

## Notes to Financial Statements

The five financial statements included here have been selected to provide information about the receipts and expenditures of public money and about changes in net assets (equity) or fund balances. Additional information is available in the Comprehensive Annual Financial Report of the State of Oregon prepared annually by the State Controller's Division of the Oregon Department of Administrative Services and audited by the Secretary of State Audits Division.

### **Government-wide Financial Statements**

All of the State's activities are reported in the government-wide statements, except for activities accounted for in fiduciary funds because resources of those funds are not available to support the State's own programs. The *statement of activities* presents information that shows how the State's net assets changed during the fiscal year. All of the changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the State's most significant funds (not the State as a whole). Funds are accounting mechanisms the State uses to keep track of specific sources of funding and spending for particular purposes. Similar to other state and local governments, the State uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

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

**Governmental funds.** Most of the State's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that are readily convertible to cash flow in and out, and (2) the balances remaining at year end that are available for spending. Thus, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the State's programs.

In governmental funds, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities existing at the end of the year. Expenditures generally are recognized when a liability is incurred.

The State reports the following major governmental funds:

The *General Fund* is the State's primary operating fund and accounts for all financial resources of the general government, except those accounted for in another fund.

The *Health and Social Services Fund* accounts for programs that provide assistance, services, training, and health care to individuals and families who do not have sufficient resources to meet their basic needs. The primary sources of funding for these programs come from federal grants, tobacco taxes, healthcare provider taxes, and charges for services.

The *Public Transportation Fund* accounts for the planning, design, construction, and maintenance of highways, roads, bridges, and public systems relating to air, water, rail, and highway transportation. Funding is provided from dedicated highway user taxes and vehicle registration taxes, in addition to various federal highway administration funds.

The *Environmental Management Fund* accounts for programs that promote, protect, and preserve the State's forests, parks, wildlife, fish, and waterways. The main funding sources for these programs are usage fees, federal grants, and sales revenue.

The *Common School Fund* accounts for programs to manage state-owned land, including a leasing program that generates annual revenues, for the benefit of the public school system. Estate funds that become the property of the State, unclaimed property, and income derived from unclaimed property are also accounted for in this fund. Assets of the fund, including investment income, are dedicated through statutory, as well as constitutional provisions, to be used for common school purposes. Constitutionally dedicated assets of the Common School Fund represent a trust created to support the State's public school system. The primary funding sources for these programs include investment income, leasing revenues, forest management, unclaimed property receipts, and transfers from other funds.

The *Oregon Rainy Day Fund* accounts for resources that have been transferred from the General Fund in accordance with state law. These resources, along with investment income generated, can be appropriated by the Legislature only when certain criteria related to economic or revenue conditions have been met.

***Proprietary funds.*** Services for which the State charges customers a fee, similar to a business operation, are generally reported in proprietary funds. Like the government-wide statements, the proprietary fund statements provide both long-term and short-term financial information. The State's enterprise funds (one type of proprietary fund) are the same as its business-type activities. However, the enterprise funds present more detail, including cash flow information.

The State reports the following major proprietary (enterprise) funds:

The *Housing and Community Services Fund* accounts for activities that finance multi-family rental housing and single-family mortgages for low to moderate income families. Mortgage loans related to these activities are financed with the proceeds of bonds issued under various bond indentures of trust. Mortgage loan payments and interest earnings on invested bond proceeds are used to pay debt service on the bonds.

The *Veterans' Loan Fund* accounts for activities to finance owner-occupied, single-family residential housing for qualified eligible Oregon veterans. Funds for lending are provided through the issuance of general obligation bonds that are repaid from the interest and principal payments made on mortgages.

The *Lottery Operations Fund* accounts for the operation of the Oregon State Lottery which markets and sells Lottery products to the public. The primary objective of the Oregon State Lottery is to produce the maximum amount of net revenues to be used for creating jobs, furthering economic development, financing public education, and restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats.

The *Unemployment Compensation Fund* accounts for federal monies and unemployment taxes collected from employers to provide payment of benefits to the unemployed.

