



Western Oregon
UNIVERSITY

2022 ANNUAL FINANCIAL REPORT



The start of this academic year brings a new hope as society shifts out of a devastating global pandemic into a more usual lifestyle. Though there are still threats to health from COVID-19, the treatments and preventative vaccines have made the serious threat shift into an endemic that we can function within. The campus at Western Oregon University is becoming more vibrant, filled with students and employees. The spaces we inhabit and navigate are again places of laughter and hugs, smiles and conversation. Classrooms are dynamic spaces where students and teachers can connect in person. And this is a beautiful, and most human, thing.

But at the same time, challenges remain. Our overall enrollment is down 7% from last year. At a small, regional university, this is a significant number, particularly when we are so dependent on tuition dollars for financial sustainability. This means that we will need to shift strategies as we strengthen our enrollments. Additionally, we will work on increased student retention rates while also seeking new revenue streams and strategies to be more efficient. We will weather this storm as a community, drawing on the strength of the students and employees of this institution. And part of that strength is to be nimble and responsive to new demands and realities.

As a new president, I will be working with the leadership team to develop and implement a new visionary strategic plan for the future, one that will ensure financial sustainability and provide quality education for our students. We will embrace our institutional diversity and articulate the ways we draw strength from the differences that permeate the institution. Many voices tell a more powerful story, and we will listen to all of them as we become a transformative place.

Here at Western Oregon University, we serve an incredibly diverse student population. Our students are 36% students of color from Oregon. Our students are over 40% first-generation and low income. We are an emerging Hispanic Serving Institution and the oldest public institution of higher education in the state of Oregon. We produce the most classroom-ready teachers of any institution in Oregon, and our graduate programs are growing.

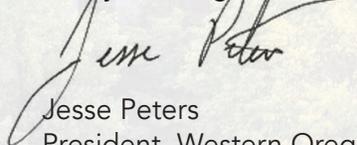
Our branch campus in Salem, WOU:Salem, also offers a new opportunity for growth in enrollment. The branch provides degree completion opportunities for adult learners and is home to the MA in Organizational Leadership, which was first offered by WOU in fall 2019. The branch's programs are an affirmative step in meeting the state's educational attainment goals, and we will be exploring further partnerships with Oregon State Agencies, SEIU, and Amazon.

As I stated above, WOU is also well on its way to becoming a federally recognized Hispanic Serving Institution (HSI), which requires 25 percent of our full-time equivalent students to identify as Hispanic. The university is designated as an emerging HIS, and the office of admissions actively recruits Hispanic students across Oregon. Again, our goal here is to embrace the ways that we serve a very diverse student body, including Latinx students. Serving this student population well means that we serve all of our students well.

Our alumni are leaders throughout the state, and they consistently point to the learning environment at WOU that prepared them to be successful. Our students graduate ready to work in collaborative environments, to think creatively, to communicate effectively, and to lead positive change in their communities. Indeed, a graduate from a regional university often has a particular kind of drive and work ethic that makes them some of the strongest citizens and employees.

A regional university, like Western Oregon University, sees a student as a whole person, a complex individual who seeks to walk through the doors that a college degree can open. And here we walk with our students, providing support and guidance, always believing they can achieve whatever goals they set. This is a place of transformation, a place where you belong.

Always serving students.



Jesse Peters
President, Western Oregon University



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Independent Auditor's Report

To the Board of Trustees
Western Oregon University
Monmouth, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Western Oregon University (the University), a component unit of the State of Oregon, and the discretely presented component unit, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its discretely presented component unit as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Western Oregon Development Foundation (the Foundation), which represent 100 percent of the assets and revenues of the discretely presented component unit as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a basis for our audit opinions. The financial statements for the Foundation were not audited in accordance with *Government Auditing Standards*.

Relationship with the State of Oregon

As described in Note 1, the financial statements of the University are intended to present the financial position, changes in financial position, and cash flows attributable to the University. They do not purport to, and do not present fairly the financial position of the State of Oregon as of June 30, 2022 and 2021, and the changes in its financial position for the years then ended in conformity with accounting principles general accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of university contributions, schedule of university's proportionate share of net pension asset/(liability), schedule of university PERS RHIA OPEB employer contribution, schedule of university's proportionate share of the net PERS RHIA OPEB asset/(liability), schedule of university PERS RHIPA OPEB employer contribution, schedule of university's proportionate share of the net PERS RHIPA OPEB asset/(liability), and the schedule of university's proportionate share of the total PEBB OPEB liability as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's financial statements. The WOU Board of Trustees, President's Cabinet, and the Message from the President are presented for purposes of additional analysis and are not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho

November 15, 2022

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Western Oregon University (WOU, the university) for the year ended June 30, 2022, with comparative data for the fiscal years ended June 30, 2021, and June 30, 2020. The changes resulting from the implementation of GASB 87 have been applied in fiscal year 2021, therefore, fiscal year 2020 has not been restated for the purposes of the MD&A. This discussion has been prepared by management to assist readers in understanding the accompanying financial statements and footnotes.

Fall Full Time Equivalent (FTE) Student Enrollment Summary:

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3,340	3,829	4,134	4,368	4,451

Understanding the Financial Statements

The MD&A focuses on WOU as a whole and is intended to foster a greater understanding of WOU's financial activities. Since this presentation includes summarized formats, it should be read in conjunction with the financial statements which have the following components.

Statement of Net Position (SNP) presents a snapshot of WOU assets, deferred outflows, liabilities and deferred inflows under the accrual basis of accounting as of June 30, for each fiscal year presented. The SNP helps the reader understand the types and amounts of assets available to support operations, how much WOU owes to vendors and the State of Oregon, and net position delineated based upon their availability for future expenditures.

Statement of Revenues, Expenses, and Changes in Net Position (SRE) presents WOU revenues and expenses categorized between operating, nonoperating and other related activities. The SRE reports the WOU operating results for each fiscal year presented.

Statement of Cash Flows (SCF) provides information about WOU's sources (receipts) and uses (payments) of cash during the fiscal year. The SCF classifies sources and uses of cash into four categories, and assists in determining whether WOU has the ability to generate future net cash flows to meet its obligations as they come due.

Notes to the Financial Statements (Notes) provide additional information to clarify and expand on the financial statements.

Statement of Net Position

The term "Net Position" refers to the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources, and is an indicator of WOU's current financial condition. Changes in net position that occur over time indicate improvement or deterioration in WOU's financial condition. The following summarizes WOU assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position:

Condensed Statement of Net Position (in 000's)

As of June 30,	2022	2021	2020	2022 to 2021		2021 to 2020	
				\$ Change	% Change	\$ Change	% Change
Current Assets	\$ 29,389	\$ 35,147	\$ 39,066	\$ (5,758)	-16.4%	\$ (3,919)	-10.0%
Noncurrent Assets	23,119	22,479	15,383	640	2.8%	7,096	46.1%
Capital Assets, Net	127,428	132,915	127,437	(5,487)	-4.1%	5,478	4.3%
Total Assets	179,936	190,541	181,886	(10,605)	-5.6%	8,655	4.8%
Deferred Outflows of Resources	14,670	18,552	13,224	(3,882)	-20.9%	5,328	40.3%
Current Liabilities	17,883	18,990	20,743	1,107	5.8%	1,753	8.5%
Noncurrent Liabilities	70,032	100,122	89,491	30,090	30.1%	(10,631)	-11.9%
Total Liabilities	87,915	119,112	110,234	31,197	26.2%	(8,878)	-8.1%
Deferred Inflows of Resources	19,364	2,137	2,193	(17,227)	-806.1%	56	2.6%
Net Investment in Capital Assets	81,779	85,254	78,243	(3,475)	-4.1%	7,011	9.0%
Restricted - Expendable	7,192	13,019	8,005	(5,827)	-44.8%	5,014	62.6%
Unrestricted	(1,644)	(10,428)	(3,565)	8,784	-84.2%	(6,863)	192.5%
Total Net Position	\$ 87,327	\$ 87,845	\$ 82,683	\$ (518)	-0.6%	\$ 5,162	6.2%

Comparison of fiscal year 2022 to fiscal year 2021

On June 30, 2022, WOU's assets were \$179,936 thousand. Current assets consist primarily of cash and cash equivalents, accounts receivable, notes receivable, inventories, and prepaid expenses. Current assets decreased \$5,758 thousand, or 16.4 percent, from the previous year. This decrease is primarily attributable to decreases in federal grants receivable resulting from drawing remaining HEERF and state capital construction receivable resulting from the decreased capital activity during this fiscal year.

Deferred outflows represent the consumption of net position attributable to a future period and are associated with WOU's obligations for the pension and other post-employment benefits. Deferred outflows decreased \$3,882 thousand, or 20.9 percent.

Current liabilities consist primarily of accounts payables, accrued liabilities, unearned revenue, and the current portion of long-term liabilities. Current liabilities decreased by \$1,107 thousand, or 5.8 percent from prior year. The decrease is primarily attributable to a decrease in payroll related liabilities.

Deferred inflows represent an acquisition of net position attributable to a future period and are associated with WOU's deferred pension and OPEB obligations. Deferred inflows increased by \$17,227 thousand, or 806.1 percent.

Net position is reported in three components with an overall decrease of 0.6 percent. The largest portion of the University's net position is the \$81,779 thousand net investment in capital assets. This reflects the investment in capital assets (e.g. land, buildings, machinery, and right to use asset) less any related, outstanding debt used to acquire those assets. WOU uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although WOU's investment in its capital assets is reported net of related debt, it should be noted

the resources needed to repay this debt must be provided from other sources. The capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of amounts set aside for debt service, student loans, other post-employment benefit assets, and grants and contracts. The remaining component is categorized as unrestricted. Unrestricted assets, as defined by GAAP, are funds that are not subject to externally imposed restrictions on the use. Unrestricted funds are allocated for academic programs, capital projects, reserves, and other purposes from year to year. With the implementation of GASB 68, 71, and 75, unrestricted net position has the potential to fluctuate materially from year to year. The fluctuation is dependent on state-wide investment returns and changes related to the actuarial unfunded liability for pensions and OPEB.

Comparison of fiscal year 2021 to fiscal year 2020

On June 30, 2021, WOU's assets were \$190,541 thousand. Current assets consist primarily of cash and cash equivalents, accounts receivable, notes receivable, inventories, and prepaid expenses. Current assets decreased \$3,919 thousand, or 10.0 percent, from the previous year. This decrease is primarily attributable to a decrease in current cash and cash equivalents, and offset by an increase in accounts receivable.

Deferred outflows represent the consumption of net position attributable to a future period and are associated with WOU's obligations for the pension and other post-employment benefits. Deferred outflows increased \$5,328 thousand, or 40.3 percent.

Current liabilities consist primarily of accounts payables, accrued liabilities, unearned revenue, and the current portion of long-term liabilities. Current liabilities decreased by \$1,753 thousand, or 8.5 percent from prior year. The decrease is primarily attributable to no longer deferring payment of employer-owned payroll taxes, as was done in 2020 provided by the CARES Act.

Deferred inflows represent an acquisition of net position attributable to a future period and are associated with WOU's deferred pension and OPEB obligations. Deferred inflows decreased by \$56 thousand, or 2.6 percent.

Net position is reported in three components with an overall increase of 6.2 percent. The largest portion of the University's net position is the \$85,254 thousand net investment in capital assets. This reflects the investment in capital assets (e.g. land, buildings, machinery, and right to use asset) less any related, outstanding debt used to acquire those assets. WOU uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although WOU's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources. The capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of amounts set aside for debt service, student loans, other post-employment benefit assets, and grants and contracts. The remaining component is categorized as unrestricted. Unrestricted assets, as defined by GAAP, are funds that are not subject to externally imposed restrictions on the use. Unrestricted funds are allocated for academic programs, capital projects, reserves, and other purposes from year to year. With the implementation of GASB 68, 71, and 75, unrestricted net position has the potential to fluctuate materially from year to year. The fluctuation is dependent on state-wide investment returns and changes related to the actuarial unfunded liability for pensions and OPEB.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Condensed Statement of Revenues, Expenses and Changes in Net Position (in 000's)

For the Year Ended June 30,	2022	2021	2020	2022 to 2021		2021 to 2020	
				\$ Change	% Change	\$ Change	% Change
Operating Revenues	\$ 52,384	\$ 46,810	\$ 51,243	\$ 5,574	11.9%	\$ (4,433)	-8.7%
Operating Expenses	110,085	102,867	113,982	(7,218)	-7.0%	11,115	9.8%
Operating Loss	(57,701)	(56,057)	(62,739)	(1,644)	2.9%	6,682	-10.7%
Nonoperating Revenues, Net of Expenses	56,797	52,590	46,480	4,207	8.0%	6,110	13.1%
Other Revenues	386	8,629	10,537	(8,243)	-95.5%	(1,908)	-18.1%
Increase/(Decrease) in Net Position	(518)	5,162	(5,722)	(5,680)	-110.0%	10,884	-190.2%
Net Position, Beginning of Year	87,845	82,683	88,405	5,162	6.2%	(5,722)	-6.5%
Net Position, End of Year	\$ 87,327	\$ 87,845	\$ 82,683	\$ (518)	-0.6%	\$ 5,162	6.2%

Statement of Revenues, Expenses and Changes in Net Position (SRE)

Due to the classification of certain revenues as nonoperating revenue, WOU shows a loss from operations. State general fund appropriations, nonexchange grants and non-capital gifts, although considered nonoperating revenue under GASB Statement No. 35, *Basic Financial Statements— and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*, and reflected accordingly in the nonoperating section of the SRE, are used solely for operating purposes.

Total Operating, Nonoperating and Other Revenues (in 000's)

For the Year Ended June 30,	2022	2021	2020	2022 to 2021		2021 to 2020	
				\$ Change	% Change	\$ Change	% Change
Student Tuition and Fees	\$ 24,380	\$ 29,037	\$ 25,578	\$ (4,657)	-16.0%	\$ 3,459	13.5%
Grants and Contracts	9,621	7,530	7,250	2,091	27.8%	280	3.9%
Auxiliary Enterprises	14,988	7,082	15,481	7,906	111.6%	(8,399)	-54.3%
Educational and Other	3,395	3,161	2,934	234	7.4%	227	7.7%
Total Operating Revenues	52,384	46,810	51,243	5,574	11.9%	(4,433)	-8.7%
Appropriations	32,686	30,363	28,584	2,323	7.7%	1,779	6.2%
Federal and State Grants	26,671	21,318	17,116	5,353	25.1%	4,202	24.6%
Gifts	1,406	1,843	1,482	(437)	-23.7%	361	24.4%
Investment Activity	(1,585)	805	1,831	(2,390)	-296.9%	(1,026)	-56.0%
Capital Grants and Gifts	7	8,247	10,155	(8,240)	-99.9%	(1,908)	-18.8%
Gain (Loss) on Sale of Assets, Net	(101)	2	80	(103)	-5150.0%	(78)	-97.5%
Other nonoperating items	(54)	329	37	(383)	-116.4%	292	789.2%
Total Nonoperating Revenues	59,030	62,907	59,285	(3,877)	-6.2%	3,622	6.1%
Total Revenues	\$ 111,414	\$ 109,717	\$ 110,528	\$ 1,697	1.5%	\$ (811)	-0.7%

Revenues

Comparison of fiscal year 2022 to fiscal year 2021

Operating revenues increased by \$5,574 thousand, or 11.9 percent between 2022 and 2021, primarily due to increased grant activity and increased auxiliary revenues as campus recovers from the pandemic and returns to more on-campus activity. Student tuition and fees decreased by \$4,657 thousand, or 16.0 percent due to a combination of declining enrollment and more on-campus courses resulting in less online course fee revenue.

