Oregon State University

2020 Annual Financial Report

Oregon State University

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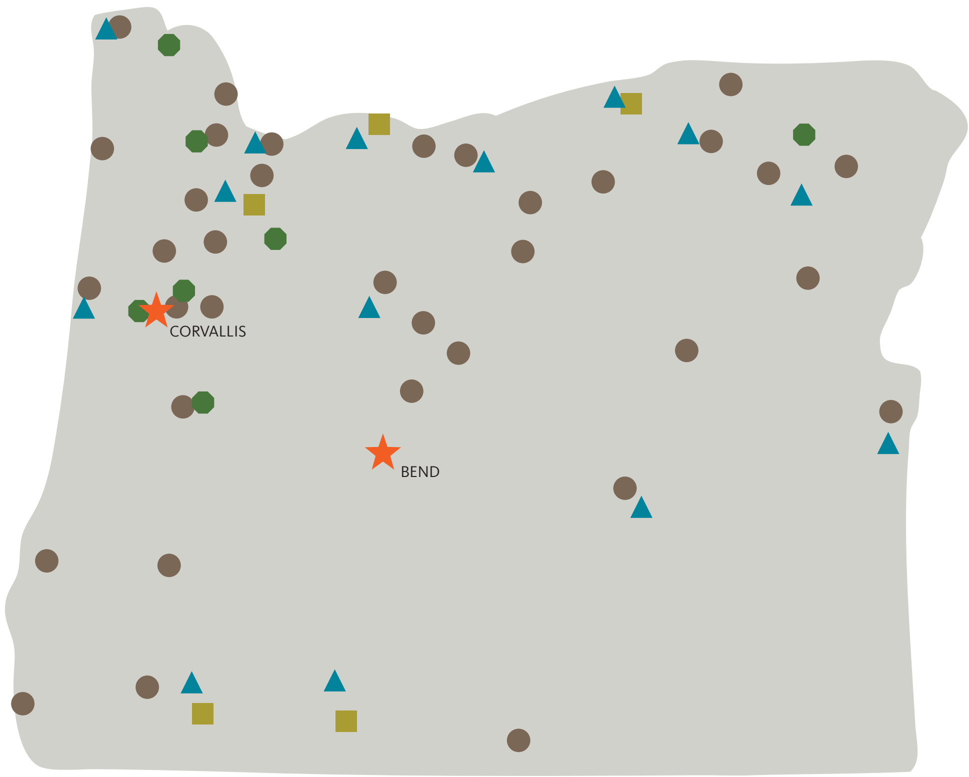
Board of Trustees (effective as of June 30, 2020)

Executive Officers (effective as of June 30, 2020)

OREGON'S STATEWIDE UNIVERSITY

Oregon State University is a comprehensive, internationally recognized public research university. OSU serves as the state of Oregon's land, sea, space and sun grant university and is one of only two in the nation with all designations. Its programs are located in every county in Oregon, and its faculty are dedicated to providing solutions for the state and world's greatest challenges. OSU considers the entire state of Oregon as its campus and works in partnership with many school districts, all of Oregon's 17 community colleges and numerous public and private universities and colleges to provide access to high-quality education. Meanwhile, strong collaborations with industry — as well as state and federal agencies — help contribute to the success of the university's research enterprise.



- OSU Extension Service Locations (35)
- OSU Research and Extension Centers (5)
- OSU Campuses (2)
- Oregon Agricultural Experiment Station Sites (14)
- Forest Research Laboratory Sites (7)

MISSION

As a land grant institution committed to teaching, research, and outreach and engagement, Oregon State University promotes economic, social, cultural and environmental progress for the people of Oregon, the nation and the world. We accomplish this by:

- Producing skilled graduates who are critical thinkers.
- Searching actively for new knowledge and solutions.
- Developing the next generation of scholars.
- Collaborating with communities in Oregon and around the world.
- Maintaining a rigorous focus on academic excellence, particularly in three signature areas: the science of sustainable Earth ecosystems, health and wellness, and economic prosperity and social progress.

VISION

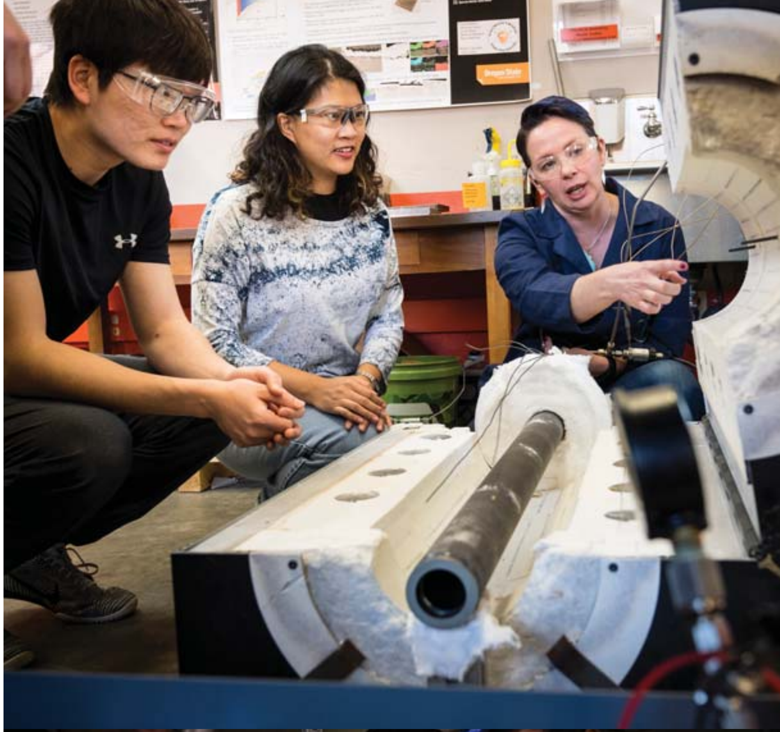
Leadership among land grant universities in the integrated creation, sharing and application of knowledge for the betterment of human kind. In this way, we produce graduates, scholarship and solutions that achieve maximum positive impact on humanity's greatest challenges.

GOALS

Strategic Plan 4.0 expands Oregon State's strategic goals to focus on:

1. Preeminence in research, scholarship and innovation.
2. Transformative education that is accessible to all learners.
3. Significant and visible impact in Oregon and beyond.
4. A culture of belonging, collaboration and innovation.

View OSU's Strategic Plan at:
leadership.oregonstate.edu/strategic-plan



Message from President F. King Alexander

Oregon State University's transformative impact can be seen throughout Oregon, across the nation and around the world, and I am honored to have joined this internationally recognized university on July 1, 2020, as its 15th president. Despite unprecedented global challenges presented by the COVID-19 pandemic, the institution's financial foundation remains strong. Thanks to the leadership and collaboration of many throughout the university, Oregon State continues to demonstrate its preeminence as the state's leading comprehensive public research university.

From another year of record enrollment and graduation, faculty excellence in teaching, research and service as Oregon's statewide university, OSU's accomplishments are far-reaching. Our College of Forestry is ranked No. 2 in the world, and our oceanography program is No. 3 globally. Oregon State is ranked No. 3 in the U.S. for studying natural resources and conservation and No. 5 for human development and family studies. U.S. News & World Report named Oregon State's Ecampus online bachelor's programs No. 5 in the U.S., garnering a Top-10 ranking for the sixth straight year.

Oregon State's research enterprise continues to excel. In fiscal year 2020, OSU was awarded $449.9 million in grant and contracts. Total awards were up from $439.7 million in 2019. In 2017, OSU posted its previous highest level of annual research awards, partly due to a $122 million grant from the National Science Foundation for construction of a new research vessel. The NSF provided OSU $88 million in 2018 for a second vessel; $108 million in 2019 for a third vessel; and $25 million in supplemental research vessel funding in 2020. This year's research awards represent a 28% increase over fiscal year 2019 when excluding awards for the vessels.

The OSU Foundation exceeded its fundraising goal for fiscal year 2020 with donors contributing $131.2 million, making it one of the top five years in foundation history. It was a record year for outright gifts of cash — $16 million higher than the previous record. The OSU Foundation's endowment closed the year at $614.9 million, up from $606.4 million on June 30, 2019. The foundation welcomed new President and CEO Shawn L. Scoville in January.

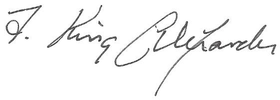
In 2020, the foundation surpassed a multi-year fundraising goal to raise $150 million to support the university's Student Success Initiative and saw the creation of OSU's fourth endowed deanship and first endowed coaching position. With the Office of the Dean of Students, the OSU Foundation established Beavers Care to help students, faculty and staff who were financially impacted by the pandemic. Donors responded by contributing over $1.2 million in less than three months

For the sixth consecutive year, OSU was the largest university in the state with more than 32,770 students enrolled for the 2019-20 academic year. Oregon State continues to be a school of choice among Oregon residents with 13,605 students and 71.4%, of the university's Corvallis campus degree-seeking undergraduate enrollment coming from within the state. Students of color made up more than 26% of OSU's overall enrollment, continuing a 10-year trend of increased numbers of students from diverse backgrounds. The university continues to follow a forecast that calls for up to 28,000 students to be enrolled at our Corvallis campus; 3,000 students at our OSU-Cascades campus in Bend; up to 500 students annually engaged in marine studies at our Hatfield Marine Sciences Center in Newport; and 7,000 or more degree-seeking students enrolled online through Ecampus. In fall 2018, Oregon State began offering classes and programs to Portland-area residents and opened a new OSU Portland Center in downtown Portland.

OSU continues to expand undergraduate and graduate degree programs at OSU-Cascades while supporting the development of a 128-acre campus near downtown Bend. A second academic building is in construction and will open by fall 2021. This campus serves students who want to remain in Central Oregon and attend a four-year college. It also provides other resident Oregonians, out-of-state and international students with a high-quality OSU education in a unique small-campus setting.

Like colleges and universities across the country, Oregon State faces many COVID-19-related challenges. Despite these challenges, Oregon State is committed to proactive and responsible financial management. The university continues to use a long-range business forecast, composed of a 10-year capital forecast and a 10-year operational forecast aligned with OSU's strategic plan, to guide the university. The university's financial strength continues to be recognized externally, including by Moody's Investor Services, which in late September 2020, affirmed Oregon State University's Aa3 rating and described the university as having a stable financial outlook.

Looking ahead, I share that Oregon State University's Board of Trustees, administrative and academic leaders, stakeholders and donors remain confident in the university's ability to continue to transform lives and provide impactful service as an internationally recognized public research university.



F. King Alexander
President
Oregon State University

POINTS of PRIDE

Research breakthroughs. Innovative faculty. Stellar students. And a thriving college town in the heart of the Willamette Valley. It's no wonder Oregon State consistently ranks among the top universities to work, study and explore.

- **Top 1%** of universities in the world
- **No. 1** Best City to Live in Oregon
- **No. 2** Forestry in the world
- **No. 3** Oceanography in the world
- **No. 3** Best college for natural resources and conservation in the U.S.
- **No. 5** Human development and family studies in the U.S
- **No. 5** Best online bachelor's program in the nation
- **No. 8** Marine and freshwater biology program in the world

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Members of the Board of Trustees
Oregon State University
Corvallis, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of the Oregon State University (the University), a component unit of the State of Oregon, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the 2020 and 2019 financial statements of the aggregate discretely presented component units, the Oregon State University Foundation and the Agricultural Research Foundation, which represent 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component units. 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 Oregon State University Foundation and the Agricultural Research Foundation is based solely on the report 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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 business-type activities and aggregate discretely presented component units of the Oregon State University as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2020, the University adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the University reported a restatement for the change in accounting principle (see Note 1 to the financial statements) as of July 1, 2018. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the University's contributions to pension and Other Postemployment Benefit (OPEB) plans, and schedules of the University's proportionate share of pension and OPEB plans as listed in the table of contents (collectively referred to as required supplementary information) 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Message from the President is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Message from the President has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of the University'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. 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 University's 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 University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
October 30, 2020

A member of Nexia International

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Oregon State University (OSU) for the years ended June 30, 2020, 2019, and 2018. OSU is comprised of a main campus in Corvallis and a branch campus in Bend, along with the Hatfield Marine Science Center in Newport, Ecampus, and Extension Service, Agricultural Experiment Stations and Forest Research Laboratories throughout the state.

Annual Full-Time Equivalent (FTE) Student Enrollment Summary

	2020	2019	2018	2017	2016
Corvallis	**19,873**	20,745	21,182	21,608	21,658
Cascades	**843**	810	767	709	650
Ecampus	**7,617**	6,659	6,271	5,513	4,731
Total	**28,333**	28,214	28,220	27,830	27,039

Understanding the Financial Statements

The MD&A focuses on OSU as a whole and is intended to foster a greater understanding of OSU's financial activities. Since this presentation includes summarized formats, it should be read in conjunction with the financial statements that have the following six components:

Independent Auditors' Report presents an unmodified opinion rendered by CliftonLarsonAllen LLP, an independent certified public accounting firm, on the fairness in presentation of the financial statements.

Statement of Net Position (SNP) presents a snapshot of OSU's assets, deferred outflows of resources, liabilities and deferred inflows of resources under the accrual basis of accounting at the end of each fiscal year presented. The SNP helps the reader understand the types and amounts of assets available to support operations, how much OSU owes to vendors and bondholders, and OSU's net position, delineated based upon availability for future expenditures.

Statement of Revenues, Expenses, and Changes in Net Position (SRE) presents OSU's revenues and expenses categorized between operating, nonoperating and other related activities. The SRE reports OSU's operating results for each fiscal year presented.

Statement of Cash Flows (SCF) provides information about OSU's sources and uses of cash during the fiscal year. The SCF classifies sources and uses of cash into four categories of cash either provided or used by: operating activities, noncapital financing activities, capital and related financing activities and investing activities.

Notes to the Financial Statements (Notes) provide additional information to clarify and expand on the financial statements.

Component Units, comprised of two supporting foundations, are combined and reported separately in the OSU financial statements and in Note 2 Cash and Investments and Note 21 University Foundations.

The MD&A provides an objective analysis of OSU's financial activities based on currently known facts, decisions, and conditions. The analysis is about OSU as a whole and is not broken out by individual campuses, schools, colleges or divisions. The MD&A discusses the current and prior year results in comparison to the respective year's prior year. Due to rounding and presentation, summary numbers in the MD&A may differ slightly from those in the financial statement schedules. Unless otherwise stated, all years refer to the fiscal year ended June 30.

Financial Summary

Although COVID-19 adversely impacted OSU financially, resulting in a significant decline in mostly auxiliary revenue, the university otherwise maintained its solid financial condition and healthy operating performance during fiscal year 2020.

Total assets increased by $89 million, or 5 percent, at the year's end. This increase was driven mostly by $53 million and $96 million increases in total cash and cash equivalents, and net capital assets, respectively. Investments decreased by $73 million while the remaining asset categories increased by a net of $13 million.

Deferred outflows decreased by $7 million, due mostly to a decrease in deferred outflows related to the net pension liability.

Total liabilities increased by $49 million, or 4 percent, during 2020 primarily due to the issuance of $40 million in a General Revenue Note with JPMorgan Chase Bank and a $42 million increase in the Net Pension Liability. These increases were primarily offset by a $34 million decrease in other long-term liabilities, due primarily to paying off a line of credit balance of $22 million with U.S. Bank.

Deferred inflows decreased by $2 million, due mostly to a decrease in deferred inflows related to the net pension liability.

Total net position increased by $35 million during fiscal year 2020 primarily due to a $110 million increase in net investment in capital assets, which was offset by a decrease in unrestricted net position of $76 million.

Total revenues increased by $54 million, or 4 percent, in 2020 over 2019. This increase was widely distributed among most income categories and was led by increases in government appropriations of $26 million, operating grants and contracts of $24 million, student tuition and fees of $13 million, capital grants and gifts of $11 million, nonoperating and other items of $9 million, and financial aid grants of $7 million. These increases were offset by decreases in auxiliary enterprises of $23 million, educational and other of $8 million, gifts of $3 million and investment activity of $2 million.

Operating expenses increased by $51 million in 2020, or 4 percent, over 2019. This increase was spread among most categories and was led by increases in public service of $22 million, institutional support of $14 million, instruction of $13 million, and student aid of $9 million. These increases were offset by slight decreases in research, auxiliary programs, operations and maintenance of plant and other operating expenses.

Statement of Net Position

The term "Net Position" refers to the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and is an important indicator of OSU's current financial condition. Changes in net position that occur over time indicate improvement or deterioration in OSU's financial condition.

The following chart summarizes OSU's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (in millions):

Condensed Statement of Net Position

As of June 30,	2020	2019	2018
Current Assets	$ 409	$ 380	$ 231
Noncurrent Assets	224	260	312
Capital Assets, Net	1,351	1,255	1,183
Total Assets	$ 1,984	$ 1,895	$ 1,726
Deferred Outflows of Resources	$ 128	$ 135	$ 127
Current Liabilities	$ 221	$ 244	$ 212
Noncurrent Liabilities	1,062	990	908
Total Liabilities	$ 1,283	$ 1,234	$ 1,120
Deferred Inflows of Resources	$ 33	$ 35	$ 7
Net Investment in Capital Assets	$ 897	$ 787	$ 711
Restricted - Nonexpendable	6	5	6
Restricted - Expendable	67	67	69
Unrestricted	(174)	(98)	(60)
Total Net Position	$ 796	$ 761	$ 726

Total Assets and Deferred Outflows of Resources

Total assets increased by $89 million, or 5 percent, during the year ended 2020 due primarily to increases in cash and cash equivalents, accounts receivable and net capital assets, offset somewhat by a decrease in investments. Total assets increased by $169 million, or 10 percent, during the year ended 2019 due primarily to increases in cash and cash equivalents and net capital assets, offset somewhat by a decrease in investments.

Comparison of fiscal year 2020 to fiscal year 2019

Current Assets increased by $29 million, or 8 percent, primarily due to:

- Current cash and cash equivalents increased by $19 million. Due to revenue uncertainties related to the COVID-19 pandemic, the university participated in a strategic sell-off of some intermediate term investments in the fourth quarter of fiscal year 2020 in order to provide a liquidity cushion.
- Accounts receivable increased by $19 million. Increases in receivables related to capital construction grants, federal grants and contracts, student tuition and fees, and state grants and contracts were only slightly offset by decreases in receivables for auxiliaries, and from the component units. See Note 3 Accounts Receivable for additional information.
- Prepaid expenses decreased by $1 million due primarily to a decrease in general operations prepaid expenses.
- Current notes receivable decreased by $1 million due primarily to a decrease in Perkins loans receivable. See Note 4 Notes Receivable for additional information.

Noncurrent (Noncapital) Assets decreased by $36 million, or 14 percent.

- Noncurrent cash and cash equivalents increased by $34 million due primarily to an increase in cash held for capital construction over the previous year.
- Investments decreased by $73 million due primarily to a strategic sell-off of intermediate term investments to provide a liquidity cushion.
- Noncurrent notes receivable increased by $1 million. A decrease in Perkins loans receivable was offset by an increase in installments receivable related to the sale of capital assets and a decrease in the allowance for doubtful accounts associated with the Perkins loans receivable. See Note 4 for additional information.
- The net OPEB asset increased by $2 million. See Note 17 Other Post-employment Benefits (OPEB) for additional information.

Capital Assets, Net increased by $96 million, or 8 percent. See detailed information on Capital Assets in this MD&A for additional information on this change.

Deferred Outflows of Resources decreased by $7 million, or 5 percent.

- Deferred outflows related to the net pension liability decreased by $6 million.
- Deferred outflows related to the OPEB asset and liabilities decreased by $1 million.
- Deferred outflows related to the asset retirement obligation increased by less than $1 million.

- See Note 6 Deferred Outflows and Inflows of Resources for additional information.

Comparison of fiscal year 2019 to fiscal year 2018

Current Assets increased by $149 million, or 65 percent, primarily due to:

- Current cash and cash equivalents increased by $145 million due primarily to a revenue bond sale and a portion of the proceeds being held for investment but not yet invested at year end.
- Accounts receivable increased by $4 million. Increases in receivables related to federal grants and contracts, student tuition and fees and from the component units were somewhat offset by decreases in receivables for capital construction grants, auxiliaries, and state and other grants. See Note 3 for additional information.
- Prepaid expenses increased by $3 million due primarily to an increase in general operations prepaid expenses.
- Current notes receivable decreased by $1 million due primarily to a decrease in Perkins loans receivable. See Note 4 for additional information.

Noncurrent (Noncapital) Assets decreased by $52 million, or 17 percent.

- Noncurrent cash and cash equivalents decreased by $15 million due primarily to a spend down of revenue bond cash for capital construction held from the previous year.
- Investments decreased by $35 million due primarily to a decrease in cash available for general investments related to the timing of the investment of the revenue bond proceeds.
- Noncurrent notes receivable decreased by $3 million primarily as the result of a decrease in Perkins loans receivable. See Note 4 for additional information.
- OPEB asset increased by $2 million. See Note 17 for additional information.

Capital Assets, Net increased by $72 million, or 6 percent. See detailed information on Capital Assets in this MD&A for additional information on this change.

Deferred Outflows of Resources increased by $8 million, or 6 percent.

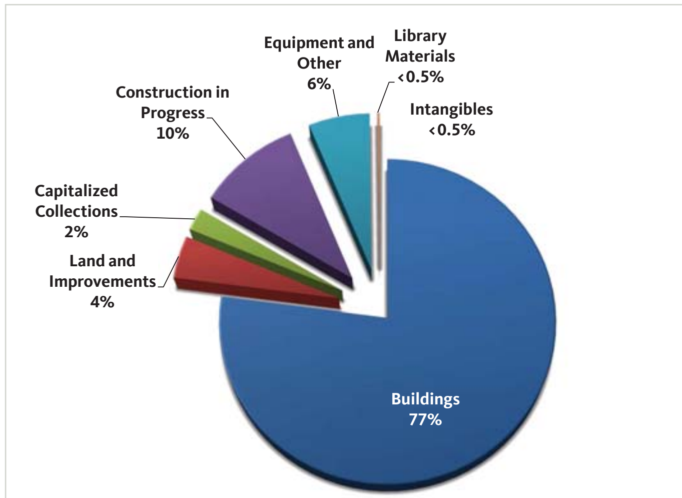
- Deferred outflows related to the net pension liability increased by $7 million.
- Deferred outflows related to the OPEB asset and liabilities increased by less than $1 million.
- Deferred outflows related to the asset retirement obligation decreased by less than $1 million.
- See Note 6 for additional information

Capital Assets and Related Financing Activities

Capital Assets

At June 30, 2020, OSU had $2.3 billion in capital assets, less accumulated depreciation of $925 million, for net capital assets of $1.4 billion. At June 30, 2019, OSU had $2.1 billion in capital assets, less accumulated depreciation of $871 million, for net capital assets of $1.3 billion. OSU is committed to a comprehensive program of capital investment and facility maintenance that includes addressing current maintenance needs and minimizing OSU's deferred maintenance backlog. State, federal, private, debt, and internal funding were all used to accomplish OSU's capital objectives.

2020 Capital Assets, Net $1,351 Million



Changes to Capital Assets

(in millions)

As of June 30,	2020	2019	2018
Capital Assets, Beginning of Year	**$ 2,126**	$ 2,004	$ 1,900
Add: Purchases/Construction	**165**	133	113
Less: Retirements/Adjustments	**(15)**	(11)	(9)
Total Capital Assets, End of Year	**2,276**	2,126	2,004
Accum. Depreciation, Beginning of Year	**(871)**	(821)	(773)
Add: Depreciation Expense	**(62)**	(59)	(56)
Less: Retirements/Adjustments	**8**	9	8
Total Accum. Depreciation, End of Year	**(925)**	(871)	(821)
Total Capital Assets, Net, End of Year	**$ 1,351**	$ 1,255	$ 1,183

Capital additions totaled $165 million for 2020, $133 million for 2019, and $113 million for 2018.

During 2020, capital asset additions included $134 million for construction in progress (CIP) ; $9 million for equipment; $14 million for buildings; $4 million for infrastructure; $2 million for land; and $1 million or land improvements. During 2019, capital asset additions included $98 million for construction in progress (CIP) ; $19 million for equipment;

$11 million for buildings; and $2 million for infrastructure. During 2018, capital asset additions included $72 million for CIP; $14 million for equipment; $21 million for buildings; and $3 million for infrastructure.

Key projects still in progress at the end of 2020 included Cordley Hall, PacWave Energy Test Facility, Forestry Science Complex, Arts and Education Complex, HMSC Marine Study Building, Cascade Campus Academic Building II, Upper Division And Grad Student Housing, Newport Student Housing, Campus Operations Center, Washington Way Improvement, and Fairbanks Hall.

During 2020, $115 million in capital projects were completed and placed into service, including Peavy Hall Forest Science Center, Finley Hall Renovation, Magruder Hall Addition and Lecture Hall, Cascade Hall Renovation.

