
Chief Financial Officer
State of Oregon

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Oregon

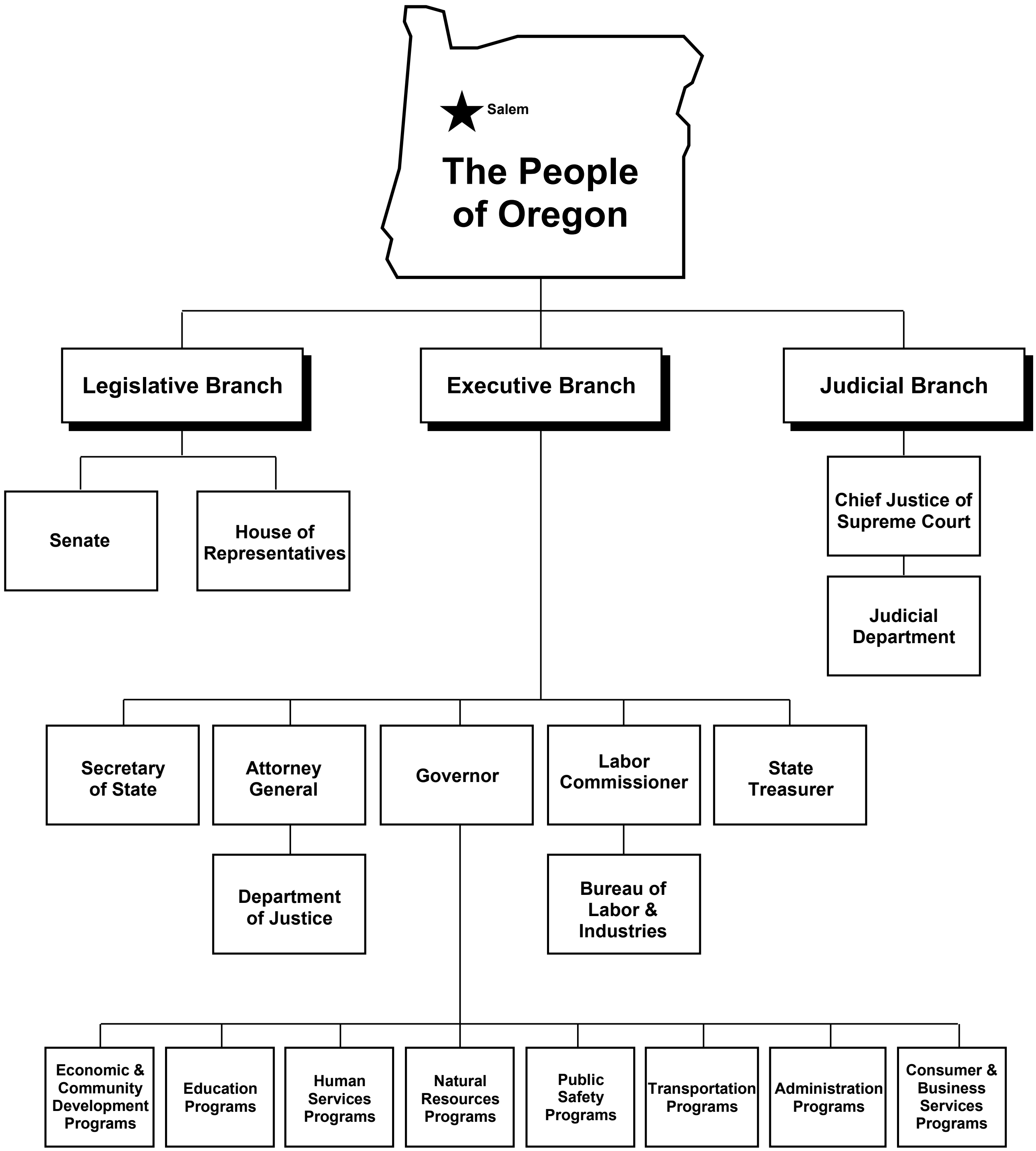
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

STATE OF OREGON ORGANIZATION CHART



Principal State Officials

EXECUTIVE

Kate Brown, Governor

Shemia Fagan, Secretary of State

Tobias Read, State Treasurer

Ellen F. Rosenblum, Attorney General

Val Hoyle, Commissioner, Labor and Industries

LEGISLATIVE

Peter Courtney, Senate President

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

JUDICIAL

Martha L. Walters, Chief Justice of the Supreme Court

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Financial Section

Shemia Fagan Secretary of State
Cheryl Myers Deputy Secretary of State, Tribal Liaison
Kip Memmott Audits Director

Independent Auditor's Report

The Honorable Kate Brown
Governor of Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of Oregon's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the SAIF Corporation, University of Oregon, Oregon State University, Portland State University, Western Oregon University, and Oregon Health and Science University, which are discretely presented component units. We also did not audit the financial statements of the Common School Fund or the Public Employees Retirement System. Those financial statements represent the following percentage of the assets, liabilities, and revenues/additions of opinion units as indicated below:

Opinion Unit	Percent of Assets	Percent of Liabilities	Percent of Revenues/ Additions
Governmental Activities	6%	2%	2%
Business Type Activities	1%	0%	0%
Discretely Presented Component Units	97%	97%	96%
Common School – Major Governmental Fund	100%	100%	100%
Aggregate Remaining Funds:			
Public Employees Retirement System	84%	49%	72%

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison schedules and information, pension plan schedules and information, and other postemployment benefits schedules and information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management‘s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated January 25, 2022, on our consideration of the State of Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters in the Oregon Single Audit Report. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oregon's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
January 25, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the State of Oregon (State) for the fiscal year ended June 30, 2021. The MD&A is intended to serve as an introduction to the State’s financial statements. It is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the State’s financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State’s financial condition, the following financial statements, notes, and required supplementary information should be reviewed in their entirety.

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

FINANCIAL HIGHLIGHTS

- On June 30, 2021, the State’s net position on a government-wide basis was $23.5 billion. Of this amount, the unrestricted portion was $5.5 billion. The amount restricted for specific uses was $5.9 billion. The State’s net investment in capital assets was $12.1 billion.
- The State’s net position increased $2.8 billion compared to the prior year, indicating the State’s overall financial position has improved. Net position for governmental activities increased 20.8%, while net position for business-type activities decreased 2.6%.
- As of June 30, 2021, the State’s governmental funds reported combined ending fund balances of $16 billion. Of this total, approximately 1% was considered nonspendable and included amounts related to inventories, prepaid amounts, and permanent fund principal.
- Approximately 56.9% of ending governmental fund balances were classified as restricted and included amounts that were subject to constraints imposed by external parties, such as creditors, grantors, or the laws and regulations of other governments (including the federal government), or imposed by constitutional provisions or enabling legislation. Restricted fund balances totaled $9.1 billion.
- The remaining 41.9% of ending fund balances were classified as unrestricted and included the fund balance categories designated as committed, assigned, and unassigned. Committed fund balances are available for spending only with legislative approval, while assigned fund balances express legislative intent as indicated through the budget process. Unassigned fund balances may be spent at the government’s discretion. Total unrestricted fund balances equaled $6.7 billion. Additional information on the classification of governmental fund balances may be found in Notes 1 and 19 in the notes to the financial statements.
- At fiscal year-end, unrestricted fund balance (committed, assigned, and unassigned categories) in the General Fund was $5.2 billion.
- The net pension liability for the State, as the primary government and excluding discretely presented component units, has increased from $3.9 billion to $5 billion. The State recognized pension expense of $1.2 billion during the current year. State contributions to this defined benefit plan during the current fiscal year were $482.2 million.
- The State implemented all or a portion of two accounting standards in fiscal year 2021, which are described further in Note 1. The most notable implementation was GASB Statement No. 98, *The Annual Comprehensive Financial Report* which establishes the term “annual comprehensive financial report” and its acronym “ACFR”.
- Outstanding debt increased by $240.9 million during fiscal year 2021. As part of an overall plan to reduce borrowing costs, the State was involved in six debt refunding issuances and refunded $1.2 billion of previously existing debt with $1.4 billion of new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

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

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

- *Governmental activities*. This category includes the basic services provided by the State to its citizens, such as K-12 schools, community colleges and universities, public assistance programs, public safety, and public transportation. Income taxes and federal grants finance most of these activities. The State's internal service funds, which provide services to other state agencies, are included in governmental activities because these services predominately benefit governmental programs rather than business-type functions.
- *Business-type activities*. The State charges fees to customers to help cover the costs of certain services it provides. For example, the State administers loan programs to provide housing to citizens with low incomes and those who are elderly or disabled. The operation of the State's lottery and the unemployment compensation program are also reported under business-type activities.
- *Component units*. The State includes 11 other entities in its report that meet the criteria to be presented as discretely presented component units: SAIF Corporation, University of Oregon, Oregon State University, Portland State University, Oregon Health and Science University, Western Oregon University, Southern Oregon University, Eastern Oregon University, Oregon Institute of Technology, the State Fair Council, and the Oregon Affordable Housing Assistance Corporation. Although legally separate, these entities are reported as component units either because they are fiscally dependent on the State or because of the nature and significance of their relationship to the State. Financial information for these component units is reported separately from the financial information of the primary government.

The government-wide financial statements can be found on pages 32-35 of this report.

Fund Financial Statements

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

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

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

The State maintains 19 individual governmental funds. Information is presented separately in the governmental fund financial statements for the five major governmental funds, including the General Fund. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the combining statements presented later in this report. The basic governmental fund financial statements can be found on pages 36-43 of this report.

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

The proprietary fund financial statements provide separate information for the State's four major proprietary funds. Data from the 11 nonmajor enterprise funds are combined into a single, aggregated presentation. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the nonmajor enterprise funds and for each of the internal service funds is provided in the combining statements presented later in this report. The basic proprietary fund financial statements can be found on pages 44-53 of this report.

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

The basic fiduciary fund financial statements include the aggregated data for the State's pension and other employee benefit trust funds, the private purpose trust fund, and the custodial funds, which are comprised of the aggregated external investment pool funds and the other custodial fund. Individual fund data for each of the pension and other employee benefit trust funds and the separate external investment pool funds is provided in separate combining statements presented later in this report. The basic fiduciary fund financial statements can be found on pages 54-55 of this report.

Discretely Presented Component Units

The State reports four major discretely presented component units (DPCU) and seven nonmajor DPCUs. Within the basic financial statements on pages 56-61, the major DPCUs, SAIF Corporation, University of Oregon, Oregon State University, and Portland State University are presented separately while the nonmajor DPCUs are combined and reported in the aggregate. Individual information for each of the nonmajor DPCUs is provided in the combining statements presented later in this report. In the government-wide statements, the activities of the DPCUs are aggregated into a single column.

Notes to the Financial Statements

The basic financial statements also include notes that provide additional information essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 63-173 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents a section of *required supplementary information* (RSI), beginning on page 178, which contains budget-to-actual comparison schedules for all of the State's budgeted appropriated funds as well as accompanying notes. This section also includes two schedules related to the State's pension plan, which is a cost-sharing multiple-employer plan: the Schedule of Proportionate Share of the Net Pension Liability/(Asset) and the Schedule of Defined Benefit Pension Plan Contributions. Lastly, this section includes six schedules as well as accompanying notes related to the three State postemployment benefit plans: the Retiree Health Insurance Account (RHIA), the Retiree Health Insurance Premium Account (RHIPA), and the Public Employees Benefit Board Plan (PEBB).

The combining financial statements referred to earlier are presented immediately following the required supplementary information beginning on page 196 of this report. These combining statements provide details about the nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and nonmajor discretely presented component units each of which has been aggregated and presented in a single column in the basic financial statements. The combining financial statements also provide details about the pension and other employee benefit trust funds and the custodial funds – external investment pool funds.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position. The State's net position on a government-wide basis at June 30, 2021, was $23.5 billion as shown in Table 1. Most of this balance was invested in capital assets, with infrastructure being the largest component. The net investment in capital assets was $12.1 billion. Restricted net position represents resources that are subject to external restrictions on how they may be used. At June 30, 2021, restricted net position totaled $5.9 billion. The remaining balance of $5.5 billion was classified as unrestricted net position.

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

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

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

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

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

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

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

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

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

Figure 1 below illustrates fiscal year 2021 revenues of the State as a whole, by source. Approximately 47% of total revenue was provided by other entities and governments in the form of operating grants and contributions (e.g., federal revenues). Personal and corporate income taxes provided 27.9% of total revenues, while charges for services accounted for 13.1%.

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

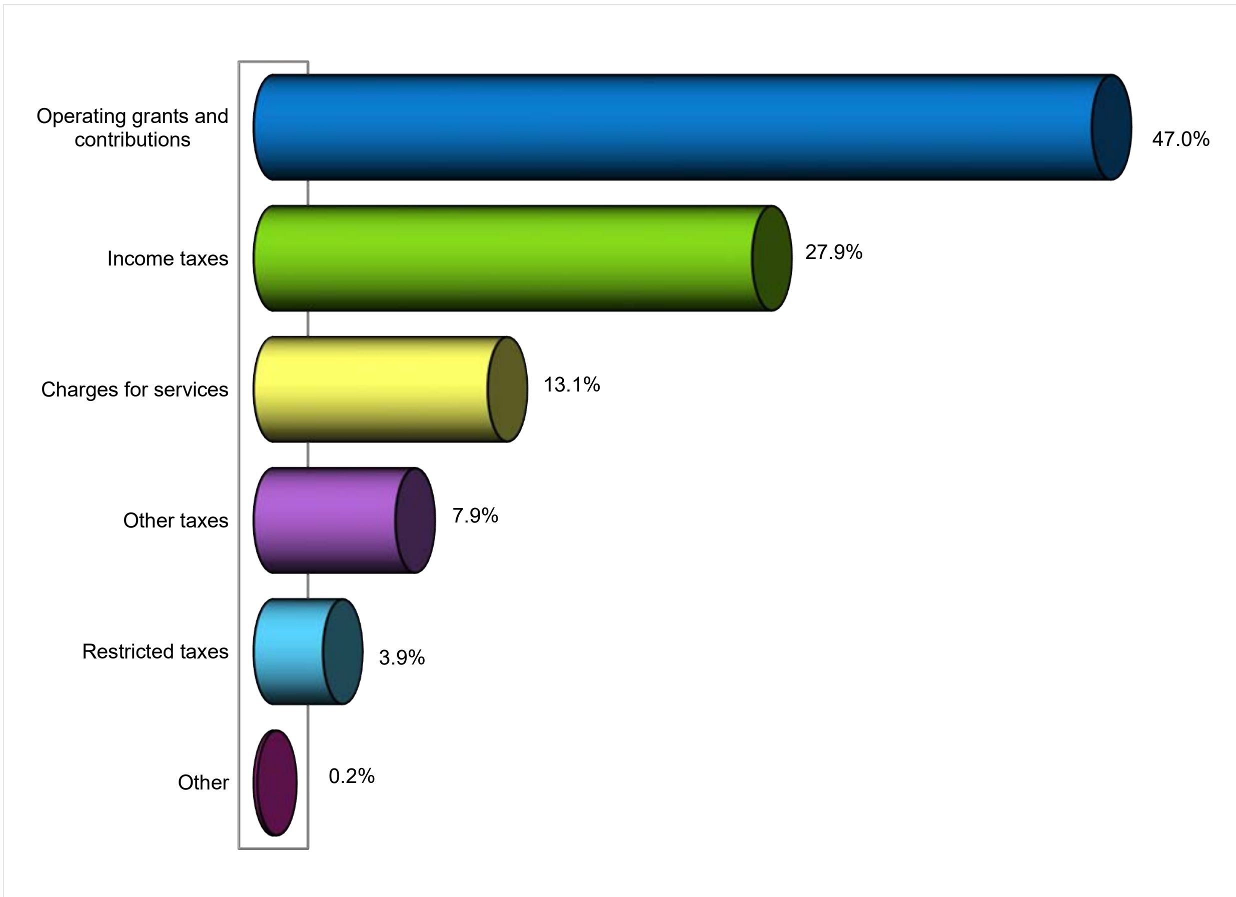
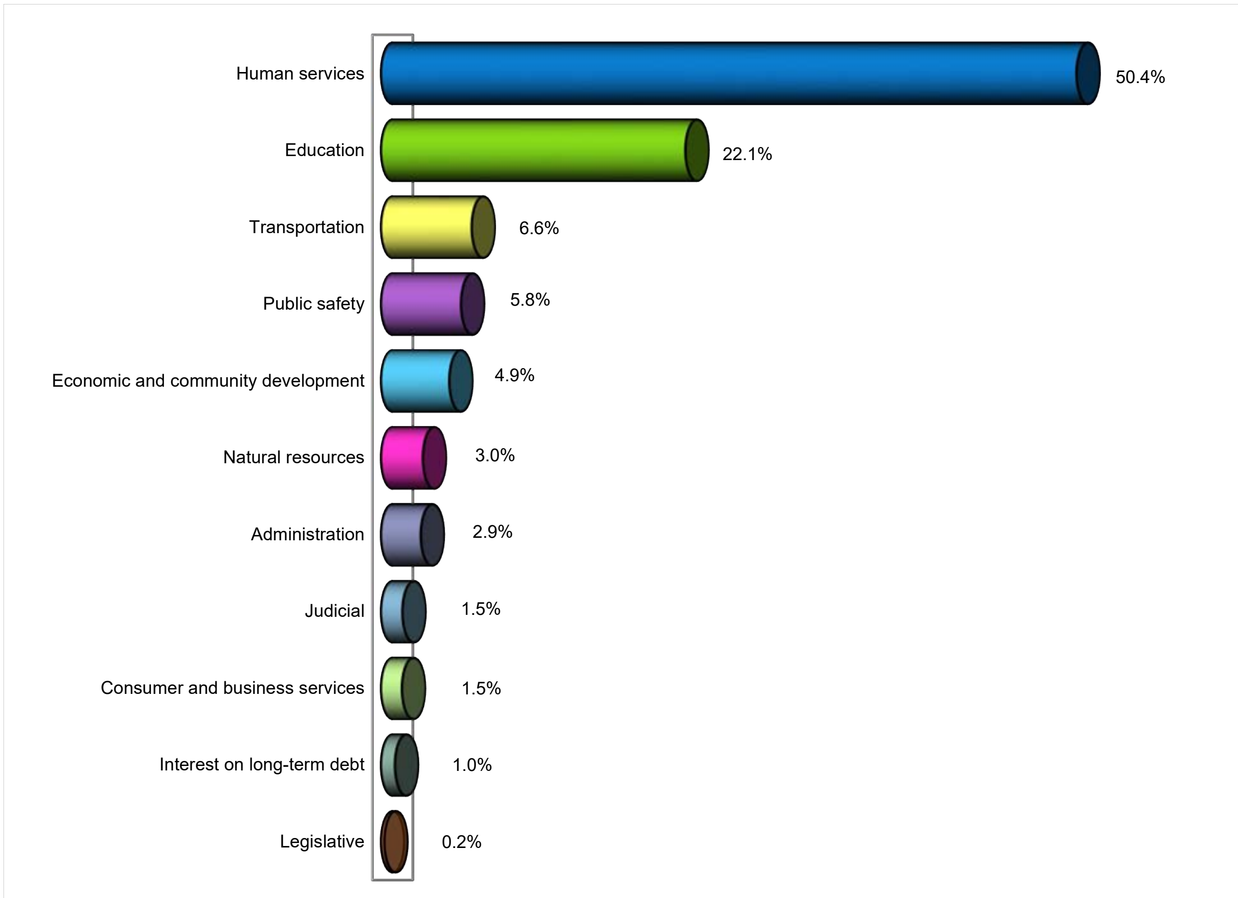


Figure 2 below shows expenses of the governmental activities by function. The cost of providing human services for Oregon citizens in need of assistance comprised 50.4% of total expenses. Elementary and secondary education accounted for 22.1% of the total.

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



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

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

Governmental funds. The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* financial resources. In governmental funds, such information may serve as a useful measure of a government's net resources available for spending. At the end of fiscal year 2021, the State's governmental funds reported combined ending fund balances of $16 billion, up $3.7 billion compared to the prior year.

Nonspendable fund balances of $204.7 million, or 1%, included amounts that were either not in spendable form or were legally or contractually required to be maintained intact, while restricted fund balances of $9.1 billion, or 56.9%, were restricted for specific purposes. These restrictions included, for example, vehicle-related taxes that must be used for transportation purposes; federal funding that must be spent in accordance with the underlying grants; and lottery revenues restricted by the Oregon Constitution for job creation, economic development, financing public education, and restoring and protecting Oregon's parks and beaches.

Committed fund balances of $2.1 billion comprised 13% of total fund balances. This category represents amounts committed to specific purposes, such as residential assistance and community protection programs, as the result of constraints imposed by legislation. These amounts may not be used for other purposes unless the legislation is modified or rescinded by passing additional legislation. The assigned fund balance category of $459 million represents amounts constrained by the State's intent to use them for specific purposes. Intent is expressed by the Legislature via the budget process when there is no legislation other than the budget bill imposing the constraints. The unassigned fund balance category of $4.2 billion represents the residual fund balance applicable to the General Fund.

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

Due to GASB Statement No. 54, the State reports the Oregon Rainy Day Fund as part of the General Fund. During the current fiscal year, the fund balance increased $81.5 million to $962.7 million, attributed mostly to transfers in from other funds. The ending fund balance of the Rainy Day Fund is classified as committed fund balance.

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

In the Public Transportation Fund, ending fund balance totaled $752.6 million, a decrease of $27.1 million from the prior year. Overall, total revenues increased $209.6 million primarily related to motor fuel and other vehicle taxes, federal, and licenses and fees, which increased $123.6 million, $70.1 million, and $31 million, respectively. These revenue increases were the result of a number of different circumstances. For example, the motor fuel tax and weight mile tax increases combined with the significant increase in demand for trucking during the COVID-19 pandemic attributed to the increase in motor fuel and other vehicle tax revenues. Funds received from the Federal Emergency Management Agency offset by the reduction of large federally participating construction projects contributed to the net increase in federal revenue reported for fiscal year 2021. The 36.4% increase in licenses and fees revenue was due, in part, to the State's implementation of the REAL ID Act passed by Congress in 2005. The Act set standards for the issuance of sources of identification, such as driver's licenses. The REAL ID cards became available to Oregon citizens in August 2020 resulting in a significant increase in revenue from (1) individuals acquiring a REAL ID as part of the regular renewal process and (2) replacement licenses issued to individuals who wanted a REAL ID outside of their normal expiration period. Transportation expenditures increased $289 million due to the impacts of the COVID-19 pandemic and the 2020 wildfires. Furthermore, it is customary for transportation programs to spend more in the second year of the biennium (i.e., 2021). Intergovernmental expenditures also increased, by $84.9 million, due to the distribution of Coronavirus Relief Funds to other governmental entities, such as transit districts. Long-term debt in the amount of $186.5 million was issued to finance transportation projects including state highway improvements in Northwest Oregon, Interstate 205 active traffic management and corridor bottleneck projects, the State Highway 22 and Center Street Bridge seismic retrofit, and Interstate 5 modifications at the Aurora-Donald interchange. Though total revenues and other financing sources increased over fiscal year 2020, total expenditures for the fiscal year exceeded total revenues resulting in a decrease in fund balance.

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

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

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

The Housing and Community Services Fund finances home ownership and multi-family units for elderly, disabled, and low to moderate-income persons through the issuance of bonds. For fiscal year 2021, the Housing and Community Services Fund reported operating income of $1.5 million compared to an operating loss of $4.4 million in fiscal year 2020. While operating revenues reported for fiscal year 2021 were comparable to the prior year, expenses decreased by $7.1 million. The decrease in expenses primarily impacted services and supplies ($2 million), special payments ($1 million), and bond and COP interest ($3.3 million). Investment income also decreased $11.4 million because the total fair value of investments change was negative and interest rates were down. The net effect was a $4.3 million increase in net position for fiscal year 2021.

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

The net position of the Lottery Operations Fund decreased $20.3 million, or 7.6%, in fiscal year 2021, after profits were committed for contractual obligations and future capital purchases. Operating income increased $85.4 million, or 15.3%, from the previous year due to increased product sales. Most notably, Video Lottery[SM] game sales increased $62.8 million and Scratch-its[SM] instant ticket sales increase $46.2 million. The increase in product sales occurred because fiscal year 2021 did not have pandemic mandated establishment closures for as many days as fiscal year 2020. Total operating expenses increased $68.1 million, or 11.6%, over the prior year. Prizes and retailer commissions, which are expenses directly related to sales, increased as product sales increase.

In the Unemployment Compensation Fund, the net position decreased by $120.4 million, or 2.7%, from the prior year. This decrease is primarily due to additional expenses related to unemployment claims. In addition to regular unemployment insurance, several federal unemployment insurance programs and extensions continued through fiscal year 2021, resulting in $885.2 million additional federal revenue. Special payments increased by $735.9 million from fiscal year 2020. The increase in special payments is related to unemployment insurance claims and federal insurance program payments to individuals who suffered job losses or wages reductions as a result of the COVID-19 pandemic. Investment income decreased $28.1 million, or 23.1%, from the prior year. Unprecedented benefit payments out of Oregon's Unemployment Trust Fund account at the U.S. Treasury in fiscal year 2021, resulted in a reduced balance therefore less interest earned.

