

## 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 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 converted 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. 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, but provide more detail and, additional information, such as cash flows.

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 moneys 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 agency 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.

In odd-numbered years, the biennial budget is adopted by the Legislature through passage of separate appropriation bills and by the Governor's approval of those bills. The resulting approved appropriation bills become the State's appropriated budget for the next biennium. 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.

In November 2010, voters approved a constitutional amendment that requires the Legislative Assembly to hold annual sessions. Sessions held in odd-numbered years may not exceed 160 days, while sessions held in even-numbered years are limited to 35 days. Five-day extensions are allowed if approved by two-thirds of the members of each house and a session may be extended more than once. During interim periods when the Legislature is not in session, the Legislative Emergency Board is authorized to amend the legally adopted budget. The Board authorizes and allocates all changes in funding and takes other actions to meet emergency needs.

**State of Oregon**

**Statement of Activities**  
**For the Year Ended June 30, 2010**  
**(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	\$ 4,303,106	\$ 10,981	\$ 754,160	\$ 2,000	\$ (3,535,965)
Human Services	6,861,998	237,722	4,891,838	-	(1,732,438)
Public Safety	1,199,579	75,511	169,869	42,395	(911,804)
Economic and Community Development	455,453	23,805	429,667	-	(1,981)
Natural Resources	593,122	313,587	303,812	75	24,352
Transportation	1,858,705	115,507	666,371	928	(1,075,899)
Consumer and Business Services	463,489	276,359	25,260	-	(161,870)
Administration	474,624	107,625	449,084	-	82,085
Legislative	33,012	2,721	57	-	(30,234)
Judicial	308,574	145,548	958	-	(162,068)
Interest on Long-term Debt	299,467	-	-	-	(299,467)
Total Governmental Activities	<u>16,851,129</u>	<u>1,309,366</u>	<u>7,691,076</u>	<u>45,398</u>	<u>(7,805,289)</u>
Business-type Activities:					
Housing and Community Services	84,337	86,058	11,814	-	13,535
Veterans' Loan	19,685	14,451	6,965	-	1,731
Lottery Operations	518,076	1,027,735	11,276	-	520,935
Unemployment Compensation	3,020,372	859,790	1,678,282	-	(482,300)
University System	2,003,668	1,156,843	524,676	108,257	(213,892)
State Hospitals	222,311	90,820	-	-	(131,491)
Liquor Control	312,980	425,374	-	-	112,394
Other Business-type Activities	89,505	76,256	5,253	-	(7,996)
Total Business-type Activities	<u>6,270,934</u>	<u>3,737,327</u>	<u>2,238,266</u>	<u>108,257</u>	<u>(187,084)</u>
Total Primary Government	<u>\$ 23,122,063</u>	<u>\$ 5,046,693</u>	<u>\$ 9,929,342</u>	<u>\$ 153,655</u>	<u>\$ (7,992,373)</u>
<b>Component Units:</b>					
SAIF Corporation	\$ 563,296	\$ 357,184	\$ 557,369	\$ -	\$ 351,257
Oregon Health and Science University	1,858,986	1,447,934	539,620	2,431	130,999
Oregon University System Foundations	218,640	24,847	245,251	-	51,458
Total Component Units	<u>\$ 2,640,922</u>	<u>\$ 1,829,965</u>	<u>\$ 1,342,240</u>	<u>\$ 2,431</u>	<u>\$ 533,714</u>

