Oregon TECH

Oregon Institute of Technology

2021 Annual Financial Report

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Oregon's Polytechnic University

Oregon Institute of Technology | 2021 Annual Report

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About the University

The Oregon Institute of Technology (Oregon Tech) is an institution founded on the principles of excellence through hands-on knowledge, and professional practice. We believe in giving students a rigorous, project-based education focused on experiential learning and innovation on real-world applications.

As Oregon's polytechnic university, we take pride in our mission to deliver technology education. We continually partner with industry leaders to ensure that at the baccalaureate and masters level we adapt to new technology and that our high-quality programs and classes prepare students to meet workforce demands.

This real-world focus gives our students a competitive edge: 96 percent are either employed or enrolled in graduate school within six months after graduation. Year after year, our graduates earn excellent starting salaries. New graduates earn average starting salaries of $60,000 per year. We also attribute this to our dedicated professors, who provide personalized attention and are genuinely invested in their students' learning. A total enrollment of about 5,300 across all campuses and sites allows for an intimate campus environment distinguished by small classes and a student-to-faculty ratio of 15:1.

Hands-on Education

Our individualized and applied approach to teaching, which blends theory and practice, is the main reason our graduates are so avidly recruited. Whether they study software engineering, vascular technology, management, or dental hygiene, Oregon Tech students have amazing opportunities to apply what they learn in lab-based classes, clinics, externships and workplaces. This practical focus is reinforced in the classroom by instructors who come to Oregon Tech with relevant business, industry, or clinical experience.

And in every program, major studies are underscored by a general-education core that broadens students' understanding of the world and teaches them to communicate effectively, solve problems and think for themselves. Oregon Tech is best known for its traditional engineering and technological core, but new degree options (and surprising twists on old ones) are remarkably multi-dimensional. A Geomatics student might use GIS technology to survey an archeological excavation, or a Mechanical Engineering student may complete a cross-disciplinary application in sustainability. A Communication Studies major might compile a technical manual for an Oregon Renewable Energy Center project. Information Technology and Health Informatics or Management students might specialize in allied health management.

Oregon Tech is known as "industry's university" because of our intense focus on meeting workforce and economic needs in the state and region.

Mission

Oregon Institute of Technology ("Oregon Tech"), Oregon's public polytechnic university, offers innovative, professionally-focused undergraduate and graduate degree programs in the areas of engineering, health, business, technology, and applied arts and sciences. To foster student and graduate success, the university provides a hands-on, project-based learning environment and emphasizes innovation, scholarship, and applied research. With a commitment to diversity and leadership development, Oregon Tech offers statewide educational opportunities and technical expertise to meet current and emerging needs of Oregonians as well as other national and international constituents.

Core Themes

Statewide Educational Opportunities
Student and Graduate Success
Applied Degree Programs
Public Service

Oregon Tech Strategic Plan

www.oit.edu/strategic-plan

*U.S. News and World Report

Message from the President

Nagi G. Naganathan
Oregon Tech President

Last year I wrote that the 2019-20 academic year was a year "like no other in Oregon Tech's history." Little did we know at that time that 2020-21 would change our world even further. In March 2020, we made academic and operational adaptations in response to the impact of COVID-19 and continued those through June 2021. I am proud to say that despite the many challenges, our campus community and the physical communities in which they reside worked together to keep one another safe and healthy, and we were able to offer many of our laboratories in person, which are very important for our hands-on degrees.

At Oregon Tech, planning and deployment of strategies to deliver high-quality teaching and learning to our students were done with resolve and speed. First and foremost, in all of Oregon Tech's decision-making has been the safety and health of the university communities at all of our sites. Below are some of the notable accomplishments made by Oregon Tech during the 2020-21 fiscal year.

Student financial aid

Through the Higher Education Emergency Relief Fund, emergency financial aid grants were provided to students, which were used to offset expenses that the students incurred as they navigated the disruption of campus operations due to COVID-19 (eligible expenses included food, housing, course materials, technology, health care, and child care).

Oregon Tech reduced fees and in partnership with Oregon Tech Foundation, also developed new scholarships and other financial aid programs and also provided additional aid beginning in Fall 2020 to help mitigate the loss of student and family income during the pandemic.

I offer a special note of gratitude to all our alumni, friends and employees who contributed to an emergency fund—the Helping Owls Scholarship—within a matter of days so we could help our students immediately. The "Helping Owls Scholarship Fund" raised $51,071.35 from a total of 149 gifts. At a separate giving day, "Give a Hoot Day," the Foundation itself contributed over $27,000 and the end amount fundraised came to $78,653 made available to students for scholarship support in spring term 2020.

Stable enrollment

During such a trying time, it is truly a point of pride that Oregon Tech once again achieved stable enrollment with another 11% increase in new freshman in fall 2020.

Oregon Tech is well positioned for value in the markets we serve. I believe our stable enrollments reflect a population who want to follow their passion for careers that have high demand in the marketplace and thus a high return. Our graduate success rate remains high with 96 percent of graduates employed or pursuing an advanced degree within six months of graduating, and netting top starting salaries, now averaging $60,000. That's a value proposition attracting notice and new interest in Oregon Tech.

Investment in facilities

The Klamath Falls campus has not seen significant facility upgrades in decades prior to the Cornett Hall and Rec Center renovations, and capital investment is necessary to continue our mission of serving our students. Through the state's recent investments in the Center for Excellence in Engineering and Technology (CEET) building and Boivin Hall Renovation project, we will positively impact generations of students as they pursue degrees in industry-linked programs with upgraded classrooms, equipment, and laboratories.

The Oregon Tech Foundation also launched the Track and Field Renovation project, which includes a $1.6 million investment of state bonds and sports lottery funding allocated for athletics initiatives and the Bringing Home the Gold campaign to raise the remaining $900,000 needed to complete the project. The track and field project will once again establish Klamath Falls as a destination for university competitions and help grow the track and field program while creating a facility that can benefit the entire community.

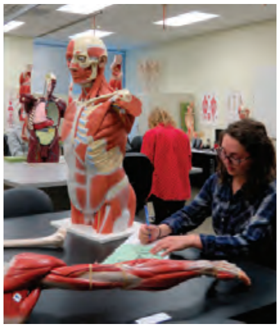
Funds for each of these projects have specifically dedicated uses such as infrastructure upgrades and athletic renovations which greatly benefit our students' experiences on campus. Capital construction investments by the state, especially in rural areas of Oregon such as Klamath Falls, provide much needed stimulus to communities through family-wage jobs in the local and regional economy.

Oregon Tech also recently received approval for self-funded revenue bonds to construct a $55 million new student residence hall on the Klamath Falls campus and a one-time General Fund distribution of $5.5 million to develop a Center of Excellence in Applied Computing and for expanding health-related clinical and laboratory facilities.

Oregon's Polytechnic University

As we wrap up our fiscal year 2020-2021 and close our books—both academic and financial—in addition to many of the important accomplishments listed above, I am proud to share that Oregon Tech received the official designation as Oregon's Polytechnic University. This designation is not a name change but is important for Oregon Tech because it helps identify us within the state as a leader in hands-on, experiential education that includes industry-sponsored internships, co-ops and other learning environments.

This effort has been on-going since 2019 and could not have been possible without chief sponsors who were instrumental in advocating for the bill throughout the legislative process. These include Senator Betsy Johnson (District 16 – Scappoose), Senator Dennis Linthicum (District 28 – Klamath Falls), Representative E. Werner Reschke (District 56 – Klamath Falls) and Representative Courtney Neron (District 26 - Aloha, Beaverton, Hillsboro, King City, Newberg, Scholls, Sherwood, Tigard, Tualatin, Wilsonville). Each of these sponsors represent a district that Oregon Tech has a campus within in Oregon and their support shows their commitment to Oregon Tech's continued success.



The official designation as Oregon's Polytechnic University helps us turn a new page in Oregon Tech's history. No longer will we be a 'hidden gem' or 'best kept secret.' Oregon Tech is putting itself on the map as a major force in higher education in Oregon and throughout the region.

As we enter a new year in the world of academics, I believe that we have much to look forward to. I hope that we take the time to review some of the procedures that worked last year, such as increased accessibility for our courses, and that we bring into the 2021-22 academic year the compassion for one another that was so critical last year. Let us continue to be *Oregon Tech Together*.

INDEPENDENT AUDITORS' REPORT

Members of the Board
Oregon Institute of Technology
Klamath Falls, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Oregon Institute of Technology (the University), a component unit of the state of Oregon, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the 2021 and 2020 financial statements of the Oregon Tech Foundation (the Foundation), which represents 100 percent of the assets, net assets, and revenues of the discretely presented component unit. Those financial 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 the discretely presented component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the 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, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the Schedule of the University's Contributions, the Schedule of the University's Proportionate Share of the Net Pension Asset/Liability, the Schedule of University's Proportionate Share of Total PEBB OPEB Liability, the Schedule of University PERS RHIA OPEB Employer Contributions, the Schedule of University's Proportionate Share of Net PERS RHIA OPEB Liability, the Schedule of University's PERS RHIPA OPEB Employer Contributions, and the Schedule of University's Proportionate Share of Net PERS RHIPA OPEB Liability, referred collectively as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

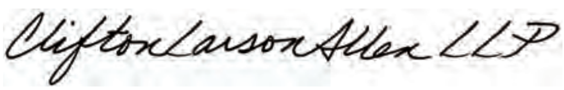
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Oregon Tech Board of Trustees and Oregon Tech Executive Officers and the Message from the President are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Oregon Tech Board of Trustees and Oregon Tech Executive Officers and the Message from the President have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Members of the Board
Oregon Institute of Technology

Other Reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result 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.



CliftonLarsonAllen LLP

Denver, Colorado
February 18, 2022

For the Year Ended June 30, 2021 (dollars in thousands)

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Oregon Institute of Technology (Oregon Tech)/(University) for the fiscal year ended June 30, 2021 with comparative data for the fiscal years ended June 30, 2020 and June 30, 2019. This discussion has been prepared by management to assist readers in understanding the accompanying financial statements and footnotes.

ANNUAL FULL TIME EQUIVALENT STUDENT ENROLLMENT SUMMARY:

2021	2020	2019	2018	2017
3,259	3,377	3,352	3,330	3,299

Understanding the Financial Statements

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

Independent Auditors' Report presents an unmodified opinion rendered by an independent certified public accounting firm, CliftonLarsonAllen LLP, on the fairness in presentation (in all material respects) of the financial statements.

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

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

Statement of Cash Flows (SCF) provides information about Oregon Tech'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 Oregon Tech 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.

The Component Unit, comprised of a supporting foundation, is discretely presented in the Oregon Tech financial statements and in Notes 2 and 19.

The MD&A provides an objective analysis of Oregon Tech's financial activities based on currently known facts, decisions, and conditions. The MD&A discusses the current and prior year results in comparison to the current and two previous fiscal years. Unless otherwise stated, all years refer to the fiscal year ended June 30.

Financial Summary

The University's financial position has improved over the past two years. Net Position as of June 30, 2021 increased by $20,194 over 2020. Net Position as of June 30, 2020 increased by $14,973 over the prior year.

The largest increase to Net Position in 2021 was to the Net Investment in Capital Assets, which increased by $18,106. The 2021 Unrestricted Net Position increased by $3,042 due largely to changes in University operations.

The largest increase to Net Position in 2020 was to the Net Investment in Capital Assets, which increased by $15,532. The 2020 Unrestricted Net Position increased by $2,609 due largely to changes in University operations.

A full discussion is included in the Statement of Net Position section below.

Statement of Net Position

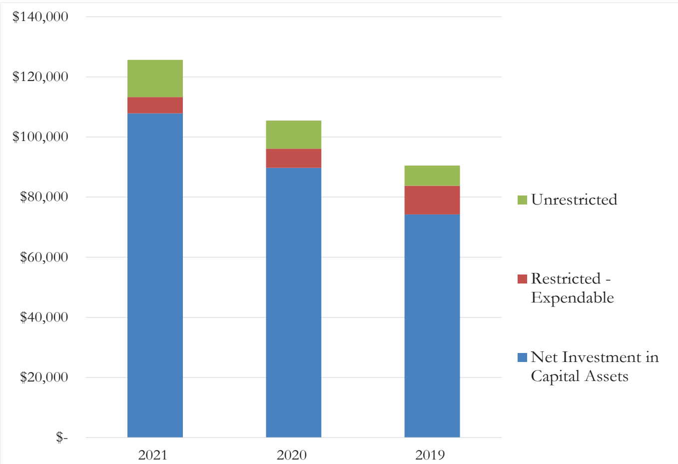
The term "Net Position" refers to the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and is an indicator of Oregon Tech's current financial condition. Changes in net position that occur over time indicate improvement or deterioration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

Condensed Statement of Net Position

As of June 30,	**2021**	2020	2019
Current Assets	**$ 35,400**	$ 30,174	$ 22,969
Noncurrent Assets	**23,475**	19,784	25,147
Capital Assets, Net	**147,224**	129,873	114,421
Total Assets	**$ 206,099**	$ 179,831	$ 162,537
Deferred Outflows of Resources	**$ 10,574**	$ 7,830	$ 6,592
Current Liabilities	**$ 19,069**	$ 17,784	$ 17,008
Noncurrent Liabilities	**70,531**	62,462	59,717
Total Liabilities	**$ 89,600**	$ 80,246	$ 76,725
Deferred Inflows of Resources	**$ 1,418**	$ 1,954	$ 1,916
Net Investment in Capital Assets	**$ 107,855**	$ 89,749	$ 74,217
Restricted - Expendable	**5,424**	6,378	9,546
Unrestricted	**12,376**	9,334	6,725
Total Net Position	**$ 125,655**	$ 105,461	$ 90,488

Total Net Position

As illustrated by the following graph, the make-up of net position changed between 2021, 2020, and 2019.



Comparison of fiscal year 2021 to fiscal year 2020

Net Investment in Capital Assets increased by $18,106, or 20 percent.

- The net value of Capital Assets increased by $17,351. See the discussion in the "Capital Assets and Related Financing" section of this MD&A and Note 5. "Capital Assets" for further details.
- The net value of Capital Assets is reduced by the Long-Term Debt associated with the purchase of capital assets and increased by any unspent bond proceeds associated with debt. The Long-Term Debt associated with capital assets decreased by $755 due primarily to payments made on the associated debt. Please see Note 9. "Long-Term Liabilities" for additional information.

Restricted Expendable Net Position decreased by $954, or 15 percent.

- Net position relating to funds reserved for debt service decreased by $9.
- Net position relating to the funding of capital projects decreased by $731. The decrease is primarily due to continued work done on the Student Rec Center.
- Net position related to gifts, grants, and contracts increased by $254 due primarily to an increase in valuation reserves and the year-end balance of Oregon lottery graduate scholarship funding.
- Net position related to student loans decreased by $222 due primarily to decreased funds for institutional and federal student loans.
- Net position related to the OPEB asset decreased by $246.

Unrestricted Net Position increased by $3,042, or 33 percent, due largely to an increase in funds for normal university business activities of $6,881. This increase was primarily offset in by an increase in OPEB and Pension liabilities and their associated deferrals of $3,839. See Note 10. "Unrestricted Net Position" for further details.

Comparison of fiscal year 2020 to fiscal year 2019

Net Investment in Capital Assets increased by $15,532, or 21 percent.

- The net value of Capital Assets increased by $15,452. See the discussion in the "Capital Assets and Related Financing" section of this MD&A and Note 5. "Capital Assets" for further details.
- The net value of Capital Assets is reduced by the Long Term Debt associated with the purchase of capital assets and increased by any unspent bond proceeds associated with debt. The Long Term Debt associated with capital assets decreased by $80 due primarily to payments made on the associated debt, offset by the addition of a new loan with the Oregon Tech Foundation for the purchase of equipment. Please see Note 9. "Long-Term Liabilities" for additional information.

Restricted Expendable Net Position decreased by $3,168 or 33 percent.

- Net position relating to funds reserved for debt service decreased by $37.
- Net position relating to the funding of capital projects decreased by $3,147. The decrease is primarily due to work done on the Student Rec Center.
- Net position related to gifts, grants and contracts increased by $111 due primarily to an increase in valuation reserves.
- Net position related to student loans decreased by $246 due primarily to decreased funds for institutional and federal student loans.
- Net position related to the OPEB asset increased by $151.

Unrestricted Net Position increased by $2,609, or 39 percent, due largely to an increase in funds for normal university business activities of $5,517. This increase was primarily offset in by an increase in OPEB and Pension liabilities and their associated deferrals of $2,908. See Note 10. "Unrestricted Net Position" for further details.

Total Assets and Deferred Outflows of Resources

Total Assets increased by $26,268, or 15 percent, during the year ended 2021. Total Assets increased by $17,294, or 11 percent, during the year ended 2020. Deferred Outflows of Resources increased by $2,744 and $1,238 in 2021 and 2020, respectively.

Comparison of fiscal year 2021 to fiscal year 2020

Current Assets increased by $5,226, or 17 percent.

- Current Cash and Cash Equivalents decreased by $9,025. The decrease is primarily due to a reinvestment of cash balances, as well as decreases in unrestricted cash and cash held for debt service.
- Collateral from Securities Lending decreased by $168.
- Accounts Receivable increased by $14,731 primarily due to increases in receivables associated with capital construction grants and contracts of $15,179.
- Current Notes Receivable decreased by $572. This was primarily due to a decrease of $614 in notes receivable for construction reimbursements due from the State.
- Prepaid Expenses increased by $264 primarily as the result

of a deposit made when ordering a $2 million piece of equipment that will eventually be capitalized.

Noncurrent Assets, including Capital Assets, increased by $21,042, or 14 percent.

- Noncurrent Cash increased by $2,002 due mainly to an increase in cash held for capital construction.
- Investments increased by $2,578 due primarily to the reinvestment of cash balances held in the early part of fiscal year 2021. In the fourth quarter of fiscal year 2020, intermediate term investments had been sold in order to provide a liquidity cushion for fiscal year 2021 in the face of uncertainties related to the coronavirus pandemic.
- Noncurrent Notes Receivable decreased by $643. This was primarily due to a decrease of $293 in noncurrent notes receivable for institutional and other student loans as well as a decrease of $209 in noncurrent notes receivable for Perkins federal student loans.
- The net OPEB asset decreased by $246. See Note 15. "Other Postemployment Benefits" for additional information on this change.
- Capital Assets additions of $25,057 were offset by additions to accumulated depreciation of $7,706 and $0 in net retirements, which resulted in an increase in the net value of Capital Assets of $17,351. See "Capital Assets" in this MD&A and Note 5. "Capital Assets" for additional information relating to these variances.