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

At the end of fiscal year 2021, approximately 87.2% of the net position reported by the State's proprietary funds was classified as unrestricted and was available for spending on business-type activities. However, restrictions significantly affected the availability of resources in the Housing and Community Services Fund with 91.8% of the fund's net position restricted for debt service.

Fiduciary funds. Fiduciary funds account for resources held for the benefit of parties outside the government. The net position of the Pension and Other Employee Benefit Trust Fund, which accounts for resources held in trust for the payment of retirement, disability, postemployment healthcare, and death benefits to members of the Public Employees Retirement System, increased by $19.4 billion. The fund reported a net appreciation in the fair value of investments in the current year of $21.6 billion, an increase of $21.5 billion from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State budgets on a biennial basis rather than an annual basis. Budgets are prepared on the cash basis utilizing encumbrance accounting. The original budget amounts reported for revenues in the budgetary statements represent original estimates, while budgeted expenditures represent the first complete appropriated budget adopted by the Legislature. The final budget amounts reported for revenues represent revised estimates, while the final budgeted expenditures represent the original appropriated budget modified by legally authorized legislative and executive changes, as well as Emergency Board actions taken during the year. For the 2019-21 biennium, final estimated revenues for the General Fund were equal to the original estimate. The General Fund's final budgeted expenditures increased slightly compared to the original estimate.

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

DEBT ADMINISTRATION

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

Debt outstanding for the years ended June 30, 2021 and 2020 is summarized in Table 3. In fiscal year 2021, the State issued general obligation bonds for governmental activities. At the Oregon Higher Education Coordinating Commission, general obligation bonds were issued to finance various facilities and capital construction related projects for Oregon universities. At the Oregon Housing and Community Services Department, general obligation bonds were issued to finance affordable housing via the Local Innovation and Fast Track (LIFT) Housing Program and Permanent Supportive Housing (PSH) Programs.

During fiscal year 2021, revenue bonds were issued for governmental activities and business-type activities. At the Oregon Department of Transportation, revenue bonds were issued to finance state and local highway, multi-modal, and light rail projects. At the Oregon Housing and Community Services Department, revenue bonds were issued to provide loans for first-time home buyers and affordable multi-family housing projects.

During fiscal year 2021, direct borrowings and direct placements were issued for governmental activities to finance state capitol construction and software application development projects through the Oregon Legislative Administration Committee.

The State was involved in six separate debt refunding issuances in fiscal year 2021 and refunded $1.2 billion of previously existing debt with $1.4 billion of new debt. Additional information on the State's long-term debt may be found in Note 8 of this report.

Table 3
State of Oregon's Outstanding Debt
For the Years Ended June 30, 2021 and 2020
(In Millions)

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

CAPITAL ASSETS

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2021, was $15.6 billion (net of accumulated depreciation) as summarized in Table 4. Capital assets include land, buildings, improvements, equipment, construction in progress, highways, tunnels and bridges, and works of art and other nondepreciable assets. The State's investment in capital assets for fiscal year 2021 increased $423.9 million, or 2.8%.

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT BIENNIUM'S BUDGET

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

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

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

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

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

The December 2021 forecast for General Fund revenues for the 2021-23 biennium is $24.1 billion. This figure is $807 million more than the amount forecasted at the close of the 2021 legislative session. The projected General Fund ending balance for the 2021-23 biennium is $2 billion. The latest revenue forecast projects increases in General Fund revenues for the next two biennia, up 15.4% to $27.9 billion in 2023-25 and up an additional 11.1% to $31 billion in 2025-27.

Basic Financial Statements

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

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

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

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

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Current Liabilities:				
Accounts and Interest Payable	2,059,421	359,654	2,419,076	742,519
Obligations Under Securities Lending	42,170	23,438	65,609	62,371
Obligations Under Life Income Agreements	-	-	-	85,109
Due to Component Units	101,547	193	101,740	-
Due to Other Governments	420,553	5,212	425,765	13,053
Due to Primary Government	-	-	-	86,405
Unearned Revenue	507,616	2,914	510,530	657,905
Compensated Absences Payable	200,779	18,212	218,991	136,188
Reserve for Loss and Loss Adjustment Expense	-	-	-	305,969
Claims and Judgments Payable	127,386	830	128,216	40,868
Lottery Prize Awards Payable	-	51,395	51,395	-
Deposit Liabilities	210,583	38,754	249,336	52,210
Contracts, Mortgages, and Notes Payable	36,157	4,696	40,853	21,832
Bonds/COPs Payable	629,080	86,695	715,775	28,162
Obligations Under Capital Lease	573	1,270	1,843	1,386
Pollution Remediation Obligation	8,029	-	8,029	-
Asset Retirement Obligation	-	-	-	565
Total Current Liabilities	4,343,894	593,264	4,937,158	2,234,542
Noncurrent Liabilities:				
Unearned Revenue	-	-	-	557,508
Obligations Under Life Income Agreements	-	-	-	25,955
Compensated Absences Payable	108,111	9,672	117,784	35,949
Reserve for Loss and Loss Adjustment Expense	-	-	-	2,163,512
Claims and Judgments Payable	1,126,351	-	1,126,351	46,639
Lottery Prize Awards Payable	-	109,230	109,230	-
Arbitrage Rebate Payable	243	10,042	10,285	-
Deposit Liabilities	358,902	2,195	361,097	-
Contracts, Mortgages, and Notes Payable	231,387	23,580	254,967	278,370
Bonds/COPs Payable	10,073,043	1,411,489	11,484,532	1,891,419
Obligations Under Capital Lease	1,127	2,049	3,176	1,098
Net Pension Liability	4,534,847	484,303	5,019,150	1,947,004
Advances from Primary Government	-	-	-	1,086,942
Pollution Remediation Obligation	35,625	-	35,625	-
Asset Retirement Obligation	-	-	-	20,120
Net OPEB Liability	6,932	763	7,695	2,276
Total OPEB Liability	102,517	10,503	113,020	70,429
Derivative Instrument Liabilities	-	6,387	6,387	16,263
Total Noncurrent Liabilities	16,579,086	2,070,212	18,649,298	8,143,488
Total Liabilities	20,922,980	2,663,476	23,586,456	10,378,031
DEFERRED INFLOWS OF RESOURCES				
Hedging Derivatives	-	4,176	4,176	-
Gain on Refunding	14,993	40	15,034	1,291
Life income agreements and pending funds	-	-	-	104,542
Loan Origination	-	3,802	3,802	-
Related to Pensions	104,054	11,003	115,057	136,528
Related to OPEB	22,894	2,380	25,274	15,048
Total Deferred Inflows of Resources	141,942	21,400	163,342	257,411
NET POSITION				
Net Investment in Capital Assets	11,902,923	542,048	12,084,721	4,315,969
Restricted-Nonexpendable	10,327	-	10,327	2,036,932
Restricted for:				
Health and Social Services Programs	17,557	-	117,844	-
Transportation Programs	553,278	-	553,278	-
Natural Resource Programs	997,716	-	997,716	-
Education	2,693,659	-	2,693,659	2,131,466
Community Protection	79,111	-	79,111	-
Consumer Protection	129,815	-	132,077	-
Employment Services	284,489	-	284,489	-
Workers' Compensation	-	-	-	2,620,854
Residential Assistance	80,190	1,257	81,447	-
Debt Service	563	229,689	230,252	3,368
Capital Projects	13,276	-	13,276	72,309
OPEB	16,131	1,547	17,677	20,166
Other Purposes	665,337	-	665,337	-
Unrestricted	(32,275)	5,286,486	5,511,912	1,686,557
Total Net Position	$ 17,412,100	$ 6,061,025	$ 23,473,125	$ 12,887,623

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

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

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

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

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

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

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

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

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

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

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

Total fund balances of governmental funds		$ 16,041,827
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	$ 2,008,861	
Buildings, property, and equipment	4,295,756	
Construction in progress	988,488	
Infrastructure	15,757,946	
Works of Art and Other Nondepreciable Assets	2,259	
Accumulated depreciation and amortization	(8,276,865)	
Total capital assets		14,776,445
Capital assets retired from service but not immediately sold or otherwise disposed of are removed from capital assets and reclassified as foreclosed and deeded property.		100
Some of the State's governmental revenues will be collected after year-end but are not available soon enough to pay the current year liabilities.		1,361,681
Gain or loss on debt refunding is reported as a deferred inflow of resources or a deferred outflow of resources, respectively, for governmental activities in the Statement of Net Position but are reported as expenditures in the funds.		
Deferred outflows-loss on refunding		120,173
Deferred inflows-gain on refunding		(14,657)
The net pension liability and pension-related deferred inflows and outflows of resources are not financial resources and therefore are not reported in the funds. These consist of:		
Net pension liability		(4,116,521)
Deferred outflows-related to pensions		1,424,265
Deferred inflows-related to pensions		(94,550)
The net and total OPEB liability, net OPEB asset, and OPEB-related deferred inflows and outflows of resources are not financial resources and therefore are not reported in the funds. These consist of:		
Net OPEB asset		14,705
Net OPEB liability		(6,278)
Total OPEB liability		(94,061)
Deferred outflows-related to OPEB		19,301
Deferred inflows-related to OPEB		(20,907)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		228,313
Some liabilities are not due and payable in the current year and therefore are not reported in the funds. Those liabilities consist of:		
Accounts and interest payable	(85,238)	
Due to Other Governments	(23,723)	
Compensated absences payable	(276,142)	
Claims and judgments payable	(929,452)	
Arbitrage rebate payable	(212)	
Contracts, mortgages and notes payable	(250,640)	
Bonds and COPs payable	(10,618,600)	
Obligations under capital leases	(76)	
Pollution remediation obligation	(43,654)	
Total long-term liabilities		(12,227,736)
Net position of governmental activities		$ 17,412,100

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

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

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

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

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

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Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021
(In Thousands)

Net change in fund balances of total governmental funds		$ 3,614,594
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlay is reported as an expenditure in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts are:		
Capital outlay	$ 908,929	
Depreciation expense	(485,639)	
Excess of capital outlays over depreciation		423,290
The net effect of sales, transfers, impairments, and donations of capital assets is a decrease to net position.		(40,581)
A portion of the settlement activities were not recognized in the governmental funds because the activity was inconsistent with the current financial resources measurement focus and modified accrual basis of accounting.		3,140
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		(2,462,626)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		1,998,551
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these become a component of Bonds/COPs payable and are amortized in the Statement of Activities.		61,156
Some expenses reported in the Statement of Activities do not require the use of current financial resources; thus, they are not reported as expenditures in governmental funds.		
Net OPEB asset	(9,205)	
Accounts and interest payable	(136)	
Due to Other Governments	(23,723)	
Compensated absences payable	(31,474)	
Claims and judgments payable	(55,705)	
Contracts, mortgages, and notes payable	2,933	
Net pension liabiltiy	(546,121)	
Pollution remediation obligation	(14,476)	
Net OPEB liability	6,351	
Total OPEB liablity	(3,495)	
Total		(675,050)
Investment income related to rebatable arbitrage does not provide current financial resources and is not reported as revenue in the governmental funds.		50
Some revenues will not be collected for several months after the State's fiscal year ends. Therefore, they are not considered "available" revenues in the governmental funds.		120,427
Change in inventory is reported as a separate line after the change in fund balances in the governmental statements, but is included in expenses in the governmental activities.		82,237
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported within governmental activities.		(145,469)
Change in net position of governmental activities		$ 2,979,719

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

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

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

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

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

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Statement of Net Position
Proprietary Funds
June 30, 2021
(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	15,716	793	17,913
Obligations Under Securities Lending	302	561	20,786
Due to Other Funds	24	100	226,643
Due to Component Units	-	-	-
Due to Other Governments	6	-	-
Unearned Revenue	644	-	923
Compensated Absences Payable	186	263	3,286
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	51,395
Deposit Liabilities	-	3,196	-
Contracts, Mortgages, and Notes Payable	46	61	2,195
Bonds/COPs Payable	57,000	13,840	-
Obligations Under Capital Lease	-	-	1,076
Total Current Liabilities	73,924	18,814	324,216
Noncurrent Liabilities:			
Compensated Absences Payable	100	142	1,769
Claims and Judgments Payable	-	-	-
Lottery Prize Awards Payable	-	-	109,230
Arbitrage Rebate Payable	-	10,042	-
Deposit Liabilities	-	-	-
Contracts, Mortgages, and Notes Payable	325	432	6,171
Bonds/COPs Payable	922,686	324,479	-
Obligations Under Capital Lease	-	-	1,644
Net Pension Liability	7,031	4,712	72,097
Advances from Other Funds	-	-	-
Net OPEB Liability	12	9	124
Total OPEB Liability	161	97	1,147
Derivative Instrument Liabilities	6,387	-	-
Total Noncurrent Liabilities	936,702	339,911	192,182
Total Liabilities	1,010,626	358,725	516,398
DEFERRED INFLOWS OF RESOURCES			
Hedging Derivatives	2,687	1,488	-
Gain on Refunding	40	-	-
Loan Origination	3,802	-	-
Related to Pensions	160	107	1,638
Related to OPEB	36	25	384
Total Deferred Inflows of Resources	6,725	1,620	2,022
NET POSITION			
Net Investment in Capital Assets	7	5,757	63,784
Restricted for:			
Residential Assistance	1,257	-	-
Debt Service	229,689	-	-
Capital Projects	-	-	-
OPEB	21	23	681
Unrestricted	19,158	129,514	182,483
Total Net Position	$ 250,131	$ 135,294	$ 246,948

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

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

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

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

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

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

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

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with the business-type activities.	$ (1,801)
Change in net position of business-type activities	$ (182,432)

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

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

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

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

(continued on next page)

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

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

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

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

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

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

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021
(In Thousands)

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

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

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

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

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

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

(continued on next page)

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

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

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

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

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

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

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Discretely Presented Component Units

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

SAIF Corporation (SAIF) is a public corporation created by an act of the Legislature. SAIF is authorized to write workers' compensation insurance coverage in Oregon and certain other jurisdictions as required by the Oregon Department of Consumer and Business Services and to service accounts in the assigned risk pool. SAIF is governed by a board of directors appointed by the Governor and is financed solely through policyholder premiums and investment income. The term of office for a board member is four years, but a member serves at the pleasure of the Governor. SAIF reports on a fiscal year ended December 31 and uses proprietary fund accounting principles. The December 31, 2020, financial information of SAIF is included in this report. Because SAIF has a fiscal year different from the State, balances outstanding between SAIF and the State do not agree. SAIF reports $10.1 million as Due from Primary Government while the State reports a Due to Component Unit of $8.9 million for SAIF. Additionally, SAIF reports a Due to Primary Government of $9.9 million, but the State reports a Due from Component Unit for SAIF of $10.2 million.

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

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

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

The State Fair Council is an independent public corporation, charged with creating a sustainable business model for the Oregon State Fair and Exposition Center that can capitalize on sponsorships, rapidly changing market conditions, and streamlined contracting and employment practices. The State Fair Council is a governmental entity performing governmental functions and exercising governmental powers. The Governor appoints members of the Council, and may remove them at will. It is financed primarily through fees for renting the fairground property and facilities and operating the annual Oregon State Fair. The December 31, 2020, financial information is included in this report.

The Oregon Affordable Housing Assistance Corporation (OAHAC) is an Oregon not-for-profit public benefit corporation. The director of the Oregon Housing and Community Services Department (OHCSD) 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 OHCSD.

The primary purpose of OAHAC is to administer programs targeted to help prevent or mitigate the impact of foreclosures on low and moderate income persons, to help stabilize housing markets in Oregon, to provide resources of affordable or subsidized housing, and to develop and administer programs related to housing permitted under the Emergency Economic Stabilization Act of 2008, as amended (EESA), and act as an institution eligible to receive Troubled Asset Relief Program (TARP) funds under EESA. During the most recent fiscal year OAHAC administered only the Hardest Hit Fund programs, which are part of TARP. OAHAC reports on a fiscal year ended December 31 and its financial statements are prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-05, *Financial Statements for Not-for-Profit Organizations*. The December 31, 2020, financial information of OAHAC is included in this report. Because OAHAC has a fiscal year different from the State, balances outstanding between OAHAC and the State do not agree. OAHAC reports $158 thousand as Due to Primary Government but the State does not report a Due from Component Unit for OAHAC.

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

Fiduciary Component Units

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

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

Related Organizations

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The 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 Definitions*, the General Fund also accounts for and reports the balances and activities of funds from which specific restricted or committed revenues comprise less than a substantial portion of the funds' "inflows". The State considers 30% as "substantial" for financial reporting purposes. Prior to the implementation of GASB Statement No. 54, the *Oregon Rainy Day Fund* was reported as an individual major special revenue fund but is now reported in the General Fund. The Rainy Day Fund relies on resources that are "transferred" from the General Fund in accordance with state law and which, along with investment income generated, can be appropriated by the Legislature only when certain specific criteria related to economic or revenue conditions have been met. The funding source for the Rainy Day Fund is not a specific restricted or committed revenue.

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types (reported as nonmajor funds)

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

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

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

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

Proprietary Fund Types (reported as nonmajor funds)

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

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

Fiduciary Fund Types

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

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

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

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

D. Deposits and Investments

Deposits

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

Investments – Excluding Oregon Public Employees Retirement Fund

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

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

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

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

Investments – Oregon Public Employees Retirement Fund

Investments in private equities are recorded at fair value, as of June 30, 2021, as determined by Oregon Public Employees Retirement System (PERS) management based on valuation information provided by the general partner. Investments in private equities representing publicly traded securities are stated at quoted market price. Where observable market inputs are not available, valuation models are applied. The general partner determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information, including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include (1) the market approach, whereby fair value is derived by reference to observable valuation measures for comparable companies or assets, and (2) the income approach (e.g., the discounted cash flow method).

Investments in real estate, with the exception of publicly traded REITs, for which observable market prices in active markets do not exist, are reported at fair value as of June 30, 2021, as determined by PERS management based on valuation information provided in good faith by the general partner. Direct investments in real estate are appraised every one to two years and, between appraisals, investment managers adjust values to reflect current and projected operating performance and financial transactions. In the absence of observable market prices, general partners determine the fair value of real estate partnerships using valuation methods considered most appropriate. A variety of factors are considered, including the nature of the investment, local market conditions, trading values on public exchanges for comparable investments, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment.

Investments in the PERS Opportunity and Alternatives portfolios are recorded at fair value as of June 30, 2021, as determined by the respective general partner or account manager. (The Opportunity portfolio is an investment portfolio within the PERS Fund that utilizes investment approaches across a wide range of investment opportunities, while investments in the Alternatives portfolio represent alternative investment strategies, including infrastructure, natural resources, natural resource commodities, and hedge fund strategies.) Investments in these portfolios are reported at the NAV as provided by the general partner. Where observable market inputs are not available, valuation models are applied. The general partner or account manager determines fair value based on the best information available and by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public and private transactions, valuations for publicly traded comparable companies, and/or other measures, and consideration of any other pertinent information, including the types of securities held and the general partner's own assumptions regarding the investment. The methods used to determine the fair value of these investments typically include (1) the market approach, whereby fair value is derived by reference to observable valuation measures for comparable companies or assets, and (2) the income approach (e.g., the discounted cash flow method).

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

Derivative Instruments

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

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

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

E. Receivables and Payables

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

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

F. Intrafund Transactions

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

G. Inventories

Inventories, which consist primarily of operating supplies, are stated at cost utilizing the first-in, first-out cost valuation method. In governmental funds, inventories are recorded as expenditures when purchased. Reported inventories in governmental funds are offset by nonspendable fund balance since the fund balance associated with inventory is not in spendable form. However, in the case of inventory held for resale, if the proceeds from the sale of the inventory are restricted, committed, or assigned to a specific purpose, the 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 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 balance*s are the result of constraints imposed by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Enabling legislation authorizes the State to levy, assess, charge, or otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation. The restricted fund balance category has been further broken down on the face of the governmental fund financial statements to indicate the various sources of those constraints.

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

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

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

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

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

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

R. Changes in Accounting Principle

For the fiscal year ended June 30, 2021, the State implemented all or a portion of two new accounting standards issued by the Governmental Accounting Standards Board (GASB).

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

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

S. Pending Changes in Accounting Principle

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

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

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

GASB Statement No. 92, *Omnibus 2020* was issued in January 2020 to improve the consistency in authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Paragraphs 4, 5, 11, and 13 of this Statement were effective upon issuance, though paragraphs 4 and 5 were later delayed by GASB Statement No. 95. The remaining paragraphs of this Statement are effective for the State in fiscal year 2022.

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

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

2. DEPOSITS AND INVESTMENTS

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

The Treasurer maintains the Oregon Short Term Fund (OSTF), a cash and investment pool that is available for use by all funds and local governments. Oregon reports the State's portion of the pool within the funds of the State. The portion of the pool belonging to local governments is reported in an external investment pool fund. Because the pool operates as a demand deposit account, each fund's portion of the pool is classified on the financial statements as cash and cash equivalents. A separate financial report for the OSTF is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, or from the Treasury's website at:

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

The Treasurer maintains the Oregon Intermediate Term Pool (OITP), an investment pool that is available for use by state agencies with statutory authority and limited external participants. Oregon reports the State's portion of the pool within the funds of the State. The portion of the pool belonging to external participants is reported in an external investment pool fund. A separate financial report for the OITP is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, or from the Treasury's website at:

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

The Treasurer maintains the Oregon Local Government Intermediate Fund (OLGIF), an investment pool available for use by local governments and reported in an external investment pool fund. A separate financial report for the OLGIF is prepared by the Treasurer. Copies of the report may be obtained from the Oregon State Treasury, 350 Winter St NE, Suite 100, Salem, Oregon 97301-3896, or from the Treasury's website at:

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

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

A. Custodial Credit Risk

Custodial Credit Risk for Deposits

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

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

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

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

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

1. A depository may not accept public fund deposits from a single depositor in excess of the depository's net worth. If the depository has a drop in net worth that takes it out of compliance, the depository is required to post 100% collateral on any amount the depositor has in excess of the depository's net worth while working to eliminate that excess.
2. A depository may not hold a total public funds balance in excess of a percentage of the depository's net worth based on its capitalization category (100% for under-capitalized, 150% for adequately-

capitalized, 200% for well-capitalized) unless approved for a period of up to 90 days by the Treasury. During this period, any public fund balances exceeding these limits must be collateralized at 100%.

3. A depository may not hold more than 30% of the aggregate public funds reported by all depositories in the pool unless the depository is well-capitalized and the excess is collateralized at 100%.

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

As of June 30, 2021, $1.7 billion in other depository balances were exposed to custodial credit risk as the balances were uninsured and uncollateralized. In addition, $906 thousand in depository balances were exposed to custodial credit risk as the balances were uninsured but collateralized with securities by the pledging financial institution.

Custodial Credit Risk for Investments

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

B. Investments – Primary Government (Excluding the OPERF)

Investments Managed by Treasury

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

Interest Rate Risk

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

Credit risk

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

Fair Value Measurement

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

Investments held by Treasury:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
    - **Investments managed by Treasury:** funds priced using a fair value per share published daily and validated with a sufficient level of observable activity; investments in real estate, including real estate investment trusts, when their value is based on an active market price; and equity securities, including exchange-traded derivative instruments, when their value is based on quoted prices from an active market.
    - **Investments not managed by Treasury:** funds priced using a fair value per share that is published daily and validated with a sufficient level of observable activity; and equity securities, including exchange-traded derivative instruments, when their value is based on quoted prices from an active market.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
    - **Investments managed by Treasury:** investments with remaining maturities of fewer than 90 days are carried at amortized cost, which approximates fair value; investments with maturities of greater than 90 days, debt securities, and investments not valued at fair value per share are valued using the latest bid prices or evaluated quotes from independent pricing vendors, which use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions; certain non-U.S. government commercial paper is reported at amortized cost as independent vendor pricing was not available; and where observable activity is limited, yet supports that the fair value per share represents an exit value of the security at the measurement date.
    - **Investments not managed by Treasury:** debt securities are valued using the latest bid prices or evaluated quotes from independent pricing vendors, which use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions; and where observable activity is limited, yet supports that the fair value per share represents an exit value of the security at the measurement date.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.
    - **Investments managed by Treasury:** when independent price sources are not available, debt securities are priced based on the last traded price or a valuation provided by the investment manager; in the absence of quoted market prices, such as equity securities that trade infrequently or not at all, valuations are based on the last traded price or prices provided by investment managers; and funds that do not meet the criteria to be measured at fair value per share because the fair value per share (or its equivalent) was not calculated in a manner consistent with the Financial Accounting Standards Board (FASB) measurement principles for investment companies.
    - **Investments not managed by Treasury:** when independent price sources are not available, debt securities are priced based on last traded price or a valuation provided by the investment manager; and funds that do not meet the criteria to be measured at fair value per share because the fair value per share (or its equivalent) was not calculated in a manner consistent with the FASB measurement principles for investment companies. Real estate property investments are valued by appraisals using market sales approach and income approach.

