

## 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. Beginning in fiscal year 2011, the General Fund includes some activity previously accounted for in special revenue funds. The implementation of Governmental Accounting Standards Board (GASB) Statement No. 54 necessitated this change. Statement No. 54 clarifies that one or more specific restricted or committed revenues must comprise a substantial portion of the "inflows" reported in a special revenue fund. The state considers 30 percent as "substantial" for financial reporting purposes. In special revenue funds where a substantial portion of the inflows will not derive from specific

restricted or committed revenue sources, the funds' activities are accounted for in the General Fund. The *Oregon Rainy Day Fund*, for example, was previously reported as an individual major special revenue fund but is now reported in the General Fund. The Rainy Day fund relies on resources that are "transferred" from the General Fund in accordance with state law and which, along with investment income generated, can be appropriated by the Legislature only when certain specific criteria related to economic or revenue conditions have been met. The funding source for the Rainy Day Fund is not a specific restricted or committed revenue.

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.

**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.

**Statement of Activities**  
**For the Year Ended June 30, 2011**  
(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
Education	\$ 3,979,440	\$ 11,853	\$ 735,470	\$ 36,733	\$ (3,195,384)
Human Services	7,535,059	289,686	5,302,435	2,072	(1,940,866)
Public Safety	1,180,405	80,842	168,310	46,426	(884,827)
Economic and Community Development	480,196	24,574	447,655	-	(7,967)
Natural Resources	629,222	285,394	466,747	178	123,097
Transportation	1,566,210	138,383	726,240	12,273	(689,314)
Consumer and Business Services	424,534	270,467	20,521	-	(133,546)
Administration	376,821	115,365	455,680	-	194,224
Legislative	37,801	1,641	14	-	(36,146)
Judicial	313,886	185,523	1,769	-	(126,594)
Interest on Long-term Debt	351,713	-	-	-	(351,713)
Total Governmental Activities	<u>16,875,287</u>	<u>1,403,728</u>	<u>8,324,841</u>	<u>97,682</u>	<u>(7,049,036)</u>
Business-type Activities:					
Housing and Community Services	78,194	78,248	3,320	-	3,374
Veterans' Loan	19,365	14,732	4,043	-	(590)
Lottery Operations	510,401	1,038,805	3,587	-	531,991
Unemployment Compensation	2,306,502	1,022,592	1,393,180	-	109,270
University System	2,146,867	1,288,143	576,546	46,562	(235,616)
State Hospitals	248,072	83,241	-	-	(164,831)
Liquor Control	325,410	443,120	-	-	117,710
Other Business-type Activities	269,217	255,249	5,750	13,519	5,301
Total Business-type Activities	<u>5,904,028</u>	<u>4,224,130</u>	<u>1,986,426</u>	<u>60,081</u>	<u>366,609</u>
Total Primary Government	<u>\$ 22,779,315</u>	<u>\$ 5,627,858</u>	<u>\$ 10,311,267</u>	<u>\$ 157,763</u>	<u>\$ (6,682,427)</u>
<b>Component Units:</b>					
SAIF Corporation	\$ 547,327	\$ 350,183	\$ 418,707	\$ -	\$ 221,563
Oregon Health and Science University	1,914,817	1,514,434	570,516	4,281	174,414
Oregon University System Foundations	196,346	23,746	344,693	-	172,093
Total Component Units	<u>\$ 2,658,490</u>	<u>\$ 1,888,363</u>	<u>\$ 1,333,916</u>	<u>\$ 4,281</u>	<u>\$ 568,070</u>