Deferred Outflows of Resources increased by $2,744, or 35 percent, due to net increases related to changes in the reporting of pension deferrals of $2,606 and net increases to deferrals for OPEB of $138. Also see Note 6. "Deferred Inflows and Outflows of Resources" for additional detail on these changes.

Comparison of fiscal year 2020 to fiscal year 2019

Current Assets increased by $7,205, or 31 percent.

- Current Cash and Cash Equivalents increased by $6,015. The increase is primarily due to increases in cash associated with the primary business activities of the University, auxiliaries, and renewal and replacement funds as well as less cash held as investments. These increases were offset by a decrease in cash associated with cost reimbursable project funds.
- Collateral from Securities Lending decreased by $377.
- Accounts Receivable increased by $2,963 primarily due to increases in receivables associated with capital construction grants and contracts of $3,833. Receivables for state, other government, and private grants, gifts, and contracts decreased by $1,246.
- Current Notes Receivable decreased by $1,339. This was primarily due to a $1,310 decrease in notes receivable for construction reimbursements due from the State.

Noncurrent Assets, including Capital Assets, increased by $10,089, or 7 percent.

- Noncurrent Cash increased by $186 due mainly to a decrease in cash being held as investments. This was offset by decreases in cash held for construction projects.
- Investments decreased by $4,165 due primarily to a decrease in the amount of cash being converted to investments of $4,461. Due to revenue uncertainties related to COVID-19, approximately 40% of the Public University Fund's (PUF) intermediate term investments were sold during the fourth quarter of fiscal year 2020 to provide a liquidity cushion for fiscal year 2021.
- Noncurrent Notes Receivable decreased by $1,535. This was primarily due to a decrease of $1,412 in noncurrent notes receivable for construction reimbursements due from the State.
- The net OPEB asset increased by $151. See Note 15. "Other Postemployment Benefits" for additional information on this change.
- Capital Assets additions of $22,336 were offset by additions to accumulated depreciation of $6,758 and net retirements of $126, which resulted in an increase in the net value of Capital Assets of $15,452. See "Capital Assets" in this MD&A and Note 5. "Capital Assets" for additional information relating to these variances.

Deferred Outflows of Resources increased by $1,238, or 19 percent, due to net increases related to changes in the reporting of pension deferrals of $1,322 offset by net decreases to deferrals for OPEB of $84. Also see Note 6. "Deferred Inflows and Outflows of Resources" for additional detail on these changes.

Total Liabilities and Deferred Inflows of Resources

Total Liabilities increased by $9,354, or 12 percent, during fiscal year 2021. Total Liabilities increased by $3,521, or 5 percent, during fiscal year 2020. Deferred Inflows of Resources decreased by $536 or 27 percent in 2021 and increased by $38 or 2 percent in 2020.

Comparison of fiscal year 2021 to fiscal year 2020

Current Liabilities increased by $1,285, or 7 percent.

- The current portion of Long-Term Liabilities decreased by $2,036 due primarily to decreases to the current portion of liabilities for contracts payable to the State and compensated absences as well as payoff of the loan from the Oregon Tech Foundation. See Note 9. "Long-Term Liabilities" for additional information on these changes.
- Accounts Payable and Accrued Liabilities increased by $2,260. The increase was largely attributable to increases in payables related to payroll benefits of $1,349, payables for contract retainage of $726, and general services and supplies of $599. Accounts payable related to accrued interest decreased by $275. See Note 7. "Accounts Payable and Accrued Liabilities" for details.
- Unearned Revenues increased by $1,231 due primarily to an increase in unearned revenue associated with an Oregon Business Development Department grant for OMIC.
- Obligations Under Securities Lending decreased by $168.

Noncurrent Liabilities increased by $8,069, or 13 percent.

- Long-Term Liabilities increased by $950 mainly due to a net increase in the noncurrent portion of contracts payable to the State of $1,623 as well as increases in the noncurrent portion of compensated absences. These increases were offset by a payoff of the loan from the Foundation. See "Debt

For the Year Ended June 30, 2021 (dollars in thousands)

Administration" in this MD&A and Note 9. "Long-Term Liabilities" for additional information on these changes.

- The Net Pension Liability increased by $7,202. See Note 14. "Employee Retirement Plans" for further details.
- The OPEB Liability decreased by $84 due to a decrease to the OPEB liability for the PEBB plan of $6 and a decrease to the liability for the PERS RHIPA plan of $78. See Note 15. "Other Postemployment Benefits" for additional information.

Deferred Inflows of Resources decreased by $536, or 27 percent, due to net decreases related to changes in the reporting of pension deferrals of $533 and to deferrals for OPEB of $3. Also see Note 6. "Deferred Inflows and Outflows of Resources" for additional detail on these changes.

Comparison of fiscal year 2020 to fiscal year 2019

Current Liabilities increased by $776, or 5 percent.

- The current portion of Long-Term Liabilities increased by $711 due primarily to increases to the current portion of liabilities for contracts payable to the State and compensated absences. In addition, during fiscal year 2020, Oregon Tech entered into a loan agreement with the Oregon Tech Foundation in order to purchase equipment. See Note 9. "Long-Term Liabilities" for additional information on these changes.
- Accounts Payable and Accrued Liabilities increased by $461. The increase was largely attributable to payables related to payroll benefits of $674 and payables for contract retainage of $513. In response to difficulties presented by COVID-19, Oregon Tech also offered a new, one-time only early retirement incentive plan which added $162 to accounts payable in fiscal year 2020. Accounts payable related to services and supplies decreased by $808. See Note 7. "Accounts Payable and Accrued Liabilities" for details.
- Obligations Under Securities Lending decreased by $377.

Noncurrent Liabilities increased by $2,745, or 5 percent.

- Long-Term Liabilities decreased by $1,363 mainly due to decreases in the long-term portion of contracts payable to the State of $1,694. Oregon Tech added to the long-term portion when they entered into a loan agreement with the Foundation for the purchase of new equipment. See "Debt Administration" in this MD&A and Note 9. "Long-Term Liabilities" for additional information on these changes.
- The Net Pension Liability increased by $4,267. See Note 14. "Employee Retirement Plans" for further details.
- The OPEB Liability decreased by $159 due to a decrease to the OPEB liability for the PEBB plan of $127 and a decrease to the liability for the PERS RHIPA plan of $32. See Note 15. "Other Postemployment Benefits" for additional information.

Deferred Inflows of Resources increased by $38, or 2 percent. See Note 6. "Deferred Inflows and Outflows of Resources" for additional detail.

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

Due to the classification of certain revenues as nonoperating revenue, Oregon Tech shows a loss from operations. State general fund appropriations, nonexchange grants, and non-capital gifts, although considered nonoperating revenue under GASB Statement No. 35 and reflected accordingly in the nonoperating section of the SRE, are used solely for operating purposes.

The following summarizes the revenue and expense activity of Oregon Tech:

For the Years Ended June 30,	**2021**	2020	2019
Operating Revenues	**$ 49,004**	$ 45,988	$ 47,042
Operating Expenses	**95,051**	91,520	92,018
Operating Loss	**(46,047)**	(45,532)	(44,976)
Nonoperating Revenues, Net of Expenses	**43,804**	43,640	39,962
Other Revenues	**22,437**	16,865	15,902
Increase in Net Position	**20,194**	14,973	10,888
Net Position, Beginning of Year	**105,461**	90,488	79,600
Net Position, End of Year	**$ 125,655**	$ 105,461	$ 90,488

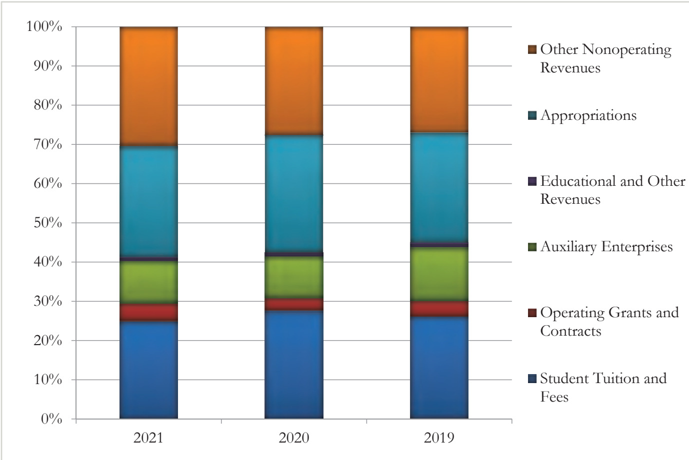
Total Revenues

Total Revenues increased by $10,327, or 10 percent, in 2021 over 2020.

Total Operating and Nonoperating Revenues

For the Years Ended June 30,	**2021**	2020	2019
Student Tuition and Fees	**$ 29,548**	$ 29,911	$ 27,352
Grants and Contracts	**5,348**	3,427	4,208
Auxiliary Enterprises	**12,876**	11,573	14,348
Educational and Other	**1,232**	1,077	1,134
Total Operating Revenues	**49,004**	45,988	47,042
Appropriations	**33,490**	32,379	29,401
Financial Aid Grants	**7,331**	7,061	7,158
Gifts	**3,509**	3,877	3,635
Investment Activity	**915**	1,764	1,636
HEERF Grants	**1,968**	393	-
Capital Grants and Gifts	**22,303**	16,731	15,769
Total Nonoperating and Other Revenues	**69,516**	62,205	57,599
Total Revenues	**$ 118,520**	$ 108,193	$ 104,641

Total Operating and Nonoperating Revenues



Operating Revenues

Operating Revenues increased by $3,016, or 7 percent, in 2021 over 2020, to $49,004. Operating Revenues decreased by $1,054, or 2 percent, in 2020 over 2019, to $45,988.

Comparison of fiscal year 2021 to fiscal year 2020

Student Tuition and Fees decreased by $363, or 1 percent.

- An increase of $308 was primarily driven by tuition rate increases, partially offset by enrollment declines.
- Fee remissions and scholarship allowances reduced tuition and fees by $671 more than in the prior period.

Federal, State and Nongovernmental Grants and Contracts increased by $1,921, or 56 percent, due to the following:

- Federal grant and contract revenue increased by $370 due primarily to increased federal coronavirus pass-through funding.
- State and local grant activity increased by $1,613 primarily due to increased grant funding from the Oregon Business Development Department for the OMIC facility.
- Nongovernmental grant activity decreased by $62 primarily due to decreased grants from various foundations.

Auxiliary Enterprise revenues increased by $1,303, or 11 percent, due primarily to increased Housing and Dining revenues of $1,232 resulting from increased revenues from dining card sales and room and board fees.

Educational Department Sales and Services revenues increased by $132, while Other Operating revenues increased by $23.

Comparison of fiscal year 2020 to fiscal year 2019

Student Tuition and Fees increased by $2,559, or 9 percent.

- Higher enrollment increased the total by $24, while higher fee rates accounted for an increase of $3,259.
- Fee remissions and scholarship allowances reduced tuition and fees by $775 more than in the prior period.
- Bad debt expense, primarily related to the maintenance of the allowance for bad debt, decreased by $51, causing less of a reduction to tuition revenues.

Federal, State and Nongovernmental Grants and Contracts decreased by $781, or 19 percent, due to the following:

- Federal grant and contract revenue decreased by $90.
- State and local grant activity decreased by $267 primarily due to decreased grant revenues from the Oregon Business Development Department for work done in the OMIC facility.
- Nongovernmental grant activity decreased by $424 primarily due to decreases in revenues from grants for work done in the OMIC facility.

Auxiliary Enterprise revenues decreased by $2,775, or 19 percent, due mainly to the following:

- Housing and Dining revenues decreased by $988 due primarily to lost revenues from dining card sales and room and board fees. These losses can be attributed to the shut-down of in-person classes necessitated by COVID-19.
- OMIC membership dues decreased by $2,085 largely due to a reduction of non-cash gift in kind revenues for the year.
- These decreases were mainly offset by the addition of new fees for the Student Recreation Center.

Educational Department Sales and Services revenues increased by $61, while Other Operating revenues decreased by $118.

Nonoperating and Other Revenues

The increase of $7,311, or 12 percent, during 2021 in Nonoperating Revenues is primarily due to increases in government appropriations, Higher Education Emergency Relief Fund (HEERF) Grants, and capital grants and gifts. The increase of $4,606, or 8 percent, during 2020 in Nonoperating Revenues is primarily due to increases in government appropriations.

Comparison of fiscal year 2021 to fiscal year 2020

Government Appropriations increased by $1,111, or 3 percent, due to an increase in state appropriations for Oregon Tech operations. See Note 13. "Government Appropriations" for additional information relating to changes in appropriations.

Financial Aid Grants increased by $270, or 4 percent, due primarily to an increase of $223 in Oregon opportunity grants, an increase of $51 in Federal SEOG aid and $55 in new Governor's Emergency Education Relief funding in response to the coronavirus pandemic.

Gifts decreased by $368, or 9 percent. The change can be largely attributed to the following:

- Gifts from the Oregon Tech Foundation increased by $431.
- Gifts from private individuals decreased by $749.
- Gifts from commercial businesses decreased by $50.

Investment Activity revenues decreased by $849, or 48 percent, due in large part to a decrease in investment earnings of $551. In addition, there was a loss on the sale of investments of $69 in fiscal year 2021, while there was a gain of $76 in fiscal year 2020 and a decrease in the net appreciation of investments of $141. See Note 11. "Investment Activity" as well as discussion of Investments in this MD&A for additional information relating to these changes.

Federal Higher Education Emergency Relief Fund Grants in support of the University and students in response to the coronavirus pandemic increased by $1,575, or 401 percent. OT distributed an additional $1,021 directly to students as emergency financial aid grants and expensed $554 in institutional aid.

Capital Grants and Gifts increased by $5,572, or 33 percent, due primarily to increased state funds for the Center for Excellence in

For the Year Ended June 30, 2021 (dollars in thousands)

Engineering and Technology (CEET) - Cornett Hall Renovation, partially offset by decreased capital funding from the OT Foundation.

Comparison of fiscal year 2020 to fiscal year 2019

Government Appropriations increased by $2,978, or 10 percent, due to an increase in state appropriations for Oregon Tech operations. See Note 13. "Government Appropriations" for additional information relating to changes in appropriations.

Financial Aid Grants decreased by $97, or 1 percent.

Gifts increased by $242, or 7 percent. The change can be largely attributed to the following:

- Gifts from the Oregon Tech Foundation increased by $159.
- Gifts from private individuals increased by $93.

Investment Activity revenues increased by $128, or 8 percent, due in large part to an increase in investment earnings, which increased by $218. In addition, there was a gain on the sale of investments of $76 in fiscal year 2020, while there was a loss of $353 in fiscal year 2019. These increases were offset primarily by a decrease in the appreciation of net assets. See Note 11. "Investment Activity" as well as discussion of Investments in this MD&A for additional information relating to these changes.

Federal Higher Education Emergency Relief Fund Grants: During fiscal year 2020, Oregon Tech received $393 from the Federal CARES Act in response to COVID-19. These revenues came from the student portion of the CARES Act and were used to fund student aid. See Note 1.Z. "Higher Education Emergency Relief Funding" for additional information concerning the Federal CARES Act funds.

Capital Grants and Gifts increased by $962, or 6 percent, due primarily to increased funds the Center for Excellence in Engineering and Technology (CEET) - Cornett Hall Renovation, This increase was offset due primarily to decreased funds for the Oregon Business Development OMIC projects and the renovation of the softball complex.

Expenses

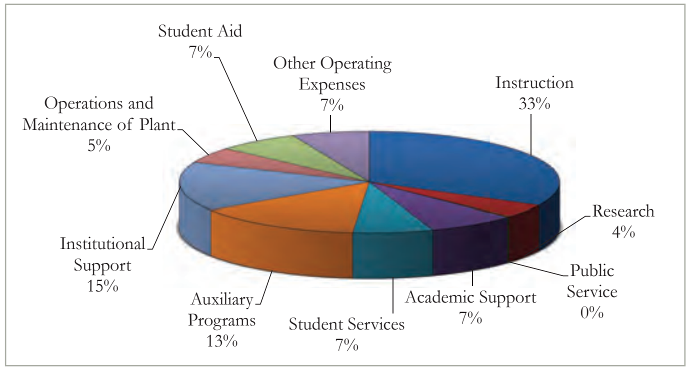
Operating Expenses

Operating expenses increased by $3,531 in 2021, or 4 percent, over 2020, to $95,051. Operating expenses decreased by $498 in 2020, or 1 percent, over 2019, to $91,520. The following summarizes operating expenses by functional classification:

Operating Expense by Function

For the Years Ended June 30,	2021	2020	2019
Instruction	**$ 30,925**	$ 31,331	$ 32,568
Research	**4,184**	3,889	4,601
Public Service	**161**	400	154
Academic Support	**7,110**	6,240	10,070
Student Services	**6,485**	6,843	6,427
Auxiliary Programs	**13,558**	12,629	11,698
Institutional Support	**14,910**	14,430	13,133
Operations and Maintenance of Plant	**4,770**	4,408	4,713
Student Aid	**6,692**	5,454	5,135
Other Operating Expenses	**6,256**	5,896	3,519
Total Operating Expenses	**$ 95,051**	$ 91,520	$ 92,018

2021 Operating Expense by Function



The implementation of GASB Nos. 68 and 71 in 2015 and the implementation of GASB No. 75 in 2018 have had a profound impact on the operating expenses reported by Oregon Tech. The following tables show the effect of these statements on operating expenses across the functional classifications. The changes associated with recording components of the Net Pension Liability required by GASB 68 and 71 increased operating expenses by $4,064; while the changes associated with recording components of the OPEB Asset/Liability required by GASB 75 increased operating expenses by $21. See Note 14. "Employee Retirement Plans" and Note 15. "Other Postemployment Benefits" for additional details.

