Oregon State University

2023 Annual Financial Report

Oregon State University

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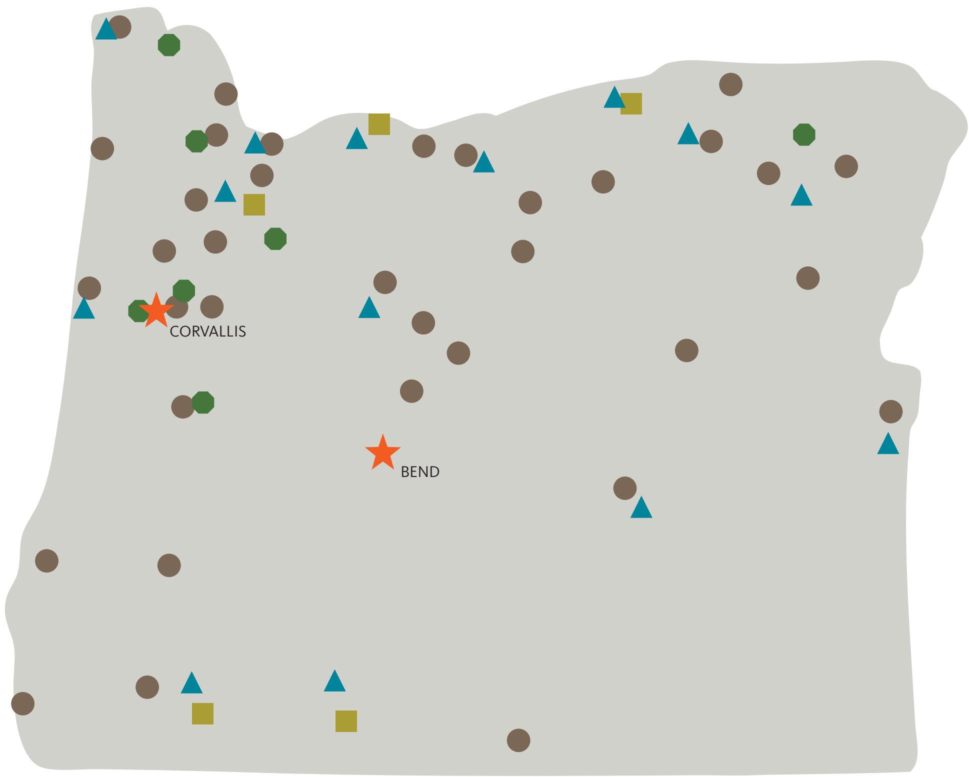
Board of Trustees (effective as of June 30, 2023)

Executive Officers (effective as of June 30, 2023)

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.



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

MISSION

As a land grant institution committed to teaching, research, 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

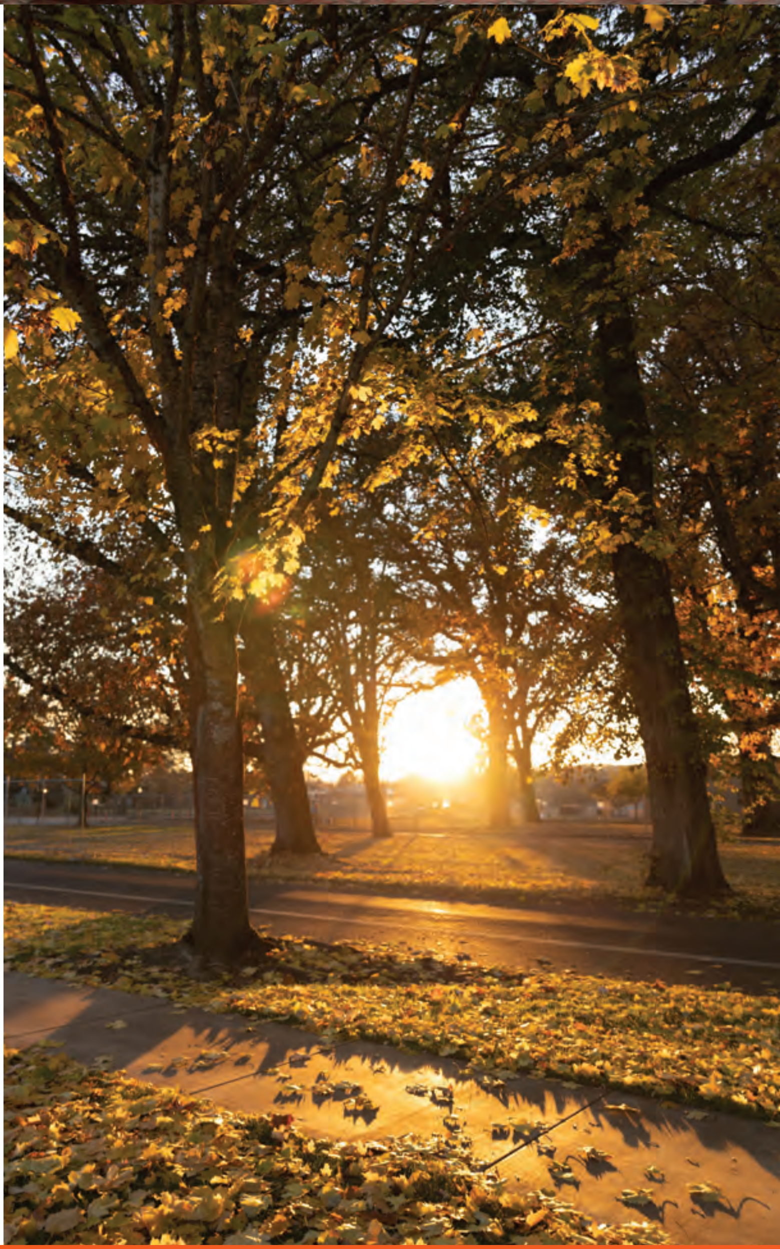
Leadership among land grant universities in the integrated creation, sharing and application of knowledge for the betterment of human kind. In this way, we produce graduates, scholarship and solutions that achieve maximum positive impact on humanity's greatest challenges.

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 President Jayathi Y. Murthy

I am very pleased to have completed my first academic year as president of Oregon State University and to report that OSU ended 2022-23 in a strong financial position. The university experienced continued momentum in a number of important initiatives to advance its land grant mission of teaching, research and community service engagement. We were able to return to full on-campus operations this year after significant challenges over the past two years navigating the COVID-19 pandemic. OSU continued its trajectory of positive enrollment growth and increases in research funding while diligently managing expenses.

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.

I am delighted to report that OSU continues its preeminence as Oregon's leading comprehensive public research university. Oregon State was the largest university in the state for the ninth consecutive year with 35,239 students enrolled for the 2022-23 academic year. Students of color made up more than 29% of the university's overall enrollment, a 6.9% increase over the previous year. In Corvallis, there were 23,592 students enrolled last fall. OSU-Cascades in Bend enrolled a total of 1,271 students. OSU's highly ranked Ecampus program enrolled 10,376 distance students in 2022-2023, a rise of 6% over the previous year. Oregon State also continues to be a school of choice among Oregon residents. Oregonians made up 68.6% of OSU's Corvallis degree-seeking undergraduate enrollment and 77.8% of OSU-Cascades' overall enrollment. The university continues to pursue an enrollment forecast that calls for steady modest growth in Corvallis; 2,200 students at its OSU-Cascades campus in Bend by 2030; and 30,000 or more degree-seeking students enrolled online through Ecampus by 2030.

Oregon State's research enterprise continues to excel. In fiscal year 2023, research awards and research-related revenues were $480 million and $12.9 million, respectively, totaling $493 million. This represents an increase of over 30% compared to the corresponding fiscal year 2022 figures. The university enjoys a strong reputation to lead large, complex, multi-year federally funded infrastructure projects, as evidenced by our success in navigating the pandemic and weather events to build three 200-foot Regional Class Research Vessels for the National Science Foundation. The university also is leading construction of the PacWave wave energy testing facility off the Oregon coast.

Capital construction projects continue to improve OSU's main campus in Corvallis. The university secured state bond funding to match $35 million in philanthropy to construct the $70 million Patricia Valian Reser Center for the Creative Arts, also known as PRAx, which opens in April 2024. Oregon State also successfully raised $91.5 million in gifts to help finance the $160.8 million construction of a modernized Reser Stadium, which opened for the first home football game on Sept. 9, 2023. The Reser Stadium project included a $19.8 million new health center that serves students, faculty, staff and the local community, as well as a $10.5 million state-of-the-art student welcome center. The university continues to make impactful investments in renovations of critical teaching and research space, as evidenced by the $171.7 million renovation and modernization of Cordley Hall, a 236,000-square-foot teaching and research building that is home to the departments of Integrative Biology and Botany and Plant Pathology. These two departments serve more than 1,100 students each year, and the facility includes research spaces that generate significant grant funding for the university.

In its 75th year, the Oregon State University Foundation led the charge to publicly launch ***Believe It: The Campaign for Oregon State University*** on Friday, Oct. 14, 2022. This campaign marks the university's second fundraising and engagement campaign. At the time of the launch, donors had already contributed $1 billion toward the $1.75 billion goal and created nearly 500 new scholarship, fellowship and student support funds, an increase of 26% since the campaign began. In fiscal year 2023, donors gave $168.5 million, resulting in the third best year ever in fundraising, a reflection of the incredible momentum following the launch. Notably, the advocacy efforts of the foundation through the Beaver Caucus and the university helped secure $72 million for the Jen-Hsun and Lori Huang Collaborative Innovation Complex as well as other significant investments from the state Legislature. The OSU Foundation endowment ended the fiscal year with a market value of $827.43 million, up from $764.52 on June 30, 2022.

As we look ahead, the 2023-24 academic year promises to advance OSU's impact as the state's leading research university. This October, the university's Board of Trustees will consider Oregon State's next strategic plan that will take us through the end of the 2029-30 academic year. This plan will be bold and galvanize the university to reach new heights in enrollment, student success and research impacts. We have remarkable momentum and greatly value OSU's strong Board of Trustees and academic, research and administrative leaders. I am confident that Oregon State University will continue to provide exemplary service to the state, the nation, and the world.

Jayathi Y. Murthy

OSU President

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 1.4% of all Universities in the World

No. 2 Forestry in the World

No. 2 Best Agriculture College in the U.S.

No. 2 Best College Town in America

No. 3 Oceanography in the World

No. 3 Best Universities Solving Climate Change

No. 8 Online Bachelor's Program in the U.S.

No. 8 Marine and Freshwater Biology in the World

CliftonLarsonAllen LLP
CLAconnect.com

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 the aggregate discretely presented component units of the Oregon State University, a component unit of the State of Oregon, as of and for the years ended June 30, 2023 and 2022, 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 other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2023 and 2022, 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%, 97%, and 94%, respectively of the 2023 assets, net assets and revenues of the aggregate discretely presented component units and 97%, 98% and 95%, respectively of the 2022 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.

Emphasis of Matter

During the fiscal year ended June 30, 2023, the University adopted Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* . 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, 2021. Our auditors' opinion was not modified with respect to the restatements.

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*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 the 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 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 GAAS, 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 November 9, 2023, 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 the 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 Oregon State University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
November 9, 2023

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, 2023, 2022, and 2021. 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

	2023	2022	2021	2020	2019
Corvallis	**18,348**	18,043	18,418	19,873	20,745
Cascades	**1,035**	926	850	843	810
Ecampus	**10,435**	9,742	9,102	7,617	6,659
Total	**29,818**	28,711	28,370	28,333	28,214

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 22 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

OSU continued its solid financial growth during fiscal year 2023. Total assets increased by $204 million, or 8 percent, at the year's end. This increase was driven mostly by a $236 million increase in net capital assets, a $33 million increase in notes receivable, and a $31 million increase in accounts receivable. The remaining asset categories decreased by a net of $96 million.

Deferred outflows decreased by $10 million, due mostly to a decrease in deferred outflows related to the net pension liability.

Total liabilities increased by $157 million, or 10 percent, during 2023 primarily due to a $93 million increase in the net pension liability, a $43 million increase in accounts payable and accrued liabilities, a $14 million increase in unearned revenue, and a $8 million increase in long-term liabilities. The remaining liability categories decreased by a net of $1 million.

Deferred inflows decreased by $107 million, due mostly to a decrease in deferred inflows related to the net pension liability.

Total net position increased by $144 million during fiscal year 2023 primarily due to a $181 million increase in net investment in capital assets and a $16 million increase in restricted net position, which were offset by a $53 million decrease in unrestricted net position.

Total revenues increased by $154 million, or 11 percent, in 2023 over 2022. This increase was widely distributed among most income categories led by increases in grants and contracts of $74 million, investment activity of $36 million, student tuition and fees of $26 million, capital grants and gifts of $23 million, auxiliary enterprises of $13 million, government appropriations of $11 million, gifts of $8 million, and educational and other revenues of $1 million. These increases were offset by decreases in financial aid grants of $14 million and changes to permanent endowments of $2 million, as well as a decrease of $22 million in COVID-19 institutional funding due to no new funding during 2023.

Operating expenses increased by $105 million in 2023, or 8 percent, over 2022. This increase was spread among many categories led by increases in research of $33 million, public service of $30 million, instruction of $22 million, auxiliary programs of $19 million, student services of $7 million, institutional support of $3 million, operations and maintenance of plant of $2 million, and other operating expenses of $1 million. These increases were offset by decreases in student aid of $11 million and academic support of $1 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,	2023	2022	2021
Current Assets	$ 345	$ 337	$ 403
Noncurrent Assets	581	621	594
Capital Assets, Net	1,835	1,599	1,448
Total Assets	$ 2,761	$ 2,557	$ 2,445
Deferred Outflows of Resources	$ 190	$ 200	$ 177
Current Liabilities	$ 353	$ 264	$ 221
Noncurrent Liabilities	1,356	1,288	1,498
Total Liabilities	$ 1,709	$ 1,552	$ 1,719
Deferred Inflows of Resources	$ 198	$ 305	$ 96
Net Investment in Capital Assets	$ 1,140	$ 959	$ 943
Restricted - Nonexpendable	7	7	6
Restricted - Expendable	96	80	84
Unrestricted	(199)	(146)	(226)
Total Net Position	$ 1,044	$ 900	$ 807

Total Assets and Deferred Outflows of Resources

Total assets increased by $204 million, or 8 percent, during the year ended 2023 due primarily to increases in accounts receivable, notes receivable, investments, prepaid expenses, net OPEB asset and net capital assets, which were offset by decreases in cash and cash equivalents and leases receivable. Total assets increased by $112 million, or 5 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.

