

**Statement of Activities**  
**For the Year Ended June 30, 2002**  
(In Thousands)

	<b>Program Revenues</b>				<b>Net (Expense) Revenue</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Functions/Programs</b>					
<b>Primary Government:</b>					
Governmental Activities:					
Education	\$ 3,363,716	\$ 17,246	\$ 403,135	\$ -	\$ (2,943,335)
Human Resources	4,399,183	282,692	2,613,691	-	(1,502,800)
Public Safety	862,219	46,360	87,315	8,424	(720,120)
Economic and Community Development	289,051	18,744	265,399	-	(4,908)
Natural Resources	494,385	233,344	114,975	842	(145,224)
Transportation	1,239,599	113,083	296,182	691	(829,643)
Consumer and Business Services	319,913	127,581	19,138	-	(173,194)
Administration	567,717	25,734	235,705	-	(306,278)
Legislative	27,914	2,695	14	-	(25,205)
Judicial	232,185	97,782	710	-	(133,693)
Total Governmental Activities	<u>11,795,882</u>	<u>965,261</u>	<u>4,036,264</u>	<u>9,957</u>	<u>(6,784,400)</u>
Business-type Activities:					
Housing and Community Services	94,686	76,802	26,029	-	8,145
Veterans' Loan	79,922	50,386	35,223	-	5,687
Lottery Operations	485,299	817,490	12,612	-	344,803
Unemployment Compensation	1,030,423	649,892	236,450	-	(144,081)
University System	1,551,981	650,248	526,034	85,982	(289,717)
Other Business-type Activities	409,472	395,763	12,452	-	(1,257)
Total Business-type Activities	<u>3,651,783</u>	<u>2,640,581</u>	<u>848,800</u>	<u>85,982</u>	<u>(76,420)</u>
Total Primary Government	<u>\$ 15,447,665</u>	<u>\$ 3,605,842</u>	<u>\$ 4,885,064</u>	<u>\$ 95,939</u>	<u>\$ (6,860,820)</u>
<b>Component Units:</b>					
SAIF Corporation	\$ 330,739	\$ 266,104	\$ 19,949	\$ -	\$ (44,686)
Oregon Health and Science University	1,017,705	626,542	394,298	4,177	7,312
CTFO	5,147	-	-	-	(5,147)
Total Component Units	<u>\$ 1,353,591</u>	<u>\$ 892,646</u>	<u>\$ 414,247</u>	<u>\$ 4,177</u>	<u>\$ (42,521)</u>

(continued on next page)

**Statement of Activities**  
**For the Year Ended June 30, 2002**  
(In Thousands)  
(continued from previous page)

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Changes in Net Assets:				
Net (Expense) Revenue	\$ (6,784,400)	\$ (76,420)	\$ (6,860,820)	\$ (42,521)
General Revenues:				
Taxes:				
Personal Income Taxes	4,096,359	-	4,096,359	-
Corporate Income Taxes	190,346	-	190,346	-
Tobacco Taxes	175,115	-	175,115	-
Other Taxes	356,319	12,676	368,995	-
Restricted for Transportation Purposes:				
Motor Fuels Taxes	397,713	-	397,713	-
Weight Mile Taxes	201,315	-	201,315	-
Vehicle Registration Taxes	113,262	-	113,262	-
Restricted for Workers' Compensation Benefits:				
Employer-employee Taxes	255,279	-	255,279	-
Total Taxes	<u>5,785,708</u>	<u>12,676</u>	<u>5,798,384</u>	<u>-</u>
Unrestricted Investment Earnings	17,146	-	17,146	-
Contributions to Permanent Funds	48,638	-	48,638	-
Capital Contributions	1,475	649	2,124	-
Special Items	-	-	-	43,494
Transfers - Internal Activities	(61,903)	61,903	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>5,791,064</u>	<u>75,228</u>	<u>5,866,292</u>	<u>43,494</u>
Change in Net Assets	<u>(993,336)</u>	<u>(1,192)</u>	<u>(994,528)</u>	<u>973</u>
Net Assets - Beginning	2,645,565	4,247,125	6,892,690	1,267,863
Cumulative Effect of Change in Accounting Principles	8,922,959	(987,893)	7,935,066	-
Prior Period Adjustments	(87,719)	41,631	(46,088)	-
Net Assets - Beginning - As Restated	<u>11,480,805</u>	<u>3,300,863</u>	<u>14,781,668</u>	<u>1,267,863</u>
<b>Net Assets - Ending</b>	<u>\$ 10,487,469</u>	<u>\$ 3,299,671</u>	<u>\$ 13,787,140</u>	<u>\$ 1,268,836</u>