See Note 5 Capital Assets for additional information.

Debt Administration

During 2020, long-term debt held by OSU increased by $26 million, or 4 percent, from $617 million to $643 million.

- OSU entered into a private placement debt agreement (General Revenue Note) with JPMorgan Chase Bank, N.A. for $40 million.
- OSU made debt service principal payments totalling $14 million on outstanding long-term debt.
- The state issued XI-Q debt to refund previously held XI-Q and COPs debt resulting in a net increase of less than $1 million in state contracts payable.
- OSU's remaining obligation for accreted interest and premiums on outstanding debt decreased by a net of less than $1 million.

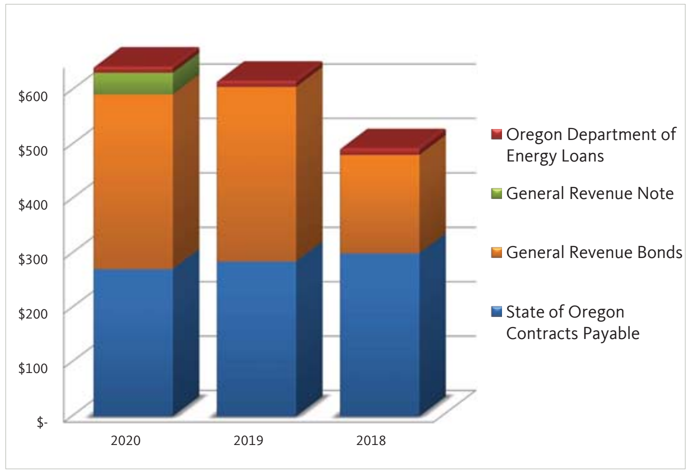
During 2019, long-term debt held by OSU increased by $124 million, or 25 percent, from $493 million to $617 million.

- OSU issued an additional $140 million (par value) of new Revenue Bonds earmarked for construction. The bonds were sold at par.
- OSU made debt service principal payments totalling $15 million on outstanding long-term debt.
- OSU's remaining obligation for accreted interest and premiums on outstanding debt decreased by a net $1 million.

See Note 9 Long-Term Liabilities for additional information.

Long-term Debt

(in millions)



Total Liabilities and Deferred Inflows of Resources

Total liabilities increased by $49 million, or 4 percent, during 2020 primarily due to increases in the net pension liability, long-term liabilities, accounts payable and accrued liabilities and unearned revenue. During 2019, total liabilities increased by $114 million, or 10 percent, primarily due to an increase in long-term liabilities associated with the issuance of Revenue Bonds, an increase in accounts payable and accrued liabilities and an increase in the net pension liability.

Comparison of fiscal year 2020 to fiscal year 2019

Current Liabilities decreased by $23 million, or 9 percent, primarily due to:

- Accounts payable and accrued liabilities increased by $2 million. Increases in capital construction retainage payable, payroll related items and salaries and wages payable were mostly offset by decreases in services and supplies payable associated with grants, general operations and capital construction projects. See Note 7 Accounts Payable and Accrued Liabilities for additional information.
- The current portion of long-term liabilities decreased by $23 million due mainly to the payoff of the remaining balance of the line of credit and a decrease in the Perkins loan program liability. See Note 9 for additional information.
- Unearned revenue increased by $4 million due primarily to increases in grants and contracts unearned revenue and summer session unearned revenue.

Noncurrent Liabilities increased by $72 million, or 7 percent.

- The noncurrent portion of long-term liabilities increased by $31 million due primarily to the addition of $40 million in private placement debt agreement (General Revenue

Note) with JPMorgan Chase Bank, N.A. and the addition of $7 million in deferred payroll taxes payable as allowed by the CARES Act. These increases were offset by a decrease of $13 million in contracts payable to the state and a decrease of $4 million in the Perkins loan program liability. See discussion of Debt Administration earlier in this MD&A and Note 9 for additional information.

- Net pension liability increased by $42 million. See Note 16 Employee Retirement Plans for additional information.
- The net OPEB Liability decreased by $2 million. See Note 17 Other Post-employment Benefits (OPEB) for additional information.
- The asset retirement obligation liability associated with the teaching, research, isotopes, and general atomics reactor increased by $1 million as the result of a new estimate on the cost of decommissioning the asset. See Note 10 Asset Retirement Obligations for additional information.

Deferred Inflows of Resources decreased by $2 million or 6 percent.

- Deferred inflows related to the net pension liability decreased by $4 million.
- Deferred inflows related to the OPEB asset and liabilities increased by $2 million.

See Note 6 Deferred Outflows and Inflows of Resources for detailed information on this change.

Comparison of fiscal year 2019 to fiscal year 2018

Current Liabilities increased by $32 million, or 15 percent, primarily due to:

- Accounts payable and accrued liabilities increased by $12 million. Increased services and supplies payable associated with grants and general operations, as well as increased capital construction retainage payable were offset by a decrease in services and supplies payable associated with capital construction projects. See Note 7 for additional information.
- The current portion of long-term liabilities increased by $22 million due mainly to the remaining balance of the line of credit being classified as current. See Note 9 for additional information.

Noncurrent Liabilities increased by $82 million, or 9 percent.

- The noncurrent portion of long-term liabilities increased by $74 million due primarily to the issuance of $140 million in Revenue Bonds during 2019 which was offset by a decrease of $47 million in the line of credit liability and a decrease of $14 million contracts payable to the state. See discussion of Debt Administration earlier in this MD&A and Note 9 for additional information.

- The asset retirement obligation was relatively unchanged. See Note 10 for additional information.
- Net pension liability increased by $8 million. See Note 16 for additional information.
- The OPEB Liability was relatively unchanged. See Note 17 for additional information.

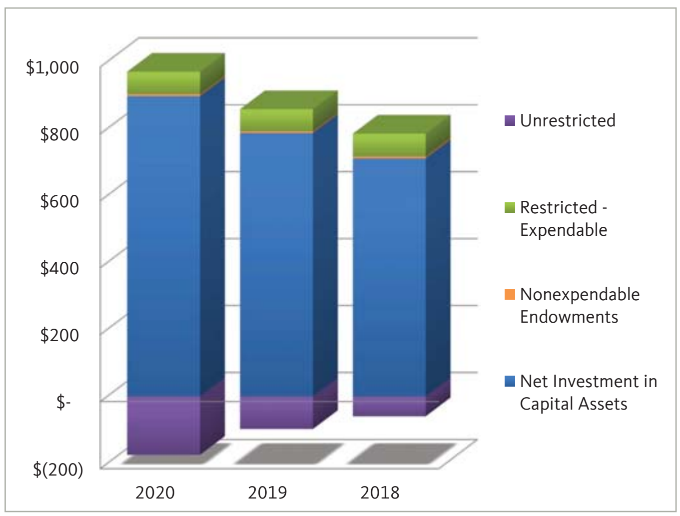
Deferred Inflows of Resources increased by $28 million due to a $27 million increase related to the net pension liability, and a $1 million increase related to the OPEB asset and liabilities. See Note 6 for additional information.

Total Net Position

Total net position (TNP) increased by $35 million, or 5 percent, during 2020. TNP benefited from a $110 million increase in net investment in capital assets, and an increase in nonexpendable net position of $1 million but was negatively impacted by a reduction in unrestricted net position of $76 million.

TNP increased by $35 million, or 5 percent, during 2019. TNP benefited from a $76 million increase in net investment in capital assets, but was negatively impacted by a reduction in unrestricted net position of $38 million, a reduction in nonexpendable net position of $1 million and a reduction of restricted expendable net position of $2 million.

The graph below illustrates how the composition of net position has changed since 2018. (in millions)



Comparison of fiscal year 2020 to fiscal year 2019

Net Investment in Capital Assets increased by $110 million, or 14 percent. Capitalized acquisitions net of disposals added $150 million, which was offset by a $54 million increase to accumulated depreciation. Additionally, there was a net decrease of $14 million in long-term debt outstanding attributable to the capital assets. See Note 5 Capital Assets and Note 9 Long-Term Liabilities for additional information.

Restricted Expendable Net Position was unchanged.

- Net position restricted for gifts, grants and contracts increased by $3 million. A decrease in the market value of endowment funds was offset by increases in the aggregate net position of restricted grant funds.
- Net position restricted for student loans was relatively unchanged. Decreases in student loan receivables were offset by decreases in the Perkins loan program liability.
- Net position restricted for capital projects decreased by $4 million. Increases in cash and accounts receivable were offset by increases in invoices payable at year end.
- Net position restricted for debt service decreased by $1 million.
- Net Position restricted for OPEB asset increased by $2 million and is equal to the Net OPEB Asset reported in noncurrent assets.

Unrestricted Net Position decreased by $76 million, or 78 percent.

- A decline in unrestricted operating performance, which includes education, auxiliary and general business type activities, resulted in a decrease to unrestricted net position of $29 million. Unrestricted operations of the university were heavily impacted by the COVID-19 pandemic. University operations were largely curtailed in March 2020 in response to the Governor's "stay home" order.
- Changes associated with the PERS net pension liability, net of deferrals, decreased unrestricted net position by $44 million, due primarily to a significant increase in the net pension liability. See Note 16 for additional information.
- The OPEB liabilities and associated deferred outflows and inflows of resources decreased unrestricted net position by $1 million.
- A decrease of $2 million associated with the year-end liability accrual for the PERS state and local government rate pool (SLGRP) was offset by a $4 million increase in the compensated absences liability resulting in a net decrease of $2 million to unrestricted net position.

See Note 11 Unrestricted Net Position for additional information.

Comparison of fiscal year 2019 to fiscal year 2018

Net Investment in Capital Assets increased by $76 million, or 11 percent. Capitalized acquisitions net of disposals added $122 million, which was offset by a $50 million increase to accumulated depreciation. Additionally, there was a net decrease of $4 million in long-term debt outstanding attributable to the capital assets. See Note 5 and Note 9 for additional information.

Restricted Expendable Net Position decreased by $2 million, or 3 percent.

- Net position restricted for gifts, grants and contracts decreased by $5 million due primarily to a decrease in the market value of endowment funds and a decrease in the aggregate net position of restricted grant funds.
- Net position restricted for student loans was relatively unchanged. Increases in cash balances were offset by decreases in student loan receivables.
- Net position restricted for capital projects was relatively unchanged.
- Net position restricted for debt service increased by $2 million due to an increase in cash on hand.
- Net Position restricted for OPEB asset increased by $2 million and is equal to the Net OPEB Asset reported in noncurrent assets.

Unrestricted Net Position decreased by $38 million, or 63 percent.

- A decline in unrestricted operating performance, which includes education, auxiliary and general business type activities, resulted in a decrease to unrestricted net position of $12 million.
- Changes associated with the PERS net pension liability, net of deferrals, decreased unrestricted net position by $28 million, due primarily to a significant increase in the deferred inflows of resources associated with the net pension liability. See Note 6 and Note 16 for additional information.
- The OPEB liabilities and associated deferred outflows and inflows of resources were relatively unchanged.
- Decreases associated with year-end liability accruals for the PERS state and local government rate pool (SLGRP) and compensated absences increased unrestricted net position by $2 million.

See Note 11 for additional information.

Statement of Revenues, Expenses and Changes in Net Position

Due to the classification of certain key revenues as nonoperating revenue, OSU normally shows a loss from operations. State general fund appropriations, nonexchange grants and noncapital gifts, although considered nonoperating revenue under GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*, and reflected accordingly in the nonoperating section of the SRE, are used solely to support the operations of the university.

The following summarizes the revenues and expenses of OSU (in millions):

Condensed Statement of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30,	2020	2019	2018
Operating Revenues	$ 845	$ 839	$ 810
Operating Expenses	1,265	1,214	1,172
Operating Loss	(420)	(375)	(362)
Nonoperating Revenues, Net of Expenses	367	334	294
Other Revenues, Net of Expenses	88	76	52
Increase (Decrease) in Net Position	35	35	(16)
Net Position, Beginning of Year, Restated	761	726	742
Net Position, End of Year	$ 796	$ 761	$ 726

As a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, OSU has restated 2019 and 2018 for the presentation of student organization funds previously classified as agency funds and now classified as business-type activities. See Note 1. C. Basis of Accounting and Note 1. AB. Restatement of Prior Periods for additional information.

Revenues

As seen below, total revenues increased by $54 million, or 4 percent, in 2020 over 2019. This increase was due to increases in student tuition and fees, grant and contracts, government appropriations, financial aid grants, capital grants and gifts and nonoperating and other items. These increases were only slightly offset by decreases in auxiliary enterprises, educational and other, gifts and investment activity revenues.

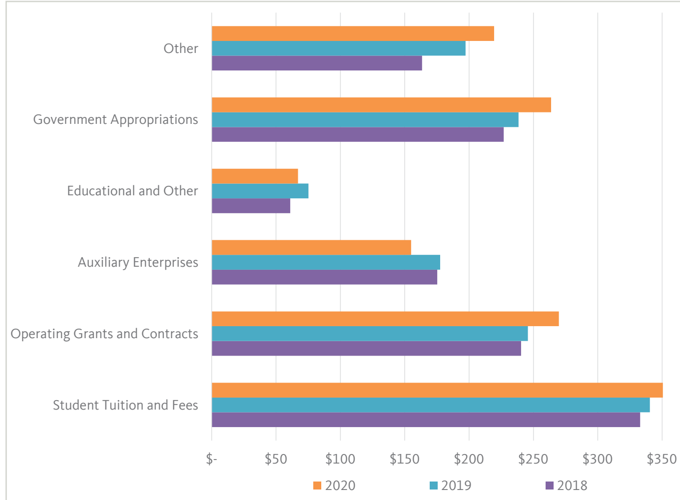
Total Operating, Nonoperating and Other Revenues

(in millions)

For the Years Ended June 30,	2020	2019	2018
Student Tuition and Fees	$ 353	$ 340	$ 333
Grants and Contracts	270	246	241
Auxiliary Enterprises	155	178	175
Educational and Other	67	75	61
Total Operating Revenues	845	839	810
Government Appropriations	264	238	227
Financial Aid Grants	51	44	43
Gifts	54	57	56
Investment Activity	19	21	12
Capital Grants and Gifts	87	76	50
Nonoperating and Other Items	8	(1)	2
Total Nonoperating and Other Revenues	483	435	390
Total Revenues	$ 1,328	$ 1,274	$ 1,200

Total Operating, Nonoperating, Other Revenues and Special Items

(in millions)



Operating Revenues

Operating revenues increased by $6 million in 2020, or 1 percent, over 2019, to $845 million. Increases in 2020 were due to increases in student tuition and fees and grants and contracts, which were offset by decreases in auxiliary enterprises and education and other revenues. Operating revenues increased by $29 million in 2019, or 4 percent, over 2018, to $839 million. The increases in 2019 were due to increases in all categories of operating revenue.

Comparison of fiscal year 2020 to fiscal year 2019

Net Student Tuition and Fees increased by $13 million, or 4 percent.

- Higher tuition and fee rates accounted for $18 million of the increase.
- A slight enrollment increase accounted for $2 million of the increase.
- Fee remissions, scholarship allowances and bad debt allowances reduced tuition and fees by $7 million more than in the prior year.

Federal, State and Nongovernmental Grants and Contracts increased by $24 million, or 10 percent.

- Federal grant and contract revenues increased by $22 million primarily due to increases in national science foundation cooperative agreements, department of agriculture grants, and department of defense contracts.
- State and local grant and contract revenues were relatively unchanged.
- Nongovernmental grant and contract revenues increased by $2 million due mainly to a increases in grants and contracts from the Agricultural Research Foundation and commercial businesses.

Auxiliary Enterprise revenues decreased by $23 million, or 13 percent.

- Housing and dining revenues decreased by $13 million due to decreased room and board fee and meal plan revenues. As a result of the COVID-19 pandemic, students were sent home from the university in March 2020 and issued refunds for unused housing and meal credits. Dorms and dining halls remained largely closed through the end of the fiscal year, resulting in large revenue losses.
- Athletics revenues decreased by $5 million. As with housing and dining services, athletic activities were largely halted in the spring of 2020 in the face of the pandemic. As a result, revenues from ticket sales, concessions and workshops declined sharply as did athletic guarantee revenue.
- Health services revenues decreased by $1 million due mainly to decreased income from medical supply sales, medical services and pharmacy services. These decreases were slightly offset by an increase in non-employee insurance premiums for the year.
- Student centers revenues decreased by $2 million as a result of decreased sales and membership fees.
- Parking services revenues decreased by $1 million due to decreased revenues from parking permits, fines and parking meters. Parking services stopped collecting parking permit fees and refunded prepaid permit amounts from April through June as a result of the pandemic-caused campus closure.
- Other auxiliary revenues decreased by $1 million due mainly to decreased events and student incidental fee revenues somewhat offset by increased student health fee revenues.

Educational and Other revenues decreased by $8 million, or 11 percent.

- Educational department sales and services revenues decreased by $7 million due mainly to decreases in conference income and miscellaneous fees that were mitigated somewhat by increases in sales, services, test fees, and noncredit workshop revenues.
- Other operating revenues decreased by $1 million due primarily to decreased insurance recoveries over the prior year. A fire in Burt Hall on November 30, 2018 resulted in $5 million and $7 million in insurance recoveries during fiscal years 2020 and 2019, respectively.

Comparison of fiscal year 2019 to fiscal year 2018

Net Student Tuition and Fees increased by $7 million, or 2 percent.

- Higher tuition and fee rates accounted for $14 million of the increase.
- Fee remissions, scholarship allowances and bad debt allowances reduced tuition and fees by $7 million more than in the prior year.

Federal, State and Nongovernmental Grants and Contracts increased by $5 million, or 2 percent.

- Federal grant and contract revenues increased by $8 million primarily due to continued increases in cooperative agreements.
- State and local grant and contract revenues were relatively unchanged.
- Nongovernmental grant and contract revenues decreased by $3 million due mainly to a decrease in grants and contracts from commercial businesses.

Auxiliary Enterprise revenues increased by $3 million, or 2 percent.

- Housing and dining revenues increased by $2 million due to increased rates and occupancy for room and board and increased miscellaneous meal plan revenue.
- Athletics revenues increased by $3 million. Decreases in ticket sales were offset by increases in guarantees, bowl income, athletic conference TV shares and sponsorship income.
- Health services revenues decreased by $1 million due mainly to decreased income from medical supply sales and other medical services.
- Other auxiliary revenues decreased by $1 million due mainly to decreased student incidental fee revenue and increased refunds.

Educational and Other revenues increased by $14 million, or 23 percent.

- Educational department sales and services revenues increased by $7 million due mainly to increased sales, services, test fees, and noncredit workshop revenues, offset by decreases in conference income and miscellaneous fees.
- Other operating revenues increased by $7 million. A fire in Burt Hall on November 30, 2018 resulted in $7 million in insurance recoveries during fiscal year 2019.

Nonoperating and Other Revenues

Total nonoperating and other revenues increased by $48 million during 2020 primarily due to increases in government appropriations, financial aid grants, capital grants and gifts and nonoperating and other items. The increase in total nonoperating and other revenues of $45 million during 2019 was primarily due to increases in government appropriations and capital grants and gifts.

Comparison of fiscal year 2020 to fiscal year 2019

Government Appropriations increased by $26 million, or 11 percent.

- State appropriations increased by $18 million due to increased funding received in support of the operations of the university and statewide public services.
- State lottery appropriations in support of outdoor school increased by $7 million. Outdoor school for middle school students is administered by the cooperative extension services on behalf of the state.
- Federal and county appropriations in support of the statewide public services increased by $1 million.
- Debt service appropriations from the state were unchanged.
- See Note 15 Government Appropriations for additional information.

Financial Aid Grants were increased by $7 million, or 16 percent. The university received $8 million in CARES Act student aid funding, which was slightly offset by decreases in federal Pell grants and Oregon opportunity grants.

Gifts decreased by $3 million, or 5 percent. Increased gifts in-kind from various sources were offset by decreased gifts from the OSU Foundation and private sources.

Investment Activity revenues decreased by $2 million, or 10 percent. See Note 13 Investment Activity for additional information relating to these changes.

Capital Grants and Gifts increased by $11 million, or 14 percent due primarily to additional gifts from the OSU Foundation for capital construction projects.

Nonoperating and Other Items increased by $9 million, due primarily to the university receiving $8 million in institutional support funding through the federal CARES Act.

Comparison of fiscal year 2019 to fiscal year 2018

Government Appropriations increased by $11 million, or 5 percent.

- State appropriations increased by $13 million due to increased funding received in support of the operations of the university and statewide public services.
- State lottery appropriations in support of outdoor school were relatively unchanged from the prior year. Outdoor school for middle school students is administered by the cooperative extension services on behalf of the state.
- Federal and county appropriations in support of the statewide public services decreased by $2 million.
- Debt service appropriations from the state were unchanged.
- See Note 15 for additional information.

Financial Aid Grants were increased by $1 million, or 2 percent. Decreases in federal work study assistance were offset by increases in federal Pell grants and Oregon opportunity grants.

Gifts increased by $1 million, or 2 percent. Increased gifts from the OSU Foundation and private sources were offset by decreased gifts from commercial and other foundations as well as decreased gifts in-kind from various sources.

Investment Activity revenues increased by $9 million, or 75 percent. See Note 13 for additional information relating to these changes.

Capital Grants and Gifts increased by $26 million, or 52 percent. Increased XI-G and XI-Q capital grant revenue from the state as well as increased gift revenue from the OSU Foundation and other foundations and associations were slightly offset by decreased federal and commercial grants and contracts for capital construction.

Nonoperating and Other Items decreased by $3 million, or 150 percent.

Expenses

Operating Expenses

Operating expenses increased by $51 million in 2020, or 4 percent, over 2019, to $1,265 million. Increases were seen in most categories of operating expenses with the biggest increases in instruction, public service, institutional support and student aid expenses. These increases were slightly offset by small decreases in research, auxiliary programs, operation and maintenance and other operating expense.

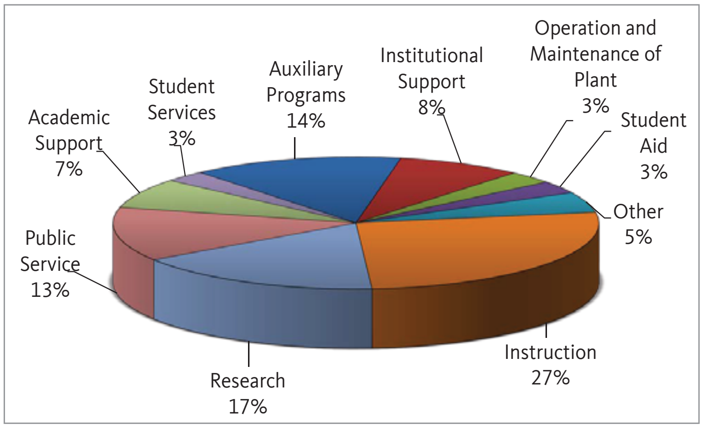
Operating expenses increased by $42 million in 2019, or 4 percent, over 2018, to $1,214 million. Increases were seen in most categories of operating expenses with the biggest increases in instruction, public service and other operating expenses. These increases were slightly offset by small decreases in student services, auxiliary programs and student aid.

The following table and chart summarize operating expenses by functional classification (in millions):

Operating Expenses by Function

For the Years Ended June 30,	**2020**	2019	2018
Instruction	**$ 335**	$ 322	$ 307
Research	**211**	216	216
Public Service	**167**	145	131
Academic Support	**93**	90	86
Student Services	**35**	34	36
Auxiliary Programs	**178**	182	185
Institutional Support	**105**	91	88
Operations & Maintenance of Plant	**39**	40	39
Student Aid	**39**	30	31
Other Operating Expenses	**63**	64	53
Total Operating Expenses	**$ 1,265**	$ 1,214	$ 1,172

2020 Operating Expenses by Function



The implementation of GASB Statement Nos. 68 and 71 in 2015 and GASB Statement No. 75 in 2018 has had a significant impact on the operating expenses reported by OSU. See the tables on the right for the impact of GASB Statements Nos. 68, 71 and 75 on the functional expenses of the university.