Comparison of fiscal year 2023 to fiscal year 2022

Current Assets increased by $8 million, or 2 percent, primarily due to:

- Current cash and cash equivalents decreased by $63 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 $31 million. Increases in receivables related to student tuition and fees, component units, capital construction grants, and state grants and contracts were slightly offset by decreases in receivables for auxiliaries and federal grants and an increase in allowance for doubtful accounts. See Note 3 Accounts Receivable for additional information.
- Current notes receivable increased by $39 million due to the addition of a note receivable from the state for XI-F(1) bonds for construction projects. See Note 4 Notes Receivable for additional information.
- Prepaid expenses increased by $2 million due to increases in prepaid expenses in general operations offset by decreases in prepaids associated with auxiliaries, restricted grants and contracts and capital construction.

Noncurrent (Noncapital) Assets decreased by $40 million, or 6 percent.

- Noncurrent cash and cash equivalents decreased by $40 million due primarily to a decrease in cash held for capital construction over the previous year.
- Investments increased by $6 million due primarily to an increase 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 $6 million. Decreases in receivables related to Perkins loans and the installment receivable from Link Oregon 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 AA Related Party Transactions and Note 4 for additional information.
- The net OPEB asset was relatively unchanged. See Note 18 Other Post-employment Benefits (OPEB) for additional information.

Capital Assets, Net increased by $236 million, or 15 percent. See detailed information on Capital Assets in this MD&A for additional information on this change.

Deferred Outflows of Resources decreased by $10 million, or 5 percent.

- Deferred outflows related to the net pension liability decreased by $11 million.
- Deferred outflows related to the OPEB asset and liabilities were relatively unchanged.
- Deferred outflows related to the asset retirement obligation increased by $1 million due to a change in the cost estimate for decommissioning. See Note 11 Asset Retirement Obligations for additional information.
- See Note 6 Deferred Outflows and Inflows of Resources for additional information.

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 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 the installment receivable from Link Oregon. See Note 4 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, Section B 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 and Note 4 for additional information.
- Noncurrent leases receivable decreased by $1 million.
- The net OPEB asset increased by $8 million. See Note 18 for additional information.

Capital Assets, Net increased by $151 million, or 10 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.

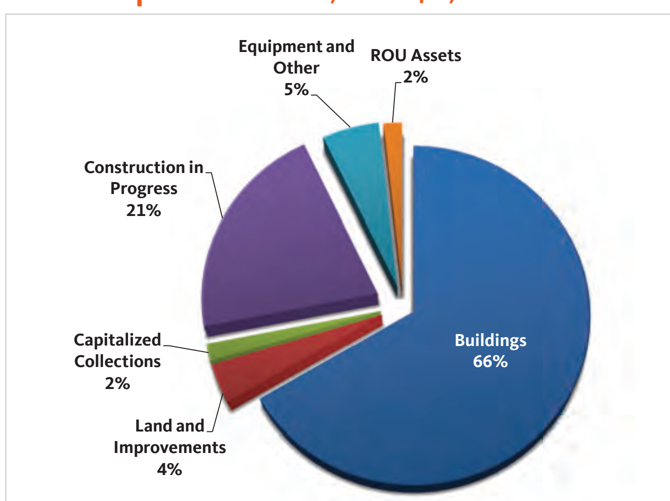
- Deferred outflows related to the net pension liability increased by $24 million.
- Deferred outflows related to the OPEB asset and liabilities decreased by $1 million.
- Deferred outflows related to the asset retirement obligation were relatively unchanged.
- See Note 6 for additional information

Capital Assets and Related Financing Activities

Capital Assets

At June 30, 2023, OSU had $2.9 billion in capital assets, less accumulated depreciation of $1.1 billion, for net capital assets of $1.8 billion. At June 30, 2022, OSU had $2.7 billion in capital assets, less accumulated depreciation of $1.1 billion, for net capital assets of $1.6 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.

2023 Capital Assets, Net $1,835 Million



Changes to Capital Assets

(in millions)

As of June 30,	2023	2022	2021
Capital Assets, Beginning of Year	**$ 2,655**	$ 2,432	$ 2,276
Add: Purchases/Construction	**327**	233	167
Less: Retirements/Adjustments	**(15)**	(10)	(11)
Total Capital Assets, End of Year	**2,967**	2,655	2,432
Accum. Depr/Amort, Beginning of Year	**(1,056)**	(984)	(925)
Add: Depr/Amort Expense	**(86)**	(80)	(70)
Less: Retirements/Adjustments	**10**	8	11
Total Accum. Depr/Amort, End of Year	**(1,132)**	(1,056)	(984)
Total Capital Assets, Net, End of Year	**$ 1,835**	$ 1,599	$ 1,448

Capital additions totaled $327 million for 2023, $233 million for 2022, and $167 million for 2021.

During 2023, capital asset additions included $286 million for construction in progress (CIP); $22 million for equipment; $11 million for right-of-use (ROU) SBITAs; $4 million for buildings; and $3 million for ROU leased buildings. During 2022, capital asset additions included $142 million for CIP; $15 million for equipment; $48 million for buildings; and $26 million for ROU SBITAs. During 2021, capital asset additions included $133 million for CIP; $14 million for equipment; $15 million for ROU leased buildings; $3 million for buildings; $1 million for land improvements; and $1 million for infrastructure.

Key projects still in progress at the end of 2023 included the Collaboration Innovation Complex, Cordley Hall, Reser Stadium West Grandstands, PraX Arts and Education Complex, Withycombe Hall, PacWave Energy Test Facility with Subsea and Terrestrial Cables, Upper Division and Grad Student Housing, OSU Cascades Innovation Development District, Washington Way Improvement, Campus Operations Center, OSU Cascades Student Success Center, HMSC Student Housing, Ship Operations Dock Replacement, Gilkey Hall, and Kelley Engineering Utility Plant.

During 2023, $58 million in capital projects were completed and placed into service, including Fairbanks Hall, Graf Hall, Cordley Hall, Campus-wide Street Improvements, and HMSC Seawater System.

See Note 5 Capital Assets for additional information.

Debt Administration

During 2023, long-term debt held by OSU increased by $26 million, or 3 percent, from $967 million to $993 million.

- OSU made debt service principal payments totalling $15 million on outstanding long-term debt.
- OSU added new debt of $40 million (par value) of XI-F(1) bonds issued by the state on behalf of the university for capital construction.
- OSU's remaining obligation for premiums on outstanding debt decreased by less than $1 million.
- OSU added new debt of $3 million for new leases and made principal payments of $2 million for a net increase of less than $1 million in lease liabilities.
- OSU added new debt of $8 million for new SBITAs and made principal payments of $9 million for a net decrease of less than $1 million in SBITA liabilities.

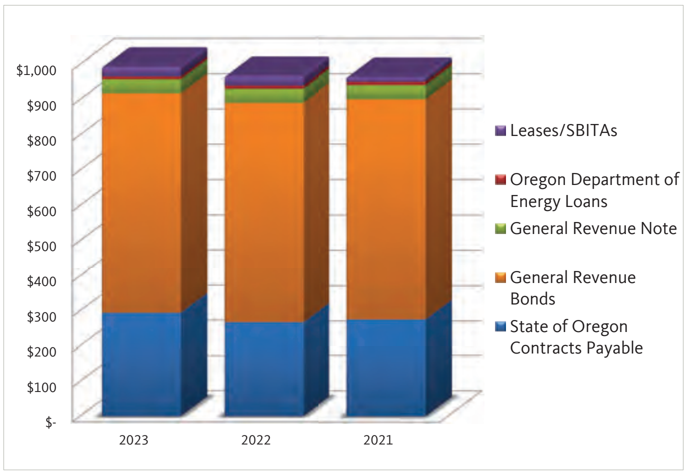
During 2022, long-term debt held by OSU increased by $3 million, or less than 1 percent, from $964 million to $967 million.

- 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.
- OSU added new debt of $24 million for new SBITAs and made principal payments of $8 million for a net increase of $16 million in SBITA liabilities

See Note 10 Long-Term Liabilities for additional information.

Long-Term Debt

(in millions)



Total Liabilities and Deferred Inflows of Resources

Total liabilities increased by $157 million, or 10 percent, during 2023 primarily due to increases in the net pension liability, accounts payable and accrued liabilities, unearned revenues, long-term liabilities, and asset retirement obligation were offset by decreases in net OPEB liability and deposits. During 2022, total liabilities decreased by $167 million, or 10 percent, primarily due to decreases in the net pension liability and long-term liabilities offset by increases in accounts payable and accrued liabilities.

Comparison of fiscal year 2023 to fiscal year 2022

Current Liabilities increased by $89 million, or 34 percent. Key changes in current liabilities included:

- Accounts payable and accrued liabilities increased by $42 million due primarily to increases in services and supplies payables associated with general operations, restricted grants and contracts, and capital construction projects which were only slightly offset by a decrease in services and supplies payables associated with auxiliaries. See Note 7 Accounts Payable and Accrued Liabilities for additional information.
- The current portion of long-term liabilities increased by $34 million due mainly to the $40 million general revenue note payable to JPMorgan Chase Bank, N.A. coming due in fiscal year 2024. Other increases in compensated absences liability and state contracts payable were more than offset by decreases in deferred payroll taxes payable, Perkins loan liability and the SBITA liability. See discussion of Debt Administration earlier in this MD&A and Note 10 for additional information.
- Unearned revenue increased by $14 million due to increases in unearned revenue related to student tuition and fees, grants and contracts and auxiliaries.

Noncurrent Liabilities increased by $68 million, or 5 percent.

- The noncurrent portion of long-term liabilities decreased by $26 million due to decreases in the JPMorgan general revenue note payable, Perkins loan liability and state and local government rate pool liability which were somewhat offset by increases in the state contracts payable and compensated absences liabilities. See discussion of Debt Administration earlier in this MD&A and Note 10 for additional information.
- The net pension liability increased by $94 million. See Note 17 Employee Retirement Plans for additional information.
- The net OPEB Liability decreased by $2 million. See Note 18 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 $2 million as the result of a new estimate on the cost of decommissioning the asset. See Note 11 Asset Retirement Obligations for additional information.

Deferred Inflows of Resources decreased by $107 million or 35 percent.

- Deferred inflows related to the net pension liability decreased by $103 million.
- Deferred inflows related to the OPEB asset and liabilities decreased by $1 million.
- Deferred inflows related to leases decreased by $3 million.
- See Note 6 Deferred Outflows and Inflows of Resources for detailed information on this change.

Comparison of fiscal year 2022 to fiscal year 2021

Current Liabilities increased by $43 million, or 19 percent. Key changes in current liabilities included:

- Accounts payable and accrued liabilities increased by $26 million due primarily to increases in services and supplies payables associated with general operations, auxiliaries, restricted grants and contracts, and capital construction projects. See Note 7 for additional information.
- The current portion of long-term liabilities increased by $18 million due mainly to increases in compensated absences liability and state contracts payable and the addition of the SBITA liability for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. See discussion of Debt Administration earlier in this MD&A and Note 10 for additional information.

Noncurrent Liabilities decreased by $210 million, or 14 percent.

- The noncurrent portion of long-term liabilities decreased by $31 million due to decreases in the compensated absences liability, deferred payroll taxes payable, leases payable, Perkins loan liability, state and local government rate pool liability and state contracts payable which were somewhat offset by the addition of the SBITA liability for the implementation of GASB Statement No. 96. See discussion of Debt Administration earlier in this MD&A and Note 10 for additional information.
- The net pension liability decreased by $176 million. See Note 17 for additional information.
- The net OPEB Liability decreased by $3 million. See Note 18 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 11 for additional information.

Deferred Inflows of Resources increased by $209 million or 218 percent.

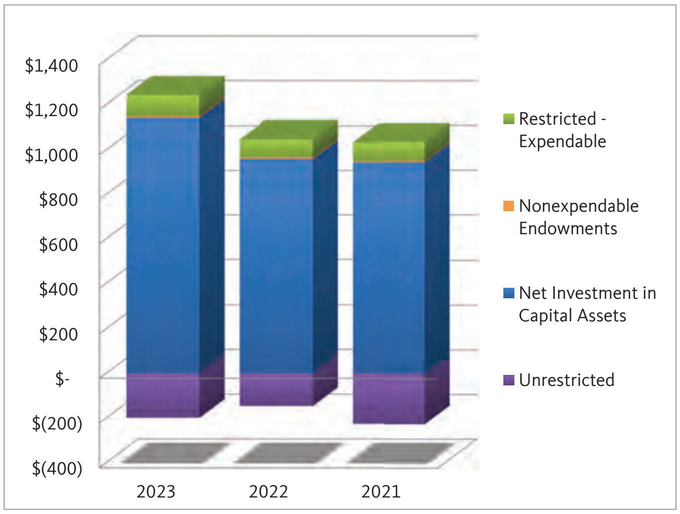
- Deferred inflows related to the net pension liability increased by $205 million.
- Deferred inflows related to the OPEB asset and liabilities increased by $8 million.
- Deferred inflows related to leases decreased by $4 million.
- See Note 6 for additional information.

Total Net Position

Total net position (TNP) increased by $144 million, or 16 percent, during 2023. TNP benefited from a $181 million increase in net investment in capital assets and an increase of $16 million in restricted expendable net position but was negatively impacted by a reduction in unrestricted net position of $53 million.

TNP increased by $93 million, or 12 percent, during 2022. TNP benefited from a $16 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.

The graph below illustrates how the composition of net position has changed since 2021. (in millions)



Comparison of fiscal year 2023 to fiscal year 2022

Net Investment in Capital Assets increased by $181 million, or 19 percent. Net capital assets increased by $236 million which was offset by an increase to long-term debt outstanding attributable to the capital assets of $55 million. See Note 5 Capital Assets and Note 10 Long-Term Liabilities for additional information.

Restricted Expendable Net Position increased by $16 million, or 70 percent.

- Net position restricted for gifts, grants and contracts increased by $1 million due primarily to an increase in the market value of endowment funds.
- Net position restricted for student loans decreased by $1 million. Decreases in student loan receivables were mostly offset by decreases in the Perkins loan program liability and decreases in the allowance for doubtful accounts.
- Net position restricted for capital projects increased by $18 million due primarily to increases in receivables and cash at year end, somewhat offset by an increase in payables.
- Net position restricted for debt service decreased by $2 million.
- Net Position restricted for OPEB asset was relatively unchanged and is equal to the Net OPEB Asset reported in noncurrent assets.

