

## Notes to Financial Statements (For the Fiscal Year Ended June 30, 2014)

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 position (equity) or fund balances. Additional information is available in the *Comprehensive Annual Financial Report* of the State of Oregon prepared by the Chief Financial Office 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 position changed during the fiscal year. All of the changes in net position 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 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 to spend. 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 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 healthcare 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. Statutory and constitutional provisions stipulate that the assets of the fund, including investment income, must 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 *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 (PERS), 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 Fund* accounts for all trust arrangements, other than those properly reported in pension and other employee benefit trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

The *Short Term Investment Trust Fund* is an investment trust fund, accounting for the portion of the Oregon Short-Term Fund (OSTF) belonging to entities other than the State. The OSTF is a cash and investment pool, managed by the Oregon State Treasury, which is available for use by all funds and local governments. Oregon reports the State's portion of this pool within the funds of the State.

The *Intermediate Term Trust Fund* is an investment trust fund, accounting for the portions of the Oregon Intermediate Term Pool (OITP) belonging to entities other than the State. The OITP is an intermediate term fixed income investment vehicle managed by the Oregon State Treasury, and participants include several state agencies and one non-agency entity. State agencies have the opportunity to participate in the OITP subject to application requiring evidence of statutory authority to invest in the OITP and subsequent approval by the Oregon State Treasury. Oregon reports the State's portion of this 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 reports discretely presented component units in a separate column in the governmental-wide financial statements to emphasize that they are legally separate from the State. The State has one major discretely presented component unit, SAIF Corporation.

### **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 compensate for 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 section of the Chief Financial Office 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, 2014**  
(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	\$ 4,420,704	\$ 8,485	\$ 670,577	\$ -	\$ (3,741,642)
Human Services	9,880,251	615,829	6,822,498	1,930	(2,439,994)
Public Safety	1,300,085	85,549	149,215	4,949	(1,060,372)
Economic and Community Development	385,464	33,564	251,064	-	(100,836)
Natural Resources	724,185	335,198	448,921	141	60,075
Transportation	1,555,822	171,154	529,946	10,746	(843,976)
Consumer and Business Services	283,039	126,482	17,535	-	(139,022)
Administration	404,182	92,358	163,576	-	(148,248)
Legislative	37,234	2,298	33	-	(34,903)
Judicial	340,313	33,722	2,099	-	(304,492)
Interest on Long-term Debt	347,010	-	-	-	(347,010)
Total Governmental Activities	<u>19,678,289</u>	<u>1,504,639</u>	<u>9,055,464</u>	<u>17,766</u>	<u>(9,100,420)</u>
Business-type Activities:					
Housing and Community Services	56,473	55,493	4,845	-	3,865
Lottery Operations	493,652	1,052,945	6,331	-	565,624
Unemployment Compensation	831,914	1,064,234	238,477	-	470,797
University System	2,505,392	1,527,836	589,872	138,610	(249,074)
State Hospitals	278,804	71,721	-	-	(207,083)
Liquor Control	384,491	524,218	-	-	139,727
Other Business-type Activities	306,212	301,130	11,674	20,317	26,909
Total Business-type Activities	<u>4,856,938</u>	<u>4,597,577</u>	<u>851,199</u>	<u>158,927</u>	<u>750,765</u>
Total Primary Government	<u>\$ 24,535,227</u>	<u>\$ 6,102,216</u>	<u>\$ 9,906,663</u>	<u>\$ 176,693</u>	<u>\$ (8,349,655)</u>
<b>Component Units:</b>					
SAIF Corporation	\$ 559,045	\$ 462,881	\$ 85,801	\$ -	\$ (10,363)
Other Component Units	2,483,213	1,842,062	1,003,734	5,135	367,718
Total Component Units	<u>\$ 3,042,258</u>	<u>\$ 2,304,943</u>	<u>\$ 1,089,535</u>	<u>\$ 5,135</u>	<u>\$ 357,355</u>