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

**Statement of Activities**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

	<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	\$ (7,049,036)	\$ 366,609	\$ (6,682,427)	\$ 568,070
General Revenues:				
Taxes:				
Personal Income Taxes	5,597,821	-	5,597,821	-
Corporate Income Taxes	502,862	-	502,862	-
Tobacco Taxes	258,453	-	258,453	-
Healthcare Provider Taxes	233,826	-	233,826	-
Inheritance Taxes	80,482	-	80,482	-
Public Utilities Taxes	71,939	-	71,939	-
Insurance Premium Taxes	90,085	-	90,085	-
Other Taxes	119,882	16,204	136,086	-
Restricted for Transportation Purposes:				
Motor Fuels Taxes	449,462	-	449,462	-
Weight Mile Taxes	240,056	-	240,056	-
Vehicle Registration Taxes	275,344	-	275,344	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Workers' Compensation Insurance Taxes	34,942	-	34,942	-
Employer-Employee Taxes	69,429	-	69,429	-
Total Taxes	<u>8,024,583</u>	<u>16,204</u>	<u>8,040,787</u>	<u>-</u>
Unrestricted Investment Earnings	3,306	-	3,306	-
Contributions to Permanent Funds	14	-	14	-
Transfers - Internal Activities	<u>(62,910)</u>	<u>62,910</u>	<u>-</u>	<u>-</u>
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>7,964,993</u>	<u>79,114</u>	<u>8,044,107</u>	<u>-</u>
Change in Net Assets	<u>915,957</u>	<u>445,723</u>	<u>1,361,680</u>	<u>568,070</u>
Net Assets - Beginning	9,877,473	3,735,264	13,612,737	3,847,857
Prior Period Adjustments	35,350	63,766	99,116	-
Net Assets - Beginning - As Restated	<u>9,912,823</u>	<u>3,799,030</u>	<u>13,711,853</u>	<u>3,847,857</u>
<b>Net Assets - Ending</b>	<u>\$ 10,828,780</u>	<u>\$ 4,244,753</u>	<u>\$ 15,073,533</u>	<u>\$ 4,415,927</u>

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

	General	Health and Social Services	Public Transportation	Environmental Management
<b>Revenues:</b>				
Personal Income Taxes	\$ 5,538,417	\$ -	\$ -	\$ -
Corporate Income Taxes	482,360	-	-	-
Tobacco Taxes	69,521	202,261	-	-
Healthcare Provider Taxes	-	233,826	-	-
Inheritance Taxes	76,480	-	-	-
Public Utilities Taxes	-	-	-	-
Insurance Premium Taxes	42,627	47,457	-	-
Motor Fuels Taxes	-	-	449,291	-
Weight Mile Taxes	-	-	239,967	-
Vehicle Registration Taxes	-	-	273,489	-
Employer-Employee Taxes	-	-	-	-
Workers' Compensation Insurance Taxes	-	-	-	-
Other Taxes	75,515	-	1,549	21,786
Licenses and Fees	59,812	84,274	82,742	121,577
Federal	194	4,133,997	787,155	185,182
Charges for Services	16,050	143,947	44,677	28,200
Fines and Forfeitures	17,251	165	3,565	766
Rents and Royalties	461	29	5,174	2,555
Investment Income	3,306	2,981	14,391	15,750
Sales	1,496	3,878	3,690	76,351
Donations and Grants	2,262	561	-	1,212
Contributions to Permanent Funds	-	-	-	-
Tobacco Settlement Proceeds	-	77,426	-	-
Pension Bond Debt Service Assessments	-	-	-	-
Unclaimed Property Revenue	-	-	-	-
Other	14,503	232,769	5,740	10,861
<b>Total Revenues</b>	<b>6,400,255</b>	<b>5,163,571</b>	<b>1,911,430</b>	<b>464,240</b>
<b>Expenditures:</b>				
Current:				
Education	2,958,976	-	-	-
Human Services	1,627,560	4,901,134	-	-
Public Safety	862,259	-	-	-
Economic and Community Development	20,133	-	-	-
Natural Resources	78,921	-	-	517,998
Transportation	11,772	-	1,932,886	-
Consumer and Business Services	5,963	176,974	-	-
Administration	203,764	14,110	92,963	-
Legislative	32,857	-	-	-
Judicial	234,585	1,355	-	-
Capital Improvements and Capital Construction	-	-	-	-
Debt Service:				
Principal	71,915	-	-	8
Interest	52,558	-	652	-
Other Debt Service	1,090	492	961	114
<b>Total Expenditures</b>	<b>6,162,353</b>	<b>5,094,065</b>	<b>2,027,462</b>	<b>518,120</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	237,902	69,506	(116,032)	(53,880)
<b>Other Financing Sources (Uses):</b>				
Transfers from Other Funds	1,470,651	70,313	7,175	122,033
Transfers to Other Funds	(1,222,466)	(212,793)	(256,709)	(59,822)
Insurance Recoveries	1,929	-	991	157
Long-term Debt Issued	-	68,167	96,370	5,790
Debt Issuance Premium	-	7,838	8,287	155
Refunding Debt Issued	-	-	-	-
Leases Incurred	-	-	-	18
Refunded Debt Payment to Escrow Agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>250,114</b>	<b>(66,475)</b>	<b>(143,886)</b>	<b>68,331</b>
Net Change in Fund Balances	488,016	3,031	(259,918)	14,451
Fund Balances - Beginning	(507,344)	606,442	1,027,785	776,428
Cumulative Effect of Change in Accounting Principle	264,471	(28,582)	-	(12,578)
Prior Period Adjustments	2,213	8,617	(1,799)	3,876
Fund Balances - Beginning - As Restated	(240,660)	586,477	1,025,986	767,726
Change in Inventories	(3,202)	284	945	5,423
<b>Fund Balances - Ending</b>	<b>\$ 244,154</b>	<b>\$ 589,792</b>	<b>\$ 767,013</b>	<b>\$ 787,600</b>