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**State of Oregon**

**Statement of Activities**  
**For the Year Ended June 30, 2010**  
**(In Thousands)**  
(continued from previous page)

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>	
Changes in Net Assets:				
Net (Expense) Revenue	\$ (7,805,289)	\$ (187,084)	\$ (7,992,373)	\$ 533,714
General Revenues:				
Taxes:				
Personal Income Taxes	4,958,569	-	4,958,569	-
Corporate Income Taxes	387,639	-	387,639	-
Tobacco Taxes	250,135	-	250,135	-
Healthcare Provider Taxes	192,077	-	192,077	-
Inheritance Taxes	91,845	-	91,845	-
Public Utilities Taxes	80,790	-	80,790	-
Insurance Premium Taxes	70,291	-	70,291	-
Other Taxes	144,931	16,754	161,685	-
Restricted for Transportation Purposes:				
Motor Fuels Taxes	406,179	-	406,179	-
Weight Mile Taxes	208,573	-	208,573	-
Vehicle Registration Taxes	245,699	-	245,699	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Workers' Compensation Insurance Taxes	30,065	-	30,065	-
Employer-Employee Taxes	65,977	-	65,977	-
Total Taxes	<u>7,132,770</u>	<u>16,754</u>	<u>7,149,524</u>	<u>-</u>
Unrestricted Investment Earnings	3,193	-	3,193	-
Contributions to Permanent Funds	288	-	288	-
Transfers - Internal Activities	129,016	(129,016)	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>7,265,267</u>	<u>(112,262)</u>	<u>7,153,005</u>	<u>-</u>
Change in Net Assets	<u>(540,022)</u>	<u>(299,346)</u>	<u>(839,368)</u>	<u>533,714</u>
Net Assets - Beginning	10,122,039	3,973,276	14,095,315	3,318,343
Prior Period Adjustments	295,456	61,299	356,755	95
Cumulative Effect of a Change in Accounting Principles	-	35	35	(4,295)
Net Assets - Beginning - As Restated	<u>10,417,495</u>	<u>4,034,610</u>	<u>14,452,105</u>	<u>3,314,143</u>
<b>Net Assets - Ending</b>	<u>\$ 9,877,473</u>	<u>\$ 3,735,264</u>	<u>\$ 13,612,737</u>	<u>\$ 3,847,857</u>

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, 2010**

**(In Thousands)**

	General	Health and Social Services	Public Transportation	Environmental Management
<b>Revenues:</b>				
Personal Income Taxes	\$ 4,947,334	\$ -	\$ -	\$ -
Corporate Income Taxes	380,950	-	-	-
Tobacco Taxes	56,648	192,168	-	-
Healthcare Provider Taxes	-	192,077	-	-
Inheritance Taxes	101,410	-	-	-
Public Utilities Taxes	-	-	-	-
Insurance Premium Taxes	45,238	12,247	-	-
Motor Fuels Taxes	-	-	405,727	-
Weight Mile Taxes	-	-	209,121	-
Vehicle Registration Taxes	-	-	245,922	-
Employer-Employee Taxes	-	-	-	-
Workers' Compensation Insurance Taxes	-	-	-	-
Other Taxes	1,585	72,082	1,628	21,774
Licenses and Fees	42,249	96,945	69,775	130,912
Federal	-	3,851,554	732,253	141,588
Charges for Services	4,100	132,829	25,789	37,036
Fines and Forfeitures	4,057	675	4,997	634
Rents and Royalties	4	33	5,043	2,680
Investment Income	3,193	3,856	16,046	18,000
Sales	605	4,199	6,733	86,233
Donations and Grants	5	3,781	-	796
Contributions to Permanent Funds	-	-	-	-
Tobacco Settlement Proceeds	-	82,327	-	-
Pension Bond Debt Service Assessments	-	-	-	-
Unclaimed Property Revenue	-	-	-	-
Other	18,627	178,999	10,665	16,257
<b>Total Revenues</b>	<b>5,606,005</b>	<b>4,823,772</b>	<b>1,733,699</b>	<b>455,910</b>
<b>Expenditures:</b>				
Current:				
Education	2,790,608	-	-	-
Human Services	1,362,410	4,619,533	-	-
Public Safety	803,527	-	-	-
Economic and Community Development	8,892	-	-	-
Natural Resources	61,930	-	-	484,149
Transportation	4,979	8,002	1,875,588	-
Consumer and Business Services	5,496	167,620	-	-
Administration	126,857	26,591	103,739	-
Legislative	29,636	-	-	-
Judicial	252,951	1,046	-	-
Capital Improvements and Capital Construction	-	-	-	-
Debt Service:				
Principal	62,472	-	-	64
Interest	52,720	-	641	110
Other Debt Service	831	1,630	4,315	246
<b>Total Expenditures</b>	<b>5,563,309</b>	<b>4,824,422</b>	<b>1,984,283</b>	<b>484,569</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	42,696	(650)	(250,584)	(28,659)
<b>Other Financing Sources (Uses):</b>				
Transfers from Other Funds	419,080	103,089	1,833	145,908
Transfers to Other Funds	(619,016)	(209,382)	(231,385)	(49,666)
Insurance Recoveries	162	-	2,053	24
Long-term Debt Issued	-	219,810	580,285	8,690
Debt Issuance Premium	-	8,967	3,721	579
Debt Issuance Discount	-	-	-	(30)
Refunding Debt Issued	-	-	-	-
Leases Incurred	-	-	-	558
Refunded Debt Payment to Escrow Agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(199,774)</b>	<b>122,484</b>	<b>356,507</b>	<b>106,063</b>
Net Change in Fund Balances	(157,078)	121,834	105,923	77,404
Fund Balances - Beginning	(304,756)	445,065	920,595	695,762
Prior Period Adjustments	(44,555)	43,526	(1,738)	1,318
Fund Balances - Beginning - As Restated	(349,311)	488,591	918,857	697,080
Change in Reserve for Inventories	(955)	(3,983)	3,005	1,944
<b>Fund Balances - Ending</b>	<b>\$ (507,344)</b>	<b>\$ 606,442</b>	<b>\$ 1,027,785</b>	<b>\$ 776,428</b>