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

**Statement of Activities**  
**For the Year Ended June 30, 2014**  
(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 Position:				
Net (Expense) Revenue	\$ (9,100,420)	\$ 750,765	\$ (8,349,655)	\$ 357,355
General Revenues:				
Taxes:				
Personal Income Taxes	6,596,708	-	6,596,708	-
Corporate Income Taxes	506,889	-	506,889	-
Tobacco Taxes	260,882	-	260,882	-
Healthcare Provider Taxes	485,584	-	485,584	-
Insurance Premium Taxes	85,196	-	85,196	-
Other Taxes	380,783	17,584	398,367	-
Restricted for Transportation Purposes:				
Motor Fuel and Other Vehicle Taxes	1,053,611	-	1,053,611	-
Restricted for Workers' Compensation and Workplace Safety Programs:				
Workers' Compensation Insurance Taxes	54,126	-	54,126	-
Employer-Employee Taxes	91,343	-	91,343	-
Total Taxes	<u>9,515,122</u>	<u>17,584</u>	<u>9,532,706</u>	<u>-</u>
Unrestricted Investment Earnings	5,516	-	5,516	-
Contributions to Permanent Funds	297	-	297	-
Additions to Permanent Endowments	-	776	776	-
Transfers - Internal Activities	133,008	(133,008)	-	-
Total General Revenues, Contributions, Special Items, Extraordinary Items, and Transfers	<u>9,653,943</u>	<u>(114,648)</u>	<u>9,539,295</u>	<u>-</u>
Change in Net Position	<u>553,523</u>	<u>636,117</u>	<u>1,189,640</u>	<u>357,355</u>
Net Position - Beginning	11,943,504	5,017,612	16,961,116	5,079,521
Prior Period Adjustments	(65,274)	(4,828)	(70,102)	14
Cumulative Effect of a Change in Accounting Principles	(32,112)	(13,333)	(45,445)	(18,434)
Net Position - Beginning - As Restated	<u>11,846,118</u>	<u>4,999,451</u>	<u>16,845,569</u>	<u>5,061,101</u>
<b>Net Position - Ending</b>	<u>\$ 12,399,641</u>	<u>\$ 5,635,568</u>	<u>\$ 18,035,209</u>	<u>\$ 5,418,456</u>

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014  
(In Thousands)**

	General	Health and Social Services	Public Transportation
<b>REVENUES</b>			
Personal Income Taxes	\$ 6,615,190	\$ -	\$ -
Corporate Income Taxes	517,410	-	-
Tobacco Taxes	66,637	193,855	-
Healthcare Provider Taxes	-	485,584	-
Insurance Premium Taxes	60,818	24,378	-
Motor Fuel and Other Vehicle Taxes	-	-	1,052,578
Employer-Employee Taxes	-	-	-
Workers' Compensation Insurance Taxes	-	-	-
Other Taxes	198,824	-	2,155
Licenses and Fees	99,482	18,093	89,781
Federal	139	5,632,525	558,543
Rebates and Recoveries	33	272,104	4,627
Charges for Services	15,377	91,419	30,059
Fines, Forfeitures, and Penalties	23,305	224	4,574
Rents and Royalties	679	4	6,003
Investment Income	5,516	2,091	9,072
Sales	1,522	4,986	17,460
Donations and Grants	1,847	1,535	19
Contributions to Permanent Funds	-	-	-
Tobacco Settlement Proceeds	-	86,924	-
Unclaimed and Escheat Property Revenue	-	-	-
Other	4,327	210,923	17,983
<b>Total Revenues</b>	<b>7,611,106</b>	<b>7,024,645</b>	<b>1,792,854</b>
<b>EXPENDITURES</b>			
Current:			
Education	3,764,106	-	-
Human Resources	1,722,738	7,030,914	-
Public Safety	1,013,079	-	-
Economic and Community Development	28,626	-	-
Natural Resources	128,225	-	-
Transportation	9,938	-	1,678,500
Consumer and Business Services	5,150	12	-
Administration	237,800	3	46,988
Legislative	35,407	-	-
Judicial	307,591	1,299	-
Capital Improvements and Capital Construction	-	-	-
Debt Service:			
Principal	89,999	-	9
Interest	58,012	-	504
Other Debt Service	1,174	586	2,420
<b>Total Expenditures</b>	<b>7,401,845</b>	<b>7,032,814</b>	<b>1,728,421</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	209,261	(8,169)	64,433
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from Other Funds	971,248	173,054	25,365
Transfers to Other Funds	(1,165,757)	(122,784)	(286,430)
Insurance Recoveries	180	-	639
Long-term Debt Issued	25,670	67,223	409,775
Loan Proceeds	-	-	32
Debt Issuance Premium	2,749	8,807	42,566
Refunding Debt Issued	-	-	-
Refunded Debt Payment to Escrow Agent	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(165,910)</b>	<b>126,300</b>	<b>191,947</b>
Net Change in Fund Balances	43,351	118,131	256,380
Fund Balances - Beginning	783,882	233,627	584,669
Prior Period Adjustments	(59,375)	(21,180)	(6,980)
Fund Balances - Beginning - As Restated	724,507	212,447	577,689
Change in Inventories	1,415	13	1,815
<b>Fund Balances - Ending</b>	<b>\$ 769,273</b>	<b>\$ 330,591</b>	<b>\$ 835,884</b>