Non-operating revenues decreased by \$3,877 thousand, or 6.2 percent. The largest non-operating revenue is state appropriations, which increased by \$2,323 thousand, or 7.7 percent. The state appropriated \$900 million for the Public University Support Fund (PUSF) for the 2021-23 biennium,

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

a \$63 million increase over the prior biennium. WOU's portion of the PUSF is allocated based on the Student Success and Completion Model, which distributes 49 percent of the PUSF in the first year of the biennium, and 51 percent in the second. Federal and State Grants increased by \$5,353 thousand primarily due to Higher Education Emergency Relief Funds. Capital Grants and Gifts shows a significant decrease from \$8,247 thousand in 2021 to \$7 thousand in 2022, as very few state-funded capital projects took place during 2022.

Comparison of fiscal year 2021 to fiscal year 2020

Operating revenues decreased by \$4,433 thousand, or 8.7 percent between 2021 and 2020, primarily due to decreased auxiliary revenues as there was little on-campus activity during the pandemic. Student tuition and fees increased by \$3,459 thousand, or 13.5 percent due to an increase in online course fees resulting from nearly all courses being offered online due to the pandemic.

Non-operating revenues increased by \$3,622 thousand, or 6.1 percent. The largest non-operating revenue is state appropriations, which increased by \$1,779 thousand, or 6.2 percent. WOU's portion of the PUSF is allocated based on the Student Success and Completion Model, which distributes 49 percent of the PUSF in the first year of the biennium, 2020, and 51 percent in the second, 2021. Federal and State Grants increased by \$4,202 thousand primarily due to Higher Education Emergency Relief Funds. Capital Grants and Gifts decreased by \$1,908 thousand, or 18.8 percent, due primarily to a decrease related to revenue from state reimbursable capital construction grants.

Total Operating and Nonoperating Expenses by Function (in 000's)

For the Year Ended June 30,	2022	2021	2020	2022 to 2021		2021 to 2020	
				\$ Change	% Change	\$ Change	% Change
Instruction	\$ 31,741	\$ 35,628	\$ 41,185	\$ 3,887	10.9%	\$ 5,557	13.5%
Research	1,046	1,028	624	(18)	-1.8%	(404)	-64.7%
Public Service	4,466	3,419	1,217	(1,047)	-30.6%	(2,202)	-180.9%
Academic Support	9,739	8,861	10,258	(878)	-9.9%	1,397	13.6%
Student Services	8,958	7,917	8,340	(1,041)	-13.1%	423	5.1%
Auxiliary Programs	19,816	17,487	23,199	(2,329)	-13.3%	5,712	24.6%
Institutional Support	7,996	8,327	7,973	331	4.0%	(354)	-4.4%
Operation and Maintenance of Plant	5,036	4,426	5,446	(610)	-13.8%	1,020	18.7%
Student Aid	12,530	9,979	8,997	(2,551)	-25.6%	(982)	-10.9%
Other Operating Expenses	8,757	5,795	6,743	(2,962)	-51.1%	948	14.1%
Total Operating Expenses	110,085	102,867	113,982	(7,218)	-7.0%	11,115	9.8%
Interest Expense	1,847	1,688	2,268	(159)	-9.4%	580	25.6%
Total Expenses	\$ 111,932	\$ 104,555	\$ 116,250	\$ (7,377)	-7.1%	\$ 11,695	10.1%

Expenses

Comparison of fiscal year 2022 to fiscal year 2021

Operating and nonoperating expenses totaling \$111,932 thousand include compensation and benefits, services and supplies, scholarships and fellowships, and depreciation and amortization. This is an increase of \$7,377 thousand, or 7.1 percent, from 2021. Without the adjustments to compensation and benefits required under GASB Statement Nos. 68, 71 and 75, total operating expenses for WOU would have increased by \$2,437 thousand, or 2.2 percent, during 2022 and

would have decreased by \$3,034 thousand, or 2.9 percent, during 2021. Instruction expenses represent a large percentage of total expenses at \$31,741 thousand, or 28.4 percent, of total expenses. This is a decrease of \$3,887 thousand, or 10.9 percent, primarily due to declining enrollments. Auxiliary programs represent \$19,816 thousand, or 17.7 percent, of total expenses. This is an increase of \$2,329 thousand, or 13.3 percent, primarily due to more on-campus activity. Student aid represents \$12,530 thousand, or 11.2 percent, of total expenses. This is an increase of \$2,551 thousand, or 25.6 percent, primarily due to Higher Education Emergency Relief Funds.

Comparison of fiscal year 2021 to fiscal year 2020

Operating and nonoperating expenses decreased by \$11,695 thousand, or 10.1 percent, between 2021 and 2020, primarily due to decreased instruction and auxiliary programs. Without the adjustments to compensation and benefits required under GASB Statement Nos. 68, 71 and 75, total operating expenses for WOU would have decreased by \$3,034 thousand, or 2.9 percent, during 2021 and would have decreased by \$2,918 thousand, or 2.6 percent, during 2020. Instruction expenses decreased by \$5,557, or 13.5 percent, primarily due to decreased enrollment. Auxiliary expenses decreased by \$5,712, or 24.6 percent, as there was little on-campus activity during the pandemic.

Capital Assets and Right to Use Assets

WOU's investment in capital assets and right to use assets as of June 30, 2022 and 2021 amounts to \$127,428 thousand and \$132,915 thousand, respectively, net of accumulated depreciation and amortization. WOU is committed to a comprehensive program of capital investment and facility maintenance that includes addressing current maintenance needs and minimizing WOU's deferred maintenance backlog. State, federal, private, debt, and internal WOU funding are all used to accomplish WOU's capital objectives. See *Note 5 Capital Assets and Note 8 Leases for additional information*.

Debt Administration

WOU's total outstanding debt is \$45,560 thousand as of June 20, 2022, and \$47,803 thousand as of June 30, 2021. During 2022, long-term debt held by WOU decreased by \$2,243 thousand. During 2021, long-term debt held by WOU decreased by \$1,544 thousand. See *Note 9 Long-Term Liabilities for additional details*.

Economic Outlook

WOU's financially stable and prosperous future depends on its ability to establish a balanced level of revenues and expenses that create a reasonable level of fund balances while delivering high quality academic and wrap-around services. Throughout the pandemic WOU has received a total of \$24,195,815 in federal relief funds. Of this amount, \$10,468,254 was allocated directly to WOU students while \$13,727,561 was allocated to support institutional operations. With federal relief funds no longer available, WOU needs to find creative and sustainable ways to replace those funds.

Historically, funding for WOU's operations comes from a variety of sources including tuition and fees, state appropriations, grants, private and government contracts, donor gifts, and investment earnings. Revenues are also generated through recovery of costs associated with federal grants and contract activities, which serve to offset related administrative and facilities costs.

Over the last four years, WOU has prioritized access to affordable education for Oregonians despite facing significant financial challenges. The University intentionally kept tuition increases to a minimum while investing additional institutional resources for scholarships and student support. Importantly, Fall 2022 saw a slightly higher freshman enrollment compared to the prior year. In addition, WOU is making significant strides in reaching the Hispanic Serving Institution status while being promoted to advancing diversity, equity, inclusion, and accessibility across all aspects of the University operations.

Given this, it is critical that WOU rethinks its operations and re-envision itself as a financially sustainable and prosperous enterprise. While tapping into the existing reserves provides a short-term solution, it does not represent a sustainable path into the future. As such, WOU is preparing to tackle the issues on multiple fronts. This summer, WOU welcomed Dr. Jesse Peters as its 25th President. Under his leadership, the institution will intensify its efforts to connect with the state legislators and other officials to tell WOU's story and its role as a regional institution in effort to increase state support. State funding for operations continue to challenge WOU's ability to meet its public mission of teaching, research and service while maintaining affordable access to higher education.

While Western appreciates the efforts by the legislature to provide funding to meet the ongoing costs of operations for the university, the pandemic put new demands on WOU as it seeks to ensure student success. Minimizing student indebtedness, providing wrap-around student support services, and delivering high quality education requires sufficient resources that cannot be realized by increasing tuition and redirecting costs to students and their families. Recently a published report by the National Center for Higher Education Management Systems shows that Oregon is ranked 45th among the 50 states when it comes to funding higher education. Regional universities, like WOU, play a critical role in the State's economic development and in reducing economic and social inequities among Oregonians by providing access to high quality affordable higher education and supporting students on their journey to a degree.

Moving forward, the WOU Board of Trustees and university leadership remain committed to meeting the challenges of ensuring an affordable education, providing a complement of student support services that meet our students' unique needs, and improving the graduation rates of our students. Western Oregon University plans for continued success in carrying out its core mission as a premier comprehensive public university by preparing for these challenges. We move forward with determination, optimism, and thoughtful preparation, recognizing that Western Oregon University's academic distinction and success is the result of the hard work and dedication of outstanding faculty, staff, and academic leaders who place the needs of our students first.

Tatyana Karaman, Ph.D., M.B.A.
Vice President for Finance and
Administration; CFO



STATEMENTS OF NET POSITION
WESTERN OREGON UNIVERSITY

As of June 30,	2022	Restated 2021
	(In thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 16,619	\$ 15,513
Collateral from Securities Lending (Note 2)	258	264
Accounts Receivable, Net (Note 3)	10,276	16,844
Notes Receivable, Net (Note 4)	311	384
Inventories	1,295	1,358
Prepaid Expenses	630	784
Total Current Assets	29,389	35,147
Noncurrent Assets		
Investments (Note 2)	20,927	16,754
Notes Receivable, Net (Note 4)	1,239	1,600
Net OPEB Asset (Note 15)	953	4,125
Right of Use Asset, Net of Accumulated Amortization (Note 8)	261	333
Capital Assets, Net of Accumulated Depreciation (Note 5)	127,167	132,582
Total Noncurrent Assets	150,547	155,394
Total Assets	\$ 179,936	\$ 190,541
DEFERRED OUTFLOWS OF RESOURCES (Note 6)	\$ 14,670	\$ 18,552
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	\$ 8,848	\$ 10,957
Deposits	223	227
Obligations Under Securities Lending (Note 2)	258	264
Current Portion of Leases (Note 8)	8	123
Current Portion of Long-Term Liabilities (Note 9)	5,003	4,437
Unearned Revenues	3,543	2,982
Total Current Liabilities	17,883	18,990
Noncurrent Liabilities		
Leases (Note 8)	82	90
Long-Term Liabilities (Note 9)	45,295	48,660
Net Pension Liability (Note 14)	23,369	49,387
OPEB Liability (Note 15)	1,286	1,985
Total Noncurrent Liabilities	70,032	100,122
Total Liabilities	\$ 87,915	\$ 119,112
DEFERRED INFLOWS OF RESOURCES (Note 6)	\$ 19,364	\$ 2,137
NET POSITION		
Net Investment in Capital Assets	\$ 81,779	\$ 85,254
Restricted Expendable For:		
Expendable:		
Gifts, Grants and Contracts	1,149	1,243
Student Loans	5,408	5,841
Capital Projects	-	168
Debt Service	86	120
OPEB Asset	549	5,647
Unrestricted (Note 10)	(1,644)	(10,428)
Total Net Position	\$ 87,327	\$ 87,845

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION – COMPONENT UNIT

As of June 30,	2022	2021
	(In thousands)	
ASSETS		
Cash and Cash Equivalents	\$ 606	\$ 543
Investments (Note 2)	22,125	23,638
Accounts Receivable	31	
Pledges Receivable	99	44
Contributions Receivable	833	1,833
Due from WOU	521	446
Other Current Assets	21	
Property and Equipment, Net	130	135
Total Assets	\$24,366	\$26,639
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 116	\$ 30
Annuities Payable	634	939
Total Liabilities	750	969
NET ASSETS		
Without Donor Restrictions		
Undesignated	4,423	3,669
Designated	630	634
With Donor Restrictions		
Purpose Restrictions	3,868	6,781
Perpetual Restrictions	14,695	14,586
Total Net Assets	23,616	25,670
Total Liabilities & Net Assets	\$24,366	\$26,639

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WESTERN OREGON UNIVERSITY

For the Years Ended June 30,	2022	2021
	(In thousands)	
OPERATING REVENUES		
Student Tuition and Fees (Net of Allowances of \$13,785 and \$16,101, respectively)	\$24,380	\$29,037
Federal Grants and Contracts	7,391	6,015
State and Local Grants and Contracts	2,105	1,515
Nongovernmental Grants and Contracts	125	-
Educational Department Sales and Services	489	484
Auxiliary Enterprises Revenues (Net of Allowances of \$1,671 and \$1,004, respectively)	14,988	7,082
Other Operating Revenues	2,906	2,677
Total Operating Revenues	52,384	46,810
OPERATING EXPENSES		
Instruction	31,741	35,628
Research	1,046	1,028
Public Service	4,466	3,419
Academic Support	9,739	8,861
Student Services	8,958	7,917
Auxiliary Programs	19,816	17,487
Institutional Support	7,996	8,327
Operation and Maintenance of Plant	5,036	4,426
Student Aid	12,530	9,979
Other Operating Expenses	8,757	5,795
Total Operating Expenses (Note 12)	110,085	102,867
Operating Loss	(57,701)	(56,057)
NONOPERATING REVENUES (EXPENSES)		
Government Appropriations (Note 13)	32,307	29,981
Federal and State Grants	26,671	21,318
Gifts	1,406	1,843
Investment Activity (Note 11)	(1,585)	805
Gain/(Loss) on Sale of Assets	(101)	2
Interest Expense	(1,847)	(1,688)
Other Nonoperating Items	(54)	329
Net Nonoperating Revenues	56,797	52,590
Loss Before Other Nonoperating Revenues	(904)	(3,467)
Debt Service Appropriations (Note 14)	379	382
Capital Grants and Gifts	7	8,247
Total Other Nonoperating Revenues	386	8,629
Increase/(Decrease) In Net Position	(518)	5,162
NET POSITION		
Beginning Balance	87,845	82,683
Ending Balance	\$87,327	\$87,845

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES
WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION – COMPONENT UNIT