Investments that are measured at net asset value (NAV) as a practical expedient, such as private equity, real estate open ended funds, and alternative equities, are excluded from the fair value hierarchy if the NAV per share (or its equivalent) was calculated in a manner consistent with the FASB measurement principles for investment companies. In the Common School Fund, private equity consists of 15 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged-buyouts, venture capital, growth equity, fund of funds, co-investments and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. These funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 12 to 14 years.

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

In the Educational Support Fund, private equity consists of 61 current funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged buyouts, venture capital, growth equity, natural resources, and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. The lifespan of these illiquid investments is intended to be between 10 to 12 years and the general partner determines how to return capital as each strategy develops. Commitments into these funds are spaced out annually as an attempt to smooth out the timing of these investments' distributions over the long-term.

Investments of the Oregon Short Term Fund (OSTF)

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

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

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

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

[2] The Oregon Local Government Intermediate Fund (OLGIF) is not rated by the credit ratings agencies. The composite credit quality rating of the OLGIF’s holdings was AA at June 30, 2021.

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

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

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

The OSTF's investment in the Oregon Local Government Intermediate Fund (OLGIF) is priced using a net asset value and the value of OLGIF's underlying investments are marked to market daily. The OSTF held approximately 90% of the outstanding units of OLGIF at June 30, 2021.

Investments of the Oregon Intermediate Term Pool (OITP)

The OITP provides qualified participants with a vehicle to invest funds over a long-term investment horizon. The investment objective of OITP is to maximize total return (i.e., principal and income) within stipulated risk parameters. The external portion of the OITP is reported within an external investment pool fund. The OITP staff manages interest rate risk by limiting the duration of investments held by the Pool. The portfolio guidelines require that the portfolio's modified duration, a measure of interest rate risk, shall not exceed three years. The weighted average duration for the Pool at June 30, 2021, was 3.89 years. The maximum maturity for any single investment should not be greater than 10.25 years from settlement date, with exceptions for asset-backed securities, mortgage-backed securities, and commercial mortgage-backed securities. These securities use weighted average life (WAL) as a proxy for maturity and are limited to a WAL of five years, or less, at the time of purchase.

The credit rating for the investments held within the OITP and using the weighted average modified duration method at June 30, 2021 (in thousands):

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

[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, 2021.

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

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

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

Investments of the Oregon Local Government Intermediate Fund (OLGIF)

The OLGIF is an external commingled investment pool for local governments offered by the Oregon State Treasury. The OLGIF provides qualified local government participants with a vehicle to invest assets over an intermediate time horizon (three to five years). The OLGIF is reported within an external investment pool fund. The OLGIF staff manages interest rate risk by limiting the duration of investments held by the Fund. The portfolio guidelines require that the portfolio maintain a weighted average duration, a measure of interest rate risk, of plus or minus 20% relative to the duration of the Barclays Capital 1-5 Year Government/Credit Index (Benchmark). The duration for the Fund and the Benchmark at June 30, 2021, was 2.88 years and 2.79 years, respectively. The maximum maturity for any single investment should not be greater than 10.25 years from settlement date, with exceptions for asset-backed securities, mortgage-backed securities, and commercial mortgage-backed securities. These securities use weighted average life (WAL) as a proxy for maturity and are limited to a WAL of five years, or less, at the time of purchase.

The credit rating for the investments held within the OLGIF and using the weighted average modified duration method at June 30, 2021 (in thousands):

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

[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 48 days at June 30, 2021.

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

Fund guidelines allow securities downgraded below investment grade to be retained at the discretion of the external manager. At no time should the weighted average credit quality of the Fund be more than one rating category below that of the Benchmark. At June 30, 2021, the weighted average credit quality of both the Fund and of the Benchmark was AA.

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

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

Investments of the Governmental Funds, Managed by Treasury

The credit rating for the investments at Treasury held within the governmental funds, excluding the Common School Fund, and using the segmented time distribution method at June 30, 2021 (in thousands):

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

[1] Refer to the separate Common School Fund schedule.

[2] Investments of $10,100 of U.S. Treasury securities are explicitly guaranteed by the U.S. government and, therefore, are exempt from credit risk disclosure requirements.

[3] Refer to the separate Oregon Intermediate Term Pool schedule.

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

Reporting Fund	Investment type	Level 1	Level 2	Level 3	Total
Public Transportation	Asset-backed securities	$ -	$ 6,986	$ -	$ 6,986
	U.S. Federal agency debt	-	3,059	-	3,059
	U.S. Federal agency mortgages	-	534	-	534
	Municipal bonds	-	1,004	-	1,004
	Corporate bonds	-	45,936	-	45,936
Total Public Transportation		-	57,520	-	57,520
Employment Services	U.S. Treasury securities	-	5,141	-	5,141
	U.S. Federal agency debt	-	4,429	-	4,429
	Municipal bonds	-	2,941	-	2,941
Total Employment Services		-	12,511	-	12,511
Residential Assistance	U.S. Treasury securities	-	4,959	-	4,959
	U.S. Federal agency debt	-	11,029	-	11,029
Total Residential Assistance		-	15,988	-	15,988
Total Debt Investments		$ -	$ 86,018	$ -	86,018
Investments valued at Net Asset Value (NAV):					
Employment Services	Oregon Intermediate Term Pool				172,954
Environmental Management	Oregon Intermediate Term Pool				1,475
Permanent	Oregon Intermediate Term Pool				1,638
Business Development	Oregon Intermediate Term Pool				31,619
Total Investments valued at NAV					207,686
Total					$ 293,704

The credit rating for the Common School Fund's investments held at Treasury and using the segmented time distribution method at June 30, 2021 (in thousands):

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

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

[1] Investments of $58,759 in U.S. Treasury securities, $2,048 in U.S. Treasury Inflation Protected Securities (TIPS), $32 in Federal Agency STRIPS and $9,271 in Government National Mortgage Association (GNMA), which are reported within U.S. Federal agency mortgages, are explicitly guaranteed by the U.S. government, and therefore, are exempt from credit risk disclosure requirements.

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

Investment type	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	$ -	$ 58,759	$ -	$ 58,759
U.S. Treasury TIPS	-	2,048	-	2,048
U.S. Federal agency STRIPS	-	32	-	32
U.S. Federal agency mortgages	-	45,613	-	45,613
Non-U.S. government debt	-	24,671	-	24,671
Corporate bonds	-	94,671	-	94,671
Asset-backed securities	-	9,988	-	9,988
Collateralized mortgage obligations	-	4,064	-	4,064
Collateralized mortgage-backed securities	-	9,163	-	9,163
Domestic fixed income funds	-	265,528	-	265,528
Total Debt Investments	-	514,538	-	514,538
Domestic equity securities	434,597	-	-	434,597
Domestic equity funds	-	129,370	-	129,370
International equity funds	84,736	517,692	-	602,428
Domestic real estate investment trusts	5,104	-	-	5,104
Total Equity securities and derivatives	524,437	647,063	-	1,171,499
Total	$ 524,437	$ 1,161,601	$ -	1,686,038
Investments measured at Net Asset Value (NAV)				
Private equity holdings				231,877
Real estate open ended funds				138,623
Alternative diversifying strategies				86,864
Alternative infrastructure				14,687
Total investments measured at NAV				472,051
Total Investments at fair value				$ 2,158,089

Disclosures regarding redemption and investments valued at NAV per share (or its equivalent), held by the Common School Fund, including unfunded commitments at June 30, 2021 (in thousands):

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

[1] Excludes new commitments not yet funded at June 30, 2021.

Investments of the Proprietary Funds, Managed by Treasury

The credit rating for the investments at Treasury held by proprietary funds and using the segmented time distribution method at June 30, 2021 (in thousands):

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

[1] $294,078 in investments are held outside Treasury. Refer to the separate schedule.

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

[3] Refer to the separate Oregon Intermediate Term Pool schedule.

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

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

Investments not Managed by Treasury

For investments held outside of the Treasury, statutes govern the placement of funds with outside parties as part of trust agreements or mandatory asset holdings by regulatory agencies. The credit rating and segmented time distribution for investments held outside Treasury at June 30, 2021 (in thousands):

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

[1] Investments of $105,250 in U.S. Treasury securities and $3 in U.S. Treasury STRIPS are explicitly guaranteed by the U.S. government and, therefore, exempt from credit risk disclosure requirements.

[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.

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

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

Disclosures regarding redemption and investments valued at NAV per share (or its equivalent), held by the Educational Support Fund, including unfunded commitments at June 30, 2021 (in thousands):

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

Interest Rate Sensitive Investments

As of June 30, 2021, the primary government held approximately $106.2 million in debt instruments backed primarily by collateralized mortgage-backed securities and federal agency mortgages. These securities represent a stream of principal and interest payments from underlying mortgages. Assets with these characteristics are susceptible to prepayment by the mortgage holders, which may result in a decrease in total interest realized. The value of these securities can be volatile as interest rates fluctuate. Additionally, the risk of default exists and collateral held may potentially be insufficient to cover the principal due. In addition, the primary government held approximately $4.2 billion of asset-backed securities collateralized primarily by credit card accounts, automobile loans, and equipment leases.

Concentration of Credit Risk

Investment policies for fixed income investments under the management of the Treasurer generally limit investments in a single issuer to 5% of the portfolio, with the exception of securities of the U.S. government and U.S. agencies. For investments not under the management of the Treasurer, there are no formal policies on concentration of credit risk. At June 30, 2021, there were no issuers that exceeded 5% of the primary government's holdings (excluding OPERF).

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2021, 45.6% of the Housing and Community Service Fund's total investments were Federal Home Loan Bank securities and 5.3% were Federal National Mortgage Association (FNMA) securities.

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

Foreign Currency Risk

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

Deposits and investments exposed to foreign currency risk for the primary government (excluding the OPERF) as of June 30, 2021 (in thousands):

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

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

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

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

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

[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, 2021, the weighted average duration of the fixed income portfolio was 4.86 years and no individual fixed income investment manager’s portfolio was outside the policy guidelines.

At June 30, 2021, the OPERF held approximately $1 billion in debt instruments backed by pooled mortgages, collateralized mortgage obligations, or fixed-rate mortgages. These securities represent a stream of principal and interest payments from underlying mortgages. Assets with these characteristics are susceptible to prepayment by the mortgage holders, which may result in a decrease in total interest realized. The value of these securities can be volatile as interest rates fluctuate. Additionally, the risk of default exists and collateral held may potentially be insufficient to cover the principal due. The OPERF also held approximately $400.9 million in to-be-announced federal agency-issued mortgage pools. An additional $170.7 million of debt instruments are asset-backed securities backed primarily by automobiles, consumer credit receivables, heavy equipment leases, and student loan receivables.

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

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

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

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

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

[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, 2021, no investments were exposed to custodial credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2021, approximately 9.9% of the debt investment portfolio was invested in non-dollar denominated securities. Policies for the OPERF portfolio do not limit non-dollar denominated investments. OPERF utilizes a currency overlay manager to reduce risk through offsetting investments in the developed foreign currency market for international equity portfolios.

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

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

Fair Value Measurement

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

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

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

Investments Measured at Net Asset Value

Disclosures regarding redemption and investments valued at NAV per share (or its equivalent) including unfunded commitments at June 30, 2021 (in thousands):

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

[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, 2021.

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

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

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

Investments in real estate, other than real estate investment trusts which are generally valued based on an active market price and are categorized in Level 1, have been valued based on the NAV per share (or its equivalent), as provided by the general partner. This type includes 68 commingled real estate funds, structured as limited partnerships, where the funds have a finite term. Distributions from the funds will be received as the underlying investments of the funds are liquidated. Liquidation is expected to take place during the five year period following the termination of the investment period which extends to 2035. Investments in real estate also include 15 joint ventures where the investments are expected to be held for the long term and generate cash flow that will represent a significant component of the total return. Real estate also includes investments in 12 open ended funds that permit quarterly redemption of shares, subject to certain requirements being met.

Private equity consists of approximately 227 funds, organized as limited partnerships and limited liability companies, participating in diversified strategies including leveraged buyouts, venture capital, growth equity, fund-of-funds, co-investments, and special situations. The fair values of the private equity investments have been determined using the NAV per share (or its equivalent) as provided by the general partner or managing member. These funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 12 to 14 years.

Alternatives Portfolio investments seek to provide diversification and inflation hedging characteristics to the OPERF and include investments with a focus on infrastructure and natural resources. Alternatives Portfolio consists of 66 investments in commingled funds organized as limited partnerships and limited liability companies. The fair values of the investments have been determined using a NAV per share (or its equivalent) of the investments. For alternative infrastructure and natural resource investments, which includes 57 of the 66 funds, the funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next 10 to 14 years. The remaining nine funds are open ended, permitting periodic redemption of shares, subject to certain requirements being met. They consist of eight funds investing in diversifying hedge strategies and one fund investing in a risk parity strategy.

The Opportunity Portfolio includes strategies that fall outside of other asset classes and include 23 funds investing in a broad range of performing and distressed debt and debt related securities as well as royalties and insurance-based investments. The fair values of the investments have been determined using a NAV per share (or its equivalent) of the investments. For 17 of the 23 funds, the funds have a finite term. Distributions will be received as the underlying investments of the funds are liquidated, which is expected to occur over the next seven to 10 years. The remaining six funds are open ended, permitting periodic redemption of shares.

D. Repurchase Agreements

Investments in repurchase agreements made with cash collateral securities lending transactions had the following fair values at June 30, 2021:

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

E. Securities Lending

The State participates in securities lending transactions in accordance with State investment policies. The Treasury has, through a Securities Lending Agreement, authorized State Street Bank and Trust Company (State Street) to lend the State's securities pursuant to a form of loan agreement. Both the State and borrowers maintain the right to terminate all securities lending transactions on demand. There were no significant violations of the provisions of securities lending agreements during the year ended June 30, 2021.

During the year, State Street had the authority to loan short-term, fixed income, and equity securities and to receive as collateral U.S. dollar and foreign currency cash, U.S. government and agency securities, letters of credit, and foreign sovereign debt of Organization of Economic Cooperation and Development countries. Borrowers were required to deliver collateral for each loan equal to not less than 102% of the fair value of the loaned U.S. securities, international fixed income securities, or 105% in the case of international equity. The custodian did not have the ability to pledge or sell collateral securities absent a borrower default, and during the fiscal year the State did not impose restrictions on the amount of loans the custodian made on its behalf. The State is fully indemnified against losses due to borrower default by its custodian. There were no losses during the year from the failure of borrowers to return loaned securities and no recoveries of amounts from prior losses.

State Street, as lending agent, has created a fund to reinvest cash collateral received on behalf of the OSTF and Oregon state agencies other than PERS. As permitted under the fund's Declaration of Trust (Declaration), participant purchases and redemptions are transacted at $1 per unit ("constant value") based on the amortized cost of the fund's investments. Accordingly, the securities lending collateral held and the obligation to the lending agent are both stated at constant value on the balance sheet and statement of net position.

The maturities of investments made with cash collateral did not generally match the maturities of the securities loaned. Since the securities loaned are callable on demand by either the lender or borrower, the life of the loans at June 30, 2021, is effectively one day. On June 30, 2021, the State had no credit risk exposure to borrowers because the amounts the State owes to borrowers exceed the amounts borrowers owe the State.

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

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	$ 1,363,830	$ 1,337,486	$ 193,062
Domestic equity securities	521,940	508,455	333,863
International equity securities	106,798	102,123	31,984
Domestic fixed income securities	152,075	149,111	192,086
Total	$ 2,144,643	$ 2,097,175	$ 750,996

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

F. Restricted Assets

Included in deposits and investments are amounts which are committed for specific purposes, including loan acquisitions, payment of debt service, lottery prizes, and deferred compensation. At June 30, 2021, the primary government had restricted assets of $3.6 billion in deposits and $537.8 million in investments.

3. DERIVATIVE INSTRUMENTS

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

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

Housing and Community Services Department

The Oregon Housing and Community Services Department (OHCSD) 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. OHCSD had six swaps at the end of the fiscal year. The fair value of the swaps on June 30, 2021, totaled negative $3.7 million and the notional amount totaled $171.2 million. Hedging derivative instruments with positive fair values are shown on the proprietary funds statement of net position and the government-wide statement of net position under deferred inflows of resources and derivative instrument assets. Hedging derivative instruments with negative fair values are shown on the proprietary funds statement of net position and the government-wide statement of net position under deferred outflows of resources and derivative instrument liabilities. During the fiscal year the fair value of the hedging derivative instruments increased by $7 million.

The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for the hypothetical zero-coupon bonds due on the date of each future net 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 OHCSD's outstanding swaps as of June 30, 2021 (dollars in thousands):

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

[1] London Interbank Offered Rate

[2] Moody's / S&P / Fitch

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

[4] USD SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index from the Effective Date weekly to but excluding July 1, 2026 and 70% of LIBOR thereafter.

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

Basis risk is the risk that arises when variable interest rates on a derivative instrument and the associated bond are based on different indexes. All variable interest rates on OHCSD's tax exempt bonds are determined weekly by a remarketing agent. OHCSD is exposed to basis risk when the variable rates received, which are based on the one-month London Interbank Offered Rate (LIBOR) rate or the SIFMA rate, do not offset the variable rates paid on the bonds. As of June 30, 2021, the one-month LIBOR was 0.1% and the SIFMA rate was 0.03%. OHCSD's variable interest rates as of June 30, 2021, can be found in Note 8.

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. OHCSD 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 OHCSD would then be exposed to interest rate risk. Also, if any of the swaps had a negative value at termination, OHCSD 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. OHCSD is not exposed to rollover risk because the swap termination dates match the associated bond maturity dates.

Debt service requirements of the variable rate debt and net swap payments of OHCSD, using interest rates as of June 30, 2021 (in thousands):

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

OHCSD's swaps include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (MRB) is not above either Baa1 (Moody's) or BBB+ (S&P). If the bonds are at or below these levels, collateral in the amount of the current swap fair value (rounded to the nearest $10 thousand) must be posted. The minimum transfer amount is $100 thousand or $0 if neither rating agency rates the bonds. The total fair value on June 30, 2021, of the swaps that include these provisions is negative $3.7 million. At June 30, 2021, the bonds subject to these provisions are rated Aa2 by Moody's; the bonds are not rated by S&P.

Department of Veterans' Affairs

The Veterans' Loan Fund, a major enterprise fund managed by the Department of Veterans' Affairs (DVA), has interest rate swaps in connection with its Loan Program General Obligation Veterans' Welfare Bonds, 2015 Series P (Veterans' Welfare Bonds Series 95), 2020 Series J (Veterans' Welfare Bonds 105B), and 2020 Series M (Veterans' Welfare Bonds Series 106C). The swaps and underlying floating-rate bonds together create "synthetic" fixed-rate debt. During fiscal year 2021, the DVA terminated its interest rate swap with Royal Bank of Canada and entered into a new interest rate swap in connection with its Loan Program General Obligation Loans, 2015 Series P (Veterans' Welfare Bonds Series 95). The DVA did not have any maturities of derivative instruments during fiscal year 2021. During the fiscal year, the fair value of the Series 95 swap increased by $848 thousand. The fair value of the Series 105B and 106C swap increased by $1.1 million.

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

The fair value as of June 30, 2021, is positive. The fair value of the interest rate swaps is estimated using the zero-coupon method. This method calculates the future payments required by the swaps, using the forward interest rates implied by the yield curve for the floating leg of the swaps and the fixed rate of the swaps for the fixed leg of the swaps. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps. The fair value is categorized as Level 2 within the fair value hierarchy described in Note 2.

The terms and objectives of the DVA outstanding derivative instruments as of June 30, 2021 (dollars in thousands):

Type	Objective	Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received	Fair Value
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 95 bonds, specifically related to changes in municipal tax-exempt interest rates	$ 25,140	12/1/2020	12/1/2036	1.01%	100% USD-SIFMA[1] Municipal Swap Index	$ 588
Pay-fixed interest rate swap	Hedge of changes in cash flows on the Series 105B & 106C bonds, specifically related to changes in municipal tax-exempt interest rates	$ 23,000	6/1/2021	12/1/2044	1.17%	100% USD-SIFMA[1] Municipal Swap Index[2]	$ 901

[1] Securities Industry and Financial Markets Association (resets weekly)

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

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

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

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

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

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

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

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

Since the fair value of the swaps as of June 30, 2021, are positive, but the threshold applicable to the ratings by S&P and Moody's has not been exceeded, the Series 95 swap counterparty and the Series 105B and 106C swap counterparty are not required to post collateral. The State may require collateralization or other credit enhancements to secure any or all swap payment obligations where Treasury determines such security is necessary to limit the credit risk or otherwise protect the interests of the State.

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

The DVA is exposed to basis risk because the variable rate debt hedged by the interest rate swaps, are variable rate demand obligation (VRDO) bonds. The Series 95 VRDO bonds are remarketed weekly. The Series 105B and Series 106C VRDO bonds are remarketed daily. The DVA becomes exposed to basis risk because the variable rate payments received by the DVA are based on a rate other than the interest rate paid on the VRDO bonds. At June 30, 2021, the interest rate on the DVA's Series 95 VRDO bonds is 0.3% and the interest rate on the Series 105B and Series 106C VRDO bonds is 0.02%, while the SIFMA Municipal Swap Index rate is 0.03%.

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

As interest rates fluctuate, variable rate bond interest payments and net swap payments will differ between the fixed payments paid to the counterparties and the variable rate paid to the DVA. Using interest rates as of June 30, 2021, the following table presents the debt service requirements of the variable rate debt (on the notional amount of the swaps) and the net swap payments (in thousands):

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

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

S&P Rating	Moody's Rating	Threshold	Minimum Transfer Amount (Series 95)	Minimum Transfer Amount (Series 105B & 106C)
A- or higher	A3 or higher	Infinite	$ 100	$ -
BBB+ or below	Baa1 or below	$ -	100	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 of foreign currency exchange rates. A foreign currency exchange contract is a forward contract that is a commitment to purchase or sell a foreign currency at the future date at a negotiated forward rate. Foreign currency forward contracts are privately negotiated contracts with customized terms and are transacted in over-the-counter markets. Risk associated with such contracts includes movement in the value of foreign currencies and the failure of the counterparty to perform.

The following table shows the foreign currency exchange contracts within the Common School Fund as of June 30, 2021 (in thousands):

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

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

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

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

[1] Negative values (in brackets) refer to losses.

[2] Negative values refer to liabilities.

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

[4] Excludes futures margin payments.

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

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

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

The following schedule presents the related net appreciation/(depreciation) in fair value amounts and the notional amounts of derivative instruments outstanding as of June 30, 2021 (in thousands):

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

[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.

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

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

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

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

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

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

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

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

Counterparty Credit Risk

The following schedule presents a summary of counterparty credit rating relating to derivative instruments in asset positions as of June 30, 2021:

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

Interest Rate Risk

As of June 30, 2021, OPERF is exposed to interest rate risk on its various swap arrangements and options.

The following schedule presents a segmented time schedule of those instruments as of June 30, 2021 (in thousands):

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

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

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

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

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

Foreign Currency Risk

OPERF is exposed to foreign currency risk on its derivative instruments. The following schedule presents a summary of derivative instruments subject to foreign currency risk as of June 30, 2021 (in thousands):

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

4. RECEIVABLES AND PAYABLES

A. Taxes Receivable

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

Taxes receivables reported for governmental activities at June 30, 2021 (in thousands):

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

B. Loans Receivable

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

Loans receivables reported for governmental activities at June 30, 2021 (in thousands):

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

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

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

C. Receivables Other Than Taxes and Loans

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

Receivables reported for governmental activities at June 30, 2021 (in thousands):

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

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

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

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

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

D. Payables

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

Payables reported for governmental activities at June 30, 2021 (in thousands):

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

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

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

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

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

5. JOINT VENTURE

The Multi-State Lottery Association (MUSL) was established in 1987 to coordinate lottery games with larger prizes than the individual states could offer by themselves. The Oregon State Lottery has been a participating member since the inception of MUSL. Each participating state sells its choice of MUSL products and keeps all profits earned. Participating states contribute amounts necessary to fund the estimated and actual prizes won, reserve prize pools, and fees for services of MUSL. In the fiscal year ending June 30, 2021, there were sufficient revenues to cover expenses and no additional amounts were paid for fees and services.