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



**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

**For the Year Ended June 30, 2002**

**(In Thousands)**

	<u>General</u>	<u>Health and Social Services</u>	<u>Public Transportation</u>
<b>Revenues:</b>			
Personal Income Taxes	\$ 4,034,426	\$ -	\$ -
Corporate Income Taxes	191,372	-	-
Tobacco Taxes	60,917	114,197	-
Motor Fuels Taxes	-	-	397,713
Weight-Mile Taxes	-	-	204,733
Employer-Employee Taxes	-	-	-
Vehicle Registration Taxes	-	-	113,262
Other Taxes	117,003	47,543	952
Licenses and Fees	16,206	32,245	41,213
Federal	-	2,175,485	421,229
Charges for Services	3,124	112,316	39,840
Fines and Forfeitures	2,116	696	3,952
Rents and Royalties	118	16	2,934
Investment Income	17,146	4,496	8,116
Sales	1,555	3,085	13,946
Donations and Grants	1	104,651	204
Tobacco Settlement Proceeds	-	86,524	-
Other	12,728	198,644	12,112
<b>Total Revenues</b>	<b>4,456,712</b>	<b>2,879,898</b>	<b>1,260,206</b>
<b>Expenditures:</b>			
Current:			
Education	2,872,132	-	-
Human Resources	1,360,191	2,686,417	-
Public Safety	606,435	-	-
Economic and Community Development	6,244	-	-
Natural Resources	56,664	-	-
Transportation	10,595	5,077	993,680
Consumer and Business Services	5,717	48,911	-
Administration	70,458	26,361	146,935
Legislative	24,446	-	-
Judicial	200,303	502	-
Capital Improvements and Capital Construction	-	-	-
Debt Service:			
Principal	18,992	-	-
Interest	22,939	6	162
Other Debt Service	-	-	-
<b>Total Expenditures</b>	<b>5,255,116</b>	<b>2,767,274</b>	<b>1,140,777</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(798,404)	112,624	119,429
<b>Other Financing Sources (Uses):</b>			
Transfers from Other Funds	368,467	715,869	673,008
Transfers to Other Funds	(627,936)	(894,806)	(718,259)
Transfers to Component Units	(1,628)	(51,795)	-
Long-Term Debt Issued	-	-	224,239
Debt Issuance Premium	-	-	5,335
Debt Issuance Discount	-	-	(931)
Refunded Debt Issued	-	-	-
Leases Incurred	7	-	-
Contributions to Permanent Funds	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(261,090)</b>	<b>(230,732)</b>	<b>183,392</b>
Net Change in Fund Balances	(1,059,494)	(118,108)	302,821
Fund Balances - Beginning	103,740	336,998	179,890
Prior Period Adjustments	(19,910)	43,386	7,873
Cumulative Effect of Change in Accounting Principles	-	170,564	-
Fund Balances - Beginning - As Restated	83,830	550,948	187,763
Change in Reserve for Inventories	2,074	499	(20,368)
<b>Fund Balances - Ending</b>	<b>\$ (973,590)</b>	<b>\$ 433,339</b>	<b>\$ 470,216</b>