The following tables show the effect of GASB Statement Nos. 68, 71 and 75 on operating expenses across the functional classifications (in millions):

Effect of GASB Statement Nos. 68, 71 and 75 on Expenses by Function

For the Year Ended June 30, 2020	As Reported	Without GASB 68/71 & 75	Difference
Instruction	$ 335	$ 322	$ 13
Research	211	205	6
Public Service	167	161	6
Academic Support	93	89	4
Student Services	35	33	2
Auxiliary Programs	178	173	5
Institutional Support	105	104	1
Operation & Maintenance of Plant	39	34	5
Student Aid	39	39	-
Other Operating Expenses	63	62	1
Total Operating Expenses	**$ 1,265**	**$ 1,222**	**$ 43**

For the Year Ended June 30, 2019	As Reported	Without GASB 68/71 & 75	Difference
Instruction	$ 322	$ 314	$ 8
Research	216	212	4
Public Service	145	141	4
Academic Support	90	88	2
Student Services	34	33	1
Auxiliary Programs	182	178	4
Institutional Support	91	90	1
Operation & Maintenance of Plant	40	37	3
Student Aid	30	30	-
Other Operating Expenses	64	63	1
Total Operating Expenses	$ 1,214	$ 1,186	$ 28

For the Year Ended June 30, 2018	As Reported	Without GASB 68/71 & 75	Difference
Instruction	$ 307	$ 297	$ 10
Research	216	211	5
Public Service	131	127	4
Academic Support	86	83	3
Student Services	36	34	2
Auxiliary Programs	185	179	6
Institutional Support	88	86	2
Operation & Maintenance of Plant	39	35	4
Student Aid	31	31	-
Other Operating Expenses	53	52	1
Total Operating Expenses	$ 1,172	$ 1,135	$ 37

GASB Statement Nos. 68, 71, and 75 have resulted in increases to total operating expenses of $43, $28, and $37 million in 2020, 2019, and 2018, respectively. The $108 million aggregate total for the three year period has had a marked impact on the university's reported operating performance and net position.

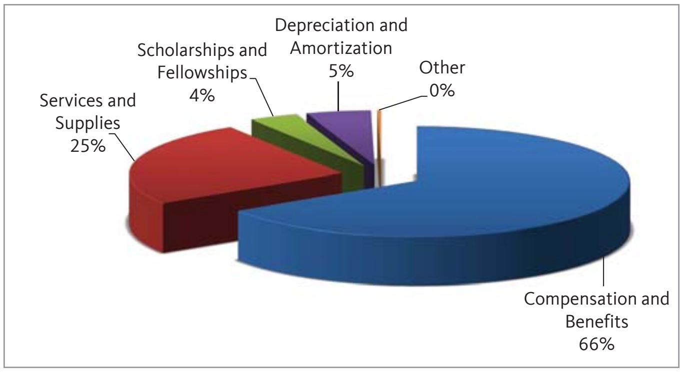
Operating Expenses by Natural Classification

OSU expenses are normally incurred via natural classifications, but are reported by functional classification in the financial statements. Variances are presented and explained by analyzing changes in the natural classification of expenses. Each natural classification analysis can be applied to multiple functional expense caption items. See Note 14 Operating Expenses by Natural Classification for additional information.

The following summarizes operating expenses by natural classification (in millions):

For the Years Ended June 30,	2020	2019	2018
Compensation and Benefits	**$ 833**	$ 786	$ 774
Services and Supplies	**320**	330	300
Scholarships and Fellowships	**47**	37	39
Depreciation and Amortization	**62**	59	56
Other	**3**	2	3
Total Operating Expenses	**$ 1,265**	$ 1,214	$ 1,172

2020 Operating Expenses by Natural Classification



Comparison of fiscal year 2020 to fiscal year 2019

Compensation and Benefit costs increased by $47 million, or 6 percent.

- Salary and wage costs increased by $11 million due to primarily to increased classified staffing.
- Retirement and health insurance costs increased by $17 million due to increased retirement contribution rates and increased insurance rates.
- Other payroll expenses increased by $4 million.
- Adjustments and accruals to compensation and benefits associated with the net pension liability reporting requirement of GASB Statement Nos. 68 and 71 increased by $15 million. See Note 16 Employee Retirement Plans for additional information on this variance.
- Adjustments and accruals to compensation and benefits associated with the OPEB asset and liability reporting requirement of GASB Statement No. 75 increased by less than $1 million. See Note 17 Other Post-employment Benefits (OPEB) for additional information.

Services and Supplies expenses decreased by $10 million, or 3 percent. Increases in general supplies, communications, risk management, and sub-contract expenses were offset by decreases in utilities, maintenance and repairs, fees and services, conference registration fees, travel and resale items expenses.

Scholarships and Fellowships costs increased by $10 million, or 27 percent. Federal aid increased due to student aid support received through the federal CARES Act. State aid, Institutional aid and private aid were relatively unchanged while student aid provided by the OSU Foundation increased.

Depreciation and Amortization expense increased by $3 million, or 5 percent. During 2020, $115 million in capital projects were completed and placed into service, including Peavy Hall Forest Science Center, Finley Hall Renovation, Magruder Hall Addition and Lecture Hall, Cascade Hall Renovation.

Comparison of fiscal year 2019 to fiscal year 2018

Compensation and Benefit costs increased by $12 million, or 2 percent.

- Salary and wage costs increased by $15 million due primarily to wage increases for faculty, staff and student employees.
- Retirement and health insurance costs increased by $6 million due primarily to increased insurance rates.
- Other payroll expenses decreased by $1 million.
- Adjustments and accruals to compensation and benefits associated with the net pension liability reporting requirement of GASB Statement Nos. 68 and 71 decreased by $8 million. See Note 16 for additional information on this variance.
- Adjustments and accruals to compensation and benefits associated with the OPEB asset and liability reporting requirement of GASB Statement No. 75 were relatively unchanged. See Note 17 for additional information.

Services and Supplies expenses increased by $30 million, or 10 percent. Increases in general supplies, maintenance and repairs, fees and services for contract education services, and other services and supplies were slightly offset by decreases in rentals and leases, medical and scientific services and supplies, and subcontract expenses.

Scholarships and Fellowships costs decreased by $2 million, or 5 percent. A decrease in federal aid was slightly offset by increases in state, institutional, and OSU Foundation aid.

Depreciation and Amortization expense increased by $3 million, or 5 percent. During 2019, $57 million in capital projects were completed and placed into service, including the Advanced Wood Products Laboratory, Gilbert Hall renovation, HP11 improvement, and Nypro Building renovation.

Nonoperating Expenses

For the Years Ended June 30,		**2020**		2019		2018
Loss on Sale of Assets	**$**	**(1)**	$	(1)	$	(1)
Interest Expense		**(27)**		(25)		(22)
Perkins Loan Program Termination		**-**		-		(22)
Total Nonoperating Expenses	**$**	**(28)**	$	(26)	$	(45)

Comparison of fiscal year 2020 to fiscal year 2019

Interest Expense increased by $2 million, or 8 percent, due primarily to increased revenue bond interest.

Comparison of fiscal year 2019 to fiscal year 2018

Interest Expense increased by $3 million, or 14 percent, due primarily to increased revenue bond interest.

Economic Outlook

Funding for OSU's major activities comes from a variety of sources: tuition and fees; financial aid programs; state, federal and county appropriations; federal, foundation and other grants; private and government contracts; royalties; and donor gifts and investment earnings. Revenues are also generated through recovery of costs associated with federal grant and contract activities, which serve to offset related administrative and facilities costs.

Most of Fiscal Year 2019-20 was subject to customary challenges – inadequate state support; pressures to keep education affordable while improving degree completions, changing student demographics necessitating more support services; and costs associated with mandated participation in state health and retirement systems. State support had recently been holding steady but at levels insufficient to significantly relieve students and families of escalating costs and related debt.

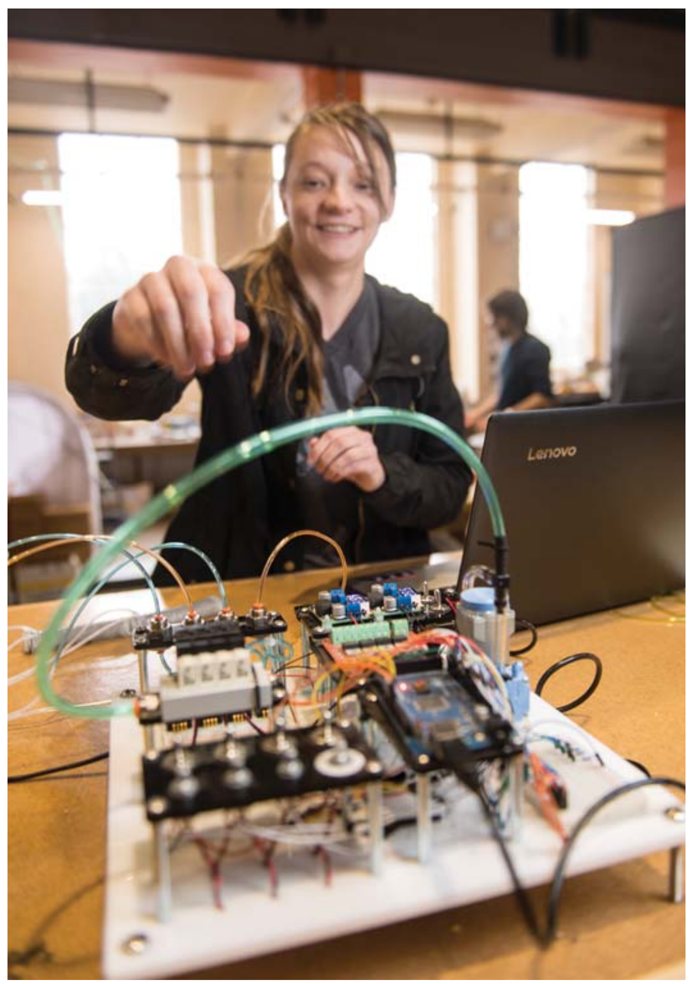
The COVID-19 pandemic affected OSU operations in the early spring. The university fully engaged in protecting the health of students, faculty and staff as well as immediately transitioning to almost fully remote instruction. The resilience and innovation of the university's faculty and staff focused on continuing students' access to education; maintaining research efforts; and deploying public service capabilities in new ways, such as providing virus tracing within the community and obtaining certification for the Veterinary Diagnostic Lab to expand its capacity for COVID-19 testing.

While auxiliaries' revenues sustained significant reductions in the spring, plans were put into place to mitigate the impacts. Enrollment activity has taken on heightened importance as historic trends and modeling have given way to interpreting new and highly unpredictable student and family decision-making behaviors. Current enrollment projections do fall within manageable ranges.

When the state passed budget reductions in its second special session in August 2020, public education funding for Fiscal Year 2020-21 was substantially protected. That is unlikely to be the case when the Legislature convenes in February and considers the 2021-23 biennial budget. It is expected that the university will see state funding reductions. The outstanding question is whether reductions will be proportionate to state agency cuts or disproportionately larger as has been the case in prior recessions.

While projection of revenue streams continues in an uncertain environment, university leadership addressed budget gaps using a multifaceted approach. OSU leadership is committed to deploying both long-term and short-term planning strategies to stabilize operations and optimize the university's ability to execute its mission. OSU is ultimately subject to the same economic variables that affect other entities and, at this time, a uniquely challenging set of variables due to the pandemic. However, leadership maintains its focus on providing quality instruction, research and public service to its students and people throughout Oregon, the nation and the world.

For detailed information on the state's economic outlook, Oregon's Office of Economic Analysis provides quarterly forecasts at its website: **https://www.oregon.gov/das/OEA/Pages/forecastecorev.aspx**



As of June 30,		University 2020		2019 as Restated
		(In thousands)		
ASSETS				
Current Assets				
Cash and Cash Equivalents (Note 2)	$	242,076	$	223,114
Collateral from Securities Lending (Note 2)		5,430		12,627
Accounts Receivable, Net (Note 3)		146,576		127,661
Notes Receivable, Net (Note 4)		2,954		3,798
Inventories		1,715		1,794
Prepaid Expenses		10,055		11,416
Total Current Assets		**408,806**		380,410
Noncurrent Assets				
Cash and Cash Equivalents (Note 2)		61,381		27,986
Investments (Note 2)		139,505		212,026
Notes Receivable, Net (Note 4)		18,720		17,497
Net OPEB Asset (Note 17)		4,869		2,626
Capital Assets, Net of Accumulated Depreciation (Note 5)		1,350,580		1,254,622
Total Noncurrent Assets		**1,575,055**		1,514,757
Total Assets	**$**	**1,983,861**	$	1,895,167
DEFERRED OUTFLOWS OF RESOURCES (Note 6)	**$**	**128,062**	$	134,799
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities (Note 7)	$	102,864	$	100,788
Deposits		597		532
Obligations Under Securities Lending (Note 2)		5,430		12,627
Current Portion of Long-Term Liabilities (Note 9)		45,784		68,408
Current Portion of Asset Retirement Obligation (Note 10)		565		565
Unearned Revenues		65,585		61,412
Total Current Liabilities		**220,825**		244,332
Noncurrent Liabilities				
Long-Term Liabilities (Note 9)		681,485		650,408
Net Pension Liability (Note 16)		344,658		302,317
OPEB Liability (Note 17)		16,544		18,902
Asset Retirement Obligation (Note 10)		19,380		18,550
Total Noncurrent Liabilities		**1,062,067**		990,177
Total Liabilities	**$**	**1,282,892**	$	1,234,509
DEFERRED INFLOWS OF RESOURCES (Note 6)	**$**	**32,795**	$	34,558
NET POSITION				
Net Investment in Capital Assets	$	897,124	$	787,485
Restricted For:				
Nonexpendable Endowments		5,695		5,396
Expendable:				
Gifts, Grants and Contracts		48,190		45,042
Student Loans		9,756		9,749
Capital Projects		1,692		5,533
Debt Service		2,736		3,508
OPEB Asset		4,869		2,626
Unrestricted (Note 11)		(173,826)		(98,440)
Total Net Position	**$**	**796,236**	$	760,899

The accompanying notes are an integral part of these financial statements.

As of June 30,	Component Units 2020	2019
	(In thousands)	
ASSETS		
Cash and Cash Equivalents	$ 1,593	$ 5,446
Investments	749,033	728,076
Contributions, Pledges and Grants Receivable, Net	35,845	41,475
Assets Held-For-Sale	6,734	7,150
Assets Held Under Split-Interest Agreements	51,545	54,205
Charitable Trusts Held Outside the Foundation	14,461	15,021
Prepaid Expenses and Other Assets	3,582	3,458
Property and Equipment, Net	27,202	28,174
Total Assets	**$ 889,995**	$ 883,005
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 10,737	$ 9,431
Endowment Assets Held for OSU	46,487	48,272
Accounts Payable to the University	5,192	5,204
Obligations to Beneficiaries of Split-Interest Agreements	24,248	24,910
Deposits and Unearned Revenue	7,800	11,145
Long-Term Liabilities	14	3
Total Liabilities	**94,478**	98,965
NET ASSETS		
Without Donor Restrictions	38,444	38,918
With Donor Restrictions	757,073	745,122
Total Net Assets	**795,517**	784,040
TOTAL LIABILITIES AND NET ASSETS	**$ 889,995**	$ 883,005

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30,	University 2020	2019 as Restated
	(In thousands)	
OPERATING REVENUES		
Student Tuition and Fees (Net of Allowances of $91,236 and $84,553, respectively)	$ 353,192	$ 340,451
Federal Grants and Contracts	234,547	212,209
State and Local Grants and Contracts	9,987	9,979
Nongovernmental Grants and Contracts	25,263	23,491
Educational Department Sales and Services	52,458	59,525
Auxiliary Enterprises (Net of Allowances of $2,927 and $3,167, respectively)	155,011	177,544
Other Operating Revenues	14,639	15,656
Total Operating Revenues	**845,097**	838,855
OPERATING EXPENSES		
Instruction	335,437	321,541
Research	210,613	216,199
Public Service	166,419	145,034
Academic Support	92,963	90,201
Student Services	34,983	33,624
Auxiliary Programs	178,185	182,334
Institutional Support	105,481	91,277
Operation and Maintenance of Plant	38,587	40,401
Student Aid	38,830	29,988
Other Operating Expenses	63,133	63,556
Total Operating Expenses (Note 14)	**1,264,631**	1,214,155
Operating Loss	**(419,534)**	(375,300)
NONOPERATING REVENUES (EXPENSES)		
Government Appropriations (Note 15)	262,649	237,349
Financial Aid Grants	51,507	44,418
Gifts	53,807	57,205
Investment Activity (Note 13)	19,203	21,286
Loss on Sale of Assets, Net	(897)	(596)
Interest Expense	(27,435)	(25,085)
Other Nonoperating Items	7,861	(589)
Total Net Nonoperating Revenues	**366,695**	333,988
Loss Before Other Revenues	**(52,839)**	(41,312)
OTHER REVENUES		
Debt Service Appropriations (Note 15)	1,073	1,073
Capital Grants and Gifts	86,805	75,453
Changes to Permanent Endowments	298	(563)
Total Net Other Revenues	**88,176**	75,963
Increase In Net Position	**35,337**	34,651
NET POSITION		
Beginning Balance, Restated (Note 1, Section AB)	760,899	726,248
Ending Balance	**$ 796,236**	$ 760,899

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30,	Component Units 2020	2019
	(in thousands)	
CHANGE IN NET ASSETS HELD WITHOUT DONOR RESTRICTIONS		
REVENUES		
Grants, Bequests and Gifts	$ 6,451	$ 6,713
Investment Income, Net	6,290	8,151
Net Assets Released From Restrictions and Other Transfers	94,984	88,430
Other Revenues	20,476	22,241
Total Revenues	**128,201**	125,535
EXPENSES		
University Support	96,159	85,611
Management and General	14,227	13,049
Development	18,289	19,731
Total Expenses	**128,675**	118,391
Increase In Net Assets Held Without Donor Restrictions	**(474)**	7,144
Beginning Balance, Net Assets Held Without Donor Restrictions	38,918	31,774
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 38,444**	$ 38,918
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS		
REVENUES		
Grants, Bequests and Gifts	$ 97,041	$ 78,889
Investment Income, Net	8,128	23,757
Change in Value of Life Income Agreements	(2,072)	541
Other Revenues	3,838	3,191
Net Assets Released From Restrictions and Other Transfers	(94,984)	(88,430)
Increase In Net Assets Held With Donor Restrictions	**11,951**	17,948
Beginning Balance, Net Assets Held With Donor Restrictions	745,122	727,174
Ending Balance, Net Assets Held With Donor Restrictions	**$ 757,073**	$ 745,122
Beginning Balance	$ 784,040	$ 758,948
Increase In Total Net Assets	**11,477**	25,092
Ending Balance	**$ 795,517**	$ 784,040

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30,	University 2020	University 2019 as Restated
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 356,083	$ 346,455
Grants and Contracts	264,035	240,758
Educational Department Sales and Services	56,460	56,928
Auxiliary Enterprise Operations	156,118	179,436
Payments to Employees for Compensation and Benefits	(777,122)	(761,141)
Payments to Suppliers	(323,711)	(325,741)
Student Financial Aid	(46,708)	(37,359)
Other Operating Receipts	10,851	13,773
Fiduciary Activities - Direct Student Loan Receipts	138,129	137,622
Fiduciary Activities - Direct Student Loan Disbursements	(137,212)	(137,889)
Net Cash Used by Operating Activities	**(303,077)**	(287,158)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Government Appropriations	262,649	237,349
Financial Aid Grants	51,507	44,418
Other Gifts and Private Contracts	53,807	57,205
Proceeds from Noncapital Debt	40,000	-
Other Noncapital Financing Receipts (Payments)	7,845	(134)
Net Cash Provided by Noncapital Financing Activities	**415,808**	338,838
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt Service Appropriations	1,073	1,073
Capital Grants and Gifts	69,981	68,003
Proceeds from Capital Debt	-	140,000
Sales of Capital Assets	5,696	1,123
Purchases of Capital Assets	(165,457)	(122,810)
Interest Payments on Capital Debt	(28,043)	(24,380)
Principal Payments on Capital Debt	(35,646)	(41,197)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(152,396)**	21,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales of Investments	72,835	39,617
Interest Receipts on Investments and Cash Balances	19,187	16,354
Net Cash Provided by Investing Activities	**92,022**	55,971
NET INCREASE IN CASH AND CASH EQUIVALENTS	**52,357**	129,463
CASH AND CASH EQUIVALENTS		
Beginning Balance	251,100	121,637
Ending Balance	**$ 303,457**	$ 251,100

The accompanying notes are an integral part of these financial statements.

For the Years Ended June 30,	University 2020	University 2019 as Restated
	(In thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (419,534)	$ (375,300)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	62,137	59,294
Fiduciary Student Loans	917	(267)
Changes in Assets and Liabilities:		
Accounts Receivable	(9,883)	(4,133)
Notes Receivable	4,160	3,909
Inventories	79	(48)
Prepaid Expenses	1,361	(2,523)
Net Pension Liability and Related Deferrals	43,874	28,259
OPEB Asset/Liability and Related Deferrals	(818)	(1,455)
Asset Retirement Obligation and Related Deferral	488	464
Accounts Payable and Accrued Liabilities	1,389	8,840
Long-Term Liabilities	8,580	(2,917)
Unearned Revenues	4,173	(1,281)
NET CASH USED BY OPERATING ACTIVITIES	**$ (303,077)**	$ (287,158)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Capital Assets Acquired by Gifts-in-Kind	$ 6,875	$ 7,788
Increase (Decrease) in Fair Value of Investments Recognized as a Component of Investment Activity	(2,841)	6,539
Gain (Loss) on Sale of Investments Recognized as a Component of Investment Activity	2,857	(1,607)
Capital Assets Acquired by Accounts Payable	5,832	4,904

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Oregon State University (OSU, university) is a comprehensive public university governed by the Oregon State University Board of Trustees (board), a citizen board appointed by the Governor with confirmation by the state senate. OSU serves as the state of Oregon's land, sea, space, and sun grant university.

The OSU financial reporting entity is comprised of OSU and two related foundations. OSU includes the main campus in Corvallis and a branch campus in Bend and receives separate appropriations for statewide activities including Agricultural Experiment Stations, Cooperative Extension Service, and Forestry Research Laboratories. Because the Governor of the State of Oregon (state) appoints the OSU Board of Trustees, and because OSU receives some financial support from the state, OSU is a discretely presented component unit of the state and is included in its comprehensive annual financial report (CAFR).

Similarly, the university's two related foundations are discretely presented as component units on OSU's basic financial statements under the guidelines established by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Discretely presented means that the statements are included separately in the financial report. The Oregon State University Foundation (OSUF) was incorporated in 1947 to pursue and administer gifts and bequests in support of the university. The OSUF is responsible for all fundraising of the university and for the management of the majority of the university's endowments. The Agricultural Research Foundation (ARF) was incorporated in 1934 to encourage and facilitate research in all branches of agriculture and related fields for the benefit of Oregon's agricultural industries. The ARF is the custodian of privately and publicly donated research funds that support projects conducted by OSU scientists on campus, across the state, and by affiliated entities. Both foundations are nonprofit entities under Section 501(c)(3) of the Internal Revenue Code. The majority of resources that each foundation holds and invests are restricted to the activities of the university in accordance with donor intent, and can only be used by, or for the benefit of, OSU. These resources are significant to the operations of OSU, and the university routinely accesses them through various intercompany processes. See Note 21 University Foundations for additional information regarding the related foundations reported as Component Units.

B. Financial Statement Presentation

The OSU financial accounting records are maintained in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB). The financial statement presentation required by GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement* No. 34, modified by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, provides a comprehensive, entity-wide perspective of OSU assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

In preparing the financial statements, interfund transfers between university funds, and internal revenues and expenses associated with self-supporting auxiliary and service center operations, have been eliminated.

Financial statements of the OSU foundations for the fiscal years ended June 30, 2020 and 2019 are discretely presented as discussed above. The foundations' financial statements are prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue criteria and presentation. Accordingly, those financial statements have been consolidated and reported on separate pages following their respective financial statement counterparts of the university. No modifications have been made to the foundations' financial information included in the university's financial report.

C. Basis of Accounting

For financial reporting purposes, OSU is considered a special-purpose government engaged only in business-type activities. Accordingly, the OSU financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when incurred.

NEWLY IMPLEMENTED ACCOUNTING STANDARDS

OSU implemented GASB Statement No. 84, *Fiduciary Activities*, effective June 30, 2020. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities and guidance on how to report activities meeting the criteria in a fiduciary fund in the basic financial statements. During implementation of GASB Statement No. 84, activities associated with OSU student organization were identified as those that are required to be included in the business-type activities of OSU. Previously, the net of all revenues, expenses and cumulative change in net position of the OSU student organization funds was reported as Deposits in the OSU Statements of Net Position. As a result of the implementation, OSU restated 2019 beginning net position on the Statement of Revenues, Expenses and Changes in Net

Position by $1,037,823. OSU recorded operating revenues of $502,311 and $916,197 and operating expenses of $509,573 and $733,052 for the years ended June 30, 2020 and 2019, respectively. See Note 1, Section AB for additional information.