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

Common School	Oregon Rainy Day	Other	Total
\$ -	\$ -	\$ -	\$ 5,538,417
-	-	-	482,360
-	-	-	271,782
-	-	-	233,826
-	-	-	76,480
-	-	71,939	71,939
-	-	-	90,084
-	-	-	449,291
-	-	-	239,967
-	-	-	273,489
-	-	69,831	69,831
-	-	34,942	34,942
-	-	21,624	120,474
672	-	166,514	515,591
-	-	2,865,193	7,971,721
179	-	56,509	289,562
71	-	59,231	81,049
3,992	-	2,719	14,930
207,543	-	26,294	270,265
7,950	-	3,813	97,178
5	-	53,717	57,757
-	-	14	14
-	-	-	77,426
-	-	5,608	5,608
50,827	-	-	50,827
247	-	78,148	342,268
<u>271,486</u>	<u>-</u>	<u>3,516,096</u>	<u>17,727,078</u>
-	-	1,019,447	3,978,423
-	-	1,187,929	7,716,623
-	-	296,342	1,158,601
-	-	463,159	483,292
16,855	-	42,852	656,626
-	-	12,064	1,956,722
-	-	280,962	463,899
-	-	89,081	399,918
-	-	3,201	36,058
-	-	81,357	317,297
-	-	127,409	127,409
-	-	228,900	300,823
-	-	301,508	354,718
-	-	2,304	4,961
<u>16,855</u>	<u>-</u>	<u>4,136,515</u>	<u>17,955,370</u>
254,631	-	(620,419)	(228,292)
8,952	-	1,134,112	2,813,236
(54,562)	-	(800,684)	(2,607,036)
-	-	63	3,140
-	-	209,042	379,369
-	-	30,306	46,586
-	-	112,876	112,876
-	-	-	18
-	-	(129,074)	(129,074)
<u>(45,610)</u>	<u>-</u>	<u>556,641</u>	<u>619,115</u>
209,021	-	(63,778)	390,823
738,760	125,579	1,754,294	4,521,944
-	(125,579)	(102,190)	(4,458)
<u>(2,492)</u>	<u>-</u>	<u>24,548</u>	<u>34,963</u>
736,268	-	1,676,652	4,552,449
-	-	(205)	3,245
<u>\$ 945,289</u>	<u>\$ -</u>	<u>\$ 1,612,669</u>	<u>\$ 4,946,517</u>

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**  
**(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	4,755	135	-
Federal	-	-	-
Charges for Services	1,091	1,734	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	683	-
Sales	-	-	1,037,835
Loan Interest Income	72,358	11,937	-
Gifts, Grants, and Contracts	-	-	-
Other	382	180	1,142
Gain (Loss) on Foreclosed Property	(259)	296	-
Total Operating Revenues	<u>78,327</u>	<u>14,965</u>	<u>1,038,977</u>
<b>Operating Expenses:</b>			
Salaries and Wages	4,195	5,718	35,512
Services and Supplies	9,451	3,948	240,156
Cost of Goods Sold	-	-	-
Distributions to Other Governments	435	-	-
Loan Interest Expense	49	-	-
Special Payments	1,567	67	201,946
Bond and COP Interest	62,459	8,521	-
Other Debt Service	-	640	-
Depreciation and Amortization	-	117	29,773
Bad Debt Expense	-	360	-
Total Operating Expenses	<u>78,156</u>	<u>19,371</u>	<u>507,387</u>
Operating Income (Loss)	<u>171</u>	<u>(4,406)</u>	<u>531,590</u>
<b>Nonoperating Revenues (Expenses):</b>			
Bond and COP Interest	-	-	-
Investment Income (Loss)	3,320	4,043	3,587
Other Taxes	-	-	-
Gain (Loss) on Disposition of Assets	(2)	-	(2,920)
Insurance Recoveries	-	-	65
Loan Interest Income	-	-	-
Loan Interest Expense	-	-	-
Other Nonoperating Items	(79)	(232)	(237)
Total Nonoperating Revenues (Expenses)	<u>3,239</u>	<u>3,811</u>	<u>495</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	<u>3,410</u>	<u>(595)</u>	<u>532,085</u>
Capital Contributions	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(174)	(226)	(555,167)
Change in Net Assets	<u>3,236</u>	<u>(821)</u>	<u>(23,082)</u>
Net Assets - Beginning	206,725	134,201	159,680
Prior Period Adjustments	-	(89)	-
Cumulative Effect of Change in Accounting Principles	-	-	-
Net Assets - Beginning - As Restated	<u>206,725</u>	<u>134,112</u>	<u>159,680</u>
<b>Net Assets - Ending</b>	<u>\$ 209,961</u>	<u>\$ 133,291</u>	<u>\$ 136,598</u>

