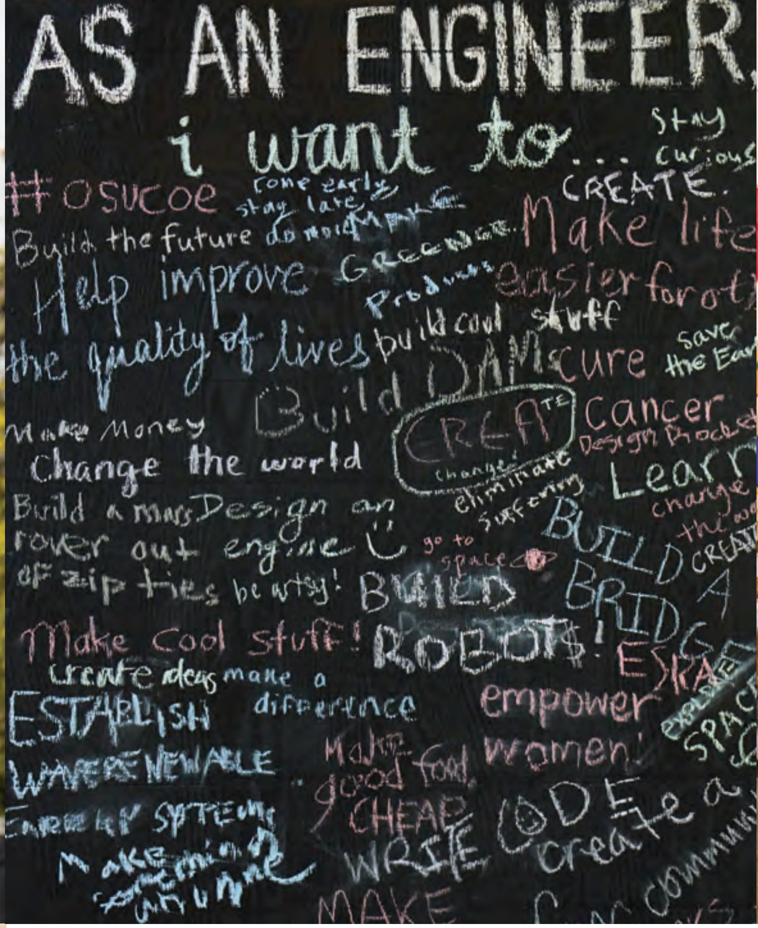
Oregon State University

2022 Annual Financial Report



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Executive Officers (effective as of June 30, 2022)

Rebecca L. Johnson
Interim President

Edward Feser
Provost and Executive Vice President

Scott Vignos
Interim Vice President and Chief Diversity Officer

Michael J. Green
Vice President for Finance and Administration

Irem Tumer
Vice President for Research

Steven Clark
Vice President for University Relations and Marketing

Andrew Ketsdever
Interim Vice President for OSU-Cascades

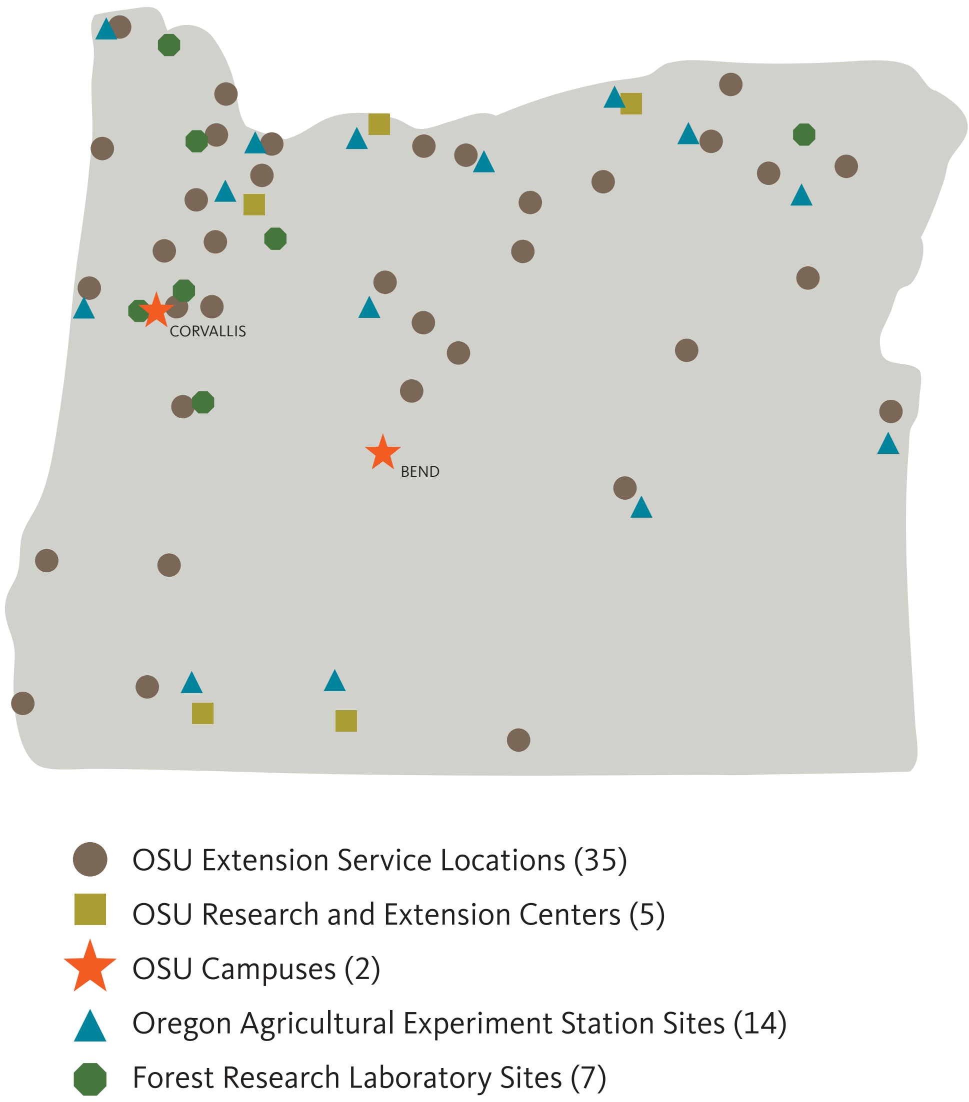
Scott Barnes
Vice President and Director of Intercollegiate Athletics

Rebecca Gose
General Counsel

Patricia Snopkowski
Chief Audit, Risk and Compliance Executive

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 three universities in the nation with all four 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.



MISSION

As a land grant institution committed to teaching, research, 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, 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 Interim President Rebecca Johnson

I am pleased to report that Oregon State University ended 2021-22 financially stable and enjoys strong momentum in advancing its land grant mission of teaching, research innovation and scholarship, and community service engagement that is articulated in the university's Strategic Plan 4.0. Despite the continuing effects of the pandemic and the challenges of resuming in-person operations, the university saw positive enrollment growth and significant increases in research funding, managed expenses carefully and saw total net position improve.

OSU's comprehensive financial planning process helped ensure that anticipated impacts of the pandemic were considered through a long-range lens, and a strategic approach to mitigate those impacts was followed. Oregon State's latest bond rating, reaffirmed by Moody's Investor Services in conjunction with the publication of the updated higher education rating methodology, remained Aa3 stable.

Federal financial support was key to mitigating pandemic impacts to students and institutional revenue losses. The university received federal funding through the Higher Education Emergency Relief Fund (HEERF). HEERF III funds ($23.8 million in student aid and $22.3 million in institutional support) were disbursed in FY22. The institutional portion of funds received were critical for keeping key university functions whole, retaining employees and continuing to serve students well.

Oregon State continues its preeminence as Oregon's leading comprehensive public research university. OSU was the largest university in the state for the eighth consecutive year with 34,108 students enrolled for the 2021-22 academic year. Students of color made up more than 28% of the university's overall enrollment, nearly doubling their enrollment from 10 years ago. OSU-Cascades in Bend enrolled a total of 1,247 students. OSU's highly ranked Ecampus program enrolled 10,082 distance students in 2021-2022, a rise of 14% over the previous year. Oregon State also continues to be a school of choice among Oregon residents. Oregonians make up 70.5% of OSU's Corvallis degree-seeking undergraduate enrollment and 81.8% of OSU-Cascades' overall enrollment.

The university continues to pursue an enrollment forecast that calls for up to 28,000 students to be enrolled at its Corvallis campus;

3,000 to 5,000 students at its OSU-Cascades campus in Bend and 7,000 or more degree-seeking students enrolled online through Ecampus. OSU's Portland Center is moving to serve adult learners by offering professional and continuing education to support regional community needs, while hosting seminars, conferences and other activities.

Oregon State's research enterprise continues to excel. In FY22, research funding increased by more than 22% to $471.5 million, a university record. In all, OSU research funding rose by $87.6 million, and fiscal year 2022 marked the fourth time in six years that OSU's research awards have exceeded $400 million.

For the first time in the university's history, donors gave more than $216.9 million, reflecting incredible momentum and collaboration across the university. Fiscal year 2022 also was a record year in philanthropic cash received. Collaborating with campus colleagues, the OSU Foundation and the university engaged more than 50,000 Beavers around the world – the second highest total ever – through events, volunteer opportunities, giving and other meaningful interactions. Not surprisingly, given market turbulence, the OSU Foundation endowment ended the fiscal year with a negative annualized return (net market value of $764.5 million on June 30, 2022, compared to $819.5 million on June 30, 2021). Endowment performance, however, surpassed the industry benchmark by 7.7%.

I am honored to have served as OSU's interim president since May 2021.

Jayathi Y. Murthy, a national leader in higher education engineering teaching, research and service, and advancing diversity, equity and inclusion, begins her service as OSU's next president on Sept. 9, 2022. I am confident that Oregon State University will continue to provide exemplary service to the state, the nation and the world under her leadership.

Rebecca Johnson

Interim OSU President FY22

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. 2 Friendliest college town in America

No. 2 Forestry program in the world

No. 2 Best Agricultural Colleges in the U.S.

No. 3 Oceanography program in the world

No. 3 Human development and family studies program in the U.S

No. 4 Best online business bachelor's program in the nation

No. 8 Marine and freshwater biology program in the world

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of the 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 University, as of June 30, 2022 and 2021, 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.

We did not audit the financial statements of the Oregon State University Foundation (the Foundation), which represents 97%, 98%, and 95%, respectively of the 2022 assets, net assets and revenues of the aggregate discretely presented component units and 97%, 98% and 96%, respectively of the 2021 assets, net assets and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon State University Foundation, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Oregon State University Foundation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

During the fiscal year ended June 30, 2022, the University adopted Government Accounting Standards Board (GASB) Statement No. 87 Leases. 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, 2020. In addition, as described in Note 1.AC and Note 21 to the financial statements, the aggregate discretely presented component units beginning net assets as of July 1, 2020 was restated. Our auditors' opinion was not modified with respect to the restatements.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Board of Trustees and Executive Officers and Message from the President but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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 31, 2022

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, 2022, 2021, and 2020. 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 located throughout the state.

Annual Full-Time Equivalent (FTE) Student Enrollment Summary

	2022	2021	2020	2019	2018
Corvallis	**18,043**	18,418	19,873	20,745	21,182
Cascades	**926**	850	843	810	767
Ecampus	**9,742**	9,102	7,617	6,659	6,271
Total	**28,711**	28,370	28,333	28,214	28,220

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, deferred inflows of resources and ending net position 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 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 ending on June 30.

Financial Summary

Although COVID-19 has adversely impacted OSU financially over the past couple of years, the university has maintained and even improved its solid financial condition and positive operating performance during fiscal year 2022. The positive operations of the university were in part supported by $46 million in COVID-19 relief funding received from the federal government for student aid and institutional support.

Total assets increased by $93 million, or 4 percent, at the year's end. This increase was driven mostly by a $132 million increase in net capital assets, a $25 million increase in investments, and a $16 million increase in accounts receivable. The remaining asset categories decreased by a net of $80 million.

Deferred outflows increased by $23 million, due mostly to an increase in deferred outflows related to the net pension liability.

Total liabilities decreased by $184 million, or 11 percent, during 2022 primarily due to $176 million decrease in the net pension liability. The remaining liability categories decreased by a net of $8 million.

Deferred inflows increased by $209 million, due mostly to an increase in deferred inflows related to the net pension liability.

Total net position increased by $91 million during fiscal year 2022 primarily due to an $80 million increase in unrestricted net position and a $14 million increase in net investment in capital assets, which were only slightly offset by a $4 million decrease in restricted net position.

Total revenues increased by $108 million, or 8 percent, in 2022 over 2021. This increase was widely distributed among many income categories led by increases in auxiliary enterprises of $79 million, capital grants and gifts of $22 million, financial aid grants of $18 million, government appropriations of $13 million, gifts of $7 million, student tuition and fees of $6 million, and COVID-19 institutional funding of $3 million. These increases were offset by decreases in investment activity of $34 million and grants and contracts of $6 million.

Operating expenses increased by $41 million in 2022, or 3 percent, over 2021. This increase was spread among many categories led by increases in auxiliary programs of $30 million, student aid of $14 million, institutional support of $9 million, other operating expenses of $7 million, and instruction of $4 million. These increases were offset by decreases in public service of $14 million, research of $5 million, and academic support of $4 million.

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,	**2022**	2021	2020
Current Assets	**$ 337**	$ 403	$ 409
Noncurrent Assets	**621**	594	224
Capital Assets, Net	**1,580**	1,448	1,351
Total Assets	**$ 2,538**	$ 2,445	$ 1,984
Deferred Outflows of Resources	**$ 200**	$ 177	$ 128
Current Liabilities	**$ 256**	$ 221	$ 221
Noncurrent Liabilities	**1,279**	1,498	1,062
Total Liabilities	**$ 1,535**	$ 1,719	$ 1,283
Deferred Inflows of Resources	**$ 305**	$ 96	$ 33
Net Investment in Capital Assets	**$ 957**	$ 943	$ 897
Restricted - Nonexpendable	**7**	6	6
Restricted - Expendable	**80**	84	67
Unrestricted	**(146)**	(226)	(174)
Total Net Position	**$ 898**	$ 807	$ 796

Total Assets and Deferred Outflows of Resources

Total assets increased by $93 million, or 4 percent, during the year ended 2022 due primarily to increases in accounts receivable, investments, prepaid expenses, net OPEB asset and net capital assets, which were offset by decreases in cash and cash equivalents, notes receivable, and leases receivable. Total assets increased by $461 million, or 23 percent, during the year ended 2021 due primarily to increases in investments, leases receivable and net capital assets, which were offset somewhat by decreases in cash and cash equivalents, accounts receivable and net OPEB Asset.

Comparison of fiscal year 2022 to fiscal year 2021

Current Assets decreased by $66 million, or 16 percent, primarily due to:

- Current cash and cash equivalents decreased by $86 million primarily due to a decrease in the amount of cash in operations combined with an increase in the amount of operating cash transferred to investments as of year end.
- Accounts receivable increased by $16 million. Increases in receivables related to student tuition and fees, auxiliaries, component units and federal grants were slightly offset by decreases in receivables for capital construction grants, state grants and contracts, and an increase in allowance for doubtful accounts. See Note 3 Accounts Receivable for additional information.
- Prepaid expenses increased by $4 million due to increases in prepaid expenses in general operations, auxiliaries, restricted grants and contracts and capital construction.
- Current notes receivable was relatively unchanged. A decrease in Perkins loans receivable was partially offset by an increase in installment receivable from Link Oregon. See Note 4 Notes Receivable for additional information.
- Current leases receivable was relatively unchanged.

Noncurrent (Noncapital) Assets increased by $27 million, or 5 percent.

- Noncurrent cash and cash equivalents decreased by $3 million due primarily to a decrease in cash held for capital construction over the previous year.
- Investments increased by $25 million due primarily to an increase in total dollars invested, somewhat offset by a decrease in the market value of the university's investments. See Note 2 Cash and Investments, Section B Investments for additional information.
- Noncurrent notes receivable decreased by $2 million. Decreases in receivables related to Perkins loans and institutional student loans were somewhat offset by an increase in receivables related to split dollar agreements with the Pat Casey Family Trust (PCFT) and Coach Jonathan Smith. See Note 1 Organization and Summary of Significant Accounting Policies, Section Z Related Party Transactions and Note 4 for additional information.
- Noncurrent leases receivable decreased by $1 million.
- The net OPEB asset increased by $8 million. See Note 17 Other Post-employment Benefits (OPEB) for additional information.

Capital Assets, Net increased by $132 million, or 9 percent. See detailed information on Capital Assets in this MD&A for additional information on this change.

Deferred Outflows of Resources increased by $23 million, or 13 percent.

- Deferred outflows related to the net pension liability increased by $24 million.
- Deferred outflows related to the OPEB asset and liabilities decreased by $1 million.
- Deferred outflows related to the asset retirement obligation were relatively unchanged.
- See Note 6 Deferred Outflows and Inflows of Resources for additional information.

Comparison of fiscal year 2021 to fiscal year 2020

Current Assets decreased by $6 million, or 1 percent, primarily due to:

- Current cash and cash equivalents increased by $6 million primarily due to a decrease in the amount of operating cash transferred to investments as of year end.
- Accounts receivable decreased by $14 million. Decreases in receivables related to capital construction grants, student tuition and fees, auxiliaries and component units were only slightly offset by increases in receivables for federal grants and contracts, state grants and contracts, and a decrease in allowance for doubtful accounts. See Note 3 for additional information.
- Prepaid expenses increased by $4 million due primarily to prepaid system development charges paid to the City of Bend associated with future construction at Cascades campus and increases in general operations prepaid expenses.
- Current notes receivable was relatively unchanged. A decrease in Perkins loans receivable was offset by an increase in the installment receivable from Link Oregon. See Note 4 for additional information.
- Current leases receivable increased by $2 million due to the implementation of GASB Statement No. 87, *Leases*.