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

Environmental Management	Common School	Other	Total
\$ -	\$ -	\$ -	\$ 6,615,190
-	-	-	517,410
-	-	-	260,492
-	-	-	485,584
-	-	-	85,196
-	-	-	1,052,578
-	-	91,344	91,344
-	-	54,126	54,126
22,960	-	156,210	380,149
133,616	767	154,035	495,774
156,106	-	2,275,823	8,623,136
1	-	16,040	292,805
42,265	254	71,364	250,738
1,055	85	78,083	107,326
2,620	5,863	2,124	17,293
10,970	226,185	21,027	274,861
91,749	188	8,166	124,071
816	-	40,155	44,372
-	-	297	297
-	-	-	86,924
-	24,360	-	24,360
13,820	4,317	30,461	281,831
475,978	262,019	2,999,255	20,165,857
-	-	657,125	4,421,231
-	-	1,205,806	9,959,458
-	-	276,153	1,289,232
-	-	355,766	384,392
496,031	18,730	42,371	685,357
-	-	9,980	1,698,418
-	-	294,763	299,925
-	-	56,758	341,549
-	-	912	36,319
-	-	37,820	346,710
-	-	73,976	73,976
-	-	240,737	330,745
478	-	280,482	339,476
45	-	534	4,759
496,554	18,730	3,533,183	20,211,547
(20,576)	243,289	(533,928)	(45,690)
93,081	3,657	957,511	2,223,916
(76,708)	(55,937)	(346,890)	(2,054,506)
219	797	4	1,839
-	-	36,177	538,845
-	-	-	32
-	-	3,489	57,611
-	-	266,635	266,635
-	-	(266,425)	(266,425)
16,592	(51,483)	650,501	767,947
(3,984)	191,806	116,573	722,257
841,132	998,734	1,489,911	4,931,955
(17,090)	(11)	928	(103,708)
824,042	998,723	1,490,839	4,828,247
383	-	177	3,803
\$ 820,441	\$ 1,190,529	\$ 1,607,589	\$ 5,554,307

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**  
**(In Thousands)**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Housing and Community Services</b>	<b>Lottery Operations</b>	<b>Unemployment Compensation</b>
<b>OPERATING REVENUES:</b>			
Assessments	\$ -	\$ -	\$ 1,047,160
Licenses and Fees	2,019	-	-
Federal	-	-	194,078
Rebates and Recoveries	5	-	-
Charges for Services	380	-	-
Fines, Forfeitures, and Penalties	-	-	1,189
Rents and Royalties	-	-	-
Sales	-	1,052,810	-
Loan Interest Income	52,542	-	-
Gifts, Grants, and Contracts	-	-	-
Other	11	178	15,885
Gain (Loss) on Foreclosed Property	549	-	-
Total Operating Revenues	55,506	1,052,988	1,258,312
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	4,251	39,443	-
Services and Supplies	8,823	240,787	-
Cost of Goods Sold	-	-	-
Distributions to Other Governments	-	-	-
Special Payments	647	201,395	815,535
Loan Interest Expense	25	-	-
Bond and COP Interest	43,280	-	-
Other Debt Service	-	-	-
Depreciation and Amortization	2	13,543	-
Bad Debt Expense	-	-	19,079
Total Operating Expenses	57,028	495,168	834,614
Operating Income (Loss)	(1,522)	557,820	423,698
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Bond and COP Interest	-	-	-
Investment Income (Loss)	4,845	6,331	44,399
Other Grants	-	-	-
Other Taxes	-	-	-
Gain (Loss) on Disposition of Assets	-	(257)	-
Insurance Recovery	-	3	-
Loan Interest Income	-	-	-
Loan Interest Expense	-	-	-
Other Interest Expense	(39)	(315)	-
Other Nonoperating Items	(14)	(48)	(1)
Total Nonoperating Revenues (Expenses)	4,792	5,714	44,398
Income (Loss) Before Contributions, Special Items, Extraordinary Items, and Transfers	3,270	563,534	468,096
Capital Contributions	-	-	-
Additions to Permanent Endowments	-	-	-
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(185)	(514,119)	(8,051)
Change in Net Position	3,085	49,415	460,045
Net Position - Beginning	214,936	155,898	1,938,670
Prior Period Adjustments	(6,448)	-	-
Cumulative Effect of Change in Accounting Principles	(9,019)	-	-
Net Position - Beginning - As Restated	199,469	155,898	1,938,670
<b>Net Position - Ending</b>	\$ 202,554	\$ 205,313	\$ 2,398,715