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

<b>Environmental Management</b>	<b>Other</b>	<b>Total</b>
\$ -	\$ -	\$ 4,034,426
-	-	191,372
-	-	175,114
-	-	397,713
-	-	204,733
-	255,320	255,320
-	-	113,262
15,625	175,860	356,983
93,423	92,352	275,439
92,443	1,078,342	3,767,499
16,305	61,126	232,711
340	74,795	81,899
866	2,397	6,331
15,239	45,426	90,423
86,414	7,287	112,287
1,436	9,860	116,152
-	-	86,524
16,380	40,614	280,478
338,471	1,843,379	10,778,666
-	475,283	3,347,415
-	356,073	4,402,681
-	172,562	778,997
-	275,237	281,481
368,061	35,489	460,214
-	7,248	1,016,600
-	269,025	323,653
147	267,514	511,415
-	2,272	26,718
-	30,775	231,580
-	81,681	81,681
-	39,867	58,859
16	36,918	60,041
-	3,637	3,637
368,224	2,053,581	11,584,972
(29,753)	(210,202)	(806,306)
210,057	1,333,133	3,300,534
(154,448)	(989,657)	(3,385,106)
-	(86)	(53,509)
-	59,009	283,248
-	14,994	20,329
-	(8)	(939)
-	260,435	260,435
-	-	7
-	48,638	48,638
-	(270,769)	(270,769)
55,609	455,689	202,868
25,856	245,487	(603,438)
427,758	915,849	1,964,235
7,828	69	39,246
15,480	233,210	419,254
451,066	1,149,128	2,422,735
1,507	242	(16,046)
\$ 478,429	\$ 1,394,857	\$ 1,803,251

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2002**  
(In Thousands)

	<b>Business-type Activities -- Enterprise Funds</b>		
	<b>Housing and Community Services</b>	<b>Veterans' Loan</b>	<b>Lottery Operations</b>
<b>Operating Revenues:</b>			
Assessments	\$ -	\$ -	\$ -
Other Taxes	-	-	-
Licenses and Fees	167	438	-
Federal	-	-	-
Charges for Services	3,517	731	-
Fines and Forfeitures	24	-	-
Rents and Royalties	-	494	-
Sales	1	-	816,941
Loan Interest Income	72,928	48,006	-
Investment Income	26,000	35,223	12,612
Gifts, Grants and Contracts	29	-	-
Other	120	545	548
Gain (Loss) on Foreclosed Property	45	172	-
Total Operating Revenues	<u>102,831</u>	<u>85,609</u>	<u>830,101</u>
<b>Operating Expenses:</b>			
Salaries and Wages	5,489	6,974	25,383
Services and Supplies	6,019	4,089	236,022
Cost of Goods Sold	-	-	-
Distributions to Other Governments	447	-	-
Special Payments	636	-	218,455
Bond and COP Interest	79,688	68,561	-
Other Debt Service	2,159	35	-
Depreciation and Amortization	148	539	4,566
Bad Debt Expense	7	(907)	-
Total Operating Expenses	<u>94,593</u>	<u>79,291</u>	<u>484,426</u>
Operating Income (Loss)	<u>8,238</u>	<u>6,318</u>	<u>345,675</u>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Income	-	-	-
Other Non Operating Items	-	-	-
Gain (Loss) on Disposition of Assets	-	3	-
Loan Interest Expense	(65)	(581)	-
Total Nonoperating Revenues (Expenses)	<u>(65)</u>	<u>(578)</u>	<u>-</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items and Transfers	8,173	5,740	345,675
Capital Contributions	-	-	-
Transfers from Other Funds	19,215	-	-
Transfers to Other Funds	(22,758)	-	(366,034)
Change in Net Assets	<u>4,630</u>	<u>5,740</u>	<u>(20,359)</u>
Net Assets - Beginning	153,690	94,931	95,000
Prior Period Adjustments	-	42,361	(70)
Cumulative Effect of Change in Accounting Principles	-	75	-
Net Assets - Beginning - As Restated	<u>153,690</u>	<u>137,367</u>	<u>94,930</u>
<b>Net Assets - Ending</b>	<u>\$ 158,320</u>	<u>\$ 143,107</u>	<u>\$ 74,571</u>