For the Year Ended June 30, 2021	As Reported	Without Adjustments	Difference
Instruction	$ 30,925	$ 29,232	$ 1,693
Research	4,184	4,018	166
Public Service	161	145	16
Academic Support	7,110	6,768	342
Student Services	6,485	6,109	376
Auxiliary Programs	13,558	13,241	317
Institutional Support	14,910	14,647	263
Operations & Maintenance of Plant	4,770	3,889	881
Student Aid	6,692	6,692	-
Other Operating Expenses	6,256	6,225	31
Total Operating Expenses	**$ 95,051**	**$ 90,966**	**$ 4,085**

For the Year Ended June 30, 2020	As Reported	Without Adjustments	Difference
Instruction	$ 31,331	$ 30,192	$ 1,139
Research	3,889	3,810	79
Public Service	400	382	18
Academic Support	6,240	6,022	218
Student Services	6,843	6,559	284
Auxiliary Programs	12,629	12,412	217
Institutional Support	14,430	13,825	605
Operations & Maintenance of Plant	4,408	4,211	197
Student Aid	5,454	5,454	-
Other Operating Expenses	5,896	5,896	-
Total Operating Expenses	$ 91,520	$ 88,763	$ 2,757

For the Year Ended June 30, 2019	As Reported	Without Adjustments	Difference
Instruction	$ 32,568	$ 32,017	$ 551
Research	4,601	4,568	33
Public Service	154	151	3
Academic Support	10,070	9,960	110
Student Services	6,427	6,302	125
Auxiliary Programs	11,698	11,594	104
Institutional Support	13,133	12,874	259
Operations & Maintenance of Plant	4,713	4,627	86
Student Aid	5,135	5,135	-
Other Operating Expenses	3,519	3,518	1
Total Operating Expenses	$ 92,018	$ 90,746	$ 1,272

For the Year Ended June 30, 2021 (dollars in thousands)

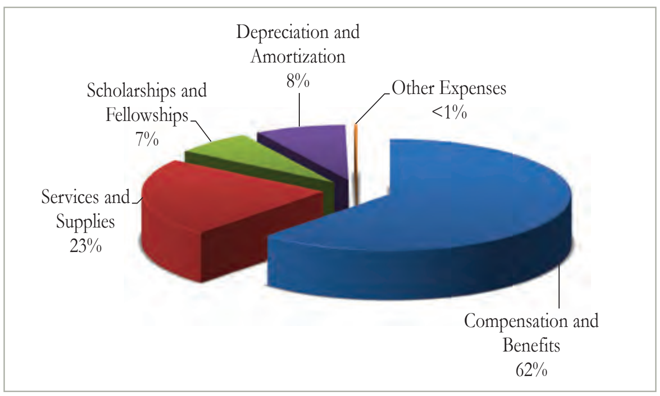
Due to the way in which expenses are incurred by Oregon Tech, variances are presented and explained by analyzing changes in the natural classification of expenses. Each natural classification analysis can be applied to many of the functional expense caption items.

The following summarizes operating expenses by natural classification:

Operating Expenses by Natural Classification

For the Years Ended June 30,	2021	2020	2019
Compensation and Benefits	$ 58,681	$ 58,148	$ 56,374
Services and Supplies	21,759	21,044	24,958
Scholarships and Fellowships	6,638	5,509	5,048
Depreciation and Amortization	7,706	6,758	5,563
Other Expenses	267	61	75
Total Operating Expenses	$ 95,051	$ 91,520	$ 92,018

2021 Operating Expenses by Natural Classification



Comparison of fiscal year 2021 to fiscal year 2020

Compensation and Benefits costs increased by $533, or 1 percent, primarily due to the following:

- Unclassified salaries decreased by $124; classified salaries decreased by $677; and wages for students and graduate teaching assistants decreased by $140. These decreases were primarily due to decreases in employee FTE.
- Adjustments made due to required reporting for the Net Pension Liability and related deferrals increased by $1,286. See Note 14. "Employee Retirement Plans" for more information.
- The OPEB expense recorded as a result of the required reporting for the OPEB Liability/Asset and related deferrals increased by $43. See Note 1.L. "Other Postemployment Benefits (OPEB) Asset/Liability" and Note 15. "Other Postemployment Benefits" for additional information.

Services and Supplies expense increased by $715, or 3 percent. Increases in general services and supplies, medical and scientific services and supplies, and maintenance and utilities expenses were slightly offset by decreases in travel and items for resale expenses.

Scholarships and Fellowships expense increased by $1,129, or 20 percent, primarily due to an increase of $1,075 in awards given to students through the federal HEERF funding, an increase of $223 in the amount of Oregon Need grant, as well as an increase of $132 in student aid from the Oregon Tech Foundation. These increases were offset by decreases in general institutional aid, aid for athletics students and federal Pell grant aid.

Depreciation and Amortization expense increased by $948, or 14 percent, primarily due to the addition of new equipment, buildings, and infrastructure assets.

Other Operating expense increased by $206, or 338 percent, due primarily to an increase in bad debt write off expense in various student loan funds.

Comparison of fiscal year 2020 to fiscal year 2019

Compensation and Benefits costs increased by $1,774, or 3 percent, primarily due to the following:

- Unclassified salaries decreased by $275; classified salaries increased by $84; and wages for students and graduate teaching assistants decreased by $196. These decreases were partially due to a 6 percent decrease in FTE.
- Adjustments made due to required reporting for the Net Pension Liability and related deferrals increased by $2,263. See Note 14. "Employee Retirement Plans" for more information.
- The OPEB expense recorded as a result of the required reporting for the OPEB Liability/Asset and related deferrals decreased by $47. See Note 1.L. "Other Postemployment Benefits (OPEB) Asset/Liability" and Note 15. "Other Postemployment Benefits" for additional information.

Services and Supplies expense decreased by $3,914, or 16 percent. Decreases in general supplies, fees and services, travel, medical and scientific services and supplies, and items for resale were slightly offset by increases in maintenance and repairs, assessments, and rentals and lease expenses.

Scholarships and Fellowships expense increased by $461, or 9 percent, primarily due to awards given to students through the federal CARES Act funding and also through the Helping Owls Scholarship, a collaboration between the Oregon Tech Foundation and Oregon Tech, totaling $393 and $75, respectively. Both of these programs are in response to the COVID-19 pandemic. In addition, there was an increase in the amount of Oregon Need grant awards of $89. Among other smaller decreases, there was a decrease in the amount of Pell grant funds awarded of $158.

Depreciation and Amortization expense increased by $1,195, or 21 percent, primarily due to the addition of new personal and real property assets.

For the Year Ended June 30, 2021 (dollars in thousands)

Nonoperating Expenses and Other Nonoperating Items

Nonoperating expenses decreased by $716, or 38 percent, in 2021, as compared to 2020, and increased by $96, or 5 percent, in 2020, as compared to 2019. Other nonoperating items decreased by $2,291, in 2021 while it increased by $131 in 2020.

For the Years Ended June 30,	2021	2020	2019
Loss on Sale of Assets, Net	$ -	$ (11)	$ (1)
Interest Expense	(1,177)	(1,882)	(1,796)
Total Nonoperating Expenses	$ (1,177)	$ (1,893)	$ (1,797)
Other Nonoperating Items	$ (2,098)	$ 193	$ 62

Nonoperating Expenses

Comparison of fiscal year 2021 to fiscal year 2020

Interest Expense decreased by $705 primarily due to a decrease in the amount of interest associated with bond debt service.

Comparison of fiscal year 2020 to fiscal year 2019

Interest Expense increased by $86 primarily due to an increase in the amount of interest associated with a loan from the Oregon Tech Foundation.

Other Nonoperating Items

Comparison of fiscal year 2021 to fiscal year 2020

Other Nonoperating Items decreased by $2,291 primarily due to a net loss on refunding of previously held debt in the form of contracts due to the State of Oregon.

Comparison of fiscal year 2020 to fiscal year 2019

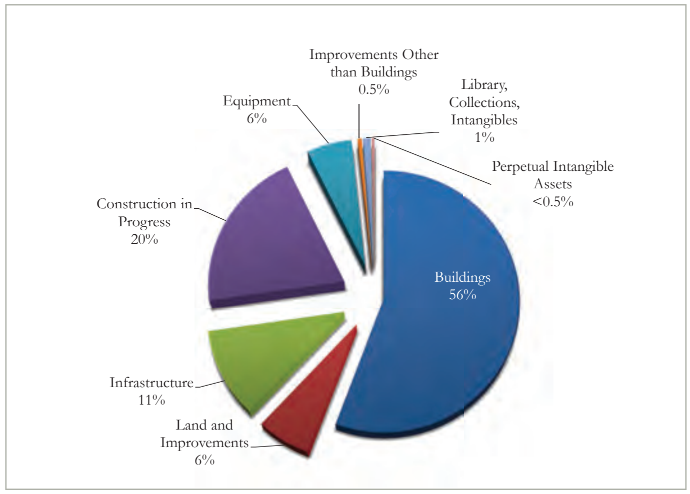
Other Nonoperating Items increased by $131. The change is primarily due to the return to the University of funds forwarded to the federal government in excess of the required liability for the Perkins program termination.

CAPITAL ASSETS AND RELATED FINANCING ACTIVITIES

Capital Assets

At June 30, 2021, Oregon Tech had $245,124 in capital assets, less accumulated depreciation of $97,900, for net capital assets of $147,224. At June 30, 2020, Oregon Tech had $221,834 in capital assets, less accumulated depreciation of $91,961, for net capital assets of $129,873.

2021 Capital Assets, Net - $147,224 thousand



Changes to Capital Assets

As of June 30,	2021	2020	2019
Capital Assets, Beginning of Year	$ 221,834	$ 200,218	$ 183,323
Add: Purchases/Construction	25,057	22,336	16,927
Less: Retirements/ Disposals/Adjustments	(1,767)	(720)	(32)
Total Capital Assets, End of Year	245,124	221,834	200,218
Accum. Depreciation, Beginning of Year	(91,961)	(85,797)	(80,235)
Add: Depreciation Expense	(7,706)	(6,758)	(5,563)
Less: Retirements/ Disposals/Adjustments	1,767	594	1
Total Accum. Depreciation, End of Year	(97,900)	(91,961)	(85,797)
Total Capital Assets, Net, End of Year	$ 147,224	$ 129,873	$ 114,421

Capital additions totaled $25,057 for 2021, $22,336 for 2020, and $16,927 for 2019.

Capital Asset additions for 2021 included primarily:

- $2,854 for equipment, OMIC manufacturing R&D equipment, foodservice equipment, technology, and classroom equipment including imaging and dental clinic equipment. Additionally, $218 was transferred from construction in progress (CIP), including primarily OMIC manufacturing R&D equipment.
- $1,191 for buildings, which includes Cornett Hall Phase 2, additional student recreation center costs, and College Union dish room remodel. Additionally, $8,413 was transferred from CIP, including Cornett Hall phase 2 placed into service during FY21.
- $562 for equipment CIP are primarily related to technology and classroom equipment.

- $19,098 for building CIP primarily related continued construction of the new CEET building (Center of Excellence in Engineering and Technology).
- $1,171 for Infrastructure CIP related to combination of various projects, most notably roundabout construction as part of Boivin Hall renovation; Facilities electrical project; other campus infrastructure projects.

Net Capital Asset Retirements and Adjustments totaled $0 for 2021, $126 for 2020, and $31 for 2019.

During 2021, accumulated depreciation increased by $5,939 due to depreciation of existing assets, which was offset by the disposal of depreciated equipment.

See Note 5. "Capital Assets" for additional information.

Debt Administration

During 2021, long-term debt held by Oregon Tech decreased by $763, from $40,151 to $39,388.

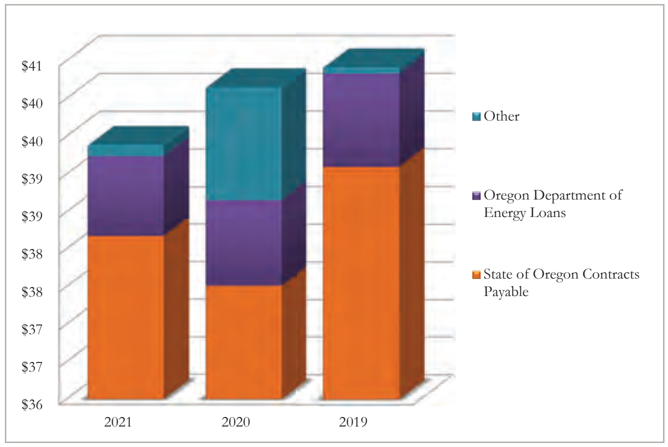
- Long term debt decreased by $1,421 due to principal payments on contracts payable to the State of Oregon. It was decreased by $8 for the addition of accreted interest.
- Long term debt increased by a net $2,092 due to refunding.
- Long term debt also decreased by $81 due to principal payments on Oregon Department of Energy loans.
- Long Term debt decreased by $1,470 due to a full payment of the loan with the Oregon Tech Foundation.
- Capital leases increased by $187 for new leases and decreased by $62 due to payments for a net increase of $125.

During 2020, long-term debt held by Oregon Tech decreased by $263, from $40,414 to $40,151.

- Long term debt decreased by $1,584 due to principal payments on contracts payable to the State of Oregon. It was increased $2 by the addition of accreted interest.
- Long term debt also decreased by $90 due to principal payments on Oregon Department of Energy loans.
- Long Term debt increased by $1,470 due to a new loan with the Oregon Tech Foundation of $1,800, less payments made on the loan of $330.
- Capital leases decreased by $61 due to payments.

See Note 9. "Long-Term Liabilities" for additional information.

Long-term Debt (in millions)



ECONOMIC OUTLOOK

Funding for Oregon Tech comes from a variety of sources, including student tuition and fees, financial aid programs, state and federal appropriations, state and federal grants, private and government contracts, donor gifts, and investment earnings. Among these many sources, student tuition and fees, net of allowances, and government appropriations are by far the largest, representing 25 percent and 28 percent, respectively, and combining for 53 percent of the combined operating and non-operating revenues during the fiscal year ended June 30, 2021. The third largest revenue source, auxiliary enterprise revenues, net of allowances, represents 11 percent of operating and non-operating revenues and, like tuition, is strongly correlated with enrollment.

In previous years, the financial outlook has referenced Oregon Tech's relatively high dependence on state funding. This reliance continued during fiscal year 2021 and will likely continue into the next fiscal year and beyond. The initial impact of the COVID-19 pandemic, although significant, has been somewhat moderated through several federal grant programs intended to help ease the financial burden of the pandemic on the State's economy and through direct distributions to higher education institutions. The State was able to avoid reductions in funding to higher education for the 2021-23 biennium. In fact, the legislature passed, and the governor signed into law, legislation that increased the Public University Support Fund, which supports the seven public universities, by 8 percent from $837 million to $900 million for the 2021-23 biennium.

Recent state revenue forecasts have been encouraging, but the long-term impact of the COVID-19 pandemic to the local, state, and national economies is not yet known. Evolving federal monetary policy, rising national debt, and recent leading economic indicators hint at looming inflation and rising interest rates. Evolving social policies and changing state demographics could put a strain on the state's resources available for higher education. If there are reductions in state funding, Oregon Tech will consider a combination of expenditure reductions and use of reserve funds as a temporary bridge to sustain operations and support the mission of the University.

The Oregon Higher Education Coordinating Commission (HECC) utilizes a structured funding allocation methodology, the Student Success and Completion Model (SSCM), to determine the amount of state resources to be distributed to each of the seven public universities. Since the implementation of the SSCM in 2015, Oregon Tech has performed relatively well under the model's degree completion, programmatic focus, and enrollment proportional funding system. However, significant additional changes to the SSCM model were finalized in February 2021 and were implemented beginning with the 2021-23 biennium. Under the revised methodology, although the Public University Support Fund was increased by 8 percent, Oregon Tech was the only public university to have a reduction in funding. This was caused primarily by the diminished proportional value of the mission component of the formula in addition to modifications in program weights and the premium for science, technology, engineering, and mathematics (STEM) degree programs. As the State's Polytechnic University, Oregon Tech has higher instructional and institutional costs consistent with STEM centric curriculums and degree programs.

The University and its staff responded quickly at the onset of the COVID-19 pandemic. By the close of Fall 2020 Term, many courses had been reconfigured to support remote instruction and a significant portion of employees were working remotely. The University continued to adapt to uncertainty in the revenue environment through continuing to reduce or cap personnel and non-personnel costs and by implementing programs to improve efficiencies over time. Actions included furloughs, eliminating positions, and delaying discretionary expenses across the University.

Over the past several years, Oregon Tech has completed a phase-in of differential tuition for certain high-cost and high-return programs including engineering, management, and health related disciplines. These rates will continue to be evaluated for market competitiveness and to recover programmatic costs while responding to market demand. This adjustment has contributed to increased tuition revenue. For the upcoming academic year, 2021-22, the Board approved a 3.9 percent increase in base tuition rates and an increase from 35 percentage points to 37 percentage points for differential tuition over the base rates. For the fiscal year ending June 30, 2021, overall student tuition and fees revenue, net of allowances, decreased by 1 percent over the prior year. Oregon Tech has continued investment and innovation focused on strategic enrollment management, with a goal of improving student success and boosting overall enrollment and degree completions. This is an essential revenue strategy to support the University's mission. During fall 2021, Oregon Tech saw a 7.8 percent decrease in total enrollment, not dissimilar to the experience of most other Oregon publicly funded state universities. Fall 2021 total enrollment is down compared to recent years, as is consistent with the experience of most other publicly funded Oregon higher education institutions.

Oregon Tech has just completed the first major new construction on the Klamath Falls campus in nearly 12 years. The 70,000 square foot Center for Excellence in Engineering and Technology, a $35 million project, will open for winter term 2022 and will be a major center for education, small group, and experiential learning. In January 2022, the $20 million dollar renovation of Boivin Hall and associated access improvement project will begin. Smaller projects are on-going to improve campus infrastructure, enhance the student experience, improve safety, and to reduce deferred maintenance.

