2023
ANNUAL FINANCIAL REPORT
Western Oregon University

Western Oregon UNIVERSITY

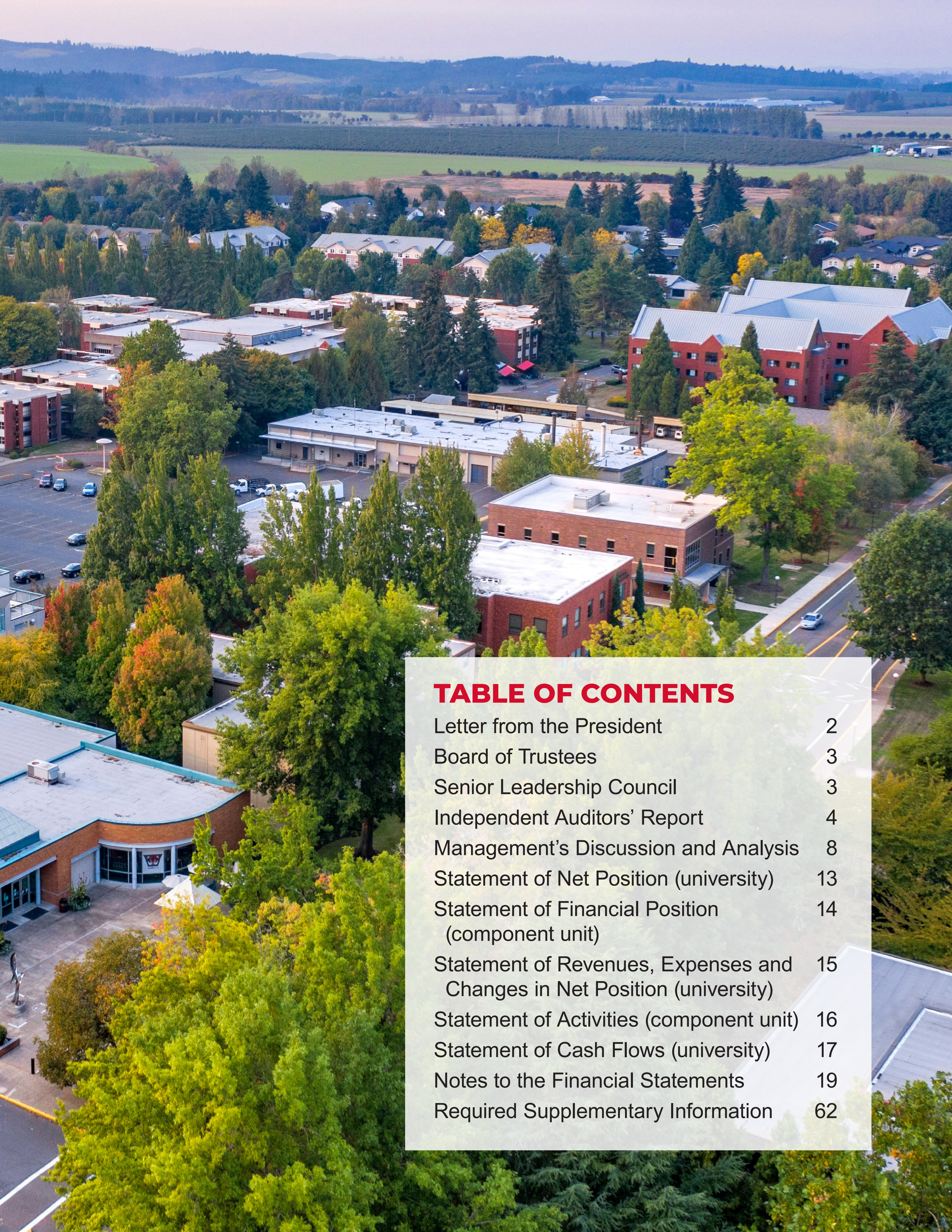

TABLE OF CONTENTS

THE START OF this academic year brings some positive indicators for Western Oregon University. Our overall enrollment is trending in the right direction, and it looks as if we will be flat or slightly up for the first time in a decade. Additionally, our retention rate looks to be 4-6% higher than the year before. We also worked together as a community last year to decrease spending and cut a significant amount from our base operating budget.

A new visionary strategic plan will be finalized by January. This plan comes out of four presidential priorities: 1) Place students at the center of everything we do 2) Center equity, diversity, and inclusiveness 3) Develop and improve systems to better serve the community 4) Connect with local, state, and regional needs. This plan grows out of the opportunity we have at this institution to serve a unique body of students. We will strive to provide the best educational environment possible while also being deliberate about the ways a public institution can serve the local and state community.

Here at Western Oregon University, we serve an incredibly diverse student population. Our students are 38% students of color from Oregon. Our students are 46% first-generation and 40% Pell eligible. We are an emerging Hispanic Serving Institution (24% of our undergraduate students are Latiné) 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 have grown substantially. Though we are almost 80% in-state students, we also draw students from many western states, including Alaska and Hawaii. If you put all of that together, the varied lived experiences among the students at Western is amazing. For me, it's more than amazing; it's beautiful, and I think we are all privileged to work in an environment like this.

We know that an institution of higher education provides opportunity for students; it allows them access to degrees that lead to career pathways. But it is not only about careers. A university is a place of learning. Students don't come to Western simply to get jobs; they come here to learn things. And the best learning environments in the world are the ones that encourage and hone critical thinking skills, that demand innovative thinking, that demonstrate collaboration, that develop communication skills. And because of our diversity, because of our commitment to being open and inclusive as we educate, this institution is poised to set some new standards, to lead in innovative ways. And I say that knowing we have much work to do, and I know we won't always get things right. But that won't stop us from trying to be better and do better.

We are moving in new directions with our marketing, admissions, and communications strategies. We are tightening our branding and messaging, placing us in a better position to articulate what's unique about our place and our institution. 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. Here at Western Oregon University, we build leaders.

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

Jesse Peters
President
Western Oregon University

WOU BOARD OF TRUSTEES

SENIOR LEADERSHIP COUNCIL

Dr. Jesse Peters, President

Maureen Brakke, Director of Marketing & Communications

Dr. Jose Coll, Provost & Vice President, Academic Affairs

Tina Fuchs, Vice President, Student Affairs

Dr. Tatyana Karaman, Vice President, Finance & Administration

Ricardo Lujan Valerio, Director, Government Relations

Randi Lydum, Executive Director, Intercollegiate Athletics

Venu Nair, General Counsel

Desiree Noah, Executive Director, Human Resources

Evan Sorce, Secretary to the Board of Trustees & Special Assistant to the President

Dominique Vargas, Executive Director, Diversity, Equity & Inclusion

LouAnn Vickers, Senior Executive Assistant to the President

Katie Wojke, Vice President for Advancement & University Relations, Executive Director of WOU Foundation

CPAs & BUSINESS ADVISORS

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 the business-type activities and the discretely presented component unit of Western Oregon University (the University), a component unit of the State of Oregon, as of and for the year ended June 30, 2023, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Western Oregon University Development Foundation (the Foundation), which represents 100 percent of the assets, net assets and revenues of the discretely presented component unit as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Foundation, is 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 opinion.

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, 2023, and the changes in its financial position for the year 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

Management is responsible for the other information included in the annual report. The other information comprises The WOU Board of Trustees, President's Cabinet, and the Message from the President but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 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.

Eide Bailly LLP

Boise, Idaho
November 14, 2023

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Western Oregon University (WOU) for the year ended June 30, 2023, with comparative data for the fiscal year ended June 30, 2022. The changes resulting from the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) have been applied in fiscal year 2023, therefore, fiscal year 2022 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:

2023	2022	2021	2020	2019
3,069	3,340	3,829	4,134	4,368

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, the amount 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,	**2023**	2022	$ Change	% Change
Current Assets	**$ 33,997**	$ 29,389	$ 4,608	15.7%
Noncurrent Assets	**29,859**	23,119	6,740	29.2%
Capital Assets, Net	**124,923**	127,428	(2,505)	-2.0%
Total Assets	**188,779**	179,936	8,843	4.9%
Deferred Outflows of Resources	**15,006**	14,670	336	2.3%
Current Liabilities	**30,734**	17,883	(12,851)	-71.9%
Noncurrent Liabilities	**75,868**	70,032	(5,836)	-8.3%
Total Liabilities	**106,602**	87,915	(18,687)	-21.3%
Deferred Inflows of Resources	**10,686**	19,364	8,678	44.8%
Net Investment in Capital Assets	**81,232**	81,779	(547)	-0.7%
Restricted - Expendable	**7,429**	7,192	237	3.3%
Unrestricted	**(2,164)**	(1,644)	(520)	31.6%
Total Net Position	**$ 86,497**	$ 87,327	$ (830)	-1.0%

Comparison of fiscal year 2023 to fiscal year 2022 (in 000's)

On June 30, 2023, WOU's assets were $188,779. Current assets consist primarily of cash and cash equivalents, accounts receivable, notes receivable, inventories, and prepaid expenses. Current assets increased $4,608, or 15.7 percent, from the previous year. This increase is primarily due to an increase in state capital contracts and federal grants.

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 (OPEB). Deferred outflows increased $336, or 2.3 percent.

Current liabilities consist primarily of accounts payables, accrued liabilities, unearned revenue, and the current portion of long-term liabilities. Current liabilities increased by $12,851, or 71.96 percent from the prior year. The increase is primarily attributable to a unearned revenue associated with the Steam Pipe Project which is a state-funded capital project.

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 $8,678, or 44.8 percent.

Net position is reported in three components with an overall decrease of 1.0 percent. The largest portion of WOU's net position is the $81,232 net investment in capital assets. This reflects the investment in capital assets (e.g. land, buildings, machinery, right to use asset, and SBITAs) 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 their 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.

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

For the Year Ended June 30,	**2023**	2022	$ Change	% Change
Operating Revenues	**$ 60,245**	$ 52,384	$ 7,861	15.0%
Operating Expenses	**116,663**	110,085	(6,578)	-6.0%
Operating Loss	**(56,418)**	(57,701)	1,283	-2.2%
Nonoperating Revenues,				
Net of Expenses	**48,668**	56,797	(8,129)	-14.3%
Other Revenues	**6,920**	386	6,534	1692.7%
Increase/(Decrease) in Net Position	**(830)**	(518)	(312)	60.2%
Net Position, Beginning of Year	**87,327**	87,845	(518)	-0.6%
Net Position, End of Year	**$ 86,497**	$ 87,327	$ (830)	-1.0%

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,	**2023**	2022	$ Change	% Change
Student Tuition and Fees	**$ 23,052**	$ 24,380	$ (1,328)	-5.4%
Grants and Contracts	**18,852**	9,621	9,231	95.9%
Auxiliary Enterprises	**14,822**	14,988	(166)	-1.1%
Educational and Other	**3,519**	3,395	124	3.7%
Total Operating Revenues	**60,245**	52,384	7,861	15.0%
Appropriations	**33,823**	32,686	1,137	3.5%
Federal and State Grants	**14,436**	26,671	(12,235)	-45.9%
Gifts	**1,326**	1,406	(80)	-5.7%
Investment Activity	**942**	(1,585)	2,527	-159.4%
Capital Grants and Gifts	**6,541**	7	6,534	93342.9%
Gain (Loss) on Sale of Assets, Net	**0**	(101)	101	-100.0%
Other nonoperating items	**5**	(54)	59	-109.3%
Total Nonoperating Revenues	**57,073**	59,030	(1,957)	-3.3%
Total Revenues	**$ 117,318**	$111,414	$ 5,904	5.3%

Revenues

Comparison of fiscal year 2023 to fiscal year 2022 (in 000's)

Operating revenues increased by $7,861 thousand, or 15.0 percent, primarily due to increased federal and state grants and contracts. Student tuition and fees decreased by $1,328, or 5.4 percent due to declining enrollment.

Non-operating revenues decreased by $1,957, or 3.3 percent. The largest non-operating revenue is state appropriations, which increased by $1,137, or 3.5 percent. The State appropriated $900 million for the Public University Support Fund (PUSF) for the 2021-23 biennium, 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 decreased by $12,235, or 45.9 percent, primarily due to Higher Education Emergency Relief Funds. Capital Grants and Gifts shows a significant increase by $6,541 from $7 thousand in 2022 to support state-funded capital projects in 2023.

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

For the Year Ended June 30,	**2023**	2022	$ Change	% Change
Instruction	**$ 31,614**	$ 31,741	$ 127	0.4%
Research	**1,961**	1,046	(915)	-87.5%
Public Service	**10,775**	4,466	(6,309)	-141.3%
Academic Support	**9,892**	9,739	(153)	-1.6%
Student Services	**9,094**	8,958	(136)	-1.5%
Auxiliary Programs	**22,193**	19,816	(2,377)	-12.0%
Institutional Support	**9,405**	7,996	(1,409)	-17.6%
Operation and Maintenance of Plant	**5,131**	5,036	(95)	-1.9%
Student Aid	**8,059**	12,530	4,471	35.7%
Other Operating Expenses	**8,539**	8,757	218	2.5%
Total Operating Expenses	**116,663**	110,085	(6,578)	-6.0%
Interest Expense	**1,485**	1,847	362	19.6%
Total Expenses	**$ 118,148**	$ 111,932	$ (6,216)	-5.6%

Expenses

Comparison of fiscal year 2023 to fiscal year 2022 (in 000's)

Operating and nonoperating expenses totaling $118,148 include compensation and benefits, services and supplies, scholarships and fellowships, and depreciation and amortization. This is an increase of $6,216, or 5.6 percent. 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 $4,541, or 4.0 percent, during 2023. Instruction expenses represent a large percentage of total expenses at $31,614, or 26.8 percent, of total expenses. This is a decrease of $127, or 0.4 percent, primarily due to declining enrollments. Auxiliary programs represent $22,193, or 18.8 percent, of total expenses. This is an increase of $2,377, or 12.0 percent, primarily due to more on-campus activity. Student aid represents $8,059, or 6.8 percent, of total expenses. This is a decrease of $4,471, or 35.7 percent, primarily due to discontinuing Higher Education Emergency Relief Funds.

Capital Assets, Right to Use Assets and SBITAs (in 000's)

WOU's investment in capital assets, right to use assets, and SBITAs as of June 30, 2023, and 2022 amounts to $124,923 and $127,428, 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 for additional information.

Debt Administration (in 000's)

WOU's total outstanding debt is $42,875 as of June 20, 2023, and $45,560 as of June 30, 2022. During 2023, long-term debt held by WOU decreased by $2,685. See Note 8 Long-Term Liabilities for additional details.

Economic Outlook

We are looking into the future with cautious optimism. During fiscal year 2023, WOU took steps to develop a five-year financial sustainability and enrollment growth model. WOU's financially stable and prosperous future will depend on the University's ability to implement this model and to adjust in an agile way as needed. While establishing a balanced level of revenues and expenses is the key to financial stability, a certain level of investments is necessary along the way. 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 invest into high quality academic programs and student services.

During fiscal 2023, WOU made significant strides to engage into advocacy with the state legislature. All University constituencies made significant efforts to advocate for additional state funding. WOUFT, SEIU, and other groups played a critical role to tell WOU story and its role as a regional institution in effort to increase state support. As a result, Governor Kotek allocated additional resources designated for sustainability efforts across all the regional universities (TRUs) and Portland State University. This is a promising step that hopefully will lead to additional base allocation for WOU.

Importantly, Fall 2023 saw a slightly enrollment compared to the prior year for the first time in over 10 years. 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 WOU operations. In Fall 2023, Hispanic student population reached 24%.

Receiving the Title III grant was another remarkable milestone in the WOU history. The grant will help the University to expand its capacity to serve underserved student populations and to strengthen institutional fiscal sustainability.

Moving forward, the WOU Board of Trustees and WOU 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 WOU'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.

As of June 30, 2023

		(In thousands)
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	$	**10,929**
Collateral from Securities Lending (Note 2)		**121**
Accounts Receivable, Net (Note 3)		**20,975**
Notes Receivable, Net (Note 4)		**192**
Inventories		**1,273**
Prepaid Expenses		**507**
Total Current Assets		**33,997**
Noncurrent Assets		
Investments (Note 2)		**28,101**
Notes Receivable, Net (Note 4)		**734**
Net OPEB Asset (Note 14)		**1,024**
Capital Assets, Net of Accumulated Depreciation and Amortization (Note 5)		**124,923**
Total Noncurrent Assets		**154,782**
Total Assets	$	**188,779**
DEFERRED OUTFLOWS OF RESOURCES (Note 6)	$	**15,006**
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	$	**7,400**
Deposits		**124**
Obligations Under Securities Lending (Note 2)		**121**
Current Portion of Long-Term Liabilities (Note 8)		**5,673**
Unearned Revenues		**17,416**
Total Current Liabilities		**30,734**
Noncurrent Liabilities		
Long-Term Liabilities (Note 8)		**42,527**
Net Pension Liability (Note 13)		**32,042**
OPEB Liability (Note 14)		**1,299**
Total Noncurrent Liabilities		**75,868**
Total Liabilities	$	**106,602**
DEFERRED INFLOWS OF RESOURCES (Note 6)	$	**10,686**
NET POSITION		
Net Investment in Capital Assets	$	**81,232**
Restricted Expendable For:		
Expendable:		
Gifts, Grants and Contracts		**1,638**
Student Loans		**4,812**
Debt Service		**82**
OPEB Asset		**897**
Unrestricted (Note 9)		**(2,164)**
Total Net Position	$	**86,497**

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

As of June 30,		**2023**
		(In thousands)
ASSETS		
Cash and Cash Equivalents	**$**	**525**
Investments (Note 2)		**25,613**
Accounts Receivable		**2**
Pledges Receivable		**167**
Due from WOU		**473**
Prepaids		**79**
Other Current Assets		**6**
Property and Equipment, Net		**128**
Total Assets	**$**	**26,993**
LIABILITIES		
Accounts Payable and Accrued Liabilities	**$**	**32**
Annuities Payable		**652**
Total Liabilities		**684**
NET ASSETS		
Without Donor Restrictions		
Undesignated		**3,890**
Designated		**763**
With Donor Restrictions		
Purpose Restrictions		**6,403**
Perpetual Restrictions		**15,253**
Total Net Assets		**26,309**
Total Liabilities & Net Assets	**$**	**26,993**

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

For the Year Ended June 30, 2023

		(In thousands)
OPERATING REVENUES		
Student Tuition and Fees (Net of Allowances of $13,260)	$	**23,052**
Federal Grants and Contracts		**14,080**
State and Local Grants and Contracts		**4,639**
Nongovernmental Grants and Contracts		**133**
Educational Department Sales and Services		**568**
Auxiliary Enterprises Revenues (Net of Allowances of $1,626)		**14,822**
Other Operating Revenues		**2,951**
Total Operating Revenues		**60,245**
OPERATING EXPENSES		
Instruction		**31,614**
Research		**1,961**
Public Service		**10,775**
Academic Support		**9,892**
Student Services		**9,094**
Auxiliary Programs		**22,193**
Institutional Support		**9,405**
Operation and Maintenance of Plant		**5,131**
Student Aid		**8,059**
Other Operating Expenses		**8,539**
Total Operating Expenses (Note 11)		**116,663**
Operating Loss		**(56,418)**
NONOPERATING REVENUES (EXPENSES)		
Government Appropriations (Note 12)		**33,444**
Federal and State Grants		**14,436**
Gifts		**1,326**
Investment Activity (Note 10)		**942**
Interest Expense		**(1,485)**
Other Nonoperating Items		**5**
Net Nonoperating Revenues		**48,668**
Loss Before Other Nonoperating Revenues		**(7,750)**
Debt Service Appropriations (Note 12)		**379**
Capital Grants and Gifts		**6,541**
Total Other Nonoperating Revenues		**6,920**
Increase/(Decrease) In Net Position		**(830)**
NET POSITION		
Beginning Balance		**87,327**
Ending Balance	$	**86,497**

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

For the Years Ended June 30,	2023 (In thousands)		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	$ 854	$ 1,977	$ 2,831
Net Investment Return	(241)	2,400	2,159
Miscellaneous	10	360	370
Total Revenues	623	4,737	5,360
NET ASSETS RELEASED FROM RESTRICTIONS	2,078	(2,078)	-
EXPENSES			
University and Scholarships Program	1,999	-	1,999
Managerial and General	327	-	327
Fundraising	341	-	341
Total Expenses	2,667	-	2,667
CHANGE IN NET ASSETS	34	2,659	2,693
NET ASSETS, Beginning of Year	4,619	18,997	23,616
NET ASSETS, End of Year	$ 4,653	$ 21,656	$ 26,309

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

For the Years Ended June 30,	2023
	(In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	$ 23,817
Grants and Contracts	10,508
Educational Department Sales and Services	568
Auxiliary Enterprises Operations	14,558
Payments to Employees for Compensation and Benefits	(75,961)
Payments to Suppliers	(26,221)
Student Financial Aid	(9,151)
Other Operating Receipts	3,111
Net Cash Used by Operating Activities	(58,771)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Government Appropriations	33,444
Federal and State Grants	14,436
Other Gifts and Private Contracts	1,326
Net Internal Agency Fund Payments	(94)
Net Cash Provided by Noncapital Financing Activities	49,112
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Debt Service Appropriations	379
Capital Grants and Gifts	17,896
Purchases of Capital Assets	(3,338)
Interest Payments on Capital Debt	(1,573)
Interest Payments on Right to Use Leased Assets	(3)
Interest Payments on SBITAs	(13)
Principal Payments on Capital Debt	(2,685)
Principal Payments on Right to Use Leased Assets	(25)
Principal Payments on SBITAs	(437)
Net Cash Provided by Capital and Related Financing Activities	10,201
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Sales (Purchases) of Investments	(7,104)
Income on Investments and Cash Balances	872
Net Cash Used by Investing Activities	(6,232)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,690)
CASH AND CASH EQUIVALENTS	
Beginning Balance	16,619
Ending Balance	$ 10,929

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

For the Years Ended June 30,		2023
		(In thousands)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$	(56,418)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense		7,030
Changes in Assets and Liabilities:		
Accounts Receivable		(8,487)
Notes Receivable		624
Inventories		22
Prepaid Expenses		123
Accounts Payable and Accrued Liabilities		(1,239)
Long-Term Liabilities		(228)
Unearned Revenue		201
Net Pension Liability and Related Deferrals		(319)
OPEB Asset, Liability, and Related Deferrals		(80)
NET CASH USED BY OPERATING ACTIVITIES	$	(58,771)

NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS		
Increase (Decrease) in Fair Value of Investments Recognized as a Component of Investment Activity	$	(70)
Right to Use liability for the acquisition of a right to use asset	$	87
Subscription liability for the acquisition of a subscription based IT asset	$	359

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

This May WOU students boarded the new Monmouth-Independence Trolley.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Western Oregon University (WOU) 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 18 for additional information relating to this component unit. The Governor of the State of Oregon (State) appoints the WOU Board, and because WOU receives financial support from the State, WOU is a discretely presented component unit of the State and is included in the State's annual comprehensive 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 WOU 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 WOU. No modifications have been made to the Foundation's financial information included in WOU'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. 96, Subscription-Based Information Technology Arrangements (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard WOU recognized a right to use subscription asset and subscription liability of $743 as of July 1, 2022. As a result of these adjustments there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 5 and 8.

UPCOMING ACCOUNTING STANDARDS

Between October 2021 and April 2022, GASB issued the following statements which do not currently apply to WOU, but may under certain circumstances: Statement No. 92, Omnibus 2020; Statement No. 99, Omnibus 2022; Statement No. 100, Accounting Changes and Error Corrections; Statement No. 101, Compensated Absences. 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 consist 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 WOU'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 WOU 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 WOU. Construction reimbursements loan receivables are amounts receivable from the State in connection with reimbursement of allowable expenditures made pursuant to the contracts between WOU and the State for facilities projects funded by WOU. 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 on 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.

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.

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 6 to 11 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent WOU's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the same method amortizing the debt. The amortization period varies from 2 to 3 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. WOU'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. WOU'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. Long-term Liabilities

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Lease Liabilities represent WOU's obligation to make lease payments arising from the lease. Lease Liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by WOU.

Subscription liabilities represent WOU's obligation to make subscription payments arising from the subscription contract. Subscription Liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by WOU.

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 13 Employee Retirement Plans and Note 14 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

WOU has no formal policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. WOU personnel decide which resources to use at the time expenses are incurred. Factors used to determine which resources to use include relative priorities of WOU in accordance with the WOU's strategic initiatives and externally imposed matching requirements of certain restricted funds. Major capital purchases are often 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 Foundation.

The Board established a quasi-endowment in 2019.

The Foundation policy is to annually distribute, for spending purposes to WOU, 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 year ended June 30, 2023, 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, lottery appropriations and debt service appropriations for some Oregon Department of Energy loans. See Note 12 Government Appropriations for details on appropriations.

In addition to appropriations, the State provides funding for plant facilities on the WOU'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 WOU'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 WOU 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 WOU's financial statement. To the extent that revenues from such programs are applied to tuition, fees, and other student charges, WOU 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 $5,090. 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 $8,808. Bad debt expense is included as an allowance to operating revenues and is estimated to be $989.

V. Federal Student Loan Programs

WOU receives proceeds from the Federal Direct Student Loan Program. Since WOU transmits this grantor supplied money 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 $14,795.

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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

2. CASH AND INVESTMENTS

On June 30, 2023, 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, 2023
Current	
Unrestricted	$ 2,236
Unrestricted Cash Reserve	2,763
Debt Service Cash Reserve	911
Quasi-Endowment	136
Restricted For:	
Student Aid	833
Debt Service	135
Payroll Vendor Payments	3,094
Student Groups and Campus Organizations	95
Title IV Perkins Loan Cash	712
Petty Cash	14
Total	$ 10,929

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, WOU has a contractual obligation with the OST to collateralize deposits within 24 hours of receipt. At the fiscal year ended June 30, 2023, WOU cash and cash equivalents on deposit at OST were $10,203.

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. WOU 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 year ended June 30, 2023, WOU had cash at US Bank held for Title IV Perkins Loans of $712. Additionally, for the year ended June 30, 2023, WOU had vault and petty cash balances of $14.

B. Investments

The majority of WOU's operating funds are invested in the PUF. WOU 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, 2023.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

Investments are all classified as noncurrent and include both restricted and unrestricted funds. On June 30, 2023, WOU had a total of $28,101 in investments.

Investments of the Foundation are summarized at fair value as follows:

	June 30, 2023
Investment Type:	
Marketable Securities	$ 25,152
Money Market Funds and Cash	404
Cash Value of Life Insurance Policies	57
Total Investments	**$ 25,613**

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, 2023, 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 $356,387, or 94.4 percent of the PUF Core Bond Fund. Fixed income securities which have not been evaluated by the rating agencies totaled $21,120, or 5.6 percent of the PUF Core Bond Fund. The PUF Core Bond Fund totaled $377,507, of which WOU owned $25,319, or 6.7 percent. As of June 30, 2023, WOU's endowment assets managed by the State Treasury are invested in commingled funds and do not have independently published ratings.

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, WOU 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 year ended June 30, 2023, WOU's investments were exposed to custodial credit risk indirectly through the OST. On June 30, 2023, 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 WOU'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 on June 30, 2023.

As of June 30, 2023, approximately 29.1 percent or $850 of WOU endowments managed by the State Treasury were subject to foreign currency risk.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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, 2023, securities in the CBF held subject to interest rate risk totaling $377,507 had an average duration of 3.98 years. As of June 30, 2023, WOU quasi-endowments managed through the State Treasury held subject to interest rate risk totaling $1,087 had an average duration of 7.82 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 is based on the investments' net asset value (NAV) per share provided by the Treasury. Fair value measurements for WOU's investments in the CBF on June 30, 2023, totaled $25,319.

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

	June 30, 2023
Level 1 - Mutual Funds	$ 1,087
Level 2 - Equities	1,695
Total	**$ 2,782**

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 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 year ended June 30, 2023.

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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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 on June 30, 2023, is effectively one day. As of June 30, 2023, 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 WOU's share of securities lending balances on loan comprised the following:

	June 30, 2023
Investment Type	
U.S. Treasury and Agency Securities	$ 63
Domestic Fixed Income Securities	119
Total	**$ 182**

The fair value of WOU's share of total cash and securities collateral received as of June 30, 2023, was $186. The fair value of WOU's share of investments purchased with cash collateral as of June 30, 2023, was $121.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

3. ACCOUNTS RECEIVABLE

Accounts Receivable comprised the following:

	June 30, 2023
Student Tuition and Fees	$ 11,626
Federal Grants and Contracts	9,547
State Capital Construction Grants and Contracts	2,212
Auxiliary Enterprises and Other Operating Activities	2,601
State, Other Government, and Private Gifts, Grants and Contracts	2,805
Other	19
	28,810
Less: Allowance for Doubtful Accounts	(7,835)
Accounts Receivable, Net	$ 20,975

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 WOU itself and other various forms of non-federal loans programs. Notes Receivable comprised the following:

	June 30, 2023		
	Current	Noncurrent	Total
Institutional and Other Student Loans	$ 170	$ 4	$ 174
Federal Student Loans	141	767	908
	311	771	1,082
Less: Allowance for Doubtful Accounts	(119)	(37)	(156)
Notes Receivable, Net	$ 192	$ 734	$ 926

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

5. CAPITAL ASSETS

The following schedule reflects the changes in capital assets:

	Restated Balance June 30, 2022	Additions	Transfer Completed Assets	Retirements and Adjustments	Balance June 30, 2023
Capital Assets not Being Depreciated:					
Land	$ 5,680	$ -	$ -	$ -	$ 5,680
Capitalized Collections	686	-	-	-	686
Construction in Progress	-	2,292			2,292
TotalCapital Assets not Being Depreciated:	6,366	2,292	-	-	8,658
Capital Assets Being Depreciated					
Equipment	12,385	598	-	(606)	12,377
Library Materials	5,066	29	-	(346)	4,749
Buildings	202,741	342	-	-	203,083
Land Improvements	5,429	-	-	-	5,429
Improvements Other Than Buildings	3,119	77	-	-	3,196
Infrastructure	7,226	-	-	-	7,226
Intangible Assets	1,870	-	-	-	1,870
Total Capital Assets Being Depreciated	237,836	1,046	-	(952)	237,930
Less Accumulated Depreciation					
Equipment	(10,486)	(700)	-	606	(10,580)
Library Materials	(4,790)	(63)	-	346	(4,507)
Buildings	(88,530)	(5,050)	-	-	(93,580)
Land Improvements	(4,083)	(210)	-	-	(4,293)
Improvements Other Than Buildings	(2,435)	(147)	-	-	(2,582)
Infrastructure	(4,841)	(268)	-	-	(5,109)
Intangible Assets	(1,870)	-	-	-	(1,870)
Total Accumulated Depreciation	(117,035)	(6,438)	-	952	(122,521)
Net Capital Assets	127,167	(3,100)	-	-	124,067
Right to Use Leased Assets Being Amortized					
Gentle House	109	-	-	-	109
Equipment	-	87	-	-	87
Computer Equipment	323	-	-	(323)	-
Total Right to Use Leased Assets Being Amortized	432	87	-	(323)	196
Less Accumulated Amortization					
Gentle House	(15)	(9)	-	-	(24)
Equipment	-	(13)	-	-	(13)
Computer Equipment	(156)	(167)	-	323	-
Total Accumulated Amortization	(171)	(189)	-	323	(37)
Net Right to Use Leased Assets	261	(102)	-	-	159

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

	Restated Balance June 30, 2022	Additions	Transfer Completed Assets	Retirements and Adjustments	Balance June 30, 2023
Right to Use Subscription IT Assets Being Amortized	743	359	-	-	1,102
Less Accumulated Amortization	-	(405)	-	-	(405)
Net Right to Use Subscription IT Assets	743	(46)	-	-	697
Total Net Capital Assets	$ 128,171	$ (3,248)	$ -	$ -	$ 124,923

6. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

	June 30, 2023
Deferred Outflows of Resources	
Pension	
Contributions Subsequent to the Measurement Date	**$ 4,839**
Difference Between Expected and Actual Experience	**1,555**
Changes in Assumptions	**5,028**
Changes in Proportion and Differences between Fund Contributions and Proportionate Share of Contributions	**3,427**
OPEB	
Contributions Subsequent to the Measurement Date	**63**
Changes in Assumptions	**40**
Changes in Proportion and Differences between Fund Contributions and Proportionate Share of Contributions	**54**
Total Deferred Outflows	**$ 15,006**
Deferred Inflows of Resources	
Pension	
Difference Between Expected and Actual Experience	**$ 200**
Changes in Assumptions	**46**
Net difference Between Projected and Actual Earnings on Plan Investments	**5,728**
Changes in Proportion and Differences between Fund Contributions and Proportionate Share of Contributions	**3,626**
OPEB	
Net difference Between Projected and Actual Earnings on Plan Investments	**75**
Changes in Proportion and Differences between Fund Contributions and Proportionate Share of Contributions	**76**
Difference Between Expected and Actual Experience	**381**
Changes in Assumptions	**554**
Total Deferred Inflows	**$ 10,686**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts Payable and Accrued Liabilities comprised the following:

	June 30, 2023
Services and Supplies	**$ 1,109**
Payroll and Related	**5,234**
Accrued Interest	**748**
Perkins FCC Payable	**294**
Contract Retainage	**15**
	$ 7,400

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

8. LONG-TERM LIABILITIES

Long-term liability activity was as follows:

	Restated Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amount Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to the State of Oregon:						
Contracts Payable	$ 42,728	$ -	$ (2,403)	$ 40,325	$ 2,754	$ 37,571
Oregon Department of Energy Loans (SELP)	2,832	-	(282)	2,550	297	2,253
Total Long-Term Debt	45,560	-	(2,685)	42,875	3,051	39,824
Other Noncurrent Liabilities						
PERS pre-SLGRP Pooled Liability	2,372	-	(513)	1,859	366	1,493
Compensated Absences	2,252	2,386	(1,987)	2,651	1,775	876
Faculty Banked Credits	114	-	(114)	-	-	-
Right to Use Assets Liabilities	90	87	(25)	152	22	130
Subscription IT Assets Liabilities	743	359	(437)	665	461	204
Total Other Noncurrent Liabilities	5,571	2,832	(3,076)	5,327	2,624	2,703
Total Long-Term Liabilities	$ 51,131	$ 2,832	$ (5,761)	$ 48,202	$ 5,675	$ 42,527

The schedule of principal and interest payments for long-term debt is as follows:

	Contracts Payable		SELP		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
	$ 2,754	$ 1,508	$ 297	$ 101	$ 3,051	$ 1,609
	2,831	1,414	309	88	3,140	1,502
	2,950	1,317	322	75	3,272	1,392
	3,025	1,215	336	62	3,361	1,277
	2,896	1,112	351	47	3,247	1,159
	12,562	4,148	935	52	13,497	4,200
	9,285	1,970	-		9,285	1,970

The schedule of principal and interest payments for right to use asset liabilities is as follows:

	Gentle House		Equipment		Total	
For the Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 8	$ 2	$ 14	$ 1	$ 22	$ 3
2025	8	2	14	1	22	3
2026	9	1	14	1	23	2
2027	9	1	14	1	23	2
2028	9	1	15	1	24	2
2029-2033	38	2	0	0	38	2
	$ 81	$ 9	$ 71	$ 5	$ 152	$ 14

The schedule of principal and interest payments for subscription IT asset liabilities is as follows:

For the Year Ending June 30,	Principal	Interest
2024	$ 461	$ 9
2025	204	3
	$ 665	$ 12

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. The State may periodically issue new debt to refund previously held debt. Per the contract, when this happens, the State is required to pass the savings on to WOU.

During the fiscal year ended June 30, 2023, the State did not issue any bonds which resulted in neither an increase or decrease to WOU's contracts payable.

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 were paid by WOU in the amount of $130 for June 30, 2023. Principal payments of $513 were applied to the liability for June 30, 2023.

D. Faculty Banked Credits

Per the collective bargaining agreement (CBA) between the WOU Federation of Teachers and WOU 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. As of June 30, 2023, there are no 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. Right to Use Assets Liabilities

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 year ended June 30, 2023, WOU recorded $2 in interest expense for the right to use the space.

EQUIPMENT

WOU entered into a lease agreement for equipment in August 2022 and terminates August 2028. 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 year ended June 30, 2023, WOU recorded no interest expense for the right to use the equipment.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

F. Subscription IT Asset Liabilities

WOU has entered into eleven SBITA contracts for educational outcomes, enrollment management, residential management, employee development and Ellucian. WOU is required to make principal and interest payments through June 2025. 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 year ended June 30, 2023, WOU recorded $13 in interest expense for subscriptions IT asset liabilities.

G. Revolving Line of Credit

WOU has an unused $5,000 line of credit payable from all legally available WOU 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.

9. UNRESTRICTED NET POSITION

Unrestricted Net Position is comprised of the following:

	June 30, 2023
University Operations	$ 28,216
Unrestricted Quasi-Endowment	2,919
Net Pension Liability (See Note 14)	(32,042)
Other Post-Employment Benefits (OPEB) Liability (See Note 15)	(1,067)
Pension & OPEB Related Deferred Outflows (See Note 6)	15,006
Pension & OPEB Related Deferred Inflows (See Note 6)	(10,686)
State and Local Government Rate Pool Liability (See Note 9)	(1,859)
Compensated Absences Liability (See Note 9)	(2,651)
Total Unrestricted Net Position	**$ (2,164)**

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

10. INVESTMENT ACTIVITY

Investment Activity details is as follows:

	June 30, 2023
Investment Earnings	$ 1,581
Net Appreciation (Depreciation) of Investments	70
Royalties and Technology Transfer Income	11
Interest Income	17
Gain (Loss) on Sale of Investment	(737)
Total Investment Activity	**$ 942**

11. 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 assets and liabilities, as required by GASB Statement Nos. 68, 71 and 75, affects the reported compensation and benefit expenses of WOU.

June 30, 2023	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	$ 28,636	$ 2,219	$ 759	$ -	$ -	**$ 31,614**
Research	1,400	142	415	1	3	**1,961**
Public Services	5,282	5,344	147	-	2	**10,775**
Academic Support	7,596	2,296	-	-	-	**9,892**
Student Services	7,416	1,471	178	-	29	**9,094**
Auxiliary Services	10,095	9,561	667	1,870	-	**22,193**
Institutional Support	8,134	1,271	-	-	-	**9,405**
Operation & Maint. of Plant	4,480	651	-	-	-	**5,131**
Student Aid	-	-	6,872	-	1,187	**8,059**
Other	1,058	2,322	-	5,159	-	**8,539**
Total	**$ 74,097**	**$ 25,277**	**$ 9,038**	**$ 7,030**	**$ 1,221**	**$ 116,663**

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

12. 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 WOU and debt service of SELP loans. Appropriations for SELP debt service are based on the loan agreements between WOU and the Oregon Department of Energy. Government appropriations comprised the following:

	June 30, 2023
General Fund - Operations	$ 32,015
Lottery Funding	1,429
Government Appropriations	33,444
General Fund - SELP Debt Service	379
Total State Appropriations	**$ 33,823**

13. EMPLOYEE RETIREMENT PLANS

WOU offers various retirement plans to qualified employees as described below.

A. PUBLIC EMPLOYEES RETIREMENT PLAN (PERS)

Organization

WOU 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 Annual Comprehensive 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 are as follows (dollars in millions):

	June 30, 2023
Total Pension Liability	$ 99,082
Plan Fiduciary Net Position	83,770
Plan Net Pension Liability	$ 15,312

Changes Subsequent to the Measurement Date

WOU 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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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, 2023, were based on the December 31, 2020, actuarial valuation. The employer contribution rates for the PERS and OPSRP are as follows:

	2023
PERS Tiers One/Two	**20.36%**
OPSRP	**10.33%**

NET PENSION LIABILITY

On June 30, 2023, WOU reported a liability of $32,042 for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2023, was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The PERS system does not provide WOU an audited proportionate share as a separate employer; WOU 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. On June 30, 2023, WOU's proportion was 0.21 percent of the statewide pension plan, and 0.71 percent of employer state agencies. This was a change from the June 30, 2021 proportions of 0.20 percent for the statewide pension plan, and 0.72 percent for employer state agencies.

For the year ended June 30, 2022, WOU recorded total pension expense (expense offset) of ($318), 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 year ending June 30, 2023, 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 for the measurement period ended June 30, 2022 was 5.5 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 WOU's total pension expense for fiscal year 2023.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

On June 30, 2023, 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	$ 1,555	$ 200
Changes of assumptions	5,028	46
Net difference between projected and actual earnings on pension plan investments	-	5,728
Change in proportional share and differences between System's contributions and proportionate share of contributions	3,427	3,626
Total	$ 10,010	$ 9,600
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ 410	
Contributions Subsequent to the MD	4,839	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 5,249	

Of the amount reported as deferred outflows of resources, $4,839 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, 2024.

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Fund subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-MD contributions)
2024	$ 480
2025	(402)
2026	(2,293)
2027	2,654
2028	(29)
	$ 410

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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	
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service
Mortality	*Healthy retirees and beneficiaries:*
	Pub-2010 Healthy Retriee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Active members:
	Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Disabled retirees:
	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 on June 30, 2023, was 6.90 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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

Sensitivity Analysis

The sensitivity analysis shows the sensitivity of WOU's proportionate share of the net pension asset to changes in the discount rate. The following presents WOU's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent as of June 30, 2023, as well as what WOU'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, 2023
1% Decrease 5.90%	$ 56,823
Current Discount Rate 6.90%	32,042
1% Increase 7.90%	11,301

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 an 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 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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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	25.00	35.00	30.00
Real Estate	7.50	17.50	12.50
Private Equity	15.00	27.50	20.00
Risk Parity	-	3.50	2.50
Real Assets	2.50	10.00	7.50
Diversifying Strategies	2.50	10.00	7.50
Opportunity Portfolio	-	5.00	-
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 the 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**

The following table shows the long-term expected rate of return by asset class as of June 30, 2023:

Asset Class	Target Allocation	Annual Arithmetic Return	20-Year Annuallized Geometric Mean	Annual Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macros	5.62	5.33	5.06	7.90
US Cash	-2.50	1.77	1.76	1.20
Assumed Inflation – Mean			2.40%	1.65%

Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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 year 2023 was 5.6 percent. Payroll assessments for the fiscal year ended June 30, 2023, was $1,711.

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 WOU academic and administrative faculty. Employees choosing the ORP may invest the employee and employer contributio ns 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 in 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 for by the employer.

The employer contribution rates for the ORP are as follows:

	2023
Tiers One/Two	**26.68%**
Tier Three	**10.93%**
Tier Four	**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 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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

SUMMARY OF OTHER PENSION PAYMENTS

WOU's total payroll for the year ended June 30, 2023, was $48,815 of which $10,328 was subject to defined contribution retirement plan contributions.

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

	June 30, 2023			
	Employer Contribution	As a % of Covered Payroll	Employee Contribution	As a % of Covered Payroll
ORP	**$ 1,323**	**12.81%**	**$ 796**	**7.71%**

Of the employee share, WOU paid $796 of the ORP employee contribution amounts on behalf of their employees during the fiscal year ended June 30, 2023.

14. 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 13 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 WOU 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/documents/financials/acfr/2022-annual-comprehensive-financial-report.pdf

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 date of June 30, 2022, are as follows (in millions):

Net OPEB - RHIA (Asset)	**June 30, 2023**
Total OPEB - RHIA Liability	**$ 375.4**
Plan Fiduciary Net Position	**$ 730.7**
Plan Net OPEB - RHIA (Asset)	**$ (355.3)**

Net OPEB - RHIPA Liability (Asset)	**June 30, 2023**
Total OPEB - RHIPA Liability	**$ 49.1**
Plan Fiduciary Net Position	**$ 83.3**
Plan Net OPEB - RHIPA Liability (Asset)	**$ (34.2)**

CHANGES SUBSEQUENT TO THE MEASUREMENT DATE

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

CONTRIBUTIONS

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

For the fiscal year ended June 30, 2023, WOU contributed 0.05 percent 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 $3 for the year ended June 30, 2023. The actual contribution equaled the annual required contribution for the fiscal year.

For the fiscal year ended June 30, 2023, WOU contributed 0.11 percent 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 year ended June 30, 2023, WOU contributed 0.17 percent 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 $59 for the year ended June 30, 2023. The actual contribution equaled the annual required contribution for the fiscal year.

NET OPEB ASSET – PERS RHIA

On June 30, 2023, WOU reported an asset of $791 for its proportionate share of the PERS RHIA net OPEB asset. The net OPEB asset as of June 30, 2023, was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The PERS system does not provide WOU with an audited proportionate share as a separate employer; WOU 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. On June 30, 2023, WOU's proportion was 0.22 percent of the statewide OPEB plan and 0.65 percent of employer state agencies.

For the year ended June 30, 2023, WOU recorded total OPEB expense (expense offset) of $115 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

On June 30, 2023, WOU reported an asset of $233 for its proportionate share of the PERS RHIPA net OPEB asset. The net OPEB asset as of June 30, 2023, was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The PERS system does not provide WOU with an audited proportionate share as a separate employer; WOU 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. On June 30, 2023, WOU's proportion was 0.68 percent of the statewide OPEB plan.

For the year ended June 30, 2023, WOU recorded total OPEB expense (expense offset) of ($98) due to changes in the net PERS RHIPA OPEB asset, 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, 2022, 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 for the measurement period ending June 30, 2022 was 2.5 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 WOU’s total OPEB expense for the measurement period.

On June 30, 2023, 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	$ -	$ 21
Changes in assumptions	6	27
Net difference between projected and actual earnings on OPEB plan investments	-	60
Change in Proportionate Share	54	76
Total	$ 60	$ 184
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ (124)	
Contributions Subsequent to the MD	3	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ (121)	

Of the amount reported as deferred outflows of resources, $3 is 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, 2024.

As of June 30, 2023, 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):

Deferred Outflow/ (Inflow) of Resources		
Year Ended June 30:		
2024	$	(86)
2025		(19)
2026		(38)
2027		19
	$	**(124)**

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, 2022, 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 for the measurement period ended June 30, 2022 was 6.1 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 WOU’s total OPEB expense for the measurement period.

On June 30, 2023, 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	$ -	$ 61
Changes in assumptions	6	94
Net difference between projected and actual earnings on OPEB plan investments	-	15
Total	$ 6	$ 170
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ (164)	
Contributions Subsequent to the MD	59	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ (105)	

Of the amount reported as deferred outflows of resources, $59 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, 2024.

As of June 30, 2023, 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:	
2024	$ (41)
2025	(41)
2026	(43)
2027	(19)
2028	(18)
Thereafter	(2)
	$ (164)

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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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

Actuarial Methods and Assumptions:	
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Retiree Healthcare Participation	Healthy retirees : 27.5% Disabled retirees: 15.0%
Healthcare Cost Trend Rate	Not applicable
Mortality	*Healthy retirees and beneficiaries:*
	Pub-2010 Healthy Retriee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Active members:
	Pub-2010 Healthy Retriee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Disabled retirees:
	Pub-2010 Healthy Retriee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Students studying in the DeVolder Family Science Center.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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

Actuarial Methods and Assumptions:	
Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-Term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Retiree Healthcare Participation	8-14 Years of Service: 10% 15-19 Years of Service: 11% 20-24 Years of Service: 14% 25-29 Years of Service: 22% 30+ Years of Service: 27%
Healthcare Cost Trend Rate	Applied at beginning of plan year, starting with 5.9% for 2021, decreasing to 4.7% for 2028, increasing to 4.8% for 2037, and decreasing to an ultimate rate of 3.9% for 2074 and beyond.
Mortality	*Healthy retirees and beneficiaries:*
	Pub-2010 Healthy Retriee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Active members:
	Pub-2010 Healthy Retriee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.
	Disabled retirees:
	Pub-2010 Healthy Retriee, 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, 2023 was 6.90. 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 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 WOU's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent as of June 30, 2022, 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:

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

Discount Rate	June 30, 2023	
	RHIA	**RHIPA**
1% Decrease 5.90%	**($713)**	**($213)**
Current Discount Rate 6.90%	**(791)**	**(232)**
1% Increase 7.90%	**(858)**	**(258)**

The sensitivity analysis below shows the sensitivity of WOU'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:

Discount Rate	June 30, 2023	
	RHIA	**RHIPA**
1% Decrease 5.90%	**($713)**	**($213)**
Current Discount Rate 6.90%	**(791)**	**(232)**
1% Increase 7.90%	**(858)**	**(258)**

ASSUMED ASSET ALLOCATION AS OF JUNE 30, 2023

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00%	25.00%	20.00%
Public Equity	25.00	35.00	30.00
Real Estate	7.50	17.50	12.50
Private Equity	15.00	27.50	20.00
Risk Parity	0.00	3.50	2.50
Real Assets	2.50	10.00	7.50
Diversifying Strategies	2.50	10.00	7.50
Opportunity Portfolio	0.00	5.00	0.00
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 the 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

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

LONG-TERM EXPECTED RATE OF RETURN AS OF JUNE 30, 2023

Asset Class	Target Allocation	Annual Arithmetic Return	20-Year Annuallized Geometric Mean	Annual Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50	1.77	1.76	1.20
Assumed Inflation – Mean			2.40%	1.65%

Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

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

On June 30, 2023, WOU reported a liability of $1,299 for its proportionate share of the total PEBB OPEB liability. The total OPEB liability as of June 30, 2023, was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020. PEBB does not provide WOU an audited proportionate share as a separate employer; WOU 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. On June 30, 2023, WOU's proportion was 1.23 percent of the statewide OPEB plan.

For the year ended June 30, 2023, WOU recorded total OPEB expense of $133 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, 2023, 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 for measurement period ended June 30, 2022 was 8.2 years.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

One year of amortization is recognized in WOU's total OPEB expense for fiscal year 2023.

On June 30, 2023, 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	$ -	$ 298
Changes in assumptions	28	433
Total	$ 28	$ 731
Net Deferred Outflow/(Inflow) of Resources	$ (703)	

As of June 30, 2023, 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:	
2024	$ (119)
2025	(119)
2026	(114)
2027	(119)
2028	(107)
Thereafter	(125)
	$ (703)

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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

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

Actuarial Methods and Assumptions:		
Valuation Date	July 1, 2022	
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.40 percent	
Discount Rate	3.65 percent	
Projected Salary Increases	3.40 percent	
Withdrawal, Retirement, and Mortality Rates	December 31, 2021, Oregon PERS valuation	
Healthcare Cost Trend Rate	*Medical and vision cost increases:*	
	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.	
	Dental cost changes:	
	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, 2023, reporting date was 3.65 percent.

SENSITIVITY ANALYSIS

The sensitivity analysis below shows the sensitivity of WOU's proportionate share of the total OPEB liability to changes in the discount rate. The following presents WOU's proportionate share of the total OPEB liability calculated using the discount rate of 3.65 percent as of June 30, 2023, 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, 2023
1% Decrease 2.65%	**$1,389**
Current Discount Rate 3.65%	**1,300**
1% Increase 4.65%	**1,215**

The sensitivity analysis below shows the sensitivity of WOU'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:

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

Healthcare Cost Rate	June 30, 2023
1% Decrease	$1,150
Current Trend Rate	1,300
1% Increase	1,477

15. 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 on June 30, 2023, was $1,697.

16. 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 WOU owned building, equipment, automobiles and other types of property
- Tort liability claims brought against WOU, 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 with 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.

FOR THE YEAR ENDED JUNE 30, 2023 (DOLLARS IN THOUSANDS)

17. COMMITMENTS AND CONTINGENT LIABILITIES

Outstanding commitments on partially completed and planned but not initiated construction projects totaled approximately $2,561 on June 30, 2023. These commitments will be primarily funded from gifts, grants, and WOU funds.

CONSTRUCTION COMMITMENTS AS OF JUNE 30, 2023

	Total Commitment	Completed to Date	Outstanding Commitment
Capital Repairs	$ 1,815	$ 1,010	$ 805
Student Success	1,784	910	874
Steam Line	1,091	209	882
	$ 4,690	$ 2,129	$ 2,561

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 the 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 on June 30, 2023.

18. 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 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 WOU by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, WOU, the Foundation is considered a component unit of WOU and is discretely presented in the financial statements. The financial activity is reported for the year ended June 30, 2023. The Foundation is audited annually and received an unmodified audit opinion.

During the year ended June 30, 2023, gifts of $1,385 were transferred from the Foundation to WOU.

Please see the financial statements for the WOU component unit included in 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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 4,839	$ 4,613	$ 3,993	$ 4,432	$ 3,028	$ 3,125	$ 2,362	$ 2,337	$ 1,846	$ 1,807
Contributions in Relation to the Contractually Required Contribution	4,839	4,613	3,993	4,432	3,028	3,125	2,362	2,337	1,846	1,807
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 30,511	$ 29,318	$ 28,904	$ 31,552	$ 28,646	$ 28,155	$ 28,527	$ 27,229	$ 25,618	$ 24,368
Contributions as a Percentage of Covered Payroll	15.86%	15.73%	13.81%	14.05%	10.57%	11.10%	8.28%	8.58%	7.21%	7.42%

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

As of the Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
University's Proportion of the Net Pension Asset/(Liability)	0.21%	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)	$ (32,042)	$ (23,369)	$ (49,387)	$ (37,199)	$ (33,824)	$ (35,461)	$ (39,513)	$ (13,285)	$ 4,952
University's Covered Payroll	$ 29,318	$ 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	109.29%	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)	84.50%	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.

Ackerman Hall is one of the most environmentally sustainable residence halls in the nation.

REQUIRED SUPPLEMENTARY INFORMATION (DOLLARS IN THOUSANDS)

SCHEDULE OF UNIVERSITY PERS RHIA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contributions[1]	$ 3	$ 4	$ 5	$ 142	$ 130	$ 129	$ 138	$ 133	$ 138	$ 132
Contributions in Relation to the Actuarially Determined Contributions	3	4	5	142	130	129	138	133	138	132
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 30,511	$ 28,504	$ 28,189	$ 31,552	$ 28,641	$ 28,150	$ 28,522	$ 27,224	$ 25,614	$ 24,363
Contributions as a Percentage of Covered Payroll	0.01%	0.01%	0.02%	0.45%	0.45%	0.46%	0.48%	0.49%	0.54%	0.54%

[1]For Actuarial Assumptions and Methods, see table in Note 14.

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

As of the Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIA OPEB Asset/(Liability)	0.22%	0.28%	0.27%	0.27%	0.26%	0.30%	0.29%
University's Proportionate Share of the Net RHIA OPEB Asset/(Liability)	$ 791	$ 953	$ 4,125	$ (526)	$ 290	$ 124	$ (79)
University's Covered Payroll	$ 28,504	$ 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	2.78%	3.38%	13.07%	-1.84%	1.03%	0.43%	-0.29%
Percentage of the Total RHIA OPEB Asset/(Liability)	194.60%	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.

This October WOU fans and students supported Homecoming at McArthur Field.

REQUIRED SUPPLEMENTARY INFORMATION (DOLLARS IN THOUSANDS)

SCHEDULE OF UNIVERSITY PERS RHIPA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contributions[1]	$ 59	$ 57	$ 86	$ 130	$ 120	$ 120	$ 111	$ 107	$ 60	$ 58
Contributions in Relation to the Actuarially Determined Contributions	59	57	86	130	120	120	111	107	60	58
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$30,511	$28,504	$28,189	$31,552	$ 28,641	$28,150	$28,522	$27,224	$25,614	$24,363
Contributions as a Percentage of Covered Payroll	0.19%	0.20%	0.31%	0.41%	0.42%	0.43%	0.39%	0.39%	0.23%	0.24%

[1]For Actuarial Assumptions and Methods, see table in Note 14.

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

As of the Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016
University's Allocation of the Net RHIPA OPEB Asset/(Liability)	0.68%	0.74%	1.15%	0.87%	0.89%	0.96%	0.98%
University's Proportionate Share of the Net RHIPA OPEB Asset/(Liability)	$ 233	$ 115	$ (114)	$ (229)	$ (314)	$ (448)	$ (527)
University's Covered Payroll	$28,504	$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	0.82%	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)	169.70%	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,	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
University's Allocation of the Total OPEB Liability	1.23%	1.14%	1.24%	1.32%	1.27%	1.34%	1.38%
University's Proportionate Share of the Total OPEB Liability	$ 1,300	$ 1,401	$ 1,871	$ 1,933	$ 2,047	$ 1,990	$ 1,993
University's Covered Payroll	$ 42,216	$ 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	3.08%	3.51%	4.91%	4.65%	5.16%	5.11%	5.12%
Total OPEB Liability as a % of Total Covered Payroll	2.19%	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.

OFFICE OF THE PRESIDENT
345 Monmouth Ave. N. • Monmouth, OR 97361
503-838-8888 • wou.edu/president

Western Oregon UNIVERSITY