Unrestricted Net Position decreased by $53 million, or 36 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 $54 million.
- Changes associated with the PERS net pension liability, net of deferrals, decreased unrestricted net position by $2 million. See Note 17 for additional information.
- The OPEB liabilities and associated deferred outflows and inflows of resources increased unrestricted net position by $2 million. See Note 18 for additional information.
- The year-end liability accrual for the PERS state and local government rate pool (SLGRP) decreased by $4 million and the accrual for compensated absences increased by $3 million. A decrease in the liability accrual results in an increase in net position.
- See Note 12 Unrestricted Net Position for additional information.

Comparison of fiscal year 2022 to fiscal year 2021

Net Investment in Capital Assets increased by $16 million, or 2 percent. Net capital assets increased by $151 million which was offset by an increase to long-term debt outstanding attributable to the capital assets of $135 million. See Note 5 and Note 10 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 positions 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 17 for additional information.
- The OPEB liabilities and associated deferred outflows and inflows of resources increased unrestricted net position by $4 million. See Note 18 for additional information.
- The year-end liability accrual for the PERS SLGRP decreased by $2 million and the accrual for compensated absences decreased $2 million. A decrease in the liability accrual results in an increase in net position.
- See Note 12 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,	**2023**	2022	2021
Operating Revenues	**$ 1,015**	$ 901	$ 823
Operating Expenses	**1,403**	1,298	1,258
Operating Loss	**(388)**	(397)	(435)
Nonoperating Revenues, Net of Expenses	**409**	388	367
Other Revenues, Net of Expenses	**123**	101	79
Increase in Net Position	**144**	92	11
Net Position, Beginning of Year	**900**	807	796
Change in Accounting Principle	**-**	1	-
Net Position, Beginning of Year, Restated	**900**	808	796
Net Position, End of Year	**$ 1,044**	$ 900	$ 807

Revenues

As seen in the Total Operating, Non-Operating and Other Revenues table at the top right, total revenues increased by $154 million, or 11 percent, in 2023 over 2022. Increases were seen in all categories of operating and nonoperating revenues except financial aid grants, COVID-19 institutional funding and changes to permanent endowments.

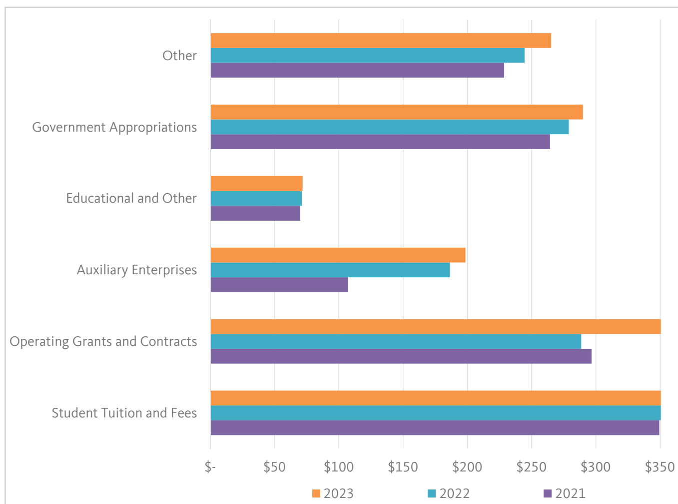
Total Operating, Nonoperating and Other Revenues

(in millions)

For the Years Ended June 30,	**2023**	2022	2021
Student Tuition and Fees	**$ 381**	$ 355	$ 349
Grants and Contracts	**363**	289	297
Auxiliary Enterprises	**199**	186	107
Educational and Other	**72**	71	71
Total Operating Revenues	**1,015**	901	824
Government Appropriations	**290**	279	264
Financial Aid Grants	**58**	72	54
Gifts	**64**	56	49
Investment Activity	**30**	(6)	28
Capital Grants and Gifts	**122**	99	77
COVID-19 Institutional Funding	**-**	22	19
Changes to Permanent Endowments	**(1)**	1	1
Total Nonoperating and Other Revenues	**563**	523	492
Total Revenues	**$ 1,578**	$ 1,424	$ 1,316

Total Operating, Nonoperating, Other Revenues and Special Items

(in millions)



Operating Revenues

Operating revenues increased by $114 million in 2023, or 13 percent, over 2022, to $1,015 million. Increases in 2023 were due to increases in all categories of operating revenue. Operating revenues increased by $77 million in 2022, or 9 percent, over 2021, to $901 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.

Comparison of fiscal year 2023 to fiscal year 2022

Net Student Tuition and Fees increased by $26 million, or 7 percent.

- Increased student enrollment accounted for $20 million of increased revenue

- Higher tuition and fee rates accounted for $24 million of increased revenue.
- Fee remissions, scholarship allowances and bad debt allowances reduced tuition and fees by $18 million more than in the prior year.

Federal, State and Nongovernmental Grants and Contracts increased by $74 million, or 26 percent.

- Federal grant and contract revenues increased by $65 million primarily due to an increases in National Science Foundation cooperative agreements and direct grants.
- State and local grant and contract revenues increased by $10 million due primarily to increases in grants and contracts from the Department of Education and other state agencies.
- Nongovernmental grant and contract revenues decreased by $1 million due mainly to decreased grants and contracts from the Agricultural Research Foundation offset by increases in grants and contracts from non-affiliated foundations and societies and commercial businesses.

Auxiliary Enterprise revenues increased by $13 million, or 7 percent.

- Housing and dining revenues increased by $10 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 $2 million due primarily to increased ticket sales, bowl income, and sponsorship income somewhat offset by decreased conference TV shares.
- Health services revenues decreased by $5 million due mainly to decreased income from non-employee insurance premiums.
- Student centers revenues were relatively unchanged.
- Parking services revenues increased by $1 million due to increased revenues from parking permits and fines.
- Other auxiliary revenues increased by $5 million due mainly to increased student incidental fees and student health fees.

Educational and Other revenues increased by $1 million, or 1 percent.

- Educational department sales and services revenues increased by $5 million due primarily to increases in general services income, conference income, animal sales and surplus sales, which were slightly offset by decreases in general sales income.
- Other operating revenues decreased by $4 million due primarily to the full amortization of funds received for employer incentive matching funds for the university's payment into a PERS side account to offset future rate increases. See Note 17 Employee Retirement Plans for additional information.

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 $8 million, or 3 percent.

- Federal grant and contract revenues decreased by $14 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 were 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 associated with the university's payment into a PERS side account to offset future rate increases. See Note 17 for additional information.

Nonoperating and Other Revenues

Total nonoperating and other revenues increased by $40 million, or 8 percent, during 2023. Increases in government appropriations, gifts, investment activity, and capital grants and gifts were somewhat offset by a decrease in financial aid grants, changes to permanent endowments, and COVID-19 institutional funding. Total nonoperating and other revenues increased by $31 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.

Comparison of fiscal year 2023 to fiscal year 2022

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

- State appropriations increased by $10 million due to increased funding received in support of the operations of the university and statewide public services.
- State lottery appropriations in support of outdoor school were unchanged. Outdoor school for middle school students is administered by the cooperative extension services on behalf of the state.
- County appropriations in support of the statewide public services increased by $1 million.
- Debt service appropriations from the state were unchanged.
- See Note 16 Government Appropriations for additional information.

Financial Aid Grants decreased by $14 million, or 19 percent. The expiration of federal HEERF Act funding was slightly offset by increases in federal Pell grants, Oregon opportunity grants and Oregon Student Aid scholarship funding.

Gifts increased by $8 million, or 14 percent, due primarily to increased gifts from the OSU Foundation.

Investment Activity revenues increased by $36 million due primarily to the reversal of the prior year significant net market value decline of investments as well as increased investment earnings. See Note 14 Investment Activity for additional information relating to these changes.

Capital Grants and Gifts increased by $23 million, or 23 percent due primarily to increased state capital grants offset by decreased gifts from the OSU Foundation and federal capital contracts.

COVID-19 Institutional Funding decreased by $22 million to zero as a result of no new funds received in the current year for federal COVID-19 relief funding for institutional support. See Note 1 Organization and Summary of Significant Accounting Policies, Section AB COVID-19 Relief Funding for additional information.

Changes to Permanent Endowments decreased by $2 million due to the decrease in value of a permanent forest endowment.

Comparison of fiscal year 2022 to fiscal year 2021

Government Appropriations increased by $15 million, or 6 percent.

- State appropriations increased by $13 million due to increased funding received in support of the operations of the university and statewide public services.
- State lottery appropriations in support of outdoor school increased by $1 million. Outdoor school for middle school students is administered by the cooperative extension services on behalf of the state.
- County appropriations in support of the statewide public services increased by $1 million.
- Debt service appropriations from the state were unchanged.
- See Note 16 for additional information.

Financial Aid Grants increased by $18 million, or 33 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 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 14 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, Section AB for additional information.

Expenses

Operating Expenses

Operating expenses increased by $105 million in 2023, or 8 percent, over 2022, to $1,403 million. Increases in instruction, research, public service, student services, auxiliary programs, institutional support, operations and maintenance of plant, and other operating expenses were offset by decreases in academic support and student aid.

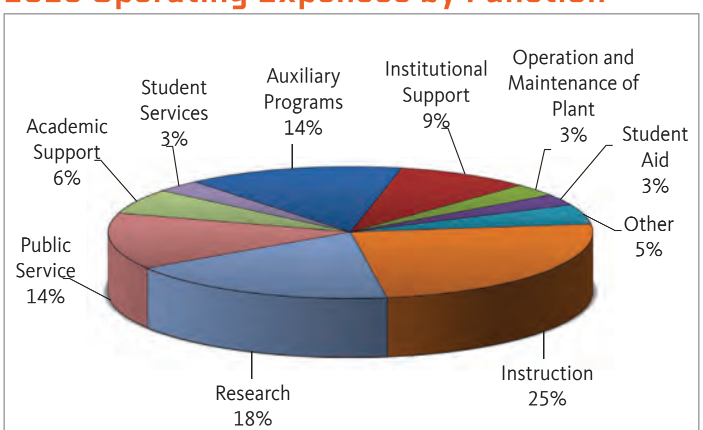
Operating expenses increased by $40 million in 2022, or 3 percent, over 2021, to $1,298 million. Increases in instruction, auxiliary programs, institutional support, student aid and other operating expenses were offset by decreases in research, public service, and academic support.

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

Operating Expenses by Function

For the Years Ended June 30,	2023	2022	2021
Instruction	**$ 344**	$ 322	$ 318
Research	**255**	222	227
Public Service	**195**	165	179
Academic Support	**87**	88	92
Student Services	**43**	36	36
Auxiliary Programs	**203**	184	154
Institutional Support	**126**	123	115
Operations & Maintenance of Plant	**43**	41	41
Student Aid	**39**	50	36
Other Operating Expenses	**68**	67	60
Total Operating Expenses	**$ 1,403**	$ 1,298	$ 1,258

2023 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, 2023	As Reported	Without GASB 68/71 & 75	Difference
Instruction	$ 344	$ 345	$ (1)
Research	255	255	-
Public Service	195	195	-
Academic Support	87	87	-
Student Services	43	43	-
Auxiliary Programs	203	203	-
Institutional Support	126	126	-
Operation & Maintenance of Plant	43	43	-
Student Aid	39	39	-
Other Operating Expenses	68	68	-
Total Operating Expenses	**$ 1,403**	**$ 1,404**	**$ (1)**

For the Year Ended June 30, 2022	As Reported	Without GASB 68/71 & 75	Difference
Instruction	$ 322	$ 325	$ (3)
Research	222	223	(1)
Public Service	165	166	(1)
Academic Support	88	88	-
Student Services	36	37	(1)
Auxiliary Programs	184	184	-
Institutional Support	123	124	(1)
Operation & Maintenance of Plant	41	42	(1)
Student Aid	50	50	-
Other Operating Expenses	67	67	-
Total Operating Expenses	$ 1,298	$ 1,306	$ (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

GASB Statement Nos. 68, 71, and 75 have resulted in a decrease to total operating expenses of $1 million in 2023 and $8 million in 2022. The $51 million aggregate total for the three year period has had a significant impact on the university's reported operating performance and net position.

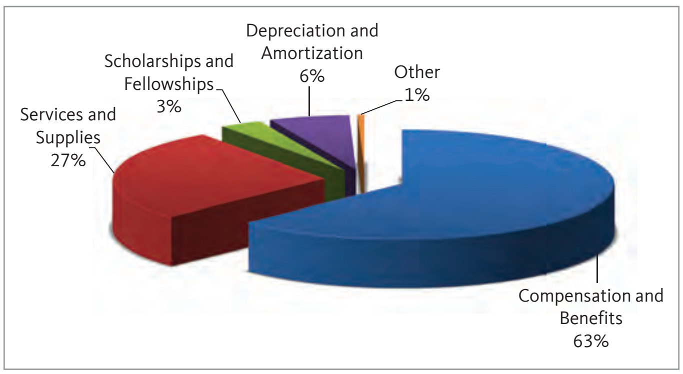
Operating Expenses by Natural Classification

OSU expenses are normally incurred via natural classifications, but are reported by functional classification in the financial statements. Variances are presented and explained by analyzing changes in the natural classification of expenses. Each natural classification analysis can be applied to multiple functional expense caption items. See Note 15 Operating Expenses by Natural Classification for additional information.

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

For the Years Ended June 30,	2023	2022	2021
Compensation and Benefits	**$ 883**	$ 824	$ 841
Services and Supplies	**381**	332	301
Scholarships and Fellowships	**45**	60	45
Depreciation and Amortization	**87**	80	70
Other	**7**	2	1
Total Operating Expenses	**$ 1,403**	$ 1,298	$ 1,258

2023 Operating Expenses by Natural Classification



Comparison of fiscal year 2023 to fiscal year 2022

Compensation and Benefit costs increased by $59 million, or 7 percent.

- Salary and wage costs increased by $43 million due to increased staffing and pay increases.
- Health and retirement contributions increased by a net $3 million due to increased rates and increased participation.
- Other payroll expenses increased by $5 million due primarily to an increase in accrued leave expense.
- Net pension expense increased by $7 million due to changes in the net pension liability and associated deferred inflows and outflows reported as required by GASB Statement Nos. 68 and 71. See Note 17 Employee Retirement Plans for additional information on this variance.
- Adjustments and accruals to compensation and benefits associated with the OPEB asset and liability reporting requirement of GASB Statement No. 75 increased by less than $1 million. See Note 18 Other Post-employment Benefits (OPEB) for additional information.

Services and Supplies expenses increased by $49 million, or 15 percent as a result of increases in most categories of service and supplies expenses including general supplies, travel, food purchased for resale, maintenance and repairs, fees and services, and assessments, that were only slightly offset by decreases in rentals.

Scholarships and Fellowships costs decreased by $15 million, or 25 percent due to a decrease in federal aid resulting from the expiration of HEERF student aid funds that were not fully offset by increases in other federal aid, state aid, OSU Foundation aid, institutional aid and private aid.