For the Years Ended June 30,	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	(In thousands)					
REVENUES						
Contributions	\$ 664	\$ 2,005	\$ 2,669	\$ 684	\$ 1,360	\$ 2,044
Net Investment Return	107	(2,414)	(2,307)	207	4,383	4,590
Miscellaneous	10	293	303	14	72	86
Total Revenues	781	(116)	665	905	5,815	6,720
NET ASSETS RELEASED FROM RESTRICTIONS	2,688	(2,688)	-	4,307	(4,307)	-
EXPENSES						
University and Scholarships Program	1,942	-	1,942	1,758	-	1,758
Managerial and General	357	-	357	291	-	291
Fundraising	420	-	420	311	-	311
Total Expenses	2,719	-	2,719	2,360	-	2,360
CHANGE IN NET ASSETS	750	(2,804)	(2,054)	2,852	1,508	4,360
NET ASSETS, Beginning of Year	4,303	21,367	25,670	1,451	19,859	21,310
NET ASSETS, End of Year	\$ 5,053	\$ 18,563	\$23,616	\$ 4,303	\$ 21,367	\$25,670

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
WESTERN OREGON UNIVERSITY

For the Years Ended June 30,	2022	2021
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 25,460	\$ 30,017
Grants and Contracts	15,373	5,756
Educational Department Sales and Services	489	483
Auxiliary Enterprises Operations	14,673	7,058
Payments to Employees for Compensation and Benefits	(72,777)	(69,029)
Payments to Suppliers	(21,690)	(15,433)
Student Financial Aid	(13,852)	(9,694)
Other Operating Receipts	2,848	2,631
Net Cash Used by Operating Activities	(49,476)	(48,211)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Government Appropriations	32,307	29,981
Federal and State Grants	26,671	16,247
Other Gifts and Private Contracts	1,373	1,843
Net Internal Agency Fund Payments	(58)	(14)
Net Cash Provided by Noncapital Financing Activities	60,293	48,057
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt Service Appropriations	379	382
Capital Grants and Gifts	1,116	10,435
Sales of Capital Assets	-	28
Purchases of Capital Assets	(1,283)	(11,756)
Interest Payments on Capital Debt	(1,799)	(1,938)
Principal Payments on Capital Debt	(2,366)	(1,560)
Net Cash Used by Capital and Related Financing Activities	(3,953)	(4,409)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales (Purchases) of Investments	(6,011)	(3,964)
Income on Investments and Cash Balances	253	759
Net Cash Used by Investing Activities	(5,758)	(3,205)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,106	(7,768)
CASH AND CASH EQUIVALENTS		
Beginning Balance	15,513	23,281
Ending Balance	\$ 16,619	\$ 15,513

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS, continued
WESTERN OREGON UNIVERSITY

For the Years Ended June 30,	2022	2021
	(In thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (57,701)	\$ (56,057)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense	6,075	6,637
Changes in Assets and Liabilities:		
Accounts Receivable	5,460	(1,119)
Notes Receivable	434	664
Inventories	63	27
Prepaid Expenses	154	(253)
Accounts Payable and Accrued Liabilities	(1,530)	(614)
Long-Term Liabilities	(556)	(113)
Unearned Revenue	561	(411)
Net Pension Liability and Related Deferrals	(7,183)	8,219
OPEB (Asset)/Liability and Related Deferrals	4,747	(5,191)
NET CASH USED BY OPERATING ACTIVITIES	\$ (49,476)	\$ (48,211)

NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS

Increase (Decrease) in Fair Value of Investments Recognized as a Component of Investment Activity	\$ 1,838	\$ (46)
Capital assets acquired through capital lease	\$ -	\$ 110
Capital assets acquired through gift	\$ 33	\$ -
Refunding		
New bonds issued	\$ -	\$ 12,015
Old bonds refunded	\$ -	\$ (11,138)

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Western Oregon University (WOU or university) is governed by the Western Oregon University Board of Trustees (Board), a citizen board appointed by the Governor with confirmation by the State Senate. WOU is located in Monmouth, Oregon.

The financial reporting entity includes WOU and the Western Oregon University Development Foundation (foundation), which is reported as a discretely presented component unit under the guidelines established by the Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations are Component Units. Discretely presented means that the statements are included separately in the financial report. See Note 19 for additional information relating to this component unit. The Governor of the State of Oregon (state) appoints the WOU Board, and because WOU receives some financial support from the state, WOU is a discretely presented component unit of the state and is included in the state's comprehensive annual financial report.

B. Financial Statement Presentation

WOU's financial accounting records are maintained in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the GASB. The financial statement presentation required by GASB Statement No. 35, Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34, modified by GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, provides a comprehensive, entity-wide perspective of WOU's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

In preparing the financial statements, interfund transfers between university funds and internal revenues and expenses associated with self-supporting auxiliary and service center operations have been eliminated. Unless otherwise stated, dollars are presented in thousands.

Financial statements of the foundation are discretely presented because of the difference in its reporting model. The foundation's financial statements are prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue criteria and presentation. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the university. No modifications have been made to the foundation's financial information included in the university's financial report.

C. Basis of Accounting

For financial reporting purposes, WOU is considered a special-purpose government engaged only in business-type activities. Accordingly, the WOU financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when incurred.

NEWLY IMPLEMENTED ACCOUNTING STANDARDS

GASB Statement No. 87, Leases. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an

underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflow of resources based on the payment provisions of the contract. As a result of implementing GASB Statement No. 87, WOU reclassified a right to use asset of \$333 and lease liability of \$90 and as a result of this reclassification there was no effect on beginning net position. See Note 8 for additional disclosures required by this standard.

UPCOMING ACCOUNTING STANDARDS

Between July 2019 and June 2020, GASB issued the following statements which do not currently apply to WOU, but may under certain circumstances: Statement No. 92, *Omnibus 2020*; Statement No. 93, *Replacement of Interbank Offered Rates*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*. Management of WOU is continuing to evaluate the impact of these standards on WOU's financial statements.

D. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. Cash and cash equivalents consist of: cash on hand, cash and investments held by the state in the Oregon Short-Term Fund (OSTF), and cash held by U.S. Bank as required by the U.S. Department of Education for Title IV funds.

E. Investments

Investments are reported at fair value as determined by market prices. Unrealized gains or losses on investments are reported as investment activity in the Statement of Revenues, Expenses, and Changes in Net Position.

Investments are classified as noncurrent assets in the Statement of Net Position.

F. Receivables

Accounts receivable consists primarily of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable for tuition and fee charges are recorded net of estimated uncollectable amounts in accordance with generally accepted accounting principles. Grants and contracts receivable include amounts due from federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the university's grants and contracts. Capital construction receivables include amounts due from the state in connection with reimbursement of allowable expenditures made pursuant to the grant agreements between the university and the state for facilities projects funded by the state.

Notes receivable consist primarily of student loans receivable due from the federal Perkins Loan Program and from other loans administered by the university. Construction reimbursements loan receivables are amounts receivable from the state in connection with reimbursement of allowable expenditures made pursuant to the contracts between the university and the state for facilities projects funded by the university. Construction reimbursements can be current or long-term depending on the estimated timing of completion of construction projects. WOU does not currently hold any notes receivable from the state related to construction reimbursements.

G. Inventories

Inventories are recorded at cost, with cost being generally determined by a first-in, first-out or average basis. Inventories consist primarily of supplies in storerooms and physical plant stores.

H. Capital Assets

Capital assets are recorded at cost on the date acquired or at acquisition value on the date donated. WOU capitalizes equipment with unit costs of \$5 thousand or more and an estimated useful life of greater than one year. WOU capitalizes real property expenditures that increase the functionality and/or extend the useful life of the real property if total expenditures meet or exceed \$50 thousand, depending on the type of real property. WOU also records the value of intangible right to use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 20 to 50 years for buildings, 15 to 20 years for infrastructure and land improvements, 10 years for library books and 3 to 15 years for equipment. Amortization terms of intangible assets vary depending on the factors relating to the specific asset. Depreciation is not applied to land, museum collections, works of art or historical treasures, or library special collections. The right to use intangible assets is amortized each year for the term of the agreement.

Right to use leased assets are recognized at the lease commencement date and represent WOU's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the same method amortizing the debt. The amortization period varies from 3 to 5 years.

I. Unearned Revenues

Unearned revenues include amounts received for tuition and fees, grants and contracts, and auxiliary enterprises activities in which cash has been received, but revenues will be earned in subsequent fiscal year(s).

J. Compensated Absences

WOU accrues a liability for vacation leave and other compensated absences that were earned but not used during the current or prior fiscal year for which employees can receive compensation in a future period. An estimate is made to allocate this liability between its current and noncurrent components.

Sick leave is recorded as an expense when paid.

K. Net Pension Liability

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, are actuarially determined at the system-wide Plan level and are allocated to employers based on their proportionate share. WOU is included in the proportionate share for all state agencies. The university's proportionate share of all state agencies is allocated to WOU by the Oregon State Department of Administrative Services. Investments are reported at fair value.

L. Other Postemployment Benefits (OPEB) Liabilities and Asset

The OPEB liabilities and asset, deferred outflows of resources and deferred inflows of resources related to PERS, PEBB, and OPEB expense, are actuarially determined at the system-wide Plan level and are allocated to employers based on their proportionate share. WOU is included in the proportionate share for all state agencies. The university's proportionate share of all state agencies is allocated to WOU by the State of Oregon Department of Administrative Services. Investments are reported at fair value.

M. Leases

A lessee should recognize a lease liability and a right to use asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

N. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods. These deferred outflows have a positive effect on net position that is similar to assets, but they are not considered assets. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods. These deferred inflows have a negative effect on net position, but they are not considered liabilities. Deferred outflows and inflows are related to defined benefit pension plans and defined benefit OPEB plans. See Note 6 Deferred Inflows and Deferred Outflows of Resources, Note 14 Employee Retirement Plans and Note 15 Other Postemployment Benefit Plans (OPEB) for additional information.

O. Net Position

WOU's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets represents the total investment in capital assets and right to use assets, net of accumulated depreciation and amortization, less outstanding debt obligations related to those capital assets.

RESTRICTED – EXPENDABLE

Restricted expendable includes resources which WOU is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

UNRESTRICTED

Unrestricted are resources that may be used at the discretion of the Board.

P. Restricted/Unrestricted Resources

The university has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. University personnel decide which resources to use at the time expenses are incurred. Factors used to determine which resources to use include relative priorities of the university in accordance with the university's strategic initiatives and externally imposed matching requirements of certain restricted funds. Major capital purchases are many times split funded from multiple restricted and unrestricted funding sources.

Q. Endowments

There are no amounts reported as Nonexpendable Endowments on the Statement of Net Position. Endowments that benefit WOU are owned and reported by the WOU Development Foundation.

The Board established a quasi-endowment in 2019.

The foundation policy is to annually distribute, for spending purposes to the university, four percent of the preceding 20 quarter moving average of the market value of the endowment funds and to maintain the purchasing power of the funds as nearly as prudent investment permits.

R. Income Taxes

WOU is treated as a governmental entity for tax purposes. As such, WOU is generally not subject to federal and state income taxes. However, WOU remains subject to income taxes on any income that is derived from a trade or business regularly carried on and not in furtherance of the purpose for which it was granted exemption from income taxes. No income tax is recorded for the years ended June 30, 2022 or 2021, because there is no significant amount of taxes on such unrelated business income for WOU.

S. Revenues and Expenses

WOU has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses generally have the characteristics of exchange transactions. These transactions can be defined as an exchange in which two or more entities both receive and sacrifice value, such as purchases and sales of goods or services. Examples of operating revenues include student tuition and fees, sales and services of auxiliary enterprises, most federal, state and local grants and contracts, and other operating revenues. Examples of operating expenses include employee compensation and benefits, scholarships and fellowships, utilities, supplies and other services, professional fees, and depreciation.

Nonoperating revenues and expenses generally have the characteristics of nonexchange transactions. In a nonexchange transaction, WOU receives value without directly giving equal value in exchange. Examples of nonoperating revenues include state appropriations, nonexchange grants, gifts, investment activity, and contributions. Nonoperating expenses are defined in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*. Examples of nonoperating expenses include interest on capital debt and loss on sale of assets.

T. State Support

WOU receives support from the state in the form of general fund and lottery appropriations and debt service appropriations for some Oregon Department of Energy loans. See Note 13 Government Appropriations for details on appropriations.

In addition to appropriations, the state provides funding for plant facilities on the university's campus. Capital projects for new facilities and capital improvements and repair are funded by philanthropy, campus paid debt and resources, and state-paid debt. The state legislature considers projects from

all seven public universities for allocation of Oregon's bonding capacity. Funds for capital projects funded by state-paid debt are provided through grant agreements between WOU and the State. Revenue is recorded as Capital Grants in the Statement of Revenues, Expenses and Changes in Net Position when appropriate expenditures are reimbursable per the grant agreements. Funds for capital projects funded by campus paid debt can also be funded through Oregon's bonding capacity. At the time that the bonds are sold the state instructs WOU to record a liability for the debt and a receivable for construction reimbursements. The receivable is reduced as expenditures on the capital project are completed and reimbursed by the State.

Facilities funded by philanthropy, state-paid debt and campus paid debt are reflected as completed assets or construction in progress in the Statement of Net Position. The obligations for the bonds issued by the state are not obligations of WOU. WOU is obligated to pay contracts for projects funded by campus paid debt. These contracts are included as current and long-term liabilities in the Statement of Net Position.

U. Allowances

Student tuition and fees and campus housing fees included in auxiliary enterprises revenues are reported net of scholarship allowances. A scholarship allowance is the difference between the university's stated rates and charges, and the amounts actually paid by students and/or third parties making payments on behalf of the students. Under this approach, scholarships awarded by the university are considered as reductions in tuition and fee revenues rather than as expenses. Additionally, certain governmental grants, such as Pell grants, and payments from other federal, state or nongovernmental programs, are required to be recorded as either operating or nonoperating revenues in the university's financial statement. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, the university has reported a corresponding scholarship allowance.

WOU has three types of allowances that net into tuition and fees and auxiliary enterprise revenues. Tuition and housing waivers, provided directly by WOU, amounted to \$4,896 and \$6,692 for the fiscal years ended 2022 and 2021, respectively. Revenues from financial aid programs (e.g. Pell Grants, Supplemental Educational Opportunity Grants, and Oregon Opportunity Grants) used for paying student tuition and fees and campus housing was estimated to be \$10,102 and \$8,853 for the fiscal years ended 2022 and 2021, respectively. Bad debt expense is included as an allowance to operating revenues and is estimated to be \$458 and \$1,560 for the fiscal years ended 2022 and 2021, respectively.

V. Federal Student Loan Programs

WOU receives proceeds from the Federal Direct Student Loan Program. Since WOU transmits this grantor supplied moneys without having administrative or direct financial involvement in the program, these loans are reported in an internal agency fund. Federal student loans received by WOU students but not reported in operations was \$16,539 and \$18,987 for the fiscal years ended 2022 and 2021, respectively.

W. Deposit Liabilities

Deposit Liabilities primarily consist of fund balances held by WOU on behalf of student groups and organizations that account for activities in the WOU accounting system and whose cash is part of the cash held on deposit with the Oregon State Treasury.

X. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that could affect the reported amounts of assets and deferred outflow of resources, liabilities and deferred inflow of resources, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Y. Reclassifications

Certain amounts within the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation. As a result of implementing GASB Statement No. 87, WOU reclassified a right to use asset of \$333 and lease liability of \$90 and as a result of this reclassification there was no effect on beginning net position.