Noncurrent (Noncapital) Assets increased by $370 million, or 165 percent.

- Noncurrent cash and cash equivalents decreased by $10 million due primarily to an increase in cash used to purchase investments as of year-end, offset by an increase in cash held for capital construction over the previous year.
- Investments increased by $309 million due primarily to the investment of revenue bond proceeds.
- Noncurrent notes receivable increased by $1 million primarily due to an increase in the installment receivable from Link Oregon somewhat offset by a decrease in Perkins Receivable. See Note 4 for additional information.
- Noncurrent leases receivable increased by $74 million due to the implementation of GASB Statement No. 87, *Leases*.
- The net OPEB asset decreased by $3 million. See Note 17 for additional information.

Capital Assets, Net increased by $97 million, or 7 percent. See detailed information on Capital Assets in this MD&A for additional information on this change.

Deferred Outflows of Resources increased by $49 million, or 38 percent.

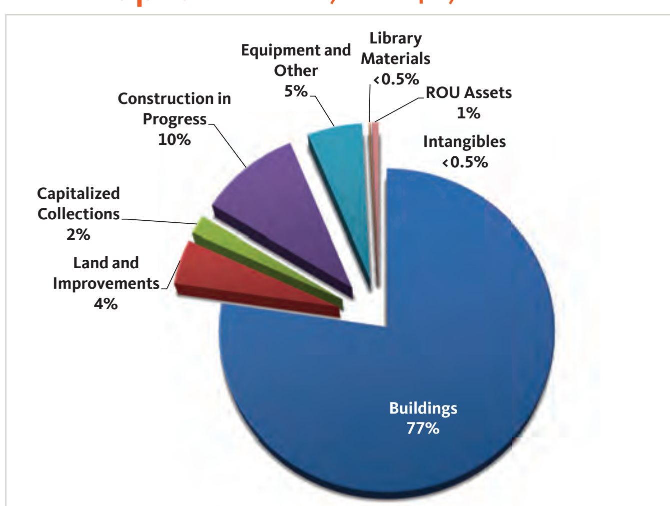
- Deferred outflows related to the net pension liability increased by $47 million.
- Deferred outflows related to the OPEB asset and liabilities increased by $2 million.
- Deferred outflows related to the asset retirement obligation increased by less than $1 million.
- See Note 6 for additional information

Capital Assets and Related Financing Activities

Capital Assets

At June 30, 2022, OSU had $2.6 billion in capital assets, less accumulated depreciation of $1.0 billion, for net capital assets of $1.6 billion. At June 30, 2021, OSU had $2.4 billion in capital assets, less accumulated depreciation of $984 million, for net capital assets of $1.4 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.

2022 Capital Assets, Net $1,580 Million



Changes to Capital Assets

(in millions)

As of June 30,	2022	2021	2020
Capital Assets, Beginning of Year	**$ 2,432**	$ 2,276	$ 2,126
Add: Purchases/Construction	**207**	167	165
Less: Retirements/Adjustments	**(10)**	(11)	(15)
Total Capital Assets, End of Year	**2,629**	2,432	2,276
Accum. Depreciation, Beginning of Year	**(984)**	(925)	(871)
Add: Depreciation Expense	**(73)**	(70)	(62)
Less: Retirements/Adjustments	**8**	11	8
Total Accum. Depreciation, End of Year	**(1,049)**	(984)	(925)
Total Capital Assets, Net, End of Year	**$ 1,580**	$ 1,448	$ 1,351

Capital additions totaled $207 million for 2022, $167 million for 2021, and $165 million for 2020.

During 2022, capital asset additions included $142 million for construction in progress (CIP); $15 million for equipment; and $48 million for buildings. During 2021, capital asset additions included $133 million for construction in progress (CIP); $14 million for equipment; $15 million for right-of-use leased buildings; $3 million for buildings; $1 million for land improvements; and $1 million for infrastructure. 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.

Key projects still in progress at the end of 2022 included Cordley Hall, Reser Stadium West Grandstands, Arts and Education Complex, Withycombe Hall, PacWave Energy Test Facility and Subsea Cables, Upper Division and Grad Student Housing, OSU Cascades Innovation District Land Development, Newport Student Housing, Campus Operations Center, Washington Way Improvement, Fairbanks Hall, Graf Hall, Gilkey Hall, and HMSC Seawater System.

During 2022, $135 million in capital projects were completed and placed into service, including the Cascades Campus Academic Building II, Fiberoptic Cable Infrastructure and Owen Hall.

See Note 5 Capital Assets for additional information.

Debt Administration

During 2022, long-term debt held by OSU decreased by $13 million, or 1 percent, from $964 million to $951 million.

- OSU made debt service principal payments totalling $10 million on outstanding long-term debt.
- OSU's remaining obligation for accreted interest and premiums on outstanding debt decreased by $1 million.
- OSU added new debt of $2 million for new leases and made principal payments of $4 million for a net decrease of $2 million in lease liabilities.

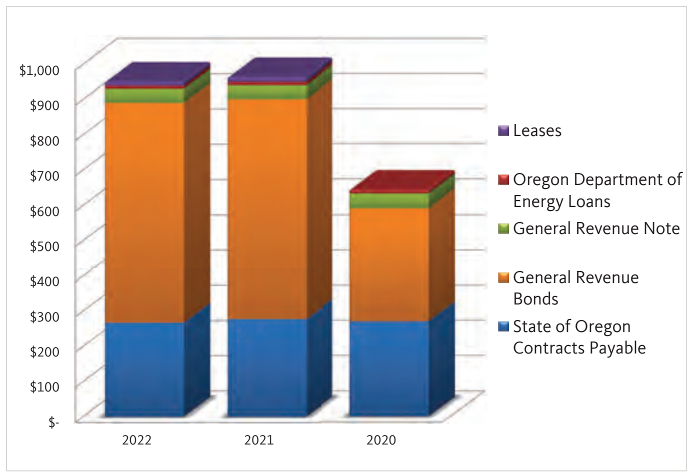
During 2021, long-term debt held by OSU increased by $321 million, or 50 percent, from $643 million to $964 million.

- OSU issued $303 million (par value) of new Revenue Bonds. The new bonds were sold at par.
- OSU made debt service principal payments totalling $12 million on outstanding long-term debt.
- The state issued XI-F debt to refund previously held debt resulting in a net increase of $18 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.
- The implementation of GASB Statement No. 87, *Leases*, added net $13 million is leases payable.

See Note 9 Long-Term Liabilities for additional information.

Long-term Debt

(in millions)



Total Liabilities and Deferred Inflows of Resources

Total liabilities decreased by $184 million, or 11 percent, during 2022 primarily due to decreases in the net pension liability and long-term liabilities offset by increases in accounts payable and accrued liabilities. During 2021, total liabilities increased by $436 million, or 34 percent, primarily due to increases in the net pension liability and long-term liabilities.

Comparison of fiscal year 2022 to fiscal year 2021

Current Liabilities increased by $35 million, or 16 percent. Key changes in current liabilities included:

- Accounts payable and accrued liabilities increased by $26 million due primarily to increases in services and supplies payable associated with general operations, auxiliaries, restricted grants and contracts, and capital construction projects. See Note 7 Accounts Payable and Accrued Liabilities for additional information.

- The current portion of long-term liabilities increased by $11 million due mainly to an increase of $7 million in current compensated absences liability and a $4 million increase in state contracts payable. See discussion of Debt Administration earlier in this MD&A and Note 9 for additional information.

Noncurrent Liabilities decreased by $219 million, or 15 percent.

- The noncurrent portion of long-term liabilities decreased by $40 million due to decreases in compensated absences liability, deferred payroll taxes payable, leases payable, Perkins loan liability, state and local government rate pool liability and state contracts payable. See discussion of Debt Administration earlier in this MD&A and Note 9 for additional information.
- Net pension liability decreased by $176 million. See Note 16 Employee Retirement Plans for additional information.
- The net OPEB Liability decreased by $3 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 increased by $209 million or 218 percent.

- Deferred inflows related to the net pension liability increased by $205 million.
- Deferred inflows related to the OPEB asset and liabilities increased by $8 million.
- Deferred inflows related to leases decreased by $4 million.
- See Note 6 Deferred Outflows and Inflows of Resources for detailed information on this change.

Comparison of fiscal year 2021 to fiscal year 2020

Current Liabilities were relatively unchanged in total. Key changes in current liabilities included:

- Accounts payable and accrued liabilities decreased by $1 million. Decreases in capital construction retainage payable and salaries and wages payable were mostly offset by increases in services and supplies payable associated with auxiliaries and capital construction projects and accrued interest payable. See Note 7 for additional information.
- The current portion of long-term liabilities increased by $5 million due mainly to the addition of $10 million in deferred payroll taxes payable and the addition of $2 million in leases payable with the implementation of GASB Statement No. 87, *Leases*. These increases were somewhat offset by decreases in compensated absences, contracts payable and the Perkins loan program liability. See Note 9 for additional information.

Noncurrent Liabilities increased by $436 million, or 41 percent.

- The noncurrent portion of long-term liabilities increased by $330 million due primarily to the addition of $303 million in revenue bonds, the addition of $11 million related to the implementation of GASB Statement No. 87, *Leases*, as well as increases in the compensated absences liability, deferred payroll taxes payable and state contracts payable. These increases were slightly offset by decreases in the Perkins loan liability and the state and local government rate pool liability. See discussion of Debt Administration earlier in this MD&A and Note 9 for additional information.
- Net pension liability increased by $107 million. See Note 16 for additional information.
- The net OPEB Liability decreased by $1 million. See Note 17 for additional information.
- The asset retirement obligation liability associated with the teaching, research, isotopes, and general atomics reactor increased by less than $1 million as the result of a new estimate on the cost of decommissioning the asset. See Note 10 for additional information.

Deferred Inflows of Resources increased by $63 million or 191 percent.

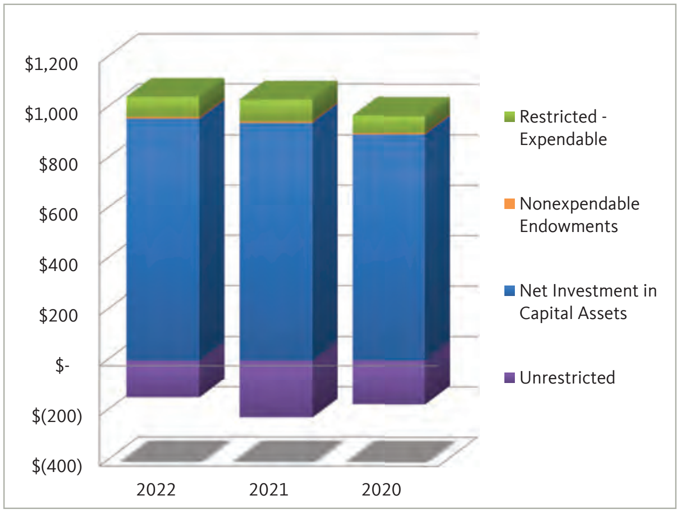
- Deferred inflows related to the net pension liability decreased by $10 million.
- Deferred inflows related to the OPEB asset and liabilities were relatively unchanged.
- Deferred inflows related to leases increased by $73 million due to the implementation of GASB Statement No. 87, *Leases*.
- See Note 6 for additional information.

Total Net Position

Total net position (TNP) increased by $91 million, or 11 percent, during 2022. TNP benefited from a $14 million increase in net investment in capital assets and an increase of $80 million in unrestricted net position but was negatively impacted by a reduction in restricted expendable net position of $4 million.

TNP increased by $11 million, or 1 percent, during 2021. TNP benefited from a $46 million increase in net investment in capital assets, and an increase in restricted expendable net position of $17 million but was negatively impacted by a reduction in unrestricted net position of $52 million.

The graph below illustrates how the composition of net position has changed since 2020. (in millions)



Comparison of fiscal year 2022 to fiscal year 2021

Net Investment in Capital Assets increased by $14 million, or 1 percent. Net capital assets increased by $132 million, which was partially driven by a spend down of unspent bond proceeds related to capital assets of $118 million. See Note 5 Capital Assets and Note 9 Long-Term Liabilities for additional information.

Restricted Expendable Net Position decreased by $4 million, or 5 percent.

- Net position restricted for gifts, grants and contracts decreased by $13 million due primarily to a decrease in the market value of endowment 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 and debt service were relatively unchanged.
- Net Position restricted for OPEB asset increased by $8 million and is equal to the Net OPEB Asset reported in noncurrent assets.

Unrestricted Net Position increased by $80 million, or 35 percent.

- An increase in unrestricted operating performance, which includes education, auxiliary and general business type activities, resulted in an increase to unrestricted net position of $77 million.
- Changes associated with the PERS net pension liability, net of deferrals, decreased unrestricted net position by $5 million. See Note 16 for additional information.
- The OPEB liabilities and associated deferred outflows and inflows of resources increased unrestricted net position by $4 million. See Note 17 for additional information.
- The year-end liability accrual for the PERS state and local government rate pool (SLGRP) increased by $2 million and the accrual for compensated absences increased $2 million.
- See Note 11 Unrestricted Net Position for additional information.

Comparison of fiscal year 2021 to fiscal year 2020

Net Investment in Capital Assets increased by $46 million, or 5 percent. Capitalized acquisitions net of disposals added $157 million, which was offset by a $59 million increase to accumulated depreciation. Additionally, there was a decrease of $52 million in long-term debt outstanding attributable to the capital assets, net of unspent bond proceeds held as cash or investments. See Note 5 and Note 9 for additional information.

Restricted Expendable Net Position increased by $17 million, or 25 percent.

- Net position restricted for gifts, grants and contracts increased by $20 million. An increase in the market value of endowment funds was slightly offset by decreases 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 was relatively unchanged. Increases in cash and accounts payable were offset by decreases in invoices receivable at year end.
- Net position restricted for debt service was relatively unchanged.
- Net Position restricted for OPEB asset decreased by $3 million and is equal to the Net OPEB Asset reported in noncurrent assets.

Unrestricted Net Position decreased by $52 million, or 30 percent.

- A decrease in unrestricted operating performance, which includes education, auxiliary and general business type activities, resulted in a decrease to unrestricted net position of $3 million. Unrestricted operations of the university were heavily impacted by the COVID-19 pandemic. University operations were largely curtailed from March 2020 through June 2021.
- Changes associated with the PERS net pension liability, net of deferrals, decreased unrestricted net position by $50 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 increased unrestricted net position by $4 million.

- A decrease of $3 million associated with the year-end liability accrual for the PERS state and local government rate pool (SLGRP) was offset by a $5 million increase in the compensated absences liability and a $1 million increase in the asset retirement obligation resulting in a net decrease of $3 million to unrestricted net position.
- 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,	**2022**	2021	2020
Operating Revenues	**$ 892**	$ 813	$ 845
Operating Expenses	**1,299**	1,258	1,265
Operating Loss	**(407)**	(445)	(420)
Nonoperating Revenues, Net of Expenses	**397**	377	367
Other Revenues, Net of Expenses	**101**	79	88
Increase (Decrease) in Net Position	**91**	11	35
Net Position, Beginning of Year	**807**	796	761
Net Position, End of Year	**$ 898**	$ 807	$ 796

Revenues

As seen in the Total Operating, Non-Operating and Other Revenues table at the top right, total revenues increased by $108 million, or 8 percent, in 2022 over 2021. Increases were seen in all categories of operating and nonoperating revenues except operating grants and contracts and investment activity.

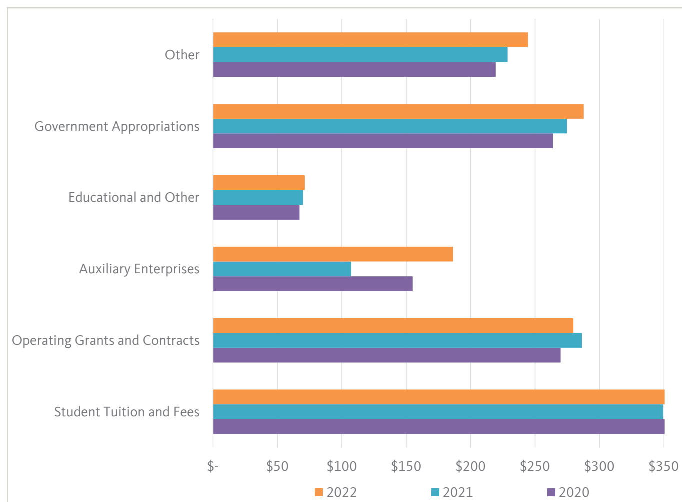
Total Operating, Nonoperating and Other Revenues

(in millions)

For the Years Ended June 30,	**2022**	2021	2020
Student Tuition and Fees	**$ 355**	$ 349	$ 353
Grants and Contracts	**280**	286	270
Auxiliary Enterprises	**186**	107	155
Educational and Other	**71**	71	67
Total Operating Revenues	**892**	813	845
Government Appropriations	**288**	275	264
Financial Aid Grants	**72**	54	51
Gifts	**56**	49	54
Investment Activity	**(6)**	28	19
Capital Grants and Gifts	**99**	77	87
COVID-19 Institutional Funding	**22**	19	8
Changes to Permanent Endowments	**1**	1	-
Total Nonoperating and Other Revenues	**532**	503	483
Total Revenues	**$ 1,424**	$ 1,316	$ 1,328

Total Operating, Nonoperating, Other Revenues and Special Items

(in millions)



Operating Revenues

Operating revenues increased by $79 million in 2022, or 10 percent, over 2021, to $892 million. Increases in 2022 were due to increases in student tuition and fees and auxiliary enterprises, which were offset by decreases in grants and contracts. Operating revenues decreased by $32 million in 2021, or 4 percent, over 2020, to $813 million. Decreases in 2021 were due to decreases in student tuition and fees and auxiliary enterprises, which were offset by increases in grants and contracts and education and other revenues.