The *University System Fund* accounts for the operations of Oregon's seven public universities, including the Chancellor's Office. Funding is from General Fund appropriations, tuition and fees, and auxiliary enterprise revenues, in addition to funds from external donors and federal agencies.

The State uses *internal service funds* (the other type of proprietary fund) to account for goods and services provided by state agencies or departments to other state agencies or departments and to other governmental units on a cost-reimbursement basis (such as the Central Services Fund).

***Fiduciary funds.*** Fiduciary funds account for resources held for the benefit of parties outside the government. The State is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that due to a trust arrangement may be used only for the trust beneficiaries. Fiduciary funds are accounted for in a manner similar to proprietary funds.

The State reports the following fiduciary funds types:

The *Pension and Other Employee Benefit Trust Funds* account for activities of the Public Employees Retirement System, which administers resources for the payment of retirement, disability, postemployment healthcare, and death benefits to members and beneficiaries of the retirement system.

The *Private Purpose Trust Funds* account for all trust arrangements, other than those properly reported in pension and other employee benefit trust funds, investment trust funds or special revenue funds, under which principal and income benefit individuals, private organizations, or other governments.

The *Investment Trust Fund* accounts for the portion of the Oregon Short-term Fund (OSTF) belonging to local governments. The OSTF is a cash and investment pool, managed by the Office of the State Treasurer, which is available for use by all funds and local governments. Oregon reports the State's portion of the pool within the funds of the State.

The *Agency Fund* accounts for assets held by the State as an agent for other governmental units, organizations, or individuals. For example, the Department of Consumer and Business Services holds deposits and investments to secure the faithful performance by insurers of insurance company obligations, including claims due to policyholders. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not measure the results of operations.

### **Discretely Presented Component Units**

The State's discretely presented component units include the SAIF Corporation, Oregon Health and Science University, and the Oregon University System Foundations.

### **Budgetary Data**

The State's budget is approved on a biennial basis, where the biennium begins July 1 and ends June 30 of each odd-numbered year. The Governor is required to submit budget recommendations to the Legislature no later than December 1 preceding the biennium.

The regular Legislative session begins in January of each odd-numbered year. The budget is adopted by the Legislature's passage of separate appropriation bills and by the Governor's approval of those bills. The resulting approved appropriation bills become the appropriated budget for the State. Appropriation bills include one or more appropriations (budgeted expenditure items) which may be at the agency, program, or activity level. The Oregon Constitution requires the budget to be in balance at the end of each biennium. Because of this provision, the State may not budget a deficit and is required to alleviate any revenue shortfalls within each biennium.

Also included in the Governor's budget recommendations are legally authorized, nonappropriated budget items that are not legislatively limited by an appropriation bill. Spending plans for nonbudgeted financial activities, which are not included in the Governor's budget recommendations, are also established by agencies for certain expenditures to enhance fiscal control. Expenditures are monitored through the use of quarterly allotments. Allotments are required for appropriated and nonappropriated items and are used to establish spending limits. These spending limits are monitored by the Budget and Management Division of the Department of Administrative Services and are controlled by the State's central accounting system.

The Legislative Assembly only meets in regular session for approximately six months of each biennium. During the interim period when the Legislature is not in session, the Legislative Emergency Board is authorized to amend the legally adopted budget. It authorizes and allocates all changes in funding and takes other actions to meet emergency needs when the Legislature is not in session.