Depreciation and Amortization expense increased by $7 million, or 9 percent. During 2023, $58 million in capital projects were completed and placed into service, including Fairbanks Hall, Graf Hall, Cordley Hall, Campus-wide Street Improvements, and HMSC Seawater System.

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 17 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 18 for additional information.

Services and Supplies expenses increased by $31 million, or 10 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 $10 million, or 14 percent. During 2022, $135 million in capital projects were completed and placed into service, including the Cascades Campus Academic Building II, Fiber-optic Cable Infrastructure and Owen Hall.

Nonoperating Expenses

For the Years Ended June 30,	2023	2022	2021
Gain (Loss) on Sale of Assets	$ (2)	$ 1	$ -
Interest Expense	(33)	(34)	(29)
Other Nonoperating Items	3	(1)	(18)
Total Nonoperating Expenses	$ (32)	$ (34)	$ (47)

Comparison of fiscal year 2023 to fiscal year 2022

Interest Expense decreased by $1 million, or 3 percent. Decreased interest related to the PERS state and local government rate pool liability was mostly offset by increased interest related to SBITAs, bonds and the JPMorgan General Revenue Note.

Other Nonoperating Items increased by $4 million, due primarily to the continued close-out of the Perkins student loan program.

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.

Economic Outlook

Funding for OSU's major activities comes from a variety of sources: tuition and fees; federal, foundation and other grants; state and county appropriations; financial aid programs; private and government contracts; royalties; 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.

Registrations continue to point toward increased enrollments. Student and family decision-making behaviors changed over the pandemic, so it may take several additional cycles for new enrollment patterns to settle.

Competitive research grants and contracts exceeded university records in fiscal year 2022-23 for both awards and expenditures, indicative of the university's robust execution in this mission component.

State appropriations for public universities have been growing over recent biennia. While concerns of potential recession accompanied the most recent legislative session, the actual state revenue forecast for the 2023-25 biennium was positive enough to accommodate yet another increase in higher education appropriations.

The most current financial uncertainty facing the university is the realignment of the PAC-12 athletic conference. Managing this new environment is actively underway. Given the ability of university leadership to successfully navigate other significant challenges, such as the pandemic, the university is positioned to successfully navigate this challenge with a focus on the following guiding principles:

- Prioritize the holistic development and well-being of student-athletes to support their academic and athletic goals.
- Champion the ability of OSU student-athletes to compete at the highest level possible.
- Provide the best experience for alumni and fans to inspire engagement across all sports.
- Create visibility for OSU nationally and globally.
- Maximize financial resources for the OSU Athletics programs and support for student athletes.

These principles are in alignment with Oregon State's unwavering focus on providing excellent 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 2023	2022 (Restated)
	(In thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	$ 98,898	$ 161,653
Collateral from Securities Lending (Note 2)	573	2,101
Accounts Receivable, Net (Note 3)	180,195	148,841
Notes Receivable, Net (Note 4)	41,316	2,544
Leases Receivable	1,843	1,603
Inventories	1,969	1,834
Prepaid Expenses	19,936	18,349
Total Current Assets	**344,730**	336,925
Noncurrent Assets		
Cash and Cash Equivalents (Note 2)	8,680	48,327
Investments (Note 2)	479,454	473,236
Notes Receivable, Net (Note 4)	11,989	17,927
Leases Receivable	70,710	71,954
Net OPEB Asset (Note 18)	9,710	9,594
Capital Assets, Net of Accumulated Depreciation/Amortization (Note 5)	1,834,867	1,598,969
Total Noncurrent Assets	**2,415,410**	2,220,007
Total Assets	**$ 2,760,140**	$ 2,556,932
DEFERRED OUTFLOWS OF RESOURCES (Note 6)	**$ 190,362**	$ 199,919
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	$ 170,350	$ 127,705
Deposits	601	729
Obligations Under Securities Lending (Note 2)	573	2,101
Current Portion of Long-Term Liabilities (Note 10)	102,631	68,734
Unearned Revenues	78,534	64,601
Total Current Liabilities	**352,689**	263,870
Noncurrent Liabilities		
Long-Term Liabilities (Note 10)	953,473	979,822
Net Pension Liability (Note 17)	369,042	275,332
OPEB Liability (Note 18)	10,200	11,717
Asset Retirement Obligation (Note 11)	23,180	21,040
Total Noncurrent Liabilities	**1,355,895**	1,287,911
Total Liabilities	**$ 1,708,584**	$ 1,551,781
DEFERRED INFLOWS OF RESOURCES (Note 6)	**$ 198,330**	$ 304,985
NET POSITION		
Net Investment in Capital Assets	$ 1,139,703	$ 959,566
Restricted For:		
Nonexpendable Endowments	6,712	7,397
Expendable:		
Gifts, Grants and Contracts	56,305	55,340
Student Loans	9,080	10,131
Capital Projects	20,475	2,283
Debt Service	662	2,262
OPEB Asset	9,710	9,594
Unrestricted (Note 12)	(199,059)	(146,488)
Total Net Position	**$ 1,043,588**	$ 900,085

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

As of June 30,	Component Units 2023	2022
	(In thousands)	
ASSETS		
Cash and Cash Equivalents	$ 10,486	$ 9,788
Investments	978,625	916,431
Contributions, Pledges and Grants Receivable, Net	104,589	107,687
Assets Held-For-Sale	5,549	6,426
Assets Held Under Split-Interest Agreements	53,415	53,447
Charitable Trusts Held Outside the Foundation	10,487	11,452
Prepaid Expenses and Other Assets	6,329	6,024
Property and Equipment, Net	25,387	25,180
Total Assets	**$ 1,194,867**	$ 1,136,435
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 4,700	$ 13,041
Endowment Assets Held for OSU	56,353	54,208
Accounts Payable to the University	37,499	6,442
Obligations to Beneficiaries of Split-Interest Agreements	23,720	24,201
Deposits and Unearned Revenue	80	76
Long-Term Liabilities	1,267	20
Total Liabilities	**123,619**	97,988
NET ASSETS		
Without Donor Restrictions	37,764	33,855
With Donor Restrictions	1,033,484	1,004,592
Total Net Assets	**1,071,248**	1,038,447
TOTAL LIABILITIES AND NET ASSETS	**$ 1,194,867**	$ 1,136,435

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

For the Years Ended June 30,	University 2023	University 2022 (Restated)
	(In thousands)	
OPERATING REVENUES		
Student Tuition and Fees (Net of Allowances of $141,712 and $124,060, respectively)	$ 381,437	$ 354,633
Federal Grants and Contracts	313,851	248,666
State and Local Grants and Contracts	22,628	12,640
Nongovernmental Grants and Contracts	26,373	27,258
Educational Department Sales and Services	57,105	52,215
Auxiliary Enterprises (Net of Allowances of $3,798 and $2,995, respectively)	198,480	186,333
Other Operating Revenues	14,685	18,935
Total Operating Revenues	**1,014,559**	900,680
OPERATING EXPENSES		
Instruction	344,082	322,425
Research	255,062	222,278
Public Service	194,607	164,913
Academic Support	87,307	87,588
Student Services	42,505	36,382
Auxiliary Programs	203,318	183,472
Institutional Support	125,623	123,393
Operation and Maintenance of Plant	43,050	40,817
Student Aid	38,787	50,319
Other Operating Expenses	68,165	66,611
Total Operating Expenses (Note 15)	**1,402,506**	1,298,198
Operating Loss	**(387,947)**	(397,518)
NONOPERATING REVENUES (EXPENSES)		
Government Appropriations (Note 16)	288,868	277,771
Financial Aid Grants	57,708	72,555
Gifts	64,223	55,773
Investment Activity (Note 14)	29,989	(6,182)
COVID-19 Institutional Funding (Note 1, Section AB)	-	22,419
Gain (Loss) on Sale of Assets, Net	(1,780)	550
Interest Expense	(33,575)	(34,267)
Other Nonoperating Items	3,264	(921)
Total Net Nonoperating Revenues	**408,697**	387,698
Gain (Loss) Before Other Revenues	**20,750**	(9,820)
OTHER REVENUES		
Debt Service Appropriations (Note 16)	1,054	1,054
Capital Grants and Gifts	122,384	99,003
Changes to Permanent Endowments	(685)	944
Total Net Other Revenues	**122,753**	101,001
Increase In Net Position	**143,503**	91,181
NET POSITION		
Beginning Balance	900,085	807,401
Change in Accounting Principle	-	1,503
Beginning Balance, Restated (Note 1, Section AD)	900,085	808,904
Ending Balance	**$ 1,043,588**	$ 900,085

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

For the Years Ended June 30,	Component Units 2023	Component Units 2022
	(in thousands)	
CHANGE IN NET ASSETS HELD WITHOUT DONOR RESTRICTIONS		
REVENUES		
Grants, Bequests and Gifts	$ 1,135	$ 701
Investment Income, Net	8,291	(16,431)
Net Assets Released From Restrictions and Other Transfers	123,774	120,392
Other Revenues	25,347	23,597
Total Revenues	**158,547**	128,259
EXPENSES		
University Support	116,236	114,418
Management and General	15,586	14,036
Development	22,816	18,503
Total Expenses	**154,638**	146,957
Increase (Decrease) In Net Assets Held Without Donor Restrictions	**3,909**	(18,698)
Beginning Balance, Net Assets Held Without Donor Restrictions	33,855	52,553
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 37,764**	$ 33,855
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS		
REVENUES		
Grants, Bequests and Gifts	$ 90,484	$ 204,491
Investment Income, Net	57,044	(67,954)
Change in Value of Life Income Agreements	1,245	(7,030)
Other Revenues	3,893	4,130
Net Assets Released From Restrictions and Other Transfers	(123,774)	(120,391)
Increase In Net Assets Held With Donor Restrictions	**28,892**	13,246
Beginning Balance, Net Assets Held With Donor Restrictions	1,004,592	991,346
Ending Balance, Net Assets Held With Donor Restrictions	**$ 1,033,484**	$ 1,004,592
Beginning Balance	1,038,447	1,043,899
Increase (Decrease) In Total Net Assets	**32,801**	(5,452)
Ending Balance	**$ 1,071,248**	$ 1,038,447

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

For the Years Ended June 30,	University 2023	University 2022 (Restated)
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 381,116	$ 353,195
Grants and Contracts	366,462	274,751
Educational Department Sales and Services	58,737	52,098
Auxiliary Enterprise Operations	198,537	182,260
Payments to Employees for Compensation and Benefits	(891,384)	(833,268)
Payments to Suppliers	(353,384)	(316,103)
Student Financial Aid	(45,160)	(60,181)
Other Operating Receipts	15,092	18,109
Fiduciary Activities - Direct Student Loan Receipts	144,460	134,111
Fiduciary Activities - Direct Student Loan Disbursements	(144,898)	(134,203)
Net Cash Used by Operating Activities	**(270,422)**	(329,231)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Government Appropriations	288,868	277,771
Financial Aid Grants	57,708	72,555
Other Gifts and Private Contracts	61,281	53,924
Interest Payments on Noncapital Debt	(620)	(614)
COVID-19 Institutional Funding	-	22,419
Net Agency Fund Receipts (Payments)	(128)	9
Net Cash Provided by Noncapital Financing Activities	**407,109**	426,064
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt Service Appropriations	1,054	1,054
Capital Grants and Gifts	100,251	98,846
Proceeds from Capital Debt	275	-
Sales of Capital Assets	4,147	2,222
Purchases of Capital Assets	(310,197)	(202,766)
Interest Payments on Capital Debt	(32,882)	(34,287)
Principal Payments on Capital Debt	(25,827)	(22,408)
Other Receipts	1,004	1,715
Net Cash Used by Capital and Related Financing Activities	**(262,175)**	(155,624)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sale (Purchase) of Investments	2,994	(43,067)
Interest Receipts on Investments and Cash Balances	20,092	12,861
Net Cash Provided (Used) by Investing Activities	**23,086**	(30,206)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(102,402)**	(88,997)
CASH AND CASH EQUIVALENTS		
Beginning Balance	209,980	298,977
Ending Balance	**$ 107,578**	$ 209,980

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

For the Years Ended June 30,	University 2023	2022 (Restated)
	(In thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (387,947)	$ (397,518)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	86,152	79,829
Fiduciary Student Loans	(438)	(92)
Changes in Assets and Liabilities:		
Accounts Receivable	(6,092)	(14,795)
Notes Receivable	403	(1,001)
Inventories	(135)	(182)
Prepaid Expenses	(1,587)	(4,284)
Accounts Payable and Accrued Liabilities	39,209	25,052
Unearned Revenues	13,933	(765)
Long-Term Liabilities	(11,039)	(13,923)
Net Pension Liability	93,710	(176,568)
OPEB Asset/Liability	(1,633)	(11,723)
Asset Retirement Obligation	2,140	355
Changes to Deferred Outflows	9,557	(22,162)
Changes to Deferred Inflows	(106,655)	208,546
NET CASH USED BY OPERATING ACTIVITIES	**$ (270,422)**	$ (329,231)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Capital Assets Acquired by Gifts-in-Kind	$ 251	$ 1,049
Capital Assets Acquired by Accounts Payable	8,803	5,807
Capital Assets Acquired by Incurring Lease Obligations	2,586	2,411
Capital Assets Acquired by Incurring SBITA Obligations	8,723	24,136
Increase (Decrease) in Fair Value of Investments Recognized as a Component of Investment Activity	14,340	(17,580)
Gain (Loss) on Sale of Investments Recognized as a Component of Investment Activity	(4,443)	(1,463)

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 inter-company processes. See Note 22 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, 2023 and 2022 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

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangement (SBITAs) for government end-users and is effective for the fiscal year ended June 30, 2023. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement changes how the university accounts for and reports SBITAs and differentiates them from regular operating expenses by capitalizing and amortizing them. See Note 1, Section AD for further details regarding the impacts to the fiscal year 2022 financial statements due to the implementation of this standard.

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 following practice issues were addressed by the implementation of this Statement during fiscal year 2023:

- 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. 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
- Disclosures related to nonmonetary transactions
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

The following practice issues addressed by this Statement will be implemented during fiscal year 2024:

- Terminology used in Statement 53 to refer to resource flows statements.

The following practice issues addressed by this Statement are not currently applicable to the university:

- 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. 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
- 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
- Pledges of future revenues when resources are not received by the pledging government
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- 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

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 is implemented by the university for the fiscal year ended June 30, 2023.