Looking forward, the short-term reality and longer-term uncertainty regarding reduced state SSCM formula driven funding, combined with the prospect of a continuing enrollment shortfall creates some concern and may yield fiscal challenges which are likely to require additional budget planning and possible expenditure reductions to adjust to a changing economic environment. Oregon Tech remains committed to its mission and its students and will collaborate with stakeholders to identify and implement the steps necessary to address an evolving landscape for enrollment and state funding.

Statements of Net Position - Oregon Institute of Technology

As of June 30,		University 2021		2020
		(In thousands)		
ASSETS				
Current Assets				
Cash and Cash Equivalents (Note 2)	**$**	**7,484**	$	16,509
Collateral from Securities Lending (Note 2)		**183**		351
Accounts Receivable, Net (Note 3)		**25,154**		10,423
Notes Receivable, Net (Note 4)		**1,395**		1,967
Inventories		**150**		154
Prepaid Expenses		**1,034**		770
Total Current Assets		**35,400**		30,174
Noncurrent Assets				
Cash and Cash Equivalents (Note 2)		**3,062**		1,060
Investments (Note 2)		**19,133**		16,555
Notes Receivable, Net (Note 4)		**1,230**		1,873
Net OPEB Asset (Note 15)		**50**		296
Capital Assets, Net of Accumulated Depreciation (Note 5)		**147,224**		129,873
Total Noncurrent Assets		**170,699**		149,657
Total Assets	**$**	**206,099**	$	179,831
DEFERRED OUTFLOWS OF RESOURCES (Note 6)	**$**	**10,574**	$	7,830
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities (Note 7)	**$**	**11,772**	$	9,512
Deposits		**142**		144
Obligations Under Securities Lending (Note 2)		**183**		351
Current Portion of Long-Term Liabilities (Note 9)		**2,100**		4,136
Unearned Revenues		**4,872**		3,641
Total Current Liabilites		**19,069**		17,784
Noncurrent Liabilities				
Long-Term Liabilities (Note 9)		**41,776**		40,826
Net Pension Liability (Note 14)		**27,426**		20,224
OPEB Liability (Note 15)		**1,329**		1,412
Total Noncurrent Liabilities		**70,531**		62,462
Total Liabilities	**$**	**89,600**	$	80,246
DEFERRED INFLOWS OF RESOURCES (Note 6)	**$**	**1,418**	$	1,954
NET POSITION				
Net Investment in Capital Assets	**$**	**107,855**	$	89,749
Restricted For:				
Expendable:				
Gifts, Grants, and Contracts		**1,620**		1,366
Student Loans		**1,100**		1,322
Capital Projects		**2,634**		3,365
Debt Service		**20**		29
OPEB Asset		**50**		296
Unrestricted (Note 10)		**12,376**		9,334
Total Net Position	**$**	**125,655**	$	105,461

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

Statements of Financial Position - Oregon Tech Foundation

As of June 30,	Component Unit 2021		Component Unit 2020	
	(In thousands)			
ASSETS				
Current Assets				
Cash and Cash Equivalents	**$**	**2,362**	$	718
Accounts Receivable		**164**		-
Prepaid Expenses		**56**		35
Current Portion Notes Receivable and Accrued Interest - OT		**-**		348
Total Current Assets		**2,582**		1,101
Noncurrent Assets				
Investments		**34,234**		26,594
Split-Interest Agreements		**779**		676
Unconditional Promises to Give, Net		**1,632**		1,301
Long-term Notes Receivable- OT		**-**		1,108
Other Assets		**366**		393
Total Noncurrent Assets		**37,011**		30,072
Total Assets	**$**	**39,593**	$	31,173
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Expenses	**$**	**210**	$	232
Liabilities Under Split-Interest Agreements		**24**		83
Current Portion Promise to Pay - OT		**-**		20
Funds Held for Distribution		**1,221**		1,084
Total Current Liabilities		**1,455**		1,419
Noncurrent Liabilities				
Long-Term Portion Promise to Pay - OT		**-**		80
Total Noncurrent Liabilities		**-**		80
Total Liabilities	**$**	**1,455**	$	1,499
NET ASSETS				
Without Donor Restrictions	**$**	**14,039**	$	10,470
With Donor Restrictions		**24,099**		19,204
Total Net Assets	**$**	**38,138**	$	29,674
Total Liabilities and Net Assets	**$**	**39,593**	$	31,173

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

Statements of Revenues, Expenses, and Changes in Net Position-Oregon Institute of Technology

For the Years Ended June 30,	University 2021	2020
	(In thousands)	
OPERATING REVENUES		
Student Tuition and Fees (Net of Allowances of $10,395 and $9,588, Note 1.T.)	**$ 29,548**	$ 29,911
Federal Grants and Contracts	**1,171**	801
State and Local Grants and Contracts	**3,888**	2,275
Nongovernmental Grants and Contracts	**289**	351
Educational Department Sales and Services	**812**	680
Auxiliary Enterprises Revenues (Net of Allowances of $369 and $398, Note 1.T.)	**12,876**	11,573
Other Operating Revenues	**420**	397
Total Operating Revenues	**49,004**	45,988
OPERATING EXPENSES		
Instruction	**30,925**	31,331
Research	**4,184**	3,889
Public Service	**161**	400
Academic Support	**7,110**	6,240
Student Services	**6,485**	6,843
Auxiliary Programs	**13,558**	12,629
Institutional Support	**14,910**	14,430
Operation and Maintenance of Plant	**4,770**	4,408
Student Aid	**6,692**	5,454
Other Operating Expenses	**6,256**	5,896
Total Operating Expenses (Note 12)	**95,051**	91,520
Operating Loss	**(46,047)**	(45,532)
NONOPERATING REVENUES (EXPENSES)		
Government Appropriations (Note 13)	**33,356**	32,245
Financial Aid Grants	**7,331**	7,061
Gifts	**3,509**	3,877
Investment Activity (Note 11)	**915**	1,764
Loss on Sale of Assets, Net	**-**	(11)
Interest Expense	**(1,177)**	(1,882)
Higher Education Emergency Relief Funding Grants (Note 1.Z.)	**1,968**	393
Other Nonoperating Items	**(2,098)**	193
Net Nonoperating Revenues	**43,804**	43,640
Loss Before Other Nonoperating Revenues	**(2,243)**	(1,892)
Capital and Debt Service Appropriations (Note 13)	**134**	134
Capital Grants and Gifts	**22,303**	16,731
Total Other Nonoperating Revenues	**22,437**	16,865
Increase In Net Position After Other Nonoperating Revenues	**20,194**	14,973
NET POSITION		
Beginning Balance	**105,461**	90,488
Ending Balance	**$ 125,655**	$ 105,461

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

For the Years Ended June 30,	Component Unit 2021	Component Unit 2020
	(in thousands)	
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions and Grants	**$ 372**	$ 99
In-Kind Donations	**133**	141
Investment Income	**3,699**	355
Other	**6**	12
Net Assets Released From Restrictions	**1,170**	2,161
Total Revenues	**5,380**	2,768
EXPENSES		
University Support	**237**	577
Student Support	**1,093**	1,799
Management and General	**462**	478
Fundraising	**19**	75
Total Expenses	**1,811**	2,929
Increase (Decrease) In Net Assets Without Donor Restrictions	**3,569**	(161)
Beginning Balance, Net Assets Without Donor Restrictions	**10,470**	10,631
Ending Balance, Net Assets Without Donor Restrictions	**$ 14,039**	$ 10,470
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
REVENUES		
Contributions and Grants	**1,690**	1,220
In-Kind Donations	**19**	27
Investment Income	**4,079**	107
Change in Value of Split - Interest Agreements	**182**	(20)
Other	**95**	20
Net Assets Released From Restrictions	**(1,170)**	(2,161)
Increase (Decrease) In Net Assets With Donor Restrictions	**4,895**	(807)
Beginning Balance, Net Assets With Donor Restrictions	**19,204**	20,011
Ending Balance, Net Assets With Donor Restrictions	**$ 24,099**	$ 19,204
Beginning Balance, Total Net Assets	**29,674**	30,642
Total Change in Net Assets	**8,464**	(968)
Ending Balance, Total Net Assets	**$ 38,138**	$ 29,674

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

Statements of Cash Flows - Oregon Institute of Technology

	University	
For the Years Ended June 30,	**2021**	2020
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	**$ 30,495**	$ 29,676
Grants and Contracts	**6,135**	4,917
Educational Department Sales and Services	**804**	642
Auxiliary Enterprises Operations	**12,829**	11,752
Payments to Employees for Compensation and Benefits	**(53,412)**	(54,427)
Payments to Suppliers	**(21,674)**	(21,984)
Student Financial Aid	**(6,638)**	(5,509)
Other Operating Receipts (Disbursements)	**1,075**	(293)
Fiduciary Activities - Direct Student Loan Receipts	**19,496**	20,526
Fiduciary Activities - Direct Student Loan Disbursements	**(19,496)**	(20,526)
Net Cash Used by Operating Activities	**(30,386)**	(35,226)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Government Appropriations	**33,356**	32,245
Financial Aid Grants	**7,331**	7,061
Higher Education Emergency Relief Funding Receipts	**1,969**	346
Other Gifts and Private Contracts	**3,355**	4,321
Other Net Noncapital Financing Payments	**(298)**	(341)
Net Cash Provided by Noncapital Financing Activities	**45,713**	43,632
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Debt Service Appropriations	**134**	134
Capital Grants and Gifts	**7,118**	12,194
State Contracts for Capital Debt	**714**	3,317
Other Contracts for Capital Debt	**187**	1,800
Sales of Capital Assets	**-**	115
Purchases of Capital Assets	**(24,346)**	(21,752)
Interest Payments on Capital Debt	**(1,452)**	(1,879)
Principal Payments on Capital Debt	**(3,042)**	(2,063)
Net Cash Used by Capital and Related Financing Activities	**(20,687)**	(8,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales (Purchases) of Investments	**(2,465)**	4,564
Income on Investments and Cash Balances	**802**	1,365
Net Cash Provided (Used) by Investing Activities	**(1,663)**	5,929
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(7,023)**	6,201
CASH AND CASH EQUIVALENTS		
Beginning Balance	**17,569**	11,368
Ending Balance	**$ 10,546**	$ 17,569

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

		University		
For the Years Ended June 30,		**2021**		2020
		(In thousands)		
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	**$**	**(46,047)**	$	(45,532)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense		**7,706**		6,758
Changes in Assets and Liabilities:				
Accounts Receivable		**601**		473
Notes Receivable		**501**		252
Inventories		**4**		38
Prepaid Expenses		**(264)**		19
Accounts Payable and Accrued Liabilities		**1,809**		(55)
Long-Term Liabilities		**(13)**		83
Deposits		**1**		30
Unearned Revenue		**1,231**		(49)
Net Pension Liability and Related Deferrals		**4,064**		2,779
Net OPEB Asset (Liability) and Related Deferrals		**21**		(22)
NET CASH USED BY OPERATING ACTIVITIES	**$**	**(30,386)**	$	(35,226)
NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS				
Contributed Capital Assets	**$**	**6**	$	9
Increase in Fair Value of Investments Recognized as a Component of Investment Activity		**182**		399
Gain (Loss) on Sale of Investments Recognized as a Component of Investment Activity		**(69)**		76

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

1. Organization and Summary of Significant Accounting Policies

A. Reporting Entity

The Oregon Institute of Technology (Oregon Tech)/(University) is governed by the Board of Trustees of Oregon Institute of Technology (Board), a citizen board appointed by the Governor with confirmation by the State Senate. Oregon Tech has two campuses, located in Klamath Falls and the Portland Metro area.

The Oregon Tech financial reporting entity includes Oregon Tech and the Oregon Tech Foundation (Foundation), which is reported as a discretely presented component unit under the guidelines established by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Discretely presented means that the statements are included separately in the financial report. See Note 19. "University Foundation" for additional information relating to this component unit.

Because the Governor of the State of Oregon (State) appoints the Board and Oregon Tech receives financial support from the State, the State determined that Oregon Tech is a discretely presented component unit of the State and is included in the State's Annual Comprehensive Financial Report (ACFR).

B. Financial Statement Presentation

Oregon Tech financial accounting records are maintained in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed in applicable pronouncements of the GASB. The financial statement presentation required by GASB 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 Oregon Tech assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position, and cash flows.

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

Financial statements of the Oregon Tech Foundation for fiscal years ended June 30, 2021 and 2020 are discretely presented, as discussed above. The Foundation's financial statements are prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue criteria and presentation. Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the University. No modifications have been made to the Foundation's financial information included in the University's financial report.

C. Basis of Accounting

For financial reporting purposes, Oregon Tech is considered a special-purpose government engaged only in business-type activities. Accordingly, the Oregon Tech 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

Oregon Tech did not implement any new GASB Statements during the fiscal year ended June 30, 2021.

UPCOMING ACCOUNTING STANDARDS

In June 2017, GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 improves the accounting and financial reporting for leases and was initially effective for the fiscal year ended June 30, 2021. Per GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, GASB Statement No. 87 is now effective for the fiscal year ended June 30, 2022. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. This Statement will substantially impact the University's lease accounting and reporting.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangement (SBITAs) for government end user and is effective for the fiscal year ended June 30, 2023. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in an intangible right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement will change how the university accounts for and reports SBITAs.

D. Cash and Cash Equivalents

Cash and cash equivalents may include highly liquid investments with original maturities of three months or less. Cash and cash equivalents of the University consist of cash on hand, cash and investments held by the State of Oregon in the Oregon Short-Term Fund (OSTF), and cash held at U.S. Bank.

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

Receivables consist of accounts receivable and notes receivable. Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable for tuition and fee charges are recorded net of estimated uncollectible amounts in accordance with U.S. GAAP.

Accounts receivables also includes receivables for grants and contracts as well as capital construction. Grants and contracts receivable include amounts due from federal, state and local governments, and private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Capital Construction receivables include amounts due from the State of Oregon in connection with reimbursement of allowable expenditures made pursuant to the grant agreements between the University and the State for facilities projects funded by the State.

Notes receivable consist of amounts receivable from student loans related to the Federal Perkins Loan Program and other loans administered by the University and construction reimbursement loans. Student loans receivable can be current or noncurrent depending on the estimated timing of repayment. Construction Reimbursement loans receivable are amounts receivable from the State of Oregon for construction projects that will be reimbursed from bond proceeds held by the state. Construction Reimbursements can be current or noncurrent depending on the estimated timing of completion of construction projects.

G. Inventories

Inventories are recorded at the lower of average cost or market and consist primarily of supplies in storerooms, information technology, 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. Oregon Tech capitalizes equipment with unit costs of five thousand dollars or more and an estimated useful life of greater than one year. Oregon Tech capitalizes real property expenditures that increase the functionality and/or extend the useful life of the real property if total expenditures exceed the capitalization thresholds of $50 to $100, depending on the type of real property. Intangible assets valued in excess of $100 are capitalized. In addition, a group of related assets may be capitalized as a single asset when there is a major asset with related underlying assets, valued separately at under five thousand dollars, which must also be capitalized. Expenditures below the capitalization threshold and repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets; generally 15 to 50 years for buildings, 10 to 20 years for infrastructure and land improvements, 10 years for library books, and 5 to 11 years for equipment. Amortization terms of intangible assets vary depending on the factors relating to the specific asset. Depreciation is not applied to land, easements, museum collections, works of art or historical treasures, or library special collections.

I. Unearned Revenues

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

J. Compensated Absences

Oregon Tech 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. There is no payout provision for unused sick leave and no liability exists for terminated employees.

K. Net Pension Liability

The net pension liability, deferred outflows of resources, 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. Oregon Tech is included in the proportionate share for all state agencies. The Oregon Tech proportionate share is allocated to Oregon Tech by the Oregon State Department of Administrative Services. The system-wide Plan uses the accrual basis of accounting. For more information, see Note 14. "Employee Retirement Plans".

L. Other Postemployment Benefits (OPEB) Asset/Liability

Under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* the University reports their proportionate share of the net PERS RHIA OPEB asset, net PERS RHIPA OPEB liability, and the total PEBB OPEB liability along with the associated deferred outflows of resources and deferred inflows of resources. The OPEB asset and OPEB liabilities are now reported on separate lines in the Statement of Net Position. See Note 15. "Other Postemployment Benefits (OPEB)" for a detailed description of each plan and the proportionate share methodology for each.

M. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent the use of resources in one period that is applicable to, and will be recognized in, a period which is more than a year in the future. These deferred outflows have a positive effect on net position, similar to assets, but are not assets. Deferred inflows of resources represent the acquisition of resources that is applicable to, and will be recognized in, a period which is more than a year in the future. These deferred inflows have a negative effect on net position, similar to liabilities, but are not liabilities. Both deferred outflows of resources and deferred inflows of resources for Oregon Tech are related to defined benefit pension plans and other post employment benefits (OPEB).

N. Net Position

Oregon Tech's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS

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

RESTRICTED – EXPENDABLE

Restricted expendable includes resources which Oregon Tech 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.

O. Restricted/Unrestricted Resources

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

P. Endowments

The University has the authority to use the interest, income, dividends, and profits of endowments. The Oregon Tech Board policy is to annually distribute, for spending purposes, 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. In accordance with current Board policy, the amount available for distribution during fiscal year 2022 is estimated to be $298.

Oregon Tech's endowments are not true endowments (in that the donor does not require the corpus to remain intact in perpetuity) and are included in the Expendable Gifts, Grants, and Contracts on the Statement of Net Position. See Note 2.B. "Investments" for additional information.

Q. Income Taxes

Oregon Tech is treated as a governmental entity for tax purposes. As such, Oregon Tech is generally not subject to federal and state income taxes. However, Oregon Tech 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 provision has been recorded for the years ended June 30, 2021 and June 30, 2020 because there is no significant amount of taxes on such unrelated business income for Oregon Tech.

R. Revenues and Expenses

Oregon Tech 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. In addition, OMIC member dues revenue includes in-kind (non-cash) receipts. In-kind dues consists of donated services and supplies and use of highly specialized equipment. In-kind dues are recorded at their estimated fair value at the time of receipt. In 2021 and 2020, Oregon Tech recorded $1,829 and $1,523, respectively, for in-kind dues in Auxiliary Revenues. Examples of operating expenses include employee compensation and benefits, scholarships and fellowships, utilities, supplies and other services, professional fees, and depreciation expense.