**State of Oregon**

**Statement of Activities**  
**For the Year Ended June 30, 2008**  
(In Thousands)

	<b>Program Revenues</b>				
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expense) Revenue</b>
<b>Functions/Programs</b>					
<b>Primary Government:</b>					
Governmental Activities:					
Education	\$ 4,174,928	\$ 6,981	\$ 573,973	\$ 10,056	\$ (3,583,918)
Human Services	5,316,540	230,058	3,264,678	-	(1,821,804)
Public Safety	1,183,931	67,869	168,608	14,018	(933,436)
Economic and Community Development	355,133	23,027	280,651	-	(51,455)
Natural Resources	613,329	300,685	13,605	-	(299,039)
Transportation	2,251,391	153,423	509,770	3,537	(1,584,661)
Consumer and Business Services	461,015	258,299	37,791	-	(164,925)
Administration	570,903	282,977	311,611	-	23,685
Legislative	39,142	2,459	304	-	(36,379)
Judicial	311,828	136,327	1,498	-	(174,003)
Interest on Long-term Debt	315,530	-	-	-	(315,530)
Total Governmental Activities	<u>15,593,670</u>	<u>1,462,105</u>	<u>5,162,489</u>	<u>27,611</u>	<u>(8,941,465)</u>
Business-type Activities:					
Housing and Community Services	100,706	80,135	30,604	-	10,033
Veterans' Loan	46,652	21,980	33,154	-	8,482
Lottery Operations	573,203	1,229,486	28,068	-	684,351
Unemployment Compensation	687,363	638,186	148,234	-	99,057
University System	1,808,424	954,039	410,433	-	(443,952)
State Hospitals	203,818	35,191	-	-	(168,627)
Liquor Control	307,380	406,421	-	-	99,041
Other Business-type Activities	75,134	76,452	13,686	-	15,004
Total Business-type Activities	<u>3,802,680</u>	<u>3,441,890</u>	<u>664,179</u>	<u>-</u>	<u>303,389</u>
Total Primary Government	<u>\$ 19,396,350</u>	<u>\$ 4,903,995</u>	<u>\$ 5,826,668</u>	<u>\$ 27,611</u>	<u>\$ (8,638,076)</u>
<b>Component Units:</b>					
SAIF Corporation	\$ 584,248	\$ 480,244	\$ 178,251	\$ -	\$ 74,247
Oregon Health and Science University	1,537,215	1,027,421	552,122	6,847	49,175
Oregon University System Foundations	208,524	17,197	344,340	748	153,761
Total Component Units	<u>\$ 2,329,987</u>	<u>\$ 1,524,862</u>	<u>\$ 1,074,713</u>	<u>\$ 7,595</u>	<u>\$ 277,183</u>

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State of Oregon

**Statement of Activities**  
**For the Year Ended June 30, 2008**  
**(In Thousands)**  
(continued from previous page)

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Total	
Changes in Net Assets:				
Net (Expense) Revenue	\$ (8,941,465)	\$ 303,389	\$ (8,638,076)	\$ 277,183
General Revenues:				
Taxes:				
Personal Income Taxes	6,102,900	-	6,102,900	-
Corporate Income Taxes	448,010	-	448,010	-
Tobacco Taxes	254,524	-	254,524	-
Healthcare Provider Taxes	154,460	-	154,460	-
Inheritance Taxes	116,186	-	116,186	-
Public Utilities Taxes	89,621	-	89,621	-
Insurance Premium Taxes	42,721	-	42,721	-
Other Taxes	123,907	16,086	139,993	-
Restricted for Transportation Purposes:				
Motor Fuels Taxes	413,858	-	413,858	-
Weight-Mile Taxes	237,296	-	237,296	-
Vehicle Registration Taxes	201,245	-	201,245	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Employer-Employee Taxes	76,576	-	76,576	-
Workers' Compensation Insurance Taxes	40,733	-	40,733	-
Total Taxes	<u>8,302,037</u>	<u>16,086</u>	<u>8,318,123</u>	<u>-</u>
Unrestricted Investment Earnings	81,815	-	81,815	-
Capital Contributions	4,482	71,716	76,198	-
Transfers - Internal Activities	154,510	(154,510)	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>8,542,844</u>	<u>(66,708)</u>	<u>8,476,136</u>	<u>-</u>
Change in Net Assets	<u>(398,621)</u>	<u>236,681</u>	<u>(161,940)</u>	<u>277,183</u>
Net Assets - Beginning	10,873,196	4,395,977	15,269,173	3,506,149
Prior Period Adjustments	(15,149)	9,649	(5,500)	(184)
Net Assets - Beginning - As Restated	<u>10,858,047</u>	<u>4,405,626</u>	<u>15,263,673</u>	<u>3,505,965</u>
<b>Net Assets - Ending</b>	<u>\$ 10,459,426</u>	<u>\$ 4,642,307</u>	<u>\$ 15,101,733</u>	<u>\$ 3,783,148</u>