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

Long-term liabilities of MUSL are limited to prize annuities due, which are fully funded through investments in U.S. government securities. The following schedule presents the summarized financial activity of MUSL as of June 30, 2021 and 2020 (in thousands):

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

[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, 2021 (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 2,008,825	$ 14,977	$ 1,339	$ 2,022,463
Construction in progress	1,252,758	586,509	817,782	1,021,485
Works of art and other nondepreciable assets	2,141	333	-	2,474
Total capital assets not being depreciated	3,263,724	601,819	819,121	3,046,421
Capital assets being depreciated:				
Building, property, and equipment	4,359,870	738,708	119,348	4,979,230
Infrastructure	15,386,497	464,361	92,145	15,758,713
Total capital assets being depreciated	19,746,367	1,203,069	211,493	20,737,943
Less accumulated depreciation for:				
Buildings, property, and equipment	2,165,698	185,324	60,699	2,290,323
Infrastructure	6,154,823	329,831	88,924	6,395,730
Total accumulated depreciation	8,320,521	515,155	149,623	8,686,053
Total capital assets being depreciated, net	11,425,846	687,914	61,871	12,051,890
Total capital assets, net	$ 14,689,570	$ 1,289,733	$ 880,992	$ 15,098,312

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	$ 9,291	$ -	$ -	$ 9,291
Construction in progress	3,825	6,415	5,017	5,224
Works of art and other nondepreciable assets	759	-	-	759
Total capital assets not being depreciated	13,875	6,415	5,017	15,274
Capital assets being depreciated:				
Building, property, and equipment	870,160	53,672	4,380	919,452
Infrastructure	3,606	-	-	3,606
Total capital assets being depreciated	873,766	53,672	4,380	923,058
Less accumulated depreciation for:				
Buildings, property, and equipment	351,003	39,094	3,709	386,389
Infrastructure	1,064	95	-	1,159
Total accumulated depreciation	352,067	39,189	3,709	387,548
Total capital assets being depreciated, net	521,699	14,483	671	535,510
Total capital assets, net	$ 535,574	$ 20,898	$ 5,688	$ 550,784

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

Depreciation Expense

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

Governmental activities	**Amount**
Education	$ 1,338
Human services	27,361
Public safety	43,854
Economic and community development	2,071
Natural resources	18,155
Transportation	369,991
Consumer and business services	1,619
Administration	9,311
Legislative	3,451
Judicial	8,488
Subtotal	485,639
Internal service funds	29,516
Total depreciation expense	$ 515,155

Business-type activities	**Amount**
Housing and Community Services	$ 3
Veterans' Loan	193
Lottery Operations	22,561
Other business-type activities	16,432
Total depreciation expense	$ 39,189

Fiduciary activities	**Amount**
Pension and Other Employee Benefit Trust	$ 2,326
Total depreciation expense	$ 2,326

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, 2021 (in thousands):

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

Collections Not Capitalized

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

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

Insurance Recoveries

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

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

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.

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

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

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

7. LEASES

A. Operating Leases

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

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

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

B. Capital Leases

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

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

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

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

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

C. Lease Receivables

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

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

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

8. SHORT AND LONG-TERM DEBT

A. Short-Term Debt

During the year, the Oregon Military Department (OMD), the Oregon Health Authority (OHA) and the Oregon Department of Forestry (ODF) received loans from the Oregon Short Term Fund (OSTF). The OMD needed funds to cover cash flow requirements due to a delay in receiving federal fund reimbursements and State Active Duty National Guard Activations. The OHA needed funds to cover cash flow requirements at the end of the biennium. The ODF needed funds to cover large fire costs that were paid by the department upfront and then reimbursed at a later date by external parties.

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

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

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.

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

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

[1] Includes $1.2 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 0.03% for $25.1 million of these bonds and 0.02% for $46.3 million.

C. Revenue Bonds

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

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

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

ORS 456.645 authorizes the Oregon Housing and Community Services Department to issue revenue bonds for financing single-family mortgage loans and multi-family housing projects. Mortgage payments and fees and rental revenues support these bonds. ORS 285B.467 through 285B.482 authorize the Oregon Business

Development Department to issue revenue bonds for financing infrastructure improvement projects through the Special Public Works Fund, while ORS 285B.572 through 285B.599 authorize the issuance of revenue bonds for financing water projects through the Water/Wastewater Financing Fund. Loan repayments support the bonds associated with these business-type activities.

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

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

[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 0.05% for $77.6 million of these bonds, 0.03% for $13.1 million, 0.06% for $15 million, and 0.04% for $65.5 million.

D. Certificates of Participation

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

Debt service requirements for certificates of participation as of June 30, 2021 (in thousands):

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

E. Direct Borrowings and Direct Placements

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

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

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

F. Contracts, Mortgages, and Notes Payable

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

Debt service requirements for contracts, mortgages, and notes payable as of June 30, 2021 (in thousands):

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

G. Changes in Long-Term Debt

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

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

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

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

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

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

H. Debt Agreement Terms

The Oregon Housing and Community Services Department (OHCSD) 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 OHCSD 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 OHCSD 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 OHCSD that any principal and interest related to that bond is due and payable immediately.

OHCSD 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 OHCSD 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 OHCSD by the trustee, or written notice provided to OHCSD and the trustee by the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

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

I. Demand Bonds

Oregon Department of Veterans' Affairs

Included in long-term debt are the following State of Oregon, General Obligation, Veterans' Welfare Variable Rate Demand Bonds, along with selected terms of their standby bond purchase agreements (SBPAs) at June 30, 2021 (dollars in thousands):

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
95	$ 25,140	U.S. Bank National Association	4/7/2025	0.3200%	U.S. Bank National Association	0.05%
98B	23,300	U.S. Bank National Association	4/7/2025	0.3200%	U.S. Bank National Association	0.05%
105B	11,565	U.S. Bank National Association	6/24/2025	0.5000%	U.S. Bank National Association	0.05%
106C	11,435	U.S. Bank National Association	6/24/2025	0.5000%	U.S. Bank National Association	0.05%

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

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

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

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

No tender advances or draws were necessary to purchase unremarketed bonds under the Series 95, 98B, 105B, and 106C SBPAs for fiscal year 2021. Therefore, no tender advances or draws were outstanding as of June 30, 2021.

Oregon Housing and Community Services Department

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

OHCSD has entered into a standby bond purchase agreement (SBPA) with State Street Bank and Trust Company and a standby letter of credit and reimbursement agreement with Sumitomo Mitsui Banking Corporation (the "liquidity facilities") to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The liquidity facilities require the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date, the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the relevant liquidity facility. The maximum rate for both liquidity facilities is 12%. The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption installments are to be paid commencing on the first business day of the eighteenth full month following the date the bonds became liquidity provider bonds in an amount equal to three-tenths of the initial amount of the liquidity provider bonds outstanding, with seven semi-annual installments due thereafter in an amount equal to one-tenth of the initial amount of liquidity provider bonds outstanding. There were no bank bonds as of June 30, 2021.

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

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

J. No-Commitment Debt

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

No-commitment debt outstanding as of June 30, 2021 (in thousands):

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

K. Debt Refundings

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

Current/advance refunding issues that occurred between July 1, 2020, and June 30, 2021:

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

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

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

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

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

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

L. Defeased Debt

The State has defeased certain general obligation and revenue bonds, as well as certificates of participation, by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the liability for defeased debt is not included in the State’s financial statements. On June 30, 2021, $1.9 billion of debt outstanding is considered defeased.

9. OTHER LONG-TERM LIABILITIES

A. Primary Government

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

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

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

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

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

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

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

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

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, 2021, the State recognized an estimated liability of $43.7 million for pollution remediation activities. The liability, which is reported in the government-wide statement of net position, was recorded at the current value of the costs the State expects to incur to perform the work.

For many projects, the State can reasonably estimate the range of expected outlays early in the process, using the State's remediation history for similar sites as the basis for the calculations. In other cases, the estimated liability is based on the amount specified in a contract for remediation services or the estimate of the cleanup costs provided by an environmental consulting firm. Expected recoveries from responsible parties or potentially responsible parties and insurance recoveries are included in the estimates and reduce the State's expense. No material expected recoveries were included in the measurement of the State's pollution remediation obligation at June 30, 2021.

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

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

The U.S. Environmental Protection Agency (EPA) has listed an approximately 10-mile stretch of the lower Willamette River area as a Superfund site under Superfund law (CERCLA). EPA has identified over 100 parties as potentially responsible under CERCLA for costs related to investigation and cleanup of hazardous substances at site, including the State of Oregon. EPA issued a Record of Decision (ROD) estimating the cleanup to cost $1.1 billion and 13 years to complete. The State had entered into Administrative Settlements and Orders on Consent with EPA to perform the cleanup. As of June 30, 2021, the State has participated in a confidential, non-binding private mediation process to achieve an allocation of responsibility for the costs of implementing the ROD among the responsible parties. If successful, the process will culminate in the parties developing a comprehensive settlement proposal to EPA based on the allocation. If accepted by EPA, the settlement will be memorialized in a judicial Consent Decree filed in the Oregon federal district court. It is not possible to predict the relative share of cleanup costs that will be assigned to each agency through this confidential mediation or, should it fail, through litigation. It is also too early to predict when the mediation will conclude or whether it will result in a durable comprehensive settlement with EPA.

11. PLEDGED REVENUES

A. Lottery Revenue Bonds

The State has pledged future unobligated net lottery proceeds and interest earnings on guaranteed investment contracts to repay $1 billion of lottery revenue bonds. Unobligated net lottery proceeds consist of all revenues derived from the operation of the Oregon State Lottery except for revenues used for payment of prizes and expenses of the Lottery. Proceeds from lottery revenue bonds provide financing for economic development within the State, as well as for the improvement and expansion of state parks and school facilities. The bonds are payable solely from the pledged revenues and are payable through fiscal year 2041. Total principal and interest remaining to be paid on the bonds is $1.4 billion. In fiscal year 2022, principal and interest payments on the bonds are expected to require approximately 20% of pledged revenue. Principal and interest paid for the current year and total pledged revenues recognized were $133.3 million and $658.4 million, respectively.

B. Highway User Taxes Revenue Bonds

The State has pledged future highway user taxes and vehicle registration fees, net of administrative expenses, operating transfers, and statutory transfers to counties, to repay $2.4 billion of highway user tax revenue bonds. Proceeds from the bonds provide financing for the construction, reconstruction, improvement, repair, maintenance and operation, and use of public highways, roads, streets, and roadside rest areas for the State. The bonds are payable solely from the pledged revenues and are payable through November 2042. Total principal and interest remaining to be paid on the bonds is $3.4 billion. Fiscal year 2022 principal and interest payments on the bonds are expected to require approximately 24.9% of pledged revenues. Principal and interest paid for the current year and total pledged revenues recognized were $178.7 million and $772.3 million, respectively.

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12. INTERFUND TRANSACTIONS

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

	Due from Other Funds					
Due to Other Funds	**General**	**Health and Social Services**	**Public Transportation**	**Educational Support**	**Common School**	**Nonmajor Governmental Funds**
General	$ -	$ 89,864	$ 7,685	$ 66,779	$ -	$ 79,325
Health and Social Services	304,034	-	-	16,380	-	8,237
Public Transportation	291	-	-	-	-	21,003
Educational Support	2,596	-	-	-	-	-
Common School	-	-	-	-	-	181
Nonmajor Governmental Funds	81,586	55,277	7,568	1,328	109	33,573
Housing and Community Services	-	-	-	-	-	24
Veterans' Loan	100	-	-	-	-	-
Lottery Operations	226,479	-	-	-	-	164
Unemployment Compensation	4,835	-	-	-	-	15,013
Nonmajor Enterprise Funds	37,420	525	-	-	-	82
Internal Service Funds	107,193	-	-	-	-	14,131
Pension and Other Employee Benefit Trust	-	-	-	-	-	-
Private Purpose Trust	-	-	-	-	-	-
Other Custodial	5	34	-	-	-	-
Total	$ 764,539	$ 145,700	$ 15,253	$ 84,488	$ 109	$ 171,733

	Advances to Other Funds			
Advances from Other Funds	**General**	**Common School**	**Internal Service Funds**	**Total**
General	$ -	$ -	$ 293	$ 293
Nonmajor Governmental Funds	-	300	-	300
Nonmajor Enterprise Funds	7,609	-	-	7,609
Total	$ 7,609	$ 300	$ 293	$ 8,202

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.

Due from Other Funds (continued)

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

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

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

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

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

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

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

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

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 (OHCSD) to issue revenue bonds to finance single-family mortgage loans and multi-family housing projects. Article XI-I (2) of the Oregon Constitution authorized OHCSD 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 OHCSD's various bond funds for the year ended June 30, 2021 (in thousands):

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

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

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

14. EMPLOYEE RETIREMENT PLANS

A. Plan Descriptions

Public Employees Retirement Plan

The Public Employees Retirement System (PERS) administers a cost-sharing, multiple-employer plan for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. Participation by state government units, school districts, and community colleges is mandatory. Participation by most political subdivisions is optional, but irrevocable if elected. As of June 30, 2021, there were 900 participating employers.

PERS is administered in accordance with Oregon Revised Statues (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the state Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

In 1995 the Oregon Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. The legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One. Both Tier One and Tier Two are defined benefit plans. As of June 30, 2021, there were 13,991 active plan members, 129,357 inactive plan members or their beneficiaries currently receiving benefits, and 9,103 inactive plan members entitled to but not yet receiving benefits, for a total of 152,451 Tier One members. As of June 30, 2021, there were 29,322 active plan members, 18,832 inactive plan members or their beneficiaries currently receiving benefits, and 13,498 inactive plan members entitled to but not yet receiving benefits, for a total of 61,652 Tier Two members in the System. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

In 2003 the Oregon Legislature enacted House Bill 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit) and the Individual Account Program (IAP). The IAP is a defined contribution plan. Membership includes public employees hired on or after August 29, 2003. As of June 30, 2021, there were 136,785 active plan members, 8,311 inactive plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirement, for a total of 170,879 OPSRP Pension Program members.

Beginning January 1, 2004, active PERS Tier One and Tier Two plan members became members of the IAP of OPSRP. PERS members retain their existing Defined Benefit Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

The PERS defined benefit and defined contribution retirement plans are reported as pension trust funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the fiduciary funds basic financial statements. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information that may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at:

http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

B. Benefits Provided

Tier One and Tier Two

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Tier Two members are eligible for full benefits at age 60.

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided certain criteria exist. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit. Monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2% for all benefit recipients.

OPSRP

The pension portion of OPSRP provides a life pension funded by employer contributions. For police and fire employees, 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. For general service employees, 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of service. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to $197,730 in 2021 and will be indexed with inflation in later years. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as a spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

OPSRP IAP

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-,10-,15-, 20-year period or an anticipated life span option. Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

C. Funding

Primary Government

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

Starting July 1, 2020, Senate Bill 1049 required member contributions to their IAP accounts to be redirected to the Public Employees Defined Benefit Pension Plan Fund. If the member earns more than $2,500 per month, (increased to $2,535 per month on January 1, 2021) 0.75% for OPSRP members and 2.50% for Tier One and Tier Two members' contributions that were previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts (EPSA) to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account.

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

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, 2021, totaled $482.2 million. Member contributions paid by the State on behalf of employees for the year ended June 30, 2021, were $2.2 million. The actual contribution equaled the contractually required contribution for the fiscal year. In fiscal year 2004, the State issued $2 billion in pension obligation bonds to reduce the PERS pension liability. State agencies pay an additional assessment to cover the annual debt service requirements attributable to the pension bonds.

Discretely Presented Component Units

The SAIF Corporation's employer contributions to PERS for the fiscal year ended December 31, 2020, was $14.9 million.

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

D. Net Pension Liability

At June 30, 2021, the State reported a liability of $5 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The State's portion of the net pension liability was based on a projection of the State's long-term share of contributions of all participating employers, actuarially determined. Certain component units are considered by the pension plan to be part of the State. The State determined those component units' proportionate share of the net pension liability and allocated it to them. At the June 30,2020, measurement date (MD), the State's proportionate share, excluding those component units, was 23% which is 0.7% higher than the proportion of 22.3% at the prior measurement date of June 30, 2019. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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

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

The $482.2 million reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2022.

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

Fiscal Year	Amount
2022	$ 265,181
2023	333,826
2024	312,857
2025	215,448
2026	6,163
	$ 1,133,475

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

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

Actuarial Assumptions

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

Valuation date	December 31, 2018
Experience study report	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Projected salary increases	3.50%
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25% / 0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

To develop an analytical basis for the selection of the long-term expected rate of return assumptions, in May 2019, the PERS Board reviewed long-term assumptions developed by both a consulting actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

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

The OIC's description of each asset class was used to map the target allocation to the asset classes. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Discount Rate

The discount rate used to measure the total pension liability was 7.2% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net pension liability calculated using the discount rate of 7.2%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.2%) or one percent higher (8.2%) than the current rate (in millions):

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

Pension Plan Fiduciary Net Position

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

E. Separately Financed Specific Liability

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP, effective January 1, 2002. The unfunded actuarial liability (UAL) attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate, which was 7.2% in fiscal year 2021. The pre-SLGRP pooled liability, which has been referred to as pension-related debt in this report, attributable to the State is being amortized over the period ending December 31, 2027. The outstanding pension-related debt balance as of June 30, 2021, for the State, as the primary government, is $236.7 million, and is reported in the accompanying financial statements as part of the contracts, mortgages, and notes payable balance.

15. OTHER POSTEMPLOYMENT BENEFIT PLANS

A. Public Employees Retirement System

Plan Descriptions

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

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

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

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

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

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

The RHIA and RHIPA defined benefit OPEB plans are reported separately under Other Employee Benefit Trust Funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the fiduciary funds basic financial statements. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at:

http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Funding

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

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

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, 2021, totaled $562 thousand and $9.1 million, respectively. The actual contribution equaled the contractually required contribution for both RHIA and RHIPA for the fiscal year.

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

Net OPEB Asset and Net OPEB Liability

RHIA

At June 30, 2021, the State reported an asset of $17.7 million for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The State's portion of the net OPEB asset was determined by comparing the State's actual, legally required contributions made to the Plan during the fiscal year with the total actual contributions made in the fiscal year by all employers. Certain component units are considered by the OPEB plan to be part of the State and the State determined those component units' proportionate share of the net OPEB asset and allocated it to them. At the June 30, 2020, measurement date (MD), the State's proportion, excluding those component units, was 8.7%, which is 14.1% lower than the proportion of 22.8% at the prior measurement date of June 30, 2019. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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

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

The $562 thousand reported as deferred outflows of resources related to OPEB resulting from state contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal Year	Amount
2022	$ 1,910
2023	2,962
2024	727
2025	620
	$ 6,218

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

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

RHIPA

At June 30, 2021, the State reported a net OPEB liability of $7.7 million. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Certain component units are considered by the OPEB plan to be part of the State and the State determined those component units' proportionate share of the net OPEB liability and allocated it to them. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

For the year ended June 30, 2021, the State recognized OPEB expenses of $1.4 million. At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,912
Change in assumptions	186	5,172
Net difference between projected and actual earnings on investments	1,754	-
Total (prior to post-MD contributions)	1,941	8,084
Net deferred outflow/(inflow) of resources before contributions subsequent to MD	-	(6,143)
Contributions subsequent to the MD	9,061	N/A
Net deferred outflow/(inflow) of resources		$ 2,918

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

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
2022	$ (1,188)
2023	(1,090)
2024	(1,051)
2025	(1,082)
2026	(1,244)
Thereafter	(489)
	$ (6,143)

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

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

Changes in Net OPEB Liability

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

Total OPEB Liability		
Service cost	$	1.4
Interest on total OPEB liability		5.1
Changes in benefit terms		-
Changes in assumptions		(7.9)
Differences between expected and actual experience		(2.2)
Benefit payments		(4.1)
Net change in total OPEB liability		(7.7)
Total OPEB liability - Beginning		72.0
Total OPEB liability - Ending	$	64.3
Plan Fiduciary Net Position		
Employer contributions	$	11.2
Net investment and other income		0.8
Benefit payments		(4.1)
Administrative expense		(0.3)
Net change in plan fiduciary net position		7.6
Plan fiduciary net position - Beginning		46.7
Plan fiduciary net position - Ending	$	54.3
Net OPEB Liability	$	10.0
Plan fiduciary net position as a percentage of the total OPEB liability		84.5%
Covered payroll	$	1,166.4
Net OPEB liability as a percentage of covered payroll		0.86%

Actuarial Assumptions

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

	RHIA	RHIPA
Valuation date	December 31, 2018	December 31, 2018
Experience study report	2018, published July 24, 2019	2018, published July 24, 2019
Actuarial assumptions:		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation rate	2.50%	2.50%
Long-term expected rate of return	7.20%	7.20%
Discount rate	7.20%	7.20%
Projected salary increases	3.50%	3.50%
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%	8-14 Years of Service: 10%
		15-19 Years of Service: 15%
		20-24 Years of Service: 19%
		25-29 Years of Service: 26%
		30+ Years of Service: 34%
Healthcare cost trend rate	Not Applicable	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 5% for 2022, increasing to 5.9% for 2031, and decreasing to an ultimate rate of 4.1% for 2094 and beyond.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both a consulting actuary's capital market assumptions and the Oregon Investment Council's (OIC) investment advisors.

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

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

The OIC's description of each asset class was used to map the target allocation to the asset classes. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.2% for both RHIA and RHIPA plans which is unchanged from the discount rate reported in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA and RHIPA plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA and RHIPA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the net OPEB liability/asset for the RHIA and RHIPA plans calculated using the discount rate of 7.2%, as well as what the net OPEB liability/asset would be if it were calculated using a discount rate that is one percent lower (6.2%) or one percent higher (8.2%) than the current rate (in millions):

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

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	$ (17.7)	$ (17.7)	$ (17.7)
RHIPA	5.4	7.7	10.6

Changes in Plan Provisions

The federal Further Consolidated Appropriations Act, which was signed into law on December 20, 2019, repealed the Cadillac tax on high cost health plans. The RHIPA Total OPEB Liability as of the June 30, 2020, measurement date shown in this report reflects the repeal of the Cadillac tax. In addition, healthy retiree participation and healthy mortality assumptions for RHIA and RHIPA were changed to reflect an updated trends and mortality improvement scale for all groups.

RHIA and RHIPA Plans' Fiduciary Net Position

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

B. Public Employees Benefit Board (PEBB)

Plan Description

The State participates in a defined benefit postemployment healthcare plan administered by the Public Employees Benefit Board (PEBB). This plan offers healthcare assistance to eligible retired employees and their beneficiaries. Chapter 243 of the Oregon Revised Statutes gives the Board the authority to establish and amend the benefit provisions of the PEBB Plan. The PEBB Plan is considered a single-employer plan for financial reporting purposes, although certain discretely presented component units and related organizations, which are described in Note 1, do participate in the PEBB plan. As a result, the State reports only a portion of the overall total OPEB liability under the primary government section of the Statement of Net Position. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. PEBB does not issue a separate, publicly available financial report.

As of June 30, 2021, membership in the PEBB Plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	1,046
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	53,006
	54,052

The PEBB Plan allows qualifying retired employees to continue their "active" health insurance coverage on a self-pay basis until they are eligible for Medicare. Participating retirees pay their own monthly premiums. However, the premium amount is based on a blended rate that is determined by pooling the qualifying retirees with active employees, thus, creating an "implicit rate subsidy".

Funding

The PEBB's funding policy provides for employer contributions in amounts sufficient to fund the cost of active employee health benefits, including the retiree rate subsidy, on a pay-as-you-go basis. For the year ended June 30, 2021, retired plan members contributed $13.2 million through their required contributions. The average monthly contribution was $1,049. Active employees do not contribute to the plan.

Total OPEB Liability

At June 30, 2021, the State reported a total OPEB liability of $113 million. The total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. Certain component units are considered by the OPEB plan to be part of the State and the State determined those component units' proportionate share of the OPEB liability and allocated it to them. Each governmental fund, excluding the debt service funds, is responsible for liquidating the liability not reported in the proprietary funds.

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

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

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
2022	$ (1,794)
2023	(1,794)
2024	(1,794)
2025	(1,794)
2026	(1,525)
Thereafter	(2,920)
	$ (11,623)

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

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

Changes in Total OPEB Liability

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

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

Actuarial Assumptions

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

Valuation date	July 1, 2019
Experience study report	2018, published July 24, 2019
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50%
Salary increases	3.50%
Discount rate	2.16%
Healthcare cost trend rates	Growth in per-member expenditures under self-insured plans and premium amounts is assumed to be 3.4% per year.
Withdrawal, retirement, and mortality rates	December 31, 2018 Oregon PERS valuation
Election and lapse rates	30% of eligible employees 60% spouse coverage for males, 35% for females 7% annual lapse rate

Discount Rate

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

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

Total OPEB Liablity	**1% Decrease (1.16%)**	**Current Discount (2.16%)**	**1% Increase (3.16%)**
PEBB	$ 121.1	$ 113.0	$ 105.4

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 Liablity	1% Decrease	Current Trend Rate	1% Increase
PEBB	$ 101.7	$ 113.0	$ 126.4

Changes in Plan Provisions

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

C. Collective Amount of OPEB Expense

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

D. Discretely Presented Component Units

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

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

The employer contributions to RHIPA for the fiscal year ended June 30, 2021, for University of Oregon, Oregon State University, and Portland State University are $732 thousand, $841 thousand, and $349 thousand, respectively.

16. DEFERRED COMPENSATION PLANS

The Oregon Savings Growth Plan (OSGP) is a deferred compensation plan available to eligible state employees. Employee contributions are deposited into the Deferred Compensation Fund established by Oregon Revised Statute 243.411. To participate, an employee enters into an individual agreement with the State to defer current earnings to be paid at a future date. The Public Employees Retirement System (PERS) administers the plan. As trustee of the assets, PERS contracts with Voya Financial to maintain OSGP participant records. The Oregon State Treasury, as custodian of the assets, contracts with State Street Bank and Trust Company to provide financial services. PERS may assess a charge to participants not to exceed 2% on amounts deferred, both contributions and investment earnings, to cover costs incurred for administering the program. Actual charges to participants, including investment charges, for the year ended June 30, 2021, averaged 0.2% of amounts deferred.