Additionally, GASB Statement No. 84 allows business-type entities, such as OSU, to report custodial fund related activities as an operating activity if upon receipt those funds are normally expected to be held for three months or less. Upon the implementation of GASB Statement No. 84, all of OSU's fiduciary activities were custodial funds normally expected to be held for three months or less, and were reclassified accordingly to the operating activities section of the Statement of Cash flows at June 30, 2020 and 2019.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective date of a number of GASB pronouncements and implementation guides in response to the COVID-19 pandemic and is effective immediately. The Statement permits earlier application of the addressed provisions to the extent specified in each pronouncement as originally issued. OSU has elected to move forward with the implementation of GASB Statement No. 84, *Fiduciary Activities*, for fiscal year ending June 30, 2020. OSU will further evaluate the remaining GASB pronouncements and implementation guides allowable for postponement under GASB Statement No. 95. OSU may, under certain circumstances, elect to postpone individual GASB Pronouncements and implementation guides in future years.

UPCOMING ACCOUNTING STANDARDS

In June 2017, GASB issued Statement No. 87, Leases. GASB Statement No. 87 improves the accounting and financial reporting for leases and is effective for the fiscal year ended June 30, 2021. Per GASB Statement No. 95, GASB Statement No. 87 is now effective for the fiscal year ended June 30, 2022. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased assets, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. This Statement will substantially impact the university's lease accounting and reporting.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangement (SBITAs) for government end users and is effective for the fiscal year ended June 30, 2023. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement will change how the university accounts for and reports SBITAs.

Between July 2019 and June 2020, GASB issued the following statements which do not currently, but could under certain circumstances in the future, apply to OSU: Statement No. 92, *Omnibus 2020*, Statement No. 93, *Replacement of Interbank Offered Rates*, No. Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

D. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. The majority of the university's cash and cash equivalents are invested in the Oregon Short-Term Fund (OSTF), which is managed by the Oregon State Treasury, and provides daily liquidity. Cash and cash equivalents classified as current assets consist of: cash on hand, cash for current operations, cash held for the payment of the current portion of debt service, and cash held as a custodial agent for student groups. Cash and cash equivalents classified as non-current assets consist of student building fee cash held for future debt service and cash for capital construction projects. See Note 2 Cash and Investments, Section A Cash and Cash Equivalents for disclosure of restricted portions of cash and cash equivalents.

E. Investments

Investments are reported at fair value as determined by market prices. Unrealized and realized gains or losses on investments are reported as investment activity in the Statement of Revenues, Expenses, and Changes in Net Position. See Note 13 Investment Activity for additional information. All investments are classified as noncurrent assets in the Statement of Net Position.

F. Receivables

Accounts receivable consists primarily of amounts due for tuition and fee charges to students, grants and contracts, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable for tuition and fee charges are recorded net of estimated uncollectible amounts in accordance with generally accepted accounting principles. Grants and contracts receivable include amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the university's grants and contracts. Capital construction receivables include amounts due from the state in connection with reimbursement of allowable expenditures made pursuant to the grant agreements between the university and the state for facilities projects funded by the state.

Notes receivable consist primarily of student loans receivable due from the federal Perkins Loan Program and from other loans administered by the university. Construction loans receivable are reimbursements receivable from the state in connection with allowable expenditures made pursuant to contracts between the university and the state for various facility projects initially funded by the university. Construction reimbursements can be current or long-term depending on the estimated timing of completion of associated construction projects. The university does not currently hold any notes receivable from the state related to construction reimbursements.

G. Inventories

Inventories are recorded at cost, with cost being generally determined on a first-in, first-out or average basis. Inventories consist primarily of supplies in storerooms and physical plant stores.

H. Capital Assets

Capital assets are recorded at cost on the date acquired or at acquisition value on the date donated. OSU capitalizes equipment with unit costs of $5,000 or more and an estimated useful life greater than one year. OSU capitalizes real property expenditures that increase the functionality and/or extend the useful life of the real property if total expenditures exceed the capitalization thresholds of $50,000 to $100,000, depending on the type of real property. Intangible assets valued in excess of $100,000 are capitalized. Expenditures below the capitalization threshold and repairs and maintenance are charged to operating expense in the year in which the expense is incurred. In addition, certain research costs for construction of assets funded by and on behalf of federal agencies are expensed as incurred. (In Fiscal Years 2020 and 2019, this included the National Science Foundation's Regional Class Research Vessel Program.) In these cases, the federal agencies control the assets and retain title. Interest costs incurred before the end of a construction period are recorded as a cost of the period in which they are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. This is generally 50 years for buildings; 25 years for major renovations/additions to buildings; 10 to 20 years for infrastructure and land improvements; 5 to 11 years for non-expendable assets; and the useful life of the asset or term of the lease, whichever is less, for leasehold improvements. Amortization terms for intangible assets vary depending on the factors relating to the specific asset. Depreciation is not applied to land, museum collections, works of art, historical treasures, or library special collections.

I. Unearned Revenues

Unearned revenues include amounts received for tuition and fees, grants and contracts, lease income and auxiliary enterprise activities in which cash has been received, but revenues will be earned in the subsequent fiscal year(s).

J. Compensated Absences

OSU accrues a liability for vacation leave and other compensated absences that were earned but not used during the current or prior fiscal year for which employees can receive compensation in a future period. An estimate is made to allocate this liability between its current and noncurrent components.

Sick leave is recorded as an expense when paid. There is no payout provision for unused sick leave and no liability exists.

K. Net Pension Liability

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, are actuarially determined at the system-wide Retirement Plan level and are allocated to employers based on their proportionate share. The university's proportionate share is allocated to OSU by the Oregon Department of Administrative Services. See note 16 Employee Retirement Plans for a detailed description of the liability and the proportionate share methodology.

L. Net OPEB (Asset)/Liability

The university reports their proportionate share of the net PERS RHIA OPEB asset, net PERS RHIPA OPEB liability and the total PEBB OPEB liability along with the associated deferred outflows of resources and deferred inflows of resources. See Note 17 Other Post-Employment Benefits (OPEB) for a detailed description of each plan and the proportionate share methodology for each.

M. Asset Retirement Obligations

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. The retirement of a tangible capital asset encompasses its sale, abandonment, recycling, or disposal in some other manner; however, it does not encompass the temporary idling of a tangible capital asset. OSU has legal obligations to perform future asset retirement activities related to one tangible capital asset and therefore recognizes a liability and corresponding deferred outflow of resources. The deferred outflow of resources will be amortized and expensed over the remaining life of the asset. See Note 10 Asset Retirement Obligations for additional information.

N. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods, and have a positive effect on net position that is similar to assets, but are not considered assets. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods, and have a negative effect on net position that is similar to liabilities, but are not considered liabilities. Deferred outflows and inflows are related to defined benefit pension plans, defined benefit OPEB plans, and asset retirement obligations. See Note 6 Deferred Outflows and Inflows of Resources, Note 10 Asset Retirement

Obligations, Note 16 Employee Retirement Plans, and Note 17 Other Post-employment Benefits (OPEB).

O. Net Position

OSU's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets represents the total investment in capital assets, net of accumulated depreciation and amortization, less outstanding debt obligations related to those capital assets plus unspent bond proceeds.

RESTRICTED – NONEXPENDABLE ENDOWMENTS

Restricted-Nonexpendable Endowments consists of endowment funds in which donors have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income. The income may either be expended or, depending on the terms of the gift instrument, added to principal.

RESTRICTED – EXPENDABLE

Restricted-Expendable includes resources which OSU is legally or contractually obligated to spend in accordance with restrictions stipulated by external parties.

UNRESTRICTED

Unrestricted net position represents resources that may be used at the discretion of the board.

P. Restricted/Unrestricted Resources

The university has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred. Factors used to determine which resources to use include relative priorities of the university in accordance with the university's strategic initiatives and externally imposed matching requirements of certain restricted funds. Major capital purchases are often times split-funded from multiple restricted and unrestricted funding sources.

Q. Endowments

The university manages timber and forestry land endowments, while all other endowments are managed by the OSU Foundation. The university endowment assets managed by the OSU Foundation are invested with the objectives of long-term capital appreciation and stable but growing income. The university board policy is to distribute 4.5 percent of the preceding 12-quarter moving average of the endowment market value for spending purposes.

Net appreciation of endowments is included in restricted expendable gifts, grants, and contracts on the Statement of Net Position.

Non-expendable endowments on the Statement of Net Position at June 30, 2020, represent the original corpus of true endowment funds of $2,384,154 and the full non-expendable fair value of the real estate endowments of $3,310,680. Non-expendable endowments on the Statement of Net Position at June 30, 2019, represent the original corpus of true endowment funds of $2,384,154 and the full non-expendable fair value of the real estate endowments of $3,012,089.

The university's endowments are identified and invested as follows (in thousands):

	June 30, 2020	June 30, 2019
True Endowments		
Corpus	**$ 2,384**	$ 2,384
Market Valuation	**2,026**	2,157
Real Estate	**3,311**	3,012
Total	**7,721**	7,553
Quasi-Endowments		
Corpus	**18,999**	18,784
Market Valuation	**24,054**	25,707
Real Estate	**3,533**	3,416
Total	**46,586**	47,907
Total Fair Value of Endowments	**$ 54,307**	$ 55,460
Invested Endowments:		
Timber and Forestry Land Held by OSU	**$ 6,844**	$ 6,429
Invested by OSU Foundation	**46,487**	48,272
Invested in the Public University Fund (PUF)	**110**	177
Total Invested Endowments	**53,441**	54,878
Endowment Cash in PUF	**221**	152
Long-Term Receivable from Casey Family Trust	**645**	430
Total Fair Value of Endowments	**$ 54,307**	$ 55,460

R. Income Taxes

OSU is treated as a governmental entity for tax purposes. As such, OSU is generally not subject to federal and state income taxes. However, OSU remains subject to income taxes on any income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which OSU was granted exemption from income taxes. No income tax is recorded because there are no income taxes due on unrelated business income during fiscal year 2020 and 2019.

S. Revenues and Expenses

OSU has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses generally have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services. Examples of operating revenues include student tuition and fees, sales and services of auxiliary enterprises, most federal, state and local grants and contracts, and other operating revenues. Examples of operating expenses include employee compensation and benefits, scholarships and fellowships, utilities, supplies and other services, professional fees, and depreciation.

Nonoperating revenues and expenses generally have the characteristics of nonexchange transactions. In a nonexchange transaction, OSU receives value without directly giving equal value in exchange. Examples of nonoperating revenues include government appropriations, nonexchange grants, gifts, and contributions. Nonoperating expenses are defined in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Examples of nonoperating expenses include interest on capital debt and bond expenses.

T. State Support

OSU receives support from the state in the form of General Fund and Lottery appropriations, and debt service appropriations for some Oregon Department of Energy loans. See Note 15 Government Appropriations for details on appropriations.

In addition to appropriations, the state provides funding for plant facilities on the university's campuses. Capital projects for new facilities and capital improvements and repair are funded by gifts, state-paid debt, and university-paid debt and resources. The state legislature considers projects from all seven public universities for allocation of Oregon's bonding capacity. Funds for capital projects funded by state-paid debt are provided through grant agreements between OSU and the state. Revenue is recorded as Capital Grants in the Statement of Revenues, Expenses and Changes in Net Position when appropriate expenditures are reimbursable per the grant agreements. Funds for capital projects funded by university-paid debt can also be funded through Oregon's bonding capacity. At the time that the bonds are sold, the state instructs OSU to record a liability to the state for the debt, and a receivable for construction reimbursements. The receivable is reduced as expenditures on the capital project are completed and reimbursed by the state.

Facilities funded by gifts, state-paid debt and university-paid debt are reflected as completed assets or construction in progress in the accompanying Statement of Net Position. University-paid debt relating to bonds issued by the state are primary obligations of the state. OSU is contractually committed to pay the state to fund the retirement of debt obligations issued on its behalf. These contracts are included as current and long-term liabilities in the Statement of Net Position.

U. Allowances

Student tuition and fees and campus housing revenues included in auxiliary enterprise revenues are reported net of scholarship allowances. A scholarship allowance is the difference between the university's stated rates and charges and the amounts actually paid by students and/or third parties making payments on behalf of the students. Under this approach, scholarships awarded by the university are considered as reductions in tuition and fee revenues rather than as expenses. Additionally, certain governmental grants, such as Pell grants, and payments from other federal, state or nongovernmental programs, are required to be recorded as either operating or nonoperating revenues in the university's financial statements. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the university has reported a corresponding scholarship allowance.

OSU has three types of allowances that are netted against gross tuition and fees and housing revenues. Tuition and housing waivers, provided directly by OSU, amounted to $46,160,336 and $42,746,331 for the fiscal years ended 2020 and 2019, respectively. Revenues from financial aid programs (e.g., Pell Grants, Supplemental Educational Opportunity Grants, and Oregon Opportunity Grants) used for paying student tuition and fees and campus housing was estimated to be $43,377,357 and $41,975,377 for the fiscal years ended 2020 and 2019, respectively. Bad debt expense related to student accounts is also reported as an allowance against operating revenues and was estimated to be $4,624,515 and $2,998,288 for the fiscal years ended 2020 and 2019, respectively.

V. Federal Student Loan Programs

OSU receives proceeds from the Federal Direct Student Loan Program (FDSLP). GASB Statement No. 84 allows business-type activities, such as OSU, to report activities that would otherwise be considered custodial funds in OSU's Statement of Net Position and Statement of Cash Flows as an operating activity if upon receipt, the funds are normally expected to be held for three months or less. Funds associated with the FDSLP meet this exception and are reported as such. OSU disbursed federal student loans in the amount of $137,212,383 and $137,888,710 for the fiscal years ended 2020 and 2019, respectively.

W. Deposit Liabilities

Deposit liabilities primarily consist of fund balances held by OSU on behalf of student groups and organizations that account for activities in the OSU accounting system and whose cash is part of the cash held on deposit with the Oregon State Treasury.

X. Perkins Loan Program Termination

OSU administers Title IV Perkins Loans for the benefit of its students. Funds for the Perkins program were initially received through Federal Capital Contributions (FCC) from the U.S. Department of Education (ED) and were supplemented with Institutional Capital Contributions (ICC). Over the years, the proportion of federal to institutional matching funds varied, from a 90/10 split to a 75/25 split. Academic year 2017-18 was the last year in which new Perkins loans were allowed to be disbursed as the U.S. Congress did not renew the program. The ED has given institutions the option of assigning existing Perkins loans back to the federal government or continuing to collect on them while returning FCC as loans are repaid. OSU has elected to continue to collect on Perkins loans and return the FCC as it is collected. Historically, the balance of the Perkins loans was reported in Notes Receivable and in Net Position Expendable for Student Loans. Due to the impending repayment of the FCC portion of the Perkins program to the ED as loans are collected, an accrued liability has been established for the amount of the remaining FCC due to the ED.

Y. Related Party Transactions

During fiscal year 2018, OSU entered into a related party transaction with former head baseball coach Pat Casey and the Pat Casey Family Trust (PCFT). The parties have agreed to a split-dollar arrangement whereby Coach has agreed to reduce his salary by $215,000 annually and the university is then loaning $215,000 annually for fiscal years 2018 through 2022 to the PCFT at the IRS applicable federal rate (AFR) in effect on the day each $215,000 loan advance is disbursed. The PCFT is using the loan funds to purchase a life insurance policy on Pat Casey's wife. The term of the loan from the university to PCFT is 23 years, or upon the death of Mrs. Casey, whichever comes first. When the life insurance policy terminates, OSU will be reimbursed by the PCFT for the full principal amount of the loan plus accrued interest. The loan from OSU to PCFT is reported in non-current notes receivable.

Z. CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in March 2020, provides budgetary relief to higher education institutions through numerous provisions. Of the $30.75 billion allotted to the Education Stabilization Fund through the CARES Act, Congress set aside approximately $14.25 billion for the Higher Education Emergency Relief Fund (HEERF). Due to the different formulas and discretionary allocations Congress created within the CARES Act, the HEERF is comprised of multiple programs and distribution allocations.

As of June 30, 2020, the total CARES Act funding awarded to OSU was $15,559,998. OSU was awarded $7,779,999 for the student portion allocation and all funds awarded were received and disbursed directly to students as emergency financial aid grants as of June 30, 2020. OSU recognized nonoperating financial aid grant revenue and student aid operating expense for the receipt and disbursement of these funds.

OSU was awarded a matching $7,779,999 for the institutional portion allocation and all funds awarded were received as of June 30, 2020. OSU recognized other nonoperating revenue for the total amount received; allowable expenditures incurred by OSU exceeded the award amount. Expenditures identified as allowable primarily relate to foregone housing and dining auxiliary revenues attributed to the pandemic-caused campus closure.

AA. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

AB. Restatement of Prior Periods

The implementation of GASB Statement No. 84, *Fiduciary Activities*, required the restatement of all prior periods presented in the financial statements for those activities identified as business-type activities of the university. Previously, the net of all revenues, expenses and cumulative change in net position of the OSU student organization funds was reported as Deposits in the OSU Statements of Net Position. As a result of the implementation, OSU restated 2019 beginning net position on the Statement of Revenues, Expenses and Changes in Net Position by $1,037,823. Restatement of beginning net position (in thousands):

	June 30, 2019
Beginning Net Position, as Previously Reported	$ 725,210
Retroactive GASB 84 Implementation	1,038
Beginning Net Position, Restated	**$ 726,248**

2. CASH AND INVESTMENTS

At June 30, 2020 and 2019, the majority of the cash and investments of OSU were held in custody with the Oregon State Treasury (OST). The OST manages these invested assets through commingled investment pools. The operating funds for OSU are commingled with operating cash and investments from five other Oregon public universities and referred to collectively as the Public University Fund (PUF). The investments held in the PUF are managed by the OST and administered by the statutorily defined designated university. OSU is currently serving as the designated university for the PUF pool. Each underlying investment pool has an investment policy and set of objectives identifying risk and return parameters for the respective investment pool. The OST invests these deposits in high grade, dollar-denominated, short and intermediate-term fixed income securities. The Oregon Investment Council (OIC) provides oversight and counsel on the investment policies, activities, and performance for each investment pool held in the PUF. Revenue bond proceeds are invested separately from operating funds, and are held in diversified, high quality and liquid fixed income securities.

Total cash and investments for the university includes both restricted and unrestricted amounts and are summarized as follows (in thousands):

	June 30, 2020	June 30, 2019
Unrestricted	**$ 94,534**	$ 90,745
Bond Proceeds Reserved for Capital	**149,334**	179,191
Restricted For:		
Endowments	**53,662**	55,030
Gifts, Grants and Contracts	**29,064**	26,180
Capital	**62,326**	60,245
Student Aid	**11,150**	10,884
Debt Service	**7,703**	7,256
Payroll Withholdings	**26,064**	24,353
Student Groups and Campus Organizations	**1,318**	563
Perkins Title IV Cash	**3,976**	4,251
JPM Cash	**433**	-
Petty Cash	**147**	179
Supplemental Retirement Plan Investment	**477**	301
Unrealized Gain/(Loss) on Investments	**2,774**	3,948
Total Cash and Investments	**$ 442,962**	$ 463,126

In general, deposits and investment securities as described below have exposure to various risks such as credit, concentration of credit, custodial credit, interest rate, and foreign currency. Although the objective of each investment pool is to preserve capital within defined risk parameters, it is likely that the value of the investment securities will fluctuate during short periods of time, and it is possible that such changes could materially affect the amounts reported in the financial statements.

For full disclosure regarding cash and investments managed by the OST, a copy of the OST audited annual financial report may be obtained by writing to the Oregon State Treasury, 350 Winter St. NE, Suite 100, Salem, OR 97301-3896 or by linking to **https://www.oregon.gov/treasury/news-data/pages/treasury-news-reports.aspx#annualrep**

A. Cash and Cash Equivalents

DEPOSITS WITH OREGON STATE TREASURY

OSU maintains the majority of its current cash balances on deposit with the OST. These deposits are held on a pooled basis in the Oregon Short-Term Fund (OSTF). The OSTF is a short-term cash and investment pool available for use by all state agencies or by agreement for related agencies, such as OSU. The OST invests these deposits in high-grade short-term investment securities. While the university is not required by statute to collateralize deposits, it does have a contractual obligation with the OST to collateralize deposits within 24 hours of receipt. At fiscal years ended June 30, 2020 and 2019, OSU cash and cash equivalents on deposit at OST were $298,901,169 and $246,669,897, respectively. Cash and cash equivalents on deposit at fiscal years ended June 30, 2020 and 2019 included $123,583,684 and $120,096,149, respectively, in unspent taxable revenue bond proceeds held in a separate OST account in the OSTF.

OTHER DEPOSITS

For the years ended June 30, 2020 and 2019, OSU had cash at U.S. Bank held for Title IV Perkins Loans of $3,976,347 and $4,250,915, respectively. OSU held cash at JPMorgan Chase bank for operations of $432,784 for the year ended June 30, 2020. Additionally, for the years ended June 30, 2020 and 2019, OSU had vault and petty cash balances of $146,858 and $179,086, respectively.

CUSTODIAL CREDIT RISK–DEPOSITS

Custodial credit risk is the risk that, in the event of a financial institution failure, cash deposits will not be returned to a depositor. The university and state do not have formal policies regarding custodial credit risk for deposits. However, banking regulations and Oregon Revised Statute (ORS) Chapter 295 establish the insurance and collateral requirements for deposits in the OSTF. OSU cash balances held on deposit at the OST are invested continuously, therefore custodial credit risk exposure to the OST is low. Additionally, cash balances on deposit with U.S. Bank are collateralized, therefore invested continuously, resulting in low credit risk.

FOREIGN CURRENCY RISK–DEPOSITS

Deposits in foreign currency run the risk of changing value due to fluctuations in foreign exchange rates. Per PUF policy, all deposits are in U.S. currency and therefore not exposed to foreign currency risk.

To facilitate study-abroad programs, there are some cash balances held in the local currency of other countries to pay local expenses. The aggregate foreign denominated account balances converted into U.S. dollars equaled $203,775 and $143,794 at June 30, 2020 and 2019, respectively. Amounts deposited in foreign bank accounts are reported as accounts receivable or prepaid expense on the financial statements.

B. Investments

OSU's operating funds are invested in the PUF. University investments in the PUF are invested in the Core Bond Fund (CBF) managed by the OST. The CBF invests primarily in intermediate-term fixed income securities and is managed with an investment objective to maximize total return (i.e., principal and income) over an intermediate time horizon within stipulated risk parameters. The CBF is actively managed to maintain an average duration of four to five years, through a diversified portfolio of quality, investment grade fixed income securities as defined in the portfolio guidelines. The majority of the university's endowment assets are managed by the OSU Foundation. These endowment assets are invested in the OSU Foundation's pooled endowment fund (fund) and directed by external investment managers. The fund is expected to operate in perpetuity and the investments are invested with a long-term horizon while maintaining a prudent level of risk. Additionally, the university manages timber and forestry land endowments and a land grant endowment invested in the PUF.

All investments are managed as a prudent investor would do, exercising reasonable care, skill and caution.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the Statement of Net Position.

Significant events in domestic and international investment markets, or aggressive action by the Federal Open Market Committee to influence both short and long-term interest rates, contribute to price volatility. Consequently, the fair value of OSU's operating and endowment investments is exposed to price volatility which could result in a substantial change in the fair value of certain investments from the amounts reported as of June 30, 2020 and 2019.

Investments are all classified as noncurrent and include both restricted and unrestricted funds. Earnings on investments from restricted fund sources are spent in accordance with the restrictions of the funding source.

OSU's investments by source are classified and invested as follows (in thousands):

	June 30, 2020	June 30, 2019
Operating Funds		
PUF Core Bond Fund	**$ 85,588**	$ 156,847
Total Operating Funds	**85,588**	156,847
Endowment Funds		
Invested by OSU Foundation	**46,487**	48,272
Timber and Forestry Land	**6,844**	6,429
PUF Core Bond Fund	**110**	177
Total Endowment Funds	**53,441**	54,878
Separately Held Investments	**476**	301
Total Investments	**$ 139,505**	$ 212,026

Investments in the PUF CBF pool, the OSU Foundation pooled investments and OSU's other separate investments are invested as follows:

	June 30, 2020	June 30, 2019
PUF Core Bond Fund		
Fixed Income	**100.0%**	100.0%
Invested by OSU Foundation		
Equities	**53.8%**	52.0%
Alternative	**34.2%**	35.3%
Fixed Income	**12.0%**	12.7%
	100.0%	100.0%
Timber and Forestry Land		
Alternative	**100.0%**	100.0%
Separately Held Investments		
Fixed Income	**100.0%**	100.0%

Investments of the OSU discretely presented component units are summarized at fair value as follows (in thousands):

	June 30, 2020	June 30, 2019
Investment Type:		
Global Equities	**$ 340,626**	$ 328,833
Global Fixed Income	**106,373**	107,812
Private Equity Partnerships	**112,032**	94,508
Absolute Returns	**65,511**	71,924
Real Assets	**40,745**	60,061
Corporate Stocks and Bonds	**18,072**	14,809
Real Estate Held for Investments	**9,007**	13,554
Government Securities and Municipal Bonds	**10,173**	12,242
Investment Receivables	**50**	376
Other	**46,444**	23,957
Total Investments	**$ 749,033**	$ 728,076

CREDIT RISK

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. OSU has separate investment policies for its operating and endowment assets. As of June 30, 2020, approximately 91.5 percent of the investments in the PUF CBF are subject to credit risk reporting. Fixed income securities in the PUF CBF rated by the credit agencies as lower medium to high quality, indicating the issuer has a strong capacity to pay principal and interest when due, totaled $120,344,468. Fixed income securities which have not been evaluated by the rating agencies totaled $55,752,725. The PUF CBF totaled $192,395,981, of which OSU owned $85,698,118, or 44.5 percent. Of the OSU endowments managed by the OSU Foundation and allocated to fixed income, all investments were held in mutual funds which have not been evaluated by the rating agencies.