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

<u>Unemployment Compensation</u>	<u>University System</u>	<u>Other</u>	<u>Total</u>	<u>Governmental Activities -- Internal Service Funds</u>
\$ 530,719	\$ -	\$ -	\$ 530,719	\$ -
-	-	12,677	12,677	-
-	-	3,682	4,287	5
135,414	445,668	9,234	590,316	-
-	374,767	89,874	468,889	220,149
1,366	-	586	1,976	-
-	-	2,115	2,609	24,755
-	191,614	272,996	1,281,552	13,608
-	-	22,996	143,930	-
101,036	8,601	3,218	186,690	-
-	157,747	1	157,777	-
117,807	13,715	3,511	136,246	2,232
-	-	-	217	-
<u>886,342</u>	<u>1,192,112</u>	<u>420,890</u>	<u>3,517,885</u>	<u>260,749</u>
-	816,839	143,179	997,864	107,701
500	625,008	66,128	937,766	134,715
-	29,096	138,308	167,404	15,938
64,083	63	37,040	101,633	-
965,140	-	155	1,184,386	-
-	25,351	19,243	192,843	6,307
-	-	186	2,380	75
-	55,472	3,312	64,037	15,917
-	743	678	521	-
<u>1,029,723</u>	<u>1,552,572</u>	<u>408,229</u>	<u>3,648,834</u>	<u>280,653</u>
<u>(143,381)</u>	<u>(360,460)</u>	<u>12,661</u>	<u>(130,949)</u>	<u>(19,904)</u>
-	-	-	-	8,787
-	70,152	-	70,152	-
-	300	(29)	274	607
-	-	(254)	(900)	(130)
<u>-</u>	<u>70,452</u>	<u>(283)</u>	<u>69,526</u>	<u>9,264</u>
(143,381)	(290,008)	12,378	(61,423)	(10,640)
-	649	-	649	250
3,446,704	403,674	164,822	4,034,415	303,474
<u>(3,449,976)</u>	<u>-</u>	<u>(134,713)</u>	<u>(3,973,481)</u>	<u>(334,986)</u>
<u>(146,653)</u>	<u>114,315</u>	<u>42,487</u>	<u>160</u>	<u>(41,902)</u>
-	-	335,793	679,414	250,457
-	-	(660)	41,631	249
1,937,409	642,294	40	2,579,818	(3)
<u>1,937,409</u>	<u>642,294</u>	<u>335,173</u>	<u>3,300,863</u>	<u>250,703</u>
<u>\$ 1,790,756</u>	<u>\$ 756,609</u>	<u>\$ 377,660</u>	<u>\$ 3,301,023</u>	<u>\$ 208,801</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with the business-type activities.

Change in net assets of business-type activities \$ (1,192)

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2002**  
(In Thousands)

	<u>Pension</u> <u>Trust</u>	<u>Private</u> <u>Purpose</u> <u>Trust</u>	<u>Investment</u> <u>Trust</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 1,030,658	\$ -	\$ -
Employee	491,289	-	-
Other Sources	20,939	-	-
Total Contributions	<u>1,542,886</u>	-	-
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(3,237,859)	(81,694)	-
Interest, Dividends and Other Investment Income	983,557	18,726	108,185
Total Investment Income (Loss)	<u>(2,254,302)</u>	<u>(62,968)</u>	<u>108,185</u>
Less Investment Expense	214,866	365	5,705
Net Investment Income (Loss)	<u>(2,469,168)</u>	<u>(63,333)</u>	<u>102,480</u>
Licenses and Fees	-	1,161	-
Charges for Services	-	31	-
Fines and Forfeitures	-	29	-
Rents and Royalties	-	3,053	-
Sales	-	12	-
Other Income	1,703	12,793	-
Share Transactions:			
Participant Contributions	-	-	11,639,098
Participant Withdrawals	-	-	11,893,602
Net Share Transactions	<u>-</u>	<u>-</u>	<u>(254,504)</u>
Transfers from Other Funds	-	15,272	-
<b>Total Additions</b>	<u>(924,579)</u>	<u>(30,982)</u>	<u>(152,024)</u>
<b>DEDUCTIONS</b>			
Pension Benefits	1,719,101	-	-
Death Benefits	10,121	-	-
Contributions Refunded	46,087	-	-
Healthcare Premium Subsidies	91,616	-	-
Distributions to Participants	-	-	101,869
Administrative Expenses	2,910	17,037	-
Payments in Accordance with Trust Agreements	-	8,783	-
Transfers to Other Funds	-	8,293	-
<b>Total Deductions</b>	<u>1,869,835</u>	<u>34,113</u>	<u>101,869</u>
Change in Net Assets Held in Trust For:			
Employees' Pension Benefits	(2,772,111)	-	-
Employees' Postemployment Healthcare Benefits	13,925	-	-
External Investment Pool Participants	-	-	(253,893)
Individuals, Organizations and Other Governments	(36,228)	(65,095)	-
Net Assets - Beginning	37,507,636	-	3,723,447
Cumulative Effect of Change in Accounting Principles	582,273	666,280	-
Prior Period Adjustments	-	3,748	-
Net Assets - Beginning - As Restated	<u>38,089,909</u>	<u>670,028</u>	<u>3,723,447</u>
<b>Net Assets - Ending</b>	<u>\$ 35,295,495</u>	<u>\$ 604,933</u>	<u>\$ 3,469,554</u>