Nonoperating revenues and expenses generally have the characteristics of nonexchange transactions. In a nonexchange transaction, Oregon Tech receives value without directly giving equal value in exchange. Examples of nonoperating revenues include state appropriations, nonexchange grants, gifts, and contributions. Nonoperating expenses are defined in GASB No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB No. 34, *Basic Financial Statement - and Management Discussion and Analysis*. Examples of nonoperating expenses include interest on capital asset related debt expenses.

S. State Support

Oregon Tech receives support from the State of Oregon in the form of General Fund and Lottery appropriations and debt service appropriations for some Oregon Department of Energy loans, see Note 13. "Government Appropriations" for details on appropriations.

In addition to appropriations, the State of Oregon provides funding for plant facilities on the University's campuses. 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 of Oregon 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 Oregon Tech and the State of Oregon. 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 the State of Oregon's bonding capacity. At the time that the bonds are sold, the State of Oregon instructs Oregon Tech 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 accompanying Statement of Net Position. The obligations for the bonds issued by the State of Oregon are not obligations of Oregon Tech. Oregon Tech is obligated to pay contracts for projects funded by campus paid debt; these contracts payable are included as current and long term liabilities in the Statement of Net Position.

T. Allowances

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

Oregon Tech has three types of allowances that net into auxiliary enterprises revenues and tuition and fees. Tuition and housing waivers provided directly by Oregon Tech amounted to $5,313 and $4,697 for the fiscal years ended 2021 and 2020, respectively. Revenues from financial aid programs (e.g., Pell Grants, Supplemental Educational Opportunity Grants, and Oregon Opportunity Grants) used for paying student tuition and fees and campus housing was estimated to be $5,285 and $5,082 for the fiscal year ended 2021 and 2020, respectively. Bad debt expense is included as an allowance to operating revenues and is estimated to be $166 and $207 for the fiscal years ended 2021 and 2020, respectively.

U. Federal Student Loan Programs

Oregon Tech receives proceeds from the Federal Direct Student Loan Program (FDSLP) and from the Federal Family Education Loan Program (FFELP). GASB Statement No. 84 *Fiduciary Activities* allows business-type activities, such as Oregon Tech, to report activities that would otherwise be considered custodial funds in the University's Statement of Net Position and Statement of Cash Flows as an operating activity if, upon receipt, the funds are normally expected to be held for three months or less. Funds associated with the FDSLP and FFELP meet this exception and are reported as such. Federal student loans received by Oregon Tech students through the FDSLP, but not reported in operations was $16,399 and $17,227 for the fiscal years ended 2021 and 2020, respectively. Federal student loans received by Oregon Tech students through the FFELP, but not reported in operations was $3,097 and $3,299 for the fiscal years ended 2021 and 2020, respectively

V. Deposit Liabilities

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

W. Use of Estimates

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

X. Reclassifications

Certain amounts within the June 30, 2020 financial statements for both the University and the Foundation have been reclassified to conform to the June 30, 2021 presentation. The reclassifications had no effect on previously reported total net position and do not constitute a restatement of prior periods.

Y. Perkins Loan Program Termination

Oregon Tech administers Title IV Perkins Loans for the benefit of its students. Funds for the Perkins program were initially received through Federal Capital Contributions (FCC) from the US Department of Education (ED) and were matched with Institutional Capital Contributions (ICC). Over the years, the proportion of federal to institutional matching funds varied, from a 90/10 split to a 75/25 split. Academic year 2017-18 was the last year in which new Perkins loans were allowed to be disbursed. Institutions have been given the option of assigning existing Perkins Loans back to the federal government or continuing to collect on these loans while returning the FCC portion as loans are repaid. Historically, the balance of the Perkins loans was reported in Notes Receivable and in Net Position Expendable for Student Loans. Due to the impending return of the loans to ED, a liability has been established for the amount of the federal portion of the remaining Notes Receivable and Cash. See Note 9. "Long-Term Liabilities" for more information on this change.

Z. Higher Education Emergency Relief Funding

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by Congress in March 2020, provides budgetary relief to higher education institutions through numerous provisions. Of the $30.75 billion allotted to the Education Stabilization Fund through the CARES Act, Congress set aside approximately $14.25 billion for the Higher Education Emergency Relief Fund (HEERF). Due to the different formulas and discretionary allocations Congress created within the CARES Act, the HEERF is comprised of multiple programs and distribution allocations.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was approved by Congress in December 2020 as part of the Consolidated Appropriations Act of 2021. The law authorized $23 billion through the Education Stabilization Fund specifically for higher education. These funds were allocated to institutions using the HEERF in the CARES Act and this portion of relief funding is commonly referred to as HEERF II. The CRRSA Act requires institutions to provide the same amount in emergency aid to students as they received under the CARES Act, but may spend any additional funds on institutional expenses such as to reimburse themselves for expenses occurred due to continuing operations during the pandemic; defray losses due to decreased revenue; implement information technology infrastructure and distance learning capacity for current and future students; fund payroll; and faculty and staff professional development.

In March 2021, Congress passed additional COVID relief funding in the American Rescue Plan (ARP). This law authorized $39.6 billion to higher education through the Higher Education Emergency Relief Fund (known as HEERF III). Similar to the CARES Act, institutions must spend at least 50 percent of their allocation on emergency financial aid grants directly to students. Institutions are required to spend a "reasonable and necessary" amount of institutional funds on monitoring and controlling the spread of COVID-19 on their campus and on outreach to students alerting them of opportunities to receive a financial aid adjustment due to lost income as a result of the pandemic. Additionally, institutions may use remaining funds to replace lost revenue, fund emergency expenses, or meet payroll costs, among other expenses. Institutions who received HEERF I or HEERF II funds are automatically awarded HEERF III funds.

As of June 30, 2021, total COVID relief funding awarded to Oregon Tech under HEERF II and HEERF III was $11,480. Oregon Tech was awarded $4,639 for the student portion allocation, of which $904 was received and dispersed directly to students as emergency financial aid grants as of June 30, 2021 and $3,735 remains to be received and dispersed in fiscal year 2022. Oregon Tech recognized nonoperating financial aid grant revenue and student aid operating expense for the receipt and disbursement of these funds. Oregon Tech was awarded $6,841 for the institutional portion allocation. As of June 30, 2021, Oregon Tech expended $2 all of which was recorded as a receivable for expenses made and $6,839 remained for use in fiscal year 2022. Oregon Tech recognized other nonoperating revenue for the total amount recognized. Expenditures identified as allowable relate to cleaning, and personal protective equipment.

Oregon Tech was also awarded $150 through the Governor's Emergency Education Relief Fund. Of this funding, $55 has been dispersed as of June 30, 2021, all of which was recorded as a receivable at year end, and $95 remains to be expended. Total amount expended as of June 30,2021 was used for student financial aid.

As of June 30, 2020, the total CARES Act funding awarded to Oregon Tech was $1,808. Oregon Tech was awarded $904 for the student portion allocation, of which $393 was received and disbursed as of June 30, 2020. Of the student allocation, $393 was dispersed directly to students as emergency financial aid grants as of June 30, 2020, and $511 remained to be dispersed in fiscal year 2021. Oregon Tech recognized nonoperating financial aid grant revenue and student aid operating expense for the total amount dispersed to students. As of June 30,2021, the remaining $511 was received and had been disbursed to students.

Oregon Tech was awarded a matching $904 for the institutional portion allocation. As of June 30, 2020, Oregon Tech incurred no of expenditures under the institutional portion of the HEERF. During fiscal year 2021, Oregon Tech spent $552 on eligible expenditures including classroom technology, cleaning, and personal protective equipment; with $509 received and $43 recorded as a receivable at year end. As of June 30, 2021, $352 of these funds remain available to Oregon Tech for reimbursement of eligible expenditures incurred in fiscal year 2022.

2. Cash and Investments

The majority of Oregon Tech's cash and investments were held in custody with the Oregon State Treasury (State Treasury) during the fiscal years ended June 30, 2021 and 2020. The State Treasury manages these invested assets through commingled investment pools. The operating funds of Oregon Tech are commingled with cash and investments from five other Oregon public universities and are referred to collectively as the Public University Fund (PUF). The investments held in the PUF are managed by the State Treasury and administered by the statutorily defined Designated University, currently Oregon State University. Each underlying investment pool has an investment policy and set of objectives identifying risk and return parameters for the respective investment pool. The State Treasury 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 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 exposures, see Note 2.B.

For full disclosure regarding cash and investments managed by the State Treasury, a copy of the State Treasury audited annual financial report may be obtained by writing to the Oregon State Treasury, 350 Winter St. NE, Suite 100, Salem, OR 97301 or via the Internet at: www.oregon.gov/treasury/news-data/pages/treasury-news-reports.aspx#annualrep.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

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 at June 30, 2021 and 2020 as follows:

	June 30, 2021	June 30, 2020
Current		
Unrestricted	$ 1,384	$ 8,509
Restricted For:		
Gifts, Grants, and Contracts	416	436
Debt Service	48	2,063
Student Aid	118	912
Payroll Vendor Payments	4,866	3,517
Student Groups and Campus Organizations	18	19
US Bank - Perkins	534	911
US Bank - Paycom	10	-
Petty Cash	90	142
Total Current	7,484	16,509
Noncurrent		
Unrestricted	869	1,060
Restricted For:		
Capital	2,193	-
Total Noncurrent	3,062	1,060
Total	$ 10,546	$ 17,569

Noncurrent, unrestricted cash consists primarily of student building fee funds. Prior to July 1, 2015, the student building fee funds were restricted for future debt service payments or other capital project expenses. The Board of Trustees now has spending authority over these funds, which are no longer restricted. Currently, the Board has no plans to spend these funds in the next fiscal year, as these funds will likely be used on future debt service payments or other capital project expenses. As such, the University has classified these amounts as noncurrent. The portion of the student building fee funds that will be used for debt service payable in fiscal year 2022 is reported as current cash.

DEPOSITS WITH STATE TREASURY

Oregon Tech maintains the majority of its current cash balances on deposit with the State Treasury. These deposits 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 for use by all state agencies or, by agreement, for related public bodies, such as Oregon Tech. The State Treasurer invests these deposits in high-grade short-term investment securities. While the University is not required by statute to collateralize deposits, it does have a contractual obligation with the State Treasury to collateralize deposits within 24 hours of receipt. At the fiscal years ended June 30, 2021 and 2020 respectively, Oregon Tech cash and cash equivalents on deposit at State Treasury was $9,912 and $16,516.

CUSTODIAL CREDIT RISK—DEPOSITS

Custodial credit risk is the risk that, in the event of a financial institution failure, cash deposits will not be returned to a depositor. The University and 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. Oregon Tech cash balances held on deposit at the State Treasury are invested continuously, therefore, custodial credit risk exposure to the State Treasury is low. Additionally, cash balances on deposit with US Bank are collateralized, therefore invested continuously, resulting in low credit risk.

FOREIGN CURRENCY RISK—DEPOSITS

Deposits in foreign currency run the risk of changing value due to fluctuations in foreign exchange rates. State Treasury deposits are denominated in U.S. currency and therefore not exposed to foreign currency risk.

OTHER DEPOSITS

For the years ended June 30, 2021 and 2020, respectively, Oregon Tech had vault and petty cash balances of $90 and $142. Oregon Tech had cash held at US Bank for Title IV Perkins funds of $534 at June 30, 2021 and $911 at June 30, 2020. Oregon Tech also had cash held at US Bank for their Paycom project of $10 during the year ended June 30, 2021.

B. Investments

Oregon Tech's operating funds are invested in the PUF Core Bond Fund (CBF). 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.

The University has a board-designated quasi-endowment invested in the Oregon Intermediate-term Pool (OITP), managed by the State Treasury. The OITP is actively managed to maintain an average duration of three years, through a diversified portfolio of quality, investment grade fixed income securities.

At June 30, 2021, Oregon Tech had $19,133 in investments; of this, $10,865 was invested in the CBF managed by State Treasury, $7,583 was invested in the OITP, and $685 was invested in the Oregon Tech Foundation pooled endowment fund.

At June 30, 2020, Oregon Tech had $16,555 in investments; of this, $8,387 was invested in the CBF managed by State Treasury, $7,664 was invested in the OITP, and $504 was invested in the Oregon Tech Foundation pooled endowment fund.

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 Oregon Tech's portion of PUF pooled 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, 2021.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Investments of the Oregon Tech discretely presented component unit are summarized at June 30, 2021 and 2020, respectively as follows:

COMPONENT UNIT

Fair Value at June 30,	2021	2020
Investment Type:		
Mutual Funds	$ 28,810	$ 22,436
Investment in Partnership	1,117	1,117
Alternative Investments	3,849	2,310
Money Market Funds	458	731
Total Investments	$ 34,234	$ 26,594

CREDIT RISK

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. Oregon Tech has an investment policy for its operating and endowment assets. Funds invested through the OITP are allocated to fixed income investments which have not been evaluated by the rating agencies and totaled $7,583 and $7,664 at June 30, 2021 and 2020, respectively. The PUF Investment Pool totaled $270,091 and $192,396 at June 30, 2021 and 2020, respectively, of which Oregon Tech owned $10,865, or 4.0 percent, and $8,387, or 4.4 percent. As of June 30, 2021 and 2020, approximately 94.5 and 91.5 percent, respectively, of investments in the PUF Pool are subject to credit risk reporting. Within the PUF Investment Pool, fixed income securities rated by the credit agencies as lower medium to high quality, indicating the issuer has a strong capacity to pay principal and interest when due, totaled $223,564 and $120,344 in fiscal year 2021 and 2020, respectively. Additionally, fixed income securities in the PUF Investment Pool which have not been evaluated by the rating agencies totaled $31,546 and $55,753 in fiscal year 2021 and 2020, respectively.

CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The OIC has no formal policy regarding the holding of securities by a custodian or counterparty. For the years ended June 30, 2021 and 2020, the University's investments were exposed to custodial credit risk indirectly through the State Treasury.

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 and no more than three percent of an individual issue. Per policy, no total investments with any single issuer comprised more than five percent of PUF investments, excluding U.S. Government and Agency issues. The OITP fund has a similar policy guideline as the PUF policy regarding management of the credit concentration risk.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that investments may lose value due to fluctuations in foreign exchange rates. No Oregon Tech investments had reportable foreign currency risk at either June 30, 2021 or 2020.

Of the Oregon Tech endowments invested by the Oregon Tech Foundation, at June 30, 2021 and June 30, 2020, $408 and $112, or 59.5 and 22.2 percent, respectively, were held subject to foreign currency risk.

INTEREST RATE RISK

Investments in fixed income securities are subject to the risk that changes in interest rates will adversely affect the fair value of the investments. As of June 30, 2021 and 2020, respectively, securities in the PUF Investment Pool held subject to interest rate risk totaling $255,110 and $176,097 had an average duration of 4.04 and 3.77 years. Duration measures the change in the value of a fixed income security that will result from a one percent change in interest rates. At June 30, 2021 and June 30, 2020, respectively, the total $7,583 and $7,664 of the Oregon Tech board designated quasi-endowment invested in the OITP were subject to interest rate risk and had an average duration of 3.89 and 3.14 years. Additionally, as of June 30, 2021 and June 30, 2020, respectively, securities in the Oregon Tech Foundation endowments held subject to interest rate risk totaling $108 and $112 had an average duration of 4.58 and 4.43 years.

FAIR VALUE MEASUREMENTS

Investments are reported at estimated fair value as determined by State Treasury, 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.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Oregon Tech's investments in the PUF are not required to be leveled per GASB Statement No, 72 *Fair Value Measurement and Application*. Oregon Tech's investments invested with the Oregon Tech Foundation and investments in the OITP are all level 3 since the underlying inputs are unobservable.

COMPONENT UNIT INVESTMENTS BY LEVEL

The following tables present the component unit investments by level within valuation hierarchy as of June 30, 2021 and 2020:

Fair Value at June 30, 2021	Level I	Level II	Level III	Total
Money Market Funds	$ 458	$ -	$ -	$ 458
Mutual Funds	28,810	-	-	28,810
	$ 29,268	$ -	$ -	$ 29,268
Investments measured at NAV				$ 3,849
Investments with Nonrecurring Fair Value Measurements				1,117
			Total Investments	$ 34,234

Fair Value at June 30, 2020	Level I	Level II	Level III	Total
Money Market Funds	$ 731	$ -	$ -	$ 731
Mutual Funds	22,435	-	-	22,435
	$ 23,166	$ -	$ -	$ 23,166
Investments measured at NAV				$ 2,311
Investments with Nonrecurring Fair Value Measurements				1,117
			Total Investments	$ 26,594

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. Oregon Tech's cash on deposit with the State Treasury is subject to securities lending. There were no significant violations of the provisions of securities lending agreements during the years ended June 30, 2021 and 2020.

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 State Treasury is fully indemnified by the custodian against losses due to borrower default. There were no losses during the year from the failure of borrowers to return loaned securities.

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

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

The maturities of investments made with the cash collateral generally do not match the maturities of the securities loaned. Since the securities loaned are callable on demand by either the lender or borrower, the life of the loans at June 30, 2021 and 2020, is effectively one day. As of June 30, 2021 and 2020, the state had no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amounts borrowers owed to the State.

The fair value of the University's share of securities lending balances on loan as of June 30, 2021 and 2020 comprised the following:

Investment Type	June 30, 2021	June 30, 2020
U.S. Treasury and Agency Securities	$ 224	$ 545
Domestic Fixed Income Securities	175	55
Total	$ 399	$ 600

The fair value of the University's share of total cash and securities collateral received as of June 30, 2021 and 2020 was $407 and $612, respectively. The fair value of the University's share of investments purchased with cash collateral as of June 30, 2021 and 2020 was $183 and $351, respectively.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

3. Accounts Receivable

Accounts Receivable, including amounts due from the component unit, comprised the following:

	June 30, 2021	June 30, 2020
Student Tuition and Fees	$ 2,299	$ 2,840
Capital Construction Gifts, Grants, and Contracts	20,773	5,594
State, Other Government, and Private Gifts, Grants, and Contracts	464	376
Federal Grants and Contracts	845	351
Auxiliary Enterprises and Other Operating Activities	286	209
Component Units	302	148
Other	789	1,446
	25,758	10,964
Less: Allowance for Doubtful Accounts	(604)	(541)
Accounts Receivable, Net	$ 25,154	$ 10,423

4. Notes Receivable

Oregon Tech Notes Receivable has three main components.