As of June 30, 2019, approximately 93.3 percent of the investments in the PUF CBF are subject to credit risk reporting. Fixed income securities in the PUF CBF rated by the credit agencies as lower medium to high quality, indicating the issuer has a strong capacity to pay principal and interest when due, totaled $209,190,427. Fixed income securities which have not been evaluated by the rating agencies totaled $106,501,809. The PUF CBF totaled $338,347,950, of which OSU owned $157,024,585, or 46.4 percent. Of the OSU endowments managed by the OSU Foundation and allocated to fixed income, all investments were held in mutual funds which have not been evaluated by the rating agencies.

CUSTODIAL CREDIT RISK—INVESTMENTS

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the university will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The OIC has no formal policy regarding the holding of securities by a custodian or counterparty. For the years ended June 30, 2020 and 2019, the university's investments were exposed to custodial credit risk indirectly through the OST.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk refers to potential losses if total investments are concentrated with one or few issuers. With the exception of U.S. Government and Agency issues, the PUF policy for reducing credit risk for fixed income securities is that no more than five percent of the bond portfolio par value will be invested in securities of a single issuer, and no more than three percent will be invested in any individual issue. Per policy, the PUF held no securities from a single issuer that exceeded five percent of the bond portfolio.

FOREIGN CURRENCY RISK—INVESTMENTS

Foreign currency risk is the risk that investments may lose value due to fluctuations in foreign exchange rates. Per PUF investment policy, all investments are to be in U.S. dollar denominated securities, therefore no amounts of the PUF investments had reportable foreign currency risk at June 30, 2020 or 2019.

Of the OSU Endowments invested by the OSU Foundation at June 30, 2020, $12,690,907, or 27.3 percent, were held subject to foreign currency risk. At June 30, 2019, $13,545,068, or 28.1 percent were held subject to foreign currency risk.

INTEREST RATE RISK

Investments in fixed income securities are subject to the risk that changes in interest rates will adversely affect the fair value of the investments. As of June 30, 2020, securities held in the PUF CBF subject to interest rate risk totaled $176,097,193 and had an average duration of 3.77 years. Securities of the OSU Endowment investments held subject to interest rate risk totaling $2,933,320 had an average duration of 4.72 years. As of June 30, 2019, securities held in the PUF CBF subject to interest rate risk totaled $315,692,236 and had an average duration of 3.39 years. Securities of the OSU Endowment investments held subject to interest rate risk totaling $4,165,857 had an average duration of 5.22 years. Duration measures the change in the value of a fixed income security that will result from a one percent change in interest rates.

FAIR VALUE MEASUREMENT

Investments are reported at estimated fair value as determined by the OST, based on a fair value hierarchy which prioritizes the input techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted market prices that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active; and

Level 3 – Inputs that are unobservable. These are only used if relevant Level 1 and Level 2 inputs are not available.

Inputs are used in applying valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. In addition to the underlying reported net asset values (NAV), which generally serve as the primary valuation input, other inputs may include liquidity factors and broad credit data. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The fair value of OSU's investments in the PUF CBF are based on the investments' net asset value (NAV) per share provided by the Treasury. Fair value measurements for the university's investments in the PUF CBF at June 30, 2020 and 2019 totaled $85,698,118 and $157,024,585, respectively.

As of June 30, 2020 and 2019, respectively, OSU's investment in timber and forestry land was valued at $6,843,569 and $6,428,549. This investment is a natural resource investment and is therefore required to be reported at fair value. In order to obtain the value of the timber and the land, a professional timber cruise is performed every five years, and interim valuations are conducted by professionals within the OSU College of Forestry every year-end. The periodic timber cruise and annual valuation is a level 3 input.

COMPONENT UNIT INVESTMENTS BY LEVEL

The following tables present the component unit investments by level within valuation hierarchy as of June 30, 2020 and 2019:

	Assets at fair value as of June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Pooled Investment Program	**$ 225,277**	**$ -**	**$ -**	**$ 225,277**
Other Nonpooled Investments	**47,711**	**-**	**-**	**47,711**
Total Investments	**$ 272,988**	**$ -**	**$ -**	**$ 272,988**
Real Estate Held for Investment Measured at Cost				**9,007**
Investments Measured at NAV				**467,038**
Total Investments				**$ 749,033**

	Assets at fair value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Pooled Investment Program	$ 226,112	$ -	$ -	$ 226,112
Investment Property	-	-	13,554	13,554
Mortgages and Contracts	-	-	685	685
Other Nonpooled Investments	42,392	-	470	42,862
Total Investments	$ 268,504	$ -	$ 14,709	$ 283,213
Investments Measured at NAV				444,863
Total Investments				$ 728,076

C. Securities Lending

In accordance with state investment policies, the state participates in securities lending transactions. 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. OSU's cash on deposit with the OST is subject to securities lending. There were no significant violations of the provisions of securities lending agreements during the years ended June 30, 2020 and 2019.

During the year, State Street had the authority to lend short-term fixed income and equity securities and receive as collateral U.S. dollar and foreign currency cash, U.S. government and agency securities, 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 percent of the market value of the loaned U.S. security. The custodian did not have the ability to pledge or sell collateral securities absent a borrower default, and during the year the state did impose restrictions on the amount of the loans that the custodian made on its behalf. The OST is fully indemnified by the custodian against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

State Street, as lending agent, has created a fund to reinvest cash collateral received on behalf of the OSTF and Oregon state agencies, including OSU. 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 statement of net position.

The fair value of investments held by the fund is based upon valuations provided by a recognized pricing service. These funds are not registered with the Securities and Exchange Commission, but the custodial agent is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. No income from the funds was assigned to any other funds.

The maturities of investments made with the cash collateral generally do not 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, 2020 and 2019, is effectively one day. As of June 30, 2020 and 2019, the state had no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amounts borrowers owed to the state.

The fair value of the university's share of securities lending balances on loan comprised the following (in thousands):

	June 30, 2020	June 30, 2019
Investment Type		
U.S. Treasury and Agency Securities	**$ 7,445**	$ 17,048
Domestic Fixed Income Securities	**905**	3,681
Total	**$ 8,350**	$ 20,729

The fair value of the university's share of total cash and securities collateral received as of June 30, 2020 and 2019, was $8,521,524 and $21,150,206, respectively. The fair value of the university's share of investments purchased with cash collateral as of June 30, 2020 and 2019, was $5,430,694 and $12,630,808, respectively.

3. ACCOUNTS RECEIVABLE

Accounts receivable, including amounts due from component units, comprised the following (in thousands):

	June 30, 2020	June 30, 2019
Student Tuition and Fees	**$ 47,172**	$ 44,587
Federal Grants and Contracts	**45,501**	41,829
State, Other Government, and Private Gifts, Grants and Contracts	**8,665**	6,872
Auxiliary Enterprises and Other Operating Activities	**10,963**	12,921
State Capital Construction Grants	**19,823**	7,659
Component Units	**10,666**	12,881
Other	**12,272**	8,699
	155,062	135,448
Less: Allowance for Doubtful Accounts	**(8,486)**	(7,787)
Accounts Receivable, Net	**$ 146,576**	$ 127,661

4. NOTES RECEIVABLE

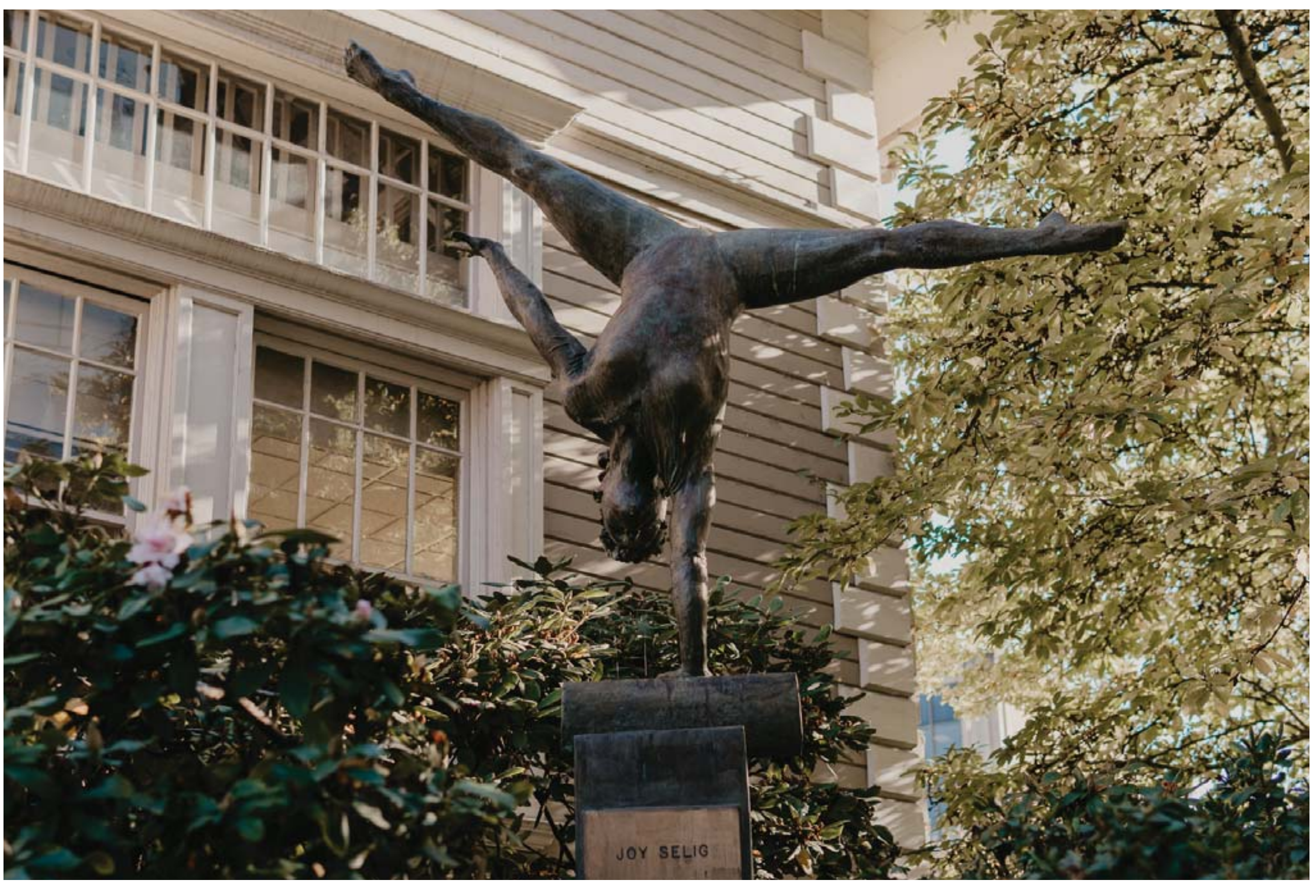
Student loans made through the Title IV Federal Perkins Loan Program are funded through interest earnings and repayment of loans. Federal Perkins loans deemed uncollectible are assigned to the U.S. Department of Education (ED) for collection. Due to the termination of the Perkins loan program by the U.S. Congress, no new loans are allowed to be made and the federal capital contribution (FCC) portion of the loan program will be returned to the ED as loans are collected. See Note 1, Section X for additional information. OSU has provided an allowance for uncollectible loans which is calculated using the cohort default rate reported to the federal government.

Institutional and Other Student Loans include loans offered through the university itself and other various non-federal loan programs.

The installment receivable is due from Link Oregon and results from the sale of dark fiber infrastructure assets initially purchased by OSU and sold to Link Oregon. Link Oregon is a non-profit consortium of the State of Oregon and the state's four research universities - OSU, OHSU, PSU and UO - which will make high-speed, fiber optic broadband connectivity available to the state's public and non-profit sectors.

Notes receivable comprised the following (in thousands):

	June 30, 2020			June 30, 2019		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
Institutional and Other Student Loans	**$ 64**	**$ 485**	**$ 549**	$ 147	$ 540	$ 687
Perkins Loans	**3,253**	**14,640**	**17,893**	4,236	19,061	23,297
Installment Receivable	**-**	**4,539**	**4,539**	-	-	-
Split-Dollar Loans	**-**	**645**	**645**	-	430	430
	3,317	**20,309**	**23,626**	4,383	20,031	24,414
Less: Allowance for Doubtful Accounts	**(363)**	**(1,589)**	**(1,952)**	(585)	(2,534)	(3,119)
Notes Receivable, Net	**$ 2,954**	**$ 18,720**	**$ 21,674**	$ 3,798	$ 17,497	$ 21,295



5. CAPITAL ASSETS

The following schedule reflects the changes in capital assets (in thousands):

	Balance June 30, 2018	Additions	Transfer Completed Assets	Retire. And Adjust.	Balance June 30, 2019	**Additions**	**Transfer Completed Assets**	**Retire. And Adjust.**	**Balance June 30, 2020**
Capital Assets, Non-depreciable/ Non-amortizable:									
Land	$ 33,725	$ 545	$ -	$ -	$ 34,270	**$ 1,588**	**$ -**	**$ -**	**$ 35,858**
Capitalized Collections	29,669	297	-	(10)	29,956	**271**	**-**	**-**	**30,227**
Construction in Progress	76,998	98,166	(56,609)	(70)	118,485	**134,486**	**(116,716)**	**1,572**	**137,827**
Intangible Assets in Progress	144	-	-	-	144	**-**	**(144)**	**-**	**-**
Total Capital Assets, Non-depreciable/Non-amortizable	140,536	99,008	(56,609)	(80)	182,855	**136,345**	**(116,860)**	**1,572**	**203,912**
Capital Assets, Depreciable/ Amortizable:									
Equipment	234,953	19,136	1,259	(10,163)	245,185	**8,520**	**3,217**	**(8,988)**	**247,934**
Library Materials	80,249	479	-	(525)	80,203	**280**	**-**	**(838)**	**79,645**
Buildings	1,440,678	11,304	52,030	-	1,504,012	**13,759**	**111,706**	**-**	**1,629,477**
Land Improvements	35,401	626	2,359	-	38,386	**1,418**	**958**	**(1,345)**	**39,417**
Improvements Other Than Buildings	13,156	-	525	-	13,681	**627**	**338**	**(627)**	**14,019**
Infrastructure	48,335	2,101	436	-	50,872	**3,778**	**497**	**(4,538)**	**50,609**
Intangible Assets	10,620	-	-	(125)	10,495	**-**	**144**	**(135)**	**10,504**
Total Capital Assets, Depreciable/Amortizable	1,863,392	33,646	56,609	(10,813)	1,942,834	**28,382**	**116,860**	**(16,471)**	**2,071,605**
Less Accumulated Depreciation/ Amortization for:									
Equipment	(173,673)	(16,170)	-	8,690	(181,153)	**(16,165)**	**-**	**7,101**	**(190,217)**
Library Materials	(77,896)	(539)	-	436	(77,999)	**(482)**	**-**	**838**	**(77,643)**
Buildings	(510,914)	(37,555)	-	(12)	(548,481)	**(40,393)**	**-**	**88**	**(588,786)**
Land Improvements	(16,188)	(2,075)	-	(64)	(18,327)	**(2,135)**	**-**	**-**	**(20,462)**
Improvements Other Than Buildings	(10,518)	(492)	-	-	(11,010)	**(444)**	**-**	**-**	**(11,454)**
Infrastructure	(22,133)	(2,251)	-	-	(24,384)	**(2,333)**	**-**	**121**	**(26,596)**
Intangible Assets	(9,626)	(212)	-	125	(9,713)	**(185)**	**-**	**119**	**(9,779)**
Total Accumulated Depreciation/ Amortization	(820,948)	(59,294)	-	9,175	(871,067)	**(62,137)**	**-**	**8,267**	**(924,937)**
Total Capital Assets, Net	$1,182,980	$ 73,360	$ -	$ (1,718)	$1,254,622	**$ 102,590**	**$ -**	**$ (6,632)**	**$ 1,350,580**
Capital Assets Summary									
Capital Assets, Non-depreciable/ Non-amortizable	$ 140,536	$ 99,008	$ (56,609)	$ (80)	$ 182,855	**$ 136,345**	**$ (116,860)**	**$ 1,572**	**$ 203,912**
Capital Assets, Depreciable/ Amortizable	1,863,392	33,646	56,609	(10,813)	1,942,834	**28,382**	**116,860**	**(16,471)**	**2,071,605**
Total Cost of Capital Assets	2,003,928	132,654	-	(10,893)	2,125,689	**164,727**	**-**	**(14,899)**	**2,275,517**
Less Accumulated Depreciation/ Amortization	(820,948)	(59,294)	-	9,175	(871,067)	**(62,137)**	**-**	**8,267**	**(924,937)**
Total Capital Assets, Net	$1,182,980	$ 73,360	$ -	$ (1,718)	$1,254,622	**$ 102,590**	**$ -**	**$ (6,632)**	**$ 1,350,580**

6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources comprised the following (in thousands):

	June 30, 2020	June 30, 2019
Deferred Outflows of Resources		
Pension		
Contributions Subsequent to the Measurement Date	**$ 40,555**	$ 28,059
Change in Proportionate Share	**3,894**	7,038
Difference Between Contributions and Proportionate Share of Contributions	**119**	237
Difference Between Expected and Actual Experience	**19,006**	10,284
Change in Assumptions	**46,757**	70,288
OPEB		
Contributions Subsequent to the Measurement Date	**893**	2,309
Change in Proportionate Share	**129**	156
Difference Between Contributions and Proportionate Share of Contributions	**49**	42
Change in Assumptions	**396**	464
Asset Retirement Obligations	**16,264**	15,922
Total Deferred Outflows of Resources	**$ 128,062**	$ 134,799
Deferred Inflows of Resources		
Pension		
Change in Proportionate Share	**$ 11,914**	$ 15,244
Difference Between Contributions and Proportionate Share of Contributions	**7,151**	4,209
Difference Between Projected and Actual Earnings on Plan Investments*	**9,771**	13,425
OPEB		
Difference Between Contributions and Proportionate Share of Contributions	**66**	41
Change in Proportionate Share	**545**	382
Difference Between Expected and Actual Experience	**904**	358
Change in Assumptions	**2,136**	286
Net Difference Between Projected and Actual Earnings on Plan Investments*	**308**	613
Total Deferred Inflows of Resources	**$ 32,795**	$ 34,558

*Per GASB, deferred outflows of resources and deferred inflows of resources arising from the difference between projected and actual earnings on plan investments are netted and shown as either a net deferred outflow of resources or a net deferred inflow of resources.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprised the following (in thousands):

	June 30, 2020	June 30, 2019
Services and Supplies	**$ 54,866**	$ 57,433
Payroll Related	**23,518**	21,942
Accrued Interest	**9,360**	9,601
Salaries and Wages	**9,288**	6,908
Contract Retainage	**5,832**	4,904
Total	**$ 102,864**	$ 100,788

8. OPERATING LEASES

A. Receivables/Revenues

OSU receives income for land, property and equipment that is leased to outside entities under noncancelable operating leases. Rental income received from leases was $5,761,180 and $5,394,178 for the years ended June 30, 2020 and 2019, respectively. The original cost of assets leased was $21,274,741 and $20,844,780 for the years ended June 30, 2020 and 2019, respectively. Accumulated depreciation totaled $7,787,735 and $8,021,133 for the years ended June 30, 2020 and 2019, respectively.

A significant portion of OSU's annual operating lease revenue and future lease receivables is derived from a lease between the university and INTO OSU, Inc., a separate legal entity wholly-owned by INTO Incorporated. INTO Incorporated is an international corporation that partners with universities to provide study-abroad programs in multiple countries including the US, UK and China. The current lease expires in October of 2041, and encompasses the International Living-Learning Center and several smaller campus buildings.

Aggregate future minimum operating lease revenues at June 30, 2020 were (in thousands):

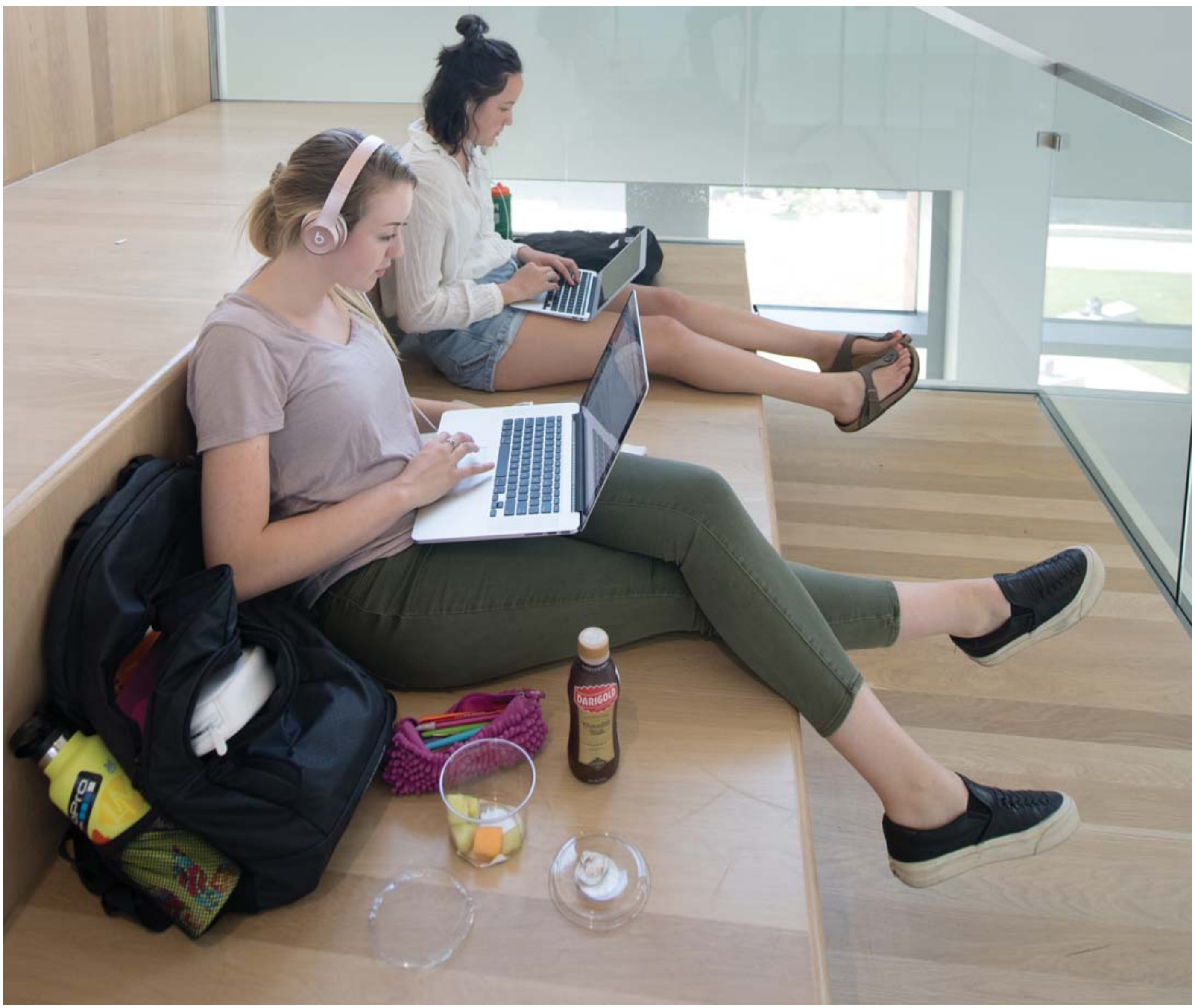
For the year ending June 30,		
2021	$	5,833
2022		3,893
2023		3,354
2024		2,304
2025		1,682
2026-2030		7,013
2031-2035		6,267
2036-2040		6,347
2041-2045		1,884
2046-2050		1,496
2051-2055		1,205
2056-2060		280
Total Minimum Operating Lease Revenues	$	41,558

B. Payables/Expenses

OSU leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases and rents were $3,061,048 and $2,960,457 for the years ended June 30, 2020 and 2019, respectively.