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

**Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Discretely Presented Component Units  
For the Year Ended June 30, 2002  
(In Thousands)**

	<b>SAIF Corporation</b>	<b>Oregon Health and Science University</b>	<b>CTFO</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for Services	\$ 246,384	\$ 556,149	\$ -	\$ 802,533
Sales	-	18,531	-	18,531
Investment Income	19,949	-	-	19,949
Gifts, Grants and Contracts	-	331,024	-	331,024
Auxiliary Enterprises (net)	-	10,092	-	10,092
Other	19,720	41,770	-	61,490
Total Operating Revenues	<u>286,053</u>	<u>957,566</u>	<u>-</u>	<u>1,243,619</u>
<b>Operating Expenses:</b>				
Salaries and Wages	52,575	565,871	-	618,446
Services and Supplies	52,308	357,772	-	410,080
Special Payments	219,365	-	5,147	224,512
Bond and COP Interest	-	17,053	-	17,053
Depreciation and Amortization	3,704	60,027	-	63,731
Bad Debt	2,787	15,966	-	18,753
Total Operating Expenses	<u>330,739</u>	<u>1,016,689</u>	<u>5,147</u>	<u>1,352,575</u>
Operating Income (Loss)	<u>(44,686)</u>	<u>(59,123)</u>	<u>(5,147)</u>	<u>(108,956)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Investment Income	-	9,765	-	9,765
Gain (Loss) on Disposition of Assets	-	(1,016)	-	(1,016)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>8,749</u>	<u>-</u>	<u>8,749</u>
Income (Loss) Before Capital Contributions and Transf	<u>(44,686)</u>	<u>(50,374)</u>	<u>(5,147)</u>	<u>(100,207)</u>
Transfers from Primary Government	-	53,509	-	53,509
Capital Contributions	-	4,177	-	4,177
Total Transfers and Capital Contributions	<u>-</u>	<u>57,686</u>	<u>-</u>	<u>57,686</u>
<b>Special and Extraordinary Items:</b>				
Special Item-School of Science and Engineering Merger	-	43,494	-	43,494
Total Special and Extraordinary Items	<u>-</u>	<u>43,494</u>	<u>-</u>	<u>43,494</u>
Change in Net Assets	<u>(44,686)</u>	<u>50,806</u>	<u>(5,147)</u>	<u>973</u>
Net Assets - Beginning	<u>466,665</u>	<u>796,051</u>	<u>5,147</u>	<u>1,267,863</u>
<b>Net Assets - Ending</b>	<u><u>\$ 421,979</u></u>	<u><u>\$ 846,857</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,268,836</u></u>

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

**STATE FUNDS NOT SUBJECT TO CONTROL ACCOUNTING  
BY OREGON DEPARTMENT OF ADMINISTRATIVE SERVICES**

	<b>Beginning Balance 7/1/00</b>	<b>Receipts 7/1/00 - 6/30/02</b>	<b>Total Available</b>	<b>Disbursements 7/1/00 - 6/30/02</b>	<b>Ending Balance 6/30/02</b>
Department of Higher Education Suspense Accounts	\$110,890,838.15	\$1,955,989,318.26	\$2,066,880,156.41	\$1,933,985,653.05	\$132,894,503.36