2. CASH AND INVESTMENTS

At June 30, 2022, and 2021, the majority of WOU's cash and investments were held in custody with the Oregon State Treasury (OST). The OST manages these invested assets through several commingled investment pools. The operating funds of WOU are commingled with cash and investments from other public universities in Oregon and referred to collectively as the Public University Fund (PUF). The investments held in the PUF are managed by the OST and administered by the statutorily defined designated university, currently Oregon State University. WOU is a participant in the PUF investment pools along with other public universities from the State. Each underlying investment pool has an investment policy and set of objectives identifying risk and return parameters for the respective investment pool. The OST invests these deposits in high grade, dollar-denominated, short and intermediate-term fixed income securities. The Oregon Investment Council (OIC) provides oversight and counsel on the investment policies for each investment pool held in the PUF.

In general, deposits and investment securities as described below are exposed to various risks such as credit, concentration of credit, custodial credit, interest rate and foreign currency. Although the objective of each investment pool is to preserve capital within defined risk parameters, it is likely that the value of the investment securities will fluctuate during short periods of time, and it is possible that such changes could materially affect the amounts reported in the financial statements. For more information on the investment risk exposure, see Note 2.B below.

For full disclosure regarding cash and investments managed by the OST, a copy of the OST audited annual financial report may be obtained by writing to the Oregon State Treasury, 350 Winter St, NE, Suite 100, Salem, OR 97301-3896 or by linking via the internet at:

www.oregon.gov/treasury/Reports/Pages/Annual-Reports.aspx

A. Cash and Cash Equivalents

Cash and Cash Equivalents are classified as current and noncurrent which include both restricted and unrestricted cash and are summarized as follows:

	June 30, 2022	June 30, 2021
Current		
Unrestricted	\$ 7,300	\$ 3,511
Unrestricted Cash Reserve	315	588
Debt Service Cash Reserve	1,767	2,249
Quasi-Endowment	547	911
Restricted For:		
Student Aid	1,140	1,711
Debt Service	399	639
Payroll Vendor Payments	4,139	4,992
Student Groups and Campus Organizations	190	84
Title IV Perkins Loan Cash	808	815
Petty Cash	14	13
Total	\$ 16,619	\$ 15,513

DEPOSITS WITH OREGON STATE TREASURY

WOU maintains the majority of its cash balances on deposit with OST. These deposits at the OST are held, on a pooled basis as described above, in the Oregon Short-Term Fund (OSTF). The OSTF is a short-term cash and investment pool available for use by all state agencies or by agreement for related state agencies, such as WOU. The OST invests these deposits in high-grade short-term investment securities. While WOU is not required by statute to collateralize deposits, the university has a contractual obligation with the OST to collateralize deposits within 24 hours of receipt. At the fiscal year ended June 30, 2022 and 2021, WOU cash and cash equivalents on deposit at OST were \$15,797 and \$14,685, respectively.

CUSTODIAL CREDIT RISK—DEPOSITS

Custodial credit risk is the risk that, in the event of a financial institution failure, cash deposits will not be returned to a depositor. The university and the state do not have formal policies regarding custodial credit risk for deposits. However, banking regulations and Oregon Revised Statute (ORS) Chapter 295 establish the insurance and collateral requirements for deposits in the OSTF. WOU cash balances held on deposit at the OST are invested continuously, therefore custodial credit risk exposure to the OST is low. Additionally, cash balances on deposit with US Bank are collateralized, therefore invested continuously, resulting in low custodial credit risk.

FOREIGN CURRENCY RISK—DEPOSITS

Deposits in foreign currency run the risk of changing value due to fluctuations in foreign exchange rates. Per PUF policy, all deposits are in U.S. currency and therefore not exposed to foreign currency risk.

OTHER DEPOSITS

For the years ended June 30, 2022, and 2021, WOU had cash at US Bank held for Title IV Perkins Loans of \$808 and \$815, respectively. Additionally, for the years ended June 30, 2022 and 2021, WOU had vault and petty cash balances of \$14 and \$13, respectively.

B. Investments

The majority of WOU's operating funds are invested in the PUF. University investments in the PUF are invested in the Core Bond Fund (CBF) managed by the OST. The CBF invests primarily in intermediate-term fixed income securities and is managed with an investment objective to maximize total return (i.e., principal and income) over an intermediate time horizon within stipulated risk parameters. The CBF is actively managed to maintain an average duration of four to five years, through a diversified portfolio of quality, investment grade fixed income securities as defined in the portfolio guidelines.

Additionally, board designated quasi-endowment assets are managed separately by the State Treasury, invested in mutual and/or index funds, and directed by external investment managers who are under contract to the OIC. Per policy, the endowment assets have a medium to long-term time horizon. As such, the assets are invested with a medium-term horizon while maintaining a prudent level of risk.

All investments are managed as a prudent investor would do, exercising reasonable care, skill and caution. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and such changes could materially affect the amounts reported in the Statement of Net Position.

Significant events in domestic and international investment markets or aggressive action by the Federal Open Market Committee to influence both short and long-term interest rates contribute to price volatility. Consequently, the fair value of WOU's investments is exposed to price volatility which could result in a substantial change in the fair value of certain investments from the amounts reported as of June 30, 2022 and 2021.

Investments are all classified as noncurrent and include both restricted and unrestricted funds. At June 30, 2022 and 2021, WOU had a total of \$20,927 and \$16,754 in investments, respectively.

Investments of the WOU discretely presented component unit are summarized at fair value as follows:

	June 30, 2022	June 30, 2021
Investment Type:		
Marketable Securities	\$ 21,514	\$ 23,353
Money Market Funds and Cash	558	236
Cash Value of Life Insurance Policies	53	49
Total Investments	\$ 22,125	\$ 23,638

CREDIT RISK

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. WOU has an investment policy for each segment of its investment portfolio. As of June 30, 2022, approximately 100 percent of investments in the CBF were subject to credit risk reporting. Fixed income securities rated by the credit agencies as BBB to AAA, indicating the issuer has a strong capacity to pay principal and interest when due, totaled \$311,294, or 95.5 percent of the PUF Core Bond Fund. Fixed income securities which have not been evaluated by the rating agencies totaled \$14,714, or 4.5 percent of the PUF Core Bond Fund. The PUF Core Bond Fund totaled \$326,008, of which WOU owned \$18,804, or 5.8 percent. As of June 30, 2022, WOU's endowment assets managed by the State Treasury are invested in commingled funds and do not have independently published ratings.

As of June 30, 2021, approximately 94.5 percent of investments in the CBF were subject to credit risk reporting. Fixed income securities rated by the credit agencies as BBB to AAA, indicating the issuer has a strong capacity to pay principal and interest when due, totaled \$223,564, or 82.8 percent of the PUF Core Bond Fund. Fixed income securities which have not been evaluated by the rating agencies totaled \$31,546, or 11.7 percent of the PUF Core Bond Fund. The PUF Core Bond Fund totaled \$255,110, of which WOU owned \$15,509, or 5.7 percent.

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the university will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The OIC has no formal policy regarding the holding of securities by a custodian or counterparty. For the years ended June 30, 2022, and 2021, the university's investments were exposed to custodial credit risk indirectly through the OST. At June 30, 2022 and 2021, none of the investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the university's name.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk refers to potential losses if total investments are concentrated with one or few issuers. The PUF policy for reducing this risk for fixed income securities is that, with the exception of U.S. Government and Agency issues, no more than five percent of the bond portfolio, at par value, will be invested in securities of a single issuer or no more than three percent of the individual issue. The PUF held no securities from a single issuer that exceeded five percent of the bond portfolio.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that investments may lose value due to fluctuations in foreign exchange rates. Per PUF investment policy, all investments are to be in U.S. dollar denominated securities, therefore no amounts of the PUF CBF investments had reportable foreign currency risk at June 30, 2022 or 2021.

As of June 30, 2022, approximately 40.0 percent or \$850 of WOU endowments managed by the State Treasury were subject to foreign currency risk. As of June 30, 2021, 32.3 percent or \$403, of the quasi-endowment investments were held subject to foreign currency risk.

INTEREST RATE RISK

Investments in fixed income securities are subject to the risk that changes in interest rates will adversely affect the fair value of the investments. As of June 30, 2022, securities in the CBF held subject to interest rate risk totaling \$326,008 had an average duration of 3.70 years. As of June 30, 2022, WOU quasi-endowments managed through the State Treasury held subject to interest rate risk totaling \$909 had an average duration of 8.01 years. As of June 30, 2021, securities in the CBF held subject to interest rate risk totaling \$255,110 had an average duration of 4.04 years. As of June 30, 2021, WOU quasi-endowments managed through the State Treasury held subject to interest rate risk totaling \$485 had an average duration of 7.06 years. Duration measures the change in the value of a fixed income security that will result from a 1% change in interest rates.

FAIR VALUE MEASUREMENT

Investments are reported at fair value as determined by OST, based on a fair value hierarchy which prioritizes the input techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements:

- Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted market prices that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 – Inputs that are unobservable. These are only used if relevant Level 1 and Level 2 inputs are not available.

Inputs are used in applying valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. In addition to the underlying reported net asset values (NAV), which generally serve as the primary valuation input, other inputs may include liquidity factors and broad credit data. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The fair value of WOU's investments in the PUF are based on the investments' net asset value (NAV) per share provided by the Treasury. Fair value measurements for the university's investments in the CBF at June 30, 2022 and 2021 totaled \$18,804 and \$15,509, respectively.

WOU's quasi-endowment assets are based upon the investments' fair value measurements and are as follows:

	June 30, 2022	June 30, 2021
Level 1	\$ 909	\$ 485
Level 2	1,214	760
Total	\$ 2,123	\$ 1,245

C. Securities Lending

In accordance with the state investment policies, the state participates in securities lending transactions. The Treasury has, through a Securities Lending Agreement, authorized State Street

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (DOLLARS IN THOUSANDS)

Bank and Trust Company (State Street) to lend the State’s securities pursuant to a form of loan agreement. Both the state and borrowers maintain the right to terminate all securities lending transactions on demand. WOU’s cash on deposit with the OST is subject to securities lending. There were no significant violations of the provisions of securities lending agreements during the years ended June 30, 2022, and 2021.

During the year, State Street had the authority to lend short-term, fixed income, and equity securities and receive as collateral U.S. dollar and foreign currency cash, U.S. government and agency securities, and foreign sovereign debt of Organization of Economic Cooperation and Development countries. Borrowers were required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned U.S. security. The custodian did not have the ability to pledge or sell collateral securities absent a borrower default, and during the year the state did impose restrictions on the amount of the loans that the custodian made on its behalf. The OST is fully indemnified by the custodian against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

State Street, as lending agent, has created a fund to reinvest cash collateral received on behalf of the OSTF and Oregon state agencies and related agencies, including WOU. As permitted under the fund’s Declaration of Trust (Declaration), participant purchases and redemptions are transacted at \$1 per unit (“constant value”) based on the amortized cost of the fund’s investments. Accordingly, the securities lending collateral held and the obligation to the lending agent are both stated at constant value on the statement of net position.

The fair value of investments held by the fund is based upon valuations provided by a recognized pricing service. These funds are not registered with the Securities and Exchange Commission, but the custodial agent is subject to the oversight of the Federal Reserve Board and the Massachusetts Commissioner of Banks. No income from the funds was assigned to any other funds.

The maturities of investments made with the cash collateral generally do not match the maturities of the securities loaned. Since the securities loaned are callable on demand by either the lender or borrower, the life of the loans at June 30, 2022, and 2021, is effectively one day. As of June 30, 2022, and 2021, the state had no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amounts borrowers owed to the State.

The fair value of the university’s share of securities lending balances on loan comprised the following:

	June 30, 2022	June 30, 2021
Investment Type		
U.S. Treasury and Agency Securities	\$ 33	\$ 329
Domestic Fixed Income Securities	246	253
Total	\$ 279	\$ 582

The fair value of the university’s share of total cash and securities collateral received as of June 30, 2022, and 2021 was \$283 and \$594, respectively. The fair value of the university’s share of investments purchased with cash collateral as of June 30, 2022, and 2021 was \$258 and \$264, respectively.

3. ACCOUNTS RECEIVABLE

Accounts Receivable comprised the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Student Tuition and Fees	\$ 11,445	\$ 13,095
Federal Grants and Contracts	3,129	8,679
State Capital Construction Grants and Contracts	-	1,109
Auxiliary Enterprises and Other Operating Activities	2,393	1,996
State, Other Government, and Private Gifts, Grants and Contracts	1,074	493
Other	175	156
	18,216	25,528
Less: Allowance for Doubtful Accounts	(7,940)	(8,684)
Accounts Receivable, Net	<u>\$ 10,276</u>	<u>\$ 16,844</u>

4. NOTES RECEIVABLE

Student loans made through the Federal Perkins Loan Program are funded through interest earnings and repayment of loans. Federal Perkins loans deemed uncollectable are assigned to the U.S. Department of Education for collection. WOU has provided an allowance for uncollectable loans, which in management's opinion, will absorb loans that will ultimately be written off.