Receivables for construction reimbursements are due to Oregon Tech from the State of Oregon for construction projects that will be reimbursed from bond proceeds held by the state. These notes receivable are offset by loan agreements to the state, which are presented in Note 9. "Long-Term Liabilities".

Student loans made through the Federal Perkins Loan Program were funded through interest earnings and repayment of loans. Federal Perkins loans deemed uncollectible are assigned to the U.S. Department of Education for collection. Oregon Tech has provided an allowance for uncollectible loans which is calculated using the cohort default rate reported to the federal government.

Institutional and Other Student Loans include loans offered through the University itself and other various non-federal loan programs.

	June 30, 2021		
	Current	Noncurrent	Total
Receivable for Construction	$ 1,101	$ -	$ 1,101
Institutional and Other Student Loans	162	646	808
Federal Student Loans	164	738	902
	1,427	1,384	2,811
Less: Allowance for Doubtful Accounts	(32)	(154)	(186)
Notes Receivable, Net	$ 1,395	$ 1,230	$ 2,625

	June 30, 2020		
	Current	Noncurrent	Total
Receivable for Construction	$ 1,715	$ -	$ 1,715
Institutional and Other Student Loans	42	939	981
Component Unit	20	80	100
Federal Student Loans	210	947	1,157
	1,987	1,966	3,953
Less: Allowance for Doubtful Accounts	(20)	(93)	(113)
Notes Receivable, Net	$ 1,967	$ 1,873	$ 3,840

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

5. Capital Assets

The following schedule reflects the changes in capital assets:

	Balance July 1, 2019	Additions	Transfer Completed Assets	Retire. And Adjust.	Balance June 30, 2020	**Additions**	**Transfer Completed Assets**	**Retire. And Adjust.**	**Balance June 30, 2021**
Capital Assets, Non-depreciable/Non-amortizable									
Land	$ 6,250	$ -	$ -	$ -	$ 6,250	**$ -**	**$ -**	**$ -**	**$ 6,250**
Capitalized Collections	1,012	-	-	-	1,012	**-**	**-**	**-**	**1,012**
Construction in Progress	8,334	13,362	(4,029)	-	17,667	**20,835**	**(8,823)**	**-**	**29,679**
Perpetual Intangible Assets	420	-	-	-	420	**-**	**-**	**-**	**420**
Total Capital Assets, Non-depreciable/ Non-amortizable	16,016	13,362	(4,029)	-	25,349	**20,835**	**(8,823)**	**-**	**37,361**
Capital Assets, Depreciable/ Amortizable:									
Equipment	16,601	2,671	806	(343)	19,735	**2,854**	**218**	**-**	**22,807**
Library Materials	9,556	12	-	(377)	9,191	**6**	**-**	**(57)**	**9,140**
Buildings	125,360	3,903	214	-	129,477	**1,191**	**8,413**	**(1,025)**	**138,056**
Land Improvements	6,008	228	372	-	6,608	**15**	**-**	**(680)**	**5,943**
Improvements Other Than Buildings	846	322	-	-	1,168	**92**	**-**	**(5)**	**1,255**
Infrastructure	23,861	1,838	2,637	-	28,336	**64**	**99**	**-**	**28,499**
Intangible Assets	1,970	-	-	-	1,970	**-**	**93**	**-**	**2,063**
Total Capital Assets, Depreciable/Amortizable	184,202	8,974	4,029	(720)	196,485	**4,222**	**8,823**	**(1,767)**	**207,763**
Less Accumulated Depreciation/ Amortization for:									
Equipment	(11,472)	(1,636)	-	216	(12,892)	**(1,807)**	**-**	**-**	**(14,699)**
Library Materials	(9,153)	(99)	-	378	(8,874)	**(79)**	**-**	**57**	**(8,896)**
Buildings	(49,652)	(3,446)	-	-	(53,098)	**(4,059)**	**-**	**1,025**	**(56,132)**
Land Improvements	(3,030)	(368)	-	-	(3,398)	**(345)**	**-**	**680**	**(3,063)**
Improvements Other Than Buildings	(410)	(62)	-	-	(472)	**(93)**	**-**	**5**	**(560)**
Infrastructure	(10,109)	(1,147)	-	-	(11,256)	**(1,323)**	**-**	**-**	**(12,579)**
Intangible Assets	(1,971)	-	-	-	(1,971)	**-**	**-**	**-**	**(1,971)**
Total Accumulated Depreciation/Amortization	(85,797)	(6,758)	-	594	(91,961)	**(7,706)**	**-**	**1,767**	**(97,900)**
Total Capital Assets, Net	$ 114,421	$ 15,578	$ -	$ (126)	$ 129,873	**$ 17,351**	**$ -**	**$ -**	**$ 147,224**
Capital Assets Summary									
Capital Assets, Non-depreciable/ Non-amortizable	$ 16,016	$ 13,362	$ (4,029)	$ -	$ 25,349	**$ 20,835**	**$ (8,823)**	**$ -**	**$ 37,361**
Capital Assets, Depreciable/ Amortizable	184,202	8,974	4,029	(720)	196,485	**4,222**	**8,823**	**(1,767)**	**- 207,763**
Total Cost of Capital Assets	200,218	22,336	-	(720)	221,834	**25,057**	**-**	**(1,767)**	**245,124**
Less Accumulated Depreciation/ Amortization	(85,797)	(6,758)	-	594	(91,961)	**(7,706)**	**-**	**1,767**	**(97,900)**
Total Capital Assets, Net	$ 114,421	$ 15,578	$ -	$ (126)	$ 129,873	**$ 17,351**	**$ -**	**$ -**	**$ 147,224**

One of Oregon Tech's geothermal power plants and related systems was idle as of June 30, 2021 and June 30,2020 due to repairs in progress. The book value was $5,861 and $6,298 at June 30, 2021 and June 30, 2020, respectively.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

6. Deferred Inflows and Outflows of Resources

Deferred Inflows and Outflows of Resources comprised the following:

	June 30, 2021	June 30, 2020
Deferred Outflows of Resources due to:		
Pension Obligations (See Note 14)	**$ 10,301**	$ 7,695
Other Post Employment Benefits (See Note 15)	**273**	135
Total Deferred Outflows of Resources	**$ 10,574**	$ 7,830
Deferred Inflows of Resources due to:		
Pension Obligations (See Note 14)	**$ 1,139**	$ 1,672
Other Post Employment Benefits (See Note 15)	**279**	282
Total Deferred Inflows of Resources	**$ 1,418**	$ 1,954

7. Accounts Payable and Accrued Liabilities

Accounts Payable and Accrued Liabilities comprised the following:

	June 30, 2021	June 30, 2020
Salaries and Wages	**$ 2,217**	$ 2,207
Payroll Benefits Related	**4,866**	3,517
Services and Supplies	**2,758**	2,159
Accrued Interest	**546**	821
Contract Retainage	**1,341**	615
2020 Employee Retirement Incentive Program	**-**	162
Other	**44**	31
Total	**$ 11,772**	$ 9,512

8. Operating Leases

A. Receivables/Revenues

Oregon Tech receives income for land, property, and equipment that is leased to third parties. Rental income received from leases was $834 and $822 for the year ended June 30, 2021 and 2020, respectively. The original cost of assets leased, net of depreciation, was $4,263 and $4,365 for the years ended June 30, 2021 and 2020, respectively. Minimum future lease revenue for noncancelable operating leases at June 30, 2021 were:

For the year ending June 30,	
2022	$ 834
2023	834
2024	835
2025	141
2026	1
2027-2031	7
2032-2036	7
2037-2041	7
2042-2046	7
2047-2051	3
Total Minimum Operating Lease Revenues	$ 2,676

B. Payables/Expenses

Oregon Tech leases building and office facilities and other equipment under noncancelable operating leases. Total expense for such leases and rents were $745 and $709 for the year ended June 30, 2021 and 2020, respectively. Minimum future lease payments on operating leases at June 30, 2021 were:

For the year ending June 30,	
2022	$ 769
2023	446
2024	313
2025	294
2026	215
Total Minimum Operating Lease Payments	$ 2,037

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

9. Long-Term Liabilities

Long-term liability activity is as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amount Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to State of Oregon:						
Contracts Payable	$ 37,510	$ 22,447	$ (21,784)	$ 38,173	$ 736	$ 37,437
Oregon Department of Energy Loans (SELP)	1,148	-	(81)	1,067	99	968
Oregon Tech Foundation	1,470	-	(1,470)	-	-	-
Capital Leases	23	187	(62)	148	45	103
Total Long-Term Debt	40,151	22,634	(23,397)	39,388	880	38,508
Other Noncurrent Liabilities						
PERS pre-SLGRP pooled Liability	1,289	-	(161)	1,128	148	980
Compensated Absences	2,311	1,014	(863)	2,462	909	1,553
Early Retirement Liability	3	-	(3)	-	-	-
Perkins Loan Program Liability	1,208	-	(310)	898	163	735
Total Other Noncurrent Liabilities	4,811	1,014	(1,337)	4,488	1,220	3,268
Total Long-Term Liabilities	$ 44,962	$ 23,648	$ (24,734)	$ 43,876	$ 2,100	$ 41,776

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due Within One Year	Long-Term Portion
Long-Term Debt						
Due to State of Oregon:						
Contracts Payable	$ 39,092	$ 2	$ (1,584)	$ 37,510	$ 1,696	$ 35,814
Oregon Department of Energy Loans (SELP)	1,238	-	(90)	1,148	94	1,054
Oregon Tech Foundation	-	1,800	(330)	1,470	344	1,126
Capital Leases	84	-	(61)	23	23	-
Total Long-Term Debt	40,414	1,802	(2,065)	40,151	2,157	37,994
Other Noncurrent Liabilities						
PERS pre-SLGRP pooled Liability	1,426	-	(137)	1,289	140	1,149
Compensated Absences	2,073	1,446	(1,208)	2,311	1,616	695
Early Retirement Liability	21	-	(18)	3	3	-
Perkins Loan Program Liability	1,680	-	(472)	1,208	220	988
Total Other Noncurrent Liabilities	5,200	1,446	(1,835)	4,811	1,979	2,832
Total Long-Term Liabilities	$ 45,614	$ 3,248	$ (3,900)	$ 44,962	$ 4,136	$ 40,826

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

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

For the Year Ending June 30,	Contracts Payable	SELP	Capital Leases	Total Payments	Principal	Interest
2022	$ 1,804	$ 151	$ 53	$ 2,008	$ 860	$ 1,148
2023	2,841	151	52	3,044	1,921	1,123
2024	3,295	151	38	3,484	2,434	1,050
2025	3,273	151	21	3,445	2,455	990
2026	3,266	150	-	3,416	2,479	937
2027-2031	14,858	565	-	15,423	11,654	3,769
2032-2036	11,593	-	-	11,593	9,530	2,063
2037-2041	6,973	-	-	6,973	6,350	623
2042-2046	1,747	-	-	1,747	1,685	62
Accreted Interest					20	(20)
					$ 39,388	$ 11,745
Total Future Debt Service	**49,650**	**1,319**	**164**	**51,133**		
Less: Interest Component of Future Payments	(11,477)	(252)	(16)	(11,745)		
Principal Portion of Future Payments	$ 38,173	$ 1,067	$ 148	$ 39,388		

The State of Oregon periodically issues bonded debt which it then loans to Oregon Tech for capital construction. Oregon Tech has entered into contract loan agreements with the State for the principal and interest amounts due. In addition, Oregon Tech also borrows funds from the Oregon Department of Energy (DOE) through the Small Scale Energy Loan Program (SELP). The State may periodically issue new debt to refund previously held debt. Per the loan agreements, when this happens, the State is required to pass the savings on to the University.

A. Contracts Payable

Oregon Tech has entered into loan agreements with the State for repayment of bonds issued by the State on behalf of the University for capital construction and refunding of previously issued debt. The University makes loan payments (principal and interest) to the State in accordance with the loan agreements. In the event of default, the State may withold future disbursements of state general fund appropriations up to the amount of the default. Loans, with interest rates ranging from 0.07 percent to 5.33 percent, are due serially through 2044.

During the fiscal year ended June 30, 2021, the State issued $355 of Series 202N XI-F(1) Tax exempt bonds and $11,380 of Series 2020O XI-F(1) Taxable bonds on behalf of Oregon Tech for the refunding of previously held debt. The bonds have an effective rate of 1.94 percent and are due serially through 2044. The State also issued $360 of Series 2021H XI-F(1) Tax Exempt bonds and $10,350 of Series 2021I XI-F(1) Taxable bonds on behalf of Oregon Tech for the refunding of previously held debt. The bonds have an effective rate of 1.94 percent and are due serially through 2037. The new issuances and refunding of previously held debt resulted in a net increase of $2,092 in contracts payable. The refunding of previously held debt will ultimately save the University $3,277 over the next 24 years, with 83 percent of the savings front loaded to the first four years of debt service payments. Savings were front loaded by the State in order to assist the University with cash flow and liquidity during uncertain times in light of the coronavirus pandemic.

Other changes to the University's contracts payable to the State include debt service payments for principal of $1,421 and the addition of $2 and the deduction of $10 for the amortization of accreted interest applicable to zero coupon bonds sold prior to 2002.

During the fiscal year ended June 30, 2020, the State did not issue any bonds which resulted in either an increase or decrease to Oregon Tech's contracts payable to the State. Changes to the University's contracts payable to the State include debt service payments for principal and accreted interest of $1,584 and the addition of $2 for the amortization of accreted interest applicable to zero coupon bonds sold prior to 2002.

B. Oregon Department of Energy Loan

Oregon Tech has entered into a loan agreement with the State of Oregon DOE through the SELP for energy conservation projects at Oregon Tech. Oregon Tech makes monthly loan payments (principal and interest) to the DOE in accordance with the loan agreement. Upon event of default, the lender may accelerate the due date and declare the balance due immediately. The projects funded by the loan serve as security for the loan. The SELP loan has an interest rate of 5.08 percent and is due through 2030.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

C. Oregon Tech Foundation Loan

Oregon Tech entered into a loan agreement with the Oregon Tech Foundation for the purchase of equipment during the fiscal year ended June 30, 2020. This loan was paid in full during the fiscal year ended June 30, 2021.

D. Capital Leases

Oregon Tech has acquired assets under capital lease agreements. The cost of Oregon Tech assets held under capital leases at June 30, 2021 and 2020 totaled $187 and $130, respectively. Accumulated depreciation of leased equipment totaled $26 at June 30, 2021 and $108 at June 30, 2020.

The lease purchase (capital lease) contracts run through fiscal year 2024. The capital leases were recorded at the present value of the minimum future lease payments at the inception date. The effective interest rates on the capitalized leases range from 4.10 and 7.58 percent.

E. 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 of Oregon, based on salaries and wages, to all public universities, state proprietary funds, and the government-wide reporting fund in the State Annual Comprehensive Financial Report. Interest expense was paid by Oregon Tech in the amount of $94 and $105 for June 30, 2021 and 2020, respectively. Principal payments of $161 and $137 were applied to the liability for June 30, 2021 and 2020, respectively.

F. Early Retirement Liability

Oregon Tech offered a tenure relinquishment plan that closed December 31, 2013. Faculty that accepted the plan retired by December 31, 2013 and received a fixed subsidy amount for health benefits covering the term until the faculty member turned 65. There are no longer any employees receiving payments through this program.

10. Unrestricted Net Position

Unrestricted net position is comprised of the following:

	June 30, 2021	June 30, 2020
University Operations	**$ 35,565**	$ 28,694
Compensated Absences Liability (Note 9)	**(2,462)**	(2,311)
Other Postemployment Benefits Liability (Note 15)	**(1,329)**	(1,412)
State and Local Government Rate Pool (Note 9)	**(1,128)**	(1,289)
Net Pension Liability (Note 14)	**(27,426)**	(20,224)
Pension & OPEB Related Deferred Outflows (Note 6)	**10,574**	7,830
Pension & OPEB Related Deferred Inflows (Note 6)	**(1,418)**	(1,954)
Total Unrestricted Net Position	**$ 12,376**	$ 9,334

11. Investment Activity

Investment Activity detail is as follows:

	June 30, 2021	June 30, 2020
Investment Earnings	**$ 460**	$ 1,011
Temporarily Restricted Endowment Income	**298**	297
Interest Income	**50**	57
Gain (Loss) on Sale of Investments	**(69)**	76
Net Appreciation of Investments	**182**	323
Other	**(6)**	-
Total Investment Activity	**$ 915**	$ 1,764

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

12. Operating Expenses by Natural Classification

The Statement of Revenues, Expenses, and Changes in Net Position reports operating expenses by their functional classification. The table below displays operating expenses by both their functional classification and natural classification. Both the Net Pension Liability and the OPEB Asset/Liability for fiscal years ended June 30, 2021 and June 30, 2020 affected the reported Compensation and Benefit Expenses of Oregon Tech. For the fiscal year ended June 30, 2021, changes in the Net Pension Liability, the OPEB Asset/Liability, and associated reporting requirements increased the reported Compensation and Benefit expenses of Oregon Tech by $4,085. For the fiscal year ended June 30, 2020, changes in the Net Pension Liability, the OPEB Asset/Liability, and associated reporting requirements increased the reported Compensation and Benefit expenses of Oregon Tech by $2,757. See page 15 of the Management's Discussion & Analysis section of this report for additional details and discussion of the impact of this change.