UPCOMING ACCOUNTING STANDARDS

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 2023 and 2022, 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. SBITAs

Subscription based information technology arrangements (SBITAs) represent the university's right to use and control another party's information technology (IT) software, alone or in combination with underlying tangible IT assets, for the noncancelable term, as specified in the contract, in an exchange or exchange-like transaction. The university determines if an arrangement is a SBITA at inception. SBITA arrangements include Right-of-Use (ROU) assets in capital assets and SBITA liabilities in current and noncurrent long-term liabilities in the statements of net position.

ROU SBITA assets are recognized at the commencement date based on the initial measurement of the SBITA liability, plus any payments made to the vendor at or before the commencement of the contract term and initial implementation costs. ROU SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset.

SBITA liabilities represent the university's obligation to make subscription payments arising from the arrangement. SBITA liabilities are recognized at the commencement date based on the present value of expected subscription payments over the SBITA term, less any contract incentives. Interest expense is recognized ratably over the subscription term. The arrangement term may include options to extend or terminate 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 SBITAs having a term of 12 months or less, or a present value of less than $100,000 as expenses as incurred. SBITA contracts that fall into these categories are not included as assets or liabilities in the statement of net position.

K. 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).

L. 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.

M. 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 17 Employee Retirement Plans for a detailed description of the liability and the proportionate share methodology.

N. 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 18 Other Post-Employment Benefits (OPEB) for a detailed description of each plan and the proportionate share methodology for each.

O. 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.

P. 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 11 Asset Retirement Obligations, Note 17 Employee Retirement Plans, and Note 18 Other Post-employment Benefits (OPEB).

Q. 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.

R. 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.

S. 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 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, 2023, represent the original corpus of true endowment funds of $2,385,268 and the full non-expendable fair value of the real estate endowments of $4,327,021. 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.

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

	June 30, 2023	June 30, 2022
True Endowments		
Corpus	**$ 2,385**	$ 2,384
Market Valuation	**2,802**	2,636
Real Estate	**4,327**	5,013
Total	**9,514**	10,033
Quasi-Endowments		
Corpus	**69,624**	64,129
Market Valuation	**41,306**	24,359
Real Estate	**4,855**	5,055
Total	**115,785**	93,543
Total Fair Value of Endowments	**$ 125,299**	$ 103,576
Invested Endowments:		
Timber and Forestry Land Held by OSU	**$ 9,182**	$ 10,068
Invested by OSU Foundation	**56,353**	54,209
Separately Invested Equity Investments	**56,878**	36,905
Invested in the Public University Fund (PUF)	**213**	169
Total Invested Endowments	**122,626**	101,351
Endowment Cash in PUF	**98**	150
Long-Term Receivable from Casey Family Trust	**2,575**	2,075
Total Fair Value of Endowments	**$ 125,299**	$ 103,576

T. 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 2023 and 2022.

U. 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, 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.

V. 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 16 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.

W. 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 $87,464,108 and $73,851,818 for the fiscal years ended 2023 and 2022, 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 $55,399,906 and $51,446,205 for the fiscal years ended 2023 and 2022, respectively. Bad debt expense related to student accounts is also reported as an allowance against operating revenues and was estimated to be $2,645,857 and $1,756,950 for the fiscal years ended 2023 and 2022, respectively.

X. 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 $144,898,151 and $134,202,860 for the fiscal years ended 2023 and 2022, respectively.

Y. 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.

Z. 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.

AA. 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 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.

AB. COVID-19 Relief Funding

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in March 2020, provided 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.

In total OSU was awarded and received $39,357,681 in CARES student aid funding, $48,901,794 in institutional support funding and $219,774 for the Strengthening Institutions Program (SIP) specifically for OSU-Cascades. All funds were received and expensed prior to fiscal year 2023.

As of June 30, 2022, 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.

OSU was also awarded $526,133 through the Governor's Emergency Education Relief Fund. Of the total awarded, $399,923 was allocated for grants to students and $126,210 was allocated for institutional support. The total of this funding was received and dispersed in fiscal year 2022.

AC. 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.

AD. Reclassifications and Restatements

Certain amounts within the June 30, 2022 financial statements have been reclassified to conform to the June 30, 2023 presentation. The reclassifications had no effect on previously reported net position. As of June 30, 2022, the university has reclassified $8,871,604 related to Federal land grant funding from Government Appropriations to Federal Grants and Contracts.

In addition, the implementation of GASB Statement No. 96 in fiscal year 2023 required the retrospective restatement of all financial years presented. Accordingly, fiscal year 2022 financial information has been restated to reflect the implementation.

The university's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position have been restated for the implementation of GASB 96 and for the reclassification of federal land grant funds as follows (in thousands):

As of June 30, 2022 **Statement of Net Position**	As Originally Reported	Restatement/ Reclassification	As Restated
Total Assets	$ 2,538,093	$ 18,839	$ 2,556,932
Deferred Outflows of Resources	199,919	-	199,919
Total Current Liabilities	(256,626)	(7,244)	(263,870)
Total Noncurrent Liabilities	(1,278,769)	(9,142)	(1,287,911)
Deferred Inflows of Resources	(304,985)	-	(304,985)
Ending Net Position	**$ 897,632**	**$ 2,453**	**$ 900,085**

For the Year Ended June 30, 2022 **Statement of Revenues, Expenses and Changes in Net Position**			
Total Operating Revenues	$ 891,808	$ 8,872	$ 900,680
Total Operating Expenses	(1,299,427)	1,229	(1,298,198)
Nonoperating Revenues (Expenses)	497,850	(9,151)	488,699
Beginning Net Positon	807,401	1,503	808,904
Ending Net Position	**$ 897,632**	**$ 2,453**	**$ 900,085**

2. CASH AND INVESTMENTS

At June 30, 2023 and 2022, 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. Six Oregon public universities, including OSU, and the Public Universities Risk Management and Insurance Trust, commingle their operating cash and investments together in 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, 2023	June 30, 2022
Unrestricted	**$ 123,203**	$ 135,363
Bond Proceeds		
Reserved for Capital	**237,924**	196,132
Available for Operations	**13,153**	103,594
Restricted For:		
Endowments	**122,724**	101,499
Capital	**32,543**	89,782
Student Aid	**10,828**	11,405
Debt Service	**11,278**	10,166
Payroll Withholdings	**31,434**	28,905
Student Groups and Campus Organizations	**703**	488
Perkins Title IV Cash	**2,290**	3,386
Petty Cash	**73**	93
Supplemental Retirement Plan Investment	**535**	489
Unrealized Gain on Investments	**344**	1,914
Total Cash and Investments	**$ 587,032**	$ 683,216

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, 2023 and 2022, OSU cash and cash equivalents on deposit at OST were $67,690,103 and $170,569,093, respectively. Cash and cash equivalents on deposit at fiscal years ended June 30, 2023 and 2022 included $10,164,590 and $50,510,019, respectively, in unspent taxable revenue bond proceeds held in a separate OST account in the OSTF.

OTHER DEPOSITS

For the years ended June 30, 2023 and 2022, OSU had cash at U.S. Bank held for Title IV Perkins Loans of $2,290,111 and $3,386,303, respectively. OSU held cash at JPMorgan Chase bank for operations of $37,525,082 and $35,930,881, respectively, for the year ended June 30, 2023 and 2022. Additionally, for the years ended June 30, 2023 and 2022, OSU had vault and petty cash balances of $72,492 and $93,258, 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 $1,419,174 and $870,885 at June 30, 2023 and 2022, respectively. Amounts deposited in foreign bank accounts are reported as 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. OSU Foundation manages the university's permanent endowment assets. 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, 2023 and 2022.

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, 2023	June 30, 2022
Operating Funds		
PUF Core Bond Fund	**$ 118,288**	$ 133,105
Other Investment Funds	**238,005**	238,292
Total Operating Funds	**356,293**	371,397
Endowment Funds		
Invested by OSU Foundation	**56,353**	54,209
Timber and Forestry Land	**9,182**	10,068
Board Directed Endowment	**56,878**	36,905
PUF Core Bond Fund	**213**	169
Total Endowment Funds	**122,626**	101,351
Separately Held Investments	**535**	488
Total Investments	**$ 479,454**	$ 473,236

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

	June 30, 2023	June 30, 2022
PUF Core Bond Fund		
Fixed Income	**100.0%**	100.0%
Other Investment Funds		
Fixed Income	**97.9%**	95.6%
Equities	**2.1%**	4.4%
	100.0%	100.0%
Board Directed Endowment		
Equities	**100.0%**	100.0%
Invested by OSU Foundation		
Equities	**47.2%**	48.5%
Alternative	**41.5%**	46.0%
Fixed Income	**11.3%**	5.5%
	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, 2023	June 30, 2022
Investment Type:		
Global Equities	**$ 392,078**	$ 369,629
Global Fixed Income	**155,597**	118,551
Private Equity Partnerships	**225,516**	209,495
Absolute Returns	**67,116**	83,477
Real Assets	**57,915**	60,126
Corporate Stocks and Bonds	**20,826**	13,430
Real Estate Held for Investments	**9,032**	8,890
Government Securities and Municipal Bonds	**5,814**	5,642
Domestic Equities	**-**	6,686
Mutual Funds	**2,342**	2,839
Investment Receivables	**600**	(1,185)
Cash Equivalents	**41,789**	38,851
Total Investments	**$ 978,625**	$ 916,431

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, 2023, approximately 99.2 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 $356,387,522. Fixed income securities which have not been evaluated by the rating agencies totaled $21,120,141. The PUF CBF totaled $380,527,141, of which OSU owned $118,501,184, or 31.1 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

$56,878,194 of separately managed Board designated endowments invested in environmentally and socially responsible equity funds and $4,914,960 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 (in thousands):

Investment Type	AAA	AA	A	BBB	Total
Cash & Equivalents	$ 9,833	$ -	$ -	$ -	**$ 9,833**
Corporate Bonds	1,403	9,536	43,023	23,618	**77,580**
Government Related	2,429	-	-	-	**2,429**
Money Market	-	1,999	20,984	-	**22,983**
Municipal Bonds	8,904	24,126	-	-	**33,030**
Asset-Backed Securities	18,366	30,118	10,569	-	**59,053**
Treasury Notes & Bonds	28,182	-	-	-	**28,182**
Total	**$ 69,117**	**$ 65,779**	**$ 74,576**	**$ 23,618**	**$ 233,090**

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 (in thousands):

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

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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 or 2022.

Of the OSU Endowments invested by the OSU Foundation at June 30, 2023, $15,068,678, or 26.7 percent, were held subject to foreign currency risk. At June 30, 2022, $14,132,044, or 26.1 percent were held subject to foreign currency risk.

Of the separately managed investments at June 30, 2023, $17,083,302, or 30.0 percent, were held subject to foreign currency risk. At June 30, 2022, $10,790,502, or 29.2 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, 2023, securities held in the PUF CBF subject to interest rate risk totaled $377,507,663 and had an average duration of 3.98 years. Securities of the OSU Endowment investments invested by the OSU Foundation held subject to interest rate risk totaled $5,190,072 and had an average duration of 5.5 years. Separately managed fixed income investments held subject to interest rate risk were as follows (in thousands):

Investment Type	Fair Value	Duration in years
Cash & Equivalents	$ 9,833	0.00
Corporate Bonds	77,580	1.65
Government Related	2,429	1.26
Money Market	22,983	0.05
Municipal Bonds	33,030	1.41
Asset-Backed Securities	59,053	1.69
Treasury Notes & Bonds	28,182	0.86
Total	**$ 233,090**	
Average Duration		1.30

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 (in thousands):

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

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, 2023 and 2022 totaled $118,501,184 and $133,273,926, respectively.

The following tables presents OSU's separately managed equity and fixed income investments by level within the valuation hierarchy as of June 30, 2023 and 2022 (in thousands):

	Assets at fair value as of June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment Type:				
Corporate Bonds	$ -	$ 77,580	$ -	**$ 77,580**
Government Related	-	2,429	-	**2,429**
Municipal Bonds	-	33,030	-	**33,030**
Asset-Backed Securities	-	59,053	-	**59,053**
Treasury Notes & Bonds	-	28,182	-	**28,182**
Domestic Equity	43,579	-	-	**43,579**
International Equity	17,949	-	-	**17,949**
Timber and Forest Land	-	-	9,182	**9,182**
	$ 61,528	**$ 200,274**	**$ 9,182**	**$ 270,984**
At Amortized Cost:				
Money Market Funds				**22,983**
Cash & Equivalents				**10,098**
Total Investments				**$ 304,065**

	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

COMPONENT UNIT INVESTMENTS BY LEVEL

The following tables present the component unit investments by level within valuation hierarchy as of June 30, 2023 and 2022 (in thousands):

	Assets at fair value as of June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Pooled Investment Program	**$ 310,748**	**$ 227**	**$ -**	**$ 310,975**
Other Nonpooled Investments	**10,828**	**-**	**-**	**10,828**
Total Investments	**$ 321,576**	**$ 227**	**$ -**	**$ 321,803**
Real Estate Held for Investment Measured at Cost				**9,032**
Investments Measured at NAV				**647,790**
Total Investments				**$ 978,625**

	Assets at fair value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Pooled Investment Program	$ 255,745	$ 222	$ -	$ 255,967
Other Nonpooled Investments	10,574	-	-	10,574
Total Investments	$ 266,319	$ 222	$ -	$ 266,541
Real Estate Held for Investment Measured at Cost				8,890
Investments Measured at NAV				641,000
Total Investments				$ 916,431

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, 2023 and 2022.

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, 2023 and 2022, is effectively one day. As of June 30, 2023 and 2022, 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, 2023	June 30, 2022
Investment Type		
U.S. Treasury and Agency Securities	**$ 344**	$ 533
Domestic Fixed Income Securities	**562**	1,775
Total	**$ 906**	$ 2,308

The fair value of the university's share of total cash and securities collateral received as of June 30, 2023 and 2022, was $923,735 and $1,978,510, respectively. The fair value of the university's share of investments purchased with cash collateral as of June 30, 2023 and 2022, was $572,670 and $2,100,113, respectively.

3. ACCOUNTS RECEIVABLE

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

	June 30, 2023	June 30, 2022
Student Tuition and Fees	**$ 52,768**	$ 44,458
Federal Grants and Contracts	**61,599**	63,543
State, Other Government, and Private Gifts, Grants and Contracts	**13,065**	10,857
Auxiliary Enterprises and Other Operating Activities	**5,645**	6,593
State Capital Construction Grants	**11,457**	7,001
Component Units	**36,675**	15,718
Other	**6,421**	7,529
	187,630	155,699
Less: Allowance for Doubtful Accounts	**(7,435)**	(6,858)
Accounts Receivable, Net	**$ 180,195**	$ 148,841

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 Z 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 AA for additional information.