Comparison of fiscal year 2022 to fiscal year 2021

Net Student Tuition and Fees increased by $6 million, or 2 percent.

- Increased student enrollment accounted for $6 million of increased revenue
- Higher tuition and fee rates accounted for $22 million of increased revenue.
- Fee remissions, scholarship allowances and bad debt allowances reduced tuition and fees by $22 million more than in the prior year.

Federal, State and Nongovernmental Grants and Contracts decreased by $6 million, or 2 percent.

- Federal grant and contract revenues decreased by $12 million primarily due to a decrease in National Science Foundation cooperative agreements.
- State and local grant and contract revenues increased by $2 million. Increases in grants and contracts from the Department of Education and other state agencies were somewhat offset by decreases in grants and contracts from the Department of Agriculture, the Department of Fish and Wildlife, the Department of Transportation, the Department of Forestry, and the Economic Development Division.
- Nongovernmental grant and contract revenues increased by $4 million due mainly to increases in grants and contracts from the Agricultural Research Foundation and commercial businesses, which were slightly offset by decreases in grants and contracts from non-affiliated foundations and societies.

Auxiliary Enterprise revenues increased by $79 million, or 74 percent.

- Housing and dining revenues increased by $40 million due to increased room and board fee and meal plan revenues resulting from increased occupancy of university owned dorms and housing.
- Athletics revenues increased by $33 million due primarily to increased ticket sales, bowl income, conference TV shares, and sponsorship income.
- Health services revenues increased by $1 million due mainly to increased income from non-employee insurance premiums, and medical lab fees.
- Student centers revenues increased by $1 million primarily as a result of increased membership income.
- Parking services revenues increased by $2 million due to increased revenues from parking permits and fines.
- Other auxiliary revenues increased by $2 million due mainly to increased student incidental fees revenue.

Educational and Other revenues was relatively unchanged.

- Educational department sales and services revenues were relatively unchanged. Decreases in general sales and services income, and testing fees were offset by increases in noncredit workshop income, room and board fees and lease revenue.
- Other operating revenues increased by just over $1 million due primarily to recording funds received for employer incentive matching funds for the university's payment into a PERS side account to offset future rate increases. See Note 16 Employee Retirement Plans for additional information.

Comparison of fiscal year 2021 to fiscal year 2020

Net Student Tuition and Fees decreased by $4 million, or 1 percent.

- Higher tuition and fee rates accounted for $7 million of increased revenue.
- Fee remissions, scholarship allowances and bad debt allowances reduced tuition and fees by $11 million more than in the prior year.

Federal, State and Nongovernmental Grants and Contracts increased by $16 million, or 6 percent.

- Federal grant and contract revenues increased by $18 million primarily due to increases in National Science Foundation grants and Department of Agriculture and Department of Energy cooperative agreements.
- State and local grant and contract revenues increased by $1 million. Increases in grants from the Department of Education and cooperative agreements with the Department of Fish and Wildlife were offset by decreases in grants from the Economic Development Division.
- Nongovernmental grant and contract revenues decreased by $3 million due mainly to decreases in grants and contracts from the Agricultural Research Foundation and commercial businesses.

Auxiliary Enterprise revenues decreased by $48 million, or 31 percent.

- Housing and dining revenues decreased by $15 million due to decreased room and board fee and meal plan revenues. As a result of the COVID-19 pandemic, dorms and dining halls had limited capacity and curtailed operations during the 2020-2021 academic year, resulting in large revenue losses.
- Athletics revenues decreased by $25 million. Athletics revenues were deeply impacted by the pandemic with lost ticket sales, concessions revenue, bowl income, conference TV shares, sponsorship income and guarantees.
- Health services revenues decreased by $4 million primarily due to decreased income from non-employee insurance premiums, pharmacy sales, medical lab fees, medical supply sales and medical services sales.

- Student centers revenues decreased by $3 million mainly as a result of decreased sales and membership fees.
- Parking services revenues decreased by $2 million due to decreased revenues from parking permits and fines.
- Other auxiliary revenues increased by $1 million due mainly to increased student incidental fee revenues and student health fee revenues.

Educational and Other revenues increased by $4 million, or 6 percent.

- Educational department sales and services revenues were relatively unchanged. Decreases in industry services income, conference income, room and board fees, and sponsorship income were offset by increases in general sales and services income, testing fees, miscellaneous fees, and noncredit workshop revenues.
- Other operating revenues increased by $3 million due primarily to increased insurance recoveries over the prior year resulting from a fire in Burt Hall on November 30, 2018 as well as lease interest income resulting from the implementation of GASB Statement No. 87, *Leases*.

Nonoperating and Other Revenues

Total nonoperating and other revenues increased by $29 million during 2022. Increases in government appropriations, financial aid grants, gifts, capital grants and gifts, and COVID-19 institutional funding were somewhat offset by a decrease in investment activity. Total nonoperating and other revenues increased by $20 million during 2021. Increases in government appropriations, financial aid grants, investment activity and COVID-19 institutional funding were somewhat offset by decreases in gifts and capital grants and gifts.

Comparison of fiscal year 2022 to fiscal year 2021

Government Appropriations increased by $13 million, or 5 percent.

- State appropriations increased by $12 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 $1 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 were relatively unchanged.
- Debt service appropriations from the state were unchanged.
- See Note 15 Government Appropriations for additional information.

Financial Aid Grants increased by $18 million, or 35 percent, primarily due to increases in Oregon opportunity grants, federal Pell grants, and federal HEERF Act aid, slightly offset by decreases in Ford Family Foundation scholarships and federal SEOG aid.

Gifts increased by $7 million, or 14 percent, due primarily to increased gifts from the OSU Foundation.

Investment Activity revenues decreased by $34 million, or 121 percent, due primarily to a significant net market value decline of investments. OSU's operating and endowment assets recorded declines for the year due to volatility in the equity and fixed income markets. The market volatility was driven primarily by investor concerns over 40-year high inflation readings near 9% and economic deceleration, resulting in rising interest rates and declining stock and bond prices. See Note 13 Investment Activity for additional information relating to these changes.

Capital Grants and Gifts increased by $22 million, or 29 percent due primarily to increased gifts and contracts from the OSU Foundation and federal capital contracts, and were only slightly offset by decreased state capital grants.

COVID-19 Institutional Funding increased by $3 million, due to final amounts received on prior year awards for federal COVID-19 relief funding for institutional support. See Note 1 Organization and Summary of Significant Accounting Policies, Section AA COVID-19 Relief Funding for additional information.

Comparison of fiscal year 2021 to fiscal year 2020

Government Appropriations increased by $11 million, or 4 percent.

- State appropriations increased by $6 million due to increased funding received in support of the operations of the university.
- State lottery appropriations in support of outdoor school increased by $5 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 less than $1 million.
- Debt service appropriations from the state were unchanged.
- See Note 15 for additional information.

Financial Aid Grants increased by $3 million, or 6 percent, primarily due to increases in Oregon opportunity grants, federal Pell grants, federal SEOG aid and Ford Family Foundation scholarships.

Gifts decreased by $5 million, or 9 percent. Decreased gifts from the OSU Foundation were somewhat offset by an increase in gifts-in-kind from various sources.

Investment Activity revenues increased by $9 million, or 47 percent. See Note 13 for additional information relating to these changes.

Capital Grants and Gifts decreased by $10 million, or 11 percent due primarily to decreased gifts and contracts from the OSU Foundation which were only slightly offset by increased federal capital contract funding.

COVID-19 Institutional Funding increased by $11 million, due to increased federal COVID-19 relief funding for institutional support. See Note 1, Section AA for additional information.

Expenses

Operating Expenses

Operating expenses increased by $41 million in 2022, or 3 percent, over 2021, to $1,299 million. Increases in instruction, auxiliary programs, institutional support, student aid and other operating expenses were offset by decreases in research, public service, and academic support.

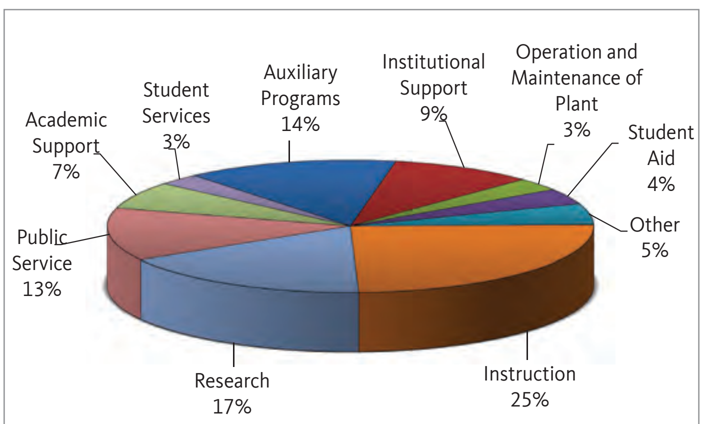
Operating expenses decreased by $7 million in 2021, or less than 1 percent, over 2020, to $1,258 million. Decreases in instruction, auxiliary programs, academic support, student aid and other operating expenses were offset by increases in research, public service, institutional support, student services, and operation and maintenance of plant.

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

Operating Expenses by Function

For the Years Ended June 30,	**2022**	2021	2020
Instruction	**$ 322**	$ 318	$ 335
Research	**222**	227	211
Public Service	**165**	179	167
Academic Support	**88**	92	93
Student Services	**36**	36	35
Auxiliary Programs	**184**	154	178
Institutional Support	**124**	115	105
Operations & Maintenance of Plant	**41**	41	39
Student Aid	**50**	36	39
Other Operating Expenses	**67**	60	63
Total Operating Expenses	**$ 1,299**	$ 1,258	$ 1,265

2022 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. 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, 2022	As Reported	Without GASB 68/71 & 75	Difference
Instruction	$ 322	$ 324	$ (2)
Research	222	223	(1)
Public Service	165	166	(1)
Academic Support	88	89	(1)
Student Services	36	37	(1)
Auxiliary Programs	184	185	(1)
Institutional Support	124	124	-
Operation & Maintenance of Plant	41	42	(1)
Student Aid	50	50	-
Other Operating Expenses	67	67	-
Total Operating Expenses	**$ 1,299**	**$ 1,307**	**$ (8)**

For the Year Ended June 30, 2021	As Reported	Without GASB 68/71 & 75	Difference
Instruction	$ 318	$ 300	$ 18
Research	227	218	9
Public Service	179	171	8
Academic Support	92	86	6
Student Services	36	34	2
Auxiliary Programs	154	147	7
Institutional Support	115	113	2
Operation & Maintenance of Plant	41	34	7
Student Aid	36	36	-
Other Operating Expenses	60	59	1
Total Operating Expenses	$ 1,258	$ 1,198	$ 60

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

GASB Statement Nos. 68, 71, and 75 have resulted in a decrease to total operating expenses of $8 million in 2022 and increases to total operating expenses of $60, and $43 million in 2021, and 2020, respectively. The $95 million aggregate total for the three year period has had a significant impact on the university's reported operating performance and net position; however, for 2022 the impact was significantly less due mostly to the reduction of the net pension liability.

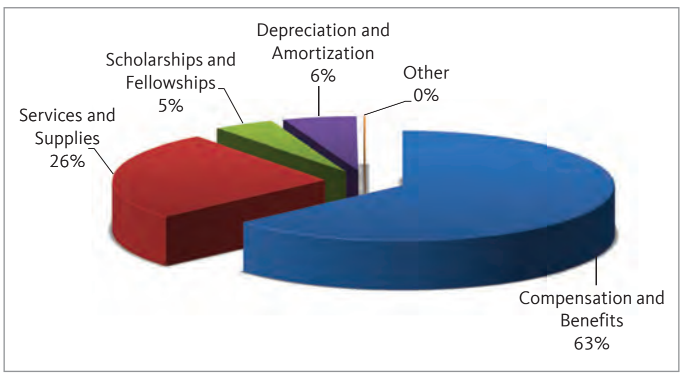
Operating Expenses by Natural Classification

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,	2022	2021	2020
Compensation and Benefits	**$ 824**	$ 841	$ 833
Services and Supplies	**340**	301	320
Scholarships and Fellowships	**60**	45	47
Depreciation and Amortization	**73**	70	62
Other	**2**	1	3
Total Operating Expenses	**$ 1,299**	$ 1,258	$ 1,265

2022 Operating Expenses by Natural Classification



Comparison of fiscal year 2022 to fiscal year 2021

Compensation and Benefit costs decreased by $17 million, or 2 percent.

- Salary and wage costs increased by $35 million due primarily to increased staffing and pay increases.
- Other payroll expenses decreased by a net $2 million.
- Total pension expense decreased by $47 million due to a decrease in the net pension liability and adjustments to associated deferred inflows and outflows reported as required by GASB Statement Nos. 68 and 71. 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 decreased by $3 million. See Note 17 Other Post-employment Benefits (OPEB) for additional information.

Services and Supplies expenses increased by $39 million, or 13 percent as a result of increases in most categories of service and supplies expenses including travel, food purchased for resale, maintenance and repairs, fees and services, rentals and leases, and assessments.

Scholarships and Fellowships costs increased by $15 million, or 33 percent due to increases in federal aid, state aid, OSU Foundation aid, and institutional aid.

Depreciation and Amortization expense increased by $3 million, or 4 percent. During 2022, $135 million in capital projects were completed and placed into service, including the Cascades Campus Academic Building II, Fiberoptic Cable Infrastructure and Owen Hall.

Comparison of fiscal year 2021 to fiscal year 2020

Compensation and Benefit costs increased by $8 million, or 1 percent.

- In general, the increase in compensation and benefits was moderated by cost-cutting measures taken due to COVID-19.
- Salary and wage costs decreased by $13 million due primarily to decreased staffing and were only slightly offset by pay increases.
- Retirement and health insurance costs were relatively unchanged. Decreased retirement contributions were offset by increased insurance contributions.
- Other payroll expenses increased by $3 million.
- Pension expense increased by $17 million due to an increase in the net pension liability and adjustments to associated deferred inflows and outflows reported as required by GASB Statement Nos. 68 and 71. 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 increased by $1 million. See Note 17 for additional information.

Services and Supplies expenses decreased by $19 million, or 6 percent. Decreases in travel, food purchased for resale, maintenance and repairs, and other services and supplies were slightly offset by increases in general supplies, agricultural related supplies and subcontract expenses. The decrease in expenses was due in part to COVID-19.

Scholarships and Fellowships costs decreased by $2 million, or 4 percent. Decreases in institutional aid and OSU Foundation aid were offset by increases in state and federal aid.

Depreciation and Amortization expense increased by $8 million, or 13 percent. During 2021, $119 million in capital projects were completed and placed into service, including the Forestry Science Complex, the Gladys Valley Marine

Study Building, Research Way Improvements, Burt Hall, Gymnastics Practice Facility, and Cascade Hall.

Nonoperating Expenses

For the Years Ended June 30,	**2022**	2021	2020
Interest Expense	**(34)**	(29)	(27)
Other Nonoperating Items	**(1)**	(18)	-
Total Nonoperating Expenses	**$ (34)**	$ (47)	$ (28)

Comparison of fiscal year 2022 to fiscal year 2021

Interest Expense increased by $5 million, or 17 percent, due primarily to increased revenue bond interest due to the issuance of $303 million in revenue bonds during fiscal year 2021.

Other Nonoperating Items decreased by $17 million, due primarily to a prior year net loss on refunding of previously held debt in the form of contracts due to the State of Oregon.

Comparison of fiscal year 2021 to fiscal year 2020

Interest Expense increased by $2 million, or 7 percent, due primarily to increased revenue bond interest.

Other Nonoperating Items increased by $18 million, due primarily to a net loss on refunding of previously held debt in the form of contracts due to the State of Oregon.

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.

As pandemic conditions evolved, the university transitioned from a primarily remote instruction delivery to full capacity in-person operations while continuing to be informed by guidance from the American College Health Association (as well as the Oregon Health Authority and the Centers for Disease Control when specific to higher education). Where feasible, staffing followed a hybrid approach. Many meetings continued to be held virtually, often resulting in efficiencies and better attendance. The financial impact of the pandemic significantly slowed as revenues returned to more typical trajectories, investments in remote technology were already incurred, ongoing direct costs were no longer needed at the same levels, and federal relief funding was utilized. The ability to respond to pandemic shifts is now embedded in standard operations.

Enrollments going forward continue to improve. While some subsets of student populations, such as international students, continue at lower levels, overall enrollment is projected to increase in 2022-23. Student and family decision-making behaviors have changed over the pandemic, so it may take several additional cycles for new enrollment patterns to settle.

State appropriations for public universities have been growing over recent biennia. Given current concerns about a possible recession, inflationary pressures, and slowing in growth of state general fund revenue, the same trend of increased state support is not a certainty for the 2023-25 biennium. While recessions often triggered increased college enrollments in the past, pandemic behavioral changes and continued high employment levels may alter that traditional response.