June 30, 2021	**Compensation and Benefits**	**Services and Supplies**	**Scholarships and Fellowships**	**Depreciation and Amortization**	**Other**	**Total**
Instruction	**$ 29,176**	**$ 1,749**	**$ -**	**$ -**	**$ -**	**$ 30,925**
Research	**2,633**	**1,485**	**66**	**-**	**-**	**4,184**
Public Services	**149**	**12**	**-**	**-**	**-**	**161**
Academic Support	**4,966**	**2,143**	**1**	**-**	**-**	**7,110**
Student Services	**4,669**	**1,793**	**23**	**-**	**-**	**6,485**
Auxiliary Services	**4,558**	**7,405**	**38**	**1,557**	**-**	**13,558**
Institutional Support	**9,719**	**5,191**	**-**	**-**	**-**	**14,910**
Operation & Maintenance	**2,505**	**1,855**	**-**	**410**	**-**	**4,770**
Student Aid	**56**	**(141)**	**6,510**	**-**	**267**	**6,692**
Other	**250**	**267**	**-**	**5,739**	**-**	**6,256**
Total	**$ 58,681**	**$ 21,759**	**$ 6,638**	**$ 7,706**	**$ 267**	**$ 95,051**

June 30, 2020	Compensation and Benefits	Services and Supplies	Scholarships and Fellowships	Depreciation and Amortization	Other	Total
Instruction	$ 29,057	$ 2,265	$ 9	$ -	$ -	$ 31,331
Research	2,199	1,637	40	-	13	3,889
Public Services	319	80	1	-	-	400
Academic Support	4,625	1,615	-	-	-	6,240
Student Services	5,010	1,738	95	-	-	6,843
Auxiliary Services	4,406	6,467	51	1,705	-	12,629
Institutional Support	9,764	4,666	-	-	-	14,430
Operation & Maintenance	2,648	1,760	-	-	-	4,408
Student Aid	137	(44)	5,313	-	48	5,454
Other	(17)	860	-	5,053	-	5,896
Total	$ 58,148	$ 21,044	$ 5,509	$ 6,758	$ 61	$ 91,520

13. Government Appropriations

Oregon Tech receives support from the State of Oregon in the form of General Fund and Lottery appropriations. These appropriations are in support of the operations of the University. Appropriations for SELP debt service are dependent upon the loan agreements between the University and the Oregon DOE. Government appropriations comprised the following:

	June 30, 2021	June 30, 2020
General Fund - Operations	$ 32,148	$ 31,177
General Fund - SELP Debt Service	134	134
Lottery Funding	1,208	1,068
Total Appropriations	$ 33,490	$ 32,379

14. Employee Retirement Plans

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

A. Public Employees Retirement Plan (PERS)

Organization

Oregon Tech 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 (Board) to administer and manage the System.

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 HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit, DB) 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 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 of Oregon 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: *http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx*

Summary of Significant Accounting Policies

Employers participating in the Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to pensions in the measurement of employer liabilities for pensions and recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting by the Plan. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers by the Plan. 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 for the Plan

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.

Collective Pension Plan Liability

The components of the Plan's collective net pension liability as of the measurement dates of June 30, 2020 and 2019 are as follows (dollars in millions):

	June 30, 2020	June 30, 2019
Total Pension Liability	$ 90,143	$ 87,501
Plan Fiduciary Net Position	68,319	70,204
Plan Net Pension Liability	$ 21,824	$ 17,297

The Plan's fiduciary net position has been determined on the same basis used by the pension plan.

Changes Subsequent to the Measurement Date

The PERS Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. That rate is then adopted in an administrative rule at the time the Board sets the new rate. The University is unaware of any changes made subsequent to the measurement date of June 30, 2020.

OREGON PERS PENSION (CHAPTER 238) PROGRAM

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. 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 causes 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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210, monthly benefits are adjusted annually through COLAs. The cap on the COLAs will vary 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 OPSRP 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

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Revenue Code Section 401(a).

Upon retirement, a member of the OPSRP 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 ORS 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 contribution rates for the fiscal year ended June 30, 2021 and June 30, 2020 were based on the December 31, 2019 actuarial valuation. The employer contribution rates for the PERS and OPSRP are as follows:

	2021	2020
Base Tier One/Two Rate	**19.05%**	19.05%
SLGRP Rate	**1.71%**	1.71%
RHIA/RHIPA OPEB Rate	**0.45%**	0.45%
Total PERS Tier One/Two Rate	**21.21%**	21.21%
Base OPSRP Rate	**12.77%**	12.77%
SLGRP Rate	**1.71%**	1.71%
RHIA/RHIPA OPEB Rate	**0.27%**	0.27%
Total OPRSP Rate	**14.75%**	14.75%

Employer required contributions for the years ended June 30, 2021 and June 30, 2020 were $2,733 and $2,756, respectively, including amounts to fund employer specific liabilities. (See Note 9.E. for additional information).

Net Pension Liability

At June 30, 2021 and 2020, the University reported a liability of $27,426 and $20,224, respectively, for its proportionate share of the PERS net pension liability. The net pension liability as of June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The net pension liability as of June 30, 2020 was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The PERS system does not provide Oregon Tech an audited proportionate share as a separate employer; the University is a proportionate share of PERS employer state agencies which includes all state agencies. The State of Oregon Department of Administrative Services calculated Oregon Tech's proportional share of all state agencies internally based on actual contributions by Oregon Tech compared to the total for employer state agencies. The State of Oregon Audits Division reviewed this internal calculation. At June 30, 2021 and 2020, Oregon Tech's proportion was 0.13 and 0.12 percent, respectively, of the statewide pension plan.

For the years ended June 30, 2021 and 2020, Oregon Tech recorded total net pension expense of $6,491 and $5,240 due to the increase in net pension liability and changes to deferred inflows and outflows.

Deferred Items

Certain deferred items are calculated at the system-wide level and are allocated to employers based on their proportionate share. Other deferred items are calculated at the University level. For fiscal years ending June 30, 2021 and 2020, deferred items include:

- Difference between expected and actual experience
- Changes in assumptions
- Net difference between projected and actual earnings
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions
- Contributions subsequent to the measurement date

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

- Measurement period ended June 30, 2020 – 5.3 years
- Measurement period ended June 30, 2019 – 5.2 years
- Measurement period ended June 30, 2018 – 5.2 years
- Measurement period ended June 30, 2017 – 5.3 years
- Measurement period ended June 30, 2016 – 5.3 years
- Measurement period ended June 30, 2015 – 5.4 years

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

One year of amortization is recognized in the University's total pension expense for fiscal years 2021 and 2020.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

At June 30, 2021, Oregon Tech 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	$ 1,207	$ -
Changes of assumptions	1,472	52
Net difference between projected and actual earnings on pension plan investments	3,225	-
Changes in Proportion	1,966	475
Difference between contributions and proportionate share of contributions	4	612
Total	**$ 7,874**	**$ 1,139**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ 6,735	
Contributions Subsequent to the MD	2,427	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ 9,162**	

At June 30, 2020, Oregon Tech 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	$ 1,115	$ -
Changes of assumptions	2,744	-
Net difference between projected and actual earnings on pension plan investments	-	573
Changes in Proportion	1,369	691
Difference between contributions and proportionate share of contributions	6	408
Total	$ 5,234	$ 1,672
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ 3,562	
Contributions Subsequent to the MD	2,461	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 6,023	

Of the amount reported as deferred outflows of resources, $2,427 is related to pensions resulting from Oregon Tech contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflow/(Inflow) of Resources
Year Ended June 30:	
2022	$ 1,507
2023	1,890
2024	1,931
2025	1,334
2026	73
	$ 6,735

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Actuarial Methods and Assumptions

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

Actuarial Methods:		
As of:	**June 30, 2021**	June 30, 2020
Valuation Date	December 31, 2018	December 31, 2017
Measurement Date	June 30, 2020	June 30, 2019
Experience Study Report	2018, published July 2019	2016, published July 2017
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Inflation Rate	2.50 percent	
Long-Term Expected Rate of Return	7.20 percent	
Discount Rate	7.20 percent	
Projected Salary Increases	3.50 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 Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar 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.	RP-2014 employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar 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.	RP-2014 Disabled Retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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.

Discount Rate

The discount rate used to measure the total pension liability at both June 30, 2021 and June 30, 2020 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

The sensitivity analysis shows the sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the net pension liability calculated using the current discount rate as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Oregon Tech's proportionate share of the net pension liability	
	June 30, 2021	June 30, 2020
1 % Decrease 6.20%	$ 40,726	$ 32,387
Current Discount Rate 7.20%	27,426	20,224
1 % Increase 8.20%	16,274	10,045

Depletion Date Projection

GASB 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 No. 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

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 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 No. 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses. As such, the long-term expected rate of return was used to discount the liability.

Assumed Asset Allocation

Asset Class/ Strategy	Low Range	High Range	OIC Target
Debt Securities	15.00 %	25.00 %	20.00 %
Public Equity	27.50	37.50	32.50
Private Equity	14.00	21.00	17.50
Real Estate	9.50	15.50	12.50
Alternative Investments	7.50	17.50	15.00
Opportunity Portfolio	0.00	3.00	0.00
Risk Parity	0.00	2.50	2.50
Total			100.00 %

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019, 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 below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. 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*

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

Bond Debt

The Retirement Bond Debt Service Assessment was authorized by the State of Oregon Legislature in 2003 to sell general obligation bonds in the amount of $2 billion to pay a PERS unfunded actuarial liability. This action reduced the PERS contribution rate for PERS covered employers in the State actuarial pool in November 2003.

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

The payroll assessment for the pension obligation bond began May

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

2004. The assessment rate for fiscal year 2021 was 5.60 percent. The assessment rate for fiscal year 2020 was 6.20 percent through October 31, 2019. The 2020 rate was decreased to 5.60 percent effective November 1, 2019. Payroll assessments paid by Oregon Tech for the fiscal years ended June 30, 2021 and 2020 were $973 and $1,002, respectively.

B. Other Retirement Plans

OPTIONAL RETIREMENT PLAN

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

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

The employer contribution rates for the ORP are as follows:

	2021	2020
Tier One/Two	**27.20%**	27.20%
Tier Three	**9.85%**	9.85%
Tier Four	**8.00%**	8.00%

OREGON PUBLIC UNIVERSITIES 401(A) DEFINED CONTRIBUTION PLAN

Eligible ranked faculty participate in the Teacher's Insurance and Annuity Association (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 are supplemental to PERS. To participate in this retirement option, employees must have been hired on or before September 9, 1995. The legacy plan, Oregon University System 401(a) Defined Contribution Plan, document was amended and restated July 1, 2015, and the Plan Sponsor is now the Board of Trustees for the University of Oregon.

SUMMARY OF OTHER PENSION PAYMENTS

Oregon Tech total payroll for the year ended June 30, 2021 was $35,587, of which $13,872 was subject to optional retirement plan contributions. Employer contributions for the year totaled $1,674 or 12.07 percent of covered payroll. Employee contributions for the year totaled $1,109, or 7.99 percent of covered payroll. Oregon Tech paid all of the ORP employee contribution amounts on behalf of their employees during the fiscal year ended June 30, 2021.

Oregon Tech total payroll for the year ended June 30, 2020 was $36,586, of which $13,108 was subject to optional retirement plan contributions. Employer contributions for the year totaled $1,672, or 12.76 percent, of covered payroll. Employee contributions for the year totaled $1,050, or 8.01, percent of covered payroll. Oregon Tech paid all of the ORP employee contribution amounts on behalf of their employees during the fiscal year ended June 30, 2020.

15. Other Postemployment Benefits (OPEB)

A. Public Employees Retirement System (PERS)

Plan Descriptions

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

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

Established under ORS 238.415, the RHIPA is considered a cost-sharing multiple-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 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 Annual Comprehensive Financial Report. PERS issues a separate, publicly available financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, Fiscal Services Division, PO Box 23700, Tigard, OR 97281-3700. The report may also be accessed online at: *www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx*

Summary of Significant Accounting Policies

Employers participating in RHIA and RHIPA plans are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities for OPEB and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

Basis of Accounting

The financial statements for the PERS OPEB plans are prepared using 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.

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 total PERS Net OPEB liability (asset) for the OPEB plans as of the measurement date of June 30, 2020 and 2019 are as follows (in millions):

Net OPEB - RHIA (Asset)	**June 30, 2020**	June 30, 2019
Total OPEB - RHIA Liability	**$ 406.9**	$ 435.6
Plan Fiduciary Net Position	**610.7**	628.9
Plan Net OPEB - RHIA (Asset)	**$ (203.8)**	$ (193.3)

Net OPEB - RHIPA Liability	**June 30, 2020**	June 30, 2019
Total OPEB - RHIPA Liability	**$ 64.3**	$ 72.0
Plan Fiduciary Net Position	**54.3**	46.7
Plan Net OPEB - RHIA Liability	**$ 10.0**	$ 25.3

Changes Subsequent to the Measurement Date

The PERS Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. That rate is then adopted in an administrative rule at the time the Board sets the new rate. The University is not aware of any changes made subsequent to the measurement date of June 30, 2021.

Assumed Asset Allocation

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

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019, the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the OIC investment advisors. Each asset assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. The table below shows a summary of long-term expected rate of return by asset class. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at: *www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx*

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

Depletion Date Projection

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB Statement No. 75 (paragraph 82) 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. As such, and as discussed on pages 51 and 54, the long-term expected rate of return was used to discount the liability.

i. RHIA

Contributions

The RHIA plan is funded through actuarially determined employer contributions.

For the fiscal year ended June 30, 2021 and 2020, the University contributed 0.06 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 contribution was approximately $2 for both the years ended June 30, 2021 and June 30, 2020. The actual contribution equaled the annual required contribution for the fiscal year.

Net OPEB Asset

At June 30, 2021, the University reported an asset of $50 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2021 was measured as of June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018.

At June 30, 2020, the University reported an asset of $296 for its proportionate share of the RHIA net OPEB asset. The net OPEB asset as of June 30, 2020 was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

The PERS system does not provide Oregon Tech an audited proportionate share as a separate employer; the University is allocated a proportionate share of PERS employer state agencies. The state Department of Administrative Services (DAS) calculated Oregon Tech's proportionate share of all state agencies internally based on actual contributions by the University as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. At June 30, 2021, Oregon Tech's proportion was 0.02 percent of the statewide OPEB plan, while at June 30, 2020, it was 0.15 percent.

For the years ended June 30, 2021 and June 30, 2020, respectively, Oregon Tech recorded total OPEB expense of ($55) and ($44) due to the change in the net RHIA OPEB asset, changes to deferred outflows and deferred inflows, and amortization of deferred amounts.

Deferred Items

Certain 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. Other deferred items are calculated at the University level. For the measurement period ended June 30, 2020, there were:

- A difference between expected and actual experience
- A difference due to changes in assumptions
- Changes in employer proportion since the prior measurement date
- A difference between employer contributions and proportionate share of contributions
- A difference between projected and actual earnings
- Contributions subsequent to the 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 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 is as follows:

- Measurement period ended June 30, 2020 – 2.9 years
- Measurement period ended June 30, 2019 – 3.1 years
- Measurement period ended June 30, 2018 – 3.3 years
- Measurement period ended June 30, 2017 – 3.7 years

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

One year of amortization is recognized in the University's total OPEB expense for fiscal year 2021.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5
Changes of assumptions	-	3
Net difference between projected and actual earnings on pension plan investments	6	-
Change in proportionate share	131	7
Difference between contributions and proportionate share of contributions	-	1
Total	**$ 137**	**$ 16**
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ 121	
Contributions Subsequent to the MD	2	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	**$ 123**	

At June 30, 2020, Oregon Tech reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 39
Net difference between projected and actual earnings on pension plan investments	-	18
Change in proportionate share	1	13
Difference between contributions and proportionate share of contributions	-	2
Total	$ 1	$ 72
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ (71)	
Contributions Subsequent to the MD	2	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ (69)	

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Of the amount reported as deferred outflows of resources, $2 are related to contributions subsequent to the measurement date and will be recognized as an increase of the net OPEB asset in the year ended June 30, 2022.

As of June 30, 2021, 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:

	Deferred Outflow/(Inflow) of Resources	
Year Ended June 30:		
2022	$	57
2023		61
2024		2
2025		1
	$	121

Discount Rate

The discount rate used to measure the total OPEB liability at both June 30, 2020 and June 30, 2019 was 7.20 percent. 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 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 OPEB plan investments for the OPEB Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the net OPEB liability/(asset) calculated using the appropriate discount rate, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	June 30, 2021	June 30, 2020
1% Decrease 6.20%	$ (40)	$ (230)
Current Discount Rate 7.20%	(50)	(296)
1% Increase 8.20%	(58)	(353)

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

Healthcare Cost Rate	June 30, 2021	June 30, 2020
1% Decrease	$ (50)	$ (296)
Current Trend Rate	(50)	(296)
1% Increase	(50)	(296)

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.

RHIA Actuarial Methods and Assumptions:		
	June 30, 2021	June 30, 2020
Valuation Date	December 31, 2018	December 31, 2017
Measurement Date	June 30, 2020	June 30, 2019
Experience Study Report	2018, published July 2019	2016, published July 2017
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.50 percent	
Long-Term Expected Rate of Return	7.20 percent	
Discount Rate	7.20 percent	
Projected Salary Increases	3.50 percent	
Retiree Healthcare Participation	Healthy retirees: 32%; Disabled retirees: 20%	Healthy retirees: 35%; Disabled retirees: 20%
Healthcare Cost Trend Rate	Not applicable	
Mortality	*Healthy retirees and beneficiaries:*	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar 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	RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar 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	RP-2014 Disabled retriees, sex-distinct, generational with Unisex, Social Security Data Scale

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

ii. RHIPA

Contributions

The RHIPA plan is funded through actuarially determined employer contributions.

For the fiscal years ended June 30, 2021 and June 30, 2020, the University contributed 0.12 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 years ended June 30, 2021 and 2020, the University contributed 0.27 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 contribution was approximately $50 for both the year ended June 30, 2021 and June 30, 2020. The actual contribution equaled the annual required contribution for the fiscal year.

Net OPEB Liability

At June 30, 2021, the University reported a liability of $45 for its proportionate share of the PERS RHIPA net OPEB liability. The net OPEB liability as of June 30, 2021 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018.

At June 30, 2020, the University reported a liability of $122 for its proportionate share of the PERS RHIPA net OPEB liability. The net OPEB liability as of June 30, 2020 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017.

The PERS system does not provide Oregon Tech an audited proportionate share as a separate employer; the University is allocated a proportionate share of PERS employer state agencies. DAS calculated Oregon Tech's proportionate share of all state agencies internally based on actual contributions by the University as compared to the total for employer state agencies. The Oregon Audits Division reviewed this internal calculation. Oregon Tech's proportion was 0.44 percent of the statewide OPEB plan as of June 30, 2021 and 0.48 percent as of June 30, 2020.