Participants direct the selection of investment options and bear any market risk. Although the State has no liability for losses under the OSGP, the State does have the prudent investor responsibility of due care. Activity of the OSGP is reported under the Deferred Compensation Plan in the fiduciary funds combining financial statements. As of June 30, 2021, the fair value of the investments was $2.8 billion.

17. RISK FINANCING

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

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

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

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

All State agencies, commissions, and boards participate in the self-insured property and liability program. Risk Management allocates the cost of claims and claims administration by charging an assessment to each State entity, based on its share of losses. Statewide risk charges are based on independent annual actuarial forecasts and division expenses, less any available fund balance from the prior biennium.

Risk Management purchases workers' compensation insurance for the State from SAIF Corporation, a discretely presented component unit, utilizing retrospective paid loss plans. These plans are ten years in length and have cash flow and investment earnings advantages. The accumulated claim loss liability for the plans was approximately $79.6 million as of June 30, 2021. Independent actuaries determine annual loss forecasts.

Periodically, Risk Management re-evaluates claims liabilities taking into consideration recently settled claims, the frequency of claims, and other economic and social factors. Contracted actuaries estimate claims and allocated expenses using the last 20 to 25 years of State claims experience and the projected numbers of employees, payroll, vehicles, and other property. Liabilities include claims and legal expenses that have been incurred but not reported (IBNR) and are discounted at an annual rate of 2%. The actuaries forecast ultimate losses by line of coverage.

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

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

The June 30, 2021, balance of claims liabilities is included in claims and judgments payable on the combining statement of net position of internal service funds under Central Services.

B. State Healthcare Plans

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

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

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

Settlements exceeded coverage for one of the statewide plans in 2019, partially due to the board decision to fund the premium tax out of reserves, but the amount of claims for the other plans did not exceed the self-insured coverage for the past three years.

Changes in the balance of aggregate claims liabilities for the healthcare plans for the years ended June 30, 2021 and 2020 (in thousands):

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

The June 30, 2021, balance of claims liabilities is included in claims and judgments payable on the combining statement of net position of internal service funds under Health Services.

C. Supplemental Workers' Compensation Insurance

The Department of Consumer and Business Services operates several supplemental workers' compensation benefit programs. These programs are accounted for in special revenue funds. The primary program is the Retroactive Program, established by Oregon Revised Statute 656.506. It provides increased insurance benefits to claimants or their beneficiaries when current payment requirements exceed benefits in effect at the time of injury.

The Department of Consumer and Business Services determines the funding of supplemental workers' compensation insurance programs through cash flow projections based on historical data and economic forecasts. Employer work hour assessments, contributions by employees, workers' compensation insurance premium assessments, and investment and interest earnings pay for the programs. Long-term liabilities were actuarially computed as of June 30, 2021, using a 4% discount rate.

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

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

The June 30, 2021, balance of claims liabilities is included in claims and judgments payable on the government-wide statement of net position under governmental activities.

D. Standard Retiree Health Insurance Account

Chapter 238 of the Oregon Revised Statutes authorizes the Public Employees Retirement System (PERS) to contract with health insurance carriers to provide health care insurance for eligible retired members of PERS. The Standard Retiree Health Insurance Account (SRHIA) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been IBNR. The estimated claims liability was calculated by contracted health insurance consultants using a variety of mathematical and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of $830 thousand is carried at its face amount and no interest discount is assumed.

Changes in the balance of aggregate claims liabilities for the SRHIA for the years ended June 30, 2021 and 2020 (in thousands):

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

The June 30, 2021, balance of claims liabilities for SRHIA is included in claims and judgments payable on the statement of net position of proprietary funds under Other.

E. SAIF Corporation Workers' Compensation Insurance

The Legislature created SAIF Corporation (SAIF) to transact workers' compensation insurance and reinsurance business. SAIF is an independent public corporation, a discretely presented component unit of the State, and the largest workers' compensation insurer in Oregon.

SAIF has established a reserve for both reported and unreported insured events, which includes estimates of future payments of losses and related loss adjustment expenses (LAE). In estimating the reserve for loss and LAE, SAIF considers prior experience, industry information, currently recognized trends affecting data specific to SAIF, and other factors related to workers' compensation insurance underwritten by SAIF.

The net reserve for losses and LAE decreased $61.1 million in calendar year 2020, which was net of favorable loss development of $180.8 million. Loss reserves decreased $63.9 million as compared to the prior year. This was driven by a combination of payments made on previously incurred claims and favorable development in prior accident years, offset by newly established reserves for the 2020 accident year. A significant portion of the favorable development on prior accident years is due to a decrease in estimated ultimate medical claims costs. Estimates of ultimate medical claims costs are based on a number of assumptions, including future increases in medical costs (i.e., medical escalation), the number and types of claims, and how far into the future payments will be made. The reduction in ultimate medical claims costs was driven largely by lower than expected medical escalation, a decrease in permanent disability claim counts, and the continuing downward trend in medical severity for disabling claims. The favorable development on medical loss reserves was partially offset by increases in indemnity loss reserves tied to the impact of the coronavirus pandemic. LAE reserves increased $2.8 million. This was driven by a combination of paid LAE associated with previously incurred claims and newly established reserves for the 2020 accident year partially offset by favorable development in prior accident years. The favorable development in unpaid LAE was largely attributable to the overall reduction in unpaid loss, due to the strong relationship of the level of unpaid LAE to the level of unpaid loss.

SAIF discounts the indemnity case reserve for workers' compensation claims on a tabular basis using the 2007 United States Life Tables, the 1997 United States of America Railroad Retirement Board Remarriage Table, and a discount rate of 3.5%. For federal claims, SAIF uses the 1999 United States Life Tables and a discount rate of 3.5%. SAIF does not discount any IBNR reserves, medical reserves, or LAE, except for assumed IBNR reserves reported by the National Workers Compensation Reinsurance Pool. Net reserves subject to tabular discounting for calendar year 2020 was $196.3 million. The related discount was $94.9 million as of December 31, 2020.

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

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

Changes in the balance of the liability for loss and LAE related to workers compensation insurance underwritten by SAIF for 2020 and 2019 (in thousands):

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

This liability is reported as the reserve for loss and loss adjustment expenses on the statement of net position of discretely presented component units under SAIF Corporation.

18. DISCOUNTS AND ALLOWANCES IN PROPRIETARY FUNDS

Proprietary fund revenues are reported net of discounts and allowances in the accompanying financial statements. Discounts and allowances in proprietary funds for the year ended June 30, 2021 (in thousands):

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

19. FUND EQUITY

A. Net Position Restricted by Enabling Legislation

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

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

B. Changes to Beginning Equity

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

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

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

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

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

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

C. Fund Balances-Governmental Funds

The following table displays in detail the June 30, 2021, fund balances that are reported in the aggregate on the governmental funds balance sheet (in thousands):

	General	Health and Social Services	Public Transportation	Educational Support	Common School	Other	Total
Nonspendable:							
Not in spendable form	$ 141,927	$ 921	$ 42,519	$ -	$ -	$ 8,484	$ 193,851
Legally or contractually required to be maintained intact	19	52	40	-	-	10,777	10,888
Restricted for:							
Public health and welfare	389	253,191	-	-	-	-	253,580
Roads and bridges	-	-	710,059	-	-	-	710,059
Conservation and natural resources	143,449	-	-	-	-	1,099,884	1,243,333
K-12 and higher education	-	-	-	2,564,520	1,881,038	-	4,445,559
Education stabilization	451,114	-	-	-	-	-	451,114
Business development	85,855	-	-	-	-	80,715	166,570
Community protection	2,397	-	-	-	-	265,470	267,867
Licensing and regulation	-	-	-	-	-	132,186	132,186
Employment related programs	-	-	-	-	-	284,158	284,158
Low income housing assistance	-	-	-	-	-	229,473	229,473
Debt service	-	-	-	-	-	328,454	328,454
Capital projects	-	-	-	-	-	450,687	450,687
Other purposes	107,970	-	-	-	-	51,436	159,406
Committed to:							
Public health and welfare	-	181,036	-	-	-	-	181,036
Conservation and natural resources	-	-	-	-	-	70,096	70,096
Education	8,540	-	-	216,620	-	-	225,160
Business development	990	-	-	-	-	52,517	53,506
Community protection	8,597	-	-	-	-	139,610	148,206
Licensing and regulation	-	-	-	-	-	42,664	42,664
Employment related programs	-	-	-	-	-	185,727	185,727
Low-income housing assistance	-	-	-	-	-	208,864	208,864
Stabilization	962,676	-	-	-	-	-	962,676
Capital projects	-	-	-	-	-	467	467
Other purposes	8,772	-	-	-	-	490	9,262
Assigned to:							
Public health and welfare	-	230,827	-	-	-	-	230,827
Conservation and natural resources	-	-	-	-	-	22,871	22,871
Education	-	-	-	4,593	-	-	4,593
Business development	-	-	-	-	-	40	40
Community protection	-	-	-	-	-	15,240	15,240
Licensing and regulation	-	-	-	-	-	11	11
Employment related programs	-	-	-	-	-	1,699	1,699
Low-income housing assistance	-	-	-	-	-	161,442	161,442
Other purposes	16,765	-	-	-	-	5,501	22,266
Unassigned:	4,168,423	-	-	-	-	(435)	4,167,988
Total fund balances	$ 6,107,882	$ 666,027	$ 752,618	$ 2,785,733	$ 1,881,038	$ 3,848,528	$ 16,041,827

Nonspendable fund balances include inventories, advances to other funds, and prepaid items, which are not in spendable form, and fund balances associated with the corpus of revolving funds and permanent fund principal, which are legally or contractually required to be maintained intact.

Restricted fund balances result from constraints imposed on net position by law through constitutional provisions or enabling legislation or by parties outside the State, such as creditors, grantors, contributors, or laws or regulations of other governments. Enabling legislation authorizes the State to levy, access, charge, or otherwise mandate payment from external resource providers and includes a legally enforceable requirement that those resources be used only for specific purposes stipulated by the legislation.

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

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

D. Deficit Net Position

The Energy Loan Fund, a nonmajor enterprise fund, reports a deficit net position of $6.1 million as of June 30, 2021.

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

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

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

E. Stabilization Arrangements

Oregon maintains two stabilization funds – the Oregon Rainy Day Fund and the Education Stability Fund.

Established by the 2007 legislature, the Oregon Rainy Day Fund is funded from the General Fund's ending balance up to 1% of General Fund appropriations for the prior biennium. The Legislature may deposit additional funds as it did to create the fund, using surplus corporate income tax revenues from the 2005-07 biennium. The Rainy Day Fund also earns interest on the moneys in the fund. No additional contributions are made once the fund balance reaches a level equal to 7.5% of General Fund revenues in the prior biennium.

Stabilization amounts in the Oregon Rainy Day Fund may be spent if approved by three-fifths of the members of the Legislative Assembly and one of the following conditions exists:

- The last quarterly economic and revenue forecast for a biennium indicates that moneys available to the General Fund for the next biennium will be at least 3% less than appropriations from the General Fund for the current biennium;
- There has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or
- A quarterly economic and revenue forecast projects that revenues in the General Fund in the current biennium will be at least 2% below what the revenues were projected to be in the revenue forecast on which the legislatively adopted budget for the current biennium was based.

For any one biennium, the Legislative Assembly may not appropriate more than two-thirds of the amount that is in the Oregon Rainy Day Fund at the beginning of the biennium. If the appropriation is for a biennium that has not yet begun, the Legislative Assembly may use as the base the most recent estimate of the amount that will be in the Oregon Rainy Day Fund at the beginning of the biennium for which the appropriation is made. The fund balance of the Oregon Rainy Day Fund as of June 30, 2021, was $962.7 million.

The Education Stability Fund is authorized in the Oregon Constitution, Article XV, Section 4, part (4)(d) and requires that 18% of net lottery proceeds be deposited in the fund. Earnings on moneys in the fund are retained by the fund or continuously appropriated to finance public education under Oregon Revised Statute 348.696. The balance in the fund may not exceed 5% of General Fund revenues of the prior biennium.

Amounts in the Education Stability Fund may be spent under the same conditions as those required for spending moneys in the Oregon Rainy Day Fund. However, if none of the conditions are met, the Education Stability Fund can also be used by the Legislature for public education. The Governor must declare an emergency and the expenditure must be approved by a three-fifths majority in each chamber. The fund balance of the Education Stability Fund as of June 30, 2021, was $451.1 million.

20. NONEXCHANGE FINANCIAL GUARANTEES

Article XI-K of the Oregon Constitution allows the State to guarantee the general obligations bonded indebtedness of school districts, education service districts, and community college districts, in order to secure lower interest costs on general obligation bonds of such districts, without receiving equal or approximately equal value in exchange. Payment of the principal and interest on the bonds when due is guaranteed by the full faith and credit of the State under the provisions of the Oregon School Bond Guaranty Act – Oregon Revised Statutes (ORS) 328.321 to 328.356. The amount of debt that the State may incur in honoring its guaranty of school bonds may not exceed, at any one time, one-half of 1% of the real market value of all taxable property in the State. School districts, education service districts, and community college districts are entities legally separate from the State.

To apply and qualify for the Oregon School Bond Guaranty certification, districts must provide comprehensive information to the Debt Management Division of the Oregon State Treasury. After application approval, no additional information is required to be provided to the Debt Management Division, except when a district knows it will not make scheduled payments on the State guaranteed general obligation bonds it has issued. The district is then required to notify the trustee of the general obligation bonds and the Debt Management Division 15 days prior to the scheduled payment. The qualifying certification analysis threshold is less than or equal to 20% coverage risk, and throughout the program's history, no district has ever defaulted.

If one or more payments are made by the State, as provided for in the Oregon School Bond Guaranty Act, the Oregon State Treasurer shall pursue recovery from the district of all moneys necessary to reimburse the State. In seeking recovery, the Treasurer may (i) intercept any payments from the General Fund, the State School Fund, the income of the Common School Fund, and any other source of operating moneys provided by or through the State to the district that issued the bonds that would otherwise be paid to the district by the State and (ii) exercise the rights of a secured creditor in any money or assets pledged by the district to secure its reimbursement obligation to the State. The Treasurer may apply any intercepted payments or secured assets to reimburse the State for payments made pursuant to the State's guaranty until all obligations of the district to the State arising from those payments, including any interest and penalties, are paid in full.

At June 30, 2021, the State had extended nonexchange financial guarantees of $9.5 billion for outstanding general obligation indebtedness of school districts, education service districts, and community college districts. The longest current guaranty is for outstanding general obligation bonds that mature June 15, 2051.

21. TAX ABATEMENTS

As of June 30, 2021, the State provides material tax abatements through four programs. Details of each program are provided below:

- The Electronic Commerce Zone Investment program (Oregon Revised Statutes (ORS) 315.507, 315.508) provides an income tax credit to qualified businesses engaged in electronic commerce in an approved enterprise zone. The credit is equal to 25% of the investment in capital assets that are used in the designated area primarily for electronic commerce operations, limited to the lesser of $2 million or the tax liability. Any tax credit that is not used may be carried forward for up to five years. If the property is not both used in electronic commerce operations in an area designated for electronic commerce and exempt from property taxation under ORS 285C.175 within three years following the year in which a credit is first claimed, or if the property is disqualified from property tax exemption under ORS 285C.240, the State shall disallow the credit for the current or any prior tax year and collect any taxes that were not paid as a result of application of the credit.
- The Oregon Investment Advantage program (ORS 285C.495, 285C.500 through 285C.506, 316.778, 317.391) helps businesses start or locate new types of operations in a number of Oregon counties by providing an income tax subtraction. The subtraction is determined by multiplying the taxable income of the business by the sum of: (a) 50% of the ratio of the payroll at the certified facility over the business's statewide payroll and (b) 50% of the ratio of the average value of the property of the business at the

certified facility over the average value of the business's statewide property. Businesses apply for preliminary certification and the application is due to the Oregon Business Development Department before any work commences on the facility. All of the following requirements must be met in order to be a certified facility: (a) the facility must be located within the urban growth boundary of a city that has 15 thousand or fewer residents or is land zoned for industrial use and located in a county that had a county unemployment rate that was in the highest third of county unemployment rates in the State, or a county that had a per capita personal income that was in the lowest third of county per capita personal incomes in the State; (b) the facility must intend to operate as a facility for at least 10 years following the date it becomes operational; (c) the business must hire at least five employees for full-time, year-round employment; (d) the newly hired employees must receive a minimum annual compensation of 150% of the county per capita personal income of the county in which the facility is located, or 100% of the county per capita personal income of the county in which the facility is located and the business must provide health insurance coverage to the employees of the facility that meets or exceeds the health insurance benefits provided to employees of the city, port, or county in which the facility is located; (e) the business operations of the facility must constitute a new line of business that the business firm does not operate at another location within the State; and (f) the business operations of the business firm will not compete with existing business in the city or county in which the facility is located.

- Energy Conservation Projects (ORS 315.331) provide an income tax credit for a capital investment in an energy conservation project in Oregon, certified by the Oregon Department of Energy for which the first year energy savings yields a simple payback period of greater than three years. If the project is new construction or a total building retrofit, the project must achieve the standards required for: (a) Leadership in Energy and Environmental Design (LEED) Platinum certification; (b) a four globes rating from the Green Globes program; (c) a nationally or regionally recognized and appropriate sustainable building program whose performance standards are equivalent to standards previously identified under (a) or (b) above; or (d) verification that the construction conformed to standards of the Reach Code adopted in ORS 455.500. The credits, which may not exceed the tax liability of the taxpayer, are 10% of the certified cost of the facility in the first two years the credit is claimed, and 5% of the cost of the facility in each of the succeeding three years. In addition, the total amount of the credit allowable may not exceed 35% of the certified cost of the project.
- Business Energy Program (ORS 315.354, 315.356, 315.357, 469B.130) provides an income tax credit based upon the certified cost of a facility used to process or use renewable energy resources, or to achieve energy efficiency that exceeds industry or regulatory standards by 10% or better. The term "facility" includes alternative fuel fleet vehicles, telecommuting equipment, refueling stations, high-efficiency combined heat and power facility, a high-performance home, a homebuilder-installed renewable energy system, or a renewable energy resource equipment manufacturing facility. Eligible costs also include employer-provided transit passes and costs of providing transit passes to students and patrons of medical facilities, and certain utilities. This credit is no longer eligible for new facility costs, and to be eligible, preliminary certification must have been received from the Oregon Department of Energy before July 1, 2011, and the credit must have been claimed in a tax year beginning before January 1, 2013. The credit can be carried forward for up to eight years.

Income tax abatements for the year ending June 30, 2021 (in thousands):

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

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

There are no tax abatement agreements entered into by other governments that reduce the State's own tax revenues.

22. SETTLEMENT ACTIVITIES

On September 15, 2016, the State of Oregon entered into a settlement agreement with Oracle America, Inc. (Oracle) and Mythics, Inc. (Mythics) to resolve a legal dispute. As part of the settlement agreement, the State received a six-year unlimited license agreement (ULA) for several business enterprise software packages and related services, discharge of $1.4 million of liabilities owed to Oracle or Mythics, and $25 million to defray the cost of attorneys' fees and other costs the State incurred in connection with the legal dispute.

The following table shows the total amount recognized as revenue during the current fiscal year pursuant to this settlement agreement (in thousands):

	Governmental Activities	Business-type Activities
Capitalized product received through the ULA	$ 520	$ -
Services and non-capitalized product received through the ULA	2,762	24
Total settlement revenue	$ 3,282	$ 24

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

23. COMMITMENTS

The State has significant commitments as of June 30, 2021, in addition to the construction contract commitments disclosed in Note 6. Commitments are defined as existing arrangements to enter into future transactions or events, such as contractual obligations with vendors for future purchases or services at specified prices and sometimes at specified quantities. Commitments may also include agreements to make grants and loans.

Commitments in effect as of June 30, 2021, and the anticipated sources of funding (in thousands):

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

The Oregon Investment Council has entered into agreements that commit the investment manager for the Oregon Public Employees Retirement Fund (OPERF) and the Common School Fund (CSF), upon request, to make additional investment purchases up to a predetermined amount. The Oregon Growth Account (OGA) and the Oregon Growth Fund (OGF) make similar commitments for investment purchases. As of June 30, 2021, the OPERF had $10.4 billion in commitments to purchase private equity investments, $3.9 billion to purchase real estate investments, $1.4 billion to purchase Opportunity Fund portfolio investments, and $4.7 billion to purchase Alternative Equity portfolio investments. As of June 30, 2021, the CSF had $80 million in commitments to purchase private equity and real estate open-ended fund investments while OGA and OGF had $70.7 million and $400 thousand, respectively, in commitments to purchase private equity investments. These amounts are unfunded and are not recorded in the financial statements.

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

24. CONTINGENCIES

A. Litigation

Portland Harbor Superfund

In 2000, the US Environmental Protection Agency (EPA) listed a ten-mile stretch of the lower Willamette River area as a Superfund site under the federal Superfund law (CERCLA). Over 100 parties may eventually be found liable for a share of the costs related to investigation and cleanup of hazardous substances at the Site, including the State of Oregon, acting through its Department of Transportation (ODOT) and Department of State Lands (DSL).

On January 6, 2017, EPA issued its final cleanup plan for the Portland Harbor Superfund site in a document called the Record of Decision (ROD). The ROD requires active remediation (through dredging, capping, enhanced natural recovery, and monitored natural recovery) of nearly 400 acres of contaminated sediments and over 20 thousand lineal feet of riverbank. The EPA initially estimated costs of $1.1 billion and approximately 13 years to complete. Other parties estimate that it will be a $3 billion remedy that will take 20 years to complete. Liable parties under CERCLA are responsible for funding this remedial action, as well as other preliminary actions such as additional investigations, remedial design, and agency oversight. The EPA has asked potentially responsible parties (PRPs) to step forward to perform components of the ROD or risk enforcement action. Numerous parties, including DSL and ODOT, have entered into Administrative Settlements and Orders on Consent with EPA to perform pre-remedial design and related work.

A group of Portland Harbor Superfund PRPs are engaged in a confidential, non-binding private mediation process that will result in an allocation of the ROD's cleanup costs among all liable parties. If the mediation is successful, it will culminate in a settlement proposal, which if accepted by EPA will be memorialized in a Consent Decree filed in the Oregon federal district court.

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

The Portland Harbor Superfund will also involve a separate allocation of liability for injuries to natural resources caused by contamination at the site, which is an additional type of recovery under the Superfund law known as natural resource damages (NRD). The NRD claim will be asserted against all PRPs, including ODOT and DSL, by the Portland Harbor natural resource trustees, a group composed of five tribes, two federal agencies, and the State, acting through its trustee, the Oregon Department of Fish and Wildlife. The trustees have initiated a cooperative injury assessment process funded by thirty parties, the goal of which is to reach settlements of the NRD claim based on readily available information. The State is seeking a settlement of its NRD liabilities.

The State is pursuing claims for insurance coverage of its Portland Harbor defense costs and any future liabilities for cleanup costs and NRD. These claims are based on commercial general liability insurance policies the State held from 1968 to 1972, and on insurance policies that listed DSL and ODOT as additional insureds. In June 2019, the State executed a settlement agreement with several of its insurers regarding their obligation to pay for most of the State's defense costs through 2024 but the insurers have reserved their rights to deny indemnity coverage.

Community Mental Health Programs

The State is engaged in discussions with the United States Department of Justice (USDOJ) concerning the State's community mental health programs. The USDOJ is conducting an ongoing investigation to determine if the State has complied with the federal Americans with Disabilities Act. In November 2012, the State and USDOJ entered into a four-year agreement, under which the State agreed to, among other things, share data and discuss system gaps and outcome measures that could be adopted by the State. In July 2016, the parties completed lengthy negotiations regarding the terms of a performance plan, with performance outcome measures used to measure improvements to mental health services in Oregon. The performance plan provides for completion of the outcomes by July 2019. USDOJ reserves the right to resume its investigation if the State does not comply with this plan. Were USDOJ to determine that, given the State's performance under the plan, there are violations of federal law, USDOJ could issue written findings that specify the nature of any violations. The State would then be in a better position to estimate the costs to remedy any asserted violations. Since the time of the November 2012 agreement, the State has increased its investments in community mental health services by tens of millions of dollars. At present, the State is meeting many of the plan requirements. In a recent meeting, USDOJ was generally complimentary of the State's progress. The costs of further changes to the State's community mental health programs imposed as a result of this process could reach or exceed $50 million.

Forest Management Rules Challenge

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

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

Coordinated Care Organization

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

Foster Care

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

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

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

Department of Corrections COVID-19

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

B. Unemployment Benefits

State employees, who qualify, are entitled to benefit payments during periods of unemployment. Each state agency is required to reimburse the Employment Department for benefit payments made to former employees. The amount of future benefit payments to claimants, and the resulting liability to the State, cannot be reasonably estimated. Consequently, this potential obligation is not reported in the accompanying financial statements. Expenditures relating to these benefits for the year ended June 30, 2021, totaled approximately $11 million.