Future minimum operating lease payments at June 30, 2020 were (in thousands):

For the year ending June 30,		
2021	$	2,646
2022		2,140
2023		2,039
2024		1,998
2025		1,983
2026-2030		6,658
2031-2035		942
Total Minimum Operating Lease Payments	$	18,406



9. LONG-TERM LIABILITIES

Long-term liability activity was as follows (in thousands):

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	$ 284,933	$ 2,803	$ (16,203)	$ 271,533	$ 13,638	$ 257,895
Oregon Department of Energy Loans (SELP)	11,232	-	(688)	10,544	722	9,822
Revenue Bonds	320,944	-	(367)	320,577	367	320,210
General Revenue Note	-	40,000	-	40,000	-	40,000
Installment Purchases	16	-	(8)	8	8	-
Total Long-Term Debt	617,125	42,803	(17,266)	642,662	14,735	627,927
Other Noncurrent Liabilities						
Line of Credit	21,550	-	(21,550)	-	-	-
Notes Payable	469	-	(118)	351	117	234
PERS pre-SLGRP Pooled Liability	25,857	-	(2,482)	23,375	2,544	20,831
Compensated Absences	31,449	29,430	(25,410)	35,469	25,140	10,329
Employee Termination	86	-	(86)	-	-	-
Supplemental Retirement Plan	302	175	-	477	-	477
Perkins Loan Program Liability	21,978	-	(4,114)	17,864	3,248	14,616
Deferred Payroll Taxes Payable	-	7,071	-	7,071	-	7,071
Total Other Noncurrent Liabilities	101,691	36,676	(53,760)	84,607	31,049	53,558
Total Long-Term Liabilities	$ 718,816	$ 79,479	$ (71,026)	$ 727,269	$ 45,784	$ 681,485

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	$ 300,129	$ 100	$ (15,296)	$ 284,933	$ 13,682	$ 271,251
Oregon Department of Energy Loans (SELP)	11,966	-	(734)	11,232	678	10,554
Revenue Bonds	181,310	140,000	(366)	320,944	367	320,577
Installment Purchases	9	24	(17)	16	8	8
Total Long-Term Debt	493,414	140,124	(16,413)	617,125	14,735	602,390
Other Noncurrent Liabilities						
Line of Credit	46,800	-	(25,250)	21,550	21,550	-
Note Payable	586	-	(117)	469	117	352
PERS pre-SLGRP Pooled Liability	28,011	-	(2,154)	25,857	2,452	23,405
Compensated Absences	31,036	26,222	(25,809)	31,449	25,472	5,977
Employee Termination	1,295	86	(1,295)	86	86	-
Supplemental Retirement Plan	152	150	-	302	-	302
Perkins Loan Program Liability	21,676	302	-	21,978	3,996	17,982
Total Other Noncurrent Liabilities	129,556	26,760	(54,625)	101,691	53,673	48,018
Total Long-Term Liabilities	$ 622,970	$ 166,884	$ (71,038)	$ 718,816	$ 68,408	$ 650,408

The schedule of principal and interest payments for OSU debt is as follows (in thousands):

For the Year Ending June 30,	Contracts Payable	SELP	Revenue Bonds	General Revenue Note	Other Borrowings	Total Payments	Principal	Interest
2021	$ 26,426	$ 1,163	$ 12,690	$ 512	$ 8	$ 40,799	$ 13,986	$ 26,813
2022	25,898	1,163	12,690	608	-	40,359	14,215	26,144
2023	25,372	1,164	12,690	608	-	39,834	14,708	25,126
2024	25,131	1,163	12,690	40,704	-	79,688	55,108	24,580
2025	24,785	1,164	12,690	-	-	38,639	15,447	23,192
2026-2030	114,331	5,817	63,449	-	-	183,597	78,697	104,900
2031-2035	87,317	1,906	63,449	-	-	152,672	66,963	85,709
2036-2040	54,138	-	63,449	-	-	117,587	44,519	73,068
2041-2045	19,577	-	132,909	-	-	152,486	90,091	62,395
2046-2050	-	-	201,036	-	-	201,036	166,290	34,746
2051-2055	-	-	77,042	-	-	77,042	72,600	4,442
Accreted Interest							541	(541)
							$ 633,165	$ 490,574
Total Future Debt Service	**402,975**	**13,540**	**664,784**	**42,432**	**8**	**1,123,739**		
Less: Interest Component of Future Payments	(131,442)	(2,996)	(353,704)	(2,432)	-	(490,574)		
Principal Portion of Future Payments	**271,533**	**10,544**	**311,080**	**40,000**	**8**	**633,165**		
Adjusted by:								
Net Unamortized Bond Premiums	-	-	9,497	-	-	9,497		
Total Long-Term Debt	**$ 271,533**	**$ 10,544**	**$ 320,577**	**$ 40,000**	**$ 8**	**$ 642,662**		

OSU has multiple sources of financing for capital construction projects and other purposes. The state periodically issues bonded debt which it then loans to the university for capital construction. OSU has entered into contractual loan agreements with the state for the repayment of principal and interest amounts due. In addition, OSU may also borrow funds from the Oregon Department of Energy through the Small-scale Energy Loan Program (SELP). The state may periodically issue new debt to refund previously held debt. Per the contract and loan agreements, when this occurs the state is required to pass the savings on to the university. OSU may also issue Revenue bonds as authorized by ORS 351.369.

A. Contracts Payable

OSU has entered into contractual loan agreements with the state for repayment of debt instruments issued by the state on behalf of OSU for capital construction and refunding of previously issued debt. OSU makes loan payments (principal and interest) to the state in accordance with the loan agreements. Loans, with interest rates ranging from 0.05 percent to 5.38 percent, are due serially through 2044.

During the fiscal year ended June 30, 2020, the state issued new bonds for the refunding of previously held debt which resulted in a net increase to OSU's contracts payable of $238,500. Other changes to OSU's contracts payable to the state included debt service payments for principal of $12,926,004 and the addition and deduction of $43,500 and $755,902, respectively, for the amortization of accreted interest applicable to zero coupon bonds sold prior to 2002.

During the fiscal year ended June 30, 2019, the state did not issue any bonds that resulted in an increase or decrease to the university's contracts payable to the state. Changes to OSU's contracts payable to the state included debt service payments for principal of $14,575,313 and the addition and deduction of $99,931 and $721,120, respectively, for the amortization of accreted interest applicable to zero coupon bonds sold prior to 2002.

B. Oregon Department of Energy Loans

OSU has entered into loan agreements with the Oregon Department of Energy (DOE) Small-scale Energy Loan Program (SELP) for energy conservation projects. OSU makes monthly loan payments (principal and interest) to the DOE in accordance with the loan agreements. SELP loans, with interest rates ranging from 4.01 percent to 4.35 percent, are due through fiscal year 2032.

C. Revenue Bonds

General Revenue Bonds, with bullet maturities, are due in fiscal years 2043 through 2052 and have effective yields ranging from 2.56 percent to 4.34 percent.

During the fiscal year ended June 30, 2020, OSU did not issue any new General Revenue Bonds. Changes to the revenue bond liability during fiscal year 2020 included the amortization of $366,958 in bond premium.

During the fiscal year ended June 30, 2019, OSU issued $140,000,000 par value of taxable General Revenue Bonds. The General Revenue Series 2019 taxable bonds were sold at par with bullet maturities due in 2043, 2046, 2047, 2050, 2051 and 2052, and effective rates of 3.88 and 4.05 percent. Bond proceeds will be used to fund capital construction.

Other changes to the revenue bond liability during fiscal year 2019 included the amortization of $366,406 in bond premium.

D. General Revenue Note

During the fiscal year ended June 30, 2020, OSU entered into a private placement debt agreement with JPMorgan Chase Bank, N.A. for $40,000,000 to provide interim financing for university purposes. The debt has a bullet maturity due in fiscal year 2024 and a fixed interest rate. The loan agreement contains a provision that in an event of default, the Bank may assess an additional percentage to the annual interest rate on all outstanding obligations. Repayment of the loan will come from the general revenues of the university.

E. Line of Credit

During the fiscal year ended June 30, 2020, OSU executed a revolving credit agreement with JPMorgan Chase Bank, N.A. for $10,000,000 to provide interim financing for university purposes. The agreement contains a provision that in an event of default, the Bank may assess an additional percentage to the annual interest rate on all outstanding obligations. Repayment of borrowings will be made from the general revenues of the university. The revolving credit agreement commitment expires on May 26, 2021.

As of June 30, 2020, OSU has not drawn any funds on the line of credit.

During the fiscal year ended June 30, 2018, OSU executed a revolving credit agreement with U.S. Bank for $50,000,000 to provide short-term financing for capital expenditures. Repayment of current borrowings is made upon receipt of anticipated gifts. During the fiscal year ended June 30, 2020, the university made payments totaling $21,550,000 and terminated the U.S. Bank revolving credit agreement. During the fiscal year ended June 30, 2019, the university made payments totaling $25,250,000.

F. Note Payable

OSU entered into a promissory note to pay Samaritan Health Services, Inc. a total of $585,892 in five equal annual payments of $117,178 with the payments due through fiscal year 2023. The note arises from billing and payment errors between the university and Samaritan Health Services. There is no interest charged on the note. As of June 30, 2020, $351,535 remains to be paid.

G. State and Local Government Rate Pool

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), state and community colleges were pooled together in the State and Community College Pool (SCCP), and local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP effective January 1, 2002, at which time a transitional pre-SLGRP Pooled Liability was created. The pre-SLGRP Pooled Liability is essentially a debt owed to the SLGRP by the SCCP employers. The balance of the pre-SLGRP Pooled Liability attributable to the state is being amortized over the period ending December 31, 2027. The liability is allocated by the state, based on salaries and wages, to all public universities, state proprietary funds and the government-wide reporting fund in the state's comprehensive annual financial report. OSU paid interest expense on the liability in the amounts of $1,906,537 and $1,852,372 for June 30, 2020 and 2019, respectively. Principal payments of $2,481,444 and $2,153,708 were applied to OSU's liability for June 30, 2020 and 2019, respectively.

H. Employee Termination

OSU had a severance agreement with one former employee relating to early termination of their employment contract. The payout of this liability was complete in fiscal year 2020.

I. Perkins Loan Program Liability

During fiscal year 2018, OSU established a liability for the Federal Capital Contributions (FCC) received from the U.S. Department of Education (ED) which funded the Perkins loan program. With the close-out of the Perkins loan program, the FCC is due back to the ED. OSU has elected to continue to collect on these loans and will return the FCC to the ED as it is collected. See Note 1 Organization and Summary of Significant Accounting Policies, Section X Perkins Loan Program Termination for additional information.

J. Deferred Payroll Taxes Payable

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in March 2020, permits employers to defer the deposit and payment of the employer's portion of social security taxes that otherwise would be due between March 27, 2020 and December 31, 2020. Employers are allowed to submit half of the these deferred payments by December 31, 2021 and the other half by December 31, 2022. OSU elected to defer these payments in order to gain the interest earnings on the cash deposits. As of June 30, 2020 OSU has deferred payments totaling $7,070,868 with no amount due in fiscal year 2021.

10. ASSET RETIREMENT OBLIGATIONS

In accordance with GASB Statement No. 83, Nuclear Regulatory Commission (NRC) regulations, and Environmental Protection Agency (EPA) regulations, OSU reported an asset retirement obligation (ARO) liability of $19,945,280 and $19,115,280 for the years ended June 30, 2020 and 2019, respectively. The remaining unamortized deferred outflow equaled $16,264,159 and $15,922,083, respectively, for 2020 and 2019.

Teaching, Research, Isotopes, General Atomics (TRIGA) Reactor

In 1967, the university installed the Oregon State TRIGA Reactor (OSTR). The reactor is housed in the OSU Radiation Center and is primarily used for training students, performing various research projects and producing isotopes. The OSTR is licensed by the U.S. Nuclear Regulatory Commission (NRC), which sets forth requirements that the university must adhere to, including those related to the decommissioning and retirement of the OSTR. See NRC regulations specific to decommissioning obligations at: **https://www.nrc.gov/waste/decommissioning/reg-guides-comm/regulations.html**

For the years ended June 30, 2020 and 2019, OSU reported an ARO liability of $19,380,000 and $18,550,000, respectively, related to the OSTR. The remaining unamortized deferred outflow equaled $16,264,159 and $15,922,083, respectively, for 2020 and 2019. Both the liability and deferred outflow increased in fiscal year 2020 due to an updated annual estimate of the cost to decommission the asset. The method and assumptions used to measure the obligation were those set forth by the NRC in the series publication NUREG-1307, Revision 16 and 17. In November 2013, the university replaced the reflector component of the OSTR thereby extending the reactor's useful life by approximately 40 years. At June 30, 2020 and 2019, the OSTR had an estimated remaining useful life of 33.3 years and 34.3 years, respectively. Per the licensing agreement held between OSU and the NRC, OSU was required to submit a statement of intent regarding decommissioning funds. On July 31, 2007, OSU submitted such a letter stating that when a decision is made to terminate the facility license and decommission the facility, the university will request legislative appropriation of funds, or otherwise provide funds sufficiently in advance of decommissioning to prevent the delay of required activities. As of June 30, 2020, the university has made no decision to terminate the facility license nor made plans to decommission the facility. As such, no request for legislative funding has been made and no university assets have been restricted for payments related to the OSTR ARO liability.

OSU Physical Plant Underground Storage Tank (UST)

In 1954, OSU installed an underground storage tank (UST) to fuel the operations of its Physical Plant heating facility, located on the university's Corvallis campus. The heating facility provided energy to most campus buildings until 2009 when the new OSU Energy Center was brought online. As the heating facility and the UST are no longer in service, the university has made plans to re-purpose the property upon which the heating facility and UST are currently located, and accordingly must remove the UST from the ground. The university expects to remove the UST during fiscal year 2021.

All USTs are regulated by the U.S. Environmental Protection Agency (EPA). The EPA enforces regulations over the operation, maintenance, reporting, record keeping, installation and closure of all USTs. Per 40 CFR 280.70 of the EPA UST regulations, OSU must empty and clean the UST by removing all liquids, dangerous vapor levels, and accumulated sludge. This work must be carried out carefully by trained professionals who follow standard safety practices. See EPA regulations over USTs at: **https://www.epa.gov/ust/underground-storage-tanks-usts-laws-and-regulations**

For the years ended June 30, 2020 and 2019 the university reported an ARO liability for the UST of $565,280. Bids from vendors who adhere to the EPA standard safety practices were used to calculate the ARO liability for the UST. At June 30, 2020 and 2019, the underground storage tank had no remaining useful life. No legally required funding, assurance provisions, or requirements to restrict assets exist for the UST ARO.

11. UNRESTRICTED NET POSITION

Unrestricted net position is comprised of the following (in thousands):

	June 30, 2020	June 30, 2019
University Operations	**$ 165,279**	$ 193,690
Net Pension Liability, Net of Deferrals (See Notes 6 & 16)	**(263,163)**	(219,289)
Compensated Absences Liability	**(29,850)**	(26,180)
State and Local Government Rate Pool Liability (See Note 9)	**(23,375)**	(25,857)
Other Post-Employment Benefits Liabilities, Net of Deferrals (See Notes 6 & 17)	**(19,036)**	(17,611)
Asset Retirement Obligation, Net of Deferrals (See Notes 6 & 10)	**(3,681)**	(3,193)
Total Unrestricted Net Position	**$ (173,826)**	$ (98,440)

12. PLEDGED GENERAL REVENUES

The university implemented a General Revenue Bond Program in 2015 to provide funding for capital construction and other related projects. As security for this debt, OSU has pledged general revenues which include student tuition and fees, auxiliary enterprise revenues, education department sales and services and other university operating revenues, with certain exclusions as shown in the table below. Net pledged general revenues is calculated by deducting excluded and restricted revenues from total operating revenues, and adding beginning unrestricted net position adjusted for the excluded items.

Pledged revenues are as follows (in thousands):

	June 30, 2020	June 30, 2019
Total Operating Revenues	**$ 845,097**	$ 838,855
(Less):		
Student Building Fees	**(3,123)**	(3,193)
Student Incidental Fees	**(26,665)**	(27,132)
Federal Grants and Contracts	**(234,547)**	(212,209)
State and Local Grants and Contracts	**(9,987)**	(9,979)
Nongovernmental Grants and Contracts	**(25,263)**	(23,491)
Amounts Required to be Deposited or Paid for University-Paid State Bonds	**(26,516)**	(27,228)
Plus:		
Adjusted Beginning Unrestricted Net Position	**(98,440)**	(72,871)
General Revenues Pledged to Repay Revenue Bonds	**$ 420,556**	$ 462,752

13. INVESTMENT ACTIVITY

Investment Activity detail is as follows (in thousands):

	June 30, 2020	June 30, 2019
Royalties and Technology Transfer Income	**$ 5,089**	$ 5,488
Investment Earnings	**9,224**	8,257
Endowment Income	**1,729**	1,728
Net Appreciation (Depreciation) of Investments	**(2,841)**	6,539
Gain (Loss) on Sale of Investments	**2,857**	(1,607)
Interest Income	**3,145**	881
Total Investment Activity	**$ 19,203**	$ 21,286

14. OPERATING EXPENSES BY NATURAL CLASSIFICATION

The Statement of Revenues, Expenses and Changes in Net Position reports operating expenses by their functional classification. The reporting of the net pension liability and OPEB liabilities/(asset) as per GASB Statement Nos. 68, 71 and 75, significantly affects the reported compensation and benefit expenses of OSU. Changes in the pension and OPEB expenses and associated reporting requirements increased the reported compensation and benefit expenses of OSU by $43,054,866 and $27,549,392 for the fiscal years ended June 30, 2020 and 2019, respectively. The following displays operating expenses by both the functional and natural classifications (in thousands):

June 30, 2020	**Compensation and Benefits**	**Services and Supplies**	**Scholarships and Fellowships**	**Depreciation and Amortization**	**Other**	**Total**
Instruction	$ 306,975	$ 28,160	$ 76	$ (1)	$ 227	**$ 335,437**
Research	151,164	56,569	2,873	(17)	24	**210,613**
Public Services	90,403	73,909	1,032	18	1,057	**166,419**
Academic Support	70,781	22,179	3	-	-	**92,963**
Student Services	29,905	5,044	1	-	33	**34,983**
Auxiliary Services	87,040	68,477	5,057	17,611	-	**178,185**
Institutional Support	73,436	32,034	11	-	-	**105,481**
Operation & Maint. of Plant	18,491	19,985	-	111	-	**38,587**
Student Aid	8	(939)	37,655	-	2,106	**38,830**
Other	4,629	14,089	-	44,415	-	**63,133**
Total	**$ 832,832**	**$ 319,507**	**$ 46,708**	**$ 62,137**	**$ 3,447**	**$ 1,264,631**

June 30, 2019	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	$ 288,934	$ 32,048	$ 253	$ 20	$ 286	$ 321,541
Research	145,527	67,876	2,754	17	25	216,199
Public Services	84,456	58,582	804	21	1,171	145,034
Academic Support	68,081	22,117	3	-	-	90,201
Student Services	27,850	5,695	2	21	56	33,624
Auxiliary Services	84,311	76,295	4,701	17,027	-	182,334
Institutional Support	64,196	27,076	5	-	-	91,277
Operation & Maint. of Plant	18,626	21,664	-	111	-	40,401
Student Aid	15	348	28,837	-	788	29,988
Other	3,595	17,897	-	42,077	(13)	63,556
Total	$ 785,591	$ 329,598	$ 37,359	$ 59,294	$ 2,313	$ 1,214,155

15. GOVERNMENT APPROPRIATIONS

OSU receives support from the state in the form of General Fund and Lottery appropriations. These appropriations are in support of the operations of the university and SELP debt service. Appropriations for SELP debt service are based on the loan agreements between the university and the Oregon Department of Energy. Additionally, OSU receives state general fund, state forest product harvest tax (Harvest Tax), federal appropriations, and county appropriations in support of operations of the statewide public services, which include the agricultural experiment stations, cooperative extension services and forestry research laboratories. OSU also receives lottery appropriations in support of outdoor school operations for middle school children, which the cooperative extension service administers on behalf of the state. Government appropriations comprised the following (in thousands):

	June 30, 2020	June 30, 2019
General Fund - Education & General	**$ 146,512**	$ 135,743
General Fund - Statewide Public Services	**70,369**	63,449
General Fund - SELP Debt Service	**1,073**	1,073
Lottery Funding - Outdoor School	**19,151**	12,240
Lottery Funding - Sports Lottery	**451**	515
Harvest Tax	**3,543**	3,825
Total State	**$ 241,099**	$ 216,845
Federal Appropriations	**9,672**	9,228
County Appropriations	**12,951**	12,349
Total Appropriations	**$ 263,722**	$ 238,422

16. EMPLOYEE RETIREMENT PLANS

Oregon State University offers various defined benefit and defined contribution retirement plans to qualified employees as described below.

A. Public Employees Retirement Plan (PERS)

ORGANIZATION

The university participates with other state agencies in the Oregon Public Employees Retirement System (System), which is a cost-sharing multiple employer defined benefit plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer and manage the System.

PLAN MEMBERSHIP

PERS memberships prior to January 1, 1996 are Tier One members. The 1995 Oregon Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This 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.

The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program Defined Benefit (DB) and the Individual Account Program (IAP). The IAP is a defined contribution plan. Membership includes public employees hired on or after August 29, 2003.

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of IAP of OPSRP. PERS members retained 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 PERS Board.

PENSION PLAN REPORT

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 State of Oregon Comprehensive Annual Financial Report. PERS issues a separate, publicly available audited financial report 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: **www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Employers participating in the Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to pensions in the measurement of employer liabilities for pensions and recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

SYSTEM BASIS OF ACCOUNTING

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements.

PROPORTIONATE SHARE ALLOCATION METHODOLOGY

The basis for the employer's proportion of the statewide plan is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components: Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

PENSION PLAN LIABILITY

The components of the Plan's collective net pension liability as of the measurement dates of June 30, 2019 and 2018 are as follows (dollars in millions):

Collective Plan:	**June 30, 2019**	June 30, 2018
Total Pension Liability	**$ 87,501**	$ 84,476
Plan Fiduciary Net Position	**70,204**	69,327
Plan Net Pension Liability	**$ 17,297**	$ 15,149

CHANGES SUBSEQUENT TO THE MEASUREMENT DATE

The university is not aware of any changes to benefit terms or actuarial methods and assumptions subsequent to the June 30, 2019 measurement date.

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) PENSION (CHAPTER 238) PROGRAM

PENSION BENEFITS

The PERS retirement allowance is payable monthly for life. There are 13 retirement benefit options a retiring employee may select from. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

DEATH BENEFITS

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 one or more of the following conditions are met:

- The member was employed by a PERS employer at the time of death.
- The member died within 120 days after termination of PERS-covered employment.
- The member died as a result of injury sustained while employed in a PERS-covered job.
- The member was on an official leave of absence from a PERS-covered job at the time of death.

DISABILITY BENEFITS

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 when determining the monthly benefit.

BENEFIT CHANGES AFTER RETIREMENT

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living adjustments (COLAs). The COLA is capped at 2.0 percent.

OREGON PUBLIC SERVICE RETIREMENT PLAN (OPSRP DB) PENSION PROGRAM

PENSION BENEFITS

The OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: 1.5 percent 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 retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

DEATH BENEFITS

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 the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

DISABILITY BENEFITS

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

BENEFIT CHANGES AFTER RETIREMENT

Under ORS 238A.210 monthly benefits are adjusted annually through COLAs. The cap on the COLA varies based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

OREGON PUBLIC SERVICE RETIREMENT PLAN (OPSRP IAP) PENSION PROGRAM

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.

CONTRIBUTIONS

PERS and OPSRP employee contribution requirements are established by ORS 238.200 and ORS 238A.330, respectively, and are credited to an employee's account in the IAP and may be amended by an act of the Oregon Legislature. The PERS and OPSRP funding policies provide for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Post-Employment Benefit Plans.

Employer contribution rates for the fiscal year ended June 30, 2020 were based on the December 31, 2017 actuarial valuation. Employer contribution rates for the fiscal year ended June 30, 2019 were based on the December 31, 2015 actuarial valuation. The employer contribution rates for PERS and OPSRP are as follows:

	2020	2019
Base Tier One/Two Rate	19.05%	15.09%
SLGRP Rate	1.71%	1.76%
RHIA and RHIPA OPEB Rate	0.45%	0.99%
Total PERS Tier One/Two Rate	**21.21%**	17.84%
Base OPSRP Rate	12.77%	8.21%
SLGRP Rate	1.71%	1.76%
RHIA and RHIPA OPEB Rate	0.27%	0.81%
Total OPSRP Rate	**14.75%**	10.78%

The university's required employer contributions for PERS and OPSRP for the years ended June 30, 2020 and 2019, were $45,836,075 and $34,373,599, respectively, including amounts to fund employer specific liabilities.