The ability of university leadership to successfully navigate the multiple challenges presented by the pandemic supports an outlook of continued 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 2022	2021 (Restated)
	(In thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	$ 161,653	$ 247,760
Collateral from Securities Lending (Note 2)	2,101	2,151
Accounts Receivable, Net (Note 3)	148,841	132,997
Notes Receivable, Net (Note 4)	2,544	2,843
Leases Receivable	1,603	1,726
Inventories	1,835	1,652
Prepaid Expenses	18,349	14,065
Total Current Assets	**336,926**	403,194
Noncurrent Assets		
Cash and Cash Equivalents (Note 2)	48,327	51,217
Investments (Note 2)	473,236	448,268
Notes Receivable, Net (Note 4)	17,927	19,845
Leases Receivable	71,954	73,546
Net OPEB Asset (Note 17)	9,594	1,369
Capital Assets, Net of Accumulated Depreciation (Note 5)	1,580,129	1,448,227
Total Noncurrent Assets	**2,201,167**	2,042,472
Total Assets	**$ 2,538,093**	$ 2,445,666
DEFERRED OUTFLOWS OF RESOURCES (Note 6)	**$ 199,919**	$ 177,757
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	$ 127,705	$ 101,733
Deposits	729	720
Obligations Under Securities Lending (Note 2)	2,101	2,151
Current Portion of Long-Term Liabilities (Note 9)	61,490	50,678
Current Portion of Asset Retirement Obligation (Note 10)	-	565
Unearned Revenues	64,601	65,366
Total Current Liabilities	**256,626**	221,213
Noncurrent Liabilities		
Long-Term Liabilities (Note 9)	970,680	1,011,135
Net Pension Liability (Note 16)	275,332	451,900
OPEB Liability (Note 17)	11,717	15,215
Asset Retirement Obligation (Note 10)	21,040	20,120
Total Noncurrent Liabilities	**1,278,769**	1,498,370
Total Liabilities	**$ 1,535,395**	$ 1,719,583
DEFERRED INFLOWS OF RESOURCES (Note 6)	**$ 304,985**	$ 96,439
NET POSITION		
Net Investment in Capital Assets	$ 957,113	$ 942,929
Restricted For:		
Nonexpendable Endowments	7,397	6,453
Expendable:		
Gifts, Grants and Contracts	55,340	68,581
Student Loans	10,131	9,816
Capital Projects	2,283	2,059
Debt Service	2,262	2,668
OPEB Asset	9,594	1,369
Unrestricted (Note 11)	(146,488)	(226,474)
Total Net Position	**$ 897,632**	$ 807,401

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

As of June 30,	Component Units 2022	2021 (Restated)
	(In thousands)	
ASSETS		
Cash and Cash Equivalents	$ 9,720	$ 4,051
Investments	916,431	983,975
Contributions, Pledges and Grants Receivable, Net	107,687	42,107
Assets Held-For-Sale	6,426	7,294
Assets Held Under Split-Interest Agreements	53,447	62,206
Charitable Trusts Held Outside the Foundation	11,452	13,841
Prepaid Expenses and Other Assets	6,024	3,922
Property and Equipment, Net	25,180	26,251
Total Assets	**$ 1,136,367**	$ 1,143,647
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 12,973	$ 6,394
Endowment Assets Held for OSU	54,208	61,114
Accounts Payable to the University	6,442	4,060
Obligations to Beneficiaries of Split-Interest Agreements	24,201	28,108
Deposits and Unearned Revenue	76	58
Long-Term Liabilities	20	14
Total Liabilities	**97,920**	99,748
NET ASSETS		
Without Donor Restrictions	47,698	66,573
With Donor Restrictions	990,749	977,326
Total Net Assets	**1,038,447**	1,043,899
TOTAL LIABILITIES AND NET ASSETS	**$ 1,136,367**	$ 1,143,647

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

For the Years Ended June 30,	University 2022	University 2021 (Restated)
	(In thousands)	
OPERATING REVENUES		
Student Tuition and Fees (Net of Allowances of $124,060 and $101,795, respectively)	$ 354,633	$ 349,347
Federal Grants and Contracts	239,794	252,356
State and Local Grants and Contracts	12,640	10,831
Nongovernmental Grants and Contracts	27,258	23,143
Educational Department Sales and Services	52,215	52,611
Auxiliary Enterprises (Net of Allowances of $2,995 and $1,842, respectively)	186,333	107,120
Other Operating Revenues	18,935	17,297
Total Operating Revenues	**891,808**	812,705
OPERATING EXPENSES		
Instruction	322,425	317,673
Research	222,278	227,159
Public Service	164,916	178,600
Academic Support	87,600	91,789
Student Services	36,388	36,281
Auxiliary Programs	183,528	153,740
Institutional Support	124,515	115,514
Operation and Maintenance of Plant	40,831	40,915
Student Aid	50,319	36,406
Other Operating Expenses	66,627	59,770
Total Operating Expenses (Note 14)	**1,299,427**	1,257,847
Operating Loss	**(407,619)**	(445,142)
NONOPERATING REVENUES (EXPENSES)		
Government Appropriations (Note 15)	286,643	273,598
Financial Aid Grants	72,555	54,105
Gifts	55,773	49,670
Investment Activity (Note 13)	(6,182)	27,682
COVID-19 Institutional Funding (Note 1, Section AA)	22,419	18,923
Loss on Sale of Assets, Net	550	(17)
Interest Expense	(33,988)	(29,477)
Other Nonoperating Items	(921)	(17,521)
Total Net Nonoperating Revenues	**396,849**	376,963
Loss Before Other Revenues	**(10,770)**	(68,179)
OTHER REVENUES		
Debt Service Appropriations (Note 15)	1,054	1,072
Capital Grants and Gifts	99,003	77,514
Changes to Permanent Endowments	944	758
Total Net Other Revenues	**101,001**	79,344
Increase In Net Position	**90,231**	11,165
NET POSITION		
Beginning Balance, Restated (Note 1, Section AC)	807,401	796,236
Ending Balance	**$ 897,632**	$ 807,401

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

For the Years Ended June 30,	Component Units 2022	2021 (Restated)
	(in thousands)	
CHANGE IN NET ASSETS HELD WITHOUT DONOR RESTRICTIONS		
REVENUES		
Grants, Bequests and Gifts	$ 7,336	$ 8,208
Investment Income, Net	(16,554)	20,238
Net Assets Released From Restrictions and Other Transfers	113,703	73,068
Other Revenues	23,597	21,445
Total Revenues	**128,082**	122,959
EXPENSES		
University Support	114,418	72,202
Management and General	14,036	12,846
Development	18,503	17,566
Total Expenses	**146,957**	102,614
Increase (Decrease) In Net Assets Held Without Donor Restrictions	**(18,875)**	20,345
Beginning Balance, Net Assets Held Without Donor Restrictions, Restated	66,573	46,228
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 47,698**	$ 66,573
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS		
REVENUES		
Grants, Bequests and Gifts	$ 197,856	$ 94,233
Investment Income, Net	(67,831)	187,450
Change in Value of Life Income Agreements	(7,030)	8,284
Other Revenues	4,130	3,354
Net Assets Released From Restrictions and Other Transfers	(113,702)	(73,068)
Increase In Net Assets Held With Donor Restrictions	**13,423**	220,253
Beginning Balance, Net Assets Held With Donor Restrictions, Restated	977,326	757,073
Ending Balance, Net Assets Held With Donor Restrictions	**$ 990,749**	$ 977,326
Beginning Balance, Restated	$ 1,043,899	$ 803,301
Increase (Decrease) In Total Net Assets	**(5,452)**	240,598
Ending Balance	**$ 1,038,447**	$ 1,043,899

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

For the Years Ended June 30,	University 2022	University 2021 (Restated)
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 353,195	$ 349,652
Grants and Contracts	265,879	283,551
Educational Department Sales and Services	53,050	50,341
Auxiliary Enterprise Operations	183,023	110,070
Payments to Employees for Compensation and Benefits	(833,268)	(777,783)
Payments to Suppliers	(324,297)	(304,032)
Student Financial Aid	(60,181)	(44,645)
Other Operating Receipts	18,109	13,304
Fiduciary Activities - Direct Student Loan Receipts	134,111	131,341
Fiduciary Activities - Direct Student Loan Disbursements	(134,203)	(131,248)
Net Cash Used by Operating Activities	**(344,582)**	(319,449)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Government Appropriations	286,643	273,598
Financial Aid Grants	72,555	54,105
Other Gifts and Private Contracts	53,924	49,670
Interest Payments on Noncapital Debt	(614)	(520)
COVID-19 Institutional Funding	22,419	18,923
Net Agency Fund Receipts	9	123
Net Cash Provided by Noncapital Financing Activities	**434,936**	395,899
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt Service Appropriations	1,054	1,072
Capital Grants and Gifts	98,846	87,561
Proceeds from Capital Debt	-	302,945
Sales of Capital Assets	2,222	929
Purchases of Capital Assets	(202,601)	(148,946)
Interest Payments on Capital Debt	(34,008)	(27,761)
Principal Payments on Capital Debt	(14,658)	(16,407)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(149,145)**	199,393
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchase of Investments	(43,067)	(291,487)
Interest Receipts on Investments and Cash Balances	12,861	11,164
Net Cash Used by Investing Activities	**(30,206)**	(280,323)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(88,997)**	(4,480)
CASH AND CASH EQUIVALENTS		
Beginning Balance	298,977	303,457
Ending Balance	**$ 209,980**	$ 298,977

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

For the Years Ended June 30,	University 2022	University 2021 (Restated)
	(In thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (407,619)	$ (445,142)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	72,865	69,658
Fiduciary Student Loans	(92)	93
Changes in Assets and Liabilities:		
Accounts Receivable	(14,795)	1,337
Notes Receivable	(1,001)	(4,800)
Leases	(1,991)	(2,105)
Inventories	(183)	63
Prepaid Expenses	(4,284)	(4,010)
Net Pension Liability and Related Deferrals	5,063	50,475
OPEB Asset/Liability and Related Deferrals	(2,883)	(50)
Asset Retirement Obligation and Related Deferral	(26)	510
Accounts Payable and Accrued Liabilities	25,052	(1,481)
Long-Term Liabilities	(13,923)	16,222
Unearned Revenues	(765)	(219)
NET CASH USED BY OPERATING ACTIVITIES	**$ (344,582)**	$ (319,449)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Capital Assets Acquired by Gifts-in-Kind	$ 1,049	$ 2,102
Capital Assets Acquired by Accounts Payable	5,807	4,619
Increase (Decrease) in Fair Value of Investments Recognized as a Component of Investment Activity	(17,580)	14,560
Gain (Loss) on Sale of Investments Recognized as a Component of Investment Activity	(1,463)	1,958

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 annual comprehensive financial report (ACFR).

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, 2022 and 2021 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 and presentation criteria. 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. 87, *Leases*, in 2022. The new standard required a restatement of the 2021 financial statements to provide consistency with the 2022 financial statements. GASB Statement No. 87 improves the accounting and financial reporting for leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, while a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement substantially impacts the university's lease accounting and reporting. Previously, unless a lease met specific criteria for capitalization, lessee leases were recorded as operating lease expense and lessor leases were recorded as operating lease revenue in the Statement of Revenue, Expenses and Changes in Net Position. See Note 1, Section AC. for further details regarding the impacts to the fiscal year 2021 financial statements due to the implementation of this standard.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments and is effective for the fiscal year ended June 30, 2022. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. OSU implemented this Statement effective for fiscal year 2022 and has changed all references of comprehensive annual financial report to annual comprehensive financial report throughout this document.

UPCOMING ACCOUNTING STANDARDS

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 arrangements (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.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. GASB Statement No. 99 aims to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal year ended June 30, 2024. Not all sections of the Statement will be applicable to the university. The Statement is being reviewed for applicability and impact on the university's financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62. This Statement defines four categories of accounting changes and error corrections and related accounting and financial reporting requirements: (1) Changes in accounting principle must be reported retroactively by restating prior periods; (2) changes in accounting estimate must be reported prospectively by recognizing the change in the current period; (3) changes to and within the financial reporting entity must be reported by adjusting beginning balances of the current period; and (4) error corrections resulting from mathematical mistakes, misuse of information, or misapplication of accounting principle should be reported retroactively by restating prior periods. This Statement will apply to the university if any of the above fact patterns exist. This Statement will be effective for the fiscal year ending June 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This statement will impact the university's calculation of the compensated absences liability and is currently being reviewed. This statement will be effective for the fiscal year ended June 30, 2025.

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 2022 and 2021, this included the National Science Foundation's Regional Class Research Vessel Program.) In these cases, the federal agencies control the assets and retain title.

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. Leases

The university determines if an arrangement is a lease at inception. Lessee arrangements include Right-of-Use (ROU) lease assets in capital assets and lease liabilities in current and noncurrent long-term liabilities in the statements of net position.

ROU lease assets represent the university's control of the right to use an underlying asset for the noncancelable lease term, as specified in the contract, in an exchange or exchange-like transaction. ROU lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. ROU lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the university's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the university will exercise that option.

Per OSU policy, the university has elected to recognize payments for short-term leases with a lease term of 12 months or less and leases with a present value of less than five thousand dollars as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statements of net position. Lease receivables represent the university's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

OSU recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. Per university policy, OSU also recognizes payments received on leases with an initial calculated net present value of five thousand dollars or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position.

J. 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).

K. 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.

L. 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 actuarially determined and allocated to the university by Oregon PERS. See Note 16 Employee Retirement Plans for a detailed description of the liability and the proportionate share methodology.

M. Net OPEB (Asset)/Liability

The university's net PERS RHIA OPEB asset, net PERS RHIPA OPEB (asset)/liability and the total PEBB OPEB liability along with the associated deferred outflows of resources, deferred inflows of resources and expenses are allocated to the university by the Oregon Department of Administrative Services based on their proportionate share . See Note 17 Other Post-Employment Benefits (OPEB) for a detailed description of each plan and the proportionate share methodology for each.

N. 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.

O. 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).

P. 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.

Q. 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.

R. 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, 2022, 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 $5,013,128. Non-expendable endowments on the Statement of Net Position at June 30, 2021, 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 $4,069,227.

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

	June 30, 2022	June 30, 2021
True Endowments		
Corpus	**$ 2,384**	$ 2,384
Market Valuation	**2,636**	3,294
Real Estate	**5,013**	4,069
Total	**10,033**	9,747
Quasi-Endowments		
Corpus	**64,129**	44,064
Market Valuation	**24,359**	38,023
Real Estate	**5,055**	3,779
Total	**93,543**	85,866
Total Fair Value of Endowments	**$ 103,576**	$ 95,613
Invested Endowments:		
Timber and Forestry Land Held by OSU	**$ 10,068**	$ 7,848
Invested by OSU Foundation	**54,209**	61,114
Separately Invested Equity Investments	**36,905**	24,960
Invested in the Public University Fund (PUF)	**169**	167
Total Invested Endowments	**101,351**	94,089
Endowment Cash in PUF	**150**	164
Long-Term Receivable from Casey Family Trust	**2,075**	1,360
Total Fair Value of Endowments	**$ 103,576**	$ 95,613

S. 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 2022 and 2021.

T. 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. For fiscal years 2022 and 2021, nonoperating revenues included Higher Education Emergency Relief Funds (HEERF). 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.

U. 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 repairs 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 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.

V. 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 $73,851,818 and $58,447,333 for the fiscal years ended 2022 and 2021, 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 $51,446,205 and $45,969,198 for the fiscal years ended 2022 and 2021, respectively. Bad debt expense related to student accounts is also reported as an allowance against operating revenues and was estimated to be $1,756,950 and ($778,626) for the fiscal years ended 2022 and 2021, respectively. Negative bad debt expense indicates a reduction in the allowance for doubtful accounts for the year.

W. 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 $134,202,860 and $131,247,757 for the fiscal years ended 2022 and 2021, respectively.

X. 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.

Y. 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. Perkins loans are reported in Notes Receivable, net of allowances for uncollectible amounts. Amounts due for repayment to the ED for the FCC portion are reported as current and noncurrent long-term liabilities. Net Perkins loan amounts are reported in Net Position under Expendable for Student Loans.

Z. Related-Party Transactions

OSU has an ongoing 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 Casey 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 original 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.

OSU has an ongoing related-party transaction with current football head coach Jonathan Smith. The parties have agreed to a split-dollar arrangement whereby Coach Smith has agreed to reduce his salary by $500,000 annually and the university has agreed to pay the policy premium on a life insurance policy for Coach Smith in the amount of $500,000 annually for fiscal years 2021 through 2026. The annual payment of the insurance policy premium results in a promissory note loan from the university to Coach Smith. Each $500,000 is loaned at the IRS applicable federal rate (AFR) in effect on the day the payment is made, with interest compounded annually. Repayment of the premium loan amount is due either upon the death of Coach Smith or mutual agreement of both parties to terminate the loan agreement. Interest on the loans may be pre-paid or paid at the time of termination of the agreement. The loan from OSU to Coach Smith is reported in non-current notes receivable.

AA. COVID-19 Relief Funding

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.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was approved by Congress in December 2020 as part of the Consolidated Appropriations Act of 2021. The law authorized $23 billion through the Education Stabilization Fund specifically for higher education. These funds were allocated to institutions using the HEERF in the CARES Act and this portion of relief funding is commonly referred to as HEERF II. The CRRSA Act requires institutions to provide the same amount in emergency aid to students as they received under the CARES Act, and allows them to use additional funds on institutional expenses to reimburse themselves for expenses that occurred due to continuing operations during the pandemic; defray losses due to decreased revenue; implement information technology infrastructure and distance learning capacity for current and future students; fund payroll; and faculty and staff professional development.