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

**Business-type Activities - Enterprise Funds**

Unemployment Compensation	University System	Other	Total	Governmental Activities Internal Service Funds
\$ 1,005,811	\$ -	\$ -	\$ 1,005,811	\$ -
-	-	7,759	12,649	-
1,351,638	335,573	5,151	1,692,362	-
-	719,852	281,319	1,003,996	953,124
1,904	-	518	2,422	-
-	-	66	749	43,993
-	410,034	460,286	1,908,155	8,347
-	-	27,557	111,852	-
-	213,795	-	213,795	-
14,886	27,406	4,173	48,169	3,966
-	-	-	37	-
<u>2,374,239</u>	<u>1,706,660</u>	<u>786,829</u>	<u>5,999,997</u>	<u>1,009,430</u>
-	1,328,156	226,855	1,600,436	130,897
-	498,248	137,734	889,537	727,165
-	-	229,694	229,694	10,364
-	-	49,334	49,769	955
-	-	-	49	-
2,291,430	130,715	170,401	2,796,126	125
-	-	17,951	88,931	6,161
-	-	147	787	260
-	113,725	5,823	149,438	36,657
15,179	-	1,325	16,864	-
<u>2,306,609</u>	<u>2,070,844</u>	<u>839,264</u>	<u>5,821,631</u>	<u>912,584</u>
<u>67,630</u>	<u>(364,184)</u>	<u>(52,435)</u>	<u>178,366</u>	<u>96,846</u>
-	(76,765)	-	(76,765)	-
41,542	27,178	1,478	81,148	3,547
-	-	16,204	16,204	-
-	(201)	(3,435)	(6,558)	(817)
-	2,539	12	2,616	217
-	-	-	-	41
-	-	-	-	(14)
(9)	128,312	(161)	127,594	(1,240)
<u>41,533</u>	<u>81,063</u>	<u>14,098</u>	<u>144,239</u>	<u>1,734</u>
109,163	(283,121)	(38,337)	322,605	98,580
-	46,562	242,204	288,766	1,390
1,100	408,604	201,554	611,258	3,064
(35,751)	(31,426)	(155,087)	(777,831)	(43,345)
<u>74,512</u>	<u>140,619</u>	<u>250,334</u>	<u>444,798</u>	<u>59,689</u>
<u>1,182,018</u>	<u>1,413,794</u>	<u>634,123</u>	<u>3,730,541</u>	<u>213,808</u>
2,162	-	61,693	63,766	(6,111)
-	-	-	-	4,458
<u>1,184,180</u>	<u>1,413,794</u>	<u>695,816</u>	<u>3,794,307</u>	<u>212,155</u>
<u>\$ 1,258,692</u>	<u>\$ 1,554,413</u>	<u>\$ 946,150</u>	<u>\$ 4,239,105</u>	<u>\$ 271,844</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 within the business-type activities.