FEDERAL CIVIL SERVICE RETIREMENT

Some OSU Extension Service employees hold federal appointments. Prior to December 31, 1986, federal appointees were required to participate in the Federal Civil Service Retirement System (CSRS), a defined benefit plan. CSRS employees are subject to the Hospital Insurance portion of the Federal Insurance Contributions Act (FICA), CSRS employee deduction of 7.0 percent, and employer contribution of 7.0 percent, and are also eligible for optional membership in PERS.

The Federal Employees Retirement System (FERS), a defined benefit plan, was created beginning January 1, 1987. Employees on federal appointment hired after December 31, 1983 were automatically converted to FERS. Other federal employees not covered by FERS had a one-time option to transfer to FERS up to December 31, 1987. New FERS employees contribute 0.8 percent with an employer contribution rate of 13.7 percent. FERS employees are not eligible for membership in PERS and they contribute at the full FICA rate.

The university's required employer contributions for CSRS and FERS for the years ended June 30, 2020 and 2019, were $237,584 and $265,294, respectively.

NET PENSION LIABILITY

At June 30, 2020, the university reported a liability of $344,657,481 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2020 was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date. At June 30, 2019, the university reported a liability of $302,317,305 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2019 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date. The PERS system does not provide OSU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PERS employer state agencies. The state Department of Administrative Services (DAS) calculated OSU's proportionate share of all state agencies internally based on actual contributions by OSU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2020 and 2019, OSU's proportion was 1.99 and 2.00 percent, respectively, of the statewide pension plan.

For the years ended June 30, 2020 and 2019, OSU recorded total pension expense of $84,427,584 and $56,319,691, respectively, due to the change in net pension liability, changes to deferred outflows and deferred inflows, and amortization of previously deferred amounts.

DEFERRED ITEMS

Most deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. However, changes in employer proportion and the difference between employer contributions and proportionate share of contributions are calculated at the employer level. For fiscal years ending June 30, 2020 and 2019, deferred items include:

- Difference between expected and actual experience
- Changes in assumptions
- Net difference between projected and actual pension plan investment earnings
- Changes in employer proportion since the prior measurement date
- A difference between employer contributions and proportionate share of contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period.

The average remaining service lives determined as of the beginning of each measurement period are as follows:

- Measurement period ended June 30, 2019 – 5.2 years
- Measurement period ended June 30, 2018 – 5.2 years
- Measurement period ended June 30, 2017 – 5.3 years
- Measurement period ended June 30, 2016 – 5.3 years
- Measurement period ended June 30, 2015 – 5.4 years

The difference between projected and actual pension plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the university’s total pension expense for fiscal years 2020 and 2019.

At June 30, 2020, OSU 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 Experience	$ 19,006	$ -
Change in Assumptions	46,757	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(9,771)
Change in Proportionate Share	3,894	(11,914)
Differences Between Contributions and Proportionate Share of Contributions	119	(7,151)
Total	**$ 69,776**	**$ (28,836)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	40,940	
Contributions Subsequent to the MD	40,555	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ 81,495**	

Of the amount reported as deferred outflows of resources, $40,554,928 are related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

At June 30, 2019, OSU 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 Experience	$ 10,284	$ -
Change in Assumptions	70,288	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(13,425)
Change in Proportionate Share	7,038	(15,244)
Differences Between Contributions and Proportionate Share of Contributions	237	(4,209)
Total	$ 87,847	$ (32,878)
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	54,969	
Contributions Subsequent to the MD	28,059	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 83,028	

Of the amount reported as deferred outflows of resources, $28,059,238 are related to contributions subsequent to the measurement date and are recognized as a reduction of the net pension liability in the year ended June 30, 2020.

As of June 30, 2020, 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):

Year Ended June 30:		
2021	$	29,701
2022		(875)
2023		5,411
2024		6,340
2025		363
	$	40,940

ACTUARIAL METHODS AND ASSUMPTIONS

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

Actuarial Methods:		
As of:	**June 30, 2020**	June 30, 2019
Valuation Date	December 31, 2017	December 31, 2016
Measurement Date	June 30, 2019	June 30, 2018
Experience Study Report	2016, published July 2017	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.50 percent	
Long-Term Expected Rate of Return	7.20 percent	
Discount Rate	7.20 percent	
Projected Salary Increases	3.50 percent	
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service	
Mortality	*Healthy retirees and beneficiaries:*	
	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.	
	Active members:	
	RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.	
	Disabled retirees:	
	RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.	

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered-years.

DISCOUNT RATE

The discount rate used to measure the total pension liability at June 30, 2020 and 2019 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that 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 current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY ANALYSIS

The sensitivity analysis shows the sensitivity of the university's proportionate share of the net pension liability to changes in the discount rate. The following presents the university's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent as of June 30, 2020 and 2019, as well as what the university's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

	June 30, 2020	June 30, 2019
1% Decrease 6.2%	**$ 551,938**	$ 505,229
Current Discount Rate 7.2%	**344,658**	302,317
1% Increase 8.2%	**171,192**	134,830

DEPLETION DATE PROJECTION

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB Statement No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB Statement No. 68 does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an actuarially determined contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumptions.
- GASB Statement No. 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses. As such, the long-term expected rate of return was used to discount the liability.

ASSUMED ASSET ALLOCATION

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00	25.00	20.00
Public Equity	32.50	42.50	37.50
Private Equity	14.0	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Portfolio	0.00	12.50	12.50
Opportunity Portfolio	0.00	3.00	0.00
Total			100 %

LONG-TERM EXPECTED RATE OF RETURN

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset assumption is based on a consistent set of underlying assumptions, and includes 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. The table on the next page shows a summary of long-term expected rate of return by asset class. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited comprehensive annual financial reports at: **www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx**

LONG-TERM EXPECTED RATE OF RETURN BY ASSET CLASS

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation – Mean		2.50%

BOND DEBT

The retirement bond debt service assessment was authorized by the Oregon Legislature in 2003 to sell general obligation bonds in the amount of $2 billion to pay a PERS unfunded actuarial liability. This action reduced the PERS contribution rate for PERS covered employers in the state actuarial pool in November 2003.

The Oregon Department of Administrative Services coordinates the debt service assessments to PERS employers to cover the bond debt service payments. PERS employers are assessed a percentage of PERS-subject payroll to fund the payments. The assessment rate is adjusted periodically over the life of the twenty-four year debt repayment schedule.

The payroll assessment for the pension obligation bond began in May 2004. The assessment rate for fiscal year 2020 was 6.20 percent through October 31, 2019. The 2020 rate was decreased to 5.60 percent effective November 1, 2019. The assessment rate for fiscal year 2019 was 6.20 percent. Payroll assessments paid by OSU for the fiscal years ended June 30, 2020 and 2019, were $15,838,036 and $16,456,058, respectively.

B. Other Retirement Plans

OPTIONAL RETIREMENT PLAN

The 1995 Oregon Legislature enacted legislation that authorized the university to offer a defined contribution retirement plan as an alternative to PERS. A Retirement Plan Committee was appointed to administer the Optional Retirement Plan (ORP) and named trustees to manage plan assets placed with mutual funds and insurance companies. Beginning April 1, 1996, the ORP was made available to university academic and administrative faculty. Employees choosing the ORP may invest the employee and employer contributions in one of two investment companies, either Fidelity or the Teacher's Insurance Annuity Association (TIAA).

The ORP consists of four tiers. Membership under ORP Tier One and Tier Two is determined using the same date of entry criteria as PERS. The third tier is determined by the date of entry applicable to the OPSRP. Employees hired on or after July 1, 2014 who elected the ORP are Tier Four members. The first contributions for Tier Four were payable January 2015, after six-months of qualifying service.

Tier Four is a departure from the other three tiers. The employee is entitled to an employer contribution plus a "match" contribution based on the employee's participation in the voluntary 403(b) investment plan. The employer contribution is fixed at 8 percent by plan rules and is unaffected by PERS rates, unlike the other tiers. The employer provides an ORP match contribution equal to 403(b) deferrals up to a 4 percent maximum. Under the ORP Tiers One, Two and Three, the employee's contribution rate is 6 percent and is paid by the employer. The employer contribution rates for the ORP are as follows:

	2020	2019
Tier One/Two	**27.20%**	23.68%
Tier Three	**9.85%**	9.29%
Tier Four	**8.00%**	8.00%

OREGON PUBLIC UNIVERSITIES 401(A) DEFINED CONTRIBUTION PLAN

Eligible ranked faculty participate in the TIAA retirement program, a defined contribution plan, on all salary in excess of $4,800 dollars per calendar year. Employee and employer contributions are directed to PERS on the first $4,800 of salary. The contribution to TIAA annuities are supplemental to PERS. To participate in this retirement option, employees must have been hired on or before September 9, 1995. This plan was closed to new enrollment at the time the ORP started in 1996. The legacy plan, Oregon University System 401(a) Defined Contribution Plan, document was amended and restated July 1, 2015, and the Plan Sponsor is now the Board of Trustees for the University of Oregon.

FEDERAL CIVIL SERVICE RETIREMENT - THRIFT SAVINGS PLAN

OSU Extension Service employees that hold federal appointments can also participate in a Thrift Savings Plan (TSP) with an automatic employer contribution of 1 percent. Employees may also contribute to this plan at variable rates up to the limit set by the Internal Revenue Service, in which case the employer contributes at a variable rate up to 5 percent. CSRS employees are also eligible for participation in the TSP but without employer contributions.

SUPPLEMENTAL RETIREMENT PLANS (SRP)

OSU participates in a supplemental retirement plan for eligible employees who have been designated to become a participant in the plan. The supplemental plan has two parts: a 403(b) defined contribution plan and a 415(m) excess benefit arrangement. Investments of the 403(b) plan and the 415(m) arrangement are managed by TIAA and directed by the employee. The university has recorded an investment for the non-vested balance managed by TIAA as well as an offsetting liability for the amount that will be payable to the employee upon completion of their contract.

During the fiscal year ended June 30, 2020, the university contributed $148,700 to the 415(m) arrangement, and $31,000 to the employees' 403(b) plan. During the fiscal year ended June 30, 2019, the university contributed $149,200 to the 415(m) arrangement, and $30,500 to the employees' 403(b) plan.

SUMMARY OF OTHER PENSION PAYMENTS

OSU's total payroll for the year ended June 30, 2020 was $530,662,188, of which $207,071,237 was subject to defined contribution retirement plan contributions. The following schedule lists pension payments made by OSU for the fiscal year (in thousands):

	June 30, 2020			
	Employer Contribution	**As a % of Covered Payroll**	**Employee Contribution**	**As a % of Covered Payroll**
ORP	$ 17,775	8.58%	$ 11,606	5.60%
TIAA	55	0.03	55	0.03
FERS - TSP	72	0.03	167	0.08
SRP	180	0.09	-	0.00
Total	**$ 18,082**	**8.73%**	**$ 11,828**	**5.71%**

Of the employee share, OSU paid $9,856,793 of the ORP and $54,905 of the TIAA employee contributions on behalf of their employees during the fiscal year ended June 30, 2020. The FERS-TSP contributions of $166,738 represents employee contributions to the TSP for FERS employees that were matched from one to five percent by the employer in fiscal year 2020.

OSU's total payroll for the year ended June 30, 2019 was $519,563,318, of which $191,025,223 was subject to defined contribution retirement plan contributions. The following schedule lists pension payments made by OSU for the fiscal year (in thousands):

	June 30, 2019			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
ORP	$ 15,934	8.34%	$ 10,784	5.65%
TIAA	57	0.03	57	0.03
FERS - TSP	77	0.04	188	0.10
SRP	180	0.09	-	0.00
Total	$ 16,248	8.50%	$ 11,029	5.78%

Of the employee share, OSU paid $9,331,481 of the ORP and $56,793 of the TIAA employee contributions on behalf of their employees during the fiscal year ended June 30, 2019. The FERS-TSP contributions of $188,428 represents employee contributions to the TSP for FERS employees that were matched from one to five percent by the employer in fiscal year 2019.

17. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Public Employees Retirement Plans (PERS)

PLAN DESCRIPTION

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of eligible PERS members. 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 post-employment benefit (OPEB) plans: the Retirement Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA). Only Tier One and Tier Two PERS members are eligible to participate in the RHIA and RHIPA plans. (Refer to Note 16 for details concerning Tier One and Tier Two membership in PERS.)

The RHIA is a cost-sharing multiple-employer defined benefit OPEB plan in which the university participates. 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 cost-sharing multiple-employer defined benefit OPEB plan for financial reporting purposes. 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.

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

OPEB PLANS REPORT

The PERS 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 state's comprehensive annual financial report. 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: **www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Employers participating in RHIA and RHIPA plans are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities for OPEB and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources.

BASIS OF ACCOUNTING

The financial statements for the PERS OPEB plans are prepared using the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements.

PROPORTIONATE SHARE ALLOCATION METHODOLOGY

The basis for the employer's proportion of the statewide plan is determined by comparing the employer's actual, legally required contributions made to the Plan during the fiscal year with the total actual contributions made by all employers in the fiscal year.

OPEB TOTAL PLAN (ASSET) LIABILITY

The components of the collective Net OPEB liability (asset) for the OPEB plans as of the measurement dates of June 30, 2019 and June 30, 2018 are as follows (in millions):

	June 30, 2019	June 30, 2018
Net OPEB - RHIA (Asset)		
Total OPEB - RHIA Liability	$ 435.6	$ 465.2
Plan Fiduciary Net Position	628.9	576.8
Plan Net OPEB - RHIA (Asset)	**$ (193.3)**	$ (111.6)
Net OPEB - RHIPA Liability		
Total OPEB - RHIA Liability	$ 72.0	$ 70.3
Plan Fiduciary Net Position	46.7	35.0
Plan Net OPEB - RHIA Liability	**$ 25.3**	$ 35.3

CHANGES SUBSEQUENT TO THE MEASUREMENT DATE

The passage of the Further Consolidated Appropriations Act (HR 1865), which became law in December 2019, has the potential to decrease future projected RHIPA Net OPEB liability. The Act repealed the "Cadillac tax" on high cost health plans and removes the Health Insurer Fee permanently beginning in 2021. These legislative changes will have no impact on RHIA, but have the potential to reduce the RHIPA Net OPEB liability by $1 million to $2 million.

CONTRIBUTIONS

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

For the fiscal years ended June 30, 2020 and 2019, the university contributed 0.06 and 0.07 percent, respectively, of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. In addition, the university contributed 0.43 percent for Tier Two PERS covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The university's required employer contributions for the years ended June 30, 2020 and 2019 were approximately $47,204 and $1,204,708, respectively. The actual contribution equaled the annual required contribution for the year.

For the fiscal years ended June 30, 2020 and 2019, the university contributed 0.12 and 0.11 percent, respectively, of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIPA benefits. In addition, the university contributed 0.27 and 0.38 percent, respectively, of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The university's required employer contributions for the years ended June 30, 2020 and 2019 were approximately $845,962 and $1,103,573, respectively. The actual contribution equaled the annual required contribution for the year.

NET OPEB ASSET/LIABILITY

a. RHIA

At June 30, 2020, the university reported an asset of $4,869,422 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2020 was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. At June 30, 2019, the university reported an asset of $2,626,012 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2019 was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The PERS system does not provide OSU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PERS employer state agencies. The state Department of Administrative Services (DAS) calculated OSU's proportionate share of all state agencies internally based on actual contributions by OSU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2020 and June 30, 2019, OSU's proportion was 2.52 and 2.35 percent of the statewide OPEB plan, respectively.

For the years ended June 30, 2020 and 2019, OSU recorded OPEB related expense of ($678,740) and ($233,541), respectively, due to changes in the net RHIA OPEB asset, deferred outflows and deferred inflows, and amortization of previously deferred amounts.

b. RHIPA

For the year ended June 30, 2020, the university reported a liability of $2,028,359 for its proportionate share of the RHIPA net OPEB liability. The net OPEB liability as of June 30, 2020 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. For the year ended June 30, 2019, the university reported a liability of $2,820,513 for its proportionate share of the RHIPA net OPEB liability. The net OPEB liability as of June 30, 2019 was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The PERS system does not provide OSU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PERS employer state agencies. DAS calculated OSU's proportionate share of all state agencies internally based on actual contributions by OSU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2020 and June 30, 2019, OSU's proportion was 8.01 and 7.98 percent, respectively, of the statewide OPEB plan.

For the years ended June 30, 2020 and 2019, OSU recorded OPEB related expense of $267,469 and $341,955, respectively, due to changes in the net RHIPA OPEB liability, deferred outflows and deferred inflows, and amortization of previously deferred amounts.

DEFERRED ITEMS

a. RHIA

Most deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. However, changes in employer proportion and the difference between employer contributions and proportionate share of contributions are calculated at the employer level. For fiscal years ending June 30, 2020 and 2019, deferred items include:

- Difference between expected and actual experience
- Difference due to changes in assumptions
- Net difference between projected and actual OPEB plan investment earnings
- Changes in employer proportion since the prior measurement date
- A difference between employer contributions and proportionate share of contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumption, and change in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period.

The average remaining service lives determined as of the beginning of the measurement period are as follows:

- Measurement period ended June 30, 2019 - 3.1 years
- Measurement period ended June 30, 2018 - 3.3 years
- Measurement period ended June 30, 2017 - 3.7 years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the university’s total OPEB expense for fiscal years 2020 and 2019.

At June 30, 2020, OSU reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ (642)
Change in Assumptions	-	(5)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(301)
Change in Proportion	15	(92)
Difference Between Fund Contributions and Proportionate Share of Contributions	16	(41)
Total	**$ 31**	**$ (1,081)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(1,050)	
Contributions Subsequent to the MD	47	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ (1,003)**	

Of the amount reported as deferred outflows of resources, $47,204 are related to contributions subsequent to the measurement date and will be recognized as an increase of the net OPEB asset in the year ended June 30, 2021.

At June 30, 2019, OSU reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ (149)
Change in Assumptions	-	(8)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(566)
Change in Proportion	29	-
Difference Between Fund Contributions and Proportionate Share of Contributions	29	(25)
Total	$ 58	$ (748)
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(690)	
Contributions Subsequent to the MD	1,205	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 515	

Of the amount reported as deferred outflows of resources, $1,204,708 are related to contributions subsequent to the measurement date and are recognized as an increase of the net OPEB asset in the year ended June 30, 2020.

As of June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:		
2021	$	(531)
2022		(488)
2023		(62)
2024		31
	$	(1,050)

b. RHIPA

Most deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. However, changes in employer proportion and the difference between employer contributions and proportionate share of contributions are calculated at the employer level. For fiscal years ending June 30, 2020 and 2019, deferred items include:

- Difference between expected and actual experience
- Difference due to changes in assumptions
- Net difference between projected and actual OPEB plan investment earnings
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions, and change in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period.

The average remaining service lives determined as of the beginning of the measurement period are as follows:

- Measurement period ended June 30, 2019 - 6.7 years
- Measurement period ended June 30, 2018 - 6.9 years
- Measurement period ended June 30, 2017 - 7.2 years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the university's total OPEB expense for fiscal years 2020 and 2019.

At June 30, 2020, OSU reported deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ (193)
Change in Assumptions	24	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(7)
Change in Proportion	13	(13)
Difference Between Fund Contributions and Proportionate Share of Contributions	11	(20)
Total	**$ 48**	**$ (233)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(185)	
Contributions Subsequent to the MD	846	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ 661**	

Of the amount reported as deferred outflows of resources, $845,962 are related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

At June 30, 2019, OSU reported deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ (209)
Change in Assumptions	29	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(47)
Change in Proportion	6	(6)
Difference Between Fund Contributions and Proportionate Share of Contributions	13	(16)
Total	$ 48	$ (278)
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(230)	
Contributions Subsequent to the MD	1,104	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 874	

Of the amount reported as deferred outflows of resources, $1,103,573 are related to contributions subsequent to the measurement date and are recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

As of June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:		
2021	$	(44)
2022		(44)
2023		(34)
2024		(30)
2025		(30)
Thereafter		(3)
	$	(185)

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

The following key methods and assumptions were used to measure the total RHIA OPEB asset:

Actuarial Methods and Assumptions:		
	RHIA	
	June 30, 2020	**June 30, 2019**
Valuation Date	December 31, 2017	December 31, 2016
Measurement Date	June 30, 2019	June 30, 2018
Experience Study Report	2016, published July 2017	
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.50 percent	
Long-Term Expected Rate of Return	7.20 percent	
Discount Rate	7.20 percent	
Projected Salary Increases	3.50 percent	
Retiree Healthcare Participation	Healthy retirees: 35%; Disabled retirees: 20%	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare Cost Trend Rate	Not applicable	
Mortality	*Healthy retirees and beneficiaries:*	
	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation	RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.
	Active members:	
	RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation	Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
	Disabled retirees:	
	RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale	Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per scale BB, disabled mortality table.

The following key methods and assumptions were used to measure the total RHIPA OPEB liability:

Actuarial Methods and Assumptions:		
	RHIPA	
	June 30, 2020	**June 30, 2019**
Valuation Date	December 31, 2017	December 31, 2016
Measurement Date	June 30, 2019	June 30, 2018
Experience Study Report	2016, published July 2017	
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.50 percent	
Long-Term Expected Rate of Return	7.20 percent	
Discount Rate	7.20 percent	
Projected Salary Increases	3.50 percent	
Retiree Healthcare Participation	Varies by service at decrement, increasing from 10% at eight years of service to 38% at 30 years of service	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare Cost Trend Rate	Applied at beginning of plan year, starting with 7.5% for 2017, decreasing to 5.2% for 2024, increasing to 6.2% for 2029, and decreasing to an ultimate rate of 4.2% for 2093 and beyond.	Applied at beginning of plan year, starting with 6.5% for 2018, decreasing to 5.9% for 2019, increasing to 6.2% for 2029, and decreasing to an ultimate rate of 4.2% for 2093 and beyond.
Mortality	*Healthy retirees and beneficiaries:*	
	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation	
	Active members:	
	RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation	
	Disabled retirees:	
	RP-2014 Disabled Retirees, sex-distinct, generational with Unisex, Social Security Data Scale	

DISCOUNT RATE

The discount rate used to measure the total OPEB liability/(asset) at June 30, 2020 and 2019 was 7.20 percent. 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 OPEB 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 OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

SENSITIVITY ANALYSIS

The sensitivity analysis below shows the sensitivity of the university's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.20 percent as of June 30, 2020 and 2019, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate (in thousands):

	RHIA		RHIPA	
Discount Rate	**June 30, 2020**	June 30, 2019	**June 30, 2020**	June 30, 2019
1% Decrease 6.2%	$(3,775)	$(1,529)	$ 2,412	$ 3,163
Current Discount Rate 7.2%	(4,869)	(2,626)	2,028	2,821
1% Increase 8.2%	(5,802)	(3,560)	1,672	2,430

The sensitivity analysis below shows the sensitivity of the university's proportionate share of the net OPEB liability/(asset) calculated using the current healthcare cost trend rates, as well as what the net OPEB liability/(asset) would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates (in thousands):

	RHIA		RHIPA	
Healthcare Cost Rate	**June 30, 2020**	June 30, 2019	**June 30, 2020**	June 30, 2019
1% Decrease	$(4,869)	$(2,626)	$ 1,525	$ 2,284
Current Trend Rate	(4,869)	(2,626)	2,028	2,821
1% Increase	(4,869)	(2,626)	2,596	3,346

ASSUMED ASSET ALLOCATION

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00	25.00	20.00
Public Equity	32.50	42.50	37.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Equity	0.00	12.50	12.50
Opportunity Portfolio	0.00	3.00	0.00
Total			100 %

LONG-TERM EXPECTED RATE OF RETURN

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset assumption is based on a consistent set of underlying assumptions, and includes 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. The table below shows a summary of long-term expected rate of return by asset class. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: **www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx**

Long-term expected rate of return by asset class is as follows:

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation – Mean		2.50%

DEPLETION DATE PROJECTION

GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No 75 (paragraph 39) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an actuarially determined contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumptions.
- GASB Statement No. 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses. As such, the long-term expected rate of return was used to discount the liability.

B. Public Employees' Benefit Board (PEBB)

PLAN DESCRIPTION

OSU participates in a defined benefit post-employment 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 (ORS) gives PEBB the authority to establish and amend the benefit provisions of the PEBB Plan. The PEBB Plan is considered a cost-sharing multiple-employer plan for financial reporting purposes and has no assets 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.

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."

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Employers participating in PEBB are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources.

PROPORTIONATE SHARE ALLOCATION METHODOLOGY

The basis for the employer's proportion is determined by comparing the employer's actual contributions made during the fiscal year with the total actual contributions made by all employers in the fiscal year.