In March 2021, Congress passed additional COVID relief funding in the American Rescue Plan (ARP). This law authorized $39.6 billion to higher education through the Higher Education Emergency Relief Fund (known as HEERF III). Similar to the CARES Act, institutions must spend at least 50% of their allocation on emergency financial aid grants directly to students. Institutions are required to spend a "reasonable and necessary" amount of institutional funds on monitoring and controlling the spread of COVID-19 on their campus and on outreach to students alerting them of opportunities to receive a financial aid adjustment due to lost income as a result of the pandemic. Additionally, institutions may use remaining funds to replace lost revenue, fund emergency expenses, or meet payroll costs, among other expenses. Institutions who received HEERF I or HEERF II funds were automatically awarded HEERF III funds.

As of June 30, 2022, no additional COVID relief funding was awarded to OSU and the university received and dispersed their remaining HEERF III allocations. OSU received and dispersed directly to students as emergency financial aid grants the remaining $23,797,683 of HEERF III student allocation and recognized nonoperating financial aid grant revenue and student aid operating expense for the receipt and disbursement of these funds. OSU received $22,299,308 for the remaining institutional allocation and recognized other nonoperating revenue for the total amount received. Expenditures identified as allowable relate to COVID testing and tracing expenses, foregone housing and dining auxiliary revenues and lost tuition revenues attributed to the pandemic. In addition, OSU received the remaining $119,453 for the Strengthening Institutions Program (SIP), inclusive of HEERF I, II, and III. Funding through this program could be used for student aid or to defray institutional expenses, which may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll. These funds were used to offset lost conference and sport camp revenues attributed to the pandemic.

As of June 30, 2021, total COVID relief funding awarded to OSU under HEERF II and HEERF III was $72,919,251. OSU was awarded $31,577,682 for the student portion allocation, of which $7,779,999 was received and dispersed directly to students as emergency financial aid grants as of June 30, 2021, and $23,797,683 remained to be received and dispersed in fiscal year 2022. OSU recognized nonoperating financial aid grant revenue and student aid operating expense for the receipt and disbursement of these funds. OSU was awarded $41,121,795 for the institutional portion allocation. As of June 30, 2021, OSU had received $18,822,487 and $22,299,308 remained to be received in fiscal year 2022. OSU recognized other nonoperating revenue for the total amount received. Expenditures identified as allowable relate to foregone housing and dining auxiliary revenues and lost tuition revenues attributed to the pandemic. In addition to the student and institutional portions, OSU was awarded $219,774 through the Strengthening Institutions Program (SIP). Funding through this program could be used for student aid or to defray institutional expenses, which may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll. As of June 30, 2021, the university had received $100,321 with $119,453 available for fiscal year 2022. These funds were used to offset lost conference and sport camp revenues attributed to the pandemic.

OSU was also awarded $526,133 through the Governor's Emergency Education Relief Fund. Of this funding, none has been received or dispersed as of June 30, 2021. Of the total awarded, $399,923 is allocated for grants to students and $126,210 is allocated for institutional support. The total of this funding was received and dispersed in fiscal year 2022.

AB. 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

AC. Reclassifications and Restatements

Certain amounts within the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation. The reclassifications had no effect on previously reported net position.

The implementation of GASB Statement No. 87 in fiscal year 2022 required the retrospective restatement of all financial years presented. Accordingly, fiscal year 2021 financial information has been restated to reflect the implementation. For the fiscal year ended June 30, 2021, OSU increased operating revenue by $2,106,103, increased operating expenses by $50,772, and decreased net nonoperating revenue by $219,298 for a net impact to the Statement of Revenues, Expenses and Changes in Net Position of $1,836,033. OSU recorded an additional $88,005,183 in total assets, an additional $13,002,832 in total liabilities, an increase of $73,166,318 in deferred inflows, and a $1,836,033 increase in total net position in the Statement of Net Position for the fiscal year ended June 30, 2021.

Additionally, see Note 21 University Foundations regarding the restatement of total component unit financial information as of June 30, 2021.

2. CASH AND INVESTMENTS

At June 30, 2022 and 2021, 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, 2022	June 30, 2021
Unrestricted	**$ 135,363**	$ 104,762
Bond Proceeds		
Reserved for Capital	**196,132**	217,797
Available for Operations	**103,594**	168,808
Restricted For:		
Endowments	**101,499**	94,253
Capital	**89,782**	107,320
Student Aid	**11,405**	11,570
Debt Service	**10,166**	8,875
Payroll Withholdings	**28,905**	26,559
Student Groups and Campus Organizations	**488**	1,317
Perkins Title IV Cash	**3,386**	3,912
Petty Cash	**93**	153
Supplemental Retirement Plan Investment	**489**	547
Unrealized Gain on Investments	**1,914**	1,372
Total Cash and Investments	**$ 683,216**	$ 747,245

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. 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 **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, 2022 and 2021, OSU cash and cash equivalents on deposit at OST were $170,569,093 and $231,758,452, respectively. Cash and cash equivalents on deposit at fiscal years ended June 30, 2022 and 2021 included $50,510,019 and $130,225,550 , respectively, in unspent taxable revenue bond proceeds held in a separate OST account in the OSTF.

OTHER DEPOSITS

For the years ended June 30, 2022 and 2021, OSU had cash at U.S. Bank held for Title IV Perkins Loans of $3,386,303 and $3,911,921, respectively. OSU held cash at JPMorgan Chase bank for operations of $35,930,881 and $63,154,527, respectively, for the year ended June 30, 2022 and 2021. Additionally, for the years ended June 30, 2022 and 2021, OSU had vault and petty cash balances of $93,258 and $152,522, 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 US Bank and JPMorgan Chase 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 $870,885 and $692,185 at June 30, 2022 and 2021, 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 and separately managed fixed income portfolios. 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 investment policy. 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, board-directed strategic investments and a land grant endowment invested in the PUF. There are board designated funds invested in equities as a long-term investment strategy which aligns acceptable risk tolerance associated with investment duration as defined in the investment policy.

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, 2022 and 2021.

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, 2022	June 30, 2021
Operating Funds		
PUF Core Bond Fund	**$ 133,105**	$ 103,853
Other Investment Funds	**238,292**	249,778
Total Operating Funds	**371,397**	353,631
Endowment Funds		
Invested by OSU Foundation	**54,209**	61,115
Timber and Forestry Land	**10,068**	7,848
Board Directed Endowment	**36,905**	24,960
PUF Core Bond Fund	**169**	167
Total Endowment Funds	**101,351**	94,090
Separately Held Investments	**488**	547
Total Investments	**$ 473,236**	$ 448,268

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

	June 30, 2022	June 30, 2021
PUF Core Bond Fund		
Fixed Income	**100.0%**	100.0%
Other Investment Funds		
Fixed Income	**95.6%**	92.6%
Equities	**4.4%**	7.4%
	100.0%	100.0%
Board Directed Endowment		
Equities	**100.0%**	100.0%
Invested by OSU Foundation		
Equities	**48.5%**	58.8%
Alternative	**46.0%**	36.7%
Fixed Income	**5.5%**	4.5%
	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, 2022	June 30, 2021
Investment Type:		
Global Equities	**$ 369,629**	$ 503,565
Global Fixed Income	**118,551**	119,428
Private Equity Partnerships	**209,495**	170,557
Absolute Returns	**83,477**	89,611
Real Assets	**60,126**	48,711
Corporate Stocks and Bonds	**13,430**	23,586
Real Estate Held for Investments	**8,890**	8,757
Government Securities and Municipal Bonds	**5,642**	6,640
Domestic Equities	**6,686**	-
Mutual Funds	**2,839**	-
Investment Receivables	**(1,185)**	249
Cash Equivalents	**38,851**	12,871
Total Investments	**$ 916,431**	$ 983,975

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, 2022, approximately 100 percent of the PUF CBF pool was 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 $311,293,863. Fixed income securities which have not been evaluated by the rating agencies totaled $14,714,190. The PUF CBF totaled $326,008,053, of which OSU owned $133,273,926, or 40.9 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. Additionally, OSU has

$36,905,015 of separately managed Board designated endowments invested in environmentally and socially responsible equity funds and $10,381,608 in commercially developed equity investments, none of which are exposed to credit risk. The university's separately managed fixed income securities were rated as follows:

Investment Type	AAA	AA	A	BBB	Total
Cash & Equivalents	$ 14,697	$ -	$ -	$ -	$ 14,697
Corporate Bonds	1,150	10,415	46,319	31,932	89,816
Government Related	4,850	-	-	-	4,850
Municipal Bonds	7,851	22,399	-	-	30,250
Asset-Backed Securities	17,941	36,621	19,303	-	73,865
Treasury Notes & Bonds	14,433	-	-	-	14,433
Total	**$ 60,922**	**$ 69,435**	**$ 65,622**	**$ 31,932**	**$ 227,911**

As of June 30, 2021, approximately 94.5 percent of the PUF CBF pool was 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 $223,564,392. Fixed income securities which have not been evaluated by the rating agencies totaled $31,546,056. The PUF CBF totaled $270,090,652, of which OSU owned $104,020,096, or 38.5 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. Additionally, of the other investment funds of $269,609,953 and the Board directed endowment of $5,128,013 (separately managed funds), OSU had $24,959,669 invested in environmentally and socially responsible equity funds, none of which are exposed to credit risk.

The university's separately managed fixed income securities were rated as follows:

Investment Type	AAA	AA	A	BBB	Total
Cash & Equivalents	$ 9,187	$ -	$ -	$ -	$ 9,187
Corporate Bonds	655	18,614	48,889	31,161	99,319
Government Related	10,720	-	-	-	10,720
Money Market	-	22,101	-	-	22,101
Municipal Bonds	10,124	25,072	-	-	35,196
Asset-Backed Securities	29,836	18,186	16,655	-	64,677
Treasury Notes & Bonds	8,578	-	-	-	8,578
Total	$ 69,100	$ 83,973	$ 65,544	$ 31,161	$ 249,778

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. At June 30, 2022 and 2021, none of the investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the University's name.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk refers to potential losses if total investments are concentrated with one or few issuers. To mitigate the concentration of credit risk in the PUF, 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, except for U.S. Government and Agency issues. Per policy, both the PUF and the separately managed fixed income portfolios held no securities from a single issuer that exceeded five percent of the bond portfolios. The investment policy restricts, as of the date of purchase, investment in equities to no more than 15% of total operating assets, excluding unspent bond proceeds. The separately managed equity funds held were below 15% of the total investment portfolio at the time of the investment for the year ended June 30, 2022 and 2021.

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, 2022 or 2021.

Of the OSU Endowments invested by the OSU Foundation at June 30, 2022, $14,132,044, or 26.1 percent, were held subject to foreign currency risk. At June 30, 2021, $19,208,283, or 31.4 percent were held subject to foreign currency risk.

Of the separately managed investments at June 30, 2022, $10,790,502, or 29.2 percent, were held subject to foreign currency risk. At June 30, 2021, $2,617,250, or 10.5 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, 2022, securities held in the PUF CBF subject to interest rate risk totaled $326,008,053 and had an average duration of 3.70 years. Securities of the OSU Endowment investments held subject to interest rate risk totaling $1,989,436 had an average duration of 4.91 years. Separately managed fixed income investments held subject to interest rate risk were as follows:

Investment Type	Fair Value	Duration in years
Cash & Equivalents	$ 14,697	0.00
Corporate Bonds	89,816	1.60
Government Related	4,850	0.91
Municipal Bonds	30,250	1.67
Asset-Backed Securities	73,865	1.90
Treasury Notes & Bonds	14,433	2.44
Total	**$ 227,911**	
Average Duration		1.64

As of June 30, 2021, securities held in the PUF CBF subject to interest rate risk totaled $255,110,448 and had an average duration of 4.04 years. Securities of the OSU Endowment investments held subject to interest rate risk totaling $2,334,573 had an average duration of 4.91 years. Separately managed fixed income investments held subject to interest rate risk were as follows:

Investment Type	Fair Value	Duration in years
Cash & Equivalents	$ 9,187	0.00
Corporate Bonds	99,318	1.53
Government Related	10,720	0.82
Money Market	22,101	0.47
Municipal Bonds	35,196	2.33
Asset-Backed Securities	64,678	1.14
Treasury Notes & Bonds	8,578	0.56
Total	$ 249,778	
Average Duration		1.33

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, 2022 and 2021 totaled $133,273,926 and $104,020,096, respectively.

The following tables presents OSU's separately managed investments by level within the valuation hierarchy as of June 30, 2022 and 2021:

	Assets at fair value as of June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment Type:				
Corporate Bonds	**$ -**	**$ 89,375**	**$ -**	**$ 89,375**
Government Related	**-**	**4,845**	**-**	**4,845**
Municipal Bonds	**-**	**30,162**	**-**	**30,162**
Asset-Backed Securities	**-**	**73,813**	**-**	**73,813**
Treasury Notes & Bonds	**-**	**14,369**	**-**	**14,369**
Domestic Equity	**35,563**	**-**	**-**	**35,563**
International Equity	**11,588**	**-**	**-**	**11,588**
Timber and Forest Land	**-**	**-**	**10,068**	**10,068**
	$ 47,151	**$ 212,564**	**$ 10,068**	**$ 269,783**
Cash & Equivalents				**14,833**
Investments Receivable				**649**
Total Investments				**$ 285,265**

	Assets at fair value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investment Type:				
Corporate Bonds	$ -	$ 98,683	$ -	$ 98,683
Government Related	-	10,706	-	10,706
Municipal Bonds	-	35,118	-	35,118
Asset-Backed Securities	-	64,612	-	64,612
Treasury Notes & Bonds	-	8,576	-	8,576
Domestic Equity	22,057	-	-	22,057
International Equity	2,649	-	-	2,649
Timber and Forest Land	-	-	7,848	7,848
	$ 24,706	$ 217,695	$ 7,848	$ 250,249
At Amortized Cost:				
Money Market Funds				22,082
Cash & Equivalents				9,441
Investments Receivable				814
Total Investments				$ 282,586

COMPONENT UNIT INVESTMENTS BY LEVEL

The following tables present the component unit investments by level within valuation hierarchy as of June 30, 2022 and 2021:

	Assets at fair value as of June 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Pooled Investment Program	**$ 227,370**	**$ -**	**$ -**	**$ 227,370**
Other Nonpooled Investments	**39,171**	**-**	**-**	**39,171**
Total Investments	**$ 266,541**	**$ -**	**$ -**	**$ 266,541**
Real Estate Held for Investment Measured at Cost				**8,890**
Investments Measured at NAV				**641,000**
Total Investments				**$ 916,431**

	Assets at fair value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Pooled Investment Program	$ 199,413	$ -	$ -	$ 199,413
Other Nonpooled Investments	53,375	-	-	53,375
Total Investments	$ 252,788	$ -	$ -	$ 252,788
Real Estate Held for Investment Measured at Cost				8,757
Investments Measured at NAV				722,430
Total Investments				$ 983,975

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, 2022 and 2021.

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, 2022 and 2021, is effectively one day. As of June 30, 2022 and 2021, 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, 2022	June 30, 2021
Investment Type		
U.S. Treasury and Agency Securities	**$ 533**	$ 3,649
Domestic Fixed Income Securities	**1,775**	1,955
Total	**$ 2,308**	$ 5,604

The fair value of the university's share of total cash and securities collateral received as of June 30, 2022 and 2021, was $1,978,510 and $5,718,539, respectively. The fair value of the university's share of investments purchased with cash collateral as of June 30, 2022 and 2021, was $2,100,113 and $2,151,335, respectively.

3. ACCOUNTS RECEIVABLE

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

	June 30, 2022	June 30, 2021
Student Tuition and Fees	**$ 44,458**	$ 41,728
Federal Grants and Contracts	**63,543**	51,151
State, Other Government, and Private Gifts, Grants and Contracts	**10,857**	13,281
Auxiliary Enterprises and Other Operating Activities	**6,593**	5,561
State Capital Construction Grants	**7,001**	13,439
Component Units	**15,718**	4,901
Other	**7,529**	9,229
	155,699	139,290
Less: Allowance for Doubtful Accounts	**(6,858)**	(6,293)
Accounts Receivable, Net	**$ 148,841**	$ 132,997

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 Y 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 and telecommunications equipment 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.

The split-dollar loans represent related-party loans to former head baseball coach Pat Casey and current head football coach Jonathan Smith. See Note 1, Section Z for additional information.