C. Federal Issues

The State receives significant financial assistance from the federal government. Entitlement to these resources is generally based on compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund that receives the grant. As of June 30, 2021, there is no indication that such audits will result in a material liability.

D. Unemployment Insurance Payroll Tax Relief

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

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

25. SUBSEQUENT EVENTS

A. Long-term Debt Issues

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

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

B. Bond Calls

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

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

C. Debt Guarantees

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

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

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Required Supplementary Information

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Budgeted Appropriated Funds

The State accounts for budgetary activities based on the source of moneys used to pay expenditures. Separate appropriated funds are established for each funding source.

General Fund

This fund accounts for expenditures made with General Fund revenue. General Fund revenue consists largely of personal and corporate income taxes.

Federal Funds

This fund accounts for budgeted expenditures made with Federal Revenue.

Lottery Funds

This fund accounts for expenditures made with Lottery funds. These funds, which are earned by the Oregon State Lottery, are transferred to the Economic Development Fund at the Department of Administrative Services for disbursement to agencies where the funds are expended.

Other Funds

This fund accounts for budgeted expenditures other than those funded by General, Federal, and Lottery funds.

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis -
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2021
(In Thousands)

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

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

(continued on next page)

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis -
All Budgeted Appropriated Funds
For the Biennium Ending June 30, 2021
(In Thousands)
(continued from previous page)

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

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

1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The State's budget is approved on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. The Governor is required to submit budget recommendations to the Legislature no later than December 1 preceding the biennium. The Governor establishes priorities for the State based on function (e.g., education, human services, etc.) and the budget is summarized by these functions. Expenditures are budgeted based on the following revenue sources: general, federal, lottery, and other.

A constitutional amendment adopted by the people in 2010 changed the historical Oregon "biennial" session process into "annual" sessions. The amendment limited the session length to 160 calendar days in odd-numbered years and to 35 calendar days in even-numbered years. In odd-numbered years, the budget is adopted by the Legislature's passage of separate appropriation bills and by the Governor's approval of those bills. The resulting approved appropriation bills become the appropriated budget for the State. Appropriation bills include one or more appropriations (budgeted expenditure items) which may be at the agency, program, or activity level. The Oregon Constitution requires the budget to be in balance at the end of each biennium. Because of this provision, the State may not budget a deficit and is required to compensate for any revenue shortfalls within each biennium.

Also included in the Governor's budget recommendations are legally authorized, nonappropriated budget items that are not legislatively limited by an appropriation bill. These nonlimited funds include other funds, federal funds, and other funds debt service. Spending plans for nonbudgeted financial activities are also established by agencies for certain expenditures to enhance fiscal control. These nonbudgeted items include federal funds and other funds and are not included in the Governor's budget recommendations.

When the Legislature is not in session, the Legislative Emergency Board is authorized to amend the legally adopted budget. The Emergency Board authorizes and allocates all changes in funding and takes other actions to meet emergency needs. Emergency Board approval is required to authorize the transfer of expenditure authority between appropriations. Management can reallocate within an appropriation without Emergency Board approval.

The State does not budget by the prescribed fund types of generally accepted accounting principles (GAAP). Appropriations may be at the agency, program, or activity level. Accordingly, the legal level of budgetary control is at one of these three levels depending on the Legislature's view of the activity. The State uses the Relational Statewide Accounting and Reporting System (R*STARS) to control expenditures by budgeted expenditure item. Each item on an approved appropriation bill is assigned an appropriation number. In R*STARS, the appropriated funds are tied to one or more appropriation numbers to ensure expenditures do not exceed approved appropriations. The following budgeted appropriated fund types have been established in R*STARS to account for the State's budgetary activities: General Fund, Federal Funds, Lottery Funds, and Other Funds.

Budgets are prepared on the cash basis. Spending limits are established using quarterly allotments. Allotments are required for both appropriated and nonappropriated items. The spending limits are monitored by the Chief Financial Office of the Department of Administrative Services and are controlled by R*STARS. Encumbrance accounting provides additional budgetary control. Encumbrances represent commitments related to unperformed contracts for goods or services. For budgetary reporting purposes, encumbrances are treated like expenditures and are shown as a reduction of fund balance.

The accompanying "Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Budgetary (Non-GAAP) Basis - All Budgeted Appropriated Funds" is not presented at the legal level of budgetary control. Such a presentation would be extremely cumbersome. To demonstrate compliance with the legal level of budgetary control, the State has prepared a separate report for the 2019-2021 biennium as of June 30, 2021. A copy of this report is available at the Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

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

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

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

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

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

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

2. BUDGETARY BASIS TO GAAP BASIS RECONCILIATION

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

Accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A reconciliation of the resulting differences in excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses for the year ended June 30, 2021, is presented below. Governmental funds are reconciled to the net change in fund balances. Proprietary funds and fiduciary fund types are reconciled to the change in net position.

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

	Budgetary Balances Classified into GAAP Fund Structure								
GAAP Fund	Budgeted General Fund	Budgeted Federal Funds	Budgeted Lottery Funds	Budgeted Other Funds	Total Budgeted Funds	Timing Differences	Basis Differences	Non-Budgeted Funds	GAAP Balances
General	$ 5,282,010	$ (101,953)	$ (260,273)	$ 12,893	$ 4,932,677	$ (167,022)	$ 1,690,037	$ (4,323,693)	$ 2,131,998
Health and Social Services	-	(361)	1,450	(338,512)	(337,422)	132,121	149,227	144,542	88,468
Public Transportation	-	(3,074)	500	106,953	104,379	(648)	(157,444)	20,643	(33,070)
Educational Support	-	(3,258)	2,231	676,285	675,258	(152,483)	(1,169,038)	1,358,164	711,901
Common School	-	-	-	(13,931)	(13,931)	13	(925)	480,728	465,886
Nonmajor Governmental	-	276,671	1,360	61,490	339,521	(59,838)	(42,465)	12,194	249,411
Housing and Community Services	-	-	-	4,448	4,448	-	(552)	369	4,265
Veterans' Loan	-	-	-	(4,348)	(4,348)	-	(585)	4,191	(741)
Lottery Operations	-	-	-	-	-	-	-	(20,278)	(20,278)
Unemployment Compensation	-	-	-	-	-	-	-	(120,424)	(120,424)
Nonmajor Enterprise	-	299	-	(83,104)	(82,805)	14,853	(24,555)	49,054	(43,453)
Internal Service	-	-	-	(25,037)	(25,037)	(9,141)	(46,614)	(66,477)	(147,269)
Pension and Other Employee Benefit Trust	-	-	-	54	54	-	(68,692)	19,438,473	19,369,835
Other Custodial	-	-	-	12,763	12,763	-	-	(11,930)	833
Private Purpose Trust	-	-	-	-	-	-	-	25,409	25,409
External Investment Pools	-	-	-	-	-	-	-	953,978	953,978
Totals	$ 5,282,010	$ 168,324	$ (254,732)	$ 409,954	$ 5,605,556	$ (242,146)	$ 328,394	$ 17,944,943	$ 23,636,748

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

	2020[2]	2019[2]	2018[2]	2017[2]	2016[2]	2015[2]	2014[2]
Proportion of the net pension liability/(asset)	22.9989%	22.26906%	21.0808%	20.7211%	20.68476%	19.73914%	(19.01053%)
Proportionate share of the net pension liability/(asset)	$ 5,019,150	$ 3,852,015	$ 3,193,464	$ 2,793,212	$ 3,105,262	$ 1,133,315	$ (430,914)
Covered payroll	2,743,340	2,302,682	2,188,520	2,293,042	2,154,318	2,137,616	2,487,982
Employer net pension liability/(asset) as a percentage of covered payroll	183.0%	167.3%	145.9%	121.8%	144.1%	53.0%	(17.3%)
Plan fiduciary net position as a percentage of the total pension liability	75.8%	80.2%	82.1%	83.1%	80.5%	91.9%	103.6%

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 30[1]
(Dollars in Thousands)

	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions[2]	$ 482,177	$ 445,812	$ 311,692	$ 292,695	$ 187,524	$ 205,419	$ 152,789
Contributions in relation to the contractually required contributions	482,177	445,812	311,692	292,695	187,524	205,419	152,789
Contribution deficiency	-	-	-	-	-	-	-
Covered payroll	2,963,703	2,743,340	2,302,682	2,188,520	2,293,042	2,154,318	2,137,616
Contributions as a percentage of covered payroll	16.27%	16.25%	13.54%	13.37%	8.18%	9.54%	7.15%

[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 30[1]
(Dollars in Thousands)

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

[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 30[1]
(Dollars in Thousands)

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

[1] 10-year trend information will be presented prospectively.

Required Supplementary Information
Schedule of OPEB Plan Contributions
For the Fiscal Year Ended June 30[1]
(Dollars in Thousands)

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

[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, 2018
Effective	July 2019 - June 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	10 years
Asset valuation method	Market Value
Remaining amortization periods	10 years
Actuarial assumptions:	
Inflation rate	2.5%
Healthcare cost trend rate	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 5.0% for 2022, increasing to 5.9% for 2031, and decreasing to an ultimate rate of 4.1% for 2094 and beyond.
Projected salary increases	3.5%
Investment rate of return	7.2%

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30[1]
(Dollars in millions)

Retiree Health Insurance Premium Account (RHIPA)

Total OPEB Liability	**2020**	**2019**	**2018**	**2017**
Service cost	$ 1.4	$ 1.5	$ 1.5	$ 1.5
Interest on total OPEB liability	5.1	5.0	5.2	5.0
Changes in benefit terms	-	-	-	-
Changes in assumptions	(7.9)	-	0.4	-
Differences between expected and actual experience	(2.2)	(0.3)	(3.0)	-
Benefit payments	(4.1)	(4.5)	(4.7)	(4.3)
Net change in total OPEB liability	(7.7)	1.7	(0.6)	2.2
Total OPEB liability - beginning	72.0	70.3	70.9	68.7
Total OPEB liability - ending	$ 64.3	$ 72.0	$ 70.3	$ 70.9
Plan Fiduciary Net Position				
Employer contributions	$ 11.2	$ 14.0	$ 13.3	$ 11.9
Net investment and other income	0.8	2.5	2.4	2.0
Benefit payments	(4.1)	(4.5)	(4.7)	(4.3)
Administrative expense	(0.3)	(0.3)	(0.3)	(0.3)
Net change in plan fiduciary net position	7.6	11.7	10.7	9.3
Plan fiduciary net position - beginning	46.7	35.0	24.3	15.0
Plan fiduciary net position - ending	$ 54.3	$ 46.7	$ 35.0	$ 24.3
Net OPEB Liability	$ 10.0	$ 25.3	$ 35.3	$ 46.6
Plan fiduciary net position as a percentage of the total OPEB liability	84.5%	64.9%	49.8%	34.3%
Covered payroll	$ 1,166.4	$ 1,120.5	$ 1,165.3	$ 1,327.1
Net OPEB liability as a percentage of covered payroll	0.9%	2.3%	3.0%	3.5%

[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 30[1]
(Dollars in Thousands)

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

[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 30[1]
(Dollars in millions)

Public Empoyees Benefit Board (PEBB)

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

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

Combining Fund Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

Agricultural Resources Fund

This fund accounts for programs related to the promotion, inspection, and regulation of the State's agricultural industry. Funding for these programs include licenses and fees, charges for services, and federal grants.

Business Development Fund

This fund is used to account for programs that expand existing businesses as well as attract and promote new businesses. Federal grants, donations, and transfers from other funds comprise the main funding sources for these programs.

Community Protection Fund

This fund accounts for a variety of activities that help to ensure the safety of the State's citizens and their property through the courts, police, military, and correctional facilities. The main funding sources for these programs include federal grants, fines, and state court fees.

Consumer Protection Fund

This fund is used to account for programs that regulate existing businesses and license various professionals and organizations. Public utilities taxes and business license fees comprise the main funding sources.

Employment Services Fund

This fund accounts for programs that provide workers with a safe and secure workplace. Funding for these employment-related programs include federal grants, employer and employee taxes, and workers' compensation insurance taxes.

Environmental Management Fund

This fund accounts for programs that promote, protect, and preserve the State's forests, parks, wildlife, fish, and waterways. The main funding sources for these programs are user fees, federal grants, and sales revenue.

Nutritional Support Fund

This fund accounts for programs to improve the diets of low-income households and school children. Federal grants provide the main source of revenue for these programs.

Residential Assistance Fund

This fund accounts for programs that help to meet the housing and energy needs of low-income Oregonians. Major funding sources include federal grants, senior citizen property tax repayments, and public utilities taxes.

Other Special Revenue Funds

This fund accounts for a variety of small programs that are funded mainly by federal grants and charges for services.

Debt Service Funds

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

Revenue Bond Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on long-term revenue bonds not reported in proprietary funds. The portion of these bonds that is not self-supporting is funded by a legislative appropriation.

Certificates of Participation Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on certificates of participation not reported in proprietary funds. Debt service requirements are funded by a legislative appropriation.

General Obligation Bond Fund

This fund accounts for the accumulation of resources for the payment of principal and interest on long-term general obligation bonds not reported in the general fund, other governmental funds, or in proprietary funds. The issuance of general obligation debt is authorized in the Oregon Constitution. The portion of these bonds that is not self-supporting is funded by a legislative appropriation.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund

The permanent fund is used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State’s programs. These earnings provide funding for programs such as the upkeep on fish hatcheries, scholarship funds for injured workers, special library book purchases, and homes for the developmentally disabled.

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

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

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

(continued on next page)

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

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

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

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021
(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	10,001	4,400	27,016
Federal	7,456	164,702	265,448
Rebates and Recoveries	57	4	7,675
Charges for Services	10,513	490	29,382
Fines, Forfeitures, and Penalties	2	28	79,758
Rents and Royalties	-	-	1,091
Investment Income	224	2,361	1,729
Sales	7	2,510	1,841
Assessments	-	-	-
Donations and Grants	-	17,815	4,792
Contributions to Permanent Funds	-	-	-
Other	-	1,647	2,218
Total Revenues	28,260	193,956	420,949
EXPENDITURES			
Current:			
Education	-	-	-
Human Resources	-	-	2,440
Public Safety	-	3,208	301,375
Economic and Community Development	-	194,047	2,102
Natural Resources	32,972	-	-
Transportation	-	-	8,073
Consumer and Business Services	-	-	-
Administration	-	3,694	12,605
Legislative	-	-	-
Judicial	-	-	51,859
Intergovernmental	1,655	33,357	185,547
Capital Outlay	14	1	6,458
Debt Service:			
Principal	-	-	70
Interest	-	-	2
Other Debt Service	-	-	464
Total Expenditures	34,641	234,307	570,996
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,381)	(40,350)	(150,046)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	7,637	37,433	146,684
Transfers to Other Funds	(953)	(1,149)	(111,411)
Insurance Recoveries	-	-	2
Long-term Debt Issued	-	-	64,431
Debt Issuance Premium	-	-	17,085
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	6,684	36,285	116,791
Net Change in Fund Balances	303	(4,066)	(33,256)
Fund Balances - Beginning	30,850	137,352	454,615
Prior Period Adjustments	-	-	(9)
Fund Balances - Beginning - As Restated	30,850	137,352	454,606
Change in Inventories	-	1	(81)
Fund Balances - Ending	$ 31,153	$ 133,287	$ 421,269

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

(continued on next page)

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

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

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

Nonmajor Enterprise Funds

Enterprise Funds account for goods and services provided to the general public on a continuous basis, either when all or most of the cost involved in operating the enterprise is intended to be financed from user charges, or when periodic measurement of the results of operations is appropriate for management control or accountability.

Energy Loan Fund

This fund accounts for activities to provide low-interest loans for renewable energy resource and energy conservation projects. Funding is from the issuance of bonds that are repaid from the interest and principal payments on loans.

Business Development Fund

This fund accounts for resources used to finance land, buildings, machinery, and permanent working capital for eligible activities including those determined to diversify an economic base.

Special Public Works Fund

This fund accounts for loans and grants to local governments for construction of infrastructure required to support needed public services. The Special Public Works Fund is financed through lottery resources, the sale of revenue bonds, loan repayments, and interest earnings.

State Hospitals Fund

This fund accounts for the operations of State hospitals and State operated residential group homes that provide treatment services for specific citizens as well as training and care for developmentally disabled persons. Clinical programs include the adult psychiatric program, the child and adolescent treatment program, the forensic and correctional treatment program, and the geropsychiatric treatment and medical service program.

Liquor Control Fund

This fund accounts for the operation of the Oregon Liquor Control Commission that regulates the sale and use of alcoholic beverages and promotes responsible alcohol use.

Standard Retiree Health Insurance Fund

This fund accounts for the accumulation of retiree insurance premiums, reinsurance reimbursements, and interest earnings less insurance claims and administrative expenses.

Veterans' Home Fund

This fund accounts for activities of the Oregon Veterans’ Home, which provides skilled nursing and Alzheimer’s disease care to some of Oregon’s most vulnerable veterans.

Water/Wastewater Financing Fund

This fund accounts for loans and grants to municipalities to improve compliance with federal and State of Oregon water quality standards. The Water/Wastewater Financing Fund is financed through lottery resources, the sale of revenue bonds, loan repayments, and interest earnings.

Safe Drinking Water

This fund accounts for activities of the Safe Drinking Water financing program, which provides low-cost financing for construction and/or improvements of public and private water systems.

Paid Family and Medical Leave Insurance Fund

Established within the Oregon Employment Department in fiscal year 2020, this fund will account for a family and medical leave insurance program to provide compensated time off from work to care for and bond with a child during the first year after the child’s birth or arrival through adoption or foster care, to provide care for a family member who has a serious health condition, or to recover from one’s own serious health condition.

Other Enterprise Funds

This fund is used to account for the sale of goods and services to other than governmental entities through activities not specifically accounted for in another enterprise fund. The fund includes programs within the following state agencies: the Department of Human Services, the Oregon Business Development Department, the Department of Administrative Services, the Department of Corrections, the Department of Environmental Quality, the Department of Forestry, the Judicial Department, the Legislative Administration Committee, the Oregon State Treasury, Oregon Corrections Enterprises, the Oregon Facilities Authority, the Oregon Health Authority, and the Water Resources Department.

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2021
(In Thousands)

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

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

(continued on next page)

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

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

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

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

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

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

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

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

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

(continued on next page)

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

	Energy Loan	Business Development	Special Public Works	State Hospitals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 2,271	$ 107	$ (442)	$ (417,206)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	-	-	11,211
Amortization of Bond/COP Premium and Discount	(1,076)	-	(354)	-
Noncash Services Received Pursuant to Settlement Activities	-	-	-	-
Interest Receipts Reported as Operating Revenue	(4,723)	(788)	(5,549)	-
Interest Payments Reported as Operating Expense	4,303	-	1,626	-
Bond/COP Issuance Costs Reported as Operating Expense	11	-	427	-
Net Changes in Assets and Liabilities:				
Accounts and Interest Receivable (net)	26	(28)	(234)	1,946
Due from Other Funds	-	34	31	9,136
Due from Component Units	-	-	-	-
Inventories	-	-	-	250
Prepaid Items	-	-	-	415
Net Contracts, Notes and Other Receivables	-	-	-	72
Loans Receivable	(1,159)	(344)	(3,437)	-
Net OPEB Asset	3	9	8	2,503
Accounts and Interest Payable	(185)	95	364	1,244
Due to Other Funds	-	-	-	-
Due to Component Units	-	-	-	(708)
Due to Other Governments	-	-	(208)	-
Unearned Revenue	(54)	-	-	-
Compensated Absences Payable	4	4	8	1,688
Claims and Judgments Payable	-	-	-	-
Deposit Liabilities	17	-	-	-
Contracts, Mortgages, and Notes Payable	-	-	-	-
Net Pension Liability	(70)	105	423	90,053
Advances from Other Funds	-	-	-	-
Net OPEB Liability	(1)	(3)	(3)	(838)
Total OPEB Liability	-	1	(1)	(339)
Net Changes in Deferred Outflows of Resources:				
Loss on Refunding	434	-	-	-
Related to Pensions	20	(50)	(131)	(27,634)
Related to OPEB	-	(1)	(3)	(394)
Net Changes in Deferred Inflows of Resources:				
Related to Pensions	(7)	(18)	(17)	(4,354)
Related to OPEB	(1)	(1)	(1)	(346)
Total Adjustments	(2,459)	(985)	(7,051)	83,905
Net Cash Provided (Used) by Operating Activities	$ (187)	$ (878)	$ (7,493)	$ (333,302)
Noncash Investing and Capital and Related Financing Activities:				
Net Change in Fair Value of Investments	$ -	$ -	$ 352	$ -

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

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Internal Service Funds

Internal Service Funds account for goods and services provided by state agencies or departments to other state agencies or departments and to other governmental units on a cost-reimbursement basis.

Central Services Fund

This fund accounts for activities to provide various services to state agencies. These services include accounting, budgeting, personnel, mail and shuttle, purchasing, printing, copy center, data center, property development, telecommunications, motor pool, and an insurance fund.

Legal Services Fund

This fund accounts for activities of the Department of Justice Attorney General's office to represent and advise the State's elected and appointed officials, agencies, boards, and commissions.

Banking Services Fund

This fund accounts for activities of the Oregon State Treasury to provide banking, investment, and debt management services to state agencies.

Audit Services Fund

This fund accounts for activities of the Secretary of State, Audits Division, to provide independent auditing services to state agencies.

Forestry Services Fund

This fund accounts for activities of the Department of Forestry to operate an equipment and maintenance pool that provides transportation, heavy equipment, and aircraft support for operating programs and other state agencies.

Health Services Fund

This fund accounts, primarily, for the activities of the Public Employees' Benefit Board, through the Oregon Health Authority, to provide health care benefits and related services for the employees of state agencies.

Other Internal Service Funds

This fund accounts for the sale of goods and services to other governmental units through activities not specifically accounted for in another internal service fund.

Combining Statement of Net Position
Internal Service Funds
June 30, 2021
(In Thousands)

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

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

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

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

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

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

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

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

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

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

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

(continued on next page)

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

	Central Services	Legal Services	Banking Services
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (35,340)	$ (11,325)	$ 1,178
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	26,352	674	277
Amortization of Bond/COP Premium and Discount	(895)	-	-
Noncash Services Received Pursuant to Settlement Activities	38	-	-
Interest Payments Reported as Operating Expense	2,902	-	-
Expenses Related to Insurance Recoveries for Capital Assets	-	-	-
Net Changes in Assets and Liabilities:			
Accounts and Interest Receivable (net)	(14,056)	(1,568)	2,211
Due from Other Funds	(11,159)	109	-
Inventories	(25)	27	-
Prepaid Items	(7,445)	-	-
Net Contracts, Notes and Other Receivables	(7)	(2)	-
Net OPEB Asset	572	577	189
Accounts and Interest Payable	9,164	626	394
Due to Other Funds	(1,528)	-	(6)
Unearned Revenue	(50)	-	-
Compensated Absences Payable	1,218	1,298	447
Claims and Judgments Payable	36,521	-	-
Deposit Liabilities	804	4	-
Contracts, Mortgages, and Notes Payable	(609)	-	-
Net Pension Liability	26,056	25,279	6,651
Net OPEB Liability	(300)	(247)	(61)
Total OPEB Liability	(9)	59	7
Net Changes in Deferred Outflows of Resources:			
Loss on Refunding	241	-	-
Related to pensions	(9,165)	(8,414)	(2,160)
Related to OPEB	(313)	(218)	(37)
Net Changes in Deferred Inflows of Resources:			
Gain on Refunding	(197)	-	-
Related to Pensions	(1,679)	(1,310)	(341)
Related to OPEB	(41)	(29)	(15)
Total Adjustments	56,388	16,865	7,557
Net Cash Provided (Used) by Operating Activities	$ 21,048	$ 5,540	$ 8,735
Noncash Investing and Capital and Related Financing Activities:			
Net Change in Fair Value of Investments	$ (1,806)	$ -	$ -
Capital Leases	804	-	-
Noncash Assets Received Pursuant to Settlement Activities	3,690	-	-

Audit Services	Forestry Services	Health Services	Other	Total
$ 981	$ 531	$ 57,281	$ 514	$ 13,820
45	1,531	-	637	29,516
-	-	-	-	(895)
-	-	-	104	142
-	-	-	-	2,902
-	-	-	(11)	(11)
236	(36)	2,528	25	(10,660)
132	-	(760)	-	(11,677)
-	(20)	8	2	(9)
6	-	-	-	(7,439)
-	-	129	-	120
56	(14)	879	11	2,269
(65)	(54)	5,907	8	15,980
-	-	(6,375)	16	(7,893)
-	-	-	-	(50)
148	(24)	1,321	15	4,424
-	-	7,890	-	44,411
-	-	(1,144)	-	(336)
-	-	-	-	(609)
2,864	520	33,395	(405)	94,361
(24)	5	(367)	(6)	(1,001)
(17)	24	32	1	98
-	-	-	-	241
(865)	(202)	(11,335)	10	(32,131)
(21)	(9)	(287)	(5)	(890)
-	-	-	-	(197)
(125)	(53)	(2,364)	(69)	(5,941)
(5)	9	(96)	(1)	(179)
2,365	1,677	29,363	332	114,546
$ 3,345	$ 2,208	$ 86,644	$ 845	$ 128,366
$ -	$ -	$ -	$ -	$ (1,806)
-	-	-	-	804
-	-	-	-	3,690

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Fiduciary Funds

Combining Pension and Other Employee Benefit Trust Funds

Pension Trust Funds

Pension trust funds account for the transactions, assets, liabilities, and net position held in trust for public employees by the Public Employees Retirement System (PERS) for the payment of retirement, disability, and death benefits to members of the retirement system.