TOTAL OPEB LIABILITY

At June 30, 2020, the university reported a liability of $14,515,969 for its proportionate share of the total OPEB liability. The total OPEB liability as of June 30, 2020 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018. At June 30, 2019, the university reported a liability of $16,081,954 for its proportionate share of the total OPEB liability. The total OPEB liability as of June 30, 2019 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017. PEBB does not provide OSU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PEBB participating employers. DAS calculated OSU's proportionate share of all participating employers internally based on actual contributions by OSU as compared to the total for participating employers. The Oregon Audits Division reviewed this internal calculation. At June 30, 2020 and 2019, OSU's proportion was 9.90 and 9.98 percent, respectively, of participating employers.

For the year ended June 30, 2020 and 2019, OSU recorded total PEBB OPEB related expense of $1,289,561 and $1,488,767, respectively, due to the changes to the total OPEB liability and deferred inflows, and amortization of previously deferred amounts.

DEFERRED ITEMS

Most deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. However, changes in employer proportion is calculated at the employer level. For the measurement period ended June 30, 2020 and 2019, there were:

- Differences between expected and actual experience
- Differences due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and proportionate share of contributions

Changes in assumption and changes in employer proportion are amortized over the closed period equal to the average expected remaining service lives of all covered active and inactive participants. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The weighted average expected remaining service lives, assuming zero years for all retirees, is determined as of the beginning of each measurement period. The average remaining service lives determined as of the beginning of the measurement period are as follows:

- Measurement period ended June 30, 2020 - 8.6 years
- Measurement period ended June 30, 2019 - 8.2 years
- Measurement period ended June 30, 2018 - 8.2 years

One year of amortization is recognized in the university's total OPEB expense for fiscal years 2020 and 2019.

At June 30, 2020, OSU reported deferred outflows of resources and deferred inflows of resources related to PEBB OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference Between Expected and Actual Experience	$ -	$ (69)
Change in Assumptions	372	(2,131)
Change in Proportion	101	(440)
Difference Between Fund Contributions and Proportionate Share of Contributions	22	(5)
Total	**495**	**(2,645)**
Net Deferred Outflow/(Inflow) of Resources	**$ (2,150)**	

At June 30, 2019, OSU reported deferred outflows of resources and deferred inflows of resources related to PEBB OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Assumptions	$ 435	$ (278)
Change in Proportion	121	(376)
Total	556	(654)
Net Deferred Outflow/(Inflow) of Resources	$ (98)	

As of June 30, 2020, other amounts reported as deferred outflows of resources and deferred inflows of resources related to PEBB OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:		
2021	$	(289)
2022		(289)
2023		(289)
2024		(289)
2025		(289)
Thereafter		(705)
	$	(2,150)

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The following key methods and assumptions were used to measure the total OPEB liability:

Actuarial Methods and Assumptions:		
Measurement Date	**June 30, 2020**	**June 30, 2019**
Valuation Date	July 1, 2019	July 1, 2017
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.50 percent	
Discount Rate	2.21 percent	3.50 percent
Projected Salary Increases	3.50 percent	
Withdrawal, retirement, and mortality rates	December 31, 2018 Oregon PERS valuation	December 31, 2016 Oregon PERS valuation
Healthcare Cost Trend Rate	Pursuant to ORS 243.135(8), growth in per-member expenditures under self-insured plans and premium amounts is assumed to be 3.40% per year.	*Medical and vision cost increases:* 0.80% in the first year; 5.10% in the second year; 5.30% in the third year; varying from 6.20% to 4.20% over the remainder of the projection period *Dental cost changes:* Decrease 1.10% in the first year; increase 3.10% in the second year; increase 4.00% per year thereafter
Election and lapse rates	30% of eligible employees	
	60% spouse coverage for males, 35% for females	
	7% annual lapse rate	

DISCOUNT RATE

Unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The Bond Buyer 20-Year General Obligation Bond Index was used to determine the discount rate for the OPEB liability. The discount rate in effect for the June 30, 2020 and 2019 reporting date was 2.21 and 3.50 percent, respectively.

SENSITIVITY ANALYSIS

The sensitivity analysis below shows the sensitivity of the university's proportionate share of the total OPEB liability calculated using the discount rate of 2.21 percent as of June 30, 2020 and 3.50 percent as of June 30, 2019, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate as of June 30, 2020 and 2019 (in thousands):

Discount Rate	**June 30, 2020**	June 30, 2019
1% Decrease 1.21%/2.50%	**$ 15,558**	$ 17,499
Current Discount Rate 2.21%/3.50%	**14,516**	16,082
1% Increase 3.21%4.50%	**13,536**	14,778

The sensitivity analysis below shows the sensitivity of the university's proportionate share of the total OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates as of June 30, 2020 and 2019 (in thousands):

Healthcare Rate	**June 30, 2020**	June 30, 2019
1% Decrease	**$ 13,062**	$ 14,012
Current Trend Rate	**14,516**	16,082
1% Increase	**16,227**	18,568

18. RISK FINANCING

OSU is a member of the Public Universities Risk Management and Insurance Trust (PURMIT). PURMIT is a separate legal entity that provides risk management and insurance support to its member universities (Member). PURMIT is governed by a Board of Trustees comprised of one representative from each Member. PURMIT carries out its mission through a combination of risk transfer and risk retention. PURMIT operates a self-insurance program for property and casualty lines under which each Member may select their own deductible. PURMIT also procures insurance and excess insurance, purchases specialty insurance lines, and provides administrative and operational services.

PURMIT is funded by annual Member assessments that are based on exposure, premium costs, expected claims, and operational costs, which are outlined in a Risk Allocation Model, and based on sound actuarial analysis.

As a Member of PURMIT, OSU transfers the following insurable risks to PURMIT and insurance companies:

- Real property loss for university owned buildings, equipment, automobiles and other types of property

- Tort liability claims brought against OSU, its officers, employees or agents
- Workers' Compensation and Employer's Liability
- Crime, Fiduciary and Network Security
- Specialty lines of coverage for marine, medical practicums, intercollegiate athletics, international travel, camps and clinics, day care, aviation exposures, and other items

OSU has a deductible of $100,000 per occurrence/claim to PURMIT on property and casualty claims, and various deductibles on other insurance and specialty insurance lines. Annually, OSU sets aside pre-loss funding in advance to pay for the claims that are expected for that policy year. The amount of settlements has not exceeded insurance coverage since PURMIT was established in June of 2014.

19. COMMITMENTS AND CONTINGENT LIABILITIES

Outstanding commitments on partially completed, and planned but not initiated construction projects totaled approximately $560,834,978 at June 30, 2020. These commitments will be primarily funded from gifts and grants, bond proceeds, and other OSU funds.

Several of the larger construction project commitments include Cordley Hall for $155 million, PacWave Energy Test Facility for $83 million, Arts and Education Complex for $68 million, and the Upper Division and Graduate Student Housing project for $47 million. The renovation of Cordley Hall will occur in two phases with construction of the west side of the building occurring between October 2020 and Summer of 2022. The east side will undergo construction beginning in Fall 2022 with an anticipated completion date of Summer 2024. Legislative approval of the final $86 million of state funding for the project is expected in June of 2021.

In conjunction with capital construction projects at the Corvallis campus, OSU has signed a memorandum of agreement (MOA) with the city of Corvallis that requires the university to submit a corridor improvement plan for frontage improvement along Washington Way between 35th Street and 26th Street. The corridor improvement plan was submitted by the university and approved by the city in early 2020. Pursuant to the MOA, OSU has provided a letter of financial assurance to cover 135% of the anticipated $22 million cost of the frontage improvement project. The frontage improvement project must be completed by December 31, 2022.

OSU is contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Management is of the opinion that the outcome of such matters will not have a material effect on the financial statements.

OSU participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor for expenditures disallowed under terms of the grant. Management believes that disallowances, if any, will not have a material effect on the financial statements.

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to ORS 657. OSU reimburses the Oregon Employment Division on a quarterly basis for actual benefits paid. Each year resources are budgeted to pay current charges. The amount of future benefit payments to claimants and the resulting liability to OSU cannot be reasonably determined at June 30, 2020.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to OSU, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the university is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

20. SUBSEQUENT EVENTS

STATE BOND REFUNDING SALE

In July 2020, the state issued $2,945,000 of Series 2020N XI-F(1) Tax Exempt bonds and $97,415,000 of Series 2020O XI-F(1) Taxable bonds on behalf of OSU for the refunding of previously held debt. The bonds have an effective rate of 1.94 percent, and are due serially through 2044. The refunding of previously held debt will ultimately save the university $14,651,925 over the next 24 years, with 93 percent of the savings front-loaded to the first three years of debt service payments. Savings were front loaded by the state in order to assist the university with cash flow and liquidity during uncertain times in light of the COVID-19 pandemic.

REVENUE BOND SALE

In October 2020, OSU issued $302,945,000 par value of taxable General Revenue Bonds. The General Revenue Series 2020 taxable bonds were sold at par. The bonds will be due serially between 2053 and 2060 and have an effective rate of 3.42 percent. Bond proceeds will be used to provide operational liquidity and fund capital construction.

PACWAVE ENERGY TEST FACILITY

During fiscal year 2021, OSU will sign a no-cost lease with the US Bureau of Ocean Energy Management (BOEM) for the use of approximately 1,728 hectares located approximately six nautical miles off the coast of Newport, Oregon for the construction of a grid-connected wave energy test facility. Once the lease is signed and all final permits are obtained, OSU will commence construction of the PacWave

Energy Test Facility (PacWave). Construction of the test facility is targeted for completion in mid to late summer of 2022. Per the lease agreement, OSU is required to provide $100,000 in initial financial assurance prior to the lease issuance date in the form of a lease-specific bond or other approved means of initial financial assurance. Additionally, the university will be required to provide a decommissioning bond or other form of financial assurance based on anticipated decommissioning costs in accordance with applicable BOEM regulations (30 CFR 585.515-537). It is currently estimated that the decommissioning cost of the PacWave facility will be between $1.8 million and $3.1 million. OSU will record an asset retirement obligation and offsetting deferred outflow of resources in the amount of the estimated decommissioning cost once the facility is completed and put into service. The deferred outflow will be amortized over the life of the facility.

SUMMER 2020 WILDFIRE LOSSES

The summer of 2020 was an exceptionally bad one for wildfires in Oregon and the damage that they cause. The HJ Andrews Experimental Forest is a 16,000-acre ecological research site in Oregon's beautiful western Cascade Mountains located 93 miles south and east of Corvallis just off Highway 126. OSU shares the Andrews Forest and associated buildings and facilities with the U.S. Forest Service (USFS). This area was severely burned by the Holiday Farm Fire in September 2020. The extent of the damage or losses are not yet known as the fire is still burning and it is not possible to make a full damage assessment at this time. However, the USFS owns all the major buildings at the site, including the 40,000 square foot headquarters building. Losses that OSU will be responsible for primarily include minor research equipment, and long-term research data, the value of which cannot easily be determined.

OSU also owns a research facility near Camp Sherman which was impacted by the Greenridge Fire. The fire burnt the facility and several pieces of technical equipment, including a 100-foot-tall meteorological tower. A property claim has been filed for this loss. The loss is currently estimated to be about $360,000.

Additionally, the main campus of OSU in Corvallis was impacted by heavy smoke for approximately two weeks in September. The total cost of dealing with the smoke and contamination are not known at this time but include replacing 3,000 filters; overtime charges for custodial and facilities staff related to cleaning up soot and ash; loss of research fish due to changes in the Ph in the water; and the use of air scrubbers. A property claim has been filed for these costs.

21. UNIVERSITY FOUNDATIONS

The university's two related foundations are the OSU Foundation (OSUF) and the Agricultural Research Foundation (ARF). The foundations were established to provide assistance in fund raising, public outreach and other support for the mission of OSU. The OSUF was incorporated in 1947 to encourage, receive, and administer gifts and bequests for the support of the university and is responsible for all fundraising of the university as well as management of the majority of the university's endowments. The ARF was incorporated in 1934 to encourage and facilitate research in all branches of agriculture and related fields for the benefit of Oregon's agricultural industries. Each foundation is a legally separate, tax-exempt entity with an independent governing board. Although OSU does not control the timing or amount of receipts from the foundations or income thereon, the majority of resources that each foundation holds and invests are restricted to the activities of the university by the donors. Because these restricted resources held by each foundation can only be used by, or for the benefit of the university, the foundations are considered component units of OSU and are discretely presented in the financial statements. The financial activity is reported for the years ended June 30, 2020 and 2019. Both OSU affiliated foundations are audited annually and received unmodified audit opinions.

During the years ended June 30, 2020 and 2019, gifts of $87,081,497 and $78,709,385, respectively, were transferred from the foundations to OSU.

Please see the combining financial statements for the OSU component units in the continuation of Note 21 on page 64.

Complete financial statements for the foundations may be obtained by writing to the following:

- *Oregon State University Foundation, 4238 SW Research Way, Corvallis, OR 97333*
- *Agricultural Research Foundation, 1600 SW Western Blvd, Suite 320, Corvallis, OR 97333*

Component Units
Combining Financial Statements

Statements of Financial Position
As of June 30, 2020

	Oregon State University Foundation	Agricultural Research Foundation	Total Component Units
		(in thousands)	
ASSETS			
Cash and Cash Equivalents	$ 777	$ 816	$ 1,593
Investments	720,788	28,245	749,033
Contributions, Pledges and Grants Receivable, Net	35,448	397	35,845
Assets Held-For-Sale	6,734	-	6,734
Assets Held Under Split-Interest Agreements	51,545	-	51,545
Charitable Trusts Held Outside the Foundation	14,461	-	14,461
Prepaid Expenses and Other Assets	3,187	395	3,582
Property and Equipment, Net	27,195	7	27,202
Total Assets	**$ 860,135**	**$ 29,860**	**$ 889,995**
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 10,709	$ 28	$ 10,737
Endowment Assets Held for OSU	46,487	-	46,487
Accounts Payable to the University	-	5,192	5,192
Obligations to Beneficiaries of Split-Interest Agreements	24,248	-	24,248
Other Liabilities	16	7,784	7,800
Long-Term Liabilities	-	14	14
Total Liabilities	**81,460**	**13,018**	**94,478**
NET ASSETS			
Without Donor Restrictions	32,595	5,849	38,444
With Donor Restrictions	746,080	10,993	757,073
Total Net Assets	**778,675**	**16,842**	**795,517**
TOTAL LIABILITIES AND NET ASSETS	**$ 860,135**	**$ 29,860**	**$ 889,995**

Component Units
Combining Financial Statements

Statements of Activities
For the Year Ended June 30, 2020

	Oregon State University Foundation	Agricultural Research Foundation	Total Component Units
		(in thousands)	
CHANGE IN NET ASSETS HELD WITHOUT DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 648	$ 5,803	$ 6,451
Investment Income, Net	4,887	1,403	6,290
Net Assets Released From Restrictions and Other Transfers	92,199	2,785	94,984
Other Revenues	20,476	-	20,476
Total Revenues	**118,210**	**9,991**	**128,201**
EXPENSES			
University Support	86,783	9,376	96,159
Management and General	13,852	375	14,227
Development	18,289	-	18,289
Total Expenses	**118,924**	**9,751**	**128,675**
Increase In Net Assets Held Without Donor Restrictions	**(714)**	**240**	**(474)**
Beginning Balance, Net Assets Held Without Donor Restrictions	33,309	5,609	38,918
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 32,595**	**$ 5,849**	**$ 38,444**
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 94,402	$ 2,639	$ 97,041
Investment Income, Net	8,082	46	8,128
Change in Value of Life Income Agreements	(2,072)	-	(2,072)
Other Revenues	3,838	-	3,838
Net Assets Released From Restrictions and Other Transfers	(92,199)	(2,785)	(94,984)
Increase In Net Assets Held With Donor Restrictions	**12,051**	**(100)**	**11,951**
Beginning Balance, Net Assets Held With Donor Restrictions	734,029	11,093	745,122
Ending Balance, Net Assets Held With Donor Restrictions	**$ 746,080**	**$ 10,993**	**$ 757,073**
Beginning Balance, Total Net Assets	$ 767,338	$ 16,702	$ 784,040
Increase In Total Net Assets	**11,337**	**140**	**11,477**
Ending Balance, Total Net Assets	**$ 778,675**	**$ 16,842**	**$ 795,517**

Component Units
Combining Financial Statements

Statements of Financial Position
As of June 30, 2019

	Oregon State University Foundation	Agricultural Research Foundation	Total Component Units
		(in thousands)	
ASSETS			
Cash and Cash Equivalents	$ 3,458	$ 1,988	$ 5,446
Investments	701,025	27,051	728,076
Contributions, Pledges and Grants Receivable, Net	37,722	3,753	41,475
Assets Held-For-Sale	7,150	-	7,150
Assets Held Under Split-Interest Agreements	54,205	-	54,205
Charitable Trusts Held Outside the Foundation	15,021	-	15,021
Prepaid Expenses and Other Assets	3,232	226	3,458
Property and Equipment, Net	28,163	11	28,174
Total Assets	**$ 849,976**	**$ 33,029**	**$ 883,005**
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 9,401	$ 30	$ 9,431
Endowment Assets Held for OSU	48,272	-	48,272
Accounts Payable to the University	-	5,204	5,204
Obligations to Beneficiaries of Split-Interest Agreements	24,910	-	24,910
Other Liabilities	55	11,090	11,145
Long-Term Liabilities	-	3	3
Total Liabilities	**82,638**	**16,327**	**98,965**
NET ASSETS			
Without Donor Restrictions	33,309	5,609	38,918
With Donor Restrictions	734,029	11,093	745,122
Total Net Assets	**767,338**	**16,702**	**784,040**
TOTAL LIABILITIES AND NET ASSETS	**$ 849,976**	**$ 33,029**	**$ 883,005**

Component Units
Combining Financial Statements

Statements of Activities
For the Year Ended June 30, 2019

	Oregon State University Foundation	Agricultural Research Foundation	Total Component Units
		(in thousands)	
CHANGE IN NET ASSETS HELD WITHOUT DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 575	$ 6,138	$ 6,713
Investment Income, Net	6,335	1,816	8,151
Net Assets Released From Restrictions and Other Transfers	86,125	2,305	88,430
Other Revenues	22,241	-	22,241
Total Revenues	**115,276**	**10,259**	**125,535**
EXPENSES			
University Support	77,014	8,597	85,611
Management and General	12,677	372	13,049
Development	19,731	-	19,731
Total Expenses	**109,422**	**8,969**	**118,391**
Increase In Net Assets Held Without Donor Restrictions	**5,854**	**1,290**	**7,144**
Beginning Balance, Net Assets Held Without Donor Restrictions	27,455	4,319	31,774
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 33,309**	**$ 5,609**	**$ 38,918**
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 76,168	$ 2,721	$ 78,889
Investment Income, Net	23,705	52	23,757
Change in Value of Life Income Agreements	541	-	541
Other Revenues	3,191	-	3,191
Net Assets Released From Restrictions and Other Transfers	(86,125)	(2,305)	(88,430)
Increase In Net Assets Held With Donor Restrictions	**17,480**	**468**	**17,948**
Beginning Balance, Net Assets Held With Donor Restrictions	716,549	10,625	727,174
Ending Balance, Net Assets Held With Donor Restrictions	**$ 734,029**	**$ 11,093**	**$ 745,122**
Beginning Balance, Total Net Assets	$ 744,004	$ 14,944	$ 758,948
Increase In Total Net Assets	**23,334**	**1,758**	**25,092**
Ending Balance, Total Net Assets	**$ 767,338**	**$ 16,702**	**$ 784,040**

Required Supplementary Information (dollars in thousands)

SCHEDULE OF UNIVERSITY CONTRIBUTIONS*
Public Employees Retirement System

For Fiscal Years Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution[1]	$ 40,555	$ 28,059	$ 27,936	$ 19,571	$ 19,078	$ 15,945	$ 15,100	$ 13,760	$ 12,666
Contributions in Relation to the Contractually Required Contribution	40,555	28,059	27,936	19,571	19,078	15,945	15,100	13,760	12,666
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 278,387	$ 267,033	$ 258,277	$ 244,265	$ 228,327	$ 218,835	$ 202,058	$ 189,839	$ 177,054
Contributions as a Percentage of Covered Payroll	14.6%	10.5%	10.8%	8.0%	8.4%	7.3%	7.5%	7.2%	7.2%

[1]For Actuarial Assumptions and Methods, see table in Note 16

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)*
Public Employees Retirement System

As of the Measurement Date June 30,	2019	2018	2017	2016	2015	2014	2013
University's Allocation of the Net Pension Liability/(Asset)	1.99%	2.00%	2.18%	2.15%	2.00%	1.80%	1.80%
University's Proportionate Share of the Net Pension Liability/(Asset)	$ 344,658	$ 302,317	$ 293,882	$ 322,538	$ 114,746	$ (40,834)	$ 91,930
University's Covered Payroll	$ 267,033	$ 258,277	$ 244,265	$ 228,327	$ 218,835	$ 202,058	$ 189,839
University's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	129.07%	117.05%	120.31%	141.26%	52.43%	20.21%	48.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	80.23%	82.07%	83.12%	80.53%	91.88%	103.59%	91.97%

*These tables will eventually contain 10 years of data. Only the data presented above is available at this time.

Required Supplementary Information (dollars in thousands)

SCHEDULE OF UNIVERSITY PERS RHIA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contributions[1]	$ 47	$ 1,205	$ 1,171	$ 1,172	$ 1,104	$ 1,170	$ 1,091	$ 1,020	$ 963	$ 367
Contributions in Relation to the Actuarially Determined Contributions	47	1,205	1,171	1,172	1,104	1,170	1,091	1,020	963	367
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$278,354	$266,994	$258,239	$244,227	$228,283	$217,824	$201,446	$184,769	$173,316	$146,279
Contributions as a Percentage of Covered Payroll	0.02%	0.45%	0.45%	0.48%	0.48%	0.54%	0.54%	0.55%	0.56%	0.25%

[1]For Actuarial Assumptions and Methods, see table in Note 17

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PERS RHIA OPEB LIABILITY/(ASSET)*

As of the Measurement Date June 30,	2019	2018	2017	2016
University's Allocation of the Net RHIA OPEB Liability/(Asset)	2.52%	2.35%	2.46%	2.36%
University's Proportionate Share of the Net RHIA OPEB Liability/(Asset)	$ (4,869)	$ (2,626)	$ (1,027)	$ 641
University's Covered Payroll	$ 266,994	$ 258,239	$ 244,227	$ 228,283
University's Proportionate Share of the Net RHIA OPEB Liability/(Asset) as a Percentage of Covered Payroll	1.82%	1.02%	0.42%	0.28%
Plan Fiduciary Net Position as a Percentage of the Total RHIA OPEB Liability/(Asset)	144.38%	123.99%	108.88%	94.15%

*These tables will eventually contain 10 years of data. Only the data presented above is available at this time.

Required Supplementary Information (dollars in thousands)

SCHEDULE OF UNIVERSITY PERS RHIPA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contributions[1]	$ 846	$ 1,104	$ 1,076	$ 937	$ 886	$ 508	$ 475	$ 257	$ 244	$ 82
Contributions in Relation to the Actuarially Determined Contributions	846	1,104	1,076	937	886	508	475	257	244	82
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$278,354	$266,994	$258,239	$244,227	$228,283	$217,824	$201,446	$184,769	$173,316	$146,279
Contributions as a Percentage of Covered Payroll	0.30%	0.41%	0.42%	0.38%	0.39%	0.23%	0.24%	0.14%	0.14%	0.06%

[1]For Actuarial Assumptions and Methods, see table in Note 17

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PERS RHIPA OPEB LIABILITY*

As of the Measurement Date June 30,	2019	2018	2017	2016
University's Allocation of the Net RHIPA OPEB Liability	8.01%	7.98%	7.97%	8.01%
University's Proportionate Share of the Net RHIPA OPEB Liability	$ 2,028	$ 2,820	$ 3,718	$ 4,299
University's Covered Payroll	$ 266,994	$ 258,239	$ 244,227	$ 228,283
University's Proportionate Share of the Net RHIPA OPEB Liability as a Percentage of Covered Payroll	0.76%	1.09%	1.52%	1.88%
Plan Fiduciary Net Position as a Percentage of the Total RHIPA OPEB Liability	64.86%	49.79%	34.25%	21.87%

*These tables will eventually contain 10 years of data. Only the data presented above is available at this time.

Required Supplementary Information (dollars in thousands)

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE TOTAL PEBB OPEB LIABILITY*

As of June 30,	2020	2019	2018	2017
University's Allocation of the Total OPEB Liability	$ 14,516	$ 16,082	$ 15,242	$ 14,696
University's Proportionate Share of the Total OPEB Liability	9.90%	9.98%	10.26%	10.15%
University's Covered Payroll	$ 413,757	$402,161	$368,750	$388,332
University's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll	3.51%	4.00%	4.13%	3.78%
Total OPEB Liability as a % of Total Covered Payroll	3.77%	4.31%	4.42%	4.45%

*This table will eventually contain 10 years of data. Only the data presented above is available at this time.

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For information about the financial data included in this report, contact:

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