Change in net assets of business-type activities	925
	<u>\$ 445,723</u>

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2011**  
**(In Thousands)**

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Investment Trust
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 447,706	\$ -	\$ -
Plan Members	601,032	-	-
Total Contributions	<u>1,048,738</u>	<u>-</u>	<u>-</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	10,747,330	-	-
Interest, Dividends and Other Investment Income	1,517,623	125	49,423
Total Investment Income	<u>12,264,953</u>	<u>125</u>	<u>49,423</u>
Less Investment Expense	373,536	25	5,228
Net Investment Income	<u>11,891,417</u>	<u>100</u>	<u>44,195</u>
Gifts, Grants and Contracts	-	3,720	-
Veterans' Income	-	6,784	-
Other Income	1,163	639	-
Share Transactions:			
Participant Contributions	-	-	20,934,511
Participant Withdrawals	-	-	20,625,031
Net Share Transactions	<u>-</u>	<u>-</u>	<u>309,480</u>
Transfers from Other Funds	<u>-</u>	<u>654</u>	<u>-</u>
<b>Total Additions</b>	<u>12,941,318</u>	<u>11,897</u>	<u>353,675</u>
<b>DEDUCTIONS</b>			
Pension Benefits	3,330,303	-	-
Death Benefits	7,607	-	-
Contributions Refunded	26,487	-	-
Healthcare Premium Subsidies	32,276	-	-
Distributions to Other Governments	-	344	-
Distributions to Participants	-	-	24,578
Deferred Compensation Benefits	55,929	-	-
Administrative Expenses	38,595	9,012	-
Payments in Accordance with Trust Agreements	-	4,775	-
<b>Total Deductions</b>	<u>3,491,197</u>	<u>14,131</u>	<u>24,578</u>
Change in Net Assets Held in Trust For:			
Pension Benefits	9,218,464	-	-
Other Postemployment Benefits	38,622	-	-
Other Employee Benefits	193,035	-	-
External Investment Pool Participants	-	-	329,097
Individuals, Organizations and Other Governments	-	(2,234)	-
Net Assets - Beginning	51,747,945	30,908	3,867,013
Prior Period Adjustments	(8,291)	-	-
Net Assets - Beginning - As Restated	<u>51,739,654</u>	<u>30,908</u>	<u>3,867,013</u>
<b>Net Assets - Ending</b>	<u>\$ 61,189,775</u>	<u>\$ 28,674</u>	<u>\$ 4,196,110</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, 2011  
(In Thousands)**

	SAIF Corporation	Oregon Health and Science University	Oregon University System Foundations
<b>Operating Revenues:</b>			
Charges for Services	\$ -	\$ 1,421,217	\$ -
Sales	-	18,584	-
Premiums Earned (net)	333,323	-	-
Investment Income (net)	-	-	149,976
Gifts, Grants, and Contracts	-	442,628	194,717
Auxiliary Enterprises (net)	-	17,550	-
Other Revenues	16,860	50,378	23,746
Total Operating Revenues	<u>350,183</u>	<u>1,950,357</u>	<u>368,439</u>
<b>Operating Expenses:</b>			
Salaries and Wages	-	1,117,504	-
Services and Supplies	-	609,545	187,902
Loss and Loss Adjustment Expense	365,021	-	-
Policyholders' Dividends	99,975	-	-
Underwriting Expenses	80,963	-	-
Bond and COP Interest	-	36,554	-
Depreciation and Amortization	1,368	106,647	-
Bad Debt Expense	-	44,567	-
Other Expenses	-	-	8,444
Total Operating Expenses	<u>547,327</u>	<u>1,914,817</u>	<u>196,346</u>
Operating Income (Loss)	<u>(197,144)</u>	<u>35,540</u>	<u>172,093</u>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Income	418,707	88,729	-
Other	-	6,705	-
State Appropriations	-	39,159	-
Total Nonoperating Revenues (Expenses)	<u>418,707</u>	<u>134,593</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	221,563	170,133	172,093
Capital Contributions	-	4,281	-
Change in Net Assets	<u>221,563</u>	<u>174,414</u>	<u>172,093</u>
Net Assets - Beginning	945,589	1,695,674	1,206,594
<b>Net Assets - Ending</b>	<u>\$ 1,167,152</u>	<u>\$ 1,870,088</u>	<u>\$ 1,378,687</u>

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

	Total	Adjustments to Recast	Statement of Activities
\$	1,421,217	\$ 467,146	\$ 1,888,363
	18,584	(18,584)	-
	333,323	(333,323)	-
	149,976	(149,976)	-
	637,345	696,571	1,333,916
	17,550	(17,550)	-
	90,984	(90,984)	-
	<u>2,668,979</u>	<u>553,300</u>	<u>3,222,279</u>
	1,117,504	-	1,117,504
	797,447	-	797,447
	365,021	-	365,021
	99,975	-	99,975
	80,963	-	80,963
	36,554	-	36,554
	108,015	-	108,015
	44,567	-	44,567
	8,444	-	8,444
	<u>2,658,490</u>	<u>-</u>	<u>2,658,490</u>
	10,489	553,300	563,789
	507,436	(507,436)	-
	6,705	(6,705)	-
	39,159	(39,159)	-
	<u>553,300</u>	<u>(553,300)</u>	<u>-</u>
	563,789	-	563,789
	4,281	-	4,281
	<u>568,070</u>	<u>-</u>	<u>568,070</u>
	3,847,857	-	3,847,857
\$	<u>4,415,927</u>	\$ -	\$ <u>4,415,927</u>