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

**State of Oregon**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2008  
(In Thousands)**

	General	Health and Social Services	Public Transportation
<b>Revenues:</b>			
Personal Income Taxes	\$ 6,067,272	\$ -	\$ -
Corporate Income Taxes	446,734	-	-
Tobacco Taxes	58,395	196,395	-
Healthcare Provider Taxes	-	154,460	-
Inheritance Taxes	116,186	-	-
Public Utilities Taxes	-	-	-
Insurance Premium Taxes	42,721	-	-
Motor Fuels Taxes	-	-	413,105
Weight-Mile Taxes	-	-	238,860
Vehicle Registration Taxes	-	-	201,245
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	446	72,246	2,073
Licenses and Fees	36,574	81,930	64,289
Federal	-	2,705,061	569,762
Charges for Services	4,339	123,404	66,130
Fines and Forfeitures	1,065	1,057	5,614
Rents and Royalties	-	724	5,471
Investment Income	81,815	14,400	48,199
Sales	679	4,479	15,620
Donations and Grants	5	9,275	207
Tobacco Settlement Proceeds	-	90,297	-
Pension Bond Debt Service Assessments	-	-	-
Other	10,555	245,640	2,812
<b>Total Revenues</b>	<b>6,866,786</b>	<b>3,699,368</b>	<b>1,633,387</b>
<b>Expenditures:</b>			
Current:			
Education	3,103,319	-	-
Human Services	1,625,532	3,145,856	-
Public Safety	836,027	-	-
Economic and Community Development	8,677	-	-
Natural Resources	64,869	-	-
Transportation	4,293	8,259	1,614,096
Consumer and Business Services	6,228	159,411	-
Administration	135,342	79,117	127,802
Legislative	35,511	-	-
Judicial	263,990	1,151	-
Capital Improvements and Capital Construction	-	-	-
Debt Service:			
Principal	43,643	-	-
Interest	68,712	-	652
Other Debt Service	834	304	301
<b>Total Expenditures</b>	<b>6,196,977</b>	<b>3,394,098</b>	<b>1,742,851</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	669,809	305,270	(109,464)
<b>Other Financing Sources (Uses):</b>			
Transfers from Other Funds	121,716	104,001	4,246
Transfers to Other Funds	(772,881)	(205,703)	(155,470)
Insurance Recoveries	41	-	1,948
Long-term Debt Issued	-	22,612	10,060
Debt Issuance Premium	-	306	-
Refunded Debt Issued	-	-	-
Leases Incurred	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(651,124)</b>	<b>(78,784)</b>	<b>(139,216)</b>
Net Change in Fund Balances	18,685	226,486	(248,680)
Fund Balances - Beginning	183,896	277,093	901,384
Prior Period Adjustments	(466)	(21,919)	972
Fund Balances - Beginning - As Restated	183,430	255,174	902,356
Change in Reserve for Inventories	1,803	(183)	149
<b>Fund Balances - Ending</b>	<b>\$ 203,918</b>	<b>\$ 481,477</b>	<b>\$ 653,825</b>