Institutional and Other Student Loans include loans offered through the university itself and other various forms of non-federal loans programs. Notes Receivable comprised the following:

	<u>June 30, 2022</u>			<u>June 30, 2021</u>		
	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Institutional and Other Student Loans	\$ 198	\$ 4	\$ 202	\$ 229	\$ 4	\$ 233
Federal Student Loans	326	1,468	1,794	424	1,908	2,332
	524	1,472	1,996	653	1,912	2,565
Less: Allowance for Doubtful Accounts	(213)	(233)	(446)	(269)	(312)	(581)
Notes Receivable, Net	<u>\$ 311</u>	<u>\$ 1,239</u>	<u>\$1,550</u>	<u>\$ 384</u>	<u>\$ 1,600</u>	<u>\$1,984</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (DOLLARS IN THOUSANDS)

5. CAPITAL ASSETS

The following schedule reflects the changes in capital assets:

	Restated Balance June 30, 2020	Additions	Transfer Completed Assets	Retirements and Adjustments	Balance June 30, 2021	Additions	Transfer Completed Assets	Retirements and Adjustments	Balance June 30, 2022
Capital Assets,									
Non-depreciable/Non-amortizable:									
Land	\$ 5,680	\$ -	\$ -	\$ -	\$ 5,680	\$ -	\$ -	\$ -	\$ 5,680
Capitalized Collections	667	1	-	-	668	18	-	-	686
Construction in Progress	8,778	11,043	(430)	-	19,391	286	(19,576)	(101)	-
Total Capital Assets, Non-depreciable/Non-amortizable	15,125	11,044	(430)	-	25,739	304	(19,576)	(101)	6,366
Capital Assets, Depreciable/ Amortizable:									
Equipment	11,512	780	-	(163)	12,129	355	-	(99)	12,385
Library Materials	5,498	44	-	(332)	5,210	30	-	(174)	5,066
Buildings	182,770	-	430	-	183,200	-	19,541	-	202,741
Land Improvements	5,429	-	-	-	5,429	-	-	-	5,429
Improvements Other Than Buildings	2,919	165	-	-	3,084	-	35	-	3,119
Infrastructure	7,226	-	-	-	7,226	-	-	-	7,226
Intangible Assets	1,870	-	-	-	1,870	-	-	-	1,870
Total Capital Assets, Depreciable/Amortizable	217,224	989	430	(495)	218,148	385	19,576	(273)	237,836
Less Accumulated Depreciation/ Amortization for:									
Equipment	(9,029)	(914)	-	136	(9,807)	(778)	-	99	(10,486)
Library Materials	(5,144)	(81)	-	332	(4,893)	(71)	-	174	(4,790)
Buildings	(79,242)	(4,841)	-	-	(84,083)	(4,447)	-	-	(88,530)
Land Improvements	(3,600)	(243)	-	-	(3,843)	(240)	-	-	(4,083)
Improvements Other Than Buildings	(2,043)	(201)	-	-	(2,244)	(191)	-	-	(2,435)
Infrastructure	(4,279)	(286)	-	-	(4,565)	(276)	-	-	(4,841)
Intangible Assets	(1,870)	-	-	-	(1,870)	-	-	-	(1,870)
Total Accumulated Depreciation/ Amortization	(105,207)	(6,566)	-	468	(111,305)	(6,003)	-	273	(117,035)
Total Capital Assets, Net	\$ 127,142	\$ 5,467	\$ -	\$ (27)	\$ 132,582	\$ (5,314)	\$ -	\$ (101)	\$ 127,167
Capital Assets Summary									
Capital Assets, Non-depreciable/ Non-amortizable	\$ 15,125	\$ 11,044	\$ (430)	\$ -	\$ 25,739	\$ 304	\$ (19,576)	\$ (101)	\$ 6,366
Capital Assets, Depreciable/ Amortizable	217,224	989	430	(495)	218,148	385	19,576	(273)	237,836
Total Cost of Capital Assets	232,349	12,033	-	(495)	243,887	689	-	(374)	244,202
Less Accumulated Depreciation/ Amortization	(105,207)	(6,566)	-	468	(111,305)	(6,003)	-	273	(117,035)
Total Capital Assets, Net	\$ 127,142	\$ 5,467	\$ -	\$ (27)	\$ 132,582	\$ (5,314)	\$ -	\$ (101)	\$ 127,167

6. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Deferred Outflows of Resources		
Pension		
Contributions Subsequent to the Measurement Date	\$ 4,613	\$ 3,993
Changes in Assumptions	5,850	2,651
Net Difference Between Projected and Actual Earnings on Plan Investments	-	5,807
Differences Between Contributions and Proportionate Share of Contributions	1,841	1,563
Change in Proportionate Share	12	26
Difference Between Expected and Actual Experience	2,187	2,174
OPEB		
Contributions Subsequent to the Measurement Date	60	91
Changes in Assumptions	61	48
Change in Proportionate Share	46	1,715
Difference Between Expected and Actual Earnings	-	484
Total Deferred Outflows	\$ 14,670	\$ 18,552
Deferred Inflows of Resources		
Pension		
Differences Between Contributions and Proportionate Share of Contributions	\$ 829	\$ 909
Changes in Assumptions	62	93
Change in Proportionate Share	55	120
Net difference Between Projected and Actual Earnings on Plan Investments	17,300	-
OPEB		
Net difference Between Projected and Actual Earnings on Plan Investments	285	-
Change in Proportionate Share	198	16
Difference Between Expected and Actual Experience	251	473
Changes in Assumptions	384	526
Total Deferred Inflows	\$ 19,364	\$ 2,137

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts Payable and Accrued Liabilities comprised the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Services and Supplies	\$ 977	\$ 1,096
Payroll and Related	6,471	7,718
Accrued Interest	852	804
Perkins FCC Payable	428	592
Contract Retainage	120	747
	\$ 8,848	\$ 10,957

8. LEASES

Gentle House

WOU entered a triple net lease agreement to lease Gentle House for hosting campus events which furthers WOU's commitment to education and support of our students. The lease began August 2020 and terminates January 2033. WOU used an incremental discount rate of 2.12 percent, based on the true interest cost for its most recent debt issuance for the same time periods. During the fiscal years ended June 30, 2022 and 2021, WOU recorded \$8 and \$8 in amortization expense and \$2 and \$2 in interest expense for the right to use the space, respectively.

Remaining obligations associated with the lease are as follows:

Fiscal Year Ended June 30,	Principal	Interest
2023	\$ 8	\$ 2
2024	8	2
2025	8	1
2026	9	1
2027	9	1
2028-32	47	3
2033	1	-
	<u>\$ 90</u>	<u>\$ 10</u>

Computer Equipment

WOU entered an agreement to lease computer equipment. The lease began February 2020 and terminates February 2023. During the fiscal year ended June 30, 2022 and 2021, WOU recorded \$64 and \$64, respectively, in amortization expense. The final payment has been paid.

WOU's right to use assets (net) for fiscal year ended June 30, 2022 are as follows:

	As Restated Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Right to Use Assets				
Lease				
Gentle House	\$ 109	\$ -	\$ -	\$ 109
Computer Equipment	323	-	-	323
Accumulated Amortization				
Gentle House	(7)	-	(8)	(15)
Computer Equipment	(92)	-	(64)	(156)
Total Right to Use Asset, Net	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ (72)</u>	<u>\$ 261</u>

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	As Restated Balance at			As Restated Balance at		
	June 30, 2020	Additions	Deletions	June 30, 2021		
Right to Use Assets						
Lease						
Gentle House	\$ -	\$ 109	\$ -	\$ 109		
Computer Equipment	323	-	-	323		
Accumulated Amortization						
Gentle House	-	-	(7)	(7)		
Computer Equipment	(27)	-	(65)	(92)		
Total Right to Use Asset, Net	\$ 296	\$ 109	\$ (72)	\$ 333		

9. LONG-TERM LIABILITIES

Long-term liability activity was as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	\$ 44,697	\$ -	\$ (1,969)	\$ 42,728	\$ 2,403	\$ 40,325
Oregon Department of Energy Loans (SELP)	3,106	-	(274)	2,832	289	2,543
Total Long-Term Debt	47,803	-	(2,243)	45,560	2,692	42,868
Other Noncurrent Liabilities						
PERS pre-SLGRP Pooled Liability	2,646	-	(274)	2,372	368	2,004
Compensated Absences	2,588	1,686	(2,022)	2,252	1,829	423
Faculty Banked Credits	60	98	(44)	114	114	-
Total Other Noncurrent Liabilities	5,294	1,784	(2,340)	4,738	2,311	2,427
Total Long-Term Liabilities	\$ 53,097	\$ 1,784	\$ (4,583)	\$ 50,298	\$ 5,003	\$ 45,295

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amount Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	\$ 45,982	\$ 12,026	\$ (13,311)	\$ 44,697	\$ 1,969	\$ 42,728
Oregon Department of Energy Loans (SELP)	3,365	-	(259)	3,106	273	2,833
Total Long-Term Debt	49,347	12,026	(13,570)	47,803	2,242	45,561
Other Noncurrent Liabilities						
PERS pre-SLGRP Pooled Liability	3,024	-	(378)	2,646	347	2,299
Compensated Absences	2,323	1,995	(1,730)	2,588	1,788	800
Faculty Banked Credits	60	-	-	60	60	-
Total Other Noncurrent Liabilities	5,407	1,995	(2,108)	5,294	2,195	3,099
Total Long-Term Liabilities	\$ 54,754	\$ 14,021	\$ (15,678)	\$ 53,097	\$ 4,437	\$ 48,660

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The schedule of principal and interest payments for WOU debt is as follows:

For the Year Ending June 30,	Contracts		Total	Principal	Interest
	Payable	SELP	Payments		
2023	\$ 4,003	\$ 397	\$ 4,400	\$ 2,692	\$ 1,708
2024	4,261	398	4,659	3,050	1,609
2025	4,247	397	4,644	3,141	1,503
2026	4,267	398	4,665	3,273	1,392
2027	4,240	397	4,637	3,361	1,276
2028-2032	18,323	1,376	19,699	14,983	4,716
2033-2037	11,494	-	11,494	9,103	2,391
2038-2042	6,371	-	6,371	5,957	414
				<u>\$45,560</u>	<u>\$15,009</u>
Total Future Debt Service	57,206	3,363	60,569		
Less: Interest Component of Future Payments	<u>(14,478)</u>	<u>(531)</u>	<u>(15,009)</u>		
Principal Portion of Future Payments	<u>\$42,728</u>	<u>\$2,832</u>	<u>\$45,560</u>		

The state periodically issues bonded debt which it then loans to the university for capital construction. WOU has entered into contract loan agreements with the state for the principal and interest amounts due. In addition, WOU also borrows funds from the Oregon Department of Energy. The state may periodically issue new debt to refund previously held debt. Per the contract and loan agreements, when this happens the state is required to pass the savings on to the university.

A. Contracts Payable

WOU has entered into loan agreements with the state for repayment of bonds issued by the state on behalf of WOU for capital construction and refunding of previously issued debt. WOU makes loan payments (principal and interest) to the state in accordance with the loan agreements. Loans, with effective yields ranging from 0.1 percent to 5.4 percent, are due serially through 2042.

During the fiscal year ended June 30, 2022, the state did not issue any bonds which resulted in neither an increase or decrease to WOU's contracts payable.

During the fiscal year ended June 30, 2021, the state issued bonds for refunding of previously held debt which resulted in a net increase in WOU's contracts payable of \$876.

B. Oregon Department of Energy Loans

WOU has entered into loan agreements with the state Department of Energy (DOE) Small-Scale Energy Loan Program (SELP) for energy conservation projects at WOU. WOU makes monthly loan payments (principal and interest) to the DOE in accordance with the loan agreements. SELP loans, with interest rates ranging from 4.12 percent to 4.44 percent, are due through 2031.

C. State and Local Government Rate Pool

Prior to the formation of the PERS state and local government rate pool (SLGRP), the state and community colleges were pooled together in the state and community college pool (SCCP), and local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP effective January 1, 2002, at which time a transitional, pre-SLGRP liability was created. The pre-SLGRP liability is essentially a debt owed to the SLGRP by the SCCP employers. The balance of the pre-SLGRP pooled liability attributable to the state is being amortized over the period ending December 31, 2027. The liability is allocated by the State, based on salaries and wages, to all public universities, state proprietary funds and the government-wide reporting fund in the state's annual comprehensive financial report. Interest expense was paid by WOU in the amount of \$283 and \$219 for June 30, 2022, and 2021, respectively. Principal payments of \$274 and \$378 were applied to the liability for June 30, 2022, and 2021, respectively.

D. Faculty Banked Credits

Per the collective bargaining agreement (CBA) between the WOU Federation of Teachers and the university effective July 1, 2017, tenured or tenure-track faculty who teach individually designed courses outside of their tenured or tenure-track regular teaching load are eligible for credit banking compensation adjustments, subject to conditions in the CBA. Currently there are 69 eligible faculty members with banked credits who either may request a cash payment or paid faculty release time, which must be cashed out or used within the next five years.

E. Revolving Line of Credit

The university has an unused \$5,000 line of credit payable from all legally available university revenues, including tuition, fees, charges, rents, and other income to the extent they are not restricted in their use by law. The rate is fixed at 2.68 percent. The line of credit matures on December 31, 2024 and may be extended for one two-year period. In the event of default, the financial institution may exercise all rights, powers, and remedies as allowed by law.

10. UNRESTRICTED NET POSITION

Unrestricted Net Position is comprised of the following:

	June 30, 2022	June 30, 2021
University Operations	\$ 29,774	\$ 27,668
Unrestricted Quasi-Endowment	2,669	2,155
Net Pension Liability (See Note 14)	(23,369)	(49,387)
Other Post-Employment Benefits (OPEB) Liability (See Note 15)	(1,286)	(1,985)
Pension & OPEB Related Deferred Outflows (See Note 6)	14,670	18,552
Pension & OPEB Related Deferred Inflows (See Note 6)	(19,364)	(2,137)
State and Local Government Rate Pool Liability (See Note 9)	(2,372)	(2,646)
Compensated Absences Liability (See Note 9)	(2,252)	(2,588)
Faculty Credit Banking Liability (See Note 9)	(114)	(60)
Total Unrestricted Net Position	<u>\$ (1,644)</u>	<u>\$ (10,428)</u>

11. INVESTMENT ACTIVITY

Investment Activity details is as follows:

	June 30, 2022	June 30, 2021
Investment Earnings	\$ 506	\$ 486
Net Appreciation (Depreciation) of Investments	(1,838)	46
Royalties and Technology Transfer Income	3	5
Interest Income	6	20
Gain (Loss) on Sale of Investment	(262)	248
Total Investment Activity	<u>\$ (1,585)</u>	<u>\$ 805</u>

12. OPERATING EXPENSES BY NATURAL CLASSIFICATION

The Statement of Revenues, Expenses and Changes in Net Position reports operating expenses by their functional classification. The following displays operating expenses by both the functional and natural classifications. The reporting of the net pension liability and OPEB asset and liabilities, as required by GASB Statement Nos. 68, 71 and 75, affects the reported compensation and benefit expenses of WOU.

June 30, 2022	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	\$ 29,188	\$ 2,188	\$ 365	\$ -	\$ -	\$ 31,741
Research	857	130	54	1	4	1,046
Public Services	3,471	857	134	-	4	4,466
Academic Support	6,889	2,850	-	-	-	9,739
Student Services	7,116	1,725	93	-	24	8,958
Auxiliary Services	9,002	8,258	572	1,984	-	19,816
Institutional Support	6,716	1,280	-	-	-	7,996
Operation & Maint. of Plant	4,414	622	-	-	-	5,036
Student Aid	-	-	12,060	-	470	12,530
Other	885	3,376	406	4,090	-	8,757
Total	\$ 68,538	\$ 21,286	\$ 13,684	\$ 6,075	\$ 502	\$ 110,085

June 30, 2021	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	\$ 33,601	\$ 1,714	\$ 313	\$ -	\$ -	\$ 35,628
Research	831	179	17	1	-	1,028
Public Services	2,859	555	3	-	2	3,419
Academic Support	6,881	1,980	-	-	-	8,861
Student Services	6,698	1,129	65	2	23	7,917
Auxiliary Services	8,322	6,265	480	2,420	-	17,487
Institutional Support	7,651	676	-	-	-	8,327
Operation & Maint. Of Plant	4,237	189	-	-	-	4,426
Student Aid	15	1	9,234	-	729	9,979
Other	663	919	-	4,213	-	5,795
Total	\$ 71,758	\$ 13,607	\$ 10,112	\$ 6,636	\$ 754	\$ 102,867

13. GOVERNMENT APPROPRIATIONS

WOU receives support from the state in the form of general fund and lottery appropriations. These appropriations are in support of the operations of the university and debt service of SELP loans. Appropriations for SELP debt service are based on the loan agreements between the university and the Oregon Department of Energy. Government appropriations comprised the following:

	June 30, 2022	June 30, 2021
General Fund - Operations	\$ 30,877	\$ 28,608
Lottery Funding	1,430	1,373
Government Appropriations	32,307	29,981
General Fund - SELP Debt Service	379	382
Total State Appropriations	\$ 32,686	\$ 30,363

14. EMPLOYEE RETIREMENT PLANS

Western Oregon University offers various retirement plans to qualified employees as described below.