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

**Business-type Activities - Enterprise Funds**

<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Funds</b>	
<b>University System</b>	<b>Other</b>	<b>Total</b>		
\$ -	\$ -	\$ 1,047,160	\$ -	-
-	7,926	9,945	-	-
309,784	8,018	511,880	-	-
-	107	112	-	-
903,230	301,096	1,204,706	1,119,271	-
-	671	1,860	714	-
-	869	869	46,753	-
467,312	542,442	2,062,564	2,861	-
-	35,586	88,128	-	-
63,593	-	63,593	-	-
38,513	8,094	62,681	9,237	-
-	263	812	-	-
<u>1,782,432</u>	<u>905,072</u>	<u>5,054,310</u>	<u>1,178,836</u>	-
1,573,424	248,794	1,865,912	243,341	-
559,846	169,514	978,970	789,359	-
-	278,071	278,071	9,769	-
-	61,088	61,088	-	-
152,086	178,212	1,347,875	3,983	-
-	-	25	-	-
-	19,350	62,630	5,142	-
-	8	8	-	-
145,268	11,802	170,615	25,685	-
-	788	19,867	-	-
<u>2,430,624</u>	<u>967,627</u>	<u>4,785,061</u>	<u>1,077,279</u>	-
<u>(648,192)</u>	<u>(62,555)</u>	<u>269,249</u>	<u>101,557</u>	-
(89,880)	-	(89,880)	-	-
45,128	3,657	104,360	4,880	-
171,367	-	171,367	-	-
-	17,584	17,584	-	-
(2,642)	(8)	(2,907)	(200)	-
44	47	94	1,193	-
-	-	-	38	-
-	(106)	(106)	(158)	-
(6,255)	(1,934)	(8,543)	(1,292)	-
118,737	(86)	118,588	(34)	-
<u>236,499</u>	<u>19,154</u>	<u>310,557</u>	<u>4,427</u>	-
(411,693)	(43,401)	579,806	105,984	-
138,610	21,389	159,999	44	-
776	-	776	-	-
397,073	216,591	613,664	1,371	-
(41,537)	(183,799)	(747,691)	(36,754)	-
<u>83,229</u>	<u>10,780</u>	<u>606,554</u>	<u>70,645</u>	-
1,477,262	1,229,441	5,016,207	494,015	-
-	1,620	(4,828)	(4,060)	-
-	(4,314)	(13,333)	(606)	-
<u>1,477,262</u>	<u>1,226,747</u>	<u>4,998,046</u>	<u>489,349</u>	-
<u>\$ 1,560,491</u>	<u>\$ 1,237,527</u>	<u>\$ 5,604,600</u>	<u>\$ 559,994</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.

	<u>\$ 29,563</u>
Change in net position of business-type activities	<u>\$ 636,117</u>