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

**State of Oregon**

Environmental Management	Common School	Oregon Rainy Day	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ 6,067,272
-	-	-	-	446,734
-	-	-	-	254,790
-	-	-	-	154,460
-	-	-	-	116,186
-	-	-	89,621	89,621
-	-	-	-	42,721
-	-	-	-	413,105
-	-	-	-	238,860
-	-	-	-	201,245
-	-	-	76,576	76,576
-	-	-	40,733	40,733
18,634	-	-	23,781	117,180
110,182	1,569	-	143,964	438,508
93,737	-	-	1,605,221	4,973,781
36,318	130	-	77,457	307,778
538	21	-	91,880	100,175
3,469	3,707	-	4,814	18,185
26,177	(115,963)	13,350	100,336	168,314
96,963	849	-	6,692	125,282
1,717	-	1	25,735	36,940
-	-	-	-	90,297
-	-	-	121,035	121,035
15,414	318	-	79,779	354,518
403,149	(109,369)	13,351	2,487,624	14,994,296
-	-	-	1,071,603	4,174,922
-	-	-	576,602	5,347,990
-	-	-	339,854	1,175,881
-	-	-	345,719	354,396
512,797	13,174	-	38,784	629,624
-	-	-	9,512	1,636,160
-	-	-	301,278	466,917
1	-	1,964	182,465	526,691
-	-	-	1,945	37,456
-	-	-	46,575	311,716
-	-	-	78,195	78,195
71	-	-	135,457	179,171
-	-	-	237,124	306,488
145	-	-	736	2,320
513,014	13,174	1,964	3,365,849	15,227,927
(109,865)	(122,543)	11,387	(878,225)	(233,631)
165,996	10,217	-	1,809,787	2,215,963
(40,645)	(60,335)	-	(823,079)	(2,058,113)
872	-	-	1,185	4,046
15,142	-	-	50,195	98,009
63	-	-	1,343	1,712
-	-	-	14,310	14,310
134	-	-	-	134
-	-	-	(15,036)	(15,036)
141,562	(50,118)	-	1,038,705	261,025
31,697	(172,661)	11,387	160,480	27,394
707,856	909,431	319,288	1,552,008	4,850,956
(12,381)	-	-	14,987	(18,807)
695,475	909,431	319,288	1,566,995	4,832,149
934	(3)	-	754	3,454
\$ 728,106	\$ 736,767	\$ 330,675	\$ 1,728,229	\$ 4,862,997

State of Oregon

**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**  
**(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	\$ -	\$ -	\$ -
Licenses and Fees	4,088	117	-
Federal	-	-	-
Charges for Services	1,349	2,773	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	640	-
Sales	-	3	1,233,782
Loan Interest Income	74,586	18,050	-
Investment Income	30,603	33,154	-
Gifts, Grants and Contracts	-	-	-
Other	6	397	-
Gain (Loss) on Foreclosed Property	106	-	-
Total Operating Revenues	110,738	55,134	1,233,782
<b>Operating Expenses:</b>			
Salaries and Wages	6,056	5,954	34,323
Services and Supplies	8,663	12,747	282,252
Cost of Goods Sold	-	-	-
Distributions to Other Governments	449	-	-
Loan Interest Expense	70	722	-
Special Payments	7,359	99	225,330
Bond and COP Interest	77,551	26,857	-
Other Debt Service	600	151	-
Depreciation and Amortization	17	160	30,843
Bad Debt Expense	(78)	-	-
Total Operating Expenses	100,687	46,690	572,748
Operating Income (Loss)	10,051	8,444	661,034
<b>Nonoperating Revenues (Expenses):</b>			
Investment Income (Loss)	-	-	28,068
Other Taxes	-	-	-
Other Nonoperating Items	-	-	(4,321)
Gain (Loss) on Disposition of Assets	-	-	-
Insurance Recoveries	-	-	26
Loan Interest Income	-	-	-
Loan Interest Expense	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	23,773
Income (Loss) Before Contributions, Special Items, Extraordinary Items and Transfers	10,051	8,444	684,807
Capital Contributions	-	-	-
Transfers from Other Funds	4,647	399	-
Transfers to Other Funds	-	-	(654,443)
Change in Net Assets	14,698	8,843	30,364
Net Assets - Beginning	172,327	127,969	179,706
Prior Period Adjustments	-	-	-
Net Assets - Beginning - As Restated	172,327	127,969	179,706
<b>Net Assets - Ending</b>	\$ 187,025	\$ 136,812	\$ 210,070