Notes receivable comprised the following (in thousands):

	June 30, 2022		
	Current	**Noncurrent**	**Total**
Institutional and Other Student Loans	**$ 111**	**$ 303**	**$ 414**
Perkins Loans	**1,980**	**8,909**	**10,889**
Installment Receivable	**610**	**7,318**	**7,928**
Split-Dollar Loans	**-**	**2,075**	**2,075**
	2,701	**18,605**	**21,306**
Less: Allowance for Doubtful Accounts	**(157)**	**(678)**	**(835)**
Notes Receivable, Net	**$ 2,544**	**$ 17,927**	**$ 20,471**

	June 30, 2021		
	Current	Noncurrent	Total
Institutional and Other Student Loans	$ 40	$ 418	$ 458
Perkins Loans	2,512	11,595	14,107
Installment Receivable	487	7,330	7,817
Split-Dollar Loans	-	1,360	1,360
	3,039	20,703	23,742
Less: Allowance for Doubtful Accounts	(196)	(858)	(1,054)
Notes Receivable, Net	$ 2,843	$ 19,845	$ 22,688

5. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Transfer Completed Assets	Retire. And Adjust.	Balance June 30, 2021*	**Additions**	**Transfer Completed Assets**	**Retire. And Adjust.**	**Balance June 30, 2022**
Capital Assets, Non-depreciable/ Non-amortizable:									
Land	$ 35,858	$ 694	$ -	$ -	$ 36,552	**$ 554**	**$ -**	**$ -**	**$ 37,106**
Capitalized Collections	30,227	81	-	-	30,308	**68**	**-**	**(6)**	**30,370**
Construction in Progress	137,827	132,637	(118,977)	(91)	151,396	**142,089**	**(135,136)**	**(667)**	**157,682**
Total Capital Assets, Non-depreciable/Non-amortizable	203,912	133,412	(118,977)	(91)	218,256	**142,711**	**(135,136)**	**(673)**	**225,158**
Capital Assets, Depreciable/ Amortizable:									
Equipment	247,934	14,029	2,490	(7,983)	256,470	**15,406**	**4,167**	**(7,686)**	**268,357**
Library Materials	79,645	103	-	(2,791)	76,957	**80**	**-**	**(324)**	**76,713**
Buildings	1,629,477	2,812	104,345	-	1,736,634	**48,253**	**118,045**	**(1,882)**	**1,901,050**
Land Improvements	39,417	1,125	9,998	-	50,540	**(59)**	**6,717**	**-**	**57,198**
Improvements Other Than Buildings	14,019	32	1,057	-	15,108	**259**	**13**	**-**	**15,380**
Infrastructure	50,609	668	1,087	(249)	52,115	**87**	**6,194**	**-**	**58,396**
Intangible Assets	10,504	405	-	-	10,909	**-**	**-**	**-**	**10,909**
ROU Leased Equipment*	-	387	-	-	387	**126**	**-**	**(128)**	**385**
ROU Leased Buildings*	-	14,695	-	-	14,695	**169**	**-**	**-**	**14,864**
ROU Leased Land*	-	72	-	-	72	**-**	**-**	**-**	**72**
Total Capital Assets, Depreciable/Amortizable	2,071,605	34,328	118,977	(11,023)	2,213,887	**64,321**	**135,136**	**(10,020)**	**2,403,324**
Less Accumulated Depreciation/ Amortization for:									
Equipment	(190,217)	(15,533)	-	7,104	(198,646)	**(16,349)**	**-**	**5,732**	**(209,263)**
Library Materials	(77,643)	(426)	-	2,791	(75,278)	**(365)**	**-**	**324**	**(75,319)**
Buildings	(588,786)	(45,545)	-	830	(633,501)	**(47,394)**	**-**	**2,244**	**(678,651)**
Land Improvements	(20,462)	(2,783)	-	(46)	(23,291)	**(3,158)**	**-**	**-**	**(26,449)**
Improvements Other Than Buildings	(11,454)	(507)	-	-	(11,961)	**(534)**	**-**	**-**	**(12,495)**
Infrastructure	(26,596)	(2,282)	-	-	(28,878)	**(2,472)**	**-**	**-**	**(31,350)**
Intangible Assets	(9,779)	(161)	-	-	(9,940)	**(147)**	**-**	**-**	**(10,087)**
ROU Leased Equipment*	-	(144)	-	-	(144)	**(110)**	**-**	**128**	**(126)**
ROU Leased Buildings*	-	(2,272)	-	-	(2,272)	**(2,327)**	**-**	**-**	**(4,599)**
ROU Leased Land*	-	(5)	-	-	(5)	**(9)**	**-**	**-**	**(14)**
Total Accumulated Depreciation/ Amortization	(924,937)	(69,658)	-	10,679	(983,916)	**(72,865)**	**-**	**8,428**	**(1,048,353)**
Total Capital Assets, Net	$ 1,350,580	$ 98,082	$ -	$ (435)	$ 1,448,227	**$ 134,167**	**$ -**	**$ (2,265)**	**$ 1,580,129**
Capital Assets Summary									
Capital Assets, Non-depreciable/ Non-amortizable	$ 203,912	$ 133,412	$ (118,977)	$ (91)	$ 218,256	**$ 142,711**	**$ (135,136)**	**$ (673)**	**$ 225,158**
Capital Assets, Depreciable/ Amortizable	2,071,605	34,328	118,977	(11,023)	2,213,887	**64,321**	**135,136**	**(10,020)**	**2,403,324**
Total Cost of Capital Assets	2,275,517	167,740	-	(11,114)	2,432,143	**207,032**	**-**	**(10,693)**	**2,628,482**
Less Accumulated Depreciation/ Amortization	(924,937)	(69,658)	-	10,679	(983,916)	**(72,865)**	**-**	**8,428**	**(1,048,353)**
Total Capital Assets, Net*	$ 1,350,580	$ 98,082	$ -	$ (435)	$ 1,448,227	**$ 134,167**	**$ -**	**$ (2,265)**	**$ 1,580,129**

*As Restated, see Note 1, Section AC

6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

	June 30, 2022	June 30, 2021*
Deferred Outflows of Resources		
Pension		
Contributions Subsequent to the Measurement Date	**$ 46,756**	$ 49,883
Change in Proportionate Share	**39,395**	10,401
Difference Between Contributions and Proportionate Share of Contributions	**45**	82
Difference Between Expected and Actual Experience	**25,773**	19,889
Change in Assumptions	**68,924**	24,252
Net Difference Between Projected and Actual Earnings on Plan Investments**	**-**	53,138
OPEB		
Contributions Subsequent to the Measurement Date	**600**	884
Change in Proportionate Share	**963**	1,978
Difference Between Contributions and Proportionate Share of Contributions	**59**	69
Change in Assumptions	**529**	365
Net Difference Between Projected and Actual Earnings on Plan Investments**	**-**	322
Asset Retirement Obligations	**16,875**	16,494
Total Deferred Outflows of Resources	**$ 199,919**	$ 177,757
Deferred Inflows of Resources		
Pension		
Change in Proportionate Share	**$ 4,513**	$ 8,213
Difference Between Contributions and Proportionate Share of Contributions	**15,198**	10,320
Change in Assumptions	**725**	850
Net Difference Between Projected and Actual Earnings on Plan Investments**	**203,826**	-
OPEB		
Difference Between Contributions and Proportionate Share of Contributions	**47**	37
Change in Proportionate Share	**3,161**	1,024
Difference Between Expected and Actual Experience	**2,189**	479
Change in Assumptions	**3,279**	2,349
Net Difference Between Projected and Actual Earnings on Plan Investments**	**2,586**	-
Leases*	**69,461**	73,167
Total Deferred Inflows of Resources*	**$ 304,985**	$ 96,439

*As Restated, see Note 1, Section AC
**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, 2022	June 30, 2021
Services and Supplies	**$ 79,299**	$ 57,189
Payroll Related	**26,015**	23,791
Accrued Interest	**10,655**	10,923
Salaries and Wages	**5,929**	5,211
Contract Retainage	**5,807**	4,619
Total	**$ 127,705**	$ 101,733

8. LEASES

A. Lessee Arrangements

OSU leases office equipment, space and land from external parties for various terms under long-term non-cancelable lease agreements. The leases expire at various dates through fiscal year 2032 and provide for renewal options ranging from one year to five years. In accordance with GASB Statement No. 87, the university records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the university's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. The university had no variable lease expense during fiscal years 2022 or 2021. The university has multiple leases featuring payments tied to an index or market rate. The university does not have any leases subject to a residual value guarantee. OSU has one related-party lessee arrangement with the OSU Foundation. The university leases the University Plaza building from the foundation at market rate with no special considerations included in the lease terms. The lease is currently set to expire on December 31, 2022 and the university is currently in negotiations with the foundation to extend the lease. See Note 5 Capital Assets for information on right-to-use assets and associated accumulated amortization. See Note 9 Long-Term Liabilities for future payments schedule.

B. Lessor Arrangements

OSU leases office, food service, and educational space and land to external parties. The university records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or by using the university's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. OSU has one related-party lessor arrangement with the OSU Foundation. The foundation leases approximately 4,385 square feet of office space in the OSU Portland Center building located in downtown Portland, OR. The lease terms are at market rate with no special considerations included in the lease terms. The lease is set to expire on July 31, 2028. During the years ended June 30, 2022 and 2021 the university recognized lease revenues related to lessor agreements totaling $3,737,061 and $3,752,949, respectively. The university also recognized interest revenues totaling $1,574,116 and $1,604,435, during the fiscal years ended June 30, 2022 and 2021, respectively. Additionally, the university recognized variable revenue related to leases totalling $600,655 and $55,067, during the fiscal years ended June 30, 2022 and 2021, respectively.

9. LONG-TERM LIABILITIES

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

	Balance June 30, 2021*	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	$ 277,637	$ -	$ (9,512)	$ 268,125	$ 13,568	$ 254,557
Oregon Department of Energy Loans (SELP)	9,802	-	(761)	9,041	785	8,256
Revenue Bonds	623,155	-	(366)	622,789	366	622,423
Leases	13,002	2,411	(4,377)	11,036	2,124	8,912
Installment Purchases	8	-	(8)	-	-	-
Direct Placement Debt						
General Revenue Note	40,000	-	-	40,000	-	40,000
Total Long-Term Debt	963,604	2,411	(15,024)	950,991	16,843	934,148
Other Noncurrent Liabilities						
Notes Payable	234	-	(117)	117	117	-
PERS pre-SLGRP Pooled Liability	20,463	-	(2,123)	18,340	2,846	15,494
Compensated Absences	42,035	27,770	(29,548)	40,257	29,637	10,620
Supplemental Retirement Plan	547	1	(60)	488	-	488
Perkins Loan Program Liability	15,244	-	(3,107)	12,137	2,207	9,930
Deferred Payroll Taxes Payable	19,686	-	(9,846)	9,840	9,840	-
Total Other Noncurrent Liabilities	98,209	27,771	(44,801)	81,179	44,647	36,532
Total Long-Term Liabilities	$ 1,061,813	$ 30,182	$ (59,825)	$ 1,032,170	$ 61,490	$ 970,680

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021*	Amounts Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	$ 271,533	$ 145,698	$ (139,594)	$ 277,637	$ 9,512	$ 268,125
Oregon Department of Energy Loans (SELP)	10,544	-	(742)	9,802	753	9,049
Revenue Bonds	320,577	302,945	(367)	623,155	366	622,789
Leases*	-	17,291	(4,289)	13,002	2,196	10,806
Installment Purchases	8	-	-	8	8	-
Direct Placement Debt						
General Revenue Note	40,000	-	-	40,000	-	40,000
Total Long-Term Debt	642,662	465,934	(144,992)	963,604	12,835	950,769
Other Noncurrent Liabilities						
Note Payable	351	-	(117)	234	117	117
PERS pre-SLGRP Pooled Liability	23,375	-	(2,912)	20,463	2,685	17,778
Compensated Absences	35,469	28,990	(22,424)	42,035	22,488	19,547
Supplemental Retirement Plan	477	70	-	547	-	547
Perkins Loan Program Liability	17,864	-	(2,620)	15,244	2,710	12,534
Deferred Payroll Taxes Payable	7,071	12,615	-	19,686	9,843	9,843
Total Other Noncurrent Liabilities	84,607	41,675	(28,073)	98,209	37,843	60,366
Total Long-Term Liabilities*	$ 727,269	$ 507,609	$ (173,065)	$ 1,061,813	$ 50,678	$ 1,011,135

*As Restated, see Note 1, Section AC

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

	Contracts, Bonds and Other Borrowings						Direct Placement General Revenue Note		
For the Year Ending June 30,	Contracts Payable	SELP	Revenue Bonds	Leases	Principal	Interest	Principal	Interest	Total Payments
2023	$ 21,878	$ 1,163	$ 23,063	$ 2,281	$ 16,477	$ 31,908	$ -	$ 608	$ 48,993
2024	24,795	1,164	23,063	2,006	19,690	31,338	40,000	704	91,732
2025	24,484	1,163	23,063	1,784	19,651	30,843	-	-	50,494
2026	24,535	1,163	23,063	1,744	20,127	30,378	-	-	50,505
2027	23,348	1,164	23,063	1,771	19,455	29,891	-	-	49,346
2028-2032	105,049	5,353	115,313	1,961	86,618	141,058	-	-	227,676
2033-2037	73,405	-	115,313	-	61,278	127,440	-	-	188,718
2038-2042	40,207	-	115,313	-	36,731	118,789	-	-	155,520
2043-2047	8,362	-	236,433	-	139,755	105,040	-	-	244,795
2048-2052	-	-	252,903	-	179,500	73,403	-	-	252,903
2053-2057	-	-	219,658	-	179,685	39,973	-	-	219,658
2058-2062	-	-	131,796	-	123,260	8,536	-	-	131,796
					$ 902,227	$ 768,597	$ 40,000	$ 1,312	
Total Future Debt Service	**346,063**	**11,170**	**1,302,044**	**11,547**			**41,312**		**1,712,136**
Less: Interest Component of Future Payments	(77,938)	(2,129)	(688,019)	(511)			(1,312)		(769,909)
Principal Portion of Future Payments	**268,125**	**9,041**	**614,025**	**11,036**			**40,000**		**942,227**
Adjusted by:									
Net Unamortized Bond Premiums	-	-	8,764	-			-		8,764
Total Long-Term Debt	**$ 268,125**	**$ 9,041**	**$ 622,789**	**$ 11,036**			**$ 40,000**		**$ 950,991**

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. In the event of default, the state may withhold future disbursements of state general fund appropriations up to the amount of default. Loans, with interest rates ranging from 0.07 percent to 5.38 percent, are due serially through 2044.

During the fiscal year ended June 30, 2022, changes to OSU's contracts payable included debt service payments for principal of $9,339,645 and the deduction of $172,483 for the amortization of accreted interest applicable to zero coupon bonds sold prior to 2002.

During the fiscal year ended June 30, 2021, 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 state also issued $7,070,000 of Series 2021H XI-F(1) Tax Exempt bonds and $38,225,000 of Series 2021I 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 2043. The refunding of previously held debt will ultimately save the university $17,402,942 over the next 24 years, with 95 percent of the savings front-loaded to the first four 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. The new issuances and refunding of previously held debt resulted in a net increase of $17,480,385 in contracts payable. Other changes to OSU's contracts payable to the state during fiscal year ended June 30, 2021, included debt service payments for principal of $11,007,583 and the addition and deduction of $13,692 and $382,009, 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. Upon event of default, the lender may accelerate the due date and declare balance due immediately. The projects funded by the loan serve as security for the debt. 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 2060 and have effective yields ranging from 3.25 percent to 5.00 percent.

During the fiscal year ended June 30, 2022, OSU did not issue any new General Revenue Bonds. Changes to the revenue bond liability during fiscal year 2022 included the amortization of $366,406 in bond premium.

During the fiscal year ended June 30, 2021, 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. Other changes to the revenue bond liability during fiscal year 2021 included the amortization of $366,858 in bond premium.

D. Direct Placement Debt - 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. Note Payable

OSU has 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, 2022, $117,178 remains to be paid.

F. 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 annual comprehensive financial report. OSU paid interest expense on the liability in the amounts of $2,191,755 and $1,696,046 for June 30, 2022 and 2021, respectively. Principal payments of $2,123,420 and $2,912,001 were applied to OSU's liability for June 30, 2022 and 2021, respectively.

G. Supplemental Retirement Plan

OSU participates in a supplemental retirement plan for eligible employees who have been designated to become a participant in the plan. 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. See Note 16 Employee Retirement Plans, Section B Other Retirement Plans for additional information.

H. 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 Y Perkins Loan Program Termination for additional information.

I. 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 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, 2022 OSU has deferred payments totaling $9,839,508, which are due in fiscal year 2023.

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 $21,040,000 and $20,685,280 for the years ended June 30, 2022 and 2021, respectively. The remaining unamortized deferred outflow equaled $16,875,455 and $16,494,034, respectively, for 2022 and 2021.

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: **www.nrc.gov/waste/decommissioning/reg-guides-comm/regulations.html**

For the years ended June 30, 2022 and 2021, OSU reported an ARO liability of $21,040,000 and $20,120,000, respectively, related to the OSTR. The remaining unamortized deferred outflow equaled $16,875,455 and $16,494,034, respectively, for 2022 and 2021. Both the liability and deferred outflow increased in fiscal year 2022 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, 2022 and 2021, the OSTR had an estimated remaining useful life of 31.3 years and 32.3 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, 2022, 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 were located, and accordingly must remove the UST from the ground. The university removed the UST during fiscal year 2022.

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: **www.epa.gov/ust/underground-storage-tanks-usts-laws-and-regulations**

As a result of the removal of the UST during fiscal year 2022, the university reported no ARO liability for the UST as of June 30, 2022. For the year ended June 30, 2021 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.