A. PUBLIC EMPLOYEES RETIREMENT PLAN (PERS)

Organization

The university participates with other state agencies in the Oregon Public Employees Retirement System (System), which is a cost-sharing multiple employer defined benefit plan. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer and manage the System. All members of the Board are appointed by the governor and confirmed by the senate.

Plan Membership

The 1995 Oregon Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. Membership prior to January 1, 1996 are Tier One members. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One. Both Tier One and Tier Two are defined benefit plans.

The 2003 Legislature enacted House Bill (HB) 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program defined benefit (DB) program and the Individual Account Program (IAP). The IAP is a defined contribution plan. Membership includes public employees hired on or after August 29, 2003.

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of IAP of OPSRP. PERS members retain their existing Defined Benefit Plan accounts, but member contributions are now deposited into the member's IAP account, not into the member's Defined Benefit Plan account. Accounts are credited with earnings and losses, net of administrative expenses. OPSRP is part of PERS and is administered by the PERS Board.

Pension Plan Report

The PERS defined benefit and defined contribution retirement plans are reported as pension trust funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the State's Comprehensive Annual Financial Report. PERS issues a separate, publicly available financial report that includes an audit opinion that may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at:

www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month.

Proportionate Share Allocation Methodology

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

Pension Plan Liability

The components of the Plan's collective net pension liability as of the measurement dates of June 30, 2022, and 2021, are as follows (dollars in millions)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total Pension Liability	\$ 96,298	\$ 90,143
Plan Fiduciary Net Position	<u>84,331</u>	<u>68,320</u>
Plan Net Pension Liability	<u>\$ 11,967</u>	<u>\$ 21,823</u>

Changes Subsequent to the Measurement Date

The university is not aware of any changes to benefit terms subsequent to the June 30, 2022, measurement date.

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) PENSION (CHAPTER 238) PROGRAM

Pension Benefits

The PERS retirement allowance is payable monthly for life. There are 13 retirement benefit options a retiring employee may select from. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance provided one or more of the following conditions are met:

- The member was employed by a PERS employer at the time of death.

- The member died within 120 days after termination of PERS-covered employment.
- The member died as a result of injury sustained while employed in a PERS-covered job.
- The member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected cause may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living adjustments (COLAs). The COLA is capped at 2.0 percent.

OREGON PUBLIC SERVICE RETIREMENT PLAN (OPSRP DB) PENSION PROGRAM

Pension Benefits

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through COLAs. The cap on the COLA varies based on 1.25 percent on the first \$60 of annual benefit and 0.15 percent on annual benefits above \$60.

OREGON PUBLIC SERVICE RETIREMENT PLAN (OPSRP IAP) PENSION PROGRAM

Benefit Terms

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

PENSION PLAN CONTRIBUTIONS

PERS and OPSRP employee contribution requirements are established by IRS 238.200 and ORS 238A.330, respectively, and are credited to an employee's account in the Individual Account Program and may be amended by an act of the Oregon Legislature. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contributions rates for the fiscal year ended June 30, 2022 were based on the December 31, 2019, actuarial valuation. Employer contributions rates for the fiscal year ended June 30, 2021 were based on the December 31, 2018, actuarial valuation. The employer contribution rates for the PERS and OPSRP are as follows:

	<u>2022</u>	<u>2021</u>
PERS Tiers One/Two	21.36%	21.21%
OPSRP	17.29%	14.75%

NET PENSION LIABILITY

At June 30, 2022, the university reported a liability of \$23,369 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2022, was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. At June 30, 2021, the university reported a liability of

\$49,387 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2021, was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The PERS system does not provide WOU an audited proportionate share as a separate employer; the university is a proportionate share of PERS employer state agencies which includes all state agencies. The State Department of Administrative Services calculated WOU's proportional share of all state agencies internally based on actual contributions by WOU as compared to the total for employer state agencies. The State Audits Division performed a review of this internal calculation. At June 30, 2022, WOU's proportion was 0.20 percent of the statewide pension plan, and 0.72 percent of employer state agencies. At June 30, 2021, WOU's proportion was 0.23 percent of the statewide pension plan, and 0.80 percent of employer state agencies. This was an increase from the June 30, 2020 proportions of 0.22 percent for the statewide pension plan, and 0.75 percent of employer state agencies.

For the years ended June 30, 2022, and 2021, WOU recorded total pension expense (expense offset) of (\$7,184) and \$8,218, respectively, due to the changes in net pension liability, deferred inflows and deferred outflows.

Deferred Items

Deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the fiscal years ending June 30, 2022, and 2021, deferred items include:

- Difference between expected and actual experience
- Changes in assumptions
- Net difference between projected and actual pension plan investment earnings
- Changes in employer proportion since the prior measurement date

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are as follows:

- Measurement period ended June 30, 2021 – 5.4 years
- Measurement period ended June 30, 2020 – 5.3 years
- Measurement period ended June 30, 2019 – 5.2 years
- Measurement period ended June 30, 2018 – 5.2 years
- Measurement period ended June 30, 2017 – 5.3 years

The difference between projected and actual pension plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the university's total pension expense for fiscal years 2022 and 2021.

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At June 30, 2022, WOU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,187	\$ -
Changes of assumptions	5,850	62
Net difference between projected and actual earnings on pension plan investments	-	17,300
Differences between System's contributions and proportionate share of contributions	1,841	829
Change in Proportionate Share	12	55
Total	\$ 9,890	\$ 18,246
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	\$ (8,356)	
Contributions Subsequent to the MD	4,613	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	\$ (3,743)	

Of the amount reported as deferred outflows of resources, \$4,613 are related to pensions resulting from WOU contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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At June 30, 2021, WOU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,174	\$ -
Changes of assumptions	2,651	93
Net difference between projected and actual earnings on pension plan investments	5,807	-
Differences between System's contributions and proportionate share of contributions	1,563	909
Change in Proportionate Share	26	120
Total	<u>\$ 12,221</u>	<u>\$ 1,122</u>
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	\$ 11,099	
Contributions Subsequent to the MD	<u>3,993</u>	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<u>\$ 15,092</u>	

Of the amount reported as deferred outflows of resources, \$3,993 are related to pensions resulting from WOU contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Deferred Outflow/ (Inflow) of Resources

Year Ended June 30:	
2023	\$ (1,247)
2024	(1,424)
2025	(2,252)
2026	(4,020)
2027	587
	<u>\$ (8,356)</u>

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

The following methods and assumptions were used in the development of the total pension liability:

Actuarial Methods:		
As of:	June 30, 2022	June 30, 2021
Valuation Date	December 31, 2019	December 31, 2018
Measurement Date	June 30, 2021	June 30, 2020
Experience Study Report	2018, published July 2019	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.40 percent	2.50 percent
Long-Term Expected Rate of Return	6.90 percent	7.20 percent
Discount Rate	6.90 percent	7.20 percent
Projected Salary Increases	3.40 percent	3.50 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service	
Mortality	<i>Healthy retirees and beneficiaries:</i>	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	<i>Active members:</i>	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
Mortality	<i>Disabled retirees:</i>	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2022 was 6.90 percent. The discount rate used to measure the total pension liability at June 30, 2021 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The sensitivity analysis shows the sensitivity of the university’s proportionate share of the net pension asset to changes in the discount rate. The following presents the university’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent as of June 30, 2022 and 7.20 percent as of June 30, 2021, as well as what the university’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022
1% Decrease 5.90%	\$ 45,891
Current Discount Rate 6.90%	23,369
1% Increase 7.90%	4,526

	June 30, 2021
1% Decrease 6.20%	\$ 73,336
Current Discount Rate 7.20%	49,387
1% Increase 8.20%	29,305

Depletion Date Projection

GASB Statement No. 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the Plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB Statement No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB Statement No. 68 specifies that the projections regarding future solvency assume that

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plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience, which might impact the plan’s funded position.

Based on these circumstances, it is the independent actuary’s opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation as of June 30, 2022

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00%	25.00%	20.00%
Public Equity	27.50	37.50	32.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Investments	7.50	17.50	15.00
Opportunity Portfolio	-	5.00	-
Risk Parity	-	2.50	2.50
Total			100.00%

Assumed Asset Allocation as of June 30, 2021

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00%	25.00%	20.00%
Public Equity	27.50	37.50	32.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Investments	7.50	17.50	15.00
Opportunity Portfolio	-	3.00	-
Risk Parity	-	2.50	2.50
Total			100.00%

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021, the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table on the following page shows a summary of long-term expected rate of return by asset class. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

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The following table shows the long-term expected rate of return by asset class as of June 30, 2022:

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	30.62%	5.85%
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macros	5.62	5.06
US Cash	(2.50)	1.76
Assumed Inflation – Mean		2.40%

The following table shows the long-term expected rate of return by asset class as of June 30, 2021:

Asset Class	Target	Compound
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation – Mean		2.50%

BOND DEBT

The retirement bond debt service assessment was authorized by the Oregon Legislature in 2003 to sell general obligation bonds in the amount of \$2 billion to pay a PERS unfunded actuarial liability. This action reduced the PERS contribution rate for PERS covered employers in the state actuarial pool in November 2003.

The Oregon Department of Administrative Services coordinates the debt service assessments to PERS employers to cover the bond debt service payments. PERS employers are assessed a percentage of PERS-subject payroll to fund the payments. The assessment rate is adjusted periodically over the life of the twenty-four-year debt repayment schedule.

The payroll assessment for the pension obligation bond began in May 2004. The assessment rate for fiscal years 2022 and 2021 was 5.6 percent. Payroll assessments for the fiscal years ended June 30, 2022, and 2021, were \$1,588 and \$1,571, respectively.

B. OTHER RETIREMENT PLANS

OPTIONAL RETIREMENT PLAN

The 1995, Oregon Legislature enacted legislation that authorized WOU to offer a defined contribution retirement plan as an alternative to PERS. A Retirement Plan Committee was appointed to administer the Optional Retirement Plan (ORP) and named trustees to manage plan assets placed with mutual funds and insurance companies. Beginning April 1, 1996, the ORP was made available to university academic and administrative faculty. Employees choosing the ORP may invest the employee and employer contributions in one of two investment companies, either Fidelity or the Teacher’s Insurance and Annuity Association (TIAA).

The ORP consists of four tiers. Membership under ORP Tier One and Tier Two is determined using the same date of entry criteria as PERS. The third tier is determined by the date of entry applicable to the OPSRP. Employees hired on or after July 1, 2014, who elected the ORP are Tier Four members. The first contributions for Tier Four were payable January 2015 after six-months of qualifying service. Tier Four is a departure from the other three tiers. The employee is entitled to an employer contribution plus a “match” contribution based on the employee’s participation in the voluntary 403(b) investment plan. The employer contribution is fixed at 8 percent by plan rules and is unaffected by PERS rates, unlike the other tiers. The employer provides an ORP match contribution equal to 403(b) deferrals up to a 4 percent maximum. Under the ORP Tiers One, Two and Three, the employee’s contribution rate is 6 percent and is paid by the employer.

The employer contribution rates for the ORP are as follows:

	<u>2022</u>	<u>2021</u>
Tiers One/Two	26.30%	27.20%
Tier Three	9.63%	9.85%
Tier Four	8.00%	8.00%

OREGON PUBLIC UNIVERSITIES 401(A) DEFINED CONTRIBUTION PLAN

Eligible ranked faculty participate in the TIAA retirement program, a defined contribution plan, on all salary in excess of forty-eight hundred dollars per calendar year. Employee and employer contributions are directed to PERS on the first forty-eight hundred dollars. The contribution to TIAA annuities is supplemental to PERS. To participate in this retirement option, employees must have

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been hired on or before September 9, 1995. This plan was closed to new enrollment at the time the ORP started in 1996. The legacy plan, Oregon University System 401(a) Defined Contribution Plan, document was amended and restated July 1, 2015, and the plan sponsor is now the Board of Trustees for the University of Oregon.

SUMMARY OF OTHER PENSION PAYMENTS

WOU’s total payroll for the year ended June 30, 2022, was \$46,459 of which \$10,576 was subject to defined contribution retirement plan contributions. The following schedule lists payments made by WOU for the fiscal year:

June 30, 2022				
Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll	
ORP	\$ 1,467	13.87%	\$ 773	7.31%
Total	\$ 1,467	13.87%	\$ 773	7.31%

Of the employee share, WOU paid \$773 of the ORP employee contribution amounts on behalf of their employees during the fiscal year ended June 30, 2022.

WOU’s total payroll for the year ended June 30, 2021, was \$43,866, of which \$11,495 was subject to defined contribution retirement plan contributions.

The following schedule lists payments made by WOU for the fiscal year:

June 30, 2021				
Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll	
ORP	\$ 1,686	14.67%	\$ 822	7.15%
TIAA	6	0.05%	6	0.05%
Total	\$ 1,692	14.72%	\$ 828	7.20%

Of the employee share, WOU paid \$822 of the ORP and \$6 of the TIAA employee contribution amounts on behalf of their employees during the fiscal year ended June 30, 2021.

15. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTIONS

The Public Employees Retirement System (PERS) Board contracts for health insurance coverage on behalf of eligible PERS members. Eligible retirees pay their own age-adjusted premiums. To help retirees defray the cost of these premiums, PERS also administers two separate defined benefit other postemployment benefit (OPEB) plans: the Retirement Health Insurance Account (RHIA) and the Retiree Health Insurance Premium Account (RHIPA). Only Tier One and Tier Two PERS members are eligible to participate in the RHIA and RHIPA plans. (Refer to Note 14 for details concerning Tier One and Tier Two membership in PERS.)

The RHIA is a cost-sharing multiple-employer defined benefit OPEB plan in which the university participates. Established under Oregon Revised Statute (ORS) 238.420, the plan provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive the RHIA subsidy, the member must (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations for the RHIA plan.

Established under ORS 238.415, the RHIPA is considered a single-employer defined benefit OPEB plan for financial reporting purposes. The plan provides payment of the average difference between the health insurance premiums paid by retired state employees under contracts entered into by the PERS Board and health insurance premiums paid by state employees who are not retired. PERS members are qualified to receive the RHIPA subsidy if they have eight or more years of qualifying service in PERS at the time of retirement or receive a disability pension calculated as if they had eight or more years of qualifying service, but are not eligible for federal Medicare coverage. A surviving spouse or dependent of a deceased retired state employee is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired on or after September 29, 1991. The Legislature has sole authority to amend the benefit provisions and employer obligations of the RHIPA plan.

Both RHIA and RHIPA are closed to employees hired on or after August 29, 2003, who had not established PERS membership prior to that date.

OPEB PLANS REPORT

The PERS RHIA and RHIPA defined benefit OPEB plans are reported separately under Other Employee Benefit Trust Funds in the fiduciary funds combining statements and as part of the Pension and Other Employee Benefit Trust in the state's Comprehensive Annual financial Report. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at:

www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

BASIS OF ACCOUNTING

The financial statements for the PERS OPEB plans are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits are recognized in the month they are earned and withdrawals are recognized in the month they are due and payable. Plan investments are reported at fair value.