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

**State of Oregon**

**Business-type Activities - Enterprise Funds**

Unemployment Compensation	University System	Other	Total	Governmental Activities Internal Service Funds
\$ 621,928	\$ -	\$ -	\$ 621,928	\$ -
-	-	4,233	8,438	-
29,321	322,808	3,105	355,234	-
-	496,157	59,864	560,143	291,218
2,411	-	503	2,914	-
-	-	112	752	40,201
-	337,108	420,744	1,991,637	11,297
-	-	27,992	120,628	-
118,912	-	10,517	193,186	-
-	70,645	-	70,645	-
13,847	24,109	4,601	42,960	19,222
-	-	-	106	-
<b>786,419</b>	<b>1,250,827</b>	<b>531,671</b>	<b>3,968,571</b>	<b>361,938</b>
-	1,147,478	194,887	1,388,698	122,734
20,916	422,371	106,221	853,170	177,963
-	-	215,069	215,069	20,109
14,466	-	46,484	61,399	103
-	-	-	792	-
655,966	95,695	257	984,706	-
-	53,072	16,971	174,451	9,042
-	-	256	1,007	155
-	91,724	4,321	127,065	34,775
(4,484)	-	1,881	(2,681)	-
<b>686,864</b>	<b>1,810,340</b>	<b>586,347</b>	<b>3,803,676</b>	<b>364,881</b>
<b>99,555</b>	<b>(559,513)</b>	<b>(54,676)</b>	<b>164,895</b>	<b>(2,943)</b>
-	16,981	62	45,111	12,614
-	-	16,086	16,086	-
-	95,654	-	91,333	-
-	1,562	25	1,587	553
-	1,011	17	1,054	382
-	-	-	-	45
-	-	(9)	(9)	(20)
-	<b>115,208</b>	<b>16,181</b>	<b>155,162</b>	<b>13,574</b>
99,555	(444,305)	(38,495)	320,057	10,631
-	71,716	-	71,716	101
347	453,127	296,552	755,072	3,597
(35,814)	(70)	(219,254)	(909,581)	(7,452)
<b>64,088</b>	<b>80,468</b>	<b>38,803</b>	<b>237,264</b>	<b>6,877</b>
<b>2,246,909</b>	<b>1,135,806</b>	<b>530,221</b>	<b>4,392,938</b>	<b>197,057</b>
9,053	-	596	9,649	339
<b>2,255,962</b>	<b>1,135,806</b>	<b>530,817</b>	<b>4,402,587</b>	<b>197,396</b>
<b>\$ 2,320,050</b>	<b>\$ 1,216,274</b>	<b>\$ 569,620</b>	<b>\$ 4,639,851</b>	<b>\$ 204,273</b>

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	<u>(583)</u>
	<u>\$ 236,681</u>

State of Oregon

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2008**  
**(In Thousands)**

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 792,739	\$ -	\$ -
Plan Members	651,870	-	-
Total Contributions	<u>1,444,609</u>	-	-
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(4,244,136)	-	-
Interest, Dividends and Other Investment Income	1,865,810	1,628	258,802
Total Investment Income	<u>(2,378,326)</u>	1,628	258,802
Less Investment Expense	566,406	354	71,300
Net Investment Income	<u>(2,944,732)</u>	1,274	187,502
Gifts, Grants and Contracts	-	1,070	-
Income of Individuals in State Care	-	3,520	-
Veterans' Income	-	6,694	-
Other Income	1,357	565	-
Share Transactions:			
Participant Contributions	-	-	19,216,700
Participant Withdrawals	-	-	<u>18,828,528</u>
Net Share Transactions	-	-	388,172
Transfers from Other Funds	-	497	-
<b>Total Additions</b>	<u>(1,498,766)</u>	13,620	575,674
<b>DEDUCTIONS</b>			
Pension Benefits	2,812,351	-	-
Death Benefits	11,432	-	-
Contributions Refunded	50,661	-	-
Healthcare Premium Subsidies	29,530	-	-
Distributions to Other Governments	-	48	-
Distributions to Participants	-	-	204,623
Retiree Healthcare Expenses	101,781	-	-
Deferred Compensation Benefits	50,366	-	-
Administrative Expenses	44,749	7,677	-
Payments in Accordance with Trust Agreements	-	7,355	-
<b>Total Deductions</b>	<u>3,100,870</u>	15,080	204,623
Change in Net Assets Held in Trust For:			
Pension Benefits	(4,534,078)	-	-
Other Postemployment Benefits	(11,520)	-	-
Other Employee Benefits	(54,038)	-	-
External Investment Pool Participants	-	-	371,051
Individuals, Organizations and Other Governments	-	(1,460)	-
Net Assets - Beginning	66,009,334	33,627	3,676,384
<b>Net Assets - Ending</b>	<u>\$ 61,409,698</u>	<u>\$ 32,167</u>	<u>\$ 4,047,435</u>