11. UNRESTRICTED NET POSITION

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

	June 30, 2022	June 30, 2021
University Operations	**$ 239,624**	$ 162,253
Net Pension Liability, Net of Deferrals (See Notes 6 & 16)	**(318,701)**	(313,638)
Compensated Absences Liability	**(33,672)**	(34,949)
State and Local Government Rate Pool Liability (See Note 9)	**(18,340)**	(20,463)
Other Post-Employment Benefits Liabilities, Net of Deferrals (See Notes 6 & 17)	**(11,234)**	(15,486)
Asset Retirement Obligation, Net of Deferrals (See Notes 6 & 10)	**(4,165)**	(4,191)
Total Unrestricted Net Position	**$ (146,488)**	$ (226,474)

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, 2022	June 30, 2021
Total Operating Revenues	**$ 891,808**	$ 812,705
(Less):		
Student Building Fees	**(2,910)**	(2,977)
Student Incidental Fees	**(29,444)**	(27,900)
Federal Grants and Contracts	**(239,794)**	(252,356)
State and Local Grants and Contracts	**(12,640)**	(10,831)
Nongovernmental Grants and Contracts	**(27,258)**	(23,143)
Amounts Required to be Deposited or Paid for University-Paid State Bonds	**(21,987)**	(18,161)
Plus:		
Adjusted Beginning Unrestricted Net Position, Restated	**(232,539)**	(186,682)
General Revenues Pledged to Repay Revenue Bonds	**$ 325,236**	$ 290,655

13. INVESTMENT ACTIVITY

Investment Activity detail is as follows (in thousands):

	June 30, 2022	June 30, 2021
Royalties and Technology Transfer Income	**$ 6,873**	$ 4,552
Investment Earnings	**3,442**	3,326
Endowment Income	**1,869**	1,786
Net Appreciation (Depreciation) of Investments	**(17,580)**	14,560
Gain (Loss) on Sale of Investments	**(1,463)**	1,958
Interest Income	**677**	1,500
Total Investment Activity	**$ (6,182)**	$ 27,682

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 changed the reported compensation and benefit expenses of OSU by ($7,818,442) and $60,424,416 for the fiscal years ended June 30, 2022 and 2021, respectively. The following displays operating expenses by both the functional and natural classifications (in thousands):

June 30, 2022	**Compensation and Benefits**	**Services and Supplies**	**Scholarships and Fellowships**	**Depreciation and Amortization**	**Other**	**Total**
Instruction	$ 296,117	$ 25,923	$ 81	$ 101	$ 203	**$ 322,425**
Research	153,992	65,064	3,158	44	20	**222,278**
Public Services	91,200	70,597	1,974	95	1,050	**164,916**
Academic Support	64,933	22,620	14	33	-	**87,600**
Student Services	30,727	5,611	9	1	40	**36,388**
Auxiliary Services	83,154	76,902	5,020	18,452	-	**183,528**
Institutional Support	86,200	36,371	(1)	1,943	2	**124,515**
Operation & Maint. of Plant	17,977	22,641	-	213	-	**40,831**
Student Aid	29	33	49,926	-	331	**50,319**
Other	255	14,389	-	51,983	-	**66,627**
Total	**$ 824,584**	**$ 340,151**	**$ 60,181**	**$ 72,865**	**$ 1,646**	**$ 1,299,427**

June 30, 2021	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	$ 298,145	$ 19,270	$ 57	$ 92	$ 109	$ 317,673
Research	158,697	65,532	2,877	36	17	227,159
Public Services	97,436	79,085	1,066	92	921	178,600
Academic Support	71,205	20,549	2	33	-	91,789
Student Services	32,557	3,712	3	-	9	36,281
Auxiliary Services	79,771	51,938	3,986	18,045	-	153,740
Institutional Support	77,622	35,920	4	1,943	25	115,514
Operation & Maint. of Plant	20,633	20,068	-	214	-	40,915
Student Aid	24	(680)	36,650	-	412	36,406
Other	4,653	5,914	-	49,203	-	59,770
Total	$ 840,743	$ 301,308	$ 44,645	$ 69,658	$ 1,493	$ 1,257,847

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, 2022	June 30, 2021
General Fund - Education & General	**$ 157,293**	$ 153,062
General Fund - Statewide Public Services	**77,817**	69,651
General Fund - SELP Debt Service	**1,054**	1,072
Lottery Funding - Outdoor School	**24,709**	23,890
Lottery Funding - Sports Lottery	**603**	579
Harvest Tax	**3,392**	3,217
Total State Appropriations	**$ 264,868**	$ 251,471
Federal Appropriations	**8,872**	10,323
County Appropriations	**13,957**	12,876
Total Appropriations	**$ 287,697**	$ 274,670

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 Annual Comprehensive 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, 2021 and 2020 are as follows (dollars in millions):

Collective Plan:	**June 30, 2021**	June 30, 2020
Total Pension Liability	**$ 96,298**	$ 90,143
Plan Fiduciary Net Position	**84,331**	68,319
Plan Net Pension Liability	**$ 11,967**	$ 21,824

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, 2021 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

BENEFIT TERMS

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member 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, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the 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. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a $200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

DEATH BENEFITS

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 account 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.

Effective January 1, 2020, Senate Bill 1049 requires employers to pay contributions on re-employed PERS retirees' salaries as if they were active members, excluding IAP (6 percent) contributions.

During the fiscal year ended June 30, 2021, the university funded a PERS side account totaling $10,000,000 which represents approximately 2.2 percent of the university's unfunded actuarial liability as of June 30, 2021. PERS contributed a $2,225,203 matching contribution to the university's side account. This side account does not impact employee benefits received under PERS; instead, it represents a prepayment of OSU's on-going contributions. The university will see the benefit of a lower employer contribution rate over the next 10 years as the account is amortized. Effective December 1, 2020, the university's employer contribution rate was reduced by 0.57 percent due to the side account.

Employer contribution rates for the fiscal year ended June 30, 2022 were based on the December 31, 2019 actuarial valuation. Employer contribution rates for the fiscal year ended June 30, 2021 were based on the December 31, 2017 actuarial valuation. The employer contribution rates for PERS and OPSRP are as follows:

	2022	2021
Base Tier One/Two Rate	21.03%	19.05%
SLGRP Rate	1.52%	1.71%
RHIA and RHIPA OPEB Rate	0.33%	0.45%
Side Account Offset Rate	-0.57%	-0.57%
Total PERS Tier One/Two Rate	**22.31%**	20.64%
Base OPSRP Rate	17.12%	12.77%
SLGRP Rate	1.52%	1.71%
RHIA and RHIPA OPEB Rate	0.17%	0.27%
Side Account Offset Rate	-0.57%	-0.57%
Total OPSRP Rate	**18.24%**	14.18%

The university's required employer contributions for PERS and OPSRP for the years ended June 30, 2022 and 2021, were $51,670,719 and $45,375,470, 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, 2022 and 2021, were $233,924 and $240,480, respectively.

NET PENSION LIABILITY

At June 30, 2022, the university reported a liability of $275,331,939 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date. At June 30, 2021, the university reported a liability of $451,899,608 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date.

Beginning in fiscal year 2022, OSU receives an agency-specific proportionate share allocation directly from PERS as a result of the university's contributions to its independent side account. At June 30, 2022, OSU's proportion was 2.30 of the statewide pension plan. Through fiscal year 2021, the PERS system did not provide OSU an audited proportionate share as a separate employer; the university was 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 in relation to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2021, OSU's proportion was 2.07 percent of the statewide pension plan.

For the years ended June 30, 2022 and 2021, OSU recorded total pension expense of $41,818,944 and $100,358,533, 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, proportionate share of contributions and contributions subsequent to the measurement date are calculated at the employer level. For fiscal years ending June 30, 2022 and 2021, 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, 2021 – 5.4 years
- Measurement period ended June 30, 2020 – 5.3 years
- 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

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 2022 and 2021.

At June 30, 2022, 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	$ 25,773	$ -
Change in Assumptions	68,924	(725)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(203,826)
Change in Proportionate Share	39,395	(4,513)
Differences Between Contributions and Proportionate Share of Contributions	45	(15,198)
Total	**$ 134,137**	**$ (224,262)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(90,125)	
Contributions Subsequent to the MD	46,756	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ (43,369)**	

Of the amount reported as deferred outflows of resources, $46,755,930 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, 2023.

As of June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ended June 30:		
2023	$	(16,353)
2024		(15,726)
2025		(22,896)
2026		(43,556)
2027		8,406
	$	(90,125)

At June 30, 2021, 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	$ 19,889	$ -
Change in Assumptions	24,252	(850)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	53,138	-
Change in Proportionate Share	10,401	(8,213)
Differences Between Contributions and Proportionate Share of Contributions	82	(10,320)
Total	$ 107,762	$ (19,383)
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	88,379	
Contributions Subsequent to the MD	49,883	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 138,262	

Of the amount reported as deferred outflows of resources, $49,883,413 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, 2022.

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, 2022**	June 30, 2021
Valuation Date	December 31, 2019	December 31, 2018
Measurement Date	June 30, 2021	June 30, 2020
Experience Study Report	2018, published July 2019	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.40 percent	2.50 percent
Long-Term Expected Rate of Return	6.90 percent	7.20 percent
Discount Rate	6.90 percent	7.20 percent
Projected Salary Increases	3.40 percent	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:*	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	Active members:	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	Disabled retirees:	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	

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, 2022 was 6.90 percent and at June 30, 2021 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 6.90 and 7.20 percent as of June 30, 2022 and 2021, respectively, 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, 2022	June 30, 2021
1% Decrease 5.90%/6.20%	**$ 540,968**	$ 671,034
Current Discount Rate 6.90%/7.20%	**275,332**	451,900
1% Increase 7.90%/8.20%	**53,327**	268,146

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	27.50	37.50	32.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Investments	7.50	17.50	15.00
Opportunity Portfolio	0.00	5.00	0.00
Risk Parity	0.00	2.50	2.50
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 June 2021 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 annual comprehensive 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)
Global Equity	30.62%	5.85%
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limmited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Funds of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation – Mean		2.40%

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 years 2022 and 2021 was 5.60 percent. Payroll assessments paid by OSU for the fiscal years ended June 30, 2022 and 2021, were $15,744,390 and $15,372,150, respectively.

B. Other Retirement Plans

OPTIONAL RETIREMENT PLAN

The 1995 Oregon Legislature enacted legislation that authorized the public universities in the state 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:

	2022	2021
Tier One/Two	**26.30%**	27.20%
Tier Three	**9.63%**	9.85%
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 years ended June 30, 2022 and 2021, the university did not make any contributions to the 415(m) arrangement or to the employees' 403(b) plan.

SUMMARY OF OTHER PENSION PAYMENTS

OSU's total payroll for the year ended June 30, 2022 was $551,997,741, of which $223,759,759 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, 2022			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
ORP	$ 16,139	7.21%	$ 12,373	5.53%
TIAA	45	0.02	45	0.02
FERS - TSP	63	0.03	152	0.07
Total	**$ 16,247**	**7.26%**	**$ 12,570**	**5.62%**

Of the employee share, OSU paid $10,194,614 of the ORP and $44,931 of the TIAA employee contributions on behalf of their employees during the fiscal year ended June 30, 2022. The FERS-TSP contributions of $152,453 represents employee contributions to the TSP for FERS employees that were matched from one to five percent by the employer in fiscal year 2022.

OSU's total payroll for the year ended June 30, 2021 was $518,385,554, of which $213,137,834 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, 2021			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
ORP	$ 16,748	7.86%	$ 11,831	5.55%
TIAA	54	0.03	54	0.03
FERS - TSP	69	0.03	172	0.08
Total	$ 16,871	7.92%	$ 12,057	5.66%

Of the employee share, OSU paid $9,846,330 of the ORP and $53,953 of the TIAA employee contributions on behalf of their employees during the fiscal year ended June 30, 2021. The FERS-TSP contributions of $172,119 represents employee contributions to the TSP for FERS employees that were matched from one to five percent by the employer in fiscal year 2021.

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 annual comprehensive 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, 2021 and June 30, 2020 are as follows (in millions):

	June 30, 2021	June 30, 2020
Net OPEB - RHIA (Asset)		
Total OPEB - RHIA Liability	$ 409.5	$ 406.9
Plan Fiduciary Net Position	752.9	610.7
Plan Net OPEB - RHIA (Asset)	**$ (343.4)**	$ (203.8)
Net OPEB - RHIPA Liability/(Asset)		
Total OPEB - RHIA Liability	$ 62.9	$ 64.3
Plan Fiduciary Net Position	78.4	54.3
Plan Net OPEB - RHIA Liability	**$ (15.5)**	$ 10.0

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, 2021 measurement date.

CONTRIBUTIONS

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

For the fiscal years ended June 30, 2022 and 2021, the university contributed 0.05 and 0.06 percent, respectively, of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. The university's required employer contributions for the years ended June 30, 2022 and 2021 were approximately $34,780 and $43,056, respectively. The actual contribution equaled the annual required contribution for the year.

For the fiscal years ended June 30, 2022 and 2021, the university contributed 0.11 and 0.12 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 0.17 and 0.27 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, 2022 and 2021 were approximately $564,834 and $840,953, respectively. The actual contribution equaled the annual required contribution for the year.

NET OPEB ASSET/LIABILITY

a. RHIA

At June 30, 2022, the university reported an asset of $8,464,774 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2022 was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. At June 30, 2021, the university reported an asset of $1,369,345 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2021 was measured as of June 30, 2020, and the total OPEB asset used to calculate the net

OPEB asset was determined by an actuarial valuation as of December 31, 2018. 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, 2022 and June 30, 2021, OSU's proportion was 2.46 and 0.67 percent of the statewide OPEB plan, respectively.

For the years ended June 30, 2022 and 2021, OSU recorded OPEB related expense of ($1,747,961) and $729,652, 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, 2022, the university reported a asset of $1,129,001 for its proportionate share of the RHIPA net OPEB asset. The net OPEB asset as of June 30, 2022 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. For the year ended June 30, 2021, the university reported a liability of $742,213 for its proportionate share of the RHIPA net OPEB liability. The net OPEB liability as of June 30, 2021 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. 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, 2022 and June 30, 2021, OSU's proportion was 7.29 and 7.44 percent, respectively, of the statewide OPEB plan.

For the years ended June 30, 2022 and 2021, OSU recorded OPEB related expense of ($224,170) and $97,439, respectively, due to changes in the net RHIPA OPEB liability/(asset), 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, 2022 and 2021, 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, 2021 - 2.7 years
- Measurement period ended June 30, 2020 - 2.9 years
- Measurement period ended June 30, 2019 - 3.1 years
- Measurement period ended June 30, 2018 - 3.3 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 2022 and 2021.

At June 30, 2022, 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	$ -	$ (235)
Change in Assumptions	166	(126)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(2,012)
Change in Proportionate Share	893	(2,203)
Difference Between Contributions and Proportionate Share of Contributions	1	(20)
Total	**$ 1,060**	**$ (4,596)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(3,536)	
Contributions Subsequent to the MD	35	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ (3,501)**	

Of the amount reported as deferred outflows of resources, $34,780 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, 2023.

As of June 30, 2022, 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:	
2023	$ (1,122)
2024	(1,319)
2025	(459)
2026	(636)
	$ (3,536)

At June 30, 2021, 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	$ -	$ (140)
Change in Assumptions	-	(73)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	153	-
Change in Proportionate Share	1,886	(48)
Difference Between Contributions and Proportionate Share of Contributions	7	(16)
Total	$ 2,046	$ (277)
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	1,769	
Contributions Subsequent to the MD	43	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 1,812	

Of the amount reported as deferred outflows of resources, $43,056 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, 2022.

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, 2022 and 2021, 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, 2021 - 6.2 years
- Measurement period ended June 30, 2020 - 6.4 years
- 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 2022 and 2021.

At June 30, 2022, 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	$ -	$ (499)
Change in Assumptions	82	(398)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(574)
Change in Proportionate Share	8	(137)
Difference Between Contributions and Proportionate Share of Contributions	13	(24)
Total	**$ 103**	**$ (1,632)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(1,529)	
Contributions Subsequent to the MD	565	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ (964)**	

Of the amount reported as deferred outflows of resources, $564,834 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, 2023.

As of June 30, 2022, 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:	
2023	$ (353)
2024	(349)
2025	(349)
2026	(366)
2027	(103)
Thereafter	(9)
	$ (1,529)

At June 30, 2021, 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	$ -	$ (281)
Change in Assumptions	18	(499)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	169	-
Change in Proportionate Share	10	(141)
Difference Between Contributions and Proportionate Share of Contributions	17	(17)
Total	$ 214	$ (938)
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(724)	
Contributions Subsequent to the MD	841	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 117	

Of the amount reported as deferred outflows of resources, $840,953 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, 2022.