Notes to the financial statements are an integral part of this statement

**State of Oregon**

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Common School	Oregon Rainy Day	Other	Total
\$ -	\$ -	\$ -	\$ 4,947,334
-	-	-	380,950
-	-	-	248,816
-	-	-	192,077
-	-	5,205	106,615
-	-	80,790	80,790
-	-	12,807	70,292
-	-	-	405,727
-	-	-	209,121
-	-	-	245,922
-	-	67,170	67,170
-	-	30,065	30,065
-	-	41,257	138,326
748	-	145,530	486,159
-	-	2,687,877	7,413,272
158	-	75,973	275,885
109	-	78,246	88,718
3,400	-	3,268	14,428
120,102	877	36,079	198,153
3,027	-	5,603	106,400
11	-	19,959	24,552
-	-	288	288
-	-	-	82,327
-	-	6,216	6,216
13,716	-	-	13,716
1,460	-	72,053	298,061
<b>142,731</b>	<b>877</b>	<b>3,368,386</b>	<b>16,131,380</b>
-	-	1,513,491	4,304,099
-	-	1,049,478	7,031,421
-	-	373,855	1,177,382
-	-	447,277	456,169
15,605	-	38,786	600,470
-	-	9,508	1,898,077
-	-	273,878	446,994
-	108	177,869	435,164
-	-	2,400	32,036
-	-	56,471	310,468
-	-	121,440	121,440
-	-	202,143	264,679
-	-	262,179	315,650
-	-	2,226	9,248
<b>15,605</b>	<b>108</b>	<b>4,531,001</b>	<b>17,403,297</b>
<b>127,126</b>	<b>769</b>	<b>(1,162,615)</b>	<b>(1,271,917)</b>
10,006	22,295	1,748,190	2,450,401
(57,096)	(235,030)	(875,973)	(2,277,548)
-	-	237	2,476
-	-	208,673	1,017,458
-	-	27,998	41,265
-	-	-	(30)
-	-	106,354	106,354
-	-	-	558
-	-	(182,531)	(182,531)
<b>(47,090)</b>	<b>(212,735)</b>	<b>1,032,948</b>	<b>1,158,403</b>
<b>80,036</b>	<b>(211,966)</b>	<b>(129,667)</b>	<b>(113,514)</b>
<b>486,320</b>	<b>337,545</b>	<b>1,854,690</b>	<b>4,435,221</b>
<b>172,411</b>	<b>-</b>	<b>32,029</b>	<b>202,991</b>
<b>658,731</b>	<b>337,545</b>	<b>1,886,719</b>	<b>4,638,212</b>
<b>(7)</b>	<b>-</b>	<b>(2,758)</b>	<b>(2,754)</b>
<b>\$ 738,760</b>	<b>\$ 125,579</b>	<b>\$ 1,754,294</b>	<b>\$ 4,521,944</b>

State of Oregon

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2010**  
(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	4,458	132	-
Federal	-	-	-
Charges for Services	1,268	1,983	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	649	-
Sales	-	1	1,027,569
Loan Interest Income	79,035	11,655	-
Gifts, Grants, and Contracts	-	-	-
Other	1,312	318	252
Gain (Loss) on Foreclosed Property	66	35	-
Total Operating Revenues	86,139	14,773	1,027,821
<b>Operating Expenses:</b>			
Salaries and Wages	4,960	5,642	34,609
Services and Supplies	8,557	4,312	235,876
Cost of Goods Sold	-	-	-
Distributions to Other Governments	448	-	-
Loan Interest Expense	50	-	-
Special Payments	734	55	210,895
Bond and COP Interest	68,618	8,495	-
Other Debt Service	937	111	-
Depreciation and Amortization	1	117	30,900
Bad Debt Expense	-	937	-
Total Operating Expenses	84,305	19,669	512,280
Operating Income (Loss)	1,834	(4,896)	515,541
<b>Nonoperating Revenues (Expenses):</b>			
Bond and COP Interest	-	-	-
Investment Income (Loss)	11,813	6,965	11,276
Other Taxes	-	-	-
Gain (Loss) on Disposition of Assets	-	-	(5,324)
Insurance Recoveries	-	-	108
Loan Interest Income	-	-	-
Loan Interest Expense	-	-	-
Other Nonoperating Items	(81)	(321)	(193)
Total Nonoperating Revenues (Expenses)	11,732	6,644	5,867
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	13,566	1,748	521,408
Capital Contributions	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(208)	(226)	(545,771)
Change in Net Assets	13,358	1,522	(24,363)
Net Assets - Beginning	193,367	132,679	184,043
Prior Period Adjustments	-	-	-
Cumulative Effect of Change in Accounting Principles	-	-	-
Net Assets - Beginning - As Restated	193,367	132,679	184,043
<b>Net Assets - Ending</b>	\$ 206,725	\$ 134,201	\$ 159,680