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

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**State of Oregon**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Discretely Presented Component Units  
For the Year Ended June 30, 2008  
(In Thousands)**

	SAIF Corporation	Oregon Health and Science University	Oregon University System Foundations
<b>Operating Revenues:</b>			
Charges for Services	\$ -	\$ 934,371	\$ -
Sales	-	29,029	-
Premiums Earned (net)	459,977	-	-
Investment Income (net)	-	-	(10,066)
Gifts, Grants and Contracts	-	476,172	354,406
Auxiliary Enterprises (net)	-	13,809	-
Other	20,267	50,212	17,197
Total Operating Revenues	<u>480,244</u>	<u>1,503,593</u>	<u>361,537</u>
<b>Operating Expenses:</b>			
Salaries and Wages	-	848,418	-
Services and Supplies	-	528,794	193,329
Loss and Loss Adjustment Expense	435,297	-	-
Policyholders' Dividends	59,979	-	-
Underwriting Expenses	88,972	-	-
Bond and COP Interest	-	27,576	-
Depreciation and Amortization	-	87,275	-
Bad Debt Expense	-	51,179	-
Other Expenses	-	-	15,195
Total Operating Expenses	<u>584,248</u>	<u>1,543,242</u>	<u>208,524</u>
Operating Income (Loss)	<u>(104,004)</u>	<u>(39,649)</u>	<u>153,013</u>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Income	178,251	33,140	-
Other	-	6,027	-
State Appropriations	-	42,810	-
Total Nonoperating Revenues (Expenses)	<u>178,251</u>	<u>81,977</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	74,247	42,328	153,013
Capital Contributions	-	6,847	748
Change in Net Assets	<u>74,247</u>	<u>49,175</u>	<u>153,761</u>
Net Assets - Beginning	850,850	1,424,346	1,230,953
Prior Period Adjustments	-	-	(184)
Net Assets - Beginning - As Restated	<u>850,850</u>	<u>1,424,346</u>	<u>1,230,769</u>
<b>Net Assets - Ending</b>	<u>\$ 925,097</u>	<u>\$ 1,473,521</u>	<u>\$ 1,384,530</u>

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

**State of Oregon**

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Total	Adjustments to Recast	Statement of Activities
\$ 934,371	\$ 590,491	\$ 1,524,862
29,029	(29,029)	-
459,977	(459,977)	-
(10,066)	10,066	-
830,578	244,135	1,074,713
13,809	(13,809)	-
87,676	(87,676)	-
<u>2,345,374</u>	<u>254,201</u>	<u>2,599,575</u>
848,418	-	848,418
722,123	-	722,123
435,297	-	435,297
59,979	-	59,979
88,972	-	88,972
27,576	-	27,576
87,275	-	87,275
51,179	-	51,179
15,195	(6,027)	9,168
<u>2,336,014</u>	<u>(6,027)</u>	<u>2,329,987</u>
<u>9,360</u>	<u>260,228</u>	<u>269,588</u>
211,391	(211,391)	-
6,027	(6,027)	-
42,810	(42,810)	-
<u>260,228</u>	<u>(260,228)</u>	<u>-</u>
269,588	-	269,588
7,595	-	7,595
<u>277,183</u>	<u>-</u>	<u>277,183</u>
3,506,149	-	3,506,149
(184)	-	(184)
<u>3,505,965</u>	<u>-</u>	<u>3,505,965</u>
<u>\$ 3,783,148</u>	<u>\$ -</u>	<u>\$ 3,783,148</u>

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

**Period 7/1/06 to 6/30/08**

	<b>Beginning Balance 7/1/06</b>	<b>Receipts 7/1/06 - 6/30/08</b>	<b>Total Funds Available</b>	<b>Disbursements 7/1/06 - 6/30/08</b>	<b>Ending Balance 6/30/08</b>
Oregon University System Suspense Accounts	\$162,595,187.28	\$2,527,399,175.67	\$2,689,994,362.95	\$2,475,608,793.23	\$214,385,569.72