The state capital construction receivable represents $40,000,000 XI-F(1) bonds sold by the state on behalf of OSU in May 2023 for capital construction. The proceeds of the bonds had not been received by the university as of June 30, 2023, and are therefore represented by the receivable in OSU's Statement of Net Position. The bond proceeds will be received by the university in fiscal year 2024 and repaid to the State over 30 years. See Note 10 Long-Term Liabilities for additional information on the bonds and repayment.

Notes receivable comprised the following (in thousands):

	June 30, 2023		
	Current	**Noncurrent**	**Total**
Institutional and Other Student Loans	**$ 111**	**$ 301**	**$ 412**
Perkins Loans	**643**	**2,892**	**3,535**
Installment Receivable	**610**	**6,411**	**7,021**
Split-Dollar Loans	**-**	**2,575**	**2,575**
State Capital Construction	**40,000**	**-**	**40,000**
	41,364	**12,179**	**53,543**
Less: Allowance for Doubtful Accounts	**(48)**	**(190)**	**(238)**
Notes Receivable, Net	**$ 41,316**	**$ 11,989**	**$ 53,305**

	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

5. CAPITAL ASSETS

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

	Balance June 30, 2021	Additions	Transfer Completed Assets	Retire. And Adjust.	Balance June 30, 2022*	**Additions**	**Transfer Completed Assets**	**Retire. And Adjust.**	**Balance June 30, 2023**
Capital Assets, Non-depreciable/ Non-amortizable:									
Land	$ 36,552	$ 554	$ -	$ -	$ 37,106	**$ -**	**$ 257**	**$ -**	**$ 37,363**
Capitalized Collections	30,308	68	-	(6)	30,370	**188**	**-**	**(80)**	**30,478**
Construction in Progress	151,396	142,089	(135,136)	(667)	157,682	**286,226**	**(58,710)**	**(40)**	**385,158**
Total Capital Assets, Non-depreciable/Non-amortizable	218,256	142,711	(135,136)	(673)	225,158	**286,414**	**(58,453)**	**(120)**	**452,999**
Capital Assets, Depreciable/ Amortizable:									
Equipment	256,470	15,406	4,167	(7,686)	268,357	**22,446**	**1,042**	**(8,712)**	**283,133**
Library Materials	76,957	80	-	(324)	76,713	**99**	**-**	**(517)**	**76,295**
Buildings	1,736,634	48,253	118,045	(1,882)	1,901,050	**4,356**	**45,590**	**(3,046)**	**1,947,950**
Land Improvements	50,540	(59)	6,717	-	57,198	**451**	**1,204**	**(1,831)**	**57,022**
Improvements Other Than Buildings	15,108	260	13	-	15,381	**366**	**1,379**	**-**	**17,126**
Infrastructure	52,115	87	6,194	-	58,396	**142**	**9,238**	**-**	**67,776**
Intangible Assets	10,909	-	-	-	10,909	**267**	**-**	**-**	**11,176**
ROU Leased Equipment	387	126	-	(128)	385	**13**	**-**	**-**	**398**
ROU Leased Buildings	14,695	169	-	-	14,864	**2,646**	**-**	**(1,204)**	**16,306**
ROU Leased Land	72	-	-	-	72	**-**	**-**	**-**	**72**
ROU SBITAs*	-	25,803	-	-	25,803	**11,071**	**-**	**(132)**	**36,742**
Total Capital Assets, Depreciable/Amortizable	2,213,887	90,125	135,136	(10,020)	2,429,128	**41,857**	**58,453**	**(15,442)**	**2,513,996**
Less Accumulated Depreciation/ Amortization for:									
Equipment	(198,646)	(16,349)	-	5,732	(209,263)	**(16,505)**	**-**	**7,391**	**(218,377)**
Library Materials	(75,278)	(365)	-	324	(75,319)	**(313)**	**-**	**517**	**(75,115)**
Buildings	(633,501)	(47,394)	-	2,244	(678,651)	**(51,099)**	**-**	**21**	**(729,729)**
Land Improvements	(23,291)	(3,158)	-	-	(26,449)	**(3,289)**	**-**	**126**	**(29,612)**
Improvements Other Than Buildings	(11,961)	(534)	-	-	(12,495)	**(604)**	**-**	**1**	**(13,098)**
Infrastructure	(28,878)	(2,472)	-	-	(31,350)	**(2,705)**	**-**	**(51)**	**(34,106)**
Intangible Assets	(9,940)	(147)	-	-	(10,087)	**(161)**	**-**	**-**	**(10,248)**
ROU Leased Equipment	(144)	(110)	-	128	(126)	**(107)**	**-**	**-**	**(233)**
ROU Leased Buildings	(2,272)	(2,327)	-	-	(4,599)	**(2,339)**	**-**	**1,204**	**(5,734)**
ROU Leased Land	(5)	(9)	-	-	(14)	**(10)**	**-**	**-**	**(24)**
ROU SBITAs*	-	(6,964)	-	-	(6,964)	**(9,020)**	**-**	**132**	**(15,852)**
Total Accumulated Depreciation/ Amortization	(983,916)	(79,829)	-	8,428	(1,055,317)	**(86,152)**	**-**	**9,341**	**(1,132,128)**
Total Capital Assets, Net	$ 1,448,227	$ 153,007	$ -	$ (2,265)	$ 1,598,969	**$ 242,119**	**$ -**	**$ (6,221)**	**$ 1,834,867**
Capital Assets Summary									
Capital Assets, Non-depreciable/ Non-amortizable	$ 218,256	$ 142,711	$ (135,136)	$ (673)	$ 225,158	**$ 286,414**	**$ (58,453)**	**$ (120)**	**$ 452,999**
Capital Assets, Depreciable/ Amortizable	2,213,887	90,125	135,136	(10,020)	2,429,128	**41,857**	**58,453**	**(15,442)**	**2,513,996**
Total Cost of Capital Assets	2,432,143	232,836	-	(10,693)	2,654,286	**328,271**	**-**	**(15,562)**	**2,966,995**
Less Accumulated Depreciation/ Amortization	(983,916)	(79,829)	-	8,428	(1,055,317)	**(86,152)**	**-**	**9,341**	**(1,132,128)**
Total Capital Assets, Net*	$ 1,448,227	$ 153,007	$ -	$ (2,265)	$ 1,598,969	**$ 242,119**	**$ -**	**$ (6,221)**	**$ 1,834,867**

*As Restated, see Note 1, Section AD

6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

	June 30, 2023	June 30, 2022
Deferred Outflows of Resources		
Pension		
Contributions Subsequent to the Measurement Date	**$ 49,487**	$ 46,756
Change in Proportionate Share	**44,761**	39,395
Difference Between Contributions and Proportionate Share of Contributions	**7**	45
Difference Between Expected and Actual Experience	**17,914**	25,773
Change in Assumptions	**57,905**	68,924
OPEB		
Contributions Subsequent to the Measurement Date	**626**	600
Change in Proportionate Share	**865**	963
Difference Between Contributions and Proportionate Share of Contributions	**50**	59
Change in Assumptions	**339**	529
Asset Retirement Obligations	**18,408**	16,875
Total Deferred Outflows of Resources	**$ 190,362**	$ 199,919
Deferred Inflows of Resources		
Pension		
Change in Proportionate Share	**$ 812**	$ 4,513
Difference Between Contributions and Proportionate Share of Contributions	**51,912**	15,198
Difference Between Expected and Actual Experience	**2,301**	-
Change in Assumptions	**529**	725
Net Difference Between Projected and Actual Earnings on Plan Investments*	**65,978**	203,826
OPEB		
Difference Between Contributions and Proportionate Share of Contributions	**48**	47
Change in Proportionate Share	**1,701**	3,161
Difference Between Expected and Actual Experience	**3,151**	2,189
Change in Assumptions	**4,582**	3,279
Net Difference Between Projected and Actual Earnings on Plan Investments*	**714**	2,586
Leases	**66,602**	69,461
Total Deferred Inflows of Resources	**$ 198,330**	$ 304,985

*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, 2022
Services and Supplies	**$ 115,260**	$ 79,299
Payroll Related	**28,702**	26,015
Accrued Interest	**11,095**	10,655
Salaries and Wages	**6,490**	5,929
Contract Retainage	**8,803**	5,807
Total	**$ 170,350**	$ 127,705

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 2023 or 2022. 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, 2027. See Note 5 Capital Assets for information on right-to-use assets and associated accumulated amortization. See Note 10 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, 2023 and 2022 the university recognized lease revenues related to lessor agreements totaling $3,432,123 and $3,737,061, respectively. The university also recognized interest revenues totaling $1,558,952 and $1,574,116, during the fiscal years ended June 30, 2023 and 2022, respectively. Additionally, the university recognized variable revenue related to leases totalling $329,815 and $600,655, during the fiscal years ended June 30, 2023 and 2022, respectively.

9. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

OSU has entered into subscription-based contracts to use vendor-provided information technology, commonly referred to as subscription-based information technology arrangements or SBITAs, for various terms under long-term, noncancelable agreements. These agreements expire at various dates through 2028 and provide for renewal options ranging from one year to three years. In accordance with GASB Statement No. 96, the university records a right-to-use asset and SBITA liability based on the present value of expected payments over the term of the agreement. The expected payments are discounted using the interest rate charged in the agreement, 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 SBITA expense during fiscal years 2023 or 2022. The university has no SBITAs featuring payments tied to an index or market rate. See Note 5 Capital Assets for information on right-to-use assets and associated accumulated amortization. See Note 10 Long-Term Liabilities for future payments schedule.

10. LONG-TERM LIABILITIES

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

	Balance June 30, 2022*	**Additions**	**Reductions**	**Balance June 30, 2023**	**Amounts Due Within One Year**	**Long-Term Portion**
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	$ 268,125	**$ 40,275**	**$ (13,568)**	**$ 294,832**	**$ 16,992**	**$ 277,840**
Oregon Department of Energy Loans (SELP)	9,041	**-**	**(796)**	**8,245**	**818**	**7,427**
Revenue Bonds	622,789	**-**	**(367)**	**622,422**	**367**	**622,055**
Leases	11,036	**2,586**	**(2,259)**	**11,363**	**2,399**	**8,964**
SBITAs	16,386	**8,723**	**(9,204)**	**15,905**	**6,694**	**9,211**
Direct Placement Debt						
General Revenue Note	40,000	**-**	**-**	**40,000**	**40,000**	**-**
Total Long-Term Debt	967,377	**51,584**	**(26,194)**	**992,767**	**67,270**	**925,497**
Other Noncurrent Liabilities						
Notes Payable	117	**-**	**(117)**	**-**	**-**	**-**
PERS pre-SLGRP Pooled Liability	18,340	**-**	**(3,966)**	**14,374**	**2,826**	**11,548**
Compensated Absences	40,257	**34,260**	**(31,423)**	**43,094**	**31,565**	**11,529**
Supplemental Retirement Plan	488	**47**	**-**	**535**	**-**	**535**
Perkins Loan Program Liability	12,137	**-**	**(6,803)**	**5,334**	**970**	**4,364**
Deferred Payroll Taxes Payable	9,840	**-**	**(9,840)**	**-**	**-**	**-**
Total Other Noncurrent Liabilities	81,179	**34,307**	**(52,149)**	**63,337**	**35,361**	**27,976**
Total Long-Term Liabilities	$ 1,048,556	**$ 85,891**	**$ (78,343)**	**$ 1,056,104**	**$ 102,631**	**$ 953,473**

	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
SBITAs*	-	24,136	(7,750)	16,386	7,244	9,142
Installment Purchases	8	-	(8)	-	-	-
Direct Placement Debt						
General Revenue Note	40,000	-	-	40,000	-	40,000
Total Long-Term Debt	963,604	26,547	(22,774)	967,377	24,087	943,290
Other Noncurrent Liabilities						
Note 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	$ 54,318	$ (67,575)	$ 1,048,556	$ 68,734	$ 979,822

*As Restated, see Note 1, Section AD

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	SBITAs	Principal	Interest	Principal	Interest	Total Payments
2024	$ 26,189	$ 1,163	$ 23,063	$ 2,594	$ 6,983	$ 26,903	$ 33,089	$ 40,000	$ 704	$ 100,696
2025	26,980	1,163	23,063	2,356	4,511	25,054	33,019	-	-	58,073
2026	27,136	1,163	23,063	2,326	3,159	24,426	32,421	-	-	56,847
2027	25,950	1,163	23,063	2,358	1,572	22,278	31,828	-	-	54,106
2028	25,394	1,164	23,063	2,104	232	20,699	31,258	-	-	51,957
2029-2033	112,464	4,175	115,313	156	-	85,142	146,966	-	-	232,108
2034-2038	79,739	-	115,313	-	-	61,823	133,229	-	-	195,052
2039-2043	47,452	-	136,388	-	-	59,685	124,155	-	-	183,840
2044-2048	16,611	-	242,998	-	-	158,170	101,439	-	-	259,609
2049-2053	13,009	-	243,724	-	-	188,270	68,463	-	-	256,733
2054-2058	2,600	-	219,656	-	-	188,370	33,886	-	-	222,256
2059-2063	-	-	87,865	-	-	83,550	4,315	-	-	87,865
						$944,370	$774,068	$ 40,000	$ 704	
Total Future Debt Service	**403,524**	**9,991**	**1,276,572**	**11,894**	**16,457**			**40,704**		**1,759,142**
Less: Interest Component of Future Payments	(108,692)	(1,746)	(662,547)	(531)	(552)			(704)		(774,772)
Principal Portion of Future Payments	**294,832**	**8,245**	**614,025**	**11,363**	**15,905**			**40,000**		**984,370**
Adjusted by:										
Net Unamortized Bond Premiums	-	-	8,397	-	-			-		8,397
Total Long-Term Debt	**$ 294,832**	**$ 8,245**	**$ 622,422**	**$ 11,363**	**$ 15,905**			**$ 40,000**		**$ 992,767**

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 0.08 percent to 5.38 percent, are due serially through 2055.

During the fiscal year ended June 30, 2023, the state issued $40,275,000 os series 2023H XI-F(1) Taxable bonds on behalf of OSU for capital construction. The bonds have an effective rate of 5.63 percent, and are due serially through 2055. Other changes to OSU's contracts payable to the state during fiscal year ended June 30, 2023, included debt service payments for principal of $13,567,565.

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.

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, 2023, OSU did not issue any new General Revenue Bonds. Changes to the revenue bond liability during fiscal year 2023 included the amortization of $366,958 in bond premium.

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.

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 had 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 arose from billing and payment errors between the university and Samaritan Health Services. There was no interest charged on the note. As of June 30, 2023, the note has been paid in full.