PROPORTIONATE SHARE ALLOCATION METHODOLOGY

The basis for the employer’s proportion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

OPEB PLAN (ASSET)/LIABILITY

The components of the collective Net OPEB liability (asset) for the OPEB plans as of the measurement dates of June 30, 2021, and 2020, are as follows (in millions):

Net OPEB - RHIA (Asset)	June 30, 2021	June 30, 2020
Total OPEB - RHIA Liability	\$ 409.5	\$ 406.9
Plan Fiduciary Net Position	\$ 752.9	\$ 610.7
Plan Net OPEB - RHIA (Asset)	\$ (343.4)	\$ (203.8)

	June 30, 2021	June 30, 2020
Net OPEB - RHIPA Liability (Asset)		
Total OPEB - RHIPA Liability	\$ 62.9	\$ 64.3
Plan Fiduciary Net Position	\$ 78.4	\$ 54.3
Plan Net OPEB - RHIPA Liability (Asset)	\$ (15.5)	\$ 10.0

CHANGES SUBSEQUENT TO THE MEASUREMENT DATE

The university is not aware of any changes to benefit terms subsequent to the June 30, 2021, measurement date.

CONTRIBUTIONS

Both of the OPEB plans administered by PERS are funded through actuarially determined employer contributions.

For the fiscal years ended June 30, 2022, and 2021, the university contributed 0.05 and 0.06 percent, respectively, of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIA benefits. The required employer contributions were approximately \$4 and \$5 for the years ended June 30, 2022 and 2021, respectively. The actual contribution equaled the annual required contribution for the fiscal year.

For the fiscal years ended June 30, 2022, and 2021, the university contributed 0.11 and 0.12 percent, respectively, of PERS-covered payroll for Tier One and Tier Two plan members to fund the normal cost portion of RHIPA benefits. In addition, for the fiscal years ended June 30, 2022, and 2021, the university contributed 0.17 and 0.27 percent, respectively, of all PERS-covered payroll to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities amortized over 20 years. The required employer contributions were approximately \$57 and \$86 for the years ended June 30, 2022, and 2021, respectively. The actual contribution equaled the annual required contribution for the fiscal year.

NET OPEB ASSET – PERS RHIA

At June 30, 2022, the university reported an asset of \$953 for its proportionate share of the PERS RHIA net OPEB asset. The net OPEB asset as of June 30, 2022, was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. At June 30, 2021, the university reported an asset of \$4,125 for its proportionate share of the PERS RHIA net OPEB asset. The net OPEB asset as of June 30, 2021, was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018. The PERS system does not provide WOU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PERS employer state agencies. The State Department of Administrative Services (DAS) calculated WOU's proportionate share of all state agencies internally based on actual contributions by WOU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2022, WOU's proportion was 0.28 percent of the statewide OPEB plan and 0.70 percent of employer state agencies. At June 30, 2021, WOU's proportion was 2.02 percent of the statewide OPEB plan and 12.28 percent of employer state agencies. At June 30, 2020, WOU's proportion was 0.27 percent of the statewide OPEB plan and 0.90 percent of employer state agencies.

For the years ended June 30, 2022, and 2021, WOU recorded total OPEB expense (expense offset) of \$5,091 and (\$5,081), respectively, due to changes in the net PERS RHIA OPEB asset, deferred outflows and deferred inflows and amortization of previously deferred amounts.

NET OPEB ASSET – PERS RHIPA

At June 30, 2022, the university reported an asset of \$115 for its proportionate share of the PERS RHIPA net OPEB asset. The net OPEB asset as of June 30, 2022, was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The PERS system does not provide WOU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PERS employer state agencies. DAS calculated WOU's proportionate share of all state agencies internally based on actual contributions by WOU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2022, WOU's proportion was 0.74 percent of the statewide OPEB plan.

For the year ended June 30, 2022, WOU recorded total OPEB expense (expense offset) of (\$137) due to changes in the net PERS RHIPA OPEB asset, deferred outflows and deferred inflows and amortization of previously deferred amounts.

NET OPEB LIABILITY – PERS RHIPA

At June 30, 2021, the university reported a liability of \$114 for its proportionate share of the PERS RHIPA net OPEB liability. The net OPEB liability as of June 30, 2021, was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The PERS system does not provide WOU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PERS employer state agencies. DAS calculated WOU's proportionate share of all state agencies internally based on actual contributions by WOU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2021, WOU's

proportion was 1.15 percent of the statewide OPEB plan. At June 30, 2020, WOU's proportion was 0.87 percent of the statewide OPEB plan.

For the year ended June 30, 2021, WOU recorded total OPEB expense of \$10 due to changes in the net PERS RHIPA OPEB liability, deferred outflows and deferred inflows and amortization of previously deferred amounts.

DEFERRED ITEMS - RHIA

Deferred inflows of resources and deferred outflows of resources are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021 and 2020, deferred items included:

- Difference between expected and actual experience
- Difference due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings

Differences between expected and actual experience, changes in assumption, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are as follows:

- Measurement period ended June 30, 2021 – 2.7 years
- Measurement period ended June 30, 2020 – 2.9 years
- Measurement period ended June 30, 2019 – 3.1 years
- Measurement period ended June 30, 2018 – 3.3 years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the university's total OPEB expense for fiscal years 2022 and 2021.

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At June 30, 2022, WOU reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 27
Changes in assumptions	19	14
Net difference between projected and actual earnings on OPEB plan investments	-	226
Change in Proportionate Share	46	198
Total	\$ 65	\$ 465
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	\$ (400)	
Contributions Subsequent to the MD	4	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	\$ (396)	

Of the amount reported as deferred outflows of resources, \$4 are related to contributions subsequent to the measurement date and will be recognized as an increase of the net OPEB asset in the year ended June 30, 2023.

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At June 30, 2021, WOU reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 422
Changes in assumptions	-	219
Net difference between projected and actual earnings on OPEB plan investments	459	-
Change in Proportionate Share	<u>1,715</u>	<u>16</u>
Total	<u>\$ 2,174</u>	<u>\$ 657</u>
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	\$ 1,517	
Contributions Subsequent to the MD	<u>5</u>	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<u>\$ 1,522</u>	

Of the amount reported as deferred outflows of resources, \$5 are related to contributions subsequent to the measurement date and are recognized as an increase of the net OPEB asset in the year ended June 30, 2022.

As of June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in OPEB expense as follows (in thousands):

<u>Deferred Outflow/ (Inflow) of Resources</u>	
Year Ended June 30:	
2023	\$ (150)
2024	(127)
2025	(52)
2026	<u>(71)</u>
	<u>\$ (400)</u>

DEFERRED ITEMS - RHIPA

Deferred inflows of resources and deferred outflows of resources are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021 and 2020, deferred items included:

- Difference due to changes in assumptions
- Changes between expected and actual experience
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions

Differences between expected and actual experience, changes in assumption, and change in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period.

The average remaining service lives determined as of the beginning of each measurement period are as follows:

- Measurement period ended June 30, 2021 – 6.2 years
- Measurement period ended June 30, 2020 – 6.4 years
- Measurement period ended June 30, 2019 – 6.7 years
- Measurement period ended June 30, 2018 – 6.9 years

The difference between projected and actual OPEB plan investment earnings attributable to each measurement period is amortized over a closed five-year period.

One year of amortization is recognized in the university’s total OPEB expense for fiscal years 2022 and 2021.

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At June 30, 2022, WOU reported deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 51
Changes in assumptions	8	41
Net difference between projected and actual earnings on OPEB plan investments	-	58
Total	\$ 8	\$ 150
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	\$ (142)	
Contributions Subsequent to the MD	57	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<u>\$ (85)</u>	

Of the amount reported as deferred outflows of resources, \$57 are related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

At June 30, 2020, WOU reported deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 43
Changes in assumptions	3	77
Net difference between projected and actual earnings on OPEB plan investments	26	-
Total	\$ 29	\$ 120
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	\$ (91)	
Contributions Subsequent to the MD	86	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	<u>\$ (5)</u>	

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Of the amount reported as deferred outflows of resources, \$86 are related to contributions subsequent to the measurement date and are recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

As of June 30, 2022, other amounts reported as deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB will be recognized in OPEB expense as follows (in thousands):

Deferred Outflow/ (Inflow) of Resources		
Year Ended June 30:		
2023	\$	(33)
2024		(32)
2025		(33)
2026		(34)
2027		(9)
Thereafter		(1)
	\$	(142)

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

The following key methods and assumptions were used to measure the total RHIA OPEB liability:

Actuarial Methods and Assumptions:		
	June 30, 2022	June 30, 2021
Valuation Date	December 31, 2019	December 31, 2018
Measurement Date	June 30, 2021	June 30, 2020
Experience Study Report	2018, published July 2019	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.40 percent	2.50 percent
Long-Term Expected Rate of Return	6.90 percent	7.20 percent
Discount Rate	6.90 percent	7.20 percent
Projected Salary Increases	3.40 percent	3.50 percent
Retiree Healthcare Participation	Healthy retirees: 32% Disabled retirees: 20%	
Healthcare Cost Trend Rate	Not applicable	
Mortality	<i>Healthy retirees and beneficiaries:</i>	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	<i>Active members:</i>	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
Mortality	<i>Disabled retirees:</i>	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	

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The following key methods and assumptions were used to measure the total RHIPA OPEB liability:

Actuarial Methods and Assumptions:		
	June 30, 2022	June 30, 2021
Valuation Date	December 31, 2019	December 31, 2018
Measurement Date	June 30, 2021	June 30, 2020
Experience Study Report	2018, published July 2019	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.40 percent	2.50 percent
Long-Term Expected Rate of Return	6.90 percent	7.20 percent
Discount Rate	6.90 percent	7.20 percent
Projected Salary Increases	3.40 percent	3.50 percent
Retiree Healthcare Participation	8-14 Years of Service: 10% 15-19 Years of Service: 15% 20-24 Years of Service: 19% 25-29 Years of Service: 26% 30+ Years of Service: 34%	
Healthcare Cost Trend Rate	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 4.9% for 2025, increasing to 5.0% for 2036, and decreasing to an ultimate rate of 4.0% for 2074 and beyond.	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 5.0% for 2022, increasing to 5.9% for 2031, and decreasing to an ultimate rate of 4.1% for 2094 and beyond.
Mortality	<i>Healthy retirees and beneficiaries:</i>	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	<i>Active members:</i>	
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	
	<i>Disabled retirees:</i>	
	Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	

DISCOUNT RATE

The discount rate used to measure the total OPEB liability/(asset) at June 30, 2022, and 2021, was 6.90 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the

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OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability.

SENSITIVITY ANALYSIS

The sensitivity analysis below shows the sensitivity of the university’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent as of June 30, 2022 and 7.20 percent as of June 30, 2021, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	June 30, 2022	
	RHIA	RHIPA
1% Decrease 5.90%	(\$842)	(\$86)
Current Discount Rate 6.90%	(953)	(115)
1% Increase 7.90%	(1,046)	(142)

Discount Rate	June 30, 2021	
	RHIA	RHIPA
1% Decrease 6.20%	(\$3,331)	\$160
Current Discount Rate 7.20%	(4,125)	114
1% Increase 8.20%	(4,805)	71

The sensitivity analysis below shows the sensitivity of the university’s proportionate share of the net OPEB liability/(asset) calculated using the current healthcare cost trend rates, as well as what the net OPEB liability/(asset) would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates:

Healthcare Cost Rate	RHIA		RHIPA	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
1% Decrease	(\$953)	\$ (4,125)	\$ (154)	\$ 80
Current Trend Rate	(953)	(4,125)	(115)	114
1% Increase	(953)	(4,125)	(72)	157

ASSUMED ASSET ALLOCATION AS OF JUNE 30, 2022

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00%	25.00%	20.00%
Public Equity	27.50	37.50	32.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Investments	7.50	17.50	15.00
Opportunity Portfolio	0.00	5.00	0.00
Risk Parity	0.00	2.50	2.50
Total			100%

ASSUMED ASSET ALLOCATION AS OF JUNE 30, 2021

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00%	25.00%	20.00%
Public Equity	27.50	37.50	32.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Investments	7.50	17.50	15.00
Opportunity Portfolio	0.00	3.00	0.00
Risk Parity	0.00	2.50	2.50
Total			100%

LONG-TERM EXPECTED RATE OF RETURN

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the OIC investment advisors. Each asset assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows a summary of long-term expected rate of return by asset class. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

LONG-TERM EXPECTED RATE OF RETURN AS OF JUNE 30, 2022

Asset Class	Target	Compound Annual Return
Global Equity	30.62%	5.85%
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds - Multistrategy	1.25	5.11
Hedge Fund Equity - Hedge	0.63	5.31
Hedge Fund - Macro	5.62	5.06
US Cash	-2.50	1.76
Assumed Inflation – Mean		2.40%

LONG-TERM EXPECTED RATE OF RETURN AS OF JUNE 30, 2021

Asset Class	Target	Compound Annual Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60	3.68
Bank/Leveraged Loans	3.60	5.19
High Yield Bonds	1.20	5.74
Large/Mid Cap US Equities	16.17	6.30
Small Cap US Equities	1.35	6.68
Micro Cap US Equities	1.35	6.79
Developed Foreign Equities	13.48	6.91
Emerging Market Equities	4.24	7.69
Non-US Small Cap Equities	1.93	7.25
Private Equity	17.50	8.33
Real Estate (Property)	10.00	5.55
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	1.50	4.06
Hedge Fund - Event-driven	0.38	5.59
Timber	1.13	5.61
Farmland	1.13	6.12
Infrastructure	2.25	6.67
Commodities	1.13	3.79
Assumed Inflation – Mean		2.50%

DEPLETION DATE PROJECTION

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No. 75 (paragraph 39) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an actuarially determined contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB Statement No. 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, it is the independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

B. PUBLIC EMPLOYEES' BENEFIT BOARD PLAN (PEBB)

WOU participates in a defined benefit postemployment healthcare plan administered by the Public Employees Benefit Board (PEBB). This plan offers healthcare assistance to eligible retired employees and their beneficiaries. Chapter 243 of the Oregon Revised Statutes (ORS) gives PEBB the authority to establish and amend the benefit provisions of the PEBB Plan. The PEBB Plan is considered a cost-sharing multiple-employer defined benefit plan for financial reporting purposes and is not administered through a trust. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for the purpose of paying benefits. PEBB does not issue a separate, publicly available financial report.

The PEBB Plan allows qualifying retired employees to continue their "active" health insurance coverage on a self-pay basis until they are eligible for Medicare. Participating retirees pay their own monthly premiums. However, the premium amount is based on a blended rate that is determined by pooling the qualifying retirees with active employees, thus, creating an "implicit rate subsidy".

PROPORTIONATE SHARE ALLOCATION METHODOLOGY

The basis for the employer's proportion is determined by comparing the employer's actual contributions made during the fiscal year with the total actual contributions made in the fiscal year of all employers.