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
\$ 773,454	\$ -	\$ -	\$ 773,454	\$ -
-	-	7,806	12,396	2,634
1,634,664	415,126	3,651	2,053,441	-
-	627,911	116,713	747,875	688,929
1,528	-	647	2,175	-
-	-	40	689	43,760
-	377,445	436,278	1,841,293	10,368
-	-	28,042	118,732	-
-	89,617	-	89,617	-
84,818	20,775	3,022	110,497	2,610
-	-	-	101	-
<u>2,494,464</u>	<u>1,530,874</u>	<u>596,199</u>	<u>5,750,270</u>	<u>748,301</u>
-	1,249,098	211,369	1,505,678	121,180
-	456,852	111,930	817,527	534,386
-	-	217,166	217,166	10,167
-	-	48,424	48,872	933
-	-	1	51	-
3,018,012	125,693	6,812	3,362,201	-
-	-	16,793	93,906	6,764
-	-	455	1,503	167
-	103,449	3,198	137,665	39,065
1,595	-	8,585	11,117	-
<u>3,019,607</u>	<u>1,935,092</u>	<u>624,733</u>	<u>6,195,686</u>	<u>712,662</u>
<u>(525,143)</u>	<u>(404,218)</u>	<u>(28,534)</u>	<u>(445,416)</u>	<u>35,639</u>
-	(66,894)	-	(66,894)	-
43,618	19,934	1,602	95,208	4,231
-	-	16,754	16,754	-
-	(875)	(64)	(6,263)	3,468
-	830	6	944	263
-	-	-	-	43
-	-	-	-	(47)
(10)	129,882	(2,663)	126,614	(107)
<u>43,608</u>	<u>82,877</u>	<u>15,635</u>	<u>166,363</u>	<u>7,851</u>
(481,535)	(321,341)	(12,899)	(279,053)	43,490
-	108,257	966	109,223	35
646	432,332	191,908	624,886	2,216
<u>(33,918)</u>	<u>(30,778)</u>	<u>(141,411)</u>	<u>(752,312)</u>	<u>(48,172)</u>
<u>(514,807)</u>	<u>188,470</u>	<u>38,564</u>	<u>(297,256)</u>	<u>(2,431)</u>
1,634,715	1,225,324	596,335	3,966,463	220,644
62,110	-	(811)	61,299	(4,405)
-	-	35	35	-
<u>1,696,825</u>	<u>1,225,324</u>	<u>595,559</u>	<u>4,027,797</u>	<u>216,239</u>
<u>\$ 1,182,018</u>	<u>\$ 1,413,794</u>	<u>\$ 634,123</u>	<u>\$ 3,730,541</u>	<u>\$ 213,808</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.

	(2,090)
Change in net assets of business-type activities	\$ (299,346)

State of Oregon

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2010  
(In Thousands)**

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 457,117	\$ -	\$ -
Plan Members	713,161	-	-
Total Contributions	1,170,278	-	-
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	6,454,413	-	-
Interest, Dividends and Other Investment Income	1,668,129	270	57,608
Total Investment Income	8,122,542	270	57,608
Less Investment Expense	334,564	21	5,511
Net Investment Income	7,787,978	249	52,097
Gifts, Grants and Contracts	-	2,564	-
Veterans' Income	-	8,115	-
Other Income	2,190	1,716	-
Share Transactions:			
Participant Contributions	-	-	19,522,260
Participant Withdrawals	-	-	19,633,428
Net Share Transactions	-	-	(111,168)
Transfers from Other Funds	-	529	-
<b>Total Additions</b>	<b>8,960,446</b>	<b>13,173</b>	<b>(59,071)</b>
<b>DEDUCTIONS</b>			
Pension Benefits	2,984,955	-	-
Death Benefits	3,415	-	-
Contributions Refunded	25,692	-	-
Healthcare Premium Subsidies	31,129	-	-
Distributions to Other Governments	-	55	-
Distributions to Participants	-	-	30,798
Retiree Healthcare Expenses	124,449	-	-
Deferred Compensation Benefits	45,902	-	-
Administrative Expenses	40,353	7,918	-
Payments in Accordance with Trust Agreements	-	3,736	-
<b>Total Deductions</b>	<b>3,255,895</b>	<b>11,709</b>	<b>30,798</b>
Change in Net Assets Held in Trust For:			
Pension Benefits	5,576,085	-	-
Other Postemployment Benefits	23,726	-	-
Other Employee Benefits	104,740	-	-
External Investment Pool Participants	-	-	(89,869)
Individuals, Organizations and Other Governments	-	1,464	-
Net Assets - Beginning	46,020,175	29,444	3,956,882
Prior Period Adjustments	23,219	-	-
Net Assets - Beginning - As Restated	46,043,394	29,444	3,956,882
<b>Net Assets - Ending</b>	<b>\$ 51,747,945</b>	<b>\$ 30,908</b>	<b>\$ 3,867,013</b>