Public Employees Defined Benefit Pension Plan Fund

This fund accounts for the activities of the defined benefit retirement plan for units of state government, political subdivisions, community colleges, and school districts. Also included in this fund are the activities of the defined benefit portion of the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003, as well as inactive PERS members who return to employment following a six-month or greater break in service, participate in the OPSRP pension program. The plan is administered by the Public Employees Retirement Board under Oregon Revised Statutes, Chapter 238, and Section 401(a) of the Internal Revenue Code.

Individual Account Program Defined Contribution Pension Plan Fund

This fund accounts for the activities of the defined contribution portion of the OPSRP. Beginning January 1, 2004, PERS member contributions, account earnings and losses, as well as administrative costs of the plan, are reflected in this fund. The OPSRP is administered by PERS.

Other Employee Benefit Trust Funds

Other employee benefit trust funds account for the transactions, assets, liabilities, and net position held in trust for public employees by PERS for the payment of postemployment healthcare benefits and deferred compensation to members of the retirement system.

Retirement Health Insurance Account (RHIA) OPEB Plan Fund

This fund accounts for the activities of the RHIA cost-sharing, multiple-employer other postemployment benefit (OPEB) plan administered by PERS for units of state government, political subdivisions, community colleges, and school districts. The RHIA is a defined benefit OPEB plan established pursuant to section 401(h) of the Internal Revenue Code. The plan authorizes a payment of up to $60 towards the monthly cost of health insurance for eligible PERS members participating in PERS-sponsored health insurance plans. Employer contributions, investment income, healthcare premium subsidy payments, and administrative costs are accounted for within this fund.

Retiree Health Insurance Premium Account (RHIPA) OPEB Plan Fund

This fund accounts for the activities of the RHIPA single-employer OPEB plan administered by PERS. The RHIPA is a defined benefit OPEB plan established pursuant to Section 401(h) of the Internal Revenue Code. The plan authorizes payment to eligible retired state employees of the average difference between the health insurance premiums paid by retirees under contracts entered into by the PERS Board and health insurance premiums paid by state employees who are not retired. Employer contributions, investment income, healthcare premium subsidy payments, and administrative costs are accounted for within this fund.

Deferred Compensation Plan Fund

This fund accounts for the activities of the Oregon Savings Growth Plan, an Internal Revenue Code Section 457 deferred compensation plan, offered to employees of the State and administered by PERS.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2021
(In Thousands)

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

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

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

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

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

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Fiduciary Funds

Combining Custodial Funds - External Investment Pools

External investment funds account for the portion of cash and investment pools managed by the Oregon State Treasury belonging to entities other than the State.

Short Term Investment Fund

This fund accounts for the portion of the Oregon Short Term Fund (OSTF) belonging to entities other than the State. The OSTF is a cash and investment pool, managed by the Oregon State Treasury, which is available for use by all funds and local governments. Oregon reports the State's portion of this pool within the funds of the State.

Intermediate Term Investment Fund

This fund accounts for the portion of the Oregon Intermediate Term Pool (OITP) belonging to entities other than the State. The OITP is an intermediate term fixed income investment vehicle managed by the Oregon State Treasury, participants include several state agencies, some discretely presented component units and one non-agency entity. State agencies have the opportunity to participate in the OITP subject to application requiring evidence of statutory authority to invest in the OITP and subsequent approval by the Oregon State Treasury. Oregon reports the State's portion of the pool within the funds of the State.

Local Government Intermediate Investment Fund

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

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

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

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds - External Investment Pools
For the Year Ended June 30, 2021
(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	$ (432)	$ 153	$ (6,766)	$ -	$ (7,045)
Interest, Dividends, and Other Investment Income	48,009	941	8,033	-	56,983
Total Investment Income	47,577	1,094	1,267	-	49,938
Less Investment Expense	6,516	27	339	-	6,882
Net Investment Income	41,061	1,067	928	-	43,056
Share Transactions:					
Participant Contributions	23,480,780	-	500	-	23,481,280
Participant Withdrawals	22,499,547	-	1,048	-	22,500,595
Net Share Transactions	981,233	-	(548)	-	980,685
Total Additions	1,022,294	1,067	380	-	1,023,741
DEDUCTIONS					
Distribution to Participants	78,369	-	-	(8,606)	69,763
Total Deductions	78,369	-	-	(8,606)	69,763
Change in Net Position:					
Amount Held for Pool Participants	943,925	1,067	380	8,606	953,978
Net Position - Beginning	8,195,753	36,697	248,961	(234,853)	8,246,558
Net Position - Ending	$ 9,139,678	$ 37,764	$ 249,341	$ (226,247)	$ 9,200,536

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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 (OHCSD) 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 OHCSD.

The primary purpose of OAHAC is to administer programs targeted to help prevent or mitigate the impact of foreclosures on low and moderate income persons, to help stabilize housing markets in Oregon, to provide resources of affordable or subsidized housing, and to develop and administer programs related to housing permitted under the Emergency Economic Stabilization Act of 2008, as amended (EESA), and act as an institution eligible to receive Troubled Asset Relief Program (TARP) funds under EESA. During the most recent fiscal year OAHAC administered only the Hardest Hit Fund programs, which are part of TARP. OAHAC reports on a fiscal year ended December 31 and its financial statements are prepared in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-05, *Financial Statements for Not-for-Profit Organizations*. The December 31, 2020, financial information of OAHAC is included in this report.

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

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

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

(continued on next page)

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

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

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

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

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

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

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Statistical Section

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Statistical Section
Index

This part of the State of Oregon's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance has changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the State's most significant revenue source, personal income taxes.

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.

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.

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.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	2011	2012	2013	2014
Farm earnings	$ 1,276,830	$ 1,404,692	$ 1,645,661	$ 1,593,061
Forestry, fishing, and related activities	1,059,648	1,222,841	1,224,015	1,277,340
Mining	113,167	112,281	111,541	111,038
Utilities	810,559	667,746	708,708	686,661
Construction	5,369,975	6,199,355	6,609,217	7,322,792
Manufacturing	12,973,184	13,979,258	14,116,085	14,509,494
Wholesale trade	6,299,149	6,709,418	5,757,195	5,924,749
Retail trade	6,939,388	7,316,105	7,538,200	7,861,333
Transportation and warehousing	3,352,507	3,551,288	3,616,611	3,897,609
Information	2,868,925	3,008,608	2,994,952	3,128,702
Finance and insurance	4,795,502	5,030,466	5,178,201	5,166,253
Real estate, rental, and leasing	1,001,074	1,435,204	1,686,273	1,922,688
Professional, scientific, and technical	7,623,825	8,171,032	8,416,855	9,101,383
Management of companies	2,972,610	3,134,763	4,836,500	5,218,920
Administrative & waste mgmt. services	3,735,425	4,063,051	4,228,272	4,524,148
Educational services	1,449,845	1,607,257	1,631,771	1,675,462
Health care and social assistance	12,925,240	13,544,411	14,086,674	14,701,689
Arts, entertainment, and recreation	993,545	1,133,231	1,167,190	1,302,189
Accommodation and food services	3,347,556	3,713,319	3,840,619	4,298,033
Other services	3,888,160	4,216,958	4,267,809	4,581,142
Federal government, civilian	2,743,644	2,732,268	2,690,794	2,730,997
Military	509,674	477,881	463,169	437,531
State government	4,378,419	4,376,685	4,610,488	4,870,474
Local government	12,180,213	12,088,691	12,347,880	12,859,979
Other[1]	41,988,042	43,651,149	42,355,332	47,373,658
Total personal income	$ 145,596,106	$ 153,547,958	$ 156,130,012	$ 167,077,325
Overall effective tax rate[2]	5.6%	5.7%	5.8%	6.0%

[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 2020 will not be available until May 2022.

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

2015	2016	2017	2018	2019	2020
$ 1,806,041	$ 1,746,211	$ 1,314,319	$ 1,351,468	$ 1,318,426	$ 2,447,582
1,392,974	1,428,207	1,483,368	1,708,905	1,623,558	1,796,665
118,138	126,075	148,197	163,766	167,272	165,957
606,651	685,452	744,498	747,881	851,510	936,451
7,755,085	8,636,306	9,745,610	10,781,020	11,560,795	12,115,850
15,414,567	15,961,464	16,514,290	17,560,984	17,873,681	17,706,737
6,285,883	6,438,970	6,822,952	7,085,313	7,320,613	7,617,399
8,338,329	8,621,144	9,212,307	9,682,554	10,044,418	10,465,863
4,210,460	4,285,357	4,591,062	4,930,756	5,221,997	5,534,513
3,296,096	3,228,386	3,670,480	4,026,677	4,087,852	4,320,828
5,510,764	5,841,148	6,197,817	6,348,722	6,624,839	7,258,179
2,544,610	3,477,194	3,984,301	4,700,424	5,294,944	5,381,419
9,800,056	10,415,997	11,305,714	12,017,915	12,704,645	13,284,035
5,986,789	6,092,358	6,491,621	6,796,162	7,319,550	7,866,521
4,793,747	4,965,120	5,318,755	5,618,041	5,900,977	6,019,619
1,695,120	1,770,060	1,711,289	1,769,827	1,835,330	1,800,660
15,918,489	16,891,372	17,682,331	18,432,909	19,311,771	20,269,354
1,319,398	1,437,534	1,537,080	1,671,062	1,657,896	1,156,330
4,856,152	5,300,209	5,804,292	6,352,739	6,638,803	5,184,298
4,836,335	5,084,998	5,273,155	5,609,716	5,782,995	5,695,564
2,812,334	2,945,497	3,060,057	3,184,109	3,213,120	3,402,467
433,827	442,922	454,311	476,768	512,463	520,631
5,065,486	3,500,834	3,721,860	3,861,978	4,171,579	4,349,435
13,406,220	15,750,887	16,464,420	17,478,288	18,136,247	18,314,577
51,396,667	53,209,616	55,741,604	59,056,617	62,011,069	75,236,131
$ 179,600,218	$ 188,283,318	$ 198,995,690	$ 211,414,601	$ 221,186,350	$ 238,847,065
6.0%	6.0%	6.1%	6.3%	6.3%	N/A

Schedule 6
PERSONAL INCOME TAX RATES
Last Ten Calendar Years

		Top Income Tax Rate is Applied to Taxable Income in Excess of		
Year	Top Rate	Single & Married Filing Separately	Married/RDP[1] Filing Jointly & Head of Household	Overall Effective Tax Rate[2]
2011	11.0%	$ 250,000	$ 500,000	5.6%
2012	9.9%	125,000	250,000	5.7%
2013	9.9%	125,000	250,000	5.8%
2014	9.9%	125,000	250,000	6.0%
2015	9.9%	125,000	250,000	6.0%
2016	9.9%	125,000	250,000	6.0%
2017	9.9%	125,000	250,000	6.1%
2018	9.9%	125,000	250,000	6.3%
2019	9.9%	125,000	250,000	6.3%
2020	9.9%	125,000	250,000	N/A

[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 2020 will not be available until May 2022.

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

Source: Oregon Department of Revenue

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

2010

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

2019

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$500,001 and higher	17,598	0.80%	$ 1,817,031	19.17%
$100,001–$500,000	390,718	17.66%	4,510,839	47.59%
$80,001–$100,000	155,818	7.04%	777,972	8.21%
$60,001–$80,000	214,130	9.68%	797,788	8.42%
$40,001–$60,000	308,938	13.96%	794,890	8.39%
$20,001–$40,000	474,157	21.43%	632,423	6.67%
$10,001–$20,000	269,502	12.18%	121,184	1.28%
$10,000 and lower	381,829	17.26%	26,719	0.28%
Total	2,212,690	100.00%	$ 9,478,846	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 2019 is the most current year available.

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

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

[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.

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

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

Year	General Bonded Debt Outstanding	Resources Restricted for Repaying the Principal of Bonded Debt Outstanding	Net General Bonded Debt Oustanding	Percentage of Personal Income[1]	Per Capita
2012	$ 5,267,360	$ 66,948	$ 5,200,412	3.39%	$ 1.33
2013	5,401,103	69,098	5,332,005	3.42%	1.36
2014	5,613,726	66,985	5,546,741	3.32%	1.40
2015	5,923,855	68,147	5,855,708	3.26%	1.46
2016	6,079,700	71,723	6,007,977	3.19%	1.47
2017	6,655,822	66,987	6,588,835	3.31%	1.59
2018	6,551,946	55,693	6,496,253	3.07%	1.55
2019	6,968,956	45,985	6,922,971	3.13%	1.64
2020	6,971,642	43,720	6,927,922	2.90%	1.63
2021	7,253,045	34,988	7,218,057	2.83%	1.69

[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 2021

	Constitutional/Statutory Provision	Constitutional Debt Limit[1]	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, 2020, RMV of $756,746,704,516.

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

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

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

Source: Oregon State Treasury, Debt Management Division, and state agencies' disclosures.

Note: Amounts of outstanding debt applicable to the debt limit represent the outstanding principal, net of discounts, premiums, and other adjustments.

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

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

Lottery Revenue Bonds

Year	Revenues	Expenses	Interest Earnings on GICs[1]	Net Revenues Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
2012	$ 1,067,912	$ 538,349	$ 3,123	$ 532,685	$ 77,635	$ 57,150	$ 134,785	3.95
2013	1,064,782	515,429	3,018	552,371	74,525	54,088	128,613	4.29
2014	1,058,703	546,276	2,739	515,166	72,310	54,310	126,620	4.07
2015	1,122,156	570,297	957	552,816	58,855	41,511	100,366	5.51
2016	1,245,710	657,218	299	588,791	60,300	53,163	113,463	5.19
2017	1,245,383	544,156	133	701,360	67,170	50,260	117,430	5.97
2018	1,307,690	595,537	132	712,285	73,875	54,081	127,956	5.57
2019	1,367,397	645,536	132	721,993	73,005	51,671	124,676	5.79
2020	1,168,344	578,576	133	589,902	77,895	55,170	133,065	4.43
2021	1,295,918	637,649	133	658,401	80,990	52,281	133,271	4.94

[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
2012	$ 566,923	$ 52,070	$ 98,173	$ 150,243	3.77
2013	555,971	56,705	91,187	147,892	3.76
2014	578,008	58,340	100,325	158,665	3.64
2015	588,295	70,020	99,528	169,548	3.47
2016	610,576	73,130	101,170	174,300	3.50
2017	620,869	75,465	99,649	175,114	3.55
2018	664,622	66,400	108,025	174,425	3.81
2019	730,313	77,785	110,603	188,388	3.88
2020	709,654	80,265	106,682	186,947	3.80
2021	772,286	87,580	91,075	178,655	4.32

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

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

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

Schedule 13
DEMOGRAPHIC AND ECONOMIC INDICATORS
Last Ten Calendar Years

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

[1] Personal income presented in thousands.

Source: Population and personal income figures for 2012 through 2020 were supplied by the US Department of Commerce, Bureau of Economic Analysis. The unemployment rates for all years are annual averages and were provided by the Oregon Employment Department.

Population and personal income estimates for 2021 were provided by the Oregon Office of Economic Analysis.

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

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

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

Source: Department of Administrative Services, Chief Financial Office.

Note: The number of full time equivalent (FTE) positions is established in the legislatively adopted biennial budget. A distinction between governmental and business-type activities is not available.

In 2014, the Oregon University System was legislatively approved to act as a private entity and will no longer be included in the Education FTE figure.

Schedule 16
OPERATING INDICATORS AND CAPITAL ASSET INFORMATION BY FUNCTION
Last Ten Fiscal Years

	2012	2013	2014
Governmental Activities			
Education			
Number of PreK-12 students	560,951	563,714	567,100
Number of FTE community college students	117,653	117,233	104,339
Special education school campuses	1	1	1
Human Services			
Number of individuals eligible for Oregon Health Plan	619,994	672,210	971,104
Average number of basic TANF individuals	70,881	74,313	70,046
Public Safety			
Number of sworn state police officers	610	606	606
Prison inmate population	14,186	14,578	14,632
Number of correctional facilities	14	14	14
Economic and Community Development			
Community development grants provided (in dollars)	$ 12,496,300	$ 17,299,550	$ 18,590,649
Number of technical assistance grants provided	5	6	5
Natural Resources			
Forest acres burned	17,396	103,836	53,018
State park day use visitors (in millions)	40.4	42.1	43.2
Acreage of state parks	108,613	108,654	108,499
Miles of forest roads	3,400	3,432	3,456
Transportation			
Licensed drivers (in millions)	3.0	3.1	3.1
Vehicle miles traveled on state highway system (in billions)	19.4	19.5	19.8
State highway system miles	7,401	7,401	7,399
Number of state owned bridges	2,709	2,717	2,725
Consumer and Business Services			
Number of employers covered by workers' compensation	101,400	100,300	107,900
Historic premiums written for all insurance lines (in billions)	$ 18.0	$ 19.7	$ 19.5
Average bank and credit union assets (in billions)	$ 44.0	$ 45.0	$ 56.6
Construction employment (in thousands)	69.9	74.2	80.1
Administration			
Number of tax returns filed	1,846,257	1,886,438	1,942,678
Percent of returns filed electronically	81.0%	83.0%	84.0%
Uniform rent square footage (in millions)	2.0	2.0	2.0
Leased office space square footage (in millions)	4.5	4.0	4.6
Number of motor pool vehicles	3,993	3,994	3,993
Legislative			
Number of bills introduced	275	2,511	252
Number of bills becoming law	112	788	126
Length of legislative session (in days)	34	156	36
Capitol building	1	1	1
Judicial			
Cases filed in circuit courts	549,803	544,687	536,922
Number of circuit court judges	173	173	173

Sources: Various state agencies

Note: Figures for 2020 and 2021 that are not available until a later date are indicated with N/A.

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

(continued on next page)

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

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

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

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

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APPENDIX C

OREGON SUSTAINABILITY BONDS FOR LOCAL INNOVATION AND FAST TRACK HOUSING AND PERMANENT SUPPORTIVE HOUSING PROGRAMS

Oregon Sustainability Bonds

The State designates certain series of bonds that it issues as "sustainability bonds" because the projects to be financed with the bonds are intended to advance sustainable purposes such as the use, development and protection of resources in a manner that meets current needs and provides for future generations or takes into consideration environmental, economic and community objectives (hereinafter "Oregon Sustainability Bonds"). These sustainability principles generally comport with the "Green Bond Principles" and "Social Bond Principles," or together the "Sustainability Bond Guidelines," promulgated by the International Capital Market Association.

The State is designating the 2022 Series B Bonds as Oregon Sustainability Bonds based on the intended use of proceeds to finance affordable housing pursuant to the State's (i) Local Innovation and Fast Track Housing Program ("LIFT" or the "LIFT Affordable Housing Program") and (ii) Permanent Supportive Housing Program ("PSH" or the "PSH Program").

Eligible LIFT and PSH Projects must be constructed in compliance with the State of Oregon's Energy Efficiency Specialty Code ("OEESC") for commercial and residential buildings. The OEESC is based on the International Energy Conservation Code. It was adopted by the Oregon Building Code Division, with amendments for Oregon, pursuant to ORS 455.505. The OEESC can be found at http://www.oregon.gov/bcd/codes-stand/Pages/energy-efficiency.aspx. The information on such website is not incorporated herein by such reference or otherwise.

The 2022 Series B Bonds will be the sixth series of bonds designated as "Oregon Sustainability Bonds."

Designation Does Not Involve Additional Security or Assumption of Project Risk. The term "Oregon Sustainability Bonds" is not defined in the Issuance Certificate or the authorizing statutes for the LIFT and PSH programs. The use of such term in connection with the 2022 Series B Bonds and in this Official Statement is for identification purposes only. Holders of Oregon Sustainability Bonds, including the 2022 Series B Bonds, do not assume any specific project risk and are not entitled to any security other than that described herein. See "SECURITY AND SOURCES OF PAYMENT" herein.

State Housing Finance Agency and Programs

Oregon Housing and Community Services Department ("OHCS") is the State's housing finance agency, providing financial and program support to create and preserve opportunities for quality, affordable housing for Oregonians of low and moderate income. OHCS is the designated administrator of Federal Low Income Housing Tax Credits, including the four percent Low Income Housing Tax Credit ("4% LIHTC"), that are allocated annually to the State of Oregon. The Oregon Housing Stability Council ("Housing Stability Council") provides policy direction and approves certain programs or financings for OHCS.

Bond Funding for LIFT and PSH Programs. For the 2021-23 Biennium, the Legislative Assembly authorized $413.5 million in general obligation bonds to be issued to fund the LIFT and PSH programs.

Under LIFT and PSH, the State will transfer proceeds of the 2022 Series B Bonds to OHCS and the Housing Stability Council to finance (i) LIFT state equity interests in projects that expand affordable housing options statewide in the form of (1) affordable multi-family rental housing or (2) homeownership units with 20-year affordability restrictions (certain of the homeownership units will be developed by sponsors that produce permanently affordable housing through land trusts) and (ii) PSH state equity interests in projects that expand permanent supportive housing statewide in the form of affordable multi-family rental housing with 30-year affordability restrictions.

LIFT Affordable Housing Program

The purpose of the LIFT Affordable Housing Program is to provide financing for new affordable housing in the State in historically underserved communities and for households earning at or below 60 percent of Area Median Income ("AMI") for rental housing and at or below 80 percent of AMI for homeownership. OHCS and the Housing Stability Council have previously allocated approximately $383.8 million in LIFT financing to 5716 units/78 projects in the State ("Funded LIFT Projects") from proceeds of outstanding Oregon Sustainability Bonds (not including the 2022 Series B Bonds). Together with other leveraged funding sources such as the 4% LIHTC, the LIFT Program has provided low-cost financing for 5716 units of affordable housing. See Table C-1 (at the end of this Appendix) for a listing of projects funded through the LIFT Program that have received or been allocated proceeds of previously issued Oregon Sustainability Bonds (excluding 2022 Series B Bonds).

LIFT Projects – Use of 2022 Series B Bonds. Approximately $151.75 million of the 2022 Series B Bonds are expected to provide funding to OHCS and the Housing Stability Council to finance new construction of affordable housing under the LIFT Affordable Housing Program's 2022 funding cycle that OHCS anticipates approving in the fiscal year ending June 30, 2023. The 2022 Series B Bonds proceeds are expected to be used to contribute funding to eligible LIFT Projects based upon the highest priority needs in the State and to develop approximately 1,090 units of affordable housing statewide with an overall goal of increasing the supply of affordable housing in underserved communities, stimulating economic growth, and revitalizing communities. Certain of the eligible LIFT Projects will receive allocation of 4 % LIHTC and will benefit from additional subsidy sources.

LIFT Projects – Process for Evaluation and Selection. All selected eligible LIFT Projects will fund new construction projects and will be required to comply with State standards on energy efficiency. OHCS and the Housing Stability Council will select projects that promote LIFT goals of financing affordable housing units for one or more of the following:

(i) Oregonian households with income at or below 60 percent of AMI for rental units and 80 percent of AMI for homeownership units,

(ii) historically underserved communities with focus on communities of color and rural communities,

(iii) households that receive services from the Oregon Department of Human Services child welfare or self-sufficiency programs, or

(iv) affordable housing that results in cost efficient design and expedient timelines for placement of the units in service.

PSH Program

The PSH Program was created by the State to provide financing for new affordable housing in the State and ongoing operations (rent assistance and tenancy support services). This funding allows OHCS and its partners to add to the supply of affordable housing for households experiencing chronic homelessness. The State has made funds from other sources available to pay for project-based rental assistance, which will make PSH units affordable at 27% of a tenant's income. The State has also made funds from other sources available to pay for tenancy support services to assist PSH tenants in maintaining housing. OHCS and the Housing Stability Council have previously allocated approximately $50 million in PSH financing to finance 343 units/12 projects in the State from proceeds of outstanding Oregon Sustainability Bonds (not including the 2022 Series B Bonds). Together with other leveraged funding sources such as the 4% LIHTC, the PSH Program has provided low-cost financing for 834 units of affordable housing, 343 of which are PSH units. See Table C-2 (at the end of this Appendix) for a listing of projects funded through the PSH Program that have received or been allocated proceeds of previously issued Oregon Sustainability Bonds (excluding 2022 Series B Bonds).

PSH Projects – Use of 2022 Series B Bonds. Approximately $23.25 million of the proceeds of the 2022 Series B Bonds are expected to provide funding to OHCS and the Housing Stability Council to finance new construction of affordable housing under the PSH Program's 2022 funding cycle that OHCS anticipates approving in the fiscal year ending June 30, 2023. The 2022 Series B Bond proceeds are expected to be used to contribute funding to eligible PSH Projects based upon the highest priority needs in the State and to develop approximately 140 units of affordable permanent supportive housing for persons experiencing chronic homelessness. Certain of the eligible PSH Projects will apply for an allocation of 4% LIHTC and will benefit from additional subsidy sources.