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**  
**(In Thousands)**

	Pension and Other Employee Benefit Trust	Private Purpose Trust	Short Term Investment Trust	Intermediate Term Investment Trust
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 969,640	\$ -	\$ -	\$ -
Plan Members	634,796	-	-	-
Total Contributions	<u>1,604,436</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income:				
Net Appreciation (Depreciation) in Fair Value of Investments	9,955,647	11	7,158	207
Interest, Dividends and Other Investment Income	1,669,454	121	41,001	615
Total Investment Income	<u>11,625,101</u>	<u>132</u>	<u>48,159</u>	<u>822</u>
Less Investment Expense	507,170	1	2,440	13
Net Investment Income	<u>11,117,931</u>	<u>131</u>	<u>45,719</u>	<u>809</u>
Gifts, Grants, and Contracts	-	6	-	-
Veterans' Income	-	8,147	-	-
Unclaimed and Escheat Property Revenue	-	1,115	-	-
Other Income	6,324	521	-	-
Share Transactions:				
Participant Contributions	-	-	14,608,091	-
Participant Withdrawals	-	-	<u>14,174,899</u>	-
Net Share Transactions	<u>-</u>	<u>-</u>	<u>433,192</u>	<u>-</u>
<b>Total Additions</b>	<u>12,728,691</u>	<u>9,920</u>	<u>478,911</u>	<u>809</u>
<b>DEDUCTIONS</b>				
Benefits	4,252,256	-	-	-
Death Benefits	5,803	-	-	-
Contributions Refunded	25,560	-	-	-
Healthcare Premium Subsidies	39,039	-	-	-
Special Payments to State Agencies	-	2,294	-	-
Distribution to Participants	-	-	32,547	-
Administrative Expenses	40,393	7,699	-	-
Payments in Accordance with Trust Agreements	-	275	-	-
<b>Total Deductions</b>	<u>4,363,051</u>	<u>10,268</u>	<u>32,547</u>	<u>-</u>
Change in Net Position Held in Trust For:				
Pension Benefits	8,089,852	-	-	-
Other Postemployment Benefits	71,081	-	-	-
Other Employee Benefits	204,707	-	-	-
External Investment Pool Participants	-	-	446,364	809
Individuals, Organizations and Other Governments	-	(348)	-	-
Net Position - Beginning	<u>65,362,545</u>	<u>27,549</u>	<u>4,768,598</u>	<u>-</u>
Prior Period Adjustments	-	(360)	-	30,254
Net Position - Beginning - As Restated	<u>65,362,545</u>	<u>27,189</u>	<u>4,768,598</u>	<u>30,254</u>
<b>Net Position - Ending</b>	<u>\$ 73,728,185</u>	<u>\$ 26,841</u>	<u>\$ 5,214,962</u>	<u>\$ 31,063</u>

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

**Statement of Revenues, Expenses, and Changes in Net Position**  
**Discretely Presented Component Units**  
**For the Year Ended June 30, 2014**  
(In Thousands)

	SAIF Corporation	Other	Total
<b>Operating Revenues:</b>			
Federal Revenue	\$ -	\$ 40,006	\$ 40,006
Charges for Services	-	1,708,000	1,708,000
Premiums Earned (net)	435,671	-	435,671
Investment Income (net)	-	182,911	182,911
Gifts, Grants, and Contracts	-	652,047	652,047
Other Revenues	27,210	133,703	160,913
Total Operating Revenues	462,881	2,716,667	3,179,548
<b>Operating Expenses:</b>			
Salaries and Wages	-	1,355,040	1,355,040
Services and Supplies	-	875,104	875,104
Loss and Loss Adjustment Expense	316,818	-	316,818
Policyholders' Dividends	129,145	-	129,145
Underwriting Expenses	112,157	-	112,157
Mortgage Assistance Payments	-	40,551	40,551
Bond and COP Interest	-	22,829	22,829
Depreciation and Amortization	-	115,428	115,428
Other Expenses	925	74,261	75,186
Total Operating Expenses	559,045	2,483,213	3,042,258
Operating Income (Loss)	(96,164)	233,454	137,290
<b>Nonoperating Revenues (Expenses):</b>			
Investment Income	85,801	93,355	179,156
Other	-	359	359
State Appropriations	-	35,415	35,415
Total Nonoperating Revenues (Expenses)	85,801	129,129	214,930
Income (Loss) Before Capital Contributions	(10,363)	362,583	352,220
Capital Contributions	-	5,135	5,135
Change in Net Position	(10,363)	367,718	357,355
Net Position - Beginning	1,412,654	3,666,867	5,079,521
Prior Period Adjustments	-	14	14
Cumulative Effect of Change in Accounting	(9,069)	(9,365)	(18,434)
Net Position - Beginning - As Restated	1,403,585	3,657,516	5,061,101
<b>Net Position - Ending</b>	<b>\$ 1,393,222</b>	<b>\$ 4,025,234</b>	<b>\$ 5,418,456</b>

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

Adjustments to Recast	Statement of Activities
\$ (40,006)	\$ -
596,943	2,304,943
(435,671)	-
(182,911)	-
437,488	1,089,535
(160,913)	-
214,930	3,394,478
-	1,355,040
-	875,104
-	316,818
-	129,145
-	112,157
-	40,551
-	22,829
-	115,428
-	75,186
-	3,042,258
214,930	352,220
(179,156)	-
(359)	-
(35,415)	-
(214,930)	-
-	352,220
-	5,135
-	357,355
-	5,079,521
-	14
-	(18,434)
-	5,061,101
\$ -	\$ 5,418,456