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, 2010  
(In Thousands)**

	SAIF Corporation	Oregon Health and Science University	Oregon University System Foundations
<b>Operating Revenues:</b>			
Charges for Services	\$ -	\$ 1,348,201	\$ -
Sales	-	27,330	-
Premiums Earned (net)	339,494	-	-
Investment Income (net)	-	-	86,452
Gifts, Grants, and Contracts	-	436,207	158,799
Auxiliary Enterprises (net)	-	15,345	-
Other Revenues	17,690	52,326	24,847
Total Operating Revenues	<u>357,184</u>	<u>1,879,409</u>	<u>270,098</u>
<b>Operating Expenses:</b>			
Salaries and Wages	-	1,041,271	-
Services and Supplies	-	625,059	211,738
Loss and Loss Adjustment Expense	377,118	-	-
Policyholders' Dividends	100,565	-	-
Underwriting Expenses	82,961	-	-
Bond and COP Interest	-	37,048	-
Depreciation and Amortization	1,553	101,801	-
Bad Debt Expense	-	53,807	-
Other Expenses	1,099	-	6,902
Total Operating Expenses	<u>563,296</u>	<u>1,858,986</u>	<u>218,640</u>
Operating Income (Loss)	<u>(206,112)</u>	<u>20,423</u>	<u>51,458</u>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Income	557,369	65,560	-
Other	-	4,732	-
State Appropriations	-	37,853	-
Total Nonoperating Revenues (Expenses)	<u>557,369</u>	<u>108,145</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	351,257	128,568	51,458
Capital Contributions	-	2,431	-
Change in Net Assets	<u>351,257</u>	<u>130,999</u>	<u>51,458</u>
Net Assets - Beginning	594,332	1,570,462	1,153,549
Prior Period Adjustments	-	-	95
Cumulative Effect of Change in Accounting Principles	-	(5,787)	1,492
Net Assets - Beginning - As Restated	<u>594,332</u>	<u>1,564,675</u>	<u>1,155,136</u>
<b>Net Assets - Ending</b>	<u>\$ 945,589</u>	<u>\$ 1,695,674</u>	<u>\$ 1,206,594</u>

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

**State of Oregon**

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<b>Total</b>	<b>Adjustments to Recast</b>	<b>Statement of Activities</b>
\$ 1,348,201	\$ 481,764	\$ 1,829,965
27,330	(27,330)	-
339,494	(339,494)	-
86,452	(86,452)	-
595,006	747,234	1,342,240
15,345	(15,345)	-
94,863	(94,863)	-
<u>2,506,691</u>	<u>665,514</u>	<u>3,172,205</u>
1,041,271	-	1,041,271
836,797	-	836,797
377,118	-	377,118
100,565	-	100,565
82,961	-	82,961
37,048	-	37,048
103,354	-	103,354
53,807	-	53,807
8,001	-	8,001
<u>2,640,922</u>	<u>-</u>	<u>2,640,922</u>
<u>(134,231)</u>	<u>665,514</u>	<u>531,283</u>
622,929	(622,929)	-
4,732	(4,732)	-
37,853	(37,853)	-
<u>665,514</u>	<u>(665,514)</u>	<u>-</u>
531,283	-	531,283
2,431	-	2,431
<u>533,714</u>	<u>-</u>	<u>533,714</u>
3,318,343	-	3,318,343
95	-	95
(4,295)	-	(4,295)
<u>3,314,143</u>	<u>-</u>	<u>3,314,143</u>
<u>\$ 3,847,857</u>	<u>\$ -</u>	<u>\$ 3,847,857</u>