PSH Projects – Evaluation and Selection. All eligible PSH Projects will fund either new construction or rehabilitation projects and will be required to comply with State standards on energy efficiency. OHCS and the Housing Stability Council selected projects that promote PSH goals of financing affordable housing units for the following:

(i) Oregon households with income at or below 60 percent of AMI for rental units;

(ii) Persons who are chronically homeless; and

(iii) Affordable housing that results in cost efficient design and expedient timelines for placement of the units in service.

Management of Proceeds

Net of transaction costs, the proceeds of the 2022 Series B Bonds will be deposited into the LIFT/PSH Housing Program Fund held by the State Treasurer's Office until they are disbursed by OHCS to awarded applicants. See "SECURITY AND SOURCES OF PAYMENT" and "—Estimated Sources and Uses of Funds for 2022 Bonds" herein. The State Treasurer's Office and OHCS will track allocation and disbursement of proceeds of the 2022 Series B Bonds between eligible LIFT Projects and eligible PSH Projects.

Sustainability Bond Reporting

The State will provide annual fiscal year updates regarding Oregon Sustainability Bonds issued to fund eligible LIFT Projects and eligible PSH Projects including: (i) funds allocated to each project selected by OHCS and the Housing Stability Council, (ii) a description of the characteristics of each funded eligible

LIFT Project and eligible PSH Project including its location, population served, allocation of LIHTC, and new construction OEESC applicability, and (iii) the remaining balance of unallocated net proceeds of Oregon Sustainability Bonds at the end of each fiscal year. This information will be provided by the State on a voluntary basis in the form set out in Table C-3 and will be made available on the State Treasurer's website. See Table C-3 —"FORM OF SUSTAINABILITY BOND ANNUAL REPORTING."

Once all net proceeds of the 2022 Series B Bonds have been spent, no further updates will be provided with respect to the 2022 Series B Bonds. Tracking and annual reporting concerning Oregon Sustainability Bonds is voluntary and separate from the State's continuing disclosure undertaking described under "CONTINUING DISCLOSURE," in the form contained in Appendix E. Any delay or failure by the State to provide such updates shall not be considered a failure to comply with the Continuing Disclosure Certificate.

TABLE C-1
OHCS AND HOUSING STABILITY COUNCIL FUNDED LIFT AFFORDABLE HOUSING PROGRAM PROJECTS

Project Name	Project Location (City/County)	LIFT Award Amount	4% LIHTC Allocation	Population Served %AMI	Populations Targeted (Services)	New Construction
The Fields Apartments (R)	Tigard/Washington	$9,880,000	$2,460,171	60%	Families	Yes
Cornerstone Apartments (R)	Salem/Marion	4,877,919	864,041	60%	Families	Yes
Willow Creek Crossings (R)	Hillsboro/Washington	4,560,000	1,248,066	60%	Families	Yes
Holman 42 (R)	Portland/Multnomah	2,242,000	653,618	60%	Families and Seniors	Yes
Lincoln Apartments (R)	Woodburn/Marion	3,462,478	N/A	60%	Families	Yes
Treasure Valley Apartments (R)	Ontario/Malheur	4,000,000	N/A	60%	Families	Yes
St. Helens Homeless Housing (R)	St. Helens/Columbia	608,000	N/A	60%	Homeless	Yes
Fisterra Garden Townhomes(R)	Yachats/Lincoln	797,979	229,902	60%	Families	Yes
Claxter Crossing Apartments (R)	Salem/Marion	4,590,000	524,708	60%	Families	Yes
Redwood Crossing (R)	Salem/Marion	1,305,000	N/A	60%	Homeless	No
Village Meadows Apartments/ LaPine Townhomes (R)	Sisters & La Pine/Deschutes	3,420,000	576,092	60%	Families	Yes
Red Rock Creek Commons (R)	Tigard/Washington	2,160,000	556,860	60%	Families and Persons w/ Disabilities	Yes
Southtown Apartments (R)	Monmouth/Polk	9,440,000	N/A	60%	Families	Yes
Relay Apartments (R)	Portland/Multnomah	4,680,000	N/A	60%	Families	Yes
Gateway Workforce & Hermiston Family Housing (R)	Portland/Multnomah & Hermiston/Umatilla	15,525,000	1,649,717	60%	Families	Yes
North Williams Apartments (R)	Portland/Multnomah	2,741,950	1,026,080	60%	Families and Persons w/ Disabilities	Yes
Woodlands (H)	Philomath/Benton	325,000	N/A	80%	Families	Yes
ClearPine (H)	Sisters/Deschutes	390,000	N/A	80%	Families	Yes
Magnolia Apartments Phase II (R)	Portland/Multnomah	$2,249,950	$ 616,282	60%	Families and Homeless	Yes
5th Street (H)	Newburg/Yamhill	130,000	N/A	80%	Families	Yes
Hurita Place (H)	Bend/Deschutes	200,000	N/A	80%	Families	Yes
Keener Place & Arthur Ave Cottages (H)	Cottage Grove and Florence/Lane	1,350,000	N/A	80%	Families	Yes

Project Name	Project Location (City/County)	LIFT Award Amount	4% LIHTC Allocation	Population Served %AMI	Populations Targeted (Services)	New Construction
Sunrise Vista (R)	Klamath Falls/Klamath	7,225,702	635,582	60%	Families	Yes
Surf View Village (R)	Newport/Lincoln	10,945,000	887,037	60%	Families	Yes
Merwyn Hotel (R)	Astoria/Clatsop	2,879,964	184,252	60%	Families and Homeless	No
124th & Ash (R)	Portland/Multnomah	7,875,000	1,045,781	60%	Families	Yes
NW Cottages (H)	Bend/Deschutes	585,000	N/A	80%	Families	Yes
Simpson Condominiums (H)	Portland/Multnomah	650,000	N/A	80%	Families	Yes
Cherry Blossom Condos (H)	Portland/Multnomah	2,325,000	N/A	80%	Families	Yes
Habitat Harrisburg/Monroe (H)	Monroe/Benton &	116,000	N/A	80%	Families	Yes
Holden Creek Village (R)	Tillamook/Tillamook	5,999,940	593,405	60%	Families	Yes
Red Canyon Scattered Sites (R)	Redmon/Deschutes & Madras/Jefferson	6,610,358	676,694	60%	Families	Yes
Shore Pines at Munsel Creek (R)	Florence/Lane	10,075,000	603,518	60%	Families	Yes
St. Helens Apartments (R)	St.Helens/Columbia	13,400,000	2,622,738	60%	Families	Yes
Lincoln Street Apartments (R)	Eugene/Lane	3,927,660	523,888	60%	Families	Yes
Ontario Townhomes (R)	Ontario/Malheur	5,325,000	553,745	60%	Families	Yes
Sunshine Park Apartments (R)	Roseburg/Douglas	9,800,000	1,137,375	60%	Families	Yes
Minnesota Place (R)	Portland/Multnomah	3,537,499	807,863	60%	Families	Yes
Hermanson Preserve (R)	Woodburn/Marion	$7,350,000	$ 993,112	60%	Families	Yes
Stark Street (R)	Portland/Multnomah	3,812,500	1,077,114	60%	Families	Yes
Barnes Butte Vista (R)	Prineville/Crook	4,750,000	638,153	60%	Families	Yes
Las Adelitas (R)	Portland/Multnomah	4,446,240	2,449,212	60%	Families	Yes
Timber Ridge Apartments (R)	La Grande/Union	7,884,840	636,748	60%	Families	Yes
27th Bend (H)	Bend/Deschutes	900,000	N/A	80%	Families	Yes
Alder Commons (H)	Hillsboro/Washington	800,000	N/A	80%	Families	Yes
Dev NW CLT (H)	Eugene/Lane & Corvallis/Benton	3,115,000	N/A	80%	Families	Yes

Project Name	Project Location (City/County)	LIFT Award Amount	4% LIHTC Allocation	Population Served %AMI	Populations Targeted (Services)	New Construction
Foster Road Condos (H)	Portland/Multnomah	3,900,000	N/A	80%	Families	Yes
Kidd Court (H)	Forest Grove/Washington	300,000	N/A	90%	Families	Yes
Orchard District Cottages (H)	Bend/Deschutes	400,000	N/A	80%	Families	Yes
Lincoln City Affordable Homes (H)	Lincoln City/Lincoln	140,000	N/A	80%	Families	Yes
Quince Townhomes (H)	Redmond/Deschutes	705,000	N/A	80%	Families	Yes
Yeoman Townhomes (H)	Bend/Deschutes	600,000	N/A	80%	Families	Yes
148th Apartments (R)	Portland/Multnomah	5,100,000	794,000	60%	Families	Yes
27th Avenue Apartments (R)	Salem/Marion	5,100,000	1,031,928	60%	Families	Yes
Aloha Family Housing (R)	Beaverton/Washington	2,890,000	1,401,012	60%	Families	Yes
Bottling Blocks (R)	Portland/Multnomah	4,612,500	1,841,549	60%	Families	Yes
Glisan Tower (R)	Portland/Multnomah	4,087,000	1,309,658	60%	Families	Yes
Maryland Overlook (R)	Portland/Multnomah	8,762,500	2,519,431	60%	Families	Yes
Marylhurst Commons (R)	Lake Oswego/Clackamas	4,250,000	1,601,250	60%	Families	Yes
Mill City Apartments (R)	Mill City / Marion	8,350,000	600,000	60%	Families	Yes
Stayton Apartments (R)	Stayton/Marion	7,350,000	640,000	60%	Families	Yes
Molalla Apartments (R)	Molalla/Clackamas	4,500,000	585,000	60%	Families	Yes
The Montana Vistas (R)	Portland/Multnomah	3,612,427	1,297,323	60%	Families	Yes
Moorehouse Apartments (R)	Hermiston/Umatilla	4,150,000	623,000	60%	Families	Yes
Renaissance Flats (R)	Talent/Jackson	7,560,000	939,802	60%	Families	Yes
Century Blvd (H)	Hillsboro/Washington	1,800,000	N/A	80%	Families	Yes
Clackamas CLT (H)	Milwaukie/Clackamas	1,100,000	N/A	80%	Families	Yes
Taylor’s Ferry Condominiums (H)	Portland/Multnomah	1,700,000	N/A	80%	Families	Yes
Village Meadows South (H)	Sisters/Deschutes	900,000	N/A	80%	Families	Yes
Dartmouth Crossing (R)	Portland/Multnomah	6,875,000	1,497,180	60%	Families	Yes

Project Name	Project Location (City/County)	LIFT Award Amount	4% LIHTC Allocation	Population Served %AMI	Populations Targeted (Services)	New Construction
Gateway (R)	Salem/Marion	16,500,000	2,036,333	60%	Families	Yes
Colonia Paz II (R)	Lebanon/Linn	15,950,336	854,893	60%	Families	Yes
Killingsworth Housing/PCC (R)	Portland/Multnomah	7,050,000	1,744,404	60%	Families	Yes
Lincoln City 25th Street Apts (R)	Lincoln City/Lincoln	13,548,238	1,501,720	60%	Families	Yes
USA Powell (R)	Portland/Multnomah	15,200,000	1,946,356	60%	Families	Yes
53rd Flats (R)	Corvallis/Benton	9,300,000	742,236	60%	Families	Yes
Nestucca Ocean Apartments (R)	Tillamook/Tillamook	5,750,000	325,000	60%	Families	Yes
South Hill Commons (R)	Pendleton/Umatilla	9,037,574	1,106,595	60%	Families	Yes
Total:		$383,826,218	$441,655,707			

R = Rental
H = Homeownership

Source: OHCS.

TABLE C-2
OHCS AND HOUSING STABILITY COUNCIL FUNDED PSH AFFORDABLE HOUSING PROGRAM PROJECTS

Project Name	Project Location (City/County)	PSH Award Amount	4% LIHTC Allocation	Population Served %AMI	Populations Targeted (Services)	New Construction
Keystone Apartments	Eugene/Lane	$ 3,750,000	n/a	30%	Chronically Homeless	Y
Rogue Ridge Apartments	Ashland/Jackson	5,386,500	n/a	30%	Chronically Homeless	Y
Scattered Site Roseburg	Roseburg/Douglas	4,800,000	n/a	30%	Chronically Homeless	N
Rosemont	Portland/Multnomah	3,750,000	$ 7,722,275	30%	Chronically Homeless	N
Webster Redevelopment	Gladstone/Clackamas	2,400,000	5,259,686	30%	Chronically Homeless	N
Alder House	Portland/Multnomah	6,000,000	1,224,774	30%	Chronically Homeless	N
Baldwin Apartments	Portland/Multnomah	8,624,506	1,047,941	30%	Chronically Homeless	Y
Good Shepherd Village	Happy Valley/Clackamas	3,500,000	2,235,374	30%	Chronically Homeless	Y
Garden Park Estates	Portland/Multnomah	3,750,000	1,768,985	30%	Chronically Homeless	N
Sequoia Crossing	Salem/Marion	3,518,550	849,373	30%	Chronically Homeless	Y
Desert Horizons	Lakeview/Lake	4,231,450	n/a	30%	Chronically Homeless	Y
		$50,086,500	$20,108,408			

Source: OHCS.

TABLE C-3
FORM OF SUSTAINABILITY BOND ANNUAL REPORTING

Amount of proceeds of the 2022 Series B Bonds (Oregon Sustainability Bonds) deposited to Program Fund at issuance: $___________

Project Name	Project Location	Project Sponsor	[LIFT] [PSH] Award Amount	4% LIHTC Allocation	Population Served/%AMI	Building Type	Population Targeted (Services)	2022 Series B Proceeds Spent ($) as of June 30, ____	2022 Series B Proceeds Spent (%) as of June 30, ____

APPENDIX D

FORM OF BOND COUNSEL OPINION

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On the date of issuance of the Bonds, Hawkins Delafield & Wood LLP, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

[May 17, 2022]

Oregon State Treasury
867 Hawthorne Ave SE
Salem, Oregon 97301

Oregon Department of Administrative Services
155 Cottage Street N.E.
Salem, Oregon 97301

Subject: State of Oregon General Obligation Bonds
$[2022A Principal] 2022 Series A (Article XI-Q State Projects) (Tax-Exempt)
$[2022B Principal] 2022 Series B (Article XI-Q State Projects) (Federally Taxable) (Sustainability Bonds)
$[2022C Principal] 2022 Series C (Articles XI-M and XI-N Seismic Grant Programs) (Tax-Exempt)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the State of Oregon (the "State") of its General Obligation Bonds in the following series: 2022 Series A (Article XI-Q State Projects) (Tax-Exempt) (the "2022 Series A Bonds"), 2022 Series B (Article XI-Q State Projects) (Federally Taxable) (Sustainability Bonds) (the "2022 Series B Bonds"), and 2022 Series C (Articles XI-M and XI-N Seismic Grant Programs) (Tax-Exempt) (the "2022 Series C Bonds," and collectively with the 2022 Series A Bonds and the 2022 Series B Bonds, the "2022 Bonds"). The 2022 Bonds are dated as of their date of issuance. The 2022 Series A Bonds and the 2022 Series C Bonds are collectively referred to herein as the "2022 Tax-Exempt Bonds." The 2022 Series B Bonds are referred to herein as the "2022 Taxable Bonds."

The 2022 Series A Bonds and the 2022 Series B Bonds are issued by the State Treasurer pursuant to Article XI-Q of the Oregon Constitution. The 2022 Series C Bonds are issued by the State Treasurer pursuant to Articles XI-M and XI-N of the Oregon Constitution. The 2022 Bonds are issued pursuant to the applicable provisions of Oregon Revised Statutes Chapter 286A, as amended, and an Issuance Certificate of the State Treasurer dated as of the date of the issuance of the 2022 Bonds (the "Issuance Certificate").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the 2022 Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

Regarding questions of fact material to our opinion, we have relied on representations of the State in the Issuance Certificate and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The 2022 Bonds are legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon and the Issuance Certificate, and constitute valid and legally binding obligations of the State that are enforceable in accordance with their terms.

2. The 2022 Bonds are general obligations of the State, and the full faith and credit and taxing power of the State are pledged for the payment of principal and interest on the 2022 Bonds when due. However, the *ad valorem* taxing power of the State is not pledged to pay the 2022 Bonds.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the 2022 Tax-Exempt Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2022 Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. [Bond counsel further is of the opinion that, for any 2022 Tax-Exempt Bond having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2022 Tax-Exempt Bonds.] In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the State and others in connection with the 2022 Tax-Exempt Bonds, and we have assumed compliance by the State and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2022 Tax-Exempt Bonds from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the 2022 Tax-Exempt Bonds in order that, for federal income tax purposes, interest on the 2022 Tax-Exempt Bonds not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the 2022 Tax-Exempt Bonds, restrictions on the investment of proceeds of the 2022 Tax-Exempt Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2022 Tax-Exempt Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the 2022 Tax-Exempt Bonds, the State will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the State covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest paid on the 2022 Tax-Exempt Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the 2022 Tax-Exempt Bonds, and (ii) compliance by the State with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest on the 2022 Taxable Bonds is not excludable from gross income for federal income tax purposes.

5. Interest on the 2022 Bonds is exempt from Oregon personal income tax.

We express no opinion as to any federal, state or local tax consequences arising with respect to the 2022 Bonds, or the ownership or disposition thereof, except as stated in paragraphs 3, 4, and 5 above. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2022 Tax-Exempt Bonds.

The portion of this opinion that is set forth in paragraph 1 above is qualified only to the extent that enforceability of the 2022 Bonds may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the State.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms “law” and “laws” do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served as bond counsel only to the State in connection with the 2022 Bonds and have not represented and are not representing any other party in connection with the 2022 Bonds. This opinion is given solely for the benefit of the State in connection with the 2022 Bonds and may not be relied on in any manner or for any purpose by any person or entity other than the State, the owners of the 2022 Bonds, and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

State of Oregon
General Obligation Bonds
$[2022A Principal] 2022 Series A (Article XI-Q State Projects) (Tax-Exempt)
$[2022B Principal] 2022 Series B (Article XI-Q State Projects) (Federally Taxable) (Sustainability Bonds)
$[2022C Principal] 2022 Series C (Articles XI-M and XI-N Seismic Grant Programs) (Tax-Exempt)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by the State of Oregon, acting by and through its State Treasurer (the "State") at the request of the Oregon Department of Administrative Services (collectively with the State, the "Issuer") in connection with the issuance of the above-captioned bonds (collectively, the "Securities"). The Securities are being issued pursuant to an Issuance Certificate of the State dated the date of delivery of the Securities (the "Issuance Certificate"). The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Securities and to assist the underwriters of the Securities in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

Section 2. Annual Financial Information. The State, as the "obligated person" for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB"), the financial information regarding the State of the type set forth (i) in Tables 8 through 12, 14, 16 through 19, and 23 through 27 of Appendix A "General Information Relating to the State of Oregon" of the Official Statement for the Securities that is dated __________, 2022, as may thereafter be amended and supplemented (the "Official Statement"), and (ii) in the "Basic Financial Statements for the State of Oregon for the Year Ended June 30, 2021" (which are presented in Appendix B of the Official Statement in audited form).

The annual financial information described above will be available no later than nine months after the end of the preceding fiscal year, beginning with the State's fiscal year ending June 30, 2022. Such information will include audited financial statements prepared in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board as in effect from time to time; provided, however, that if audited financial statements are not available within nine months after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available.

Certain items of annual financial information may be provided by way of cross-reference to other documents previously provided to the MSRB.

Section 3. Material Events. The State agrees to provide or cause to be provided to the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;

(g) Modifications to the rights of Security holders, if material;

(h) Bond calls, if material, and tender offers;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the Securities, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph (l), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a financial obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect Security holders, if material. For the purposes of this paragraph (o) and paragraph (p) below, "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); the term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule;

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, any of which reflect financial difficulties.

The State may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the State, such other event is material with respect to the Securities, but the State does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The State agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the State to provide the annual financial information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. Dissemination Agent. The State may, from time to time, engage or appoint an agent to assist the State in disseminating information hereunder (the "Dissemination Agent"). The State may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the State's obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the State no longer remains an obligated person with respect to the Securities or upon either the prepayment in full of the Securities or the legal defeasance of the Securities. In addition, and notwithstanding the provisions of Section 8 below, the State may rescind its obligations under this Certificate, in whole or in part, if (i) the State obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Securities, and (ii) the State notifies and provides the MSRB a copy of such legal opinion.

Section 7. Enforceability and Remedies. The State agrees that this Certificate is intended to be for the benefit of registered and beneficial holders of the Securities and shall be enforceable by or on behalf of any such holder; provided that, the right of any Security holder to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders representing at least twenty-five percent (25%) of the aggregate outstanding principal amount represented by the Securities. Any failure by the State to comply with the provisions of this Certificate shall not be an event of default under the Issuance Certificate or any other documents executed in relation to the Securities. This Certificate confers no rights on any person or entity other than the State, holders of the Securities, and any Dissemination Agent.

Section 8. Amendment. The State may amend this Certificate without the consent of holders of the Securities under the following conditions:

(a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

(b) This Certificate, as amended, would have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interest of holders of the Securities, as determined either by parties unaffiliated with the State (such as nationally recognized bond counsel), or by approving vote of holders representing at least sixty percent (60%) of the aggregate outstanding principal amount represented by the Securities, as applicable.

The State shall provide to the MSRB notice of any amendment that changes the accounting principles followed by the State in preparation of its annual financial information. The initial annual financial information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

Section 9. Form of Information. All information required to be provided under this Certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 11. Choice of Law. This Certificate shall be governed by and construed and enforced in accordance with the laws of the State of Oregon without regard to principles of conflicts of laws, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 12. Counterparts. This Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

[signature page follows]

Dated as of [May 17, 2022].

State of Oregon

____

Jacqueline B. Knights, Director
Debt Management Division
Office of the State Treasurer

[signature page follows]

Dated as of [May 17, 2022].

Oregon Department of Administrative Services

George Naughton
Chief Financial Officer

APPENDIX F

DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2022 Bonds. The 2022 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each series of the 2022 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2022 Bonds, except in the event that use of the book-entry system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents relating to the 2022 Bonds. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Certificate Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2022 Tax-Exempt Bonds within a Series maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. If less than all of the 2022 Federally Taxable Bonds within a maturity are being redeemed, the particular 2022 Federally Taxable Bonds or portions thereof to be redeemed shall be selected on a Pro Rata Pass-Through Distribution of Principal basis in accordance with DTC procedures, provided that, so long as the 2022 Federally Taxable Bonds are held in book-entry form, the selection for redemption of such 2022 Federally Taxable Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Fiscal Agent pursuant to DTC operational arrangements. If the Fiscal Agent does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2022 Federally Taxable Bonds will be selected for redemption in accordance with DTC procedures by lot within a maturity. If the DTC operational arrangements do not allow for the redemption of the 2022 Federally Taxable Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2022 Federally Taxable Bonds will be selected for redemption in accordance with DTC procedures by lot.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments represented by the 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2022 Bonds at any time by giving reasonable notice to the State or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

To the extent permitted by law, the State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The above information concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof. Neither the State nor the Fiscal Agent will have any responsibility or obligation to Participants or the persons for whom they act as nominees or Beneficial Owners with respect to DTC's record keeping, payments by DTC or Participants, notices to be delivered by DTC, or any other action taken by DTC as Registered Owner of the 2022 Bonds.

So long as Cede & Co. is the registered owner of the 2022 Bonds, as nominee for DTC, references herein to the holders or registered owners of the 2022 Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2022 Bonds. When reference is made to any action, which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given the State or the Fiscal Agent shall send them to DTC only.

For every transfer and exchange of the 2022 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

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APPENDIX G

GLOBAL CLEARANCE PROCEDURES

REFERENCES IN THIS SECTION TO THE "ISSUER" MEAN THE STATE OF OREGON AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE 2022 FEDERALLY TAXABLE BONDS OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

Euroclear and Clearstream Banking

Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, S.A., Luxembourg ("Clearstream Banking" and, together with DTC and Euroclear, the "Clearing Systems") have advised the Issuer as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream Banking is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures. Any 2022 Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC or Euroclear and Clearstream Banking in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the Clearing Systems. For any of such 2022 Bonds, the record holder will be DTC's nominee. Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Issuer will not impose any fees in respect of holding the 2022 Bonds; however, holders of book-entry interests in the 2022 Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement. Interests in the 2022 Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the 2022 Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the 2022 Bonds will be credited to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the 2022 Bonds against payment (value as on the date of delivery of the 2022 Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the 2022 Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the 2022 Bonds following confirmation of receipt of payment to the Issuer on the date of delivery of the 2022 Bonds.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the 2022 Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the 2022 Bonds, or to receive or make a payment or delivery of 2022 Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

Clearing Information. It is expected that the 2022 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. The international securities identification number, common code and CUSIP number for the 2022 Bonds are set out on the cover page of this Official Statement.

General. None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Issuer, the Underwriters or any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

STATE OF OREGON • GENERAL OBLIGATION BONDS, VARIOUS SERIES

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