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, 2022	June 30, 2021
Valuation Date	December 31, 2019	December 31, 2018
Measurement Date	June 30, 2021	June 30, 2020
Experience Study Report	2018, published July 2019	
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	2.50 percent
Long-Term Expected Rate of Return	6.90 percent	7.20 percent
Discount Rate	6.90 percent	7.20 percent
Projected Salary Increases	3.40 percent	3.50 percent
Retiree Healthcare Participation	Healthy retirees: 32%; Disabled retirees: 20%	
Healthcare Cost Trend Rate	Not applicable	
Mortality	*Healthy retirees and beneficiaries:*	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
	Active members:	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
	Disabled retirees:	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	

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

Actuarial Methods and Assumptions:		
	RHIPA	
	June 30, 2022	June 30, 2021
Valuation Date	December 31, 2019	December 31, 2018
Measurement Date	June 30, 2021	June 30, 2020
Experience Study Report	2018, published July 2019	
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	2.50 percent
Long-Term Expected Rate of Return	6.90 percent	7.20 percent
Discount Rate	6.90 percent	7.20 percent
Projected Salary Increases	3.40 percent	3.50 percent
Retiree Healthcare Participation	8-14 Years of Service: 10% 15-19 Years of Service: 15% 20-24 Years of Service: 19% 25-29 Years of Service: 26% 30+ Years of Service: 34%	
Healthcare Cost Trend Rate	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 4.9% for 2025, increasing to 5.0% for 2036, and decreasing to an ultimate rate of 4.0% for 2074 and beyond.	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 5.0% for 2022, increasing to 5.9% for 2031, and decreasing to an ultimate rate of 4.1% for 2094 and beyond.
Mortality	*Healthy retirees and beneficiaries:*	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
	Active members:	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	
	Disabled retirees:	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	

DISCOUNT RATE

The discount rate used to measure the total OPEB liability/(asset) at June 30, 2022 and 2021 was 6.90 and 7.20 percent, respectively. 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 6.90 and 7.20 percent as of June 30, 2022 and 2021, respectively, 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):

Discount Rate	RHIA		RHIPA	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
1% Decrease 5.90%/6.20%	**$(7,486)**	$(1,106)	**$ (844)**	$ 1,043
Current Discount Rate 6.90%/7.20%	**(8,465)**	(1,369)	**(1,129)**	742
1% Increase 7.90%/8.20%	**(9,301)**	(1,595)	**(1,396)**	462

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):

Healthcare Cost Rate	RHIA		RHIPA	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
1% Decrease	**$(8,465)**	$(1,369)	**$(1,511)**	$ 523
Current Trend Rate	**(8,465)**	(1,369)	**(1,129)**	742
1% Increase	**(8,465)**	(1,369)	**(702)**	1,022

ASSUMED ASSET ALLOCATION

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00 %	25.00 %	20.00 %
Public Equity	27.50	37.50	32.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Investments	7.50	17.50	15.00
Opportunity Portfolio	0.00	5.00	0.00
Risk Parity	0.00	2.50	2.50
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 June 2021 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)
Global Equity	30.62%	5.85%
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limmited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Funds of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation – Mean		2.40%

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 82) 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, 2022, the university reported a liability of $11,716,997 for its proportionate share of the total OPEB liability. The total OPEB liability as of June 30, 2022 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. At June 30, 2021, the university reported a liability of $14,472,485 for its proportionate share of the total OPEB liability. The total OPEB liability as of June 30, 2021 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. 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, 2022 and 2021, OSU's proportion was 9.50 and 9.58 percent, respectively, of participating employers.

For the year ended June 30, 2022 and 2021, OSU recorded total PEBB OPEB related expense of $576,144 and $958,454, 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, 2022 and 2021 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, 2022 - 7.8 years
- Measurement period ended June 30, 2021 - 8.6 years
- 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 2022 and 2021.

At June 30, 2022, 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	$ -	$ (1,455)
Change in Assumptions	281	(2,755)
Change in Proportionate Share	62	(821)
Difference Between Contributions and Proportionate Share of Contributions	45	(3)
Total	**388**	**(5,034)**
Net Deferred Outflow/(Inflow) of Resources	**$ (4,646)**	

As of June 30, 2022, 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:	
2023	$ (741)
2024	(741)
2025	(741)
2026	(722)
2027	(723)
Thereafter	(978)
	$ (4,646)

At June 30, 2021, 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	$ -	$ (58)
Change in Assumptions	347	(1,777)
Change in Proportionate Share	82	(835)
Difference Between Contributions and Proportionate Share of Contributions	45	(4)
Total	474	(2,674)
Net Deferred Outflow/(Inflow) of Resources	$ (2,200)	

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, 2022**	June 30, 2021
Valuation Date	July 1, 2021	July 1, 2019
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.00 percent	2.50 percent
Discount Rate	3.54 percent	2.16 percent
Projected Salary Increases	3.00 percent	3.50 percent
Withdrawal, retirement, and mortality rates	December 31, 2019 Oregon PERS valuation	December 31, 2018 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.	
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, 2022 and 2021 reporting date was 3.54 and 2.16 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 3.54 percent as of June 30, 2022 and 2.16 percent as of June 30, 2021, 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, 2022 and 2021 (in thousands):

Discount Rate	June 30, 2022	June 30, 2021
1% Decrease 2.54%/1.16%	**$ 12,564**	$ 15,511
Current Discount Rate 3.54%/2.16%	**11,717**	14,473
1% Increase 4.54%/3.16%	**10,924**	13,495

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, 2022 and 2021 (in thousands):

Healthcare Rate	**June 30, 2022**	June 30, 2021
1% Decrease	**$ 10,417**	$ 13,020
Current Trend Rate	**11,717**	14,473
1% Increase	**13,255**	16,183

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 $611,275,262 at June 30, 2022. These commitments will be primarily funded from gifts and grants, bond proceeds, and other OSU funds.

Several of the larger construction project commitments include Reser Stadium West Grandstands for $111 million, Cordley Hall for $88 million, Arts and Education Complex for $53 million, Withycombe Hall renovations for $50 and the Upper Division and Graduate Student Housing project for $46 million.

In conjunction with capital construction projects at the Corvallis campus, OSU committed to a corridor improvement plan for frontage improvement along Washington Way between 35th Street and Benton Way. The corridor improvement plan was submitted by the university and approved by the city of Corvallis in early 2020. The $29 million project is scheduled to begin in the Fall of 2022 and to be completed by December 2023.

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, 2022.

20. SUBSEQUENT EVENTS

OSU management has reviewed events and transactions that occurred subsequent to the Statement of Net Position date of June 30, 2022, and found none that required adjustment or disclosure in the financial statements.

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, 2022 and 2021.

As of June 30, 2021, the total component unit information was restated to properly reflect revenue recognition as follows (in thousands):

	Originally Reported	Restatement	Restated Balance
Deposits and Unearned Revenues	$ 5,482	$ (5,424)	$ 58
Grants, Bequests, and Gifts - Unrestricted	10,567	(2,359)	8,208
Beginning Balance, Total Net Assets	795,517	7,784	803,301

During the years ended June 30, 2022 and 2021, gifts of $106,714,452 and $67,482,983, 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 starting on page 66.

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*


VALLEY

Component Units
Combining Financial Statements

Statements of Financial Position
As of June 30, 2022

	Oregon State University Foundation	Agricultural Research Foundation	Total Component Units
		(in thousands)	
ASSETS			
Cash and Cash Equivalents	$ 7,423	$ 2,297	$ 9,720
Investments	887,834	28,597	916,431
Contributions, Pledges and Grants Receivable, Net	106,230	1,457	107,687
Assets Held-For-Sale	6,426	-	6,426
Assets Held Under Split-Interest Agreements	53,447	-	53,447
Charitable Trusts Held Outside the Foundation	11,452	-	11,452
Prepaid Expenses and Other Assets	6,024	-	6,024
Property and Equipment, Net	25,179	1	25,180
Total Assets	**$ 1,104,015**	**$ 32,352**	**$ 1,136,367**
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 12,834	$ 139	$ 12,973
Endowment Assets Held for OSU	54,208	-	54,208
Accounts Payable to the University	-	6,442	6,442
Obligations to Beneficiaries of Split-Interest Agreements	24,201	-	24,201
Other Liabilities	76	-	76
Long-Term Liabilities	-	20	20
Total Liabilities	**91,319**	**6,601**	**97,920**
NET ASSETS			
Without Donor Restrictions	33,358	14,340	47,698
With Donor Restrictions	979,338	11,411	990,749
Total Net Assets	**1,012,696**	**25,751**	**1,038,447**
TOTAL LIABILITIES AND NET ASSETS	**$ 1,104,015**	**$ 32,352**	**$ 1,136,367**

Component Units
Combining Financial Statements

Statements of Activities
For the Year Ended June 30, 2022

	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	$ 643	$ 6,693	$ 7,336
Investment Income, Net	(14,479)	(2,075)	(16,554)
Net Assets Released From Restrictions and Other Transfers	110,756	2,947	113,703
Other Revenues	23,597	-	23,597
Total Revenues	**120,517**	**7,565**	**128,082**
EXPENSES			
University Support	103,874	10,544	114,418
Management and General	13,579	457	14,036
Development	18,503	-	18,503
Total Expenses	**135,956**	**11,001**	**146,957**
Decrease In Net Assets Held Without Donor Restrictions	**(15,439)**	**(3,436)**	**(18,875)**
Beginning Balance, Net Assets Held Without Donor Restrictions, Restated	48,797	17,776	66,573
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 33,358**	**$ 14,340**	**$ 47,698**
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 194,602	$ 3,254	$ 197,856
Investment Income, Net	(67,887)	56	(67,831)
Change in Value of Life Income Agreements	(7,030)	-	(7,030)
Other Revenues	4,130	-	4,130
Net Assets Released From Restrictions and Other Transfers	(110,755)	(2,947)	(113,702)
Increase In Net Assets Held With Donor Restrictions	**13,060**	**363**	**13,423**
Beginning Balance, Net Assets Held With Donor Restrictions, Restated	966,278	11,048	977,326
Ending Balance, Net Assets Held With Donor Restrictions	**$ 979,338**	**$ 11,411**	**$ 990,749**
Beginning Balance, Total Net Assets, Restated	$ 1,015,075	$ 28,824	$ 1,043,899
Decrease In Total Net Assets	**(2,379)**	**(3,073)**	**(5,452)**
Ending Balance, Total Net Assets	**$ 1,012,696**	**$ 25,751**	**$ 1,038,447**

Component Units
Combining Financial Statements

Statements of Financial Position
As of June 30, 2021

	Oregon State University Foundation	Agricultural Research Foundation (Restated)	Total Component Units
		(in thousands)	
ASSETS			
Cash and Cash Equivalents	$ 2,329	$ 1,722	$ 4,051
Investments	953,749	30,226	983,975
Contributions, Pledges and Grants Receivable, Net	40,920	1,187	42,107
Assets Held-For-Sale	7,294	-	7,294
Assets Held Under Split-Interest Agreements	62,206	-	62,206
Charitable Trusts Held Outside the Foundation	13,841	-	13,841
Prepaid Expenses and Other Assets	3,869	53	3,922
Property and Equipment, Net	26,245	6	26,251
Total Assets	**$ 1,110,453**	**$ 33,194**	**$ 1,143,647**
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 6,098	$ 296	$ 6,394
Endowment Assets Held for OSU	61,114	-	61,114
Accounts Payable to the University	-	4,060	4,060
Obligations to Beneficiaries of Split-Interest Agreements	28,108	-	28,108
Other Liabilities	58	-	58
Long-Term Liabilities	-	14	14
Total Liabilities	**95,378**	**4,370**	**99,748**
NET ASSETS			
Without Donor Restrictions	48,797	17,776	66,573
With Donor Restrictions	966,278	11,048	977,326
Total Net Assets	**1,015,075**	**28,824**	**1,043,899**
TOTAL LIABILITIES AND NET ASSETS	**$ 1,110,453**	**$ 33,194**	**$ 1,143,647**

Component Units
Combining Financial Statements

Statements of Activities
For the Year Ended June 30, 2021

	Oregon State University Foundation	Agricultural Research Foundation (Restated)	Total Component Units
		(in thousands)	
CHANGE IN NET ASSETS HELD WITHOUT DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 891	$ 7,317	$ 8,208
Investment Income, Net	17,979	2,259	20,238
Net Assets Released From Restrictions and Other Transfers	70,636	2,432	73,068
Other Revenues	21,445	-	21,445
Total Revenues	**110,951**	**12,008**	**122,959**
EXPENSES			
University Support	64,714	7,488	72,202
Management and General	12,469	377	12,846
Development	17,566	-	17,566
Total Expenses	**94,749**	**7,865**	**102,614**
Increase In Net Assets Held Without Donor Restrictions	**16,202**	**4,143**	**20,345**
Beginning Balance, Net Assets Held Without Donor Restrictions	32,595	13,633	46,228
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 48,797**	**$ 17,776**	**$ 66,573**
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 91,744	$ 2,489	$ 94,233
Investment Income, Net	187,452	(2)	187,450
Change in Value of Life Income Agreements	8,284	-	8,284
Other Revenues	3,354	-	3,354
Net Assets Released From Restrictions and Other Transfers	(70,636)	(2,432)	(73,068)
Increase In Net Assets Held With Donor Restrictions	**220,198**	**55**	**220,253**
Beginning Balance, Net Assets Held With Donor Restrictions	746,080	10,993	757,073
Ending Balance, Net Assets Held With Donor Restrictions	**$ 966,278**	**$ 11,048**	**$ 977,326**
Beginning Balance, Total Net Assets	$ 778,675	$ 24,626	$ 803,301
Increase In Total Net Assets	**236,400**	**4,198**	**240,598**
Ending Balance, Total Net Assets	**$ 1,015,075**	**$ 28,824**	**$ 1,043,899**

Required Supplementary Information (dollars in thousands)

SCHEDULE OF UNIVERSITY CONTRIBUTIONS
Public Employees Retirement System

For Fiscal Years Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution[1]	$ 46,756	$ 39,883	$ 40,555	$ 28,059	$ 27,936	$ 19,571	$ 19,078	$ 15,945	$ 15,100	$ 13,760
Contributions in Relation to Contractually Required Contribution	46,756	39,883	40,555	28,059	27,936	19,571	19,078	15,945	15,100	13,760
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 288,021	$ 280,514	$ 278,387	$ 267,033	$ 258,277	$ 244,265	$ 228,327	$ 218,835	$ 202,058	$ 189,839
Contributions as a Percentage of Covered Payroll	16.2%	14.2%	14.6%	10.5%	10.8%	8.0%	8.4%	7.3%	7.5%	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,	2021	2020	2019	2018	2017	2016	2015	2014	2013
University's Allocation of the Net Pension Liability/(Asset)	2.30%	2.07%	1.99%	2.00%	2.18%	2.15%	2.00%	1.80%	1.80%
University's Proportionate Share of the Net Pension Liability/(Asset)	$ 275,332	$ 451,900	$ 344,658	$ 302,317	$ 293,882	$ 322,538	$ 114,746	$ (40,834)	$ 91,930
University's Covered Payroll	$ 280,514	$ 278,387	$ 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	98.15%	162.33%	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)	87.57%	75.79%	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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contributions[1]	$ 35	$ 43	$ 47	$ 1,205	$ 1,171	$ 1,172	$ 1,104	$ 1,170	$ 1,091	$ 1,020
Contributions in Relation to the Actuarially Determined Contributions	35	43	47	1,205	1,171	1,172	1,104	1,170	1,091	1,020
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$287,246	$279,571	$278,354	$266,994	$258,239	$244,227	$228,283	$217,824	$201,446	$184,769
Contributions as a Percentage of Covered Payroll	0.01%	0.02%	0.02%	0.45%	0.45%	0.48%	0.48%	0.54%	0.54%	0.55%

[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,	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIA OPEB Liability/(Asset)	2.46%	0.67%	2.52%	2.35%	2.46%	0.00%
University's Proportionate Share of the Net RHIA OPEB Liability/(Asset)	$ (8,465)	$ (1,369)	$ (4,869)	$ (2,626)	$ (1,027)	$ 641
University's Covered Payroll	$279,571	$278,354	$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	3.03%	0.49%	1.82%	1.02%	0.42%	0.28%
Plan Fiduciary Net Position as a Percentage of the Total RHIA OPEB Liability/(Asset)	183.86%	150.09%	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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contributions[1]	$ 565	$ 841	$ 846	$ 1,104	$ 1,076	$ 937	$ 886	$ 508	$ 475	$ 257
Contributions in Relation to the Actuarially Determined Contributions	565	841	846	1,104	1,076	937	886	508	475	257
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$287,246	$279,571	$278,354	$266,994	$258,239	$244,227	$228,283	$217,824	$201,446	$184,769
Contributions as a Percentage of Covered Payroll	0.20%	0.30%	0.30%	0.41%	0.42%	0.38%	0.39%	0.23%	0.24%	0.14%

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

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

As of the Measurement Date June 30,	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIPA OPEB Liability/(Asset)	7.29%	7.44%	8.01%	7.98%	7.97%	8.01%
University's Proportionate Share of the Net RHIPA OPEB Liability/(Asset)	$ (1,129)	$ 742	$ 2,028	$ 2,820	$ 3,718	$ 4,299
University's Covered Payroll	$279,571	$278,354	$266,994	$258,239	$244,227	$228,283
University's Proportionate Share of the Net RHIPA OPEB Liability/(Asset) as a Percentage of Covered Payroll	0.40%	0.27%	0.76%	1.09%	1.52%	1.88%
Plan Fiduciary Net Position as a Percentage of the Total RHIPA OPEB Liability/(Asset)	124.64%	84.45%	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,	2022	2021	2020	2019	2018	2017
University's Allocation of the Total OPEB Liability	$ 11,717	$ 14,473	$ 14,516	$ 16,082	$ 15,242	$ 14,696
University's Proportionate Share of the Total OPEB Liability	9.58%	9.58%	9.90%	9.98%	10.26%	10.15%
University's Covered Payroll	$ 421,287	$ 409,461	$ 413,757	$402,161	$368,750	$388,332
University's Proportionate Share of the Total OPEB Liability as a Percentage of Covered Payroll	2.78%	3.53%	3.51%	4.00%	4.13%	3.78%
Total OPEB Liability as a % of Total Covered Payroll	2.76%	3.72%	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:

Michael J. Green
Vice President for Finance and Administration
Oregon State University
640 Kerr Administration Building
Corvallis, OR 97331
541-737-2092

Oregon State University
oregonstate.edu

Office of the Vice President for
Finance and Administration

640 Kerr Administration Building
Corvallis, OR 97331-2156