TOTAL OPEB LIABILITY

At June 30, 2022, the university reported a liability of \$1,401 for its proportionate share of the total PEBB OPEB liability. The total OPEB liability as of June 30, 2022, was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. At June 30, 2021, the university reported a liability of \$1,871 for its proportionate share of the total PEBB OPEB liability. The total OPEB liability as of June 30, 2021 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. PEBB does not provide WOU an audited proportionate share as a separate employer; the university is allocated a proportionate share of PEBB employer state agencies. DAS calculated WOU's proportionate share of all state agencies internally based on actual contributions by WOU as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2022, 2021, and 2020 WOU's proportion was 1.14, 1.24, and 1.31 percent, respectively, of the statewide OPEB plan.

For the years ended June 30, 2022 and 2021, WOU recorded total OPEB expense of \$193 and \$113, respectively, due to changes in the total OPEB liability, deferred inflows and amortization of previously deferred amounts.

DEFERRED ITEMS

Deferred inflows of resources and deferred outflows of resources are calculated at the system-wide level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2022, and 2021, deferred items included:

- Difference due to changes in assumptions
- Changes between expected and actual experience

Changes in assumption and changes in proportion are amortized over the closed period equal to the average expected remaining service lives of all covered active and inactive participants. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The weighted average expected remaining service lives, assuming zero years for all retirees, determined as of the beginning of each measurement period are as follows:

- Measurement period ended June 30, 2021 – 9.7 years
- Measurement period ended June 30, 2020 – 8.6 years
- Measurement period ended June 30, 2019 – 8.6 years
- Measurement period ended June 30, 2018 – 8.2 years
- Measurement period ended June 30, 2017 – 8.2 years

One year of amortization is recognized in the university's total OPEB expense for fiscal years 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (DOLLARS IN THOUSANDS)

At June 30, 2022, WOU reported deferred outflows of resources and deferred inflows of resources related to PEBB OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 174
Changes in assumptions	34	329
Total	<u>\$ 34</u>	<u>\$ 503</u>
Net Deferred Outflow/(Inflow) of Resources	<u>\$ (469)</u>	

At June 30, 2021, WOU reported deferred outflows of resources and deferred inflows of resources related to PEBB OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7
Changes in assumptions	45	230
Total	<u>\$ 45</u>	<u>\$ 237</u>
Net Deferred Outflow/(Inflow) of Resources	<u>\$ (192)</u>	

As of June 30, 2022, amounts reported as deferred outflows of resources and deferred inflows of resources related to PEBB OPEB will be recognized in OPEB expense as follows:

Deferred Outflow/ (Inflow) of Resources	
Year Ended June 30:	
2023	\$ (74)
2024	(74)
2025	(74)
2026	(70)
2027	(75)
Thereafter	(102)
	<u>\$ (469)</u>

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The following key methods and assumptions were used to measure the total OPEB liability:

Actuarial Methods and Assumptions:		
	June 30, 2022	June 30, 2021
Valuation Date	July 1, 2021	July 1, 2019
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.00 percent	2.50 percent
Discount Rate	3.54 percent	2.16 percent
Projected Salary Increases	3.00 percent	3.50 percent
Withdrawal, Retirement, and Mortality Rates	December 31, 2018, Oregon PERS valuation	
Healthcare Cost Trend Rate	<i>Medical and vision cost increases:</i>	
	Pursuant to ORS 243.135(8), growth in per-member expenditures under self-insured plans and premium amounts is assumed to be 3.40% per year.	
	<i>Dental cost changes:</i>	
	Pursuant to ORS 243.135(8), growth in per-member expenditures under self-insured plans and premium amounts is assumed to be 3.40% per year.	
Election and Lapse Rates	30% of eligible employees	
	60% spouse coverage for males, 35% for females	
	7% annual lapse rate	

DISCOUNT RATE

Unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The Bond Buyer 20-Year General Obligation Bond Index was used to determine the discount rate for the OPEB liability. The discount rate in effect for the June 30, 2022, and 2021, reporting dates was 3.54 and 2.16 percent, respectively.

SENSITIVITY ANALYSIS

The sensitivity analysis below shows the sensitivity of the university's proportionate share of the total OPEB liability to changes in the discount rate. The following presents the university's proportionate share of the total OPEB liability calculated using the discount rate of 3.54 and 2.16 percent as of June 30, 2022, and 2021, respectively, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	June 30, 2022	June 30, 2021
1% Decrease 2.54%/1.16%	\$1,502	\$2,006
Current Discount Rate 3.54%/2.16%	1,401	1,871
1% Increase 4.54%/3.16%	1,306	1,745

The sensitivity analysis below shows the sensitivity of the university's proportionate share of the total OPEB liability calculated using the current healthcare cost trend rates, as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower, or one percentage point higher than the current rates:

Healthcare Cost Rate	June 30, 2022	June 30, 2021
1% Decrease	\$1,245	\$ 1,683
Current Trend Rate	1,401	1,871
1% Increase	1,584	2,092

16. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others, for which WOU is an income beneficiary, are not recorded in the financial records. The approximate value of such trust funds at June 30, 2022, and 2021, were \$1,590 and \$1,944, respectively.

17. RISK FINANCING

WOU is a member of the Public Universities Risk Management and Insurance Trust (Trust). The Trust is a separate legal entity which operates for the benefit of the member universities (Member). The Trust is governed by a Board of Trustees comprised of a representative of each Member of the Trust. The Trustees administer an insurance program wherein the Members share risk by pooling their losses and claims and jointly purchasing insurance and administrative services through the Trust. In exchange, Members pay annual assessments and provide the Trustees with information or assistance as necessary for the Trustees to determine annual assessments and to purchase insurance or reinsurance. By participating, WOU transfers the following risk to the Trust:

- Real property loss for university owned building, equipment, automobiles and other types of property
- Tort liability claims brought against the university, its officers, employees or agents
- Workers' compensation and employers' liability
- Crime, Fiduciary
- Specialty lines of business including medical practicums, international travel, fine art, camps, clinics and other items.

WOU retains risk for losses under \$5, which is the deductible per claim not covered by insurance purchased through the Trust.

WOU is charged an assessment to cover the Trust's cost of servicing claims and payments based on the Risk Allocation Model and actuarial estimates of the amounts needed to pay prior and current-year claims. The amount of settlements has not exceeded insurance coverage for the past three years.

In addition, WOU purchases various commercial insurance policies to cover the deductible amounts of intercollegiate athletics insurance provided through the National Collegiate Athletics Association (NCAA) and to provide coverage for special events and student liability.

18. COMMITMENTS AND CONTINGENT LIABILITIES

Outstanding commitments on partially completed and planned but not initiated construction projects totaled approximately \$3,854 at June 30, 2022. These commitments will be primarily funded from gifts, grants, and university funds.

CONSTRUCTION COMMITMENTS AS OF JUNE 30, 2022

	Total Commitment	Completed to Date	Outstanding Commitment
Capital Repairs	\$ 3,887	\$ 259	\$ 3,628
Project Budgets <\$1M	1,115	889	226
	\$ 5,002	\$ 1,148	\$ 3,854

WOU is contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Management is of the opinion that the outcome of such matters will not have a material effect on the financial statements.

WOU participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor for expenditures disallowed under terms of the grant. Management believes that disallowances, if any, will not have a material effect on the financial statements.

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to ORS Chapter 657. WOU reimburses the Oregon Employment Division on a quarterly basis for actual benefits paid. Each year resources are budgeted to pay current charges. The amount of future benefit payments to claimants and the resulting liability to WOU cannot be reasonably determined at June 30, 2022.

19. WESTERN OREGON UNIVERSITY DEVELOPMENT FOUNDATION

Under policies approved by the Board, individual university foundations may be established to provide assistance in fund raising, public outreach and other support for the mission of WOU. The WOU Development Foundation is a legally separate, tax-exempt entity with an independent governing board. Although WOU does not control the timing or amount of receipts from the foundation, the majority of resources, or income thereon, that the foundation holds and invests are restricted to the activities of the university by the donors. Because these restricted resources held by the foundation can only be used by, or for the benefit of, the university, the foundation is considered a component unit of WOU and is discretely presented in the financial statements. The financial activity is reported for the years ended June 30, 2022, and 2021. The foundation is audited annually and received an unmodified audit opinion.

During the years ended June 30, 2022, and 2021, gifts of \$1,395 and \$1,839, respectively, were transferred from the foundation to WOU.

Please see the financial statements for the WOU component unit on pages 15 and 17 of this report. Complete financial statements for the foundation may be obtained by writing to the following:
Western Oregon University Foundation, 345 N. Monmouth Ave., Monmouth, OR 97361

REQUIRED SUPPLEMENTARY INFORMATION (DOLLARS IN THOUSANDS)

SCHEDULE OF UNIVERSITY CONTRIBUTIONS Public Employees Retirement System

For Fiscal Years Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 4,613	\$ 3,993	\$ 4,432	\$ 3,028	\$ 3,125	\$ 2,362	\$ 2,337	\$ 1,846	\$ 1,807	\$ 1,687
Contributions in Relation to the Contractually Required Contribution	4,613	3,993	4,432	3,028	3,125	2,362	2,337	1,846	1,807	1,687
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$29,318	\$28,904	\$ 31,552	\$ 28,646	\$ 28,155	\$ 28,527	\$ 27,229	\$ 25,618	\$ 24,368	\$ 23,462
Contributions as a Percentage of Covered Payroll	15.73%	13.81%	14.05%	10.57%	11.10%	8.28%	8.58%	7.21%	7.42%	7.20%

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)* Public Employees Retirement System

As of the Measurement Date June 30,	2021	2020	2019	2018	2017	2016	2015	2014
University's Proportion of the Net Pension Asset/(Liability)	0.20%	0.23%	0.22%	0.22%	0.26%	0.26%	0.23%	0.22%
University's Proportionate Share of the Net Pension Asset/(Liability)	\$(23,369)	\$(49,387)	\$(37,199)	\$(33,824)	\$(35,461)	\$(39,513)	\$(13,285)	\$ 4,952
University's Covered Payroll	\$ 28,904	\$ 31,552	\$ 28,646	\$ 28,155	\$ 28,527	\$ 27,229	\$ 25,618	\$ 24,475
University's Proportionate Share of the Net Pension Asset/(Liability) as a Percentage of Covered Payroll	80.85%	156.53%	129.86%	120.13%	124.31%	145.10%	51.90%	20.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/(Liability)	87.57%	75.79%	80.23%	82.07%	83.12%	80.50%	91.89%	103.59%

*This table will eventually contain 10 years of data. Only the data presented above is available at this time.

SCHEDULE OF UNIVERSITY PERS RHIA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contributions ¹	\$ 4	\$ 5	\$ 142	\$ 130	\$ 129	\$ 138	\$ 133	\$ 138	\$ 132	\$ 126
Contributions in Relation to the Actuarially Determined Contributions	4	5	142	130	129	138	133	138	132	126
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$28,504	\$28,189	\$31,552	\$28,641	\$ 28,150	\$28,522	\$27,224	\$25,614	\$24,363	\$22,902
Contributions as a Percentage of Covered Payroll	0.01%	0.02%	0.45%	0.45%	0.46%	0.48%	0.49%	0.54%	0.54%	0.55%

¹For Actuarial Assumptions and Methods, see table in Note 15.

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PERS RHIA OPEB ASSET/(LIABILITY)*

As of the Measurement Date June 30,	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIA OPEB Asset/(Liability)	0.28%	0.27%	0.27%	0.26%	0.30%	0.29%
University's Proportionate Share of the Net RHIA OPEB Asset/(Liability)	\$ 953	\$ 4,125	\$ (526)	\$ 290	\$ 124	\$ (79)
University's Covered Payroll	\$ 28,189	\$31,552	\$28,641	\$28,150	\$28,522	\$27,224
University's Proportionate Share of the Net RHIA OPEB Asset/(Liability) as a Percentage of Covered Payroll	3.38%	13.07%	-1.84%	1.03%	0.43%	-0.29%
Plan Fiduciary Net Position as a Percentage of the Total RHIA OPEB Asset/(Liability)	183.86%	150.09%	144.38%	123.99%	108.88%	94.15%

*This table will eventually contain 10 years of data. Only the data presented above is available at this time.

REQUIRED SUPPLEMENTARY INFORMATION (DOLLARS IN THOUSANDS)

SCHEDULE OF UNIVERSITY PERS RHIPA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30, Actuarially Determined	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contributions ¹	\$ 57	\$ 86	\$ 130	\$ 120	\$ 120	\$ 111	\$ 107	\$ 60	\$ 58	\$ 32
Contributions in Relation to the Actuarially Determined Contributions	57	86	130	120	120	111	107	60	58	32
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$28,504	\$28,189	\$31,552	\$28,641	\$ 28,150	\$28,522	\$27,224	\$25,614	\$24,363	\$22,902
Contributions as a Percentage of Covered Payroll	0.20%	0.31%	0.41%	0.42%	0.43%	0.39%	0.39%	0.23%	0.24%	0.14%

¹For Actuarial Assumptions and Methods, see table in Note 15.

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PERS RHIPA OPEB ASSET/(LIABILITY)*

As of the Measurement Date June 30,	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIPA OPEB Asset/(Liability)	0.74%	1.15%	0.87%	0.89%	0.96%	0.98%
University's Proportionate Share of the Net RHIPA OPEB Asset/(Liability)	\$ 115	\$ (114)	\$ (229)	\$ (314)	\$ (448)	\$ (527)
University's Covered Payroll	\$ 28,189	\$31,552	\$28,641	\$28,150	\$28,522	\$27,224
University's Proportionate Share of the Net RHIPA OPEB Asset/(Liability) as a Percentage of Covered Payroll	0.41%	0.36%	0.80%	1.12%	1.57%	1.94%
Plan Fiduciary Net Position as a Percentage of the Total RHIPA OPEB Asset/(Liability)	124.64%	84.45%	64.86%	49.79%	34.25%	21.87%

*This table will eventually contain 10 years of data. Only the data presented is available at this time.

SCHEDULE OF UNIVERSITY'S PROPORTIONATE SHARE OF THE TOTAL PEBB OPEB LIABILITY*

As of June 30,	2022	2021	2020	2019	2018	2017
University's Allocation of the Total OPEB Liability	1.14%	1.24%	1.32%	1.27%	1.34%	1.38%
University's Proportionate Share of the Total OPEB Liability	\$ 1,401	\$ 1,871	\$ 1,933	\$ 2,047	\$ 1,990	\$ 1,993
University's Covered Payroll	\$ 39,894	\$ 38,090	\$ 41,539	\$39,703	\$38,966	\$38,929
University's Proportionate Share of the Total OPEB Liability as a Percentage of University Covered Payroll	3.51%	4.91%	4.65%	5.16%	5.11%	5.12%
Total OPEB Liability as a % of Total Covered Payroll	2.76%	3.72%	3.77%	4.31%	4.42%	4.45%

*This table will eventually contain 10 years of data. Only the data presented is available at this time.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for the purpose of paying benefits.





Homecoming

October 2022



2022 ANNUAL FINANCIAL REPORT



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