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 $1,006,167 and $2,191,755 for June 30, 2023 and 2022, respectively. Principal payments of $3,965,889 and $2,123,420 were applied to OSU's liability for June 30, 2023 and 2022, 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 17 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 Z 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, permited employers to defer the deposit and payment of the employer's portion of social security taxes that otherwise would have been due between March 27, 2020 and December 31, 2020. Employers were 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, 2023 all deferred payments have been remitted to the federal government.

11. ASSET RETIREMENT OBLIGATIONS

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, 2023 and 2022, OSU reported an ARO liability of $23,180,000 and $21,040,000, respectively, related to the OSTR. The remaining unamortized deferred outflow equaled $18,408,579 and $16,875,455, respectively, for 2023 and 2022. Both the liability and deferred outflow increased in fiscal year 2023 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, 2023 and 2022, the OSTR had an estimated remaining useful life of 30.3 years and 31.3 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, 2023, 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.

12. UNRESTRICTED NET POSITION

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

	June 30, 2023	June 30, 2022
University Operations	**$ 185,597**	$ 239,624
Net Pension Liability, Net of Deferrals (See Notes 6 & 17)	**(320,500)**	(318,701)
Compensated Absences Liability	**(36,205)**	(33,672)
State and Local Government Rate Pool Liability (See Note 10)	**(14,374)**	(18,340)
Other Post-Employment Benefits Liabilities, Net of Deferrals (See Notes 6 & 18)	**(8,806)**	(11,234)
Asset Retirement Obligation, Net of Deferrals (See Notes 6 & 11)	**(4,771)**	(4,165)
Total Unrestricted Net Position	**$ (199,059)**	$ (146,488)

13. 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, 2023	June 30, 2022
Total Operating Revenues	**$1,014,559**	$ 900,680
(Less):		
Student Building Fees	**(3,078)**	(2,910)
Student Incidental Fees	**(32,161)**	(29,444)
Federal Grants and Contracts	**(313,851)**	(248,666)
State and Local Grants and Contracts	**(22,628)**	(12,640)
Nongovernmental Grants and Contracts	**(26,373)**	(27,258)
Amounts Required to be Deposited or Paid for University-Paid State Bonds	**(26,298)**	(21,987)
Plus:		
Adjusted Beginning Unrestricted Net Position, Restated	**(151,222)**	(232,539)
General Revenues Pledged to Repay Revenue Bonds	**$ 438,948**	$ 325,236

14. INVESTMENT ACTIVITY

Investment Activity detail is as follows (in thousands):

	June 30, 2023	June 30, 2022
Royalties and Technology Transfer Income	**$ 8,678**	$ 6,873
Investment Earnings	**8,509**	3,442
Endowment Income	**1,981**	1,869
Net Appreciation (Depreciation) of Investments	**14,340**	(17,580)
Gain (Loss) on Sale of Investments	**(4,443)**	(1,463)
Interest Income	**924**	677
Total Investment Activity	**$ 29,989**	$ (6,182)

15. 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 $48,857,374 and ($7,818,442) for the fiscal years ended June 30, 2023 and 2022, respectively. The following displays operating expenses by both the functional and natural classifications (in thousands):

June 30, 2023	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	$ 312,675	$ 30,941	$ 207	$ 5	$ 254	**$ 344,082**
Research	168,498	82,691	3,804	45	24	**255,062**
Public Services	99,989	91,819	1,532	199	1,068	**194,607**
Academic Support	62,176	24,875	41	215	-	**87,307**
Student Services	35,626	6,615	8	210	46	**42,505**
Auxiliary Services	92,592	85,604	6,175	18,947	-	**203,318**
Institutional Support	91,238	24,730	14	9,641	-	**125,623**
Operation & Maint. of Plant	19,876	22,933	-	241	-	**43,050**
Student Aid	50	(318)	33,379	-	5,676	**38,787**
Other	362	11,154	-	56,649	-	**68,165**
Total	**$ 883,082**	**$ 381,044**	**$ 45,160**	**$ 86,152**	**$ 7,068**	**$ 1,402,506**

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	70,562	1,974	127	1,050	164,913
Academic Support	64,933	22,500	14	141	-	87,588
Student Services	30,727	5,394	9	212	40	36,382
Auxiliary Services	83,154	76,649	5,020	18,649	-	183,472
Institutional Support	86,200	29,323	(1)	7,869	2	123,393
Operation & Maint. of Plant	17,977	22,613	-	227	-	40,817
Student Aid	29	33	49,926	-	331	50,319
Other	255	13,897	-	52,459	-	66,611
Total	$ 824,584	$ 331,958	$ 60,181	$ 79,829	$ 1,646	$ 1,298,198

16. 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, 2023	June 30, 2022
General Fund - Education & General	**$ 165,381**	$ 157,293
General Fund - Statewide Public Services	**79,204**	77,817
General Fund - SELP Debt Service	**1,054**	1,054
Lottery Funding - Outdoor School	**24,709**	24,709
Lottery Funding - Sports Lottery	**603**	603
Harvest Tax	**4,489**	3,392
Total State Appropriations	**$ 275,440**	$ 264,868
County Appropriations	**14,482**	13,957
Total Appropriations	**$ 289,922**	$ 278,825

17. EMPLOYEE RETIREMENT PLANS

Oregon State University offers various defined benefit and defined contribution retirement plans to qualified employees as described in the following pages.

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, 2022 and 2021 are as follows (in millions):

Collective Plan:	**June 30, 2022**	June 30, 2021
Total Pension Liability	**$ 99,082**	$ 96,298
Plan Fiduciary Net Position	**83,770**	84,331
Plan Net Pension Liability	**$ 15,312**	$ 11,967

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, 2022 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 they are is entitled.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have 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 years ended June 30, 2023 and 2022 were based on the December 31, 2019 actuarial valuation. The employer contribution rates for PERS and OPSRP are as follows:

	2023	2022
Base Tier One/Two Rate	21.03%	21.03%
SLGRP Rate	1.52%	1.52%
RHIA and RHIPA OPEB Rate	0.33%	0.33%
Side Account Offset Rate	-0.57%	-0.57%
Total PERS Tier One/Two Rate	**22.31%**	22.31%
Base OPSRP Rate	17.12%	17.12%
SLGRP Rate	1.52%	1.52%
RHIA and RHIPA OPEB Rate	0.17%	0.17%
Side Account Offset Rate	-0.57%	-0.57%
Total OPSRP Rate	**18.24%**	18.24%

The university's required employer contributions for PERS and OPSRP for the years ended June 30, 2023 and 2022, were $55,085,128 and $51,670,719, respectively, including amounts to fund employer specific liabilities.

FEDERAL CIVIL SERVICE RETIREMENT

Some OSU Extension Service employees hold federal appointments. Employees on federal appointment hired after December 31, 1983 participate in the Federal Employees Retirement System (FERS), a defined benefit plan. 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 FERS for the years ended June 30, 2023 and 2022, were $207,762 and $233,924, respectively.

NET PENSION LIABILITY

At June 30, 2023, the university reported a liability of $369,041,571 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2023 was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date. 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.

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, 2023 and 2022, OSU's proportion was 2.41 and 2.30, respectively, of the statewide pension plan.

For the years ended June 30, 2023 and 2022, OSU recorded total pension expense of $51,285,841 and $41,818,944, 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, 2023 and 2022, 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, 2022 – 5.5 years
- 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

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 2023 and 2022.

At June 30, 2023, 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	$ 17,914	$ (2,301)
Change in Assumptions	57,905	(529)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(65,978)
Change in Proportionate Share	44,761	(812)
Differences Between Contributions and Proportionate Share of Contributions	7	(51,912)
Total	**$ 120,587**	**$ (121,532)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(945)	
Contributions Subsequent to the MD	49,487	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ 48,542**	

Of the amount reported as deferred outflows of resources, $49,486,591 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, 2024.

As of June 30, 2023, 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:	
2024	$ 3,146
2025	(4,446)
2026	(26,072)
2027	28,525
2028	(2,098)
	$ (945)

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 are recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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, 2023**	June 30, 2022
Valuation Date	December 31, 2020	December 31, 2019
Measurement Date	June 30, 2022	June 30, 2021
Experience Study Report	2020, published July 2021	2018, published July 2019
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.40 percent	
Long-Term Expected Rate of Return	6.90 percent	
Discount Rate	6.90 percent	
Projected Salary Increases	3.40 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, 2023 and 2022 was 6.90 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 percent as of June 30, 2023 and 2022, 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, 2023	June 30, 2022
1% Decrease 5.90%	**$ 654,463**	$ 540,968
Current Discount Rate 6.90%	**369,042**	275,332
1% Increase 7.90%	**130,157**	53,327

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	25.00	35.00	30.00
Private Equity	15.00	27.50	20.00
Real Estate	7.50	17.50	12.50
Real Assets	2.50	10.00	7.50
Diversitying Strategies	2.50	10.00	7.50
Opportunity Portfolio	0.00	5.00	0.00
Risk Parity	0.00	3.50	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 2023 and 2022 was 5.60 percent. Payroll assessments paid by OSU for the fiscal years ended June 30, 2023 and 2022, were $16,865,039 and $15,744,390, 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:

	2023	2022
Tier One/Two	**26.30%**	26.30%
Tier Three	**9.63%**	9.63%
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: 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, 2023 and 2022, 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, 2023 was $599,069,824, of which $239,596,112 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, 2023			
	Employer Contribution	**As a % of Covered Payroll**	**Employee Contribution**	**As a % of Covered Payroll**
ORP	$ 16,304	6.80%	$ 13,257	5.53%
TIAA	30	0.01	30	0.01
FERS - TSP	54	0.02	127	0.05
Total	**$ 16,388**	**6.83%**	**$ 13,414**	**5.59%**

Of the employee share, OSU paid $10,783,513 of the ORP and $29,961 of the TIAA employee contributions on behalf of their employees during the fiscal year ended June 30, 2023. The FERS-TSP contributions of $127,227 represents employee contributions to the TSP for FERS employees that were matched from one to five percent by the employer in fiscal year 2023.

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.

18. 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 they (1) are receiving a retirement benefit or allowance from PERS or (2) were 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 they (1) are receiving a retirement benefit or allowance from PERS or (2) were 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):

Net OPEB - RHIA (Asset)	June 30, 2022	June 30, 2021
Total OPEB - RHIA Liability	$ 375.4	$ 409.5
Plan Fiduciary Net Position	730.7	752.9
Plan Net OPEB - RHIA (Asset)	**$ (355.3)**	$ (343.4)
Net OPEB - RHIPA (Asset)		
Total OPEB - RHIPA Liability	$ 49.1	$ 62.9
Plan Fiduciary Net Position	83.3	78.4
Plan Net OPEB - RHIPA (Asset)	**$ (34.2)**	$ (15.5)

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, 2022 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, 2023 and 2022, the university contributed 0.05 percent 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, 2023 and 2022 were approximately $32,862 and $34,780, respectively. The actual contribution equaled the annual required contribution for the year.

For the fiscal years ended June 30, 2023 and 2022, the university contributed 0.11 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 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, 2023 and 2022 were approximately $593,618 and $564,834, respectively. The actual contribution equaled the annual required contribution for the year.

NET OPEB ASSET/LIABILITY

a. RHIA

At June 30, 2023, the university reported an asset of $7,388,433 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2023 was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. 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. 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, 2023 and June 30, 2022, OSU's proportion was 2.08 and 2.46 percent of the statewide OPEB plan, respectively.

For the years ended June 30, 2023 and 2022, OSU recorded total OPEB related expense of ($1,137,429) and ($1,747,961), 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, 2023, the university reported a asset of $2,321,822 for its proportionate share of the RHIPA net OPEB asset. The net OPEB asset as of June 30, 2023 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. 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. 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, 2023 and June 30, 2022, OSU's proportion was 6.78 and 7.29 percent, respectively, of the statewide OPEB plan.

For the years ended June 30, 2023 and 2022, OSU recorded total OPEB related expense of ($401,773) and ($224,170), respectively, due to changes in the net RHIPA OPEB 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, 2023 and 2022, 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, 2022 - 2.5 years
- Measurement period ended June 30, 2021 - 2.7 years
- Measurement period ended June 30, 2020 - 2.9 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 2023 and 2022.

At June 30, 2023, 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	$ -	$ (200)
Change in Assumptions	58	(246)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(563)
Change in Proportionate Share	587	(905)
Difference Between Contributions and Proportionate Share of Contributions	-	(17)
Total	**$ 645**	**$ (1,931)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(1,286)	
Contributions Subsequent to the MD	33	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ (1,253)**	

Of the amount reported as deferred outflows of resources, $32,862 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, 2024.

As of June 30, 2023, 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:	
2024	$ (962)
2025	(150)
2026	(355)
2027	181
	$ (1,286)

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 are recognized as an increase of the net OPEB asset in the year ended June 30, 2023.

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, 2023 and 2022, 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, 2022 - 6.1 years
- 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 2023 and 2022.

At June 30, 2023, 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	$ -	$ (613)
Change in Assumptions	60	(932)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	(151)
Change in Proportionate Share	6	(120)
Difference Between Contributions and Proportionate Share of Contributions	13	(18)
Total	**$ 79**	**$ (1,834)**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	(1,755)	
Contributions Subsequent to the MD	593	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ (1,162)**	

Of the amount reported as deferred outflows of resources, $593,618 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, 2024.

As of June 30, 2023, 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:	
2024	$ (441)
2025	(441)
2026	(456)
2027	(211)
2028	(188)
Thereafter	(18)
	$ (1,755)

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 are recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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, 2023	June 30, 2022
Valuation Date	December 31, 2020	December 31, 2019
Measurement Date	June 30, 2022	June 30, 2021
Experience Study Report	2020, published July 2021	2018, published July 2019
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	
Long-Term Expected Rate of Return	6.90 percent	
Discount Rate	6.90 percent	
Projected Salary Increases	3.40 percent	
Retiree Healthcare Participation	Healthy retirees: 27.5%; Disabled retirees: 15%	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, 2023	June 30, 2022
Valuation Date	December 31, 2020	December 31, 2019
Measurement Date	June 30, 2022	June 30, 2021
Experience Study Report	2020, published July 2021	2018, published July 2019
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	
Long-Term Expected Rate of Return	6.90 percent	
Discount Rate	6.90 percent	
Projected Salary Increases	3.40 percent	
Retiree Healthcare Participation	8-14 Years of Service: 10% 15-19 Years of Service: 11% 20-24 Years of Service: 14% 25-29 Years of Service: 22% 30+ Years of Service: 27%	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 5.9% for 2021, decreasing to 4.7% for 2028, increasing to 4.8% for 2037, and decreasing to an ultimate rate of 3.9% for 2074 and beyond.	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.
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, 2023 and 2022 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

SENSITIVITY ANALYSIS

The sensitivity analysis below shows the sensitivity of the university's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 and 7.20 percent as of June 30, 2023 and 2022, 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):

	RHIA		RHIPA	
Discount Rate	**June 30, 2023**	June 30, 2022	**June 30, 2023**	June 30, 2022
1% Decrease 5.90%	**$(6,659)**	$(7,486)	**$(2,128)**	$ (844)
Current Discount Rate 6.90%	**(7,388)**	(8,465)	**(2,322)**	(1,129)
1% Increase 7.90%	**(8,014)**	(9,301)	**(2,572)**	(1,396)

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

	RHIA		RHIPA	
Healthcare Cost Rate	**June 30, 2023**	June 30, 2022	**June 30, 2023**	June 30, 2022
1% Decrease	**$(7,388)**	$(8,465)	**$(2,586)**	$(1,511)
Current Trend Rate	**(7,388)**	(8,465)	**(2,322)**	(1,129)
1% Increase	**(7,388)**	(8,465)	**(2,028)**	(702)

ASSUMED ASSET ALLOCATION

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00 %	25.00 %	20.00 %
Public Equity	27.50	35.00	30.00
Private Equity	15.00	27.50	20.00
Real Estate	7.50	17.50	12.50
Real Assets	2.50	10.00	7.50
Diversifying Strategies	2.50	10.00	7.50
Opportunity Portfolio	0.00	5.00	0.00
Risk Parity	0.00	3.50	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 Limited 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, 2023, the university reported a liability of $10,200,084 for its proportionate share of the total OPEB liability. The total OPEB liability as of June 30, 2023 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. 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. 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, 2023 and 2022, OSU's proportion was 9.66 and 9.50 percent, respectively, of participating employers.

For the year ended June 30, 2023 and 2022, OSU recorded total PEBB OPEB related expense of $467,859 and $576,144, 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, 2023 and 2022 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, 2023 - 8.23 years
- Measurement period ended June 30, 2022 - 7.80 years
- Measurement period ended June 30, 2021 - 8.60 years
- Measurement period ended June 30, 2020 - 8.60 years
- Measurement period ended June 30, 2019 - 8.20 years
- Measurement period ended June 30, 2018 - 8.20 years

One year of amortization is recognized in the university's total OPEB expense for fiscal years 2023 and 2022.

At June 30, 2023, 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	$ -	$ (2,338)
Change in Assumptions	221	(3,404)
Change in Proportionate Share	272	(676)
Difference Between Contributions and Proportionate Share of Contributions	37	(13)
Total	**530**	**(6,431)**
Net Deferred Outflow/(Inflow) of Resources	**$ (5,901)**	

As of June 30, 2023, 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:	
2024	$ (1,020)
2025	(1,020)
2026	(999)
2027	(1,001)
2028	(897)
Thereafter	(964)
	$ (5,901)

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)	

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, 2023**	June 30, 2022
Valuation Date	July 1, 2022	July 1, 2021
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	2.00 percent
Discount Rate	3.65 percent	3.54 percent
Projected Salary Increases	3.40 percent	3.00 percent
Mortality Rates	Pub-2010 mortality tables, adjusted for PERS experience and generational mortality improvements	
Withdrawal and Retirement Rates	December 31, 2021 Oregon PERS valuation	December 31, 2020 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, 2023 and 2022 reporting date was 3.65 and 3.54 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 3.65 percent as of June 30, 2023 and 3.54 percent as of June 30, 2022, 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, 2023 and 2022 (in thousands):

Discount Rate	June 30, 2023	June 30, 2022
1% Decrease 2.65%/2.54%	**$ 10,903**	$ 12,564
Current Discount Rate 3.65%/3.54%	**10,200**	11,717
1% Increase 4.65%/4.54%	**9,563**	10,924

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, 2023 and 2022 (in thousands):

Healthcare Rate	June 30, 2023	June 30, 2022
1% Decrease	**$ 9,024**	$ 10,417
Current Trend Rate	**10,200**	11,717
1% Increase	**11,593**	13,255

19. 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.

20. COMMITMENTS AND CONTINGENT LIABILITIES

Outstanding commitments on partially completed, and planned but not initiated construction projects totaled approximately $741,166,631 at June 30, 2023. These commitments will be primarily funded from gifts and grants, bond proceeds, and other OSU funds.

Several of the larger construction project commitments include the Collaboration Innovation Complex for $205 million, Heating Plant Repurpose Remodel for $78 million, Withycombe Hall renovations for $62 and the Upper Division and Graduate Student Housing project for $42 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 $29 million project began in the Fall of 2022 and is scheduled to be completed in the Spring of 2024.

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, 2023.

21. SUBSEQUENT EVENTS

Subsequent to June 30, 2023, eight more members of the Pac-12 athletic conference gave notice that they are withdrawing from the conference, thereby making it a total of ten members to have withdrawn over the last year, leaving only OSU and Washington State University (WSU) remaining and creating substantial uncertainty about the conference's viability going forward. As the two remaining Pac-12 members, OSU and WSU are exploring their options for future conference membership and affiliation. OSU Athletics receives between $26 million and $30 million per year in conference television revenue distributions through June of 2024. It is unclear at this time what the ultimate outcome will be for the Pac-12 conference and its remaining two institutions, and what impact that will have on OSU's Athletic Department revenues.

22. 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, 2023 and 2022. Certain amounts within the June 30, 2022 component unit financial statements have been reclassified to conform to the June 30, 2023 presentation.

During the years ended June 30, 2023 and 2022, gifts of $94,951,178 and $106,714,452, respectively, were transferred from the foundations to OSU.

Please see the combining financial statements for the OSU component units in the continuation of Note 22 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*

Component Units
Combining Financial Statements

Statements of Financial Position
As of June 30, 2023

	Oregon State University Foundation	Agricultural Research Foundation	Total Component Units
		(in thousands)	
ASSETS			
Cash and Cash Equivalents	$ 8,912	$ 1,574	$ 10,486
Investments	949,416	29,209	978,625
Contributions, Pledges and Grants Receivable, Net	101,058	3,531	104,589
Assets Held-For-Sale	5,549	-	5,549
Assets Held Under Split-Interest Agreements	53,415	-	53,415
Charitable Trusts Held Outside the Foundation	10,487	-	10,487
Prepaid Expenses and Other Assets	6,097	232	6,329
Property and Equipment, Net	25,387	-	25,387
Total Assets	**$ 1,160,321**	**$ 34,546**	**$ 1,194,867**
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 4,503	$ 197	$ 4,700
Endowment Assets Held for OSU	56,353	-	56,353
Accounts Payable to the University	32,060	5,439	37,499
Obligations to Beneficiaries of Split-Interest Agreements	23,720	-	23,720
Other Liabilities	80	-	80
Long-Term Liabilities	1,267	-	1,267
Total Liabilities	**117,983**	**5,636**	**123,619**
NET ASSETS			
Without Donor Restrictions	33,550	4,214	37,764
With Donor Restrictions	1,008,788	24,696	1,033,484
Total Net Assets	**1,042,338**	**28,910**	**1,071,248**
TOTAL LIABILITIES AND NET ASSETS	**$ 1,160,321**	**$ 34,546**	**$ 1,194,867**

Component Units
Combining Financial Statements

Statements of Activities
For the Year Ended June 30, 2023

	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	$ 968	$ 167	$ 1,135
Investment Income, Net	7,774	517	8,291
Net Assets Released From Restrictions and Other Transfers	113,062	10,712	123,774
Other Revenues	25,347	-	25,347
Total Revenues	**147,151**	**11,396**	**158,547**
EXPENSES			
University Support	109,032	7,204	116,236
Management and General	15,111	475	15,586
Development	22,816	-	22,816
Total Expenses	**146,959**	**7,679**	**154,638**
Increase In Net Assets Held Without Donor Restrictions	**192**	**3,717**	**3,909**
Beginning Balance, Net Assets Held Without Donor Restrictions	33,358	497	33,855
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 33,550**	**$ 4,214**	**$ 37,764**
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 80,348	$ 10,136	$ 90,484
Investment Income, Net	57,026	18	57,044
Change in Value of Life Income Agreements	1,245	-	1,245
Other Revenues	3,893	-	3,893
Net Assets Released From Restrictions and Other Transfers	(113,062)	(10,712)	(123,774)
Increase (Decrease) In Net Assets Held With Donor Restrictions	**29,450**	**(558)**	**28,892**
Beginning Balance, Net Assets Held With Donor Restrictions	979,338	25,254	1,004,592
Ending Balance, Net Assets Held With Donor Restrictions	**$ 1,008,788**	**$ 24,696**	**$ 1,033,484**
Beginning Balance, Total Net Assets	$ 1,012,696	$ 25,751	$ 1,038,447
Increase In Total Net Assets	**29,642**	**3,159**	**32,801**
Ending Balance, Total Net Assets	**$ 1,042,338**	**$ 28,910**	**$ 1,071,248**

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	$ 2,365	$ 9,788
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**	**$ 32,420**	**$ 1,136,435**
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 12,834	$ 207	$ 13,041
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**	**6,669**	**97,988**
NET ASSETS			
Without Donor Restrictions	33,358	497	33,855
With Donor Restrictions	979,338	25,254	1,004,592
Total Net Assets	**1,012,696**	**25,751**	**1,038,447**
TOTAL LIABILITIES AND NET ASSETS	**$ 1,104,015**	**$ 32,420**	**$ 1,136,435**

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	$ 58	$ 701
Investment Income, Net	(14,479)	(1,952)	(16,431)
Net Assets Released From Restrictions and Other Transfers	110,756	9,636	120,392
Other Revenues	23,597	-	23,597
Total Revenues	**120,517**	**7,742**	**128,259**
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)**	**(3,259)**	**(18,698)**
Beginning Balance, Net Assets Held Without Donor Restrictions	48,797	3,756	52,553
Ending Balance, Net Assets Held Without Donor Restrictions	**$ 33,358**	**$ 497**	**$ 33,855**
CHANGE IN NET ASSETS HELD WITH DONOR RESTRICTIONS			
REVENUES			
Grants, Bequests and Gifts	$ 194,602	$ 9,889	$ 204,491
Investment Income, Net	(67,887)	(67)	(67,954)
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)	(9,636)	(120,391)
Increase In Net Assets Held With Donor Restrictions	**13,060**	**186**	**13,246**
Beginning Balance, Net Assets Held With Donor Restrictions	966,278	25,068	991,346
Ending Balance, Net Assets Held With Donor Restrictions	**$ 979,338**	**$ 25,254**	**$ 1,004,592**
Beginning Balance, Total Net Assets	$ 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**

Required Supplementary Information (dollars in thousands)

SCHEDULE OF UNIVERSITY CONTRIBUTIONS
Public Employees Retirement System

For Fiscal Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution[1]	$ 49,487	$ 46,756	$ 39,883	$ 40,555	$ 28,059	$ 27,936	$ 19,571	$ 19,078	$ 15,945	$ 15,100
Contributions in Relation to Contractually Required Contribution	49,487	46,756	39,883	40,555	28,059	27,936	19,571	19,078	15,945	15,100
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 307,178	$ 288,021	$ 280,514	$ 278,387	$ 267,033	$ 258,277	$ 244,265	$ 228,327	$ 218,835	$ 202,058
Contributions as a Percentage of Covered Payroll	16.1%	16.2%	14.2%	14.6%	10.5%	10.8%	8.0%	8.4%	7.3%	7.5%

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

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

As of the Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
University's Allocation of the Net Pension Liability/(Asset)	2.41%	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)	$ 369,042	$ 275,332	$ 451,900	$ 344,658	$ 302,317	$ 293,882	$ 322,538	$ 114,746	$ (40,834)	$ 91,930
University's Covered Payroll	$ 288,021	$ 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	128.13%	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										

Required Supplementary Information (dollars in thousands)

SCHEDULE OF UNIVERSITY PERS RHIA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contributions[1]	$ 33	$ 35	$ 43	$ 47	$ 1,205	$ 1,171	$ 1,172	$ 1,104	$ 1,170	$ 1,091
Contributions in Relation to the Actuarially Determined Contributions	33	35	43	47	1,205	1,171	1,172	1,104	1,170	1,091
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$306,659	$287,246	$279,571	$278,354	$266,994	$258,239	$244,227	$228,283	$217,824	$201,446
Contributions as a Percentage of Covered Payroll	0.01%	0.01%	0.02%	0.02%	0.45%	0.45%	0.48%	0.48%	0.54%	0.54%

[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,	2022	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIA OPEB Liability/(Asset)	2.08%	2.46%	0.67%	2.52%	2.35%	2.46%	0.00%
University's Proportionate Share of the Net RHIA OPEB Liability/(Asset)	$ (7,388)	$ (8,465)	$ (1,369)	$ (4,869)	$ (2,626)	$ (1,027)	$ 641
University's Covered Payroll	$287,246	$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	2.57%	3.03%	0.49%	1.82%	1.02%	0.42%	0.28%

*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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contributions[1]	$ 593	$ 565	$ 841	$ 846	$ 1,104	$ 1,076	$ 937	$ 886	$ 508	$ 475
Contributions in Relation to the Actuarially Determined Contributions	593	565	841	846	1,104	1,076	937	886	508	475
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$306,659	$287,246	$279,571	$278,354	$266,994	$258,239	$244,227	$228,283	$217,824	$201,446
Contributions as a Percentage of Covered Payroll	0.19%	0.20%	0.30%	0.30%	0.41%	0.42%	0.38%	0.39%	0.23%	0.24%

[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,	2022	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIPA OPEB Liability/(Asset)	6.78%	7.29%	7.44%	8.01%	7.98%	7.97%	8.01%
University's Proportionate Share of the Net RHIPA OPEB Liability/(Asset)	$ (2,322)	$ (1,129)	$ 742	$ 2,028	$ 2,820	$ 3,718	$ 4,299
University's Covered Payroll	$287,246	$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	0.81%	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)	169.65%	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,	2023	2022	2021	2020	2019	2018	2017
University's Allocation of the Total OPEB Liability	$ 10,200	$ 11,717	$ 14,473	$ 14,516	$ 16,082	$ 15,242	$ 14,696
University's Proportionate Share of the Total OPEB Liability	9.66%	9.50%	9.58%	9.90%	9.98%	10.26%	10.15%
University's Covered Payroll	$ 457,710	$ 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	2.23%	2.78%	3.53%	3.51%	4.00%	4.13%	3.78%
Total OPEB Liability as a % of Total Covered Payroll	2.19%	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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