For the year ended June 30, 2021 and 2020, Oregon Tech recorded total OPEB expense of $10 and $20, respectively, due to the change in the net PERS RHIPA OPEB liability, changes to deferred outflows and deferred inflows, and amortization of previously deferred amounts.

Deferred Items

Certain 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. Other deferred items are calculated at the University level. For the measurement period ended June 30, 2020, there were:

- A difference due to changes in assumptions
- A difference between expected and actual experience
- Changes in employer proportion since the prior measurement date
- Difference between employer contributions and proportionate share of contributions
- Net difference between projected and actual OPEB plan investment earnings
- Contributions subsequent to the measurement date

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 is as follows:

- Measurement period ended June 30, 2020 – 6.4 years
- Measurement period ended June 30, 2019 – 6.7 years
- Measurement period ended June 30, 2018 – 6.9 years
- Measurement period ended June 30, 2017 – 7.2 years

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

One year of amortization is recognized in the University's total OPEB expense for fiscal year 2021.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 17
Changes of assumptions	1	30
Net difference between projected and actual earnings on pension plan investments	10	-
Change in proportionate share	16	8
Difference between contributions and proportionate share of contributions	2	1
Total	$ 29	$ 56
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ (27)	
Contributions Subsequent to the MD	50	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 23	

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

At June 30, 2020, Oregon Tech reported deferred outflows of resources and deferred inflows of resources related to RHIPA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 12
Changes of assumptions	2	-
Change in proportionate share	19	-
Difference between contributions and proportionate share of contributions	1	1
Total	$ 22	$ 13
Net Deferred Outflow/(Inflow) of Resources before Contributions Subsequent to the Measurement Date (MD)	$ 9	
Contributions Subsequent to the MD	50	
Net Deferred Outflow/(Inflow) of Resources after Contributions Subsequent to the MD	$ 59	

Of the amount reported as deferred outflows of resources, $50 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, 2022.

As of June 30, 2021, 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:

Deferred Outflow/(Inflow) of Resources	
Year Ended June 30:	
2022	$ (5)
2023	(4)
2024	(4)
2025	(4)
2026	(7)
Thereafter	(3)
	$ (27)

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.

RHIPA Actuarial Methods and Assumptions:		
	June 30, 2021	June 30, 2020
Valuation Date	December 31, 2018	December 31, 2017
Measurement Date	June 30, 2020	June 30, 2019
Experience Study Report	2018, published July 2019	2016, published July 2017
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.50 percent	
Long-Term Expected Rate of Return	7.20 percent	
Discount Rate	7.20 percent	
Projected Salary Increases	3.50 percent	
Retiree Healthcare Participation	8-14 Years of Service: 10% 15-19 Years of Servie: 15% 20-24 Years of Service: 19% 25-29 Years of Service: 26% 30+ Years of Service: 34%	8-14 Years of Service: 10% 15-19 Years of Servie: 18% 20-24 Years of Service: 23% 25-29 Years of Service: 29% 30+ Years of Service: 38%
Healthcare Cost Trend Rate	Applied at beginning of plan year, starting with 7.1% for 2019, decreasing to 5.0% for 2022, increasing to 5.9% for 2031, and decreasing to an ultimate rate of 4.1% for 2094 and beyond.	Applied at beginning of plan year, starting with 7.5% for 2017, decreasing to 5.2% for 2024, increasing to 6.2% for 2029, and decreasing to an ultimate rate of 4.2% for 2093 and beyond.
Mortality	*Healthy retirees and beneficiaries:*	
	Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar 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	RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar 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	RP-2014 Disabled Retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Discount Rate

The discount rate used to measure the total OPEB liability at both June 30, 2020 and June 30, 2019 was 7.20 percent. 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 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 OPEB plan investments for the OPEB Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity Analysis

The sensitivity analysis below shows the sensitivity of the University's proportionate share of the net OPEB liability/(asset) calculated using the current discount rate as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	June 30, 2021	June 30, 2020
1% Decrease 6.20%	$ 62	$ 145
Current Discount Rate 7.20%	45	122
1% Increase 8.20%	28	100

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

Healthcare Cost Rate	June 30, 2021	June 30, 2020
1% Decrease	$ 31	$ 92
Current Trend Rate	45	122
1% Increase	61	156

B. Public Employees' Benefit Board (PEBB)

Plan Description

Oregon Tech 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 plan for financial reporting purposes and has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. 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".

Summary of Significant Accounting Policies

Employers participating in PEBB are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

Proportionate Share Allocation Methodology

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

Total OPEB Liability

At June 30, 2021, the University reported a liability of $1,284 for its proportionate share of the total PEBB OPEB liability. The total OPEB liability as of June 30, 2021 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

At June 30, 2020, the University reported a liability of $1,290 for its proportionate share of the total PEBB OPEB liability. The total OPEB liability as of June 30, 2020 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

PEBB does not provide Oregon Tech an audited proportionate share as a separate employer; the University is allocated a proportionate share of PEBB participating employers. DAS calculated Oregon Tech's proportionate share of all participating employers internally based on actual contributions by the University as compared to the total for participating employers. The Oregon Audits Division reviewed this internal calculation. At June 30, 2021 and June 30, 2020, Oregon Tech's proportion was 0.85 and 0.88 percent, respectively, of participating employers.

For the years ended June 30, 2021 and June 30, 2020, Oregon Tech recorded total OPEB expense of $93 and $123, respectively, due to the changes to the total OPEB liability, deferred inflows, and amortization of deferred amounts.

Deferred Items

Certain 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. Other deferred items are calculated at the University level. For the measurement period ended June 30, 2021, there were:

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

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

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

- Measurement period ended June 30, 2021 - 8.6 years
- Measurement period ended June 30, 2020 - 8.6 years
- Measurement period ended June 30, 2019 - 8.2 years
- Measurement period ended June 30, 2019 - 8.2 years

One year of amortization is recognized in the University's total OPEB expense for fiscal years 2021 and 2020.

At June 30, 2021, Oregon Tech 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	$ -	$ 5
Changes of assumptions	31	158
Change in proportionate share	21	43
Difference between contributions and proportionate share of contributions	3	1
Total	**$ 55**	**$ 207**
Net Deferred Outflow/(Inflow) of Resources	**$ (152)**	

At June 30, 2020, Oregon Tech 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	$ -	$ 6
Changes of assumptions	34	190
Change in proportionate share	26	-
Difference between contributions and proportionate share of contributions	-	1
Total	$ 60	$ 197
Net Deferred Outflow/(Inflow) of Resources	$ (137)	

As of June 30, 2021, other amounts reported as deferred outflows of resources and deferred inflows of resources related to PEBB OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflow/(Inflow) of Resources
2022	$ (22)
2023	(22)
2024	(22)
2025	(22)
2026	(19)
Thereafter	(45)
	$ (152)

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.

Actuarial Methods and Assumptions:		
Valuation Date	July 1, 2019	July 1, 2019
Measurement Date	**June 30, 2021**	June 30, 2020
Actuarial Assumptions:		
Actuarial Cost Method	Entry Age Normal	
Inflation Rate	2.50 percent	
Discount Rate	2.16% percent	2.21 percent
Projected Salary Increases	3.50 percent	
Withdrawal, retirement, and mortality rates	December 31, 2018 Oregon PERS valuation	
Healthcare Cost Trend Rate	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, 2021 and June 30, 2020 reporting dates were 2.16 and 2.21 percent, respectively.

For the Years Ended June 30, 2021 and 2020 (dollars in thousands)

Sensitivity Analysis

The following sensitivity analysis shows the sensitivity of the University's proportionate share of the total OPEB liability calculated using the discount rate in effect at the measurement date, 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, 2021	June 30, 2020
1% Decrease 1.16/1.21%	$ 1,377	$ 1,383
Current Discount Rate 2.16/2.21%	1,284	1,290
1% Increase 3.16/3.21%	1,198	1,203

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

Healthcare Cost Rate	June 30, 2021	June 30, 2020
1% Decrease	$ 1,156	$ 1,161
Current Trend Rate	1,284	1,290
1% Increase	1,436	1,443

16. Risk Financing

Oregon Tech 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, Oregon Tech transfers the following risk to the Trust:

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

Oregon Tech retains risk for losses under $5, and in certain cases, up to $25, which is the deductible per claim for insurance purchased through the Trust.

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

In addition, Oregon Tech purchases various commercial insurance policies to cover the deductible amounts of intercollegiate athletics insurance provided through the National Association of Intercollegiate Athletics, and to provide coverage for special events and student liability.

17. Commitments and Contingent Liabilities

Outstanding commitments on partially completed and planned but not initiated construction projects totaled approximately $49,507 and $39,683 at June 30, 2021 and 2020, respectively. These commitments will be primarily funded from gifts and grants, bond proceeds, and other Oregon Tech funds. Refer to the table accompanying this note for projects relating to construction commitments as of June 30, 2021.

CONSTRUCTION COMMITMENTS AS OF JUNE 30, 2021

	Total Commitment	Completed to Date	Outstanding Commitment
Center for Excellence in Engineering and Technology - Cornett Hall Renovation - Phase 2	$ 42,000	$ 32,885	$ 9,115
Capital Repair & Renewal	6,140	1,153	4,987
Student Recreation Facilities Renovation	5,000	4,419	581
Boivin Hall Renovation	20,300	502	19,798
OMIC Education Lab	3,200	-	3,200
OMIC R&D Building Renovation	3,875	520	3,355
OMIC R&D Rapid Toolmaking Center	3,500	13	3,487
OMIC R&D Rapid Toolmaking Center - Research Equipment	3,000	2,023	977
OMIC R&D Rapid Toolmaking Center - Sinter HIP Equipment	3,000	-	3,000
Integrated Student Health Center Renovation	641	60	581
Doctor of Physical Therapy Renovation Project	451	25	426
	$ 91,107	$ 41,600	$ 49,507

Oregon Tech 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.

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

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to ORS Chapter 657. Oregon Tech 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 Oregon Tech cannot be reasonably determined at June 30, 2021.

18.Subsequent Events

In October 2021, the state issued, on behalf of Oregon Tech, \$5,000 par value XI-Q taxable bonds with an effective yield rate of 2.17 percent. The bonds are to fund the OMIC R&D Center for Additive Manufacturing Innovation Phase II project.

19. University 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 Oregon Tech. The Oregon Tech Foundation (Foundation) is a legally separate, tax-exempt entity with an independent governing board. Although Oregon Tech does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of Oregon Tech and is discretely presented in the financial statements. The financial activity is reported for the year ended June 30, 2021.

During the years ended June 30, 2021 and June 30, 2020 gifts of \$672 and \$1,296, respectively, were transferred from the Foundation to Oregon Tech. The Foundation is audited annually and received an unmodified audit opinion.

Please see the financial statements for the Oregon Tech component unit on pages 21 and 23 of this report.

Complete financial statements for the Foundation may be obtained by writing to the following:

Oregon Tech Foundation, 3201 Campus Drive, Klamath Falls, OR 97601-8801

Required Supplementary Information (dollars in thousands)

SCHEDULE OF OREGON TECH'S CONTRIBUTIONS
Public Employees Retirement System

For Fiscal Years Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 2,427	$ 2,461	$ 1,647	$ 1,475	$ 1,044	$ 1,004	$ 838	$ 780	$ 710	$ 688
Contributions in relation to the contractually required contribution	2,427	2,461	1,647	1,475	1,044	1,004	838	780	710	688
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Oregon Tech's covered payroll	$ 17,505	$ 17,424	$ 16,513	$ 14,443	$ 13,833	$ 12,912	$ 11,891	$ 10,803	$ 10,215	$ 9,967
Contributions as a percentage of covered payroll	13.9%	14.1%	10.0%	10.2%	7.5%	7.8%	7.0%	7.2%	7.0%	6.9%

SCHEDULE OF OREGON TECH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)[1]
Public Employees Retirement System

As of the Measurement Date June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Oregon Tech's proportion of the net pension liability/(asset)	0.13%	0.12%	0.11%	0.12%	0.11%	0.10%	0.09%	0.09%
Oregon Tech's proportionate share of the net pension liability/(asset)	$ 27,426	$ 20,224	$ 15,957	$ 15,678	$ 16,969	$ 6,027	$ (2,133)	$ 4,803
Oregon Tech's covered payroll	$ 17,424	$ 16,513	$ 14,443	$ 13,833	$ 12,912	$ 11,891	$ 10,803	$ 10,215
Oregon Tech's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	157.40%	122.47%	110.48%	113.34%	131.42%	50.69%	19.74%	47.02%
Plan fiduciary net postion as a percentage of the total pension liability	75.79%	80.23%	82.07%	83.12%	80.53%	91.88%	103.59%	91.97%

[1] This schedule will eventually contain 10 years' worth of data. Only the data shown was available at this time.

Changes in Benefit Terms and Assumptions

Benefit Terms: The 2013 Oregon Legislature made a series of changes to PERS that lowered projected future benefit payments from the System. These changes included reductions to future Cost of Living Adjustments (COLA) made through Senate Bills 822 and 861. Senate Bill 822 also required the contribution rates scheduled to be in effect from July 2013 to June 2015 to be reduced. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future System Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the total pension liability as of June 30, 2015 compared to June 30, 2014 total pension liability.

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability and June 30, 2018 total pension liability. For June 30, 2016, the changes included the lowering of the long-term expected rate of return to 7.50 percent and lowering of the assumed inflation to 2.50 percent. For June 30, 2018, the long-term expected rate of return was changed to 7.20 percent. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay were updated.

SCHEDULE OF OREGON TECH'S PROPORTIONATE SHARE[1]
Total PEBB OPEB Liability

As of June 30,	2021	2020	2019	2018	2017
Oregon Tech's allocation of the total OPEB liability	0.85%	0.88%	0.88%	0.87%	0.86%
Oregon Tech's proportionate share of the total OPEB liability	$ 1,284	$ 1,290	$ 1,417	$ 1,285	$ 1,239
Oregon Tech's covered payroll	$ 27,991	$ 29,384	$ 28,829	$ 26,281	$ 24,752
Oregon Tech's proportionate share of the total OPEB liability as a percentage of its covered payroll	4.59%	4.39%	4.92%	4.89%	5.01%
Total OPEB liability as a % of total covered payroll	3.72%	3.77%	4.31%	4.42%	4.45%

[1] This schedule will eventually contain 10 years' worth of data. Only the data shown was available at this time.

Required Supplementary Information (dollars in thousands)

SCHEDULE OF OREGON TECH'S PROPORTIONATE SHARE[1]
Net PERS RHIA OPEB Liability/(Asset)

As of the Measurement Date of June 30,	2020	2019	2018	2017	2016
Oregon Tech's allocation of the net OPEB liability/(asset)	0.02%	0.15%	0.13%	0.13%	0.12%
Oregon Tech's proportionate share of the net OPEB liability/(asset)	$ (50)	$ (296)	$ (145)	$ (55)	$ 34
Oregon Tech's covered payroll	$ 17,424	$ 16,513	$ 14,443	$ 13,705	$ 12,787
Oregon Tech's proportionate share of the net OPEB liability/(asset) as a percentage of covered payroll	0.29%	1.79%	1.00%	0.40%	0.27%
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	150.09%	144.38%	123.99%	108.88%	94.15%

[1] This schedule will eventually contain 10 years' worth of data. Only the data shown was available at this time.

SCHEDULE OF OREGON TECH PERS RHIA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions[1]	$ 2	$ 2	$ 73	$ 64	$ 65	$ 61	$ 62	$ 57	$ 53	$ 52
Contributions in relation to the actuarially determined contributions	2	2	73	64	65	61	62	57	53	52
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 17,505	$ 17,424	$ 16,513	$ 14,443	$ 13,705	$ 12,787	$ 11,769	$ 10,693	$ 9,738	$ 9,530
Contributions as a percentage of covered payroll	0.01%	0.01%	0.44%	0.44%	0.47%	0.48%	0.53%	0.53%	0.54%	0.55%

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

Changes in Benefit Terms and Assumptions

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50 to 7.20 percent. In addition, healthy retiree participation and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

Required Supplementary Information (dollars in thousands)

SCHEDULE OF OREGON TECH'S PROPORTIONATE SHARE[1]
Net PERS RHIPA OPEB Liability

As of the Measurement of June 30,	2020	2019	2018	2017	2016
Oregon Tech's allocation of the net OPEB liability	0.44%	0.48%	0.43%	0.43%	0.42%
Oregon Tech's proportionate share of the net OPEB liability	$ 45	$ 122	$ 154	$ 199	$ 226
Oregon Tech's covered payroll	$ 17,505	$ 16,513	$ 14,443	$ 13,705	$ 12,787
Oregon Tech's proportionate share of the net OPEB liability as a percentage of covered payroll	0.26%	0.74%	1.07%	1.45%	1.77%
Plan fiduciary net position as a percentage of the total OPEB liability	84.45%	64.86%	49.79%	34.25%	21.87%

[1] This schedule will eventually contain 10 years' worth of data. Only the data shown was available at this time.

SCHEDULE OF OREGON TECH PERS RHIPA OPEB EMPLOYER CONTRIBUTION

For Fiscal Years Ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions[1]	$ 50	$ 50	$ 66	$ 59	$ 52	$ 49	$ 27	$ 25	$ 13	$ 13
Contributions in relation to the actuarially determined contributions	50	50	66	59	52	49	27	25	13	13
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 17,505	$ 17,424	$ 16,513	$ 14,443	$ 13,705	$ 12,787	$ 11,769	$ 10,693	$ 9,738	$ 9,530
Contributions as a percentage of covered payroll	0.29%	0.29%	0.40%	0.41%	0.38%	0.38%	0.23%	0.23%	0.13%	0.14%

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

Changes in Benefit Terms and Assumptions

Assumptions: The PERS Board adopted assumption changes that were used to measure the June 30, 2018 and 2019 total OPEB liability. The changes include the lowering of the long-term expected rate of return from 7.50 to 7.20 percent. In addition, the healthy healthcare participation and cost trend rates, and healthy mortality assumptions were changed to reflect an updated trends and mortality improvement scale for all groups.

For information about the financial data included in this report, contact:

Vice President for Finance and Administration
Oregon Institute of Technology
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541-885-1